

# ANNUAL REPORT 2021



**FIRST AL-NOOR  
MODARABA**

*(An Islamic Financial Institution)*



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## COMPANY INFORMATION

### BOARD OF DIRECTORS

#### *Non Executive Directors*

##### **Chairman**

Mr. Zia Zakaria

##### **Directors**

Mr. Abdul Aziz Ayoob

Mr. Noor Muhammad Zakaria

Mr. Abdul Rahim Suriya, Independent

Mr. Tausif Ilyas, Independent

Dr. Irum Saba, Independent

#### *Executive Directors*

##### **Chief Executive**

Mr. Zainuddin Aziz

##### **Chief Financial Officer**

Mr. Umair Rafiq

##### **Company Secretary**

Mr. Roofi Abdul Razzak

#### **Board Audit Committee - Chairman**

Mr. Abdul Rahim Suriya - Chairman

Mr. Tausif Ilyas - Member

Mr. Zia I. Zakaria - Member

#### **HR & Remuneration Committee**

Mr. Tausif Ilyas - Chairman

Mr. Zainuddin Ayoob - Member

Mr. A. Aziz Ayoob - Member

#### **Bankers**

Al-Baraka Bank (Pakistan) Limited

Askari Bank Limited, Islamic Banking

Faysal Bank Limited, Barkat Islamic Banking

Habib Bank Limited, Islamic Banking

MIB Bank Limited, Islamic Banking

Meezan Bank Limited

National Bank of Pakistan

#### **Auditors**

Grant Thornton Anjum Rahman

Chartered Accountants

#### **Shariah Advisor**

Al Hamd Shariah Advisory Services (Pvt.) Ltd.

#### **Legal Advisor**

Mr. Sufyan Zaman

Advocate High Court

#### **Share Registrar (Share Registration Office)**

M/s FAMCO Associates (Private) Limited

8-F, Near Hotel Faran, Nursery, Block-6

P.E.C.H.S, Shahra-e-Faisal, Karachi

Tel: +92 21 3438 0103-5, 3438 4621-3

Fax: 3438 0106

#### **Registered Office**

96-A, Sindhi Muslim Cooperative

Housing Society, Karachi

#### **Contact Details**

Telephone : 34558268; 34552943; 34553067

Fax : 34553137

Webpage : www.fanm.co

Email : info@fanm.co



## CHAIRMAN'S REVIEW REPORT

Dear Certificate Holders,

I am pleased to present to the certificate holders of First Al-Noor Modaraba, review of the financial performance of the Company along with the audited Financial Statements for the year ended June 30, 2021.

During the year we had maintained a gross yield of over 12%. We have achieved a profit after tax of Rs. 0.654 million for the year ended June 30, 2021. The revenue from continuing business for the year increased by over 17% whereas the operating expenses for the current year reduced by over 48%. Alhamdulillah, this is an stimulating improvement inspite of all odds that prevailed during the year.

Besides the performance, we equally are concerned about the withdrawal of exemption available to Modarabas along with lower discount rates, rising inflation and restrictive operations following SOPs. The management has thus developed a strategy to diversify towards trading fully and to exit from other by shariah-compliant lending portfolios to generate better net revenues for distribution to our certificate holders.

The composition of the Board of Directors reflects a varied mix of necessary skills and competencies. The rich backgrounds and experience of the Board in the fields of businesses can steer the Company forward.

On behalf of the Board of Directors, I would like to acknowledge the contribution of all the team for their hard work in effectively managing the impact of crises. I look forward to and pray to ALLAH SWT for the success and continued growth of the Modaraba.

**Zia Zakaria**  
Chairman

September 28, 2021

## چیئر مین کی جائزہ رپورٹ

محترم سرٹیفکیٹ ہولڈرز،

میں بہت مسرت کے ساتھ فرسٹ انور مضاربہ کے سرٹیفکیٹ ہولڈرز کو 30 جون 2021 کو ختم ہونے والے مالی سال کے اکاؤنٹس پیش کر رہا ہوں۔

سال کے دوران ہم نے 12 فیصد سے زیادہ کی مجموعی آمدنی کو برقرار رکھا۔ ہم نے ٹیکس کے بعد 0.654 روپے کے منافع حاصل کیا ہے۔ ہماری آمدنی پچھلے سال کے مقابلے میں 17 فیصد بڑی ہے جبکہ مضاربہ کے اخراجات 48 فیصد سے کم ہوئے ہیں جو کہ الحمد للہ پچھلے سال کے مقابلے میں یہ ایک حوصلہ افزا بہتری ہے۔

اس کے علاوہ، ہم یکساں طور پر مضاربہ پر ٹیکس چھوٹ واپس لینے کے ساتھ ساتھ کم رعایتی شرح، بڑھتی ہوئی افراط زر اور ایس او بیز کے بعد پابندیوں کے باوجود مینجمنٹ نے ایک حکمت عملی تیار کی ہے جس میں مینجمنٹ نے مکمل طور پر تجارت کی طرف متنوع ہو اور دوسرے شرعی قرض دینے والے محکموں سے نکل جائے تاکہ ہمارے سرٹیفکیٹ ہولڈرز کو تقسیم کے لیے بہتر خالص آمدنی حاصل ہو۔

بورڈ آف ڈائریکٹرز کی پیش بہا متنوع امتزاج کی عکاسی کرتی ہے۔ کاروباری شعبوں میں بھرپور پس منظر اور بورڈ کا تجربہ کمپنی کو آگے بڑھا سکتا ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں تمام ٹیموں کی شراکت کا اعتراف کرنا چاہوں گا جو اپنی سخت محنت سے بحرانوں کے اثرات کو مؤثر طریقے سے سنبھالتے ہیں۔ میں پر امید ہوں اور مضاربہ کی کامیابی اور مسلسل ترقی کے لیے اللہ رب العزت سے دعا کرتا ہوں۔

ضیا زکریا

چیئر مین

ستمبر 28، 2021۔



## OUR VISION

To become sustainable, growth oriented and efficient Modaraba, and to offer wide range of product and services catering to the need of the customers.

The Modaraba management should consider the interest of all the stake holders before making any business decision and to do that they should do concrete efforts to achieve their objectives.

## OUR MISSION

- ▶ To inculcate the most efficient, ethical and time tested business practices in our management.
- ▶ To uphold our reputation for acting with responsibility and integrity, respecting the laws and regulations, traditions and cultures of the country within which we operate.
- ▶ To accomplish excellent results through increased earnings which can benefit all the stakeholders.
- ▶ To work as a team and put the interest of the Modaraba before that of the individuals.



## VERTICAL ANALYSIS

### BALANCE SHEET ITEMS (in %age)

ASSETS	2021	2020	2019	2018	2017
<b>NON-CURRENT ASSETS</b>					
Long term deposits	1.41	1.43	1.33	1.22	1.09
Long Term portion of investment in Sukuk Certificates	-	-	1.92	2.14	0.51
Long Term Portion of invstment diminshing musharakah ( syndicate)	27.74	14.39	14.82	12.80	11.93
Long Term Investments	7.50	10.28	8.59	8.59	8.69
Ijarah Assets	0.37	2.30	15.07	30.85	40.46
Fixed Assets in own use	0.97	1.35	1.59	1.87	1.48
<b>CURRENT ASSETS</b>					
Bank Balances	21.69	3.41	11.71	7.67	3.27
Short Term investments	10.77	45.22	4.18	8.12	10.56
Musharakah receivables - secured	-	-	-	-	-
Murabaha receivables - secured	-	-	-	-	-
Musawamah receivables - secured	-	-	-	-	3.56
Modaraba receivables - secured	-	-	-	-	-
Ijarah rental receivable	0.03	0.22	0.61	0.83	0.89
Dminishing Musharika receivable	-	-	-	-	-
Trade receivables	-	-	1.28	4.10	2.43
Bills receivable	-	-	-	-	-
Stock in trade	-	-	18.68	9.85	-
Current portion of investment in Sukuk Certificates	0.13	0.27	-	-	-
Advances, Deposits, Prepayments & other receivables	9.75	3.48	5.57	2.66	8.19
Current Portion of invstment diminshing musharakah ( syndicate)	-	-	5.19	4.74	4.27
Current portion of investment in diminishing musharakah	17.17	15.28	-	-	-
Income tax refundable/paid in advance	2.18	2.15	1.63	1.34	1.05
Profit receivable	0.29	0.24	0.39	0.32	0.34
<b>TOTAL ASSETS</b>	<b>100.00</b>	<b>100.00</b>	<b>92.59</b>	<b>97.10</b>	<b>98.72</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>CAPITAL &amp; RESERVES</b>					
Issued, subscribed and paid up capital	77.19	77.98	72.67	66.38	59.75
Reserves	35.75	36.33	33.86	30.92	27.91
Unappropriated profit	(19.39)	(20.18)	(19.31)	(11.83)	(2.94)
Unrealised loss on OCI Component reflected in equity	-	-	-	(1.04)	(0.74)
Unrealised diminution on remeasurement of investment classified as 'fair value through other comprihensive income'- net	(0.85)	(1.99)	(2.56)	(0.85)	(0.75)
<b>TOTAL CAPITAL AND RESERVES</b>	<b>92.69</b>	<b>92.13</b>	<b>84.66</b>	<b>83.57</b>	<b>83.23</b>
<b>NON-CURRENT LIABILITIES</b>					
Security Deposits	-	0.16	0.78	6.71	7.90
Deferred liability - staff gratuity	2.76	2.77	3.40	2.39	1.77
<b>CURRENT LIABILITIES</b>					
Current maturity of security deposits	0.20	1.01	6.05	2.86	2.46
Creditors, accrued and other liabilities	2.72	2.27	3.40	2.90	3.25
Provision for custom duty/surcharge	1.62	1.63	1.52	1.39	1.25
Profit payable	0.01	0.02	0.19	0.17	0.14
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>PROFIT &amp; LOSS ACCOUNT ITEMS</b>					
Profit on trading operations	-	6.98	7.55	4.46	3.00
Income on musharikah receivables	-	-	-	-	-
Income on Diminshing Musharakah ( Syndicate)	-	6.54	15.21	17.01	13.39
Income on musawamah receivables	-	-	-	0.30	-
Income on Diminshing Musharakah	44.69	36.29	22.70	2.06	0.15
Income from Ijarah	6.03	23.50	42.82	58.18	42.64
Income from investments	49.28	26.69	11.71	17.99	40.82
<b>Gross Revenue</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
Operating Expenses	(107.38)	(100.23)	(111.09)	(118.01)	(64.97)
(Provision)/Reversal of provision on non-performing assets	-	-	-	(50.16)	(31.75)
Impairment loss on trade debtors and other receivables	-	(10.45)	(15.45)	-	-
Financial and other charges	(0.06)	(0.08)	(0.11)	(0.13)	(0.09)
Other Income	14.70	19.95	6.37	4.38	13.12
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(10.24)	(13.33)	(30.55)	(33.18)	(10.65)
Impairment loss on re-measurement of investment in listed securities classified as available for sale	-	-	-	-	-
Share of profit from associates	9.28	3.49	(4.36)	(3.27)	3.03
Modaraba Company's management fee	-	-	-	-	(0.83)
Income tax	(3.72)	-	-	-	-
Provision for workers welfare fund	(0.13)	-	-	-	(0.16)
<b>Profit/(loss) for the year (in %age)</b>	<b>0.02</b>	<b>(0.01)</b>	<b>(0.55)</b>	<b>(1.00)</b>	<b>0.08</b>



## HORIZONTAL ANALYSIS

### BALANCE SHEET (%)

ASSETS	2021	2020	2019	2018	2017
<b>NON-CURRENT ASSETS</b>					
<b>Fixed Assets - tangible</b>					
Long term deposits	-	(0.00)	-	-	-
Long Term portion of investment in Sukuk Certificates	-	(100.00)	(10.53)	280.00	(28.57)
Long Term Portion of invstment diminshing musharakah	94.76	-	-	-	-
Long Term Portion of invstment diminshing musharakah ( syndicate)	-	(9.54)	5.74	(3.35)	(25.48)
Long Term Investments	(26.28)	11.50	(8.61)	(11.05)	(23.34)
Ijarah Assets	(83.73)	(85.81)	(55.38)	(31.36)	(1.40)
Fixed Assets in own use	(26.74)	(21.14)	(22.36)	13.79	76.33
<b>CURRENT ASSETS</b>					
Bank Balances	543.07	(72.89)	39.40	111.46	(52.56)
Short Term investments	(75.94)	908.84	(53.01)	(30.81)	61.78
Current Portion of investment diminshing musharakah ( syndicate)	(100.00)	-	-	300.00	-
Musawamah receivables - secured	-	-	-	(100.00)	(50.00)
Modaraba receivables - secured	-	-	-	-	-
Ijarah rental receivable	(87.06)	(66.01)	(32.11)	(16.51)	205.31
Diminishing musharakah receivable	-	(100.00)	(10.49)	-	-
Trade receivables	-	(100.00)	(71.37)	51.64	(8.16)
Bills receivable	-	-	-	-	-
Stock in trade	(100.00)	-	-	-	-
Advances, Deposits, Prepayments & other receivables	183.37	(41.86)	91.47	(70.80)	82.90
Current portion of investment in Sukuk Certificates	(50.00)	0.00	-	(50.00)	(0.00)
Income tax refundable/paid in advance	2.52	22.59	0.11	0.15	0.34
Profit receivable	21.14	(42.92)	11.22	(14.37)	1.28
<b>TOTAL ASSETS</b>	<b>1.02</b>	<b>(6.80)</b>	<b>(8.67)</b>	<b>(9.98)</b>	<b>(1.53)</b>
<b>EQUITY &amp; LIABILITIES</b>					
<b>CAPITAL &amp; RESERVES</b>					
Issued, subscribed and paid up capital	-	-	-	-	-
Reserves	(0.34)	(0.26)	-	(0.25)	0.62
Unappropriated profit	(2.45)	(3.04)	49.03	262.74	(19.11)
Unrealised loss on OCI Component reflected in equity	-	-	(100.00)	27.52	11.29
Unrealised diminution on remeasurement of investment classified as fair value through other comprehensive income- net	(56.87)	(27.51)	175.69	1.73	-
<b>TOTAL CAPITAL AND RESERVES</b>	<b>(59.66)</b>	<b>(30.80)</b>	<b>124.72</b>	<b>291.73</b>	<b>(7.20)</b>
<b>NON-CURRENT LIABILITIES</b>					
Security Deposits	(100.00)	(80.30)	(89.38)	(23.55)	12.78
Deferred liability - staff gratuity	0.55	(24.03)	29.91	21.55	(8.00)
<b>CURRENT LIABILITIES</b>					
Current maturity of security deposits	(79.44)	(84.48)	92.96	4.73	(26.56)
Creditors, accrued and other liabilities	21.15	(37.73)	6.79	(19.56)	(31.56)
Provision for custom duty/surcharge	(0.00)	0.00	-	-	-
Profit payable	(59.62)	(90.56)	2.64	12.57	1.57
<b>TOTAL EQUITIES &amp; LIABILITIES</b>	<b>(277.02)</b>	<b>(6.80)</b>	<b>(8.67)</b>	<b>(9.98)</b>	<b>(1.58)</b>
<b>PROFIT &amp; LOSS ACCOUNT (%)</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Profit on trading operations	-	9.89	73.76	(5.83)	(136.72)
Income on murabaha receivables	-	(48.83)	(8.20)	(19.59)	403.42
Income on musawamah receivables	-	-	-	100.00	(100.00)
Income on Diminshing Musharakah	8.41	90.14	1,029.94	795.55	100.00
Income from Ijarah	(77.40)	(34.72)	(24.45)	(13.63)	(8.33)
Income from investments	62.55	171.03	(33.15)	(72.10)	142.23
Operating Expenses	(5.68)	7.32	(3.37)	14.99	0.39
Provision/Reversal of provision on non-performing assets	-	-	(100.00)	-	100.00
Impairment loss on trade debtors and other receivables	-	(19.53)	100.00	-	-
Financial and other charges	(36.35)	(5.54)	(14.37)	(13.74)	374.16
Other Income	(35.15)	272.72	49.28	(78.86)	100.61
Unrealized gain/(loss) on remeasurement of investments classified at fair value through profit & loss	(32.37)	(48.09)	(5.48)	97.29	525.02
Share of profit from associates	(133.91)	195.18	36.94	(168.42)	335.09
Modaraba Company's management fee	-	-	-	(100.00)	2,359.61
Income tax expenses	-	-	-	-	-
Provision for workers welfare fund	-	-	-	(100.00)	2,470.80
<b>Profit / (Loss) for the year</b>	<b>(2.50)</b>	<b>5.90</b>	<b>11.01</b>	<b>4.36</b>	<b>66.66</b>





## KEY FINANCIAL DATA SIX YEARS AT A GLANCE

KEY FINANCIAL DATA	2021	2020	2019	2018	2017
	Figures in Million				
<b>Total Assets</b>	<b>272.06</b>	<b>269.31</b>	<b>288.96</b>	<b>275.87</b>	<b>309.54</b>
Fixed Assets (owned)	2.65	3.60	4.60	5.92	5.21
Fixed Assets (ijarah)	1.01	6.18	43.56	97.61	142.21
Other Non Current Assets	99.72	70.27	77.58	37.79	36.17
Current Assets	168.68	189.23	163.22	134.54	125.96
<b>Total Liabilities</b>	<b>19.89</b>	<b>21.18</b>	<b>44.32</b>	<b>51.97</b>	<b>58.93</b>
Current Liabilities	12.38	13.27	32.24	23.18	24.95
Non Current Liabilities	7.51	7.91	12.08	28.78	33.98
<b>Total Equity</b>	<b>252.17</b>	<b>248.12</b>	<b>252.05</b>	<b>267.10</b>	<b>295.18</b>
Reserves	97.97	97.84	97.84	97.84	98.09
Certificate Holders' Equity	210.00	210.00	210.00	210.00	210.00
Unappropriated	(53.45)	(54.34)	(55.79)	(40.73)	(12.91)
Deficit on revaluation of investments	(2.32)	(5.37)	(7.41)	(2.69)	(2.64)
<b>Gross Revenue</b>	<b>30.73</b>	<b>36.50</b>	<b>27.21</b>	<b>26.01</b>	<b>44.53</b>
<b>Net Revenue</b>	<b>0.65</b>	<b>(0.20)</b>	<b>(14.12)</b>	<b>(25.01)</b>	<b>3.03</b>
Earning per Certificate - Rs. 10/- each	0.03	(0.01)	(0.67)	(1.19)	0.14
Cash dividend (%)	0.00%	0.00%	0.00%	0.00%	1.20%

STAKEHOLDER INFORMATION	2021	2020	2019	2018	2017
Profit after tax ratio (%)	0.02	(0.36)	(21.39)	(28.10)	3.04
Return on equity / capital employed	0.003	(0.08)	(5.55)	(8.98)	1.04
Assets Turnover Ratio (%)	10%	60.61	46.03	40.68	69.28
Current ratio	13.62	14.26	5.06	5.80	5.05
Market Value per certificate (year end)					
High	3.2	3.00	3.10	3.00	5.45
Low	3.2	3.00	3.10	3.00	4.14
Closing	3.2	3.00	3.10	3.00	4.14
EPC (Earning per certificate)	0.03	(0.01)	(0.67)	(1.19)	0.14
Net assets / breakup value per certificate	1.20	-	11.65	12.59	13.93
Earning asset to total assets ratio (%)	66.17	91.14	87.21	87.29	84.52
Price earning ratio	102.70	(320.51)	(4.63)	(2.52)	28.71
Dividend Yield Ratio (%)	-	-	-	-	2.90
Cash Dividend per certificate (in Rs.)	-	-	-	-	0.12



## TWENTY NINTH REPORT OF THE DIRECTORS OF MODARABA COMPANY FOR THE YEAR ENDED JUNE 30, 2021

On behalf of Board of Directors of Al-Noor Modaraba Management (Private) Limited, the "mudarib/management company" of First Al-Noor Modaraba (FAM), we are pleased to present the Twenty Ninth Annual Report together with the Audited Financial Statements of the Modaraba for the year ended June 30, 2021:

	For the year ended	
	June 30, 2021	June 30, 2020
	----- Amount in Pak. Rupees -----	
Profit /(Loss) after Taxation	654,354	(196,562)
Components of other comprehensive income	516,274	1,127,132
(Deficit) /surplus transfer to accumulated loss	(174,625)	513,978
Unappropriated profit/(loss) brought forward	(54,342,126)	(55,786,673)
	<u>(53,346,123)</u>	<u>(54,342,126)</u>
APPROPRIATIONS		
Statutory Reserve @ 20% (2020 @ 0.00%)	(130,871)	-
Unappropriated profit / (loss) carried forward	<u>(53,476,994)</u>	<u>(54,342,126)</u>

Pakistan's economy continued its momentum of recovery during the Fiscal Year 2021 (Jul'20 to Jun'21) due to healthy growth achieved in various sector's. This growth momentum is expected to continue in FY22 based on support measures by the Government's to review economic growth which was severely impacted due to COVID 19. The country's FX reserve position is expected to improve this year due to the adequate availability of external financing, however monetary policy committee has continued to maintain its accommodative stance and has kept the policy rate unchanged at 7% for sustained growth of the economy during the ongoing fourth wave of Covid.

