

THIRTIETH ANNUAL REPORT 2024



FIRST IMROOZ MODARABA



FIRST IMROOZ MODARABA

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FIRST IMROOZ MODARABA

VISION / MISSION STATEMENT

IMROOZ is committed to:

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

CODE OF CONDUCT

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



FIRST IMROOZ MODARABA

MODARABA INFORMATION

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



CHAIRMAN REPORT

Dear Certificate Holders,

I am pleased to present the report on the affairs of First Imrooz Modaraba for the year ended June 30, 2024, and to provide an overview of the performance of the Board of Directors in achieving the Modaraba's strategic objectives during this period.

The year 2024 posed several challenges, with continued economic instability and market pressures. Despite a significant decrease in turnover to Rs. 1,260.14 million from Rs. 1,668.53 million in 2023, the Modaraba made significant progress in improving its profitability. This is reflected in the substantial increase in gross profit to Rs. 268.06 million in 2024, compared to Rs. 166.79 million last year.

The effective pricing strategy and operational efficiencies helped boost the gross margin. Stable exchange rates compared to previous year also contributed to improved margins which increased from 10% in 2023 to 21.3% this year. The Board has been focused on maintaining financial stability and ensuring that the Modaraba is well-positioned to navigate the ongoing economic challenges. We are pleased to report that these efforts have paid off, as the Modaraba has returned to profitability, with a net profit of Rs. 72.319 million compared to a net loss of Rs. 2.698 million in the prior year.

We remain optimistic about the future, particularly as ongoing economic reforms and stabilization measures are expected to support recovery across all sectors. The Board will continue to prioritize sustainable growth and value creation for our certificate holders.

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

Omar Mohammad Khan
Chairman
Board of Directors

October 02, 2024



FIRST IMROOZ MODARABA

چیرمین رپورٹ

معزز سرٹیفکیٹ ہولڈرز،

مجھے فرسٹ امروزمضارہ کے سال 30 جون 2024 کو ختم ہونے والے امور کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے اور اس دوران بورڈ آف ڈائریکٹرز کی کارکردگی کا جائزہ پیش کیا گیا ہے۔

سال 2024 میں کئی درپیش مسائل کا سامنا کرنا پڑا، جس میں اقتصادی عدم استحکام اور مارکیٹ کے دباؤ کا سامنا رہا۔ 2023 کے مقابلے میں مضارہ کے کاروبار کے حجم میں نمایاں کمی کے باوجود، جو کہ 1,668.53 ملین روپے سے 1,260.14 ملین روپے تک پہنچی، مضارہ نے اپنی منافع میں بہتری کے لیے خاطر خواہ پیش رفت کی ہے۔ اس کا ثبوت 2024 میں مجموعی منافع کے 268.06 ملین روپے تک بڑھنے سے ملتا ہے، جب کہ پچھلے سال یہ 166.79 ملین روپے تھا۔

موثر قیمتوں کی حکمت عملی اور عملیاتی صلاحیتوں نے مجموعی مارجن کو بڑھانے میں مدد کی۔ پچھلے سال کے مقابلے میں مستحکم زرمبادلہ کی شرح بھی بہتر مارجن میں معاون ثابت ہوئی، جو 2023 میں 10% سے بڑھ کر اس سال 21.3% ہو گئی۔ بورڈ نے مالی استحکام برقرار رکھنے اور مضارہ کو جاری اقتصادی چیلنجز کا سامنا کرنے کے لیے تیاری رکھنے پر توجہ دی ہے۔ ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ ان کوششوں کے مثبت نتائج سامنے آئے ہیں، کیونکہ مضارہ نے منافع کی طرف واپسی کی ہے۔ اس سال خالص منافع 72.319 ملین روپے ہے، جبکہ پچھلے سال خالص نقصان 2.698 ملین روپے تھا۔

ہم مستقبل کے حوالے سے پر امید ہیں، خاص طور پر اس لیے کہ جاری اقتصادی اصلاحات اور استحکام کے اقدامات ہر شعبے میں بحالی کی حمایت کرنے کی توقع ہے۔ بورڈ پائیدار ترقی اور ہمارے سرٹیفکیٹ ہولڈرز کے منافع کو برقرار رکھنے کو ترجیح دیتا ہے گا۔

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

عمر محمد خان

چیرمین

بورڈ آف ڈائریکٹرز

2 اکتوبر، 2024



REPORT OF THE DIRECTORS

The Board of Directors of A.R Management Services (Private) Limited, the management company of First Imrooz Modaraba would like to present to its certificate holders annual report of First Imrooz Modaraba along with audited financial statements for the year ended June 30, 2024.