The Registrar Modaraba has issued revised Prudential Regulation (PR) for the Modaraba sector and it is also applicable with immediate effect in March 2021. Key changes in PR are introduced i.e., Capital Adequacy Ratio, reduction in per party limit from 20% to 15% on fund based facility, increased in redemption reserve requirement on Certificate of Musharakah from 5% to 15%, restricting distribution of a dividend of not less than 5% and several other changes for better control and improved surveillance.

Going forward, we were cautiously optimistic about last years' outlook. On the COVID-19 pandemic front, the development of multiple vaccines has created hope of healthy recovery. However, the rising number of cases in the 3rd and 4th waves remained quite disturbing and might impact the economic front and indirectly effects to major business on ground level, This has raised serious concerns among the management which demanded cautious and sensible move for the periods to come. During the COVID and lockdown period, the health and safety of our staff members remained the most challenging area within our operations. We had implemented all required health and safety measures and meticulously observed the same at our entire network including alternate attendance, work from home strategy, vaccinations, and restricting to minimize exposure of staff with visitors. To continue smooth operations under such circumstances was very difficult particularly by adopting all precautionary measures; In spite of adaptations, the depressing business aspiration continued to remain with corporate entities as well as the masses in the financial year 2020-21. SECP had issued the circular regarding the acceptance of deferment/rescheduling requests of customers in first quarter of FY2021, however, the management is pleased to appreciate its majority of valuable clients who preferred to repay instead of deferments.

With these realities on the ground, Modaraba is also facing recent developments with respect to taxation on the sector i.e. withdrawal of tax exemption status which is of grave concern for growth with consistent profit distributions to our investors. It is to reiterate here that the Modaraba was on the growth strategy since the financial year ended June 30, 2019, and had reasonably achieved the desired trajectory subsequently. Since the surprise move of withdrawal of exemption for Modarabas, the management seriously considered overhauling the business structure in order to obtain the very purpose of growth.



In conclusion, we are closely monitoring the situation in the present difficult time by ensuring the safety of our staff members at one end and the best possible services to our worthy customers. Keeping in view of present circumstances, we will move forward in a prudent manner with a cautious approach and gear up all available resources to counter any operational and business contingencies; by taking care of all impacts and distresses of the Pandemic, key points of our strategies would be as follows:

- Continuous adoption of prescribed health care measures for safety of staff members till the deadly virus completely washed out.
- Preserve liquidity to meet any business contingencies.
- Formulate effective business strategy to sustain recent withdrawal of tax exemption.

### **Shariah Perspective**

Islamic finance derives its value proposition from the application of Shariah contracts and processes in financial and non-financial transactions that provide for different risks and return profiles. In spite of all difficulties, management remains observant to uphold these Shariah principles.

A complete Shariah Audit report of Shariah Advisor for the year ended June 30, 2021 is also attached with annual report.

### **The Board of Directors and Audit Committee**

The following changes have been taken place within Board of Directors of the Al-Noor Modaraba Management (Private) Limited, the management Company of First Al-Noor Modaraba since the Directors' report for the year ended June 30, 2020:

- One new director, Mr. Noor Muhammad Zakaria has joined the board after approval from The Registrar Modarabas, Securities & Exchange Commission of Pakistan.
- The new director possess diversified and rich experience of local and international market. The Board welcome all new directors and hopeful that FANM will be greatly benefited with professional experience and expertise of newly inducted directors.

### **Directors Training & Orientation**

Majority directors are compliant with necessary requirements of Directors Training Certificate with few trained at The Institute of Chartered Accountants of Pakistan (ICMAP) and Institute of Business Administration (IBA).

### **Pattern of Certificate Holders**

A Statement showing pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2021 is included in this report.

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

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

- The financial statements, prepared by the management of the modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.
- International Financial Reporting Standards (IFRS), as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed. Further, the management of the Modaraba appreciates the unreserved compliance of IFRS to the possible extent in order to promote the fair financial reporting.



- The system of internal control is in place and has been effectively implemented. It is being continuously reviewed by internal audit and other such procedures.
- Board is satisfied with the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations, 2019, except those mentioned in the statement of compliance with code of corporate governance.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2021 except for those disclosed in the financial statements.

### Composition of the Board

The composition of the Board of Directors of the Company as on June 30, 2021 is as follows:

1. The total number of Directors are Seven as per the following:

Male	:	6
Female	:	1

2. The number of Directors under respective categories are as follows:

- Independent Directors	:	2
- Non-Executive Directors	:	3
- Executive Director	:	1
- Female Director	:	1

### Directors' attendance

During the year, four (4) Board meetings were held. Attendance by each Director was as follows:

Name of Director	Number of Meetings attended	25-Sept-20	23-Oct-20	25-Feb-21	22-Apr-20
Mr. Abdul Aziz Ayoob	3/4	P	P	P	A
Mr. Zia Zakaria	4/4	P	P	P	P
Mr. Noor Muhammad Zakaria	4/4	P	P	P	P
Mr. Zainuddin Ayoob	4/4	P	P	P	P
Mr. Abdul Rahim Suriya	4/4	P	P	P	P
Mr. Tausif Ilyas	3/4	P	P	P	A
Dr. Irum Saba	2/4	A	A	P	P

### Auditors

The Board, on the recommendation of the Board's Audit Committee, has appointed M/s. Anjum Rahman, Grant Thornton, Chartered Accountants, offer themselves for reappointment as auditors for the financial year ending June 30, 2022 with subject to the approval of Registrar Modaraba SECP.

**Acknowledgement**

The Board would like to express its sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies and clients of the Modaraba for their patronage and business, Certificate holders who have remained committed to First Al-Noor Modaraba. In the end Board appreciates dedication, high level of professionalism and hard work of employees of your Modaraba for achieving the objectives.

On behalf of the Board

Sd/-  
**Zainuddin Aziz**  
Chief Executive/Director

Dated : September 28, 2021  
Place : Karachi

### ڈائریکٹرز کی حاضری:

سال کے دوران، بورڈ کے چار (4) اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری مندرجہ ذیل تھی۔

ڈائریکٹروں کے نام	مطلوبہ میٹنگز	2019 ستمبر 26	2019 اکتوبر 28	2020 فروری 26	2020 اپریل 22
جناب عبدالعزیز ایوب	3/4	حاضر	حاضر	حاضر	غیر حاضر
جناب ضیاء زکریا	4/4	حاضر	حاضر	حاضر	حاضر
جناب نور محمد زکریا	4/4	حاضر	حاضر	حاضر	حاضر
جناب زین ایوب	4/4	حاضر	حاضر	حاضر	حاضر
جناب عبدالرحیم سوریہ	4/4	حاضر	حاضر	حاضر	حاضر
جناب توصیف الیاس	3/4	حاضر	حاضر	حاضر	غیر حاضر
ڈاکٹر ارم صبا	2/4	غیر حاضر	غیر حاضر	حاضر	حاضر

### آڈیٹرز:

بورڈ نے آڈٹ کمیٹی کی سفارش پر میسرز انجمن رحمان، گرانٹ تھورنٹن، چارٹرڈ اکاؤنٹنٹس، کورجسٹرار موڈر ابا ایس ای سی پی کی منظوری سے مشروط ہو کر 30 جون 2022 کو ختم ہونے والے مالی سال تک کے لئے بطور آڈیٹر مقرر کیا ہے۔

### اعتراف:

بورڈ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، رجسٹرار موڈر ابا کمپنیوں اور موڈر ابا کے گاہکوں کی جانب سے فراہم کردہ مسلسل تعاون اور رہنمائی کے لیے ان کا مخلصانہ ادا کرنا چاہتا ہے۔ انور موڈر ابا آخر میں بورڈ مقاصد کے حصول کے لیے آپ کے موڈر ابا کے ملازمین کی لگن، اعلیٰ سطح کی پیشہ ورانہ مہارت اور محنت کی تعریف کرتا ہے۔

بورڈ کی جانب سے۔

Sd/-

جناب زین ایوب

چیف ایگزیکٹو / ڈائریکٹر

تاریخ: 28 ستمبر 2021

جگہ: کراچی۔

**ڈائریکٹر ٹریننگ اور واقفیت:**

انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICMAP) اور انسٹیٹیوٹ آف بزنس ایڈمنسٹریشن (IBA) میں تربیت یافتہ چند افراد کے ساتھ ڈائریکٹر ٹریننگ کی ضروریات کے مطابق اکثریت ڈائریکٹر زواقفیت رکھتے ہیں۔

**سرٹیفکیٹ ہولڈرز کا پیٹرن:**

مضاربہ سرٹیفکیٹ ہولڈرز اور اس سے متعلق دوسری معلومات اس رپورٹ میں شامل ہیں۔

**کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:**

انتظامیہ بہت مسرت کے ساتھ سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (ایس ای سی پی) کے کوڈ آف کارپوریٹ گورننس اور کارپوریٹ فنانشل رپورٹنگ فریم ورک کی تعمیل کے مندرجہ ذیل تصدیق کرتا ہے۔

الف۔ مینجمنٹ کی جانب سے تیار شدہ مالیاتی دستاویزات مضاربہ کے تمام امور، آپریشنز کے نتائج، ترسیل نقد رقوم اور حصص میں رد و بدل سے متعلق معاملات کی صحیح ترجمانی کرتی ہیں۔

ب۔ مضاربہ سے متعلق ریکارڈز کو باقاعدہ کھاتوں میں درج کیا گیا ہے۔

ج۔ تمام ترامالیاتی دستاویزات کی تیاری کے سلسلے میں مناسب محاسبی پالیسیوں پر عمل کیا گیا ہے، نیز تمام ترامالیاتی تخمینے معقول اور قرین قیاس ہیں۔

د۔ مالیاتی دستاویزات کی تیاری کے سلسلے میں پاکستان میں مشتمل بین الاقوامی محاسبی معیارات کی مکمل پاسداری کی گئی ہے۔ مزید یہ کہ مضاربہ کی انتظامیہ منصفانہ مالیاتی رپورٹنگ کو فروغ دینے کے لیے ممکنہ حد تک تعمیل کی حوصلہ افزائی کرتی ہے۔

ه۔ اندرونی کنٹرول کا نظام اپنی جگہ موجود ہے اور اسے موثر طریقے سے نافذ کیا گیا ہے۔ اس کا اندرونی آڈٹ اور اس طرح کے دیگر طریقہ کار کا مسلسل جائزہ لیا جاتا ہے۔

و۔ بورڈ مضاربہ کے جاری رہنے کی صلاحیت سے مطمئن ہے۔

ز۔ اسٹاک ایکسچینج کے لسٹنگ قواعد میں مقرر کارپوریٹ گورننس کی بہترین پالیسیوں سے کوئی ایسا انحراف نہیں کیا گیا۔

ح۔ پچھلے چھ سالوں کے کلیدی آپریشننگ اور مالی اعداد و شمار کو اس سالانہ رپورٹ میں شامل کیا گیا ہے۔

ر۔ ٹیکسوں، ڈیوٹیوں، لیویز اور چارجز 30 جون 2021 تک کوئی بقیہ اجاڑ نہیں سوائے ان کے جو مالیاتی رپورٹنگ میں ظاہر کیے گئے ہیں۔

**بورڈ کی تشکیل:**

30 جون 2021 تک کمپنی کے بورڈ آف ڈائریکٹرز کی تشکیل مندرجہ ذیل ہے۔

1۔ ڈائریکٹرز کی کل تعداد درج ذیل کے مطابق سات ہے۔

مرد	:	6
خواتین	:	1

2۔ متعلقہ ذمروں کے تحت ڈائریکٹرز کی تعداد درج ذیل ہے۔

آزاد ڈائریکٹر	:	2
غیر ایگزیکٹو ڈائریکٹر	:	3
ایگزیکٹو ڈائریکٹر	:	1
خاتون ڈائریکٹر	:	1



سے مشکل پہنچ رہا۔ ہم نے تمام مطلوبہ صحت اور حفاظت کے اقدامات کو مکمل کیا جس میں متبادل حاضری، گھر سے کام کرنے کی حکمت عملی، ویکسینیشن اور مہمانوں سے ملاقات کم کرنے پر پابندی شامل ہے۔ ایسے حالات میں ہموار آپریشن جاری رکھنا خاص طور پر تمام احتیاطی تدابیر اختیار کرتے ہوئے بہت مشکل تھا۔ ان سب کے باوجود، 2020-2021 کاروباری لحاظ سے عمومی طور پر دباؤ میں رہا۔ ایس ای سی پی نے مالی سال 2021 کی پہلی سہ ماہی میں صارفین کی التوا/ری شیڈولنگ کی درخواستوں کو قبول کرنے کے حوالے سے سرکلر جاری کیا تھا، تاہم، انتظامیہ اپنے قیمتی کلائنٹس کی شکر گزار ہے کہ جنہوں نے التوا کی بجائے ادائیگی کو ترجیح دی۔

ان زمینی حقائق کے ساتھ، مضاربہ سیکرٹریٹس لگانے کے حوالے سے حالیہ پیش رفت کا بھی سامنا ہے یعنی ٹیکس سے چھوٹ کی حیثیت واپس لینا جو ہمارے سرمایہ کاروں کو مسلسل منافع کی تقسیم کے ساتھ ترقی کے لیے شدید تشویش کا باعث ہے۔ یہاں اس بات کا اعادہ کرنا ہے کہ مضاربہ 30 جون 2019 کو ختم ہونے والے مالی سال کے بعد سے ترقی کی حکمت عملی پر تھا، اور معقول حد تک مطلوبہ ہدف حاصل کیا۔ تاہم مضاربہ اس کے چھوٹ واپس لینے کے حیرت انگیز اقدام کے بعد سے انتظامیہ نے سنجیدگی سے کاروباری ڈھانچے کو بدلنے کے اقدامات کی منصوبہ بندی کی تاکہ ترقی کے مقاصد کو حاصل کیا جاسکے۔

آخر میں، ہم موجودہ مشکل وقت میں صورتحال کو باریکی سے مانیٹر کر رہے ہیں تاکہ اپنے عملے کے ارکان کی حفاظت کو یقینی بنایا جاسکے اور اپنے قابل صارفین کو بہترین ممکنہ خدمات فراہم کی جاسکیں۔ موجودہ حالات کو مد نظر رکھتے ہوئے، ہم محتاط انداز میں آگے بڑھیں گے اور کسی بھی آپریشنل اور کاروباری ہنگامی صورتحال کا مقابلہ کرنے کے لیے تمام دستیاب وسائل تیار رکھیں گے۔

وبائی امراض کے تمام اثرات اور تکالیف کا خیال رکھتے ہوئے، ہماری حکمت عملی کے اہم نکات مندرجہ ذیل ہوں گے۔

- جب تک مہلک وائرس مکمل طور پر ختم نہ ہو جائے عملے کے ارکان کی حفاظت کے لیے صحت کی دیکھ بھال کے تجویز کردہ اقدامات کو مسلسل اپنائیں۔
- کسی بھی کاروباری ہنگامی صورتحال کو پورا کرنے کے لیے لیکویڈیٹی کو محفوظ رکھیں۔
- ٹیکس کی چھوٹ کی حالیہ واپسی کو برقرار رکھنے کے لیے کاروباری حکمت عملی مرتب کریں۔

### شرعی نقطہ نظر:

اسلامی مالیاتی اور غیر مالیاتی لین دین میں شرعی معاہدوں کا اطلاق اور اس پر دی گئی ہدایت پر موثر انداز میں عمل کرنے کا طریقہ کار اور اس سے متعلق مختلف مسائل بلکہ تمام مشکلات سے منجمنٹ کو آگاہی فراہم کرتا ہے اور انتظامیہ ان شرعی اصولوں کو برقرار رکھنے کے لیے محتاط رہتا ہے۔

سالانہ رپورٹ کے ساتھ 30 جون 2021 کو ختم ہونے والے سال کے لیے شرعی مشیر کی مکمل شرعی آڈٹ رپورٹ بھی منسلک ہے۔

### بورڈ آف ڈائریکٹرز اور آڈٹ کمیٹی:

النور مضاربہ منجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز میں 30 جون 2020 کو ختم ہونے والے سال کی ڈائریکٹرز کی رپورٹ کے بعد سے النور مضاربہ کی منجمنٹ کمیٹی میں درج ذیل تبدیلیاں کی گئی ہیں

- مضاربہ کے نئے ڈائریکٹر، جناب نور محمد زکریا نے رجسٹرڈ مضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی منظوری کے بعد بورڈ میں شمولیت اختیار کی ہے۔
- مضاربہ کے نئے ڈائریکٹر مقامی اور بین الاقوامی مارکیٹ کا متنوع اور بھرپور تجربہ رکھتے ہیں۔ بورڈ تمام نئے ڈائریکٹرز کا خیر مقدم کرتا ہے اور پر امید ہے کہ نئے شامل ڈائریکٹرز کے پیشہ ورانہ تجربے اور مہارت سے النور مضاربہ کو بہت فائدہ ہوگا۔



## اتیسویں ڈائریکٹر رپورٹ بابت 30 جون 2021 برائے مضاربہ کمپنی

بورڈ آف ڈائریکٹر زالنور مضاربہ مینجمنٹ (پرائیوٹ) لمیٹڈ "مضاربہ" مینجمنٹ کمپنی برائے فرسٹ النور مضاربہ (ایف اے ایم) کی جانب سے میں انتہائی مسرت کے ساتھ مضاربہ کی اتیسویں سالانہ رپورٹ بابت 30 جون 2021 بعد آڈٹ شدہ مالیاتی دستاویز پیش کر رہا ہوں۔

اعادہ	برائے سال	برائے سال
30 جون 2020	30 جون 2021	رقم پاکستان روپوں میں
منافع بعد از ٹیکس	654,354	(196,562)
ایسوسی ایٹس کے حصص کی فرسودگی اضافی غیر تقسیم شدہ منافع / (نقصان)	516,274	1,127,132
(خسارہ) / اضافی نقصان کو جمع شدہ نقصان میں منتقل کرنا	(174,625)	513,978
غیر تقسیم شدہ منافع / (نقصان) گزشتہ	(54,342,126)	(55,786,673)
	(53,346,123)	(54,342,126)
تقسیم رقم / منافع		
زر محفوظ بنائے قانونی تقاضے 20 فیصد (2020: بلحاظ فیصد 0.00)	(130,871)	-
غیر تقسیم شدہ منافع / (نقصان) گزشتہ	(53,476,994)	(54,342,126)

### معاشی جائزہ اور آپریشنز کا جائزہ:

پاکستان کی معیشت نے مالی سال 2021 (جولائی 20 تا 20 جون 2021) کے دوران مختلف شعبوں میں صحت مند ترقی کی وجہ سے بحالی کی رفتار جاری رکھی۔ یہ ترقی کی رفتار مالی سال 2022 میں حکومت کی جانب سے معاشی نمو پر نظر ثانی کرنے کے معاون اقدامات کی بنیاد پر جاری رہنے کی توقع ہے جو کہ کوویڈ 19 کی وجہ سے شدید متاثر ہوا تھا۔ مانیٹری پالیسی کمیٹی نے اپنے مناسب موقف کو برقرار رکھا ہے اور کوویڈ کی جاری چوتھی لہر کے دوران معیشت کی پائیدار ترقی کے لیے پالیسی کی شرح کو 7 فیصد پر برقرار رکھا ہے۔

رجسٹرڈ مضاربہ نے مضاربہ بیکٹر کے لیے نظر ثانی شدہ پریذیکشن ریگولیشن (پی آر) جاری کیا ہے اور یہ مارچ 2021 میں فوری طور سے لاگو ہے۔ جس میں فی پارٹی ایکسیوٹر 20 فیصد سے کم کر کے 15 فیصد، مشارکہ سٹریٹجک کی شرح میں 5 فیصد سے 15 فیصد تک اضافہ، کم سے کم 5 فیصد کے منافع کی تقسیم کو محدود کرنا اور بہتر کنٹرول اور بہتر نگرانی کے لیے کئی دیگر تبدیلیاں کی گئی ہیں۔

آگے بڑھتے ہوئے، ہم پچھلے سالوں کے نقطہ نظر کے بارے میں محتاط طور پر پر امید تھے۔ COVID-19 وبائی محاذ پر، متعدد ویکیسینوں کی دستیابی نے امید پیدا کی ہے۔ تاہم، تیسری اور چوتھی لہروں میں کیسز کی بڑھتی ہوئی تعداد کافی پریشان کن رہی اور معیشت پر اثر انداز ہو سکتی ہے اور بالواسطہ طور پر زمینی سطح پر کاروبار پر اثرات مرتب ہو سکتے ہیں، اس سے انتظامیہ میں سنگین خدشات پیدا ہو گئے ہیں اور اسی مدت کے لیے محتاط اقدام کو ملحوظ خاطر رکھا۔ COVID 19 لاک ڈاؤن کی مدت کے دوران، ہمارے عملے کے ممبروں کی صحت اور حفاظت ہماری ذمہ داریوں میں سب

**ALHAMD SHARIAH ADVISORY SERVICES****(PVT) LIMITED****Annual Shariah Advisor's Report***For the year ended June 2021*

We have conducted the Shariah review of First Al Noor Modaraba managed by Al Noor Modaraba Management (Private) Limited for the year ended **June 30, 2021** in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on our review, we report in our opinion that:

**REVIEW OF OPERATIONS:**

Based on our review, following were the major activities / developments in respect of Shariah that took place during this period:

**BANK ACCOUNTS:**

Modaraba does not maintain any saving account with conventional banks except the current account(s). Other than these, the Modaraba operates the saving accounts only with Islamic Banks and/or Islamic Windows for its business purposes.

**FRESH DISBURSEMENTS:**

On the asset side, Modaraba has disbursed Diminishing Musharakah Facilities to different clients. We confirm that the financing agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Shariah Advisor.

**INVESTMENTS IN EQUITY SHARES:**

Modaraba's entire equity investments were made in approved Shariah compliant scripts provided and updated in compliance of circular 8 of 2012.

**DIVIDEND PURIFICATION:**

Modaraba has effectively performed process of dividend purification of equities as per Shariah guidelines and the amount required to be charited has been transferred into charity account for charity purposes.

**TAKAFUL:**

For risk mitigation, the Modaraba effectively adopted and maintained Takaful coverage(s) with Takaful companies and did not obtain any coverage(s) from conventional insurance companies.

**CONCLUSION:**

The Management of First Al-Noor Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, we are of the view that the business operations of First Al Noor Modaraba are Shariah compliant up to the best of our knowledge.

**MUFTI UBAID UR RAHMAN ZUBAIRI**

For & on behalf of  
Alhamd Shariah Advisory Services Private Limited

23<sup>rd</sup> September, 2021

**MUFTI UZAIR BILWANI**

For & on behalf of



**Address:** Flat 503, 8<sup>th</sup> Floor Ibrahim Residency, C.P & Berar Society, Karachi.

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## ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

### سالانہ شریعہ ایڈوائزر رپورٹ

۲۳، ستمبر ۲۰۲۱

جون ۲۰۲۱

فرسٹ النور مضاربہ کے پاس، شریعت کی دی گئی ہدایات پر مؤثر طریقہ سے عمل کرنے کا ایک میکانزم موجود ہے، جس کی وجہ سے فرسٹ النور مضاربہ کا نظام، طریقہ کار اور پالیسیاں شریعت کی دی گئی ہدایات کے مطابق ہیں۔ ہم نے فرسٹ النور مضاربہ کا Shariah Compliance اور Shariah Audit Mechanism for Modarabas کے مطابق سال جون 2021 کا شرعی تجزیہ کیا، جس کے نتیجے میں درج ذیل چیزیں سامنے آئیں:

**بینک اکاؤنٹس:** اس پورے مالی سال میں فرسٹ النور مضاربہ نے کسی بھی کنونشنل بینک کے سیونگ اکاؤنٹ کو استعمال نہیں کیا، اپنی تجارتی ضرورتوں کو پورا کرنے کے لیے فُل فلج یا ونڈو اسلامی بینکوں کے سیونگ اکاؤنٹس یا کنونشنل بینکوں کے کرنٹ اکاؤنٹس استعمال کیے گئے۔

**ایسٹ سائڈ:** ایسٹ سائڈ (Asset Side) پر فرسٹ النور مضاربہ نے اپنے کلائنٹس کے ساتھ شرکت متناقصہ کے مختلف معاملات انجام دیے، ہم اس بات کی تصدیق کرتے ہیں کہ مضاربہ کی طرف سے عملدرآمد ہونے والے شرکت متناقصہ کے معاملات، شریعت کے مطابق ہیں اور قانونی معاہدے بھی انہی خطوط کے مطابق ہیں جن کی شریعہ ایڈوائزر کی طرف سے منظوری دی گئی تھی، اس کے علاوہ بھی تمام متعلقہ شرائط پوری کی گئی ہیں۔

**ایکویٹی شیئرز میں سرمایہ کاری:** مضاربہ کی مکمل ایکویٹی سرمایہ کاری شریعت کے مطابق منظور شدہ اسکرپٹس میں ہی کی گئی تھی، جو ایس ای سی پی کے 2012 کے سرکلر 8 کے مطابق تھی۔

**ڈویڈنڈ کی چیریٹی:** فرسٹ النور مضاربہ نے شریعت کے تقاضوں کو سامنے رکھتے ہوئے Dividend کی جو رقم چیریٹی کے لیے لازم کی گئی تھی، وہ خیراتی کاموں کے لیے، چیریٹی اکاؤنٹ میں ٹرانسفر کر دی ہے۔

**مکافل:** فرسٹ النور مضاربہ نے خطرات کو کم کرنے کے لیے مکافل کمپنیز سے COVERAGE حاصل کیا، اس موقع پر کسی بھی کنونشنل انشورنس کمپنی سے کسی قسم کا کوئی COVERAGE حاصل نہیں کیا گیا۔

**خلاصہ:** الحمد للہ، فرسٹ النور مضاربہ کی مینجمنٹ اپنی تمام تر توجہ اور اخلاص کے ساتھ اس پر عمل کرنے میں کوشاں ہے اور اپنی مصنوعات کی ترقی اور اصلاح پر مخلصانہ کام کر رہی ہے۔ ان ساری چیزوں کو مد نظر رکھتے ہوئے، ہم اپنی معلومات کے مطابق، فرسٹ النور مضاربہ کے بزنس کو شریعت کے مطابق قرار دیتے ہیں۔ واللہ اعلم بالصواب



مفتی محمد بلواتی

مفتی عبید الرحمن زبیری

الحمد شریعہ ایڈوائزر سروسز (پرائیوٹ) لمیٹڈ

الحمد شریعہ ایڈوائزر سروسز (پرائیوٹ) لمیٹڈ

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## THE TERMS OF REFERENCE OF THE AUDIT COMMITTEE

The Board has constituted a functional Audit Committee. The features of the terms of reference of the Committee in accordance with the Code of Corporate Governance are as follows:

- (a) Determination of appropriate measures to safeguard the listed company's assets.
- (b) To monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance, reviewing significant financial reporting judgments contained in them. In particular to review the half-year and annual financial statements and associated report before submission to the Board focusing on:
  - Any changes in accounting policies and practices
  - Major judgmental and risk areas
  - Significant adjustments resulting from the audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with International Financial Accounting Standards.
  - Compliance with listing regulations and other statutory and regulatory requirements
- (c) Facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight (in absence of management, where necessary);
- (d) Review of management letter issued by external auditors and management's response thereto.
- (e) To make recommendations to the Board, for approval in respect of matters relating to:
  - the appointment or · re-appointment or · removal of the external auditor;
- (f) Ensuring coordination between the internal and external auditors of the company.
- (g) Review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the company.
- (h) Consideration of major finding of internal investigation and management's response thereto.
- (i) Ascertaining that the internal control system including financial and operational controls, accounting system and reporting structure are adequate and effective.
- (j) Review the company's statement of internal control system prior to endorsement by the board of directors.
- (k) Determination of compliance with relevant statutory requirements.
- (l) Monitoring compliance with the best practices of corporate governance and identification of any significant violations thereof and
- (m) Consideration of any other issue or matter as may be assigned by the board of directors.

### THE TERMS OF REFERENCE OF HUMAN RESOURCE & REMUNERATION COMMITTEE (HR&R)

The Board adopted the responsibilities contained in clause (XXV) of the Code of Corporate Governance 2012 from (i) to (iv) as the Terms of Reference (TOR) of the HR&R Committee. The Committee shall be responsible for:

- (i) Recommending human resource management policies to the board;
- (ii) Recommending to the board the selection, evaluation, compensation (including retirement benefits) and succession planning of the CEO.
- (iii) Consideration and approval on recommendations for CEO on such matters for key management positions who report directly to CEO



## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATION, 2019 FIRST AL-NOOR MODARABA YEAR ENDED JUNE 30, 2021

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

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

- a. Male 6
- b. Female 1

2. The composition of board is as follows :

Category	Names
Independent Director	1) Mr. Abdul Rahim Suriya 2) Mr. Tausif Ilyas 3) Dr. Irum Saba
Executive Director	1) Mr. Zainuddin Aziz
Non-Executive Director	1) Mr. Abdul Aziz Ayoob 2) Mr. Noor Muhammad Zakaria 3) Mr. Zia Zakaria

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of significant policies along with the their dates of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board as empowered by the relevant provisions of the Ordinance/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 the board;
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The board has arranged Directors' Training program for the following:

S.No.	Name	Designation
1	Mr. Abdul Rahim Surya	Independent Director
2	Ms. Dr. Irum Saba	Independent Director

10. The board has approved appointment of Chief financial officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;





11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below:

a) Audit Committee

S.No.	Name	Designation
1.	Mr. Abdul Rahim Suriya	Chairman
2.	Mr. Tausif Ilyas	Member
3.	Mr. Zia Zakaria	Member

b) HR and Remuneration Committee

S.No.	Name	Designation
1.	Mr. Tausif Ilyas	Chairman
2.	Mr. Abdul Aziz Ayoob	Member
3.	Mr. Zainuddin Aziz	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
- a) Audit Committee - Quarterly;
- b) HR and Remuneration Committee - Yearly;
15. The board has set up an effective internal audit function;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and on dependent children) of the Chief Executive Officer, Chief Financial Officer, Head of Internal Audit, Company Secretary or Director of the company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all other requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; and
19. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below:
- a. The company is in the process of forming Risk Management Committee and it is ensured that same will be formed by the end of next financial period; and
- b. The company is in the process of preparation of the term of reference of risk management committee and it is ensured that same will be formed by the end of next financial period.

for and on behalf of the Board

**Sd/-**  
**Zainuddin Aziz**  
Chief Executive

Dated: September 28, 2021



## **INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF FIRST AL-NOOR MODARABA**

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

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

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

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

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

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

Further, we highlight below instances of non-compliance with the requirement(s) of the Regulations as reflected in the paragraph 19 of the Statement of Compliance:

S.No	Paragraph reference	Description
I.	19(a)	Risk Management Committee has not been formed
II.	19(b)	The term of reference of Risk Management Committee has not been formed.

Karachi  
Date: September 28, 2021

**Sd/-**  
Chartered Accountants  
**Engagement Partner: Muhammad Khalid Aziz**



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **First Al-Noor Modaraba** (the Modaraba) as at June 30, 2021 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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 [Al-Noor Modaraba Management (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 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 Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI OF 1980), and Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion
  - i. the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity 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 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 confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modaraba companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and the 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, 2021 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- d) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

### Other Matter

The financial statements of the Modaraba for the year ended June 30, 2020 were audited by another firm of chartered accountants; whose report dated September 25, 2020 expressed an unmodified opinion on those financial statements.

Date: September 28, 2021  
Karachi

**Sd/-**  
Chartered Accountants  
**Engagement Partner: Muhammad Khalid Aziz**





## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	6	59,001,144	9,174,848
Short term investments	7	29,299,313	121,791,096
Musawamah facility	8	-	-
Profit receivable	9	779,923	643,828
Ijarah rental receivable	10	77,971	602,434
Advances, prepayments and other receivables	11	26,528,262	9,361,730
Trade debtors	12	-	-
Stock in trade	13	-	-
Current portion of investment in sukuk certificates	16	357,128	714,290
Current portion of diminishing musharaka financing	17	46,711,912	41,159,664
Taxation	14	5,924,490	5,778,678
		<b>168,680,143</b>	<b>189,226,568</b>
<b>Non - current assets</b>			
Long term deposits	15	3,839,989	3,839,989
Long term investments	16	20,405,144	27,679,886
Diminishing musharakah financing	17	75,472,709	38,750,998
Ijarah assets	18	1,005,705	6,181,881
Fixed assets in own use	19	2,646,392	3,598,031
Intangible assets for own use	20	10,502	28,502
		<b>103,380,441</b>	<b>80,079,287</b>
<b>TOTAL ASSETS</b>		<b>272,060,584</b>	<b>269,305,855</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CERTIFICATE HOLDERS' EQUITY</b>			
Authorised certificate capital 40,000,000 (2020: 40,000,000) certificates of Rs. 10 each	21.1	400,000,000	400,000,000
Issued, subscribed, and paid - up certificate capital	21.2	210,000,000	210,000,000
Capital reserves	22	97,716,506	97,585,635
Revenue reserves		(53,226,994)	(54,092,126)
		<b>254,489,512</b>	<b>253,493,509</b>
Deficit on revaluation of investments	23	(2,316,639)	(5,371,057)
<b>Non - current liabilities</b>			
Deferred liability - staff gratuity	24	7,506,858	7,465,837
Security deposits	25	-	443,700
		<b>7,506,858</b>	<b>7,909,537</b>
<b>Current liabilities</b>			
Current maturity of security deposits	25	557,400	2,711,600
Creditors, accrued and other liabilities	26	6,294,230	5,001,691
Provision for custom duty & surcharge	28	4,398,842	4,398,842
Unclaimed profit distributions		1,109,146	1,109,146
Charity Payable	27	21,235	52,587
		<b>12,380,853</b>	<b>13,273,866</b>
<b>TOTAL LIABILITIES</b>		<b>19,887,711</b>	<b>21,183,403</b>
<b>TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>		<b>272,060,584</b>	<b>269,305,855</b>
Contingencies and commitments	29		

The annexed notes from 1 to 51 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive Officer

Sd/-  
Chief Financial Officer

Sd/-  
Director

Sd/-  
Director



## STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021 ----- Rupees -----	June 30, 2020
Income from trading operations	30	-	2,123,686
Income on Diminishing Musharakah (Syndicate)	31	-	1,990,861
Income on Diminishing Musharakah	32	11,971,476	11,042,452
Income from Ijarah Rentals- net	33	1,615,923	7,150,977
Income from investments	34	13,202,476	8,122,178
		<b>26,789,875</b>	30,430,154
Administrative and operating expenses	35	(28,766,791)	(30,499,117)
Impairment loss on trade debtors and other receivables		-	(3,179,673)
Other income	36	3,937,631	6,072,080
		<b>1,960,715</b>	2,823,444
Financial and other charges	37	(16,215)	(25,474)
Unrealised loss on re-measurement of investments at fair value through profit or loss		(2,743,857)	(4,057,067)
Share of profit from associates	16.1	2,485,340	1,062,534
Management company's remuneration	38	-	-
Workers' welfare fund	39	(33,720)	-
Profit / (loss) before taxation		<b>1,652,263</b>	(196,563)
Taxation	40	(997,909)	-
<b>Profit / (loss) for the year</b>		<b>654,354</b>	(196,563)
<b>Earning / (loss) per certificate - basic and diluted</b>	41	<b>0.03</b>	(0.01)

The annexed notes from 1 to 51 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive Officer

Sd/-  
Chief Financial Officer

Sd/-  
Director

Sd/-  
Director



## STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>Profit / (loss) for the year</b>		<b>654,354</b>	<b>(196,563)</b>
<b>Components of other comprehensive income reflected in equity</b>			
<b>Items that will not be reclassified subsequently to profit and loss account</b>			
Remeasurement of net defined benefit liability	24.5	<b>182,478</b>	1,051,512
Share of other comprehensive income of associate -incremental depreciation	16.1	<b>333,796</b>	75,620
Other Comprehensive income		<b>516,274</b>	1,127,132
Items that may be reclassified subsequently to profit and loss account		-	-
<b>Total comprehensive income for the year transferred to equity</b>		<b>1,170,628</b>	930,569
Equity investments at FVOCI - change in fair value	23	<b>2,879,793</b>	2,552,384
<b>Total comprehensive income</b>		<b>4,050,421</b>	3,482,953

The annexed notes from 1 to 51 form an integral part of these financial statements.

**For Al-Noor Modaraba Management (Private) Limited  
(Management Company)**

**Sd/-  
Chief Executive Officer**

**Sd/-  
Chief Financial Officer**

**Sd/-  
Director**

**Sd/-  
Director**



## STATEMENT OF CASH FLOWS

### FOR THE YEAR ENDED JUNE 30, 2021

		June 30, 2021	June 30, 2020
	Note	----- Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash from operations after working capital changes	42	47,891,565	(25,806,099)
Long term deposits		-	7,000
Income tax paid		(589,996)	(1,064,821)
Financial charges paid		(16,215)	(7,873)
Gratuity paid		(1,115,000)	(3,130,000)
<b>Net cash generated from / (used in) operating activities</b>		<b>46,170,354</b>	<b>(30,001,793)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of:			
Fixed assets in own use		(231,016)	(2,160,230)
Proceeds from sale of:			
Fixed assets in own use		809,999	4,610,000
Profit received on bank deposits		3,076,959	2,878,140
<b>Net cash generated from operations</b>		<b>3,655,942</b>	<b>5,327,910</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>49,826,296</b>	<b>(24,673,883)</b>
<b>Cash and cash equivalents at the beginning of the year</b>		<b>9,174,848</b>	<b>33,848,731</b>
<b>Cash and cash equivalents at the end of the year</b>	6	<b>59,001,144</b>	<b>9,174,848</b>

The annexed notes from 1 to 51 form an integral part of these financial statements.

For Al-Noor Modaraba Management (Private) Limited  
(Management Company)

Sd/-  
Chief Executive Officer

Sd/-  
Chief Financial Officer

Sd/-  
Director

Sd/-  
Director

## STATEMENT OF CHANGES IN EQUITY

### FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed, and paid-up certificate capital	Capital reserves		Revenue reserves			
		Statutory reserve (refer note 22)	General reserve	Accumulated losses	Subtotal	Total reseves	Total
Note	Rupees						
Balance as at July 01, 2019	210,000,000	97,585,635	250,000	(55,786,673)	(55,536,673)	42,048,962	252,048,962
Loss for the year	-	-	-	(196,563)	(196,563)	(196,563)	(196,563)
Other comprehensive income	-	-	-	1,127,132	1,127,132	1,127,132	1,127,132
Total comprehensive income	-	-	-	930,569	930,569	930,569	930,569
Surplus transferred to accumulated losses	-	-	-	513,978	513,978	513,978	513,978
Balance as at June 30, 2020	210,000,000	97,585,635	250,000	(54,342,126)	(54,092,126)	43,493,509	253,493,509
Balance as at June 1, 2020	210,000,000	97,585,635	250,000	(54,342,126)	(54,092,126)	43,493,509	253,493,509
Profit for the year	-	-	-	654,354	654,354	654,354	654,354
Other comprehensive income	-	-	-	516,274	516,274	516,274	516,274
Total comprehensive income	-	-	-	1,170,628	1,170,628	1,170,628	1,170,628
Deficit transferred to accumulated losses 23	-	-	-	(174,625)	(174,625)	(174,625)	(174,625)
Transfer to statutory reserve 22	-	130,871	-	(130,871)	(130,871)	-	-
Balance as at June 30, 2021	210,000,000	97,716,506	250,000	(53,476,994)	(53,226,994)	44,489,512	254,489,512

The annexed notes from 1 to 51 form an integral part of these financial statements.

**For Al-Noor Modaraba Management (Private) Limited  
(Management Company)**

**Sd/-**  
**Chief Executive Officer**

**Sd/-**  
**Chief Financial Officer**

**Sd/-  
Director**

**Sd/-  
Director**



## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **1 LEGAL STATUS AND NATURE OF BUSINESS**

The First Al-Noor Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is managed by Al-Noor Modaraba Management (Private) Limited, a company incorporated in Pakistan. The address of its registered office is 96-A, Sindhi Muslim Housing Society. The Modaraba was floated on October 19, 1992 and commenced its business on November 02, 1992. The Modaraba is listed on the Pakistan Stock Exchange (PSX).

The Modaraba is a perpetual, multi purpose and multi dimensional Modaraba and is primarily engaged in providing Ijarah financing, Musharakah, Diminishing Musharakah, Musawamah, equity investment and other Shariah compliant trading activities.

### **2 BASIS OF PREPARATION**

#### **2.1 Statement of compliance**

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

- International Financial Reporting Standards (IFRS ) issued by International Accounting Standards Board (IASB) as are notified under Companies Act, 2017;

Islamic Financial Standards (IFAS) issued by the Institute of Chartered Accountant of Pakistan as are notified under Companies Act, 2017;

- Provisions of and directions issued under the Companies Act 2017;
- The requirements of Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations 2021 for Modarabas (hereinafter referred to as the relevant laws).

Where the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas differ with the requirements of IFRS and IFAS, the provisions of and directives issued under the Companies Act 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules 1981 and Prudential Regulations for Modarabas have been followed.

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

#### **2.2 Basis of measurement**

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS 9 'Financial Instrument', wherever applicable.