1. Operating Results

The financial results of the Modaraba are summarized below:

| | (Rupees in million) | |
|---|---------------------|---------------|
| | 2024 | 2023 |
| Profit before taxation | 138.74 | 74.36 |
| Taxation | <u>66.42</u> | <u>77.06</u> |
| Profit / (Loss) after taxation | 72.32 | (2.70) |
| Earnings / (Loss) per certificate – basic & diluted | Rs. <u>24.11</u> | <u>(0.90)</u> |

2. Review of Financial Performance

In 2024, the Modaraba experienced a decline in turnover to Rs. 1,260.14 million from Rs. 1,668.53 million in 2023. This reduction in sales volume was largely due to economic challenges and market contraction. However, despite the lower turnover, the Modaraba achieved an improvement in gross profitability.

The Gross Profit (GP) increased substantially from Rs. 166.79 million in 2023 to Rs. 268.06 million in 2024. In percentage terms, the GP rate increased from 10% to 21.3%. This improvement can be attributed to more efficient cost controls, better pricing strategies and a stable exchange rate compared to last year, enabling the company to improve margins.

The profit before taxation increased to Rs. 138.74 million in 2024, compared to Rs. 74.36 million last year. The net profit for the year reached Rs. 72.32 million, marking a recovery from the net loss of Rs. 2.70 million reported in 2023.

The Board of Directors has decided to distribute a profit of Rs. 15/- per certificate to the certificate holders, reflecting the positive financial performance of the year.

3. Auditors

The present auditors M/s BDO Ebrahim & Co., Chartered Accountants, retired. As per clause 33 of Listed Companies (Code of Corporate Governance) Regulations, 2019, every Modaraba have to change their external auditor every five year. As BDO Ebrahim & Co., Chartered Accountants have completed their 5 years tenure, therefore on the recommendation of Audit Committee, the Board has approved the appointment of Reanda Haroon Zakaria Aamir Salman Rizwan & Company, Chartered Accountants as auditors for the year ending June 30, 2025, subject to approval of the Registrar, Modaraba Companies and Modarabas.

4. Corporate Governance

Your directors are pleased to report that:

- a) The financial statements prepared by the management company of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of accounts have been maintained.
- c) Appropriate accounting policies have been consistently applied in the preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- d) Approved International Accounting Standards, as applicable in Pakistan to Modarabas, have been followed in preparation of financial statements and any departure there from has been adequately disclosed.
- e) The system of internal control is sound in design and has been effectively implemented and monitored.
- f) There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- h) Statement summarizing key operating and financial data for the current year as well as for the last seven years is given as under:

| | (Rupees in 'Million) | | | | | | | |
|------------------------------------|----------------------|---------|---------|---------|-------|-------|--------|-------|
| Particulars | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Fixed Assets | 13.2 | 16.0 | 9.7 | 5.4 | 6.9 | 10.1 | 13.0 | 13.3 |
| Working Capital | 209.5 | 150.0 | 188.8 | 235.4 | 191.9 | 159.3 | 146.9 | 145.0 |
| Certificate Holders Equity | 221.9 | 164.5 | 183.7 | 202.4 | 161.3 | 138.2 | 134.9 | 137.5 |
| Paid-up Certificate Capital | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| | | | | | | | | |
| Sales | 1,260.1 | 1,668.5 | 1,378.8 | 1,080.0 | 555.1 | 705.6 | 897.6 | 734.2 |
| Gross Profit | 268.1 | 166.7 | 182.0 | 215.6 | 126.4 | 132.8 | 143.9 | 118.6 |
| Profit before Taxation | 138.7 | 74.3 | 86.8 | 113.2 | 56.6 | 58.6 | 73.1 | 65.0 |
| | | | | | | | | |
| Profit Distribution – Cash | 150% | 50% | 55% | 155% | 75% | 50% | 56.67% | 100% |
| Earnings per Certificate-Rs. | 24.11 | (0.9) | 8.1 | 21.4 | 11.7 | 8.4 | 10.2 | 11.1 |
| Break-up value per Certificate-Rs. | 73.95 | 54.8 | 61.3 | 67.5 | 53.8 | 46.4 | 45.0 | 45.8 |

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

5. Transfer Pricing

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

6. Composition of board

The composition of board is as follows:

| Category | Names |
|----------------------------|---|
| A) Executive Directors | Mr. Naveed Riaz Mr. Ameer Riaz |
| B) Non-Executive Directors | Mr. Omar Mohammad Khan Mrs. Saadat Ikram |
| C) Independent Director | Mr. Aliuddin Ahmed |
| D) Female Director | Mrs. Saadat Ikram |

7. Remuneration Policy of Chief Executive and Directors

No remuneration is paid to the Chief Executive and Directors.