#### **2.3 Functional and presentation currency**

These financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Modaraba.

#### **2.4 Significant event or transactions**

There are no significant events or transactions during the year.



### 3 ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

estimate of residual values, useful lives and depreciation methods of fixed assets in own use and ijarah assets (note 5.6 and 5.7 respectively);

estimate of residual values, useful lives and amortization methods of intangible assets for own use (note 5.8);

Impairment of financial assets (note 5.2.3);

Impairment of non financial assets (note no 5.9);

Taxation (note no 5.10);

Provisions and contingent assets and liabilities (note no 5.14); and

Staff retirement benefits (note no 5.16).

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

#### 4.1 Standards, amendments and interpretations to the published standards that may be relevant to the Modaraba and adopted in the current year

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

Standard or Interpretation	Effective date (Annual periods beginning on or after)
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS 8)	January 1, 2020
IFRS 9, and IAS 39 - Interest Rate Benchmark Reform - Phase I	January 1, 2020

Adoption of the above standards have no significant effect on the amounts for the year ended June 30, 2021 except for those mentioned in change in accounting policy note.



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

IFRS 9 'Financial Instruments' was applicable effective from July 01, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach.

The SECP has deferred the applicability of IFRS 9 for provision against Islamic financings made by Modaraba in the financial statements for the year ended June 30, 2019 and required the Modaraba to follow all other requirements of IFRS 9. Accordingly, the Modaraba adopted all requirements of IFRS 9 but determined the provision in respect of financings as per the requirements of the Prudential Regulations in June 30, 2021.

The SECP has deferred the applicability of IFRS-9 for Modarabas upto June 30, 2022 via SRO 800(I)/2021 dated June 22, 2021. However, as mentioned above the Modaraba had already adopted all other requirements of IFRS 9 except for provision against Islamic financings. Therefore, the Modaraba has continued same practice during the current year as well. The provision against financing has been determined in accordance with requirement of the Modaraba Regulations 2021.

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

<b>Standards</b>	<b>Effective date (Annual periods beginning on or after)</b>
IBOR Reform and its Effects on Financial Reporting—Phase 2	January 1, 2021
Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendment to IFRS 9)	January 1, 2022
Onerous Contracts—Cost of Fulfilling a Contract (Amendments to IAS 37)	January 1, 2022
Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)	January 1, 2022
Subsidiary as a First-time Adopter (Amendment to IFRS 1)	January 1, 2022
Taxation in Fair Value Measurements (Amendment to IAS 41)	January 1, 2022
Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)	January 1, 2022
Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2023
Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12)	January 1, 2023
Definition of Accounting Estimates (Amendments to IAS 8)	January 1, 2023
Disclosure Initiative — Accounting Policies	January 1, 2023

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





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

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

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

## 5 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 5.1 Investment in associates

The Modaraba considers its associate to be such in which the Modaraba have ownership of not less than twenty percent of the voting power and / or has significant influence through common directorship, but not control.

The Modaraba accounts for its investment in associate using the equity method. Under this method investment in initially recognized at cost, being the fair value of consideration given includes acquisition charges associated with such investments. Subsequently the investors' share in profit / loss of the Investee is recognized in profit and loss. Distributions received from the investee reduce the carrying amount of the investment. Adjustment to the carrying amount will also be made for changes in the investor's proportionate interest in the investee arising from changes in the investee's over comprehensive income.

Where Modaraba's share of loss of an associates equal or exceeds its interest in the associates, the Modaraba discontinue to recognize its shares of further losses except to the extent that Modaraba has incurred legal or constructive obligation or made payment on behalf of the associates. If the associates subsequently reports profits, the Modaraba resumes recognizing its share of those profit only after its share of the profit equals the share of losses not recognized.

### 5.2 Financial Instruments- Initial recognition and subsequent measurement

#### 5.2.1 Initial recognition

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

##### 5.2.1.1 Classification of financial assets

IFRS 9 has the following categories for classification of financial assets.

- Debt instruments at amortized cost.
- Debt instruments at fair value through other comprehensive income (FVOCI), with recycling of gains or losses to profit and loss account on derecognition.
- Equity instruments at FVOCI, with no recycling of gains or losses to profit and loss account on derecognition.
- Financial assets at fair value through profit or loss (FVTPL).

The classification is based on true criteria which is a) the entity's business model for managing the assets; and b) whether the instruments contractual cashflows represent 'solely payments of principal and profit' on the principal amount outstanding.



### 5.2.1.2 Classification of financial liabilities

The Modaraba classified its financial liabilities in the following categories.

- at fair value through profit or loss (FVTPL); or
- at amortised cost.

Financial liabilities are measured at amortized cost, unless they are required to measured at FVTPL (such as instruments held for trading or derivatives) or the Modaraba has opted to measure them at FVTPL.

#### Subsequent measurement

##### Financial assets at FVTOCI

Elected investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently, they are measured at fair value, with gains or losses arising from changes in fair value recognized in other comprehensive income.

##### Financial assets and liabilities at amortised cost

Financial assets and liabilities at amortized cost are initially recognized at fair value and subsequently carried at amortised cost, and in the case of financial assets, less any impairment.

##### Financial assets and liabilities at FVTPL

Financial assets and liabilities carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the profit and loss account. Realised and unrealised gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit and loss account in the period in which they arise..

### 5.2.3 Impairment of financial assets

Provision for non-performing Islamic financing is made in accordance with the Modaraba Regulation 2021 for modarabas issued by SECP vide SRO 284 (I) / 2021 dated March 05, 2021 and subsequent amendments made therein, and is charged to profit and loss account (see note 4.2).

The management also evaluates the Islamic financing receivable subjectively to further down-grade if required.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than Islamic financing assets and concluded that impact is not material to the financial statements.

### 5.2.4 Derecognition

#### 5.2.4.1 Financial assets

The Modaraba derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risk and rewards of ownership to another entity. On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying value and the sum of the consideration received or receivables is recognized as gain/ (loss). In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit and loss account. In contrast, on derecognition of an investment in equity instrument which the Modaraba has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit and loss account, but transferred to statement of changes in equity.

#### 5.2.4.2 Financial liabilities

The Modaraba derecognized financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non- cash assets transferred or liabilities assumed, is recognized in the profit and loss account.



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

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set-off the recognized amounts and the Modaraba intends to either settle on a net basis, or to recognize the asset and settle the liability simultaneously.

### **5.3 Regular way contracts**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognised at the trade date. Trade date is the date on which the Modaraba commits to purchase or sell the assets.

### **5.4 Receivable from terminated / matured contracts**

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

### **5.5 Diminishing musharaka, Ijarah rentals and Musawamah finance**

These are stated net of provision and suspense income. Provision is recognized in accordance with the Modaraba Regulations, 2021 for Modarabas. Bad debts are written-off when identified.

### **5.6 Fixed assets in own use**

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any except free hold land are stated at cost less any accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred.

Depreciation on all fixed assets is charged to income applying the straight-line method over the useful life of the asset as disclosed in note 19 to the financial statements and after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.

Repairs and maintenance are charged to income as and when incurred.

### **5.7 Ijarah assets**

Assets leased out under Ijarah arrangements are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is written off over the standard hours of usage, which is considered to be the estimated useful life of the asset. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.



## **5.8 Intangible assets**

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only where it is probable that the future economic benefits associated with the asset will flow to the Modaraba and the cost of item can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 20 to these financial statements after taking into account residual value, if any. The residual values, useful lives and amortization method are reviewed adjusted, as appropriate, at each balance sheet date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceeding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. These assets are not amortized as they are expected to have an indefinite life and are marketable.

Gain and loss on disposal of intangible assets, if any, are taken to the profit and loss account.

## **5.9 Impairment of non financial assets**

The Modaraba assesses at each balance sheet date whether there is any indication that non financial assets excluding stock in trade 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 the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the profit and loss account. The recoverable amount is the higher of an assets' fair value less cost to sale and value in use.

Where impairment loss for asset subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognised as loss.

## **5.10 Taxation**

### **5.10.1 Current**

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through an amendment dated March 21, 2021 which is subsequently adopted in Finance Act, 2021. But a new section 242 has been added in the Income Tax Ordinance, 2001 through Finance Act, 2021 by virtue of which, the Modaraba may avail the exemption till June 30, 2021 subject to the fulfillment of condition that not less than 90 percent of its total profits, as reduced by the amount transferred to the mandatory reserve, as required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, are distributed amongst the certificate holders.

### **5.10.2 Deferred**

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable income will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

As referred above, the exemption for Modarabas has been withdrawn from July 01, 2021, accordingly, the Modaraba is also subject to deferred tax. However, the Modaraba has not recognized deferred tax asset of Rs.9.59 million (June 30, 2020: Rs. Nil), due to prudent basis.

**5.11 Creditors, accrued and other liabilities**

These are carried at amortised cost, which is the fair value of the consideration to be paid in the future for goods and services.

**5.12 Provisions and contingent assets and liabilities**

Provisions are recognised when the Modaraba has a present legal or constructive obligation as a result of past events, and 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. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent assets are not recognized and are disclosed unless an inflow of economic benefits is virtually certain. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits are removed.

**5.13 Commitments**

Commitments are disclosed in the financial statements at committed amounts.

**5.14 Staff retirement benefits****Unfunded gratuity scheme**

The Company operates an unapproved gratuity scheme for its employees completing the eligibility period of service as defined under the plan. The scheme provides for a graduated scale of benefits dependent on the length of service of an employee on terminal date, subject to the completion of minimum qualifying period of service.

Provisions are made to cover the obligations under the scheme on the basis of actuarial valuation carried out annually by an external expert, using the 'Projected Unit Credit Method'. All re-measurement gains and losses are recognized in statement of other comprehensive income as these occur. The amount recognized in the unconsolidated statement of financial position represents the present value of defined benefit obligations. The past service cost, current service cost and interest cost are recognized in the unconsolidated statement of profit or loss when they incurred.

**5.15 Stock in trade**

Stock of raw material, work in process and finished goods are measured at at the lower of cost and net realizable value. Cost is determined on first in first out basis. Cost of raw materials and trading stock comprises the invoice values and other charges paid thereon. Cost of work in process and finished goods include prime cost and appropriate portion of manufacturing overheads. Items in transit are stated at invoice value plus other incidental charges paid thereon up to the balance sheet date.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

The Modaraba reviews the net realizeable value of items of stock in trade to assess any possible impairment on annual basis. Net realizeable value is estimated with reference to the estimated selling price in the ordinary course of business less the estimated cost necessary to make the sale. Any change in the estimates in the future might affect the carrying amount of respective stock in trade with corresponding effects on the provision for impairment, if any.

**5.16 Revenue recognition****5.16.1 Trading operations**

Sales from trading operations is recognized when the modaraba satisfies performance obligations by transferring goods to customer. Goods are transferred when the customer obtains their control, i.e. on dispatch of goods to customers. Sales is measured at fair value of the consideration received or receivable. Revenue from trading operation is recorded net of discount and taxes.

**5.16.2 Ijarah**

Ijarah rental is recognised on an accrual basis, as and when rentals become due on a systematic basis over the lease and Ijarah period.

Documentation charges, front end fee and other Ijarah income are taken to the profit and loss account when these are realised.

Gain / losses on termination on Ijarah contracts are recognised as income as the difference between the proceeds realised from the customer on sale of Ijarah assets and the net book value at which such assets are carried at the time of termination.

Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of Prudential Regulations for Modarabas issued by the SECP.

**5.16.3 Musharakah Finance**

Profit on musharakah finance is recognised on the basis of pre-agreed profit / loss sharing ratio when actual gain / loss on transaction is computed upon termination / completion of transaction.

**5.16.4 Musawamah Finance**

Profit on musawamah finance is recognized on an accrual basis, whereas unrealized musawamah income is excluded from profit.

**5.16.5 Dividend Income**

Dividend income is recognised when the Modaraba's right to receive the dividend is established.

**5.16.6 Gain and loss on sale of investment**

Gain and losses on sale of investments are accounted for when the commitment (trade debt) for sale of security is made.

**5.16.7 Return on deposit with bank**

Return on deposit with bank is recognized on an accrual basis.

**5.16.8 Income from Shariah non-compliant revenue**

Income from Shariah non-compliant revenue is not recognised in the profit and loss account and is classified as charity payable.

**5.17 Segment reporting**

As per IFRS 8, 'Operating Segments', segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer of the Management Company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

Based on internal management reporting structure, services provided and products produced and sold, the Modaraba is organised into the following four operating segments:

- Trading - import and distribution of rice;



- Financing -Musharakah, Diminishing Musharakah, Musawamah;
- Investments- realized and unrealized gain on investments and dividend income; and
- Ijarah- Ijarah financing.

#### 5.18 Earnings / (loss) per certificate

The Modaraba presents basic and diluted earnings per certificate data for its ordinary certificates. Basic earning per certificate is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earning per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates.

#### 5.19 Proposed profit distribution to certificate holders and transfers between reserves

Dividend declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividend are declared/ transfers are made.

#### 5.20 Cash and cash equivalents

Cash and cash equivalent are carried in the balance sheet at cost. For the purpose of the cash flow statements, cash and cash equivalent comprise of cash in hand, balances with banks in current accounts and in profit and loss account and term deposit receipt with maturity upto 90 days.

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>6 CASH AND BANK BALANCES</b>			
<b>With banks in current accounts</b>			
- Islamic Banks /Islamic Window operations		<b>2,893,977</b>	472,270
- Conventional Banks		<b>828,997</b>	818,851
		<b>3,722,974</b>	1,291,121
<b>With banks in PLS accounts</b>			
- Islamic Banks /Islamic Window operations	6.1	<b>278,170</b>	7,883,727
With banks in Term deposit accounts			
Term deposit receipts	6.2	<b>55,000,000</b>	-
		<b>59,001,144</b>	9,174,848

- 6.1** These deposits accounts carry profit at rates ranging from 4.25% to 6.74 % (June 30, 2020: 2.88% to 5.75%) per annum.
- 6.2** These represents TDRs carrying profit rates ranging from 6.00% to 6.75% (June 30, 2020: Nil) and having maturities on July 2021.



			June 30, 2021	June 30, 2020
	<b>Note</b>		----- Rupees -----	
<b>7 SHORT TERM INVESTMENTS</b>				
<b>At fair value through profit or loss</b>				
<b>Shariah compliant</b>				
Listed equity securities	7.1.1		<b>29,049,505</b>	19,925,378
Listed Mutual funds	7.1.2		<b>126,721</b>	90,753
<b>Non-Shariah compliant</b>				
Listed equity securities	7.1.3		<b>123,087</b>	1,774,965
<b>Investment in Islamic Certificates</b>	7.1.4		<b>-</b>	100,000,000
			<b>29,299,313</b>	121,791,096
		June 30, 2021	June 30, 2020	June 30, 2021
				June 30, 2020
		--- Number of Shares ---		----- Rupees -----
<b>7.1.1 Shariah Compliant listed equity securities - 'at fair value through profit or loss' Face value of Rs.10 /-each</b>				
<b>Chemicals</b>				
Lotte Pakistan PTA Limited	-	140,000	-	1,393,000
Engro Corporation Limited	-	4,810	-	1,408,945
Engro Fertilizer Limited	<b>2,500</b>	21,000	<b>175,657</b>	1,265,880
Fatima Fertilizer Company Limited	<b>35,000</b>	-	<b>1,006,250</b>	-
Siddiq Sons Tin Plate Limited	-	15,000	-	138,300
Engro Polymer & Chemicals Limited	-	30,500	-	761,890
Sitara Peroxide Limited	-	1,100	-	2,635
			<b>1,181,907</b>	4,970,650
<b>Construction and Materials</b>				
Fauji Cement Company Limited	-	17,500	-	295,400
D.G. Khan Cement Limited	<b>11,466</b>	500	<b>1,352,071</b>	42,665
Maple Leaf Cement Limited	<b>1,199</b>	199	<b>56,329</b>	5,170
Dewan Cement Limited	<b>52,000</b>	30,000	<b>585,520</b>	233,400
Best Way Cement Co. Limited	-	500	-	310,000
Power Cement Company Limited (Right share)	<b>22,500</b>	-	<b>216,226</b>	-
Power Cement Company Limited (Pref share)	<b>7,130</b>	-	<b>83,064</b>	-
Gharibwal Cement Limited	<b>41,000</b>	-	<b>1,597,770</b>	-
			<b>3,890,980</b>	886,635
<b>Oil &amp; Gas Producers</b>				
Pakistan State Oil	<b>18,000</b>	-	<b>4,036,500</b>	-
Pakistan Oilfield Limited	<b>1,000</b>	-	<b>393,860</b>	-
Pakistan Petroleum Limited	<b>5,500</b>	15,700	<b>477,565</b>	1,362,446
Hi-Tech Lubricants Limited	-	12,000	-	363,360
Oil And Gas Development Company Limited	<b>22,500</b>	12,000	<b>2,138,182</b>	1,308,000
			<b>7,046,107</b>	3,033,806
<b>Gas Water &amp; Multiutilities</b>				
Sui Southern Gas Limited	-	35,000	-	466,900
Sui Northern Gas Pipeline Limited	<b>107,000</b>	40,000	<b>5,198,675</b>	2,215,200
			<b>5,198,675</b>	2,682,100
<b>General Industries</b>				
Pakistan Paper Products limited	-	1,300	-	98,605
Packages Limited	-	10,000	-	3,472,100
			-	3,570,705
<b>Automobile and Parts</b>				
Millat Tractors Limited	-	32	-	22,597
Sazgar Engineering Works Limited	<b>10,000</b>	-	<b>1,684,366</b>	-
			<b>1,684,366</b>	22,597
<i>Balance carried forward</i>			<b>19,002,035</b>	15,166,493





	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	--- Number of Shares ---		----- Rupees -----	
<i>Balance carried forward</i>			19,002,035	15,166,493
<b>Textiles</b>				
Interloop Limited	5,000	-	350,149	-
<b>Power Generation &amp; Distribution</b>				
K-Electric	150,000	175,000	626,999	526,750
<b>Pharmaceuticals</b>				
The Searle Company Limited	9,000	-	2,183,939	-
Glaxo Smithkline Pakistan Limited	6,700	-	1,109,288	-
			3,293,227	-
<b>Transport</b>				
Pakistan National Shipping Corporation	1,000	-	72,700	-
<b>Cable and Electrical goods</b>				
Pak electron limited	92,500	56,500	3,243,050	1,295,545
WAVES Singer Pakistan Limited	-	10,000	-	212,200
			3,243,050	1,507,745
<b>Food &amp; Personal Care Products</b>				
National Foods Limited	8,500	-	1,946,670	-
Unity Food Limited	-	45,000	-	501,750
			1,946,670	501,750
<b>Banks</b>				
Bank Islamic Pakistan Limited	44,500	294,000	500,179	2,222,640
<b>Miscellaneous</b>				
Synthetic Products Ent. Limited	337	-	14,496	-
			29,049,505	19,925,378
<b>7.1.2 Shariah compliant Listed Mutual Funds - 'at fair value through profit or loss'</b>				
Meezan Islamic Fund - Growth Units	2,030	2,030	126,721	90,753
<b>7.1.3 Non-Shariah compliant Listed equity securities - 'at fair value through profit or loss'</b>				
<b>Power Generation &amp; Distribution</b>				
The Hub Power Compay Limited	-	14,500	-	1,051,250
Kot Addu Power Company Limited	-	1,000	-	20,150
			-	1,071,400
<b>Engineering</b>				
International Industries Limited	-	1,000	-	91,730
<b>Oil &amp; Gas Producers</b>				
Hascol Petroleum Limited			123,087	479,835
<b>Transport</b>				
Pakistan Int' Bulk Terminal Limited			-	132,000
			123,087	1,774,965
<b>7.1.4</b> This represented investment in Islamic Certificates of MIB Bank Limited having maturity of 1-3 months carrying profit at rates raning from 6.25 to 12%. These were matured during the year.				



	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>8 MUSAWAMAH FACILITY</b>			
<b>Secured</b>			
Musawamah facility - considered doubtful		<b>25,000,000</b>	25,000,000
Less: provision against potential losses		<b>(25,000,000)</b>	(25,000,000)
	8.1 & 8.2	<u>-</u>	<u>-</u>

	June 30, 2021		June 30, 2020	
	Balance outstanding	Provision held	Balance outstanding	Provision held
	----- (Rupees) -----			
<b>8.1 Musawamah facility</b>				
<b>(Classified portfolio)</b>				
Loss	<u>(25,000,000)</u>	<u>(25,000,000)</u>	<u>(25,000,000)</u>	<u>(25,000,000)</u>

- 8.2** This represents musawamah principal amount overdue by more than one year carried profit rate of 10% (June 2020: 10%) per annum secured against hypothecation of current assets, demand promissory notes, personal guarantee of directors and pledge of stocks(raw cotton). M/s Quetta Textile Mills Limited has defaulted in payment at its maturity therefore the Modaraba has filed a suit for recovery of principal and profit in Honorable Banking Court No.II amounting to Rs. 25.79 million. The legal advisor of the Modaraba is of the opinion that Modaraba has reasonable chances of recovery of the defaulted amounts. However, in compliance to prudential regulation # 5 for modarabas, the modaraba has provided the provision against the said default.

Further, Modaraba has also filed for registration of criminal complaint against M/s Quetta Textile Mills Limited.

M/s Quetta Textile Mills Limited has filed a suit against Modaraba for the recovery of Rs. 76,898,349 along with damages, rendition of accounts, reconciliation of documents, cancellation of documents and other reliefs under section 9 of the Financial Institutions (Recovery of Finances) Ordinance 2001. The notice against said suit was served in July 2017. In the given facts and circumstances of the case, the outcome of the matter cannot be predicted with any degree of certainty. However, in the opinion of Modaraba's legal advisor, the Modaraba has reasonable chance to prevail.

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>9 PROFIT RECEIVABLE</b>			
Profit on Sukuk Certificates		<b>176,725</b>	261,758
Islamic Certificates		-	246,917
Term deposit receipt profit		<b>568,399</b>	-
PLS bank account		<b>34,799</b>	135,153
		<u><b>779,923</b></u>	<u>643,828</u>
<b>10 IJARAH RENTAL RECEIVABLE</b>			
<b>Secured</b>			
Ijarah rentals receivable - considered good		<b>77,971</b>	602,434
Less: allowance for potential ijarah losses		-	-
		<u><b>77,971</b></u>	<u>602,434</u>


**10.1 Future minimum ijarah rentals receivable**

	<b>2021</b>			
	<b>Total</b>	<b>Not later than one year</b>	<b>later than one year but not later than five years</b>	<b>Later than five years</b>
	<b>----- (Rupees) -----</b>			
<b>June 30, 2021</b>				
Vehicles	<b>592,802</b>	<b>592,802</b>	-	-
<b>June 30, 2020</b>				
Vehicles	<b>3,339,424</b>	<b>2,721,686</b>	<b>617,738</b>	-

This represents the rentals receivable by the Modaraba in future periods in respect of Ijarah assets given under long-term arrangements.

	<b>Note</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
		<b>----- Rupees -----</b>	
<b>11 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances - considered good			
- Suppliers		<b>22,616,747</b>	1,893,854
- Employees	11.1	<b>126,225</b>	437,500
Prepayments		<b>2,294,804</b>	5,284,350
Others	11.2	<b>18,062</b>	892,661
Less: Provision during the year		<b>-</b>	(127,761)
		<b>18,062</b>	764,900
Dividend receivable		<b>17,676</b>	-
Sales tax receivable	11.3	<b>1,454,748</b>	981,126
		<b>26,528,262</b>	9,361,730

**11.1** The maximum aggregate amount at any time during the year is Rs. 550,000 (June 2020: 450,000).

	<b>Note</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
		<b>----- Rupees -----</b>	
<b>11.2 Reconciliation of provisions for other receivables</b>			
Opening balance		<b>127,761</b>	240,744
Write off during the year		<b>(127,761)</b>	(112,983)
Closing balance		<b>-</b>	127,761

**11.3** This include an amount of Rs. 0.63 million (June 2020: Rs. 0.63 million) on account of sales tax paid on management remuneration to the management company for onward submission to Sindh Revenue Board (SRB). However, the amount is not yet deposited into SRB.



		June 30, 2021	June 30, 2020
	Note	----- Rupees -----	
<b>12 TRADE DEBTORS</b>			
<b>Unsecured</b>			
Trade debts		-	6,890,496
Less: provision for doubtful	12.1	-	(6,890,496)
		-	-
		<u>                    </u>	<u>                    </u>
<b>12.1 Reconciliation of provisions for doubtful debts</b>			
Opening balance		<b>6,890,496</b>	3,710,823
Write off during the year		<b>(6,890,496)</b>	
Provision for the period		-	3,179,673
Closing balance		-	6,890,496
		<u>                    </u>	<u>                    </u>
<b>13 STOCK IN TRADE</b>			
Import L/C	13.1	-	267,790
Provision for slow moving stock	13.1	-	(267,790)
		-	-
		<u>                    </u>	<u>                    </u>
<b>13.1 Reconciliation of provisions for doubtful debts</b>			
Opening balance		<b>267,790</b>	267,790
Write off during the year		<b>(267,790)</b>	-
Closing balance		-	267,790
		<u>                    </u>	<u>                    </u>
<b>14 TAXATION</b>			
<b>14.1 Income tax refundable</b>		<b>5,778,678</b>	4,713,859
Income tax written off		<b>(322,172)</b>	-
Income tax adjusted / deducted at source		<b>467,984</b>	1,064,819
		<b>5,924,490</b>	5,778,678
		<u>                    </u>	<u>                    </u>
<b>15 LONG TERM DEPOSITS</b>			
National Commodities Exchange Limited		<b>2,500,000</b>	2,500,000
Security Deposit-N.C.E.L.-Office Space		<b>850,000</b>	850,000
Guarantee Margin - MCB		<b>440,000</b>	440,000
Mobile Phone - Pakistan Mobile Comm.		<b>12,489</b>	12,489
Security Deposit- CDC Pakistan Ltd.		<b>37,500</b>	37,500
		<b>3,839,989</b>	3,839,989
		<u>                    </u>	<u>                    </u>



	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>16 LONG TERM INVESTMENTS</b>			
Investment in Associates	16.1	<b>9,963,741</b>	7,476,930
<b>At fair value through other comprehensive income</b>			
<b>Shariah compliant</b>			
Equity securities-listed	16.5	<b>3,587,576</b>	2,685,405
Mutual funds-listed	16.6	<b>141,956</b>	8,607,167
<b>Non-shariah compliant</b>		<b>3,729,532</b>	11,292,572
Equity securities-listed	16.7	<b>1,711,871</b>	3,553,256
<b>At Amortised Cost</b>			
Investment in Sukuk Certificates	16.8	<b>5,357,128</b>	6,071,418
Less: Current maturity		<b>(357,128)</b>	(714,290)
		<b>5,000,000</b>	5,357,128
		<b>20,405,144</b>	27,679,886
<b>16.1 Investment in Associates</b>			
Opeing Balance		<b>7,476,930</b>	6,671,102
Share of incremental depreciation - OCI Component		<b>333,796</b>	75,620
Share of profit/(loss) of associate		<b>2,485,340</b>	1,062,534
		<b>2,819,136</b>	1,138,154
Dividend income		<b>(332,325)</b>	(332,326)
		<b>9,963,741</b>	7,476,930
<b>16.2</b>	This represents investment in associate, the Al-Noor Sugar Mills which is incorporated in Pakistan and listed on Pakistan Stock Exchange. Its registered office is situated at 96-A, Sindhi Muslim Society, Karachi. The principal activities of the associate is manufacturing sugar, medium density fiber (MDF) board, power generation and its sale.		
	The Modaraba owns 0.54% (June 2020: 0.54%) share capital of the Al-noor Sugar Mills. However, Al-noor Sugar Mill is associated company of the Modaraba base on the common directorship. The associate is accounted for using equity method in these financial statements.		
<b>16.3</b>	The financial year end of the Al-Noor Sugar Mills is September 30. This was the reporting date established when that Company was incorporated and a change of reporting date is currently not possible. For the purposes of applying the equity method of accounting, the management accounts of Al-Noor Sugar Mills for the year ended June 30, 2021 have been used to reflect the profit /(loss) for the year June 30. As at June 30, 2021, the fair value of the Modaraba's interest in Al-noor Sugar Mills is disclosed in 16.3 based on the quoted market price available on the Pakistan Stock Exchange, which is a level 1 input in terms of IFRS 13.		
<b>16.4</b>	The summarized financial information in respect the Al-Noor Sugar Mills is set out below. The summarized financial information represents the amounts shown in the associate's financial statements for the respective year.		
<b>Name of Associate</b>	<b>Basis of significant influence</b>		
Al-Noor Sugar Mills Limited	<b>Common directorship</b>		
		<b>June 30, 2021</b>	<b>June 30, 2020</b>
Number of shares held (number)		<b>110,775</b>	110,775
Ownership interest (%)		<b>0.54%</b>	0.54%



	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
Share capital ordinary shares of Rs. 10 each		204,737	204,737
Total assets		10,422,162	10,684,625
Total liabilities		7,002,552	7,663,783
Net assets		3,419,610	3,020,842
Revenue		12,148,695	8,466,110
Profit/(loss) after tax		460,248	196,765
Other comprehensive income		61,814	14,004
Cost of investment		1,482,481	1,482,481
Market value of shares		7,754,250	5,431,298

**16.4.1** The Company's share of contingencies of associated company based on financial information of associated company is Rs. 3.64 million (June 30, 2020: Rs. 3.64 million).

	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	--- Number of Shares ---		----- Rupees -----	
<b>16.5</b>				
<b>Shahriah Compliant listed equity securities - at fair value through other comprehensive income'</b>				
<b>Face value of Rs.10 /-each</b>				
<b>Modarabas</b>				
First Habib Modaraba	4,500	4,500	44,100	44,775
Orix Modarba	11,000	11,000	192,500	198,000
Habib Metro Modaraba	500	500	4,755	4,000
Allied Rental Modaraba	16,500	15,000	173,911	182,325
First Imrooz Modaraba	3,000	3,000	441,000	249,390
			856,266	678,490
<b>Oil &amp; Gas Producers</b>				
Attock Petroleum Limited	120	100	38,524	36,624
<b>Engineering</b>				
Crescent Steel & Allied Product	-	5,200	-	236,600
International Steels Limited	-	5,000	-	258,250
			-	494,850
<b>Cement</b>				
Power cement Limited	6,000	6,000	57,660	37,200
<b>Automobile Assembler</b>				
Ghandhara Nissan Limited	4,610	3,293	359,694	206,636
Ghandhara Industries Limited	4,200	2,100	1,171,884	508,200
Millat Tractors Limited	708	708	764,364	444,881
			2,295,942	1,159,717
<b>Pharmaceuticals</b>				
The Searle Company Limited	1,398	1,216	339,184	278,524
			3,587,576	2,685,405
<b>16.6</b>				
<b>Listed Mutual Funds - 'at fair value through other comprehensive income'</b>				
Meezan Balanced Fund - Growth Units	9,104	9,104	141,956	118,646
UBL Al Ameen Islamic Allocation Plan Plan - VI Class B	-	58,696	-	2,969,886
HBL-IFPF-Islamic Capital Preservation Plan	-	52,499	-	5,518,635
			141,956	8,607,167



	June 30, 2021	June 30, 2020	June 30, 2021	June 30, 2020
	--- Number of Shares ---		----- Rupees -----	
<b>16.7 Non-Shariah compliant Listed equity securities - 'at fair value through profit or loss'</b>				
<b>Chemicals</b>				
Fauji Fertilizer Company Limited	-	23,000	-	2,529,770
<b>Paper And Board</b>				
Cherat Packaging Limited	8,495	8,495	1,689,542	995,072
<b>Oil &amp; Gas Producers</b>				
Hascol Petroleum Limited	1,815	1,815	16,208	24,684
<b>Automobile and Parts</b>				
Hino Pak Motor Limited	10	10	6,121	3,730
Total investment in Non-Shariah Compliant			<u>1,711,871</u>	<u>3,553,256</u>
<b>16.8</b> Two separate investment made in sukuk certificates (Sukuk I and Sukuk II) of Tier II of Albaraka Bank Pakistan Limited. Sukuk I carrying profit to base rate of six months of KIBOR + 1.25% & terms of principal repayment bi-annual receivable in 14 equal installments till September, 2021.(June 30, 2020: KIBOR + 1.25%) and sukuk II carrying profit to base rate of six months of KIBOR + 0.75% & terms of repayment principal on maturity on August 21, 2024 (June 30, 2020: KIBOR + 0.75%).				
<b>17 DIMINISHING MUSHARAKAH FINANCING Secured</b>		<b>Note</b>	<b>June 30, 2021</b>	<b>June 30, 2020</b>
			<b>----- Rupees -----</b>	
Diminishing musharka financing	17.1	122,184,621	79,910,662	
Less: Provision in respect of Diminishing Musharaka		-	-	
		122,184,621	79,910,662	
Less: Current portion		(46,711,912)	(41,159,664)	
		<u>75,472,709</u>	<u>38,750,998</u>	
<b>17.1</b> These carry profit rate ranging from 9.00% to 15.88% (June 30, 2020: 11.00% to 15.49%) per annum and are repayable on monthly basis over a maximum period of five years.The financing is secured by way of personal guarantees of the parties.				



				June 30, 2021	June 30, 2020	
	Note			Rupees		
18	IJARAH ASSETS	18.1		1,005,705	6,181,881	
18.1	Statement of Ijarah Asssets- Vehicles					
	Cost					
	Balance as at July 01			28,591,500	120,882,000	
	Additions			-	-	
	Disposal			(23,017,500)	(92,290,500)	
	Balance as at June 30			5,574,000	28,591,500	
	Accumulated depreciation					
	Balance as at July 01			(22,409,619)	(77,324,846)	
	Charge for the year			(1,946,740)	(21,093,728)	
	Disposal			19,788,064	76,008,955	
	Balance as at June 30			(4,568,295)	(22,409,619)	
	Net book value as at June 30			1,005,705	6,181,881	
	Life (years)			4 to 5	3 to 5	
19	FIXED ASSETS IN OWN USE					
	Tangible assets	19.1		2,646,392	3,598,031	
19.1						
		Computer equipment	Office equipment and appliances	Furniture and Fixtures	Motor Vehicles	Total
	Cost					
	Balance as at July 1, 2019	643,537	655,476	831,330	8,660,066	10,790,409
	Additions	230,160	-	26,620	1,903,450	2,160,230
	Disposal	-	(72,000)	-	(4,452,755)	(4,524,755)
	Balance as at June 30, 2020	873,697	583,476	857,950	6,110,761	8,425,884
	Balance as at July 01, 2020	873,697	583,476	857,950	6,110,761	8,425,884
	Additions	138,800	-	92,216	-	231,016
	Disposal	-	-	-	(1,034,779)	(1,034,779)
	Balance as at June 30, 2021	1,012,497	583,476	950,166	5,075,982	7,622,121
	Accumulated depreciation					
	Balance as at July 01, 2019	(531,918)	(449,210)	(266,228)	(4,991,138)	(6,238,494)
	Charge for the year	(72,606)	(86,047)	(83,280)	(1,307,303)	(1,549,236)
	Disposal	-	61,243	-	2,898,634	2,959,877
	Balance as at June 30, 2020	(604,524)	(474,014)	(349,508)	(3,399,807)	(4,827,853)
	Balance as at July 01, 2020	(604,524)	(474,014)	(349,508)	(3,399,807)	(4,827,853)
	Charge for the year	(118,091)	(65,358)	(89,081)	(910,125)	(1,182,655)
	Disposal	-	-	-	1,034,779	1,034,779
	Balance as at June 30, 2021	(722,615)	(539,372)	(438,589)	(3,275,153)	(4,975,729)
	Net book value as at June 30, 2021	289,882	44,104	511,577	1,800,829	2,646,392
	Net book value as at June 30, 2020	269,173	109,462	508,442	2,710,954	3,598,031
	Annual Rate of depreciation	30%	30%	10%	20%	



**19.2 Disposal of Fixed Asset**

Cost	Accumulated depreciation	Net Book Value	Sale proceed	Gain or Loss on disposal	Mode of disposal	Particulars of buyer
-----Rupees-----						
Suzuki Cultus AXX-572	994,299	(994,299)	-	800,000	800,000	Negotiation Mr. Shakeel Ahmed Mughal
Super power Motorcycle KIH-8015	40,480	(40,480)	-	9,999	9,999	Negotiation Mr. Hashim
<b>June 30, 2021</b>	<b>1,034,779</b>	<b>(1,034,779)</b>	<b>-</b>	<b>809,999</b>	<b>809,999</b>	
June 30, 2020	4,452,755	(2,898,633)	1,554,122	4,610,000	3,055,878	

**20 INTANGIBLE ASSETS FOR OWN USE**
**Cost**

	Software	Web page design	Total
Balance as at July 1, 2019	225,000	88,000	313,000
Additions	-	-	-
Balance as at June 30, 2020	225,000	88,000	313,000

Balance as at July 1, 2020	225,000	88,000	313,000
Additions	-	-	-
Balance as at June 30, 2021	225,000	88,000	313,000

**Accumulated Amortization**

Balance as at July 1, 2019	(178,498)	(88,000)	(266,498)
Charge for the period	(18,000)	-	(18,000)
Balance as at June 30, 2020	(196,498)	(88,000)	(284,498)

Balance as at July 1, 2020	(196,498)	(88,000)	(284,498)
Charge for the period	(18,000)	-	(18,000)
Balance as at June 30, 2021	(214,498)	(88,000)	(302,498)

<b>Net book value as at June 30, 2021</b>	<b>10,502</b>	<b>-</b>	<b>10,502</b>
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Net book value as at June 30, 2020	28,502	-	28,502
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<b>Annual Rate of amortization</b>	<b>30%</b>	<b>30%</b>	
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**20.1** Software relate to the accounting and tax software system purchased in 2018.

**20.2** Web design relates to website cost of the Modaraba made in the year 2012.


**21 CERTIFICATE CAPITAL**
**21.1 Authorised certificate capital**

June 30, 2021	June 30, 2020		June 30, 2021	June 30, 2020
---- Number of certificates ----			----- Rupees -----	
<u>40,000,000</u>	<u>40,000,000</u>	Modaraba certificates of Rs. 10 each	<u>400,000,000</u>	<u>400,000,000</u>

**21.2 Issued, subscribed and paid - up certificate capital**

<u>20,000,000</u>	<u>20,000,000</u>	Modaraba certificates of Rs. 10 each	<u>200,000,000</u>	<u>200,000,000</u>
		fully paid in cash		
<u>1,000,000</u>	<u>1,000,000</u>		<u>10,000,000</u>	<u>10,000,000</u>
<u>21,000,000</u>	<u>21,000,000</u>		<u>210,000,000</u>	<u>210,000,000</u>

**21.3** As at June 30, 2021, First Al-Noor Modaraba Management (Private) Limited (the Management Company and a related party) held 4,200,000 certificates (June 2020: 4,200,000 certificates), as required under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

**22 STATUTORY RESERVE**

Statutory reserve represents profits set aside to comply with the Prudential Regulations for modarabas issued by the SECP. These regulations require a modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up certificate capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current period the Modaraba has transferred an amount of Rs. 130,871 (June 30, 2020: Rs Nil).

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>23 DEFICIT ON REVALUATION OF INVESTMENTS</b>			
<b>- Classified As 'FVTOCI'</b>			
Market value of investments		<u>5,441,402</u>	14,469,120
Less: cost of investments		<u>(7,758,041)</u>	(19,840,177)
		<u>(2,316,639)</u>	<u>(5,371,057)</u>
Deficit on revaluation at the beginning of the year		(5,371,057)	(7,409,463)
Surplus/(deficit) transferred to accumulated losses		<u>174,625</u>	(513,978)
Surplus on revaluation during the year		<u>2,879,793</u>	2,552,384
		<u>3,054,418</u>	<u>2,038,406</u>
<b>Deficit on revaluation at the end of the year</b>		<u>(2,316,639)</u>	<u>(5,371,057)</u>

Deficit on revaluation of investments is presented under a separate head below equity as 'deficit on revaluation of investments' in accordance with the requirement of circular No. SC/M/PROD/PRs/2017-259 dated December 11, 2017.

**24 DEFERRED LIABILITY - STAFF GRATUITY****24.1 Staff Gratuity Scheme**

As disclosed in note 5.16, the Modaraba operates an unfunded gratuity scheme for its permanent employees. The latest actuarial valuation was carried out as at June 30, 2021, using the Projected Unit Credit Method.

The actuarial valuation of gratuity plan was carried out as at June 30, 2021. The projected unit credit method using the following significant assumptions were used for this valuation:

	2021	2020
Discount rate used for interest Cost in P&L charge	9.25%	14.25%
Discount rate used for year end obligation	10.25%	9.25%
Rate of increase in salary level in long-term	9.25%	8.25%
Withdrawal Rates	<b>Setback 1 Year SLIC 2001-2005 Age 60</b>	
Mortality Rates		
Retirement Assumption		

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>24.2 Liability recognised in the balance sheet:</b>			
Present value of the defined benefit obligation		7,506,858	7,465,837
Less: fair value of planned assets		-	-
Defined benefit liability recognized in the accounts		<u>7,506,858</u>	<u>7,465,837</u>
<b>24.3 Changes in present value of defined benefit obligation:</b>			
Obligation as at start of the year		7,465,837	9,827,789
Current service cost		701,664	642,255
Past service cost ( Credit)		-	-
Interest cost of defined benefit obligation		636,835	1,177,305
benefit due but not paid (payables)		-	-
Benefits paid		(1,115,000)	(3,130,000)
Remeasurements		-	-
Actuarial (gain)/loss from changes in demographic assumptions		-	-
Actuarial (gain)/loss from changes in financial assumptions		110,714	52,963
Experience adjustments		(293,192)	(1,104,475)
Obligation as at year end		<u>7,506,858</u>	<u>7,465,837</u>
<b>24.4 Amounts recognized in profit and loss account</b>			
Current service cost		701,664	642,255
Interest cost of defined benefit obligation		636,835	1,177,305
Expense recognized in P&L		<u>1,338,499</u>	<u>1,819,560</u>



	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>24.5 Total remeasurement chargeable in other comprehensive income</b>			
Remeasurement of plan obligation			
Actuarial (gain)/loss from changes in demographic assumptions		-	-
Actuarial (gain)/loss from changes in financial assumptions		110,714	52,963
Experience adjustments		(293,192)	(1,104,475)
Total remeasurement chargeable in other comprehensive income		<u>(182,478)</u>	<u>(1,051,512)</u>

**24.6 Changes in net liability**

Opening balance sheet liability /(assets)		7,465,837	9,827,789
Expense chargeable to P& L	24.4	1,338,499	1,819,560
Remeasurement chargeable in other comprehensive income	24.5	(182,478)	(1,051,512)
Benefits paid	24.3	<u>(1,115,000)</u>	<u>(3,130,000)</u>
Closing balance sheet liability /(assets)		<u>7,506,858</u>	<u>7,465,837</u>

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Change in assumptions	Increase in assumptions	Decrease in assumptions
		-----Rupees-----	
Discount rate	1%	6,699,235	8,441,835
Salary increase rate	1%	8,543,654	6,593,500

The average duration of the defined benefit obligation is 12 years.

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as and when calculating the gratuity liability recognised within the balance sheet.

**24.7** Estimated expenses to be charged to Profit and Loss account in the financial year 2022 amounting to Rs. 1,485,542.

	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>25 SECURITY DEPOSITS</b>			
Security deposits		557,400	3,155,300
Less: Repayable / adjustable after one year		-	(443,700)
Current maturity of security deposits		<u>557,400</u>	<u>2,711,600</u>

**26 CREDITORS, ACCRUED AND OTHER LIABILITIES**

Accrued expenses		477,518	967,362
Takaful		18,369	123,784
Advances from customers		4,179,400	2,990,548
Provision for Worker's Welfare Fund	26.1	416,332	382,612
Advance Ijarah rentals		-	537,385
Capital gain tax payable		794,631	-
Audit fee payable		<u>407,980</u>	<u>-</u>
		<u>6,294,230</u>	<u>5,001,691</u>



- 26.1** The Finance Act 2008, introduced an amendment to the Worker's Welfare Fund Ordinance, 1971 (WWF Ordinance). Through these amendments Workers Welfare Fund (WWF) was payable @ 2% of the profit before taxation or taxable income whichever is higher. The legality of the above amendments were challenged in Sindh, Lahore and Peshawar High Courts. Due to variable judgments from the aforesaid Courts, the matter was forwarded to the Honorable Supreme Court of Pakistan. The Honorable Supreme Court has decided the matter on November 10, 2016, and Para 21 of its judgment states that the levy of WWF is in the nature of fee and the law could not be amended by the money bill and as such amendments made in the year 2006 and 2008 are unlawful ultravires to the Constitution. In terms of judgment by the Honorable Supreme Court of Pakistan, WWF under WWF Ordinance, is no more payable by the Modaraba and provision made against WWF up till June 30, 2014 is reversed during the period. Subsequently the Sindh Assembly passed a bill on May 4, 2015 and notified Sindh Worker's Welfare Act 2014 on June 4, 2015.

As per the said Act the applicability of the Sindh Workers Welfare Fund is effective from the financial year of the entities ended on or after December 31, 2013. Accordingly, provision has been made at the rate of 2% of profit before taxation or taxable income, whichever is higher, effective after June 30, 2014.

		June 30, 2021	June 30, 2020
	Note	----- Rupees -----	
<b>27</b>	<b>Charity payable</b>		
	Opening balance	52,587	521,055
	Add: amount credited during the year	183,074	13,683
		235,661	534,738
	Less: Paid during the year	(214,426)	(482,151)
	Closing balance	21,235	52,587
<b>28</b>	<b>PROVISION FOR CUSTOM DUTY &amp; SURCHARGE</b>		
	Custom duty / surcharges	28.1 4,398,842	4,398,842

- 28.1** In a suit filed with the Honorable High Court of Sindh in the year 1994 - 95, Modaraba has disputed the amount of duty and surcharge levied by the Collector of Customs on import of 1,901.472 metric tons of edible oil imported from Singapore. The Honorable High Court rejected the appeal and ordered to deposit amount for the disputed amount of duty. The Modaraba has filed an appeal in the Honorable Supreme Court against the decision of the Honorable High Court. The Honorable Supreme Court in its interim order allowed the Modaraba to get release of goods for which Modaraba has provided bank guarantee of Rs. 4.4 million against 10% cash margin and hypothecation charge on current assets until the matter is decided. The Modaraba, however, has fully provided for the duty and surcharge of Rs. 4,398,842, as claimed by the Collector of Customs.

## 29 CONTINGENCIES AND COMMITMENTS

### 29.1 Contingencies

Details of contingencies regarding Provision for Sindh Workers' Welfare Fund, Musawamah facility litigation against Quetta Textile Mills Limited and Provision for Custom Duty and Surcharge are disclosed in notes 26.1, 8.2 and 28.1 respectively.

#### 29.1.1 PROVISION FOR SERVICE SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax (SST) on the Modaraba Management Company's remuneration with effect from 01 November 2011. However, certain modaraba management companies have approached the Honorable Sindh High Court (the Court) and Appellate Tribunal of SRB, challenging the levy of SST on management company's remuneration. The Modaraba Management Company has not received any demand notice from SRB for payment of SST on Management Company's remuneration and accordingly, based on legal advisor's opinion, can neither file any petition challenging the levy of SST on Management Company's remuneration nor can join the proceedings of pending petition in the Court. As a matter of abundant caution the management is accruing SST on Management Company's remuneration and will discharge the liability on direction of the Court based on outcome of the petition filed by other modaraba management companies.


**29.2 Commitments**

There are no commitments as at June 30, 2021 (June 30, 2020: Nil).

		June 30, 2021	June 30, 2020
	Note	----- Rupees -----	
<b>30 INCOME FROM TRADING OPERATIONS</b>			
Local	30.1	-	62,403,427
Cost Of Sales	30.2	-	(60,279,741)
		<u>-</u>	<u>2,123,686</u>
<b>30.1 Sales</b>			
Local		-	62,403,427
Export		-	-
		<u>-</u>	<u>62,403,427</u>
<b>30.2 Cost of sales</b>			
Opening stock		-	53,984,600
Purchases		-	6,295,141
		<u>-</u>	<u>60,279,741</u>
Export expenses		-	-
		<u>-</u>	<u>60,279,741</u>
Less: closing stock		-	-
Cost of sales		<u>-</u>	<u>60,279,741</u>
<b>31 INCOME ON DIMINISHING MUSHARAKA ( Syndicate)</b>			
Income on Diminishing Musharaka		-	1,990,861
<b>32 INCOME ON DIMINISHING MUSHARAKA</b>			
Income on Diminishing Musharaka		<u>11,971,476</u>	<u>11,042,452</u>
<b>33 INCOME FROM IJARAH RENTALS- NET</b>			
Ijarah income		<u>3,562,663</u>	27,595,940
Less: Depreciation of ijarah assets		<u>(1,946,740)</u>	<u>(20,444,963)</u>
		<u>1,615,923</u>	<u>7,150,977</u>
<b>34 INCOME FROM INVESTMENTS</b>			
Gain on sale of securities - net		<u>10,144,948</u>	3,312,919
Dividend income - Shariah Compliant	34.1	<u>1,106,579</u>	1,281,310
Profit on Sukuk Certificates		<u>566,514</u>	924,122
Profit on investment in Islamic certificates		<u>1,384,435</u>	2,603,827
		<u>13,202,476</u>	<u>8,122,178</u>
<b>34.1 Dividend income</b>			
FVTOCI (shares held at reporting date)		<u>161,973</u>	156,785
FVTOCI (shares disposed during the period)		-	132,085
FVTPL		<u>944,606</u>	992,440
		<u>1,106,579</u>	<u>1,281,310</u>



		June 30, 2021	June 30, 2020
	Note	Rupees	
<b>35 Administrative and operating expenses</b>			
Salaries and others staff benefits	35.1 & 35.5	12,822,848	16,572,154
Rent, rates and taxes		77,118	903,289
Postage and telephone		230,650	354,928
Printing and stationary		432,772	454,287
Fee & subscription	35.3	1,686,639	1,304,907
Legal and professional charges		1,731,510	2,197,890
Travelling and conveyance		82,260	131,745
Entertainment		175,682	138,828
Repair and maintenance		3,042,109	2,224,385
Depreciation		1,200,655	1,567,236
Auditor's remuneration	35.4	1,304,032	520,080
Advertisement and publicity		41,032	19,800
Storage and transportation charges		-	123,240
Takaful	35.2	3,343,070	3,638,761
Commission		670,169	208,609
Others		306,137	138,978
Income and sales tax written off		1,620,108	-
		<b>28,766,791</b>	<b>30,499,117</b>

**35.1** This includes Rs.1,338,499 (2020: Rs. 1,189,560) in respect of staff retirement benefits.

**35.2** This includes Rs.3,554,352 (2020: Rs. 3,269,039) in respect Takaful for Ijarah & Diminishing Musharika assets.

**35.3** This includes Rs.410,000 (2020: Rs. 250,000) in respect Directors Meeting Fee.

		June 30, 2021	June 30, 2020
	Note	Rupees	
<b>35.4 Auditor's remuneration</b>			
Audit fee		324,000	324,000
Half yearly review		119,680	119,680
Out-of-pocket expenses		91,950	76,400
Tax Consultancy		768,402	-
		<b>1,304,032</b>	<b>520,080</b>

**35.5** The aggregate amount of remuneration charged in these financial statement, including all benefits to officers and employees of the Modaraba are as under:

	2021			2020		
	Executives	Other Staff	Total	Executives	Other Staff	Total
Salary	7,186,650	1,548,329	8,734,979	7,559,100	3,094,042	10,653,142
Contract staff	1,080,000	-	1,080,000	540,000	240,000	780,000
Bonus	578,333	269,204	847,537	-	-	-
Gratuity	1,087,135	251,364	1,338,499	1,399,771	419,789	1,819,560
EOBI	29,167	58,333	87,500	40,950	36,300	77,250
Group insurance	91,333	182,667	274,000	319,193	116,895	436,088
General services	222,212	180,788	403,000	1,444,233	1,361,881	2,806,114
Leave in cash	-	57,333	57,333	-	-	-
	<b>10,274,830</b>	<b>2,548,018</b>	<b>12,822,848</b>	<b>11,303,247</b>	<b>5,268,907</b>	<b>16,572,154</b>
No. of persons	<b>3</b>	<b>6</b>	<b>9</b>	<b>5</b>	<b>5</b>	<b>10</b>



		June 30, 2021	June 30, 2020
		Number	
<b>No of employees as at year end</b>		<b>9</b>	10
<b>Average number of employees</b>		<b>9</b>	10
		June 30, 2021	June 30, 2020
<b>36 OTHER INCOME</b>	<b>Note</b>	<b>Rupees</b>	
Profit on bank deposits		<b>2,976,604</b>	2,820,362
Early termination charges		<b>97,929</b>	44,508
Gain on disposal of property and equipment	19.2	<b>809,999</b>	3,055,878
Documentation charges		<b>53,099</b>	151,332
		<b>3,937,631</b>	6,072,080
<b>37 FINANCIAL AND OTHER CHARGES</b>			
Bank charges		<b>7,415</b>	7,873
Guarantee commission		<b>8,800</b>	17,601
		<b>16,215</b>	25,474
<b>38 MODARABA MANAGEMENT FEE</b>			
Management company's remuneration	38.1	-	-
		-	-
<b>38.1</b>	The Modaraba company under the provisions of the Modaraba Ordinance, 1980 and the circular issued by SECP having circular No. SC/M/Policy/2011-15 dated November 30, 2011., may charge up to a maximum of 10% management fee out of the net annual profit of the Modaraba on the basis of annual audited accounts provided that 90% of the profit available for appropriation is also distributed to the certificate holders of the Modaraba after setting aside out of the profit of the Modaraba such sums as it thinks proper as reserve in accordance with regulatory framework applicable for Modarabas. The management fee shall be charged only once on the profit of a Modaraba i.e. the portion of profit carried forward should not again be subject to deduction of management fee. During the year the Modaraba is not intended to issue dividend as it is uneconomical therefore, provision for management remuneration is not made.		
		June 30, 2021	June 30, 2020
	<b>Note</b>	<b>Rupees</b>	
<b>39 WORKERS'S WELFARE FUND</b>	39.1	<b>33,720</b>	-
<b>39.1</b>	The Finance Act 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. Through these amendments Workers' Welfare Fund (WWF) is payable @ 2% on the higher of the profit before taxation as per the financial statements or return of income.		





		June 30, 2021	June 30, 2020
	Note	----- Rupees -----	
<b>40 TAXATION</b>			
Provision for taxation	40.1 & 40.2	<b>997,909</b>	-

**40.1** This represents the tax on dividend fall under final tax regime (FTR) and tax payable on capital gain of securities under section 37(A) of Income Tax Ordinance, 2001. Since the current tax year falls under FTR and under 37(A) of the Income Tax Ordinance, 2001, therefore numerical reconciliation between accounting profit and income tax has not been presented in these financial statements.

**40.2** The tax exemption by virtue of clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 has been withdrawn through and Tax loss (Second ammendment), 20-21, dated March 21, 2021 which is subsequently adopted in Finance Act, 2021. But a new section 242 has been added in the Income Tax Ordinance, 2001 through Finance Act, 2021 by virtue of which, the Modaraba may avail the exemption till June 30, 2021 subject to the fulfillment of condition that not less than 90% of its total profit, as reduced by the amount transferred to the mandatory reserve, as required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, are distributed amongst the certificate holders.

		June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>41 EARNING/(LOSS) PER CERTIFICATE - BASIC AND DILUTED</b>			
Profit for the year		<b>654,354</b>	(196,563)
		----- (Numbers) -----	
Weighted average number of certificates		<b>21,000,000</b>	21,000,000
		----- (Rupees) -----	
Earning/(Loss) per certificate		<b>0.03</b>	(0.01)

**41.1** There is no dilutive potential shares as at the year end.



	Note	June 30, 2021	June 30, 2020
		----- Rupees -----	
<b>42 CASH FROM OPERATIONS AFTER WORKING CAPITAL CHANGES</b>			
<b>Profit/ (loss) before taxation</b>		<b>654,354</b>	<b>(196,563)</b>
<b>Adjustments for:</b>			
Gain on disposal of property and equipment		<b>(809,999)</b>	<b>(3,055,878)</b>
Depreciation on:			
Ijarah assets		<b>1,946,740</b>	21,093,728
Fixed assets		<b>1,182,655</b>	1,549,236
Amortization on intangibles		<b>18,000</b>	18,000
Profit on			
Bank deposits		<b>(2,976,604)</b>	<b>(2,820,362)</b>
Unrealized (gain)/ loss on re-measurement of:			
Mutual funds		<b>(10,701)</b>	304,526
Equity securities		<b>2,754,558</b>	3,752,541
Share of profit from associate		<b>(2,485,340)</b>	<b>(1,062,534)</b>
Financial and other charges		<b>16,215</b>	25,474
Provision for gratuity		<b>1,338,499</b>	1,819,560
Income tax written off		<b>444,183</b>	-
Sales tax written off		<b>1,175,925</b>	-
		<b>2,594,131</b>	21,624,291
<b>Operating profit before working capital changes</b>		<b>3,248,485</b>	<b>21,427,729</b>
<b>Changes in assets</b>			
Ijarah Rental receivable		<b>524,463</b>	1,170,119
Diminishing Musharakah financing- net		<b>(42,273,959)</b>	<b>(2,968,078)</b>
Purchase of ijarah assets		-	-
Proceeds from sale of of ijarah assets		<b>3,229,436</b>	16,974,818
Profit receivable		<b>(236,449)</b>	426,288
Dividend receivable		<b>314,649</b>	402,396
Investments- net		<b>102,746,434</b>	<b>(107,969,749)</b>
Stock in trade		-	53,984,600
Trade Debtors - considered good and unsecured		-	3,710,823
Advances, deposits, prepayments and other receivables		<b>(18,324,781)</b>	7,809,008
		<b>45,979,793</b>	<b>(26,459,775)</b>
		<b>49,228,278</b>	<b>(5,032,046)</b>
<b>Changes in liabilities</b>			
Creditors, accrued and other liabilities		<b>1,292,539</b>	<b>(3,702,243)</b>
Security deposits		<b>(2,597,900)</b>	<b>(16,567,500)</b>
Charity payable		<b>(31,352)</b>	<b>(504,310)</b>
		<b>(1,336,713)</b>	<b>(20,774,053)</b>
<b>Cash flow from operating activities</b>		<b>47,891,565</b>	<b>(25,806,099)</b>



43 FINANCIAL INSTRUMENTS BY CATEGORY

	As at June 30, 2021		
	FVTPL	FVTOCI	At Amortised Cost
	----- Rupees -----		
<b>Financial assets</b>			
Cash and bank balances	-	-	59,001,144
Investments	29,299,313	5,441,403	5,357,128
Long term deposits	-	-	3,839,989
Profit receivable	-	-	779,923
Ijarah rental receivable	-	-	77,971
Diminishing musharakah	-	-	122,184,621
Other receivables	-	-	35,738
<b>Total financial assets</b>	<b>29,299,313</b>	<b>5,441,403</b>	<b>191,276,514</b>
<b>Financial liabilities</b>			
Creditors, accrued and other liabilities	-	-	1,698,498
Unclaimed profit distributions	-	-	1,109,146
Charity Payable	-	-	21,235
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,828,879</b>
	As at June 30, 2020		
	FVTPL	FVTOCI	At Amortised Cost
	----- Rupees -----		
<b>Financial assets</b>			
Cash and bank balances	-	-	9,174,848
Investments	121,791,096	14,845,828	6,071,418
Long term deposits	-	-	3,839,989
Profit receivable	-	-	643,828
Ijarah rental receivable	-	-	602,434
Trade debtors	-	-	6,890,496
Diminishing musharakah	-	-	79,910,662
Other receivables	-	-	892,661
<b>Total financial assets</b>	<b>121,791,096</b>	<b>14,845,828</b>	<b>108,026,336</b>
<b>Financial liabilities</b>			
Creditors, accrued and other liabilities	-	-	1,091,146
Unclaimed profit distributions	-	-	1,109,146
Charity Payable	-	-	52,587
<b>Total financial liabilities</b>	<b>-</b>	<b>-</b>	<b>2,252,879</b>

#### 44. FINANCIAL RISK MANAGEMENT, OBJECTIVES AND POLICIES

The Modaraba's objective in managing risks is the creation and protection of Certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

The Modaraba primarily invests in Ijarah assets, diminishing musharaka, diversified portfolio of listed securities, and Islamic investments instruments. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk
- Operational risk

##### 44.1 Credit risk

Credit risk is the risk of financial loss to the Modaraba if the counterparty to a financial instrument fails to meet its contractual obligations. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Modaraba Rules and Regulations. The carrying amount of respective financial assets represents the maximum credit exposure at the reporting date.

	June 30, 2021	June 30, 2020
	----- Rupees -----	
Cash and bank balances	59,001,144	9,174,848
Investments	5,357,128	106,071,418
Long term deposits	3,839,989	3,839,989
Profit receivable	779,923	643,828
Ijarah rental receivable	77,971	602,434
Trade debtors	-	6,890,496
Diminishing musharakah	122,184,621	79,910,662
Other receivables	35,738	764,900
	<u>191,276,514</u>	<u>207,898,575</u>

##### Bank balances and term deposits receipts

Credit risk rating of the banks and their respective balances are given below:

Bank	Rating			June 30, 2021	June 30, 2020
	Agency	Short term	Long term	----- Rupees -----	
Al-Baraka Bank Limited	JCR-VIS	A-1	A+	55,287,093	2,363,587
Allied Bank Limited	PACRA	A1+	AAA	57,867	57,869
Askari Bank Limited	PACRA	A1+	AA+	62,534	256,073
Faysal Bank Limited	PACRA	A1+	AA	304,315	1,294,507
HBL Bank Limited	JCR-VIS	A-1+	AAA	303,395	332,019
MCB Islamic Bank Limited	PACRA	A1	A	64,217	1,136,188
Meezan Bank Limited	JCR-VIS	A-1+	AAA	2,629,944	3,014,672
National Bank of Pakistan	PACRA	A1+	AAA	280,311	692,384
Sindh Bank Limited	JCR-VIS	A-1	A+	-	16,081
United Bank Limited	JCR-VIS	A-1+	AAA	11,468	11,468



### **Ijarah rental receivable, Diminishing musharakah facility and Investments**

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP). The Modaraba aims to manage its credit risk exposure through diversification of its arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses. Credit risk is further mitigated through proper due diligence, appropriate transaction structuring and adequate collateralization of the exposure. In addition, the risk is mitigated through adequate takaful coverage of the assets under charge of the Modaraba. The respective collateral details against the Modaraba's exposure is detailed in notes of facilities and investments.

### **Long term deposit**

Such deposit is refundable upon termination of services and management does not expect significant credit risk to arise there against.

### **Past due but not impaired**

An analysis of the age of significant financial assets that are past due but not required to be impaired by applicable laws and standards are as under:

	June 30, 2021		June 30, 2020	
	<b>Total outstanding amount</b>	<b>Payment overdue (in days)</b>	<b>Total outstanding amount</b>	<b>Payment overdue (in days)</b>
Trade debtors - unsecured	-	-	6,890,496	(6,890,496)

An analysis of the financial assets that are individually impaired as per the requirements of the Prudential Regulations for Modarabas are as under:

	June 30, 2021		June 30, 2020	
	<b>Balance outstanding</b>	<b>Provision held</b>	<b>Balance outstanding</b>	<b>Provision held</b>
Musawamah facility (Classified Portfolio)				
Loss	<b>25,000,000</b>	<b>(25,000,000)</b>	25,000,000	(25,000,000)

### **Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. Concentration of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for geographical and industrial sectors.

Details of the Modaraba's concentration of credit risk of financial instruments in respect of investments, diminishing musharaka and ijarah receivables industrial distributions with respect of segment assets are as follows:

	June 30, 2021		June 30, 2020	
	Rupees	%	Rupees	%
Chemicals	1,181,907	0.73%	7,500,420	3.36%
Cement	3,948,640	2.43%	923,835	0.41%
Oil & Gas Producers	7,223,926	4.45%	3,574,949	1.60%
Gas Water & Multiutilities	5,198,675	3.20%	2,682,100	1.20%
General Industries	-	0.00%	3,570,705	1.60%
Automobile and Parts	29,979,763	18.46%	5,036,518	2.26%
Textiles	350,149	0.22%	-	0.00%
Pharmaceuticals	3,632,411	2.24%	278,524	0.12%
Transport	72,700	0.04%	-	0.00%
Cable and Electrical goods	3,243,050	2.00%	1,507,745	0.68%
Food & Personal Care Products	1,946,670	1.20%	501,750	0.22%
Banks	5,857,307	3.61%	108,294,058	48.51%
Mutual Fund	268,677	0.17%	8,697,920	3.90%
Power Generation & Distribution	626,999	0.39%	1,598,150	0.72%
Engineering	25,200,000	15.52%	586,580	0.26%
Modarabas	856,266	0.53%	678,490	0.30%
Paper And Board	1,689,542	1.04%	995,072	0.45%
Sukuks-Unlisted	-	0.00%	-	0.00%
Technology & Communication	15,984,453	9.85%	22,689,240	10.16%
Logistics	39,185,544	24.13%	26,359,348	11.81%
Miscellaneous	15,913,757	9.80%	27,746,034	12.43%
	<b>162,360,436</b>	<b>100.00%</b>	<b>223,221,438</b>	<b>100.00%</b>

#### 44.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The following are the contractual maturities of financial liabilities:

	June 30, 2021			
	Carrying amount	Contractual cash flows	Upto 3 months	Over 3 months to on year
	----- Rupees -----			
<b>Financial liabilities</b>				
Creditors, accrued and other liabilities	1,698,498	(1,698,498)	1,698,498	-
Unclaimed profit distributions	1,109,146	(1,109,146)	1,109,146	-
Charity payable	21,235	(21,235)	21,235	-
	<b>2,828,879</b>	<b>(2,828,879)</b>	<b>2,828,879</b>	<b>-</b>
	June 30, 2020			
	Carrying amount	Contractual cash flows	Upto 3 months	Over 3 months to on year
	----- Rupees -----			
<b>Financial liabilities</b>				
Creditors, accrued and other liabilities	1,091,146	(1,091,146)	1,091,146	-
Unclaimed profit distributions	1,109,146	(1,109,146)		-
Charity payable	52,587	(52,587)	52,587	-
	<b>2,252,879</b>	<b>(2,252,879)</b>	<b>1,143,733</b>	<b>-</b>

The table above shows the undiscounted cash flows of the Modaraba's financial liabilities on the basis of their earliest possible contractual maturity or settlement.



### 44.3 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

#### 44.3.1 Currency risk

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

#### 44.3.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modaraba has adopted appropriate policies to minimize its exposure to this risk. The profit rate profile of the Modaraba's significant profit bearing financial instruments and the periods in which these will mature are as follows:

		June 30, 2021						
	Effective yield/ profit rate	Total	Exposed to yield/ profit rate risk					Not exposed to yield/ profit rate risk
			Upto one month	Over one month to three	Over three months to one year	Over one year to five years	Over five years	
On balance sheet financial instruments	%	-----Rupees-----						
<b>Financial assets</b>								
Cash and bank balances	4.25-6.75	59,001,144	55,278,170	-	-	-	-	3,722,974
Investments	8.44-8.89	40,097,844	357,128	-	-	5,000,000	-	34,740,716
Long term deposits		3,839,989	-	-	-	-	-	3,839,989
Profit receivable		779,923	-	-	-	-	-	779,923
Ijarah rental receivable		77,971	-	-	-	-	-	77,971
Diminishing musharakah	9.00-15.88	122,184,621	46,711,912	-	-	75,472,709	-	-
Other receivables		35,738	-	-	-	-	-	35,738
Total financial assets		226,017,230	102,347,210	-	-	80,472,709	-	43,197,311
<b>Financial liabilities</b>								
Creditors, accrued and other liabilities		1,091,146	-	-	-	-	-	1,091,146
Charity Payable		52,587	-	-	-	-	-	52,587
		1,143,733	-	-	-	-	-	1,143,733
On balance sheet gap		224,873,497	102,347,210	-	-	80,472,709	-	42,053,578



		June 30, 2020						
Effective yield/ profit rate	Total	Exposed to yield/ profit rate risk					Not exposed to yield/ profit rate risk	
		Upto one month	Over one month to three	Over three months to one year	Over one year to five years	Over five years		
On balance sheet financial instruments	%	-----Rupees-----						
Financial assets								
Cash and cash equivalent	2.88-5.75	9,174,848	7,883,727	-	-	-	-	1,291,121
Investments	7.99-12.00	142,708,342	100,714,290	-	-	5,357,128	-	36,636,924
Long term deposits		3,839,989	-	-	-	-	-	3,839,989
Profit receivable		643,828	-	-	-	-	-	643,828
Ijarah rental receivable		602,434	-	-	-	-	-	602,434
Trade debtors		6,890,496	-	-	-	-	-	6,890,496
Diminishing musharakah	11.00-15.49	79,910,662	41,159,664	-	-	38,750,998	-	-
Other receivables		892,661	-	-	-	-	-	892,661
Total financial assets		244,663,260	149,757,681	-	-	44,108,126	-	50,797,453
Financial liabilities								
Creditors, accrued and other liabilities		1,091,146	-	-	-	-	-	1,091,146
Charity Payable		52,587	-	-	-	-	-	52,587
		1,143,733	-	-	-	-	-	1,143,733
On balance sheet gap		243,519,527	149,757,681	-	-	44,108,126	-	49,653,720

#### Fair value sensitivity analysis for variable rate instruments

As at the reporting date, variable rate instruments of the Modaraba represent cash and bank balances, Diminishing Musharika, Sukuk and Islamic certificates. In case of 100 basis points increase/ decrease in profit rates on the last reporting date of variable rate instruments with all other variables held constant, the following will be the impact on the profit and loss account and the equity of the Modaraba.

	June 30, 2021		June 30, 2020	
	Increase in 100 basis points	Decrease in 100 basis points	Increase in 100 basis points	Decrease in 100 basis points
Cash and cash equivalent	552,782	(552,782)	78,837	(78,837)
Investments	53,571	(53,571)	1,060,714	(1,060,714)
Diminishing musharakah	1,221,846	(1,221,846)	799,107	(799,107)
	1,828,199	(1,828,199)	1,938,658	(1,938,658)

There are not fixed rate financial instruments as at June 30, 2021 and June 30, 2020.

The composition of the Modaraba's portfolio of financial instruments and profit rates are expected to change over time. Therefore, the sensitivity analysis prepared as June 30, 2020 is not necessarily indicative of the effect of the Modaraba's profit and loss and reserves due to changes in profit rates.

#### 44.3.3 Price risk

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





The Modaraba is exposed to equity securities and mutual funds price risk because of investments held by the Modaraba and classified as 'FVTOCI' and "FVTPL". To manage its price risk arising from investments in equity securities, the Modaraba diversifies its portfolio.

In case of 10% increase/decrease in equity shares investment held and classified as other comprehensive income for the year would be affected by Rs. 0.54 million (2020: Rs 1.48 million) as a result of gains/losses on investments classified as at FVTOCI and investment classified as FVTPL would be affected by Rs.2,93 million (2020: Rs 2.18 million) as a result of gains/losses on investments classified as at FVTPL.

The analysis is based on the assumption that the equity index had increased / decreased by 10% with all other variables held constant and all the Modaraba's equity instruments moved according to the historical correlation with the index. This represents management's best estimate of a reasonable possible shift in the PSX 100 Index, having regard to the historical volatility of the index. The composition of the Modaraba's investment portfolio and the correlation thereof to the PSX 100 index, is expected to change over time. Accordingly, the sensitivity analysis prepared as of June 30, 2021 is not necessarily indicative of the effect on the Modaraba's net assets of future movements in the level of the PSX 100 Index.

#### **44.4 Operational risk**

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Modaraba's activities and, as with the other risk types, is managed through an overall framework with checks and balances that includes recognized ownership of the risk by the businesses, independent risk management oversight and an independent review by the Internal Audit.

The Modaraba considers the overall operational risk by breaking it down into different sub-components / areas called as operational risk sub-types under which operational risks are identified. The overall operational risk management responsibilities lie with the Operational Risk department. For the identified operational risks, operational risk control owners are put in place and made responsible for performance of checks and testing of identified controls in their areas and reporting of the same to the operational risk department which reports any exception or deviation to the Operational Risk Committee where corrective and preventive actions are taken.

#### **45 CAPITAL RISK MANAGEMENT**

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses. The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit paid to certificate holders or issue new certificates. The Modaraba is not subject to externally imposed capital requirements.

#### **46 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES**

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.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

**Level 3:** Inputs for the assets or liability that are not based on observable market data (that is, unobservable input).

If the inputs used to measure the fair value of financial asset fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Modaraba determine fair values using valuation techniques unless the fair value cannot be reliably measured.

For assets that are recognised in the financial statements at fair value on a recurring basis, the Modaraba recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between different levels of fair values mentioned above.

The table below shows the carrying amounts and fair values of a financial asset and financial liability including their fair value hierarchy for financial instruments measured at fair value.

		June 30, 2021					
		Carrying amount			Fair value		
At amortised cost		FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
-----Rupees-----							
<b>Financial assets measured at fair value (note 46.1)</b>							
<b>Investments</b>							
Listed equity securities	-	29,172,592	5,299,447	34,472,039	34,472,039	-	-
Listed Mutual funds	-	126,721	141,956	268,677	-	268,677	-
	-	29,299,313	5,441,403	34,740,716	34,472,039	268,677	-
<b>Financial assets not measured at fair value (note 46.2)</b>							
<b>Investments</b>							
Sukuk Certificates (note 46.1)	5,357,128	-	-	5,357,128	-	5,398,828	-
Cash and bank balances (note 46.2)	59,001,144	-	-	59,001,144	-	-	-
Long term deposits (note 46.2)	3,839,989	-	-	3,839,989	-	-	-
Profit receivable (note 46.2)	779,923	-	-	779,923	-	-	-
Ijarah rental receivable (note 46.2)	77,971	-	-	77,971	-	-	-
Diminishing musharakah (note 46.2)	122,184,621	-	-	122,184,621	-	-	-
Other receivables (note 46.2)	35,738	-	-	35,738	-	-	-
	191,276,514	-	-	191,276,514	-	-	-

	June 30, 2021 Carrying amount		
	FVTPL	At amortized cost	Total
		----- Rupees -----	
Financial liabilities not measured at fair value	-	1,698,498	1,698,498
Creditors, accrued and other liabilities	-	1,109,146	1,109,146
Unclaimed profit distributions	-	21,235	21,235
Charity Payable	-	2,828,879	2,828,879



June 30, 2020							
	Carrying amount			Fair value			
	At amortised cost	FVTPL	FVTOCI	Total	Level 1	Level 2	Level 3
-----Rupees-----							
Financial assets measured at fair value							
Investments							
Listed equity securities (note 46.1)	-	21,700,343	6,238,661	27,939,004	27,939,004	-	-
Listed Mutual funds (note 46.1)	-	90,753	8,607,167	8,697,920	-	8,697,920	-
	-	21,791,096	14,845,828	36,636,924	27,939,004	8,697,920	-
Financial assets not measured at fair value							
Cash and bank balances	9,174,848	-	-	9,174,848	-	-	-
Investments							
Sukuk Certificates (note 46.1)	6,071,418	-	-	6,071,418	-	6,108,798	-
Islamic Certificates (note 46.2)	-	100,000,000	-	100,000,000	-	-	-
Long term deposits (note 46.2)	3,839,989	-	-	3,839,989	-	-	-
Profit receivable (note 46.2)	643,828	-	-	643,828	-	-	-
Ijarah rental receivable (note 46.2)	602,434	-	-	602,434	-	-	-
Trade debtors (note 46.2)	6,890,496	-	-	6,890,496	-	-	-
Diminishing musharakah (note 46.2)	79,910,662	-	-	79,910,662	-	-	-
Other receivables (note 46.2)	892,661	-	-	892,661	-	-	-
	108,026,336	100,000,000	-	208,026,336	-	6,108,798	-
-----Rupees-----							
Financial liabilities not measured at fair value (note 46.2)							
Creditors, accrued and other liabilities					-	1,091,146	1,091,146
Unclaimed profit distributions					-	1,109,146	1,109,146
Charity Payable					-	52,587	52,587
					-	2,252,879	2,252,879

#### 46.1 Valuation techniques used in determination of fair values within level 2:

- 46.1.1** Investment in mutual funds are valued on the basis of the closing net assets at the reporting date announced by the Mutual Funds Association of Pakistan (MUFAP) based on the closing net assets of the mutual funds.
- 46.1.2** Investment in sukuk, issued by Albaraka Bank Limited are valued on the basis of the rates announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with the methodology prescribed by the Securities and Exchange Commission of Pakistan (SECP).
- 46.2** The Modaraba has not disclosed the fair values for these financial assets, as these are either short term in nature or repriced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

**47 RELATED PARTY TRANSACTIONS**

The related parties of the Modaraba comprise of its Management Company, associated companies, directors of the Management Company and key management personnel. Transactions with related parties other than remuneration and benefits to key management personnel (which are employed by the Management Company) under the terms of their employment and disclosed elsewhere in these financial statements are as follows:

	June 30, 2021	June 30, 2020
	----- Rupees -----	
<b>47.1 Balance outstanding at period end</b>		
<b>Modaraba Management Company</b>		
Management remuneration	-	-
<b>Other related parties (other than key management personnel)</b>		
Contribution to staff gratuity fund	<u>7,506,858</u>	<u>7,465,837</u>
<b>47.2 Transactions during the period</b>		
<b>Modaraba Management Company</b>		
Management fee	-	-
<b>Other related parties (other than key management personnel)</b>		
Contribution to staff gratuity fund	<u>1,338,499</u>	<u>1,189,702</u>

**48 INFORMATION ABOUT BUSINESS SEGMENTS**

As per IFRS 8 - 'Operating Segments', operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for Modaraba's entire product portfolio and consider business to have a three operating segments.

The internal reporting provided to the chief executive officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

The Modaraba's is domiciled in Pakistan. All of the Modaraba's income is from the investments in entities incorporated in Pakistan.

Details of segment revenues, costs, profit, assets and liabilities are as follows:



	June 30, 2021			
	Trading	Financing	Investment	Ijarah
	-----Rupees-----			
<b>Segment revenue</b>	-	11,971,476	13,202,476	1,615,923
<b>Segment results</b>	-	11,971,476	9,460,710	1,615,923
Unallocated corporate expenses				(28,783,006)
Other income				3,937,631
Share of profit from associate				2,485,340
Provision for worker's welfare fund				(33,720)
Profit for the year				654,354
<b>Segment assets and liabilities</b>				
Reportable segment assets	-	144,819,430	52,793,486	1,083,676
Unallocated corporate assets				73,363,992
<b>Consolidated total assets</b>				272,060,584
Reportable segment liabilities	-	13,006,457	-	557,400
Unallocated corporate liabilities				6,323,854
<b>Consolidated total liabilities</b>				19,887,711

	June 30, 2020			
	Trading	Financing	Investment	Ijarah
	-----Rupees-----			
Segment revenue	2,123,686	13,033,313	8,122,178	7,150,977
Segment results	(1,055,987)	13,033,313	4,065,111	7,150,977
Unallocated corporate expenses	-	-	-	-
Other income	-	-	-	-
Share of profit from associate	-	-	-	-
Profit for the year				(196,563)
<b>Segment assets and liabilities</b>				
Reportable segment assets	-	82,569,416	153,231,447	6,784,315
Unallocated corporate assets	-	-	-	-
<b>Consolidated total assets</b>				269,305,855
Reportable segment liabilities	-	11,930,143	-	3,155,300
Unallocated corporate liabilities	-	-	-	-
<b>Consolidated total liabilities</b>				21,183,403

**49 DISCLOSURE REQUIREMENTS FOR ALL SHARES ISLAMIC INDEX**

Following information has been disclosed with reference to circular No. 14 of 2016 dated April 21, 2016, issued by the securities and Exchange commission of Pakistan relating to " All Shares Islamic Index

<b>Description</b>	<b>Explanation</b>
i) Loan and advances	Non-interest bearing
ii) Long term deposits	Non-interest bearing
iii) Segment revenue	Non-interest bearing
iv) Relationship with banks	Segment wise revenue disclosed note no. 48 Modaraba maintains profit based banking relationships with Islamic Banks/ Bank Islamic window operations.
v) Banks balances	All profit yielding bank accounts are maintained with Islamic Banks/ Bank Islamic window operations whereas few of the current accounts are also maintained with conventional banking systems (Note No.6).
vi) Profit on bank deposits	This represents profit, only from Islamic banks/ Bank Islamic window operations.
vii) Breakup of dividend income -classification wise	Disclosed in note no. 34.1.
viii) All sources of their income	Disclosed in note No. 30 - 34 and 36.
ix) Gain /loss regardless of realized or unrealized from investments in shares/mutual funds	Disclosed in note no. 34.1, 7 and 23.

**50 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were approved and authorized for issue on 28<sup>th</sup> September 2021 by the Board of Directors of the Management Company.

**51 GENERAL**

Figures in these financial statements have been rounded off to the nearest Rupee. Figures have been rearranged, regrouped or reclassified for better presentation of financial statements in these financial statements.

**For Al-Noor Modaraba Management (Private) Limited  
(Management Company)**

**Sd/-  
Chief Executive Officer**

**Sd/-  
Chief Financial Officer**

**Sd/-  
Director**

**Sd/-  
Director**



## PATTERN OF HOLDING OF THE CERTIFICATES HELD BY THE SHAREHOLDERS AS AT JUNE 30, 2021

No. of Certificate Holders	Certificate Holdings		Total Certificate Held
	From	To	
109	1	100	3,871
88	101	500	34,392
119	501	1,000	90,208
134	1,001	5,000	351,457
34	5,001	10,000	246,729
18	10,001	15,000	223,593
3	15,001	20,000	56,000
9	20,001	25,000	198,577
6	25,001	30,000	179,000
5	30,001	35,000	163,126
3	40,001	45,000	132,631
4	45,001	50,000	200,000
2	50,001	55,000	102,500
3	55,001	60,000	178,000
2	60,001	65,000	130,000
2	65,001	70,000	137,500
1	75,001	80,000	78,180
1	80,001	85,000	82,000
2	85,001	90,000	180,000
2	90,001	95,000	189,073
2	95,001	100,000	200,000
1	105,001	110,000	110,000
2	125,001	130,000	256,000
1	185,001	190,000	190,000
1	250,001	255,000	253,500
1	275,001	280,000	277,500
1	285,001	290,000	287,549
1	325,001	330,000	325,500
1	370,001	375,000	370,846
1	385,001	390,000	386,600
1	455,001	460,000	458,500
1	520,001	525,000	521,220
1	605,001	610,000	608,440
1	745,001	750,000	750,000
1	935,001	940,000	937,380
1	1,285,001	1,290,000	1,288,500
1	1,555,001	1,560,000	1,556,798
1	2,005,001	2,010,000	2,005,830
1	3,055,001	3,060,000	3,059,000
1	4,195,001	4,200,000	4,200,000
<b>569</b>			<b>21,000,000</b>



## CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2021

### Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	03277-2535	ZARINA ISMAIL ZAKARIA	65,000
TOTAL >>			65,000

### Associated Companies, Undertakings and related Parties (to be confirm by Company)

SNO.	FOLIO	NAME	HOLDING
1	03277-5015	ZAIN TRADING CORPORATION (PVT) LTD.	2,005,830
2	03277-7330	RELIANCE INSURANCE COMPANY LTD.	521,220
3	03277-48891	AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	4,200,000
4	07112-8557	ZAIN TRADING CORPORATION (PVT) LIMITED	750,000
TOTAL >>			7,477,050

### NIT and ICP

SNO.	FOLIO	NAME	HOLDING
1	604	INVESTMENT CORP. OF PAKISTAN	500
TOTAL >>			500

### Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	FOLIO	NAME	HOLDING
1	83	PAK KUWAIT INVESTMENT CO.(PVT) LTD	100
2	650	NATIONAL DEVELOP. FINANCE CORP. INVESTOR	2,400
3	03889-28	NATIONAL BANK OF PAKISTAN	580
TOTAL >>			3,080

### Insurance Companies

SNO.	FOLIO	NAME	HOLDING
1	90	EFU GENERAL INSURANCE LIMITED	130
2	101	THE PREMIER INSURANCE COMPANY OF PAK LTD	500
3	02683-23	STATE LIFE INSURANCE CORP. OF PAKISTAN	386,600
TOTAL >>			387,230

### Modarabas and Mutual Funds

SNO.	FOLIO	NAME	HOLDING
1	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	608,440
TOTAL >>			608,440

### Others

SNO.	FOLIO	NAME	HOLDING
1	86	SAUDI PAK INDUSTRIAL AND AGRICULTURAL	2,500
2	819	TRUST SECURITIES & BROKERAGE LTD.	100
3	898	ROGASA HOLDING	500
4	899	PAKISTAN SERVICES	500
5	900	R.A.MANAGEMENTS	500
6	901	O.A.MANAGEMENTS	500
7	902	O.A. INDUSTRIES	500
8	903	EBRAHIM GARMENT	500
9	00620-21	TAURUS SECURITIES LIMITED	500
10	03277-78335	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	94,573
11	03277-82127	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND TRUST	3,319
12	03525-57191	SARFRAZ MAHMOOD (PRIVATE) LTD	605
13	03525-63474	PYRAMID INVESTMENTS (PVT) LTD.	525
14	03525-87235	MAPLE LEAF CAPITAL LIMITED	1
15	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	4,000
16	07179-20	MUHAMMAD SALIM KASMANI SECURITIES (PVT.) LTD.	59,000
17	10363-22	SALIM SOZER SECURITIES (PVT.) LTD.	90,000
TOTAL >>			258,123





## CATEGORIES OF SHAREHOLDING AS AT JUNE 30, 2021

S.No.	Shareholders Category	No. of Shareholders	No. of Sheres	Percentage
1	Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)	1	65,000	0.31
2	Associated Companies, Undertakings and related Parties (to be confirm by Company)	4	7,477,050	35.61
3	NIT and ICP	1	500	0.00
4	Banks, Development Financial Institutions, Non Banking Financial Institutions	3	3,080	0.01
5	Insurance Companies	3	387,230	1.84
6	Modarabas and Mutual Funds	1	608,440	2.90
7	Share holders holding 10%	2	7,259,000	34.57
8	General Public :			
	a. local	539	12,200,577	58.10
	b. Foreign			
9	Others	17	258,123	1.23
<b>Total (excluding : share holders holding 10%)</b>		<b>569</b>	<b>21,000,000</b>	<b>100.00</b>

### Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)

Name	Number of shareholders	Holding
AL-NOOR MODARABA MANAGEMENT (PRIVATE) LIMITED	1	4,200,000
ATIQA BEGUM	1	1,288,500
DINAZ CASSIM	1	1,556,798
MASOOD AHMED	1	3,128,500
MURTAZA ALI	1	588,500
ZAIN TRADING CORPORATION (PVT) LTD.	1	2,755,830



## NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Twenty Second (22nd) Annual Review Meeting of First Al-Noor Modaraba will be held on Thursday, October 28, 2021 at 03:15 p.m. at the Registered Office of the Company at 96-A, Sindhi Muslim Cooperative Housing Society, Karachi through Video Conference.

By order of the Board

**Sd/-**  
**Roofi Abdul Razzak**  
Company Secretary

Karachi : September 28, 2021

### Notes:

1. The Share Transfer Book of the Modaraba will remain closed from Wednesday, October 13, 2021 to Tuesday, October 19, 2021 (both days inclusive) and no transfer will be accepted during this period. The transfers received in order at the office of the Share Registrar, M/s FAMCO Associates (Private) Limited, 8-F, Near Hotel Faran, Nursery, Block-6, P.E.C.H.S, Shahr-e-Faisal, Karachi by the close of business on October 12, 2021 will be considered in time for the purpose of determination of their respective entitlement(s), if any, and eligibility to attend the Annual Review Meeting.
2. In view of the prevailing pandemic COVID-19 situation and in line with the directions issued to listed companies by the Securities & Exchange Commission of Pakistan (SECP), vide its Circular No.4 of 2021 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021, the Company has decided to hold Annual General Meeting (AGM) through electronic means.

Special arrangement for attending the AGM through electronic means will be as under:

- a. AGM will be held through Zoom application – a video link facility.
- b. Certificate holders interested in attending the ARM through Zoom application are hereby requested to get themselves registered with the Company Secretary Office by sending an e-mail with subject: "Registration for First Al-Noor Modaraba ARM" at the earliest but not later than 4:00 p.m. on Wednesday, October 27, 2021 on E-mail: [company.secretary@fanm.co](mailto:company.secretary@fanm.co) along with a valid copy of both sides of CNIC, with complete name, Folio/CDC Account Number, Registered Email address and cell number.

Upon receipt of the above information from the interested certificate holders, the Modaraba will send the login credentials at their e-mail address. On the date of ARM, certificate holders will be able to login and participate in the ARM proceedings through their smartphones/computer devices.

3. Members holding shares in physical form are requested to promptly notify Shares Registrar of the Company of any change in their addresses. Shareholders maintaining their shares in electronic form should have their address updated with their participant or CDC Investor Accounts Service.
4. Pursuant to Notification vide SRO.787(1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (email). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Modaraba through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail at [company.secretary@fanm.co](mailto:company.secretary@fanm.co) on a standard request form which is available at the Modaraba website i.e. [www.fanm.co](http://www.fanm.co) mentioning "Electronic FS" in the subject line. Please ensure that your e-mail has sufficient rights and space available to receive such e-mail which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Shares Registrar of any change in the registered e-mail address.

5. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed Company to pay cash dividend to its certificate holders only through electronic mode directly into bank account designated by the entitled certificate holders.

In order to receive dividends directly into their bank account, certificate holders are requested to fill in Electronic Credit Mandate Form available on Modaraba's website and send it duly signed along with a copy of CNIC to the Shres Registrar of the Company M/s FAMCO Associates (Private) Limited, in case of physical certificates.

In case, certificates are held in CDC then Electronic Credit Mandate Form must be submitted directly to certificate holder's broker/participant/CDC account services. No further action is required if IBAN has already been incorporated/updated in the CDC account or physical folio of the certificate holder.

6. As per Section 150 of the Income Tax Ordinance, 2001, withholding tax on dividend will be deducted for filers and non-filers of income at different rates as per directives. According to FBR, withholding tax in case of joint accounts will be determined separately based on the filer and non-filer status of the principal and joint shareholder(s) based on their holding proportions. Members who hold shares with jointly, are requested to provide the certificate holding proportions of the principal and joint holder(s) to the Company's Shares Registrar in writing as follows. In case required information is not provided, it will be assumed that the certificates are held in equal proportion by the principal and joint holders.

Certificate holder name	Folio/CDS Account #	Total Shares	Principal shareholder		Joint Shareholders	
			Name and CNIC #	Proportion (No. of shares)	Name and CNIC #	Proportion (No. of shares)

To enable the company to make tax deduction on the amount of cash dividend applicable on filers, all the certificate holders whose names are not entered into the Active Tax-payers (ATL) provided on the website of FBR, are advised to make sure that their names are entered in ATL.

7. The valid exemption certificate is mandatory to claim exemption amount of withholding tax u/s 150 of the Income Tax Ordinance, 2001 (tax on dividend). The certificate holder(s) who fall in the above mentioned category and wish to avail exemption, must provide Valid Tax Exemption Certificate to our Share Registrars before book closure to avail tax exemption.
8. In case of those certificate holders who are non-residents, are requested to please provide their respective details including residence status/country of residence with copy of their NICOP to Share Registrars or by email to company.secretary@fanm.co before book closure. In case of non availability of status in their respective portfolio, the respective tax on dividends would be applicable.
9. Section 72 of the Companies Act, 2017 requires every company to replace its physical shares with book-entry form within the period to be notified by the SECP.

The certificate holders having physical holding are accordingly encourage to open their account with Investor Accounts Services of CDC or Sub Account with any of the brokers and convert their physical shares into scrip less form. This will facilitate the shareholders in many ways, including safe custody and sale of shares, any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange Limited.

10. Physical certificate holders are requested to notify any change in their addresses immediately and if applicable provide their non-deduction of Zakat Declaration Form to the Company's Shares Registrar.
11. (i) In case of individuals, the account holder or sub account holder and/or the person whose securities are in group account and their registration details are uploaded as per the Regulations or whose securities are in physical form, shall authenticate his/her identity by showing his/her original Computerized National identity Card (CNIC) or original passport at the time of attending the meeting.

(ii) In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of meeting.

- کمپنیز ایکٹ 2017 کے سیکشن نمبر 242 کے تحت، یہ ضروری ہے کہ لسٹڈ کمپنیاں صرف الیکٹرونک ذریعے سے ہی سرٹیفکیٹ ہولڈرز کو ڈیویڈنڈز کے بینک کے کھاتوں میں ادا کرے۔ ڈیویڈنڈ کو اپنے بینک کے کھاتوں میں حاصل کرنے کے لیے، سرٹیفکیٹ ہولڈرز سے درخواست ہے کہ وہ الیکٹرانک کریڈٹ مینڈیٹ فارم جو کہ مضاربہ کی ویب سائٹ پر موجود ہے، کو اپنے کو دستخط اور شناختی کارڈ کی نقل کے ساتھ ہمارے شیئرز رجسٹرار، corporate@fanm.co (صرف فزیکل سرٹیفکیٹ ہولڈرز کے لیے)۔ اگر سرٹیفکیٹ ہولڈرز سی ڈی سی سے منسلک ہیں، تو وہ الیکٹرانک کریڈٹ مینڈیٹ فارم ضرور اپنے بروکر/پارٹنرس/سی ڈی سی کھاتے داروں کو بھیجیں مزید یہ کہ اگر ان کا آئی بی اے این پہلے سے موجود ہے تو ان کو مزید کسی طرح کی ذمہ داری کی ضرورت نہیں۔

انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت انکم ٹیکس گوشواروں کے فائلرز اور نان فائلرز کے جاری ٹیکس ریٹ کے حساب سے ہوں گے ایف بی آر کے وہ ہولڈنگ مطابق ٹیکس جن مشترکہ ہولڈرز کی شرکت کا تناسب نہیں معلوم ہو گا ان کا ٹیکس برابری کی شرکت اور جملہ فائلرز اور نان فائلرز کے ٹیکس ریٹ کے حساب سے ہو گا۔ وہ ممبر جو مشترکہ ہولڈنگ رکھتے ہیں ان سے درخواست ہے کہ وہ اپنی ہولڈنگ کی تفصیلات کمپنی کے شیئر رجسٹرار کو مندرجہ ذیل طریقے کار سے بھیجیں۔ تفصیلات نہ ملنے کی صورت میں یہ تصور کیا جائے گا کہ سرٹیفکیٹ کی شرکت برابری کی بنیاد پر ہیں۔

Company Name	Folio/ CDS Account #	Total Shares	Principal shareholder		Joint Shareholder	
			Name and CNIC #	Proportion (No of shares)	Name and CNIC #	Proportion (No of shares)

اگر سرٹیفکیٹ ہولڈر چاہتے ہیں کہ کمپنی منافع کی تقسیم پر فائلرز کے ٹیکس ریٹ پر کوئی کرے تو سرٹیفکیٹ ہولڈرز سے درخواست ہے کہ وہ اپنا نام ایف بی آر کے Active Tax Payer List میں شامل کروائیں ورنہ ان کی کوئی نان فائلرز کے ٹیکس ریٹ کے حساب سے کی جائیگی۔

ایف بی آر کے سرکلر نمبر (29) 2006 / SHT بتاریخ 30 جون 2010 اور (43) 2008 (WHT) DG وائیم R2- 66417 بتاریخ 12 مئی 2015 کے مطابق جہاں قانونی استثناء شیڈول دو نم پارٹ 4 کی دفعہ 47 کی تحت حاصل ہے، وہاں درست سرٹیفکیٹ برائے استثناء وہ ہولڈنگ ٹیکس کی چھوٹ کے دعویٰ کے لیے لازمی ہے۔ وہ سرٹیفکیٹ یافتگان جو درج بالا مزمرہ میں استثناء حاصل کرنا چاہتے ہیں وہ اپنا قابل قبول سرٹیفکیٹ برائے استثناء ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں ورنہ ان کا لاگو شرح کے حساب سے تقسیم شدہ منافع (ڈیویڈنڈ) پر وہ ہولڈنگ ٹیکس منہا کر لیا جائے گا۔

ایسے سرٹیفکیٹ یافتگان جو غیر مقیم پاکستانی ہوں ان سے درخواست کی جاتی ہے وہ اپنی متعلقہ تفصیل بشمول اقامت نامہ اور شہریت نائیکو پ (N.I.C.O.P) کی نقل کاپی کے ساتھ ہمارے شیئر رجسٹرار کو کتابوں کی بندش سے پہلے ضرور مہیا فرمائیں یا درج پتہ پر ای میل کریں corporate@fanm.co۔ مزکورہ معلومات کی عدم دستیابی کی صورت میں متعلقہ شرح کے حساب سے وہ ہولڈنگ ٹیکس لاگو ہو گا۔

کمپنیز ایکٹ، 2017 کے سیکشن 72 کے مطابق ہر کمپنی ای سی پی کی جانب سے مطلع کیے جانے والے عرصے میں اپنے فزیکل شیئرز کو بک انٹری فارم سے تبدیل کرنے کا تقاضا کرتی ہے۔

فزیکل ہولڈنگ رکھنے والے سرٹیفکیٹ ہولڈرز اس کے لیے حوصلہ افزائی کرتے ہیں کہ وہ سی ڈی سی کی انویسٹر اکاؤنٹس سروسز یا کسی بھی بروکرز کے ساتھ اپنا اکاؤنٹ کھولیں اور اپنے فزیکل شیئرز کو اسکرپٹ لیس فارم میں تبدیل کریں۔ اس سے شہر ہولڈرز کو کئی طریقوں سے سہولت ملے گی، بشمول محفوظ حراست اور حصص کی فروخت، جب چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج لمیٹڈ کے موجودہ قواعد کے مطابق فزیکل شہر کی تجارت کی اجازت نہیں ہے۔

سرٹیفکیٹ ہولڈر (فزیکل) سے درخواست ہے کہ وہ جلد از جلد اپنے پتے میں ہونے والی کسی بھی تبدیلی سے آگاہ کریں اور ضرورت ہو تو اپنے ڈیویڈنڈ فارم کمپنی رجسٹرار کو بھیجوائیں۔

فرد واحد کے اکاؤنٹ ہولڈر کے حامل یا زلی اکاؤنٹ ہولڈر یا/اور ایسا کوئی فرد جس کی سکيورٹیز مشترکہ صورت میں موجود ہو اسے اجلاس میں شرکت کیلئے اپنا اصل قومی شناختی یا پاسپورٹ ظاہر کرنا لازمی ہو گا۔

کاروباری ادارے بوقت اجلاس بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اتارنی بعد نمونہ دستخط پیش کرنا لازمی ہے (اگر پہلے سے مہیا نہ کیا گیا ہو)۔

## اطلاع برائے سالانہ جائزہ اجلاس

بذریعہ ہذا حصص یافتگان کو اطلاع دی جاتی ہے فرسٹ النور مضاربہ کا کیسواں (22) سالانہ جائزہ اجلاس بروز ہفتہ بتاریخ 28 اکتوبر 2021 کو دن کے 12:00 بجے مضاربہ کے رجسٹرڈ دفتر 96 - اسے سندھی مسلم کوآپریٹو ہاؤسنگ سوسائٹی میں منعقد کیا جائے گا۔

بحکم بورڈ  
رونی عبدالرزاق  
کمپنی سیکرٹری

کراچی: 28 ستمبر 2021

نوٹ:

مضاربہ کی ٹرانسفر بکس مورخہ 13 اکتوبر 2021 بروز بدھ سے 19 اکتوبر 2021 بروز منگل (بشمول دونوں دن) تک بند رہیں گی اور درج بالا دونوں میں کوئی منتقلی قبول نہیں کی جائے گی سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئرز رجسٹرار، مینسز فیکو ایسوسی ایشن پرائیویٹ لمیٹڈ، 8-ف نذوفاران ہوٹل، نرسری، بلاک 6، پی ای سی ایچ ایس، کراچی کو مورخہ 12 اکتوبر 2021 کو دفتری اوقات ختم ہونے تک موصول ہونے پر ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

کی وباء کے پیش نظر سیکیورٹیز اینڈ ایکسچینج کمیشن نے اپنے سرکولر نمبر 4 بتاریخ 17 فروری 2021 اور سرکولر نمبر 6 بتاریخ 3 مارچ 2021 کے مطابق کمپنی نے فیصلہ کیا ہے کہ COVID-19 ARM بزرگ الیکٹرونک کی جائے۔

سالانہ اجلاس کے لئے جو خاص انتظامات کئے گئے ہیں ان میں:-

سالانہ اجلاس زوم اپلیکیشن کے ذریعے کی جائیگی۔ سرٹیفیکیٹ ہولڈرز سالانہ اجلاس میں زوم اپلیکیشن کے ذریعے شامل ہونے کے لئے اپنے آپ کو کمپنی سیکریٹری کے پاس بزرگ ای میل رجسٹرڈ کروائیں اور سرٹیفیکیٹ میں رجسٹرڈ فور فرسٹ النور مضاربہ پر بدھ 27 اکتوبر 2021 چار بجے سے پہلے رجسٹرڈ کروائیں اور ساتھ میں شناختی کارڈ کی کاپی، مکمل نام، فوٹو نمبر رجسٹرڈ ای میل اڈریس اور موبائل نمبر اس ای میل پر بھیجیں۔ اس ای میل کے ملنے پر مضاربہ لوگوں انفارمیشن بھیجے گی۔

سالانہ اجلاس کے موقع پر سرٹیفیکیٹ ہولڈرز لوگوں اور اجلاس میں شرکت کر سکیں گے۔ ممبر جن کے پاس سرٹیفیکیٹ کی صورت میں ہیں، وہ کے پاس ای میل اڈریس میں تبدیلی کی صورت میں اطلاع دیں۔ جن کے پاس الیکٹرونک صورت میں سرٹیفیکیٹ میں وہ اپنے پتے یا میں کروائیں۔

موبائل / وائس ایپ: -----

ای میل: -----

سرٹیفیکیٹ ہولڈرز کو یہ باور کروایا جاتا ہے وہ اپنا نام، شناختی کارڈ نمبر، فوٹو سی ڈی سی اکاؤنٹ نمبر، موبائل نمبر اور ----- ای میل آئی ڈی بھی شناخت کے لئے بھجوائیں۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی) نے بذریعہ نوٹس ایس آر 787 (1) / 2014 مورخہ 8 ستمبر 2014 کمپنیوں کو اس بات کی اجازت دی ہے کہ کمپنیاں اپنے ممبران کو آڈٹ شدہ مالیاتی رپورٹیں بعد نوٹس برائے سالانہ نظر ثانی اجلاس بذریعہ ای میل بھیج سکتی ہیں۔ اسی اعتبار سے بذریعہ ہذا تمام ممبران سے التماس ہے کہ اس سلسلے میں اپنی رضامندی کے ساتھ اپنے ای میل کے پتے کمپنی کو بھجوائیں تاکہ انھیں آڈٹ شدہ مالیاتی رپورٹیں اور نوٹس بذریعہ ای میل بھجوائی جاسکیں۔ اس سہولت سے فائدہ اٹھانے کیلئے مضاربہ کے ویب سائٹ پر ایک www.fanm.co معیاری فارم دستیاب ہے۔



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