8. Board Meetings

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

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



9. Acknowledgement

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

For and on behalf of the Board of Directors

Naveed Riaz
Chief Executive

Ameed Riaz
Director

02 October 2024



FIRST IMROOZ MODARABA

ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ مضاربہ کے سالانہ نتائج برائے 30 جون، 2024ء بمعدہ آڈٹ رپورٹ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

| (ملین روپوں میں) | | |
|------------------|-----------|--|
| 30-Jun-23 | 30-Jun-24 | |
| 74.36 | 138.74 | قبل از ٹیکس منافع |
| 77.06 | 66.42 | ٹیکس |
| (2.70) | 72.32 | بعد از ٹیکس منافع |
| (0.90) | 24.11 | نی کس شیر آمدنی (بنیادی اور تحلیل شدہ) |

روپے

کارکردگی کا جائزہ

سال 2024 میں مضاربہ کے کاروبار کا حجم پچھلے سال کے مقابلے میں 1,260.14 ملین روپے تک کم ہو گیا، جو 2023 میں 1,668.53 ملین روپے تھا۔ اس کمی کی بنیادی وجہ معاشی طور پر درپیش مسائل تھے۔ تاہم، کاروباری حجم کی کمی کے باوجود، مضاربہ نے مجموعی منافع میں بہتری حاصل کی۔

مجموعی منافع 166.79 ملین روپے سے بڑھ کر 2024 میں 268.06 ملین روپے ہو گیا۔ یہ بہتری کفایت شعاری اور قیمتوں کی بہتر حکمت عملی، اور پچھلے سال کے مقابلے میں مستحکم تبادلے کی شرح کی بدولت ممکن ہوئی، جس سے کمپنی کو منافع کی شرح میں خاطر خواہ اضافہ ہوا۔

قبل از ٹیکس منافع 2024 میں 138.74 ملین روپے تک بڑھ گیا، جبکہ پچھلے سال یہ 74.36 ملین روپے تھا۔ جبکہ 2023 میں رپورٹ ہونے والے 2.70 ملین روپے کے خسارے سے بحالی کے بعد اس سال کا بعد از ٹیکس منافع 72.32 ملین روپے ہوا۔



FIRST IMROOZ MODARABA

بورڈ آف ڈائریکٹرز نے سرٹیفکیٹ ہولڈرز کو ہر سرٹیفکیٹ پر 15 روپے منافع تقسیم کرنے کا فیصلہ کیا ہے، جو سال کی مثبت مالی کارکردگی کی عکاسی کرتا ہے۔

آڈیٹر

موجودہ آڈیٹری ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، ریٹائر ہو گئے ہیں۔ درج شدہ کمپنیوں (کارپوریٹ گورننس کے ضوابط) 2019 کی دفعہ 33 کے مطابق، مضاربہ کو ہر پانچ سال بعد اپنا آڈیٹر تبدیل کرنا ہوتا ہے۔ چونکہ بی ڈی او ابراہیم اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس اپنی معاد پوری کر چکے، اس لیے آڈٹ کمیٹی کی سفارش پر بورڈ نے 30 جون 2025 کو ختم ہونے والے سال کے لیے رینداہارون ذکر یا عامر سلمان اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو آڈیٹرز کی حیثیت سے مقرر کرنے کی منظوری دی ہے، جو رجسٹرار مضاربہ کی منظوری سے مشروط ہے۔

کارپوریٹ گورننس

ہمارے ڈائریکٹرز رپورٹ کرتے ہیں:

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



FIRST IMROOZ MODARABA

| (Rupees in Million) | | | | | | | | |
|------------------------------------|---------|---------|---------|---------|-------|-------|--------|-------|
| Particulars | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
| Fixed Assets | 13.2 | 16.0 | 9.7 | 5.4 | 6.9 | 10.1 | 13.0 | 13.3 |
| Working Capital | 209.5 | 156.6 | 188.8 | 235.4 | 191.9 | 159.3 | 146.9 | 145.0 |
| Certificate Holders Equity | 221.9 | 164.5 | 183.7 | 202.4 | 161.3 | 138.2 | 134.9 | 137.5 |
| Paid-up Certificate Capital | 30.0 | 30 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 | 30.0 |
| Sales | 1,260.1 | 1,668.5 | 1,378.8 | 1,080.0 | 555.1 | 705.6 | 897.6 | 734.2 |
| Gross Profit | 268.1 | 166.7 | 182.0 | 215.6 | 126.4 | 132.8 | 143.9 | 118.6 |
| Profit before Taxation | 138.7 | 74.3 | 86.8 | 113.2 | 56.6 | 58.6 | 73.1 | 65.0 |
| Profit Distribution – Cash | 150% | 50% | 55% | 155% | 75% | 50% | 56.67% | 100% |
| Earnings per Certificate-Rs. | 24.11 | (0.9) | 8.1 | 21.4 | 11.7 | 8.4 | 10.2 | 11.1 |
| Break-up value per Certificate-Rs. | 73.95 | 54.8 | 61.3 | 67.5 | 53.8 | 46.4 | 45.0 | 45.8 |

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

منتقلی کی قیمتوں کا تعین

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



FIRST IMROOZ MODARABA

بورڈ کی تشکیل

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

ڈائریکٹرز کا معاوضہ

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

بورڈ کے اجلاس

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

شرکت کی تعداد

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



FIRST IMROOZ MODARABA

اعتراف نامہ

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

منجانب بورڈ

نویدریاض
چیف ایگزیکٹو
عمیدریاض
ڈائریکٹر

2 اکتوبر 2024ء

First Imrooz Modaraba

TEN YEARS AT A GLANCE

(Rupees in million)

| | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|---|-----------|-----------|-----------|-----------|---------|---------|---------|---------|---------|--------------------|
| | | | | | | | | | | -----Restated----- |
| Balance Sheet Information | | | | | | | | | | |
| Authorized capital | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 | 100.000 |
| Certificate capital | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 | 30.000 |
| Statutory reserve & surplus | 191.858 | 134.539 | 153.737 | 172.382 | 131.259 | 109.163 | 104.861 | 107.472 | 110.173 | 99.628 |
| Certificate holders' equity | 221.858 | 164.539 | 183.737 | 202.382 | 161.259 | 139.163 | 134.861 | 137.472 | 140.173 | 129.628 |
| Deferred liability - staff gratuity | 6.720 | 6.720 | 12.737 | 36.443 | 34.840 | 30.196 | 25.037 | 21.263 | 19.429 | 16.376 |
| Qard-e-Hasna from Modaraba management company | - | - | 55.000 | - | 15.800 | - | 120.000 | 34.300 | - | - |
| Musawamah / Murabaha / Musharaka / Salam financing | 141.423 | 142.032 | 74.120 | 63.780 | 88.664 | 74.637 | 35.230 | 34.371 | 35.013 | 26.886 |
| Current liabilities | 307.637 | 610.479 | 690.402 | 358.079 | 166.173 | 171.869 | 255.192 | 212.043 | 180.340 | 146.238 |
| Fixed Assets | 13.204 | 16.003 | 9.677 | 5.350 | 6.898 | 10.119 | 12.969 | 13.347 | 14.459 | 6.979 |
| Stock-in-trade | 312.073 | 378.195 | 648.475 | 304.553 | 215.103 | 212.679 | 265.574 | 258.027 | 129.910 | 162.806 |
| Trade debtors | 205.683 | 311.213 | 200.167 | 269.762 | 116.713 | 98.603 | 113.779 | 83.997 | 129.336 | 107.237 |
| Investments | - | - | - | - | - | - | - | - | - | - |
| Current assets | 526.488 | 767.157 | 879.232 | 593.511 | 358.107 | 331.110 | 402.120 | 357.050 | 325.367 | 285.263 |
| Operational Results | | | | | | | | | | |
| Sales | 1,260.138 | 1,668.529 | 1,378.793 | 1,080.003 | 555.117 | 705.649 | 897.589 | 734.216 | 827.864 | 730.551 |
| Cost of sales | 992.077 | 1,501.743 | 1,196.786 | 864.359 | 428.749 | 572.872 | 753.652 | 615.605 | 699.196 | 624.519 |
| Gross profit | 268.061 | 166.786 | 182.007 | 215.644 | 126.368 | 132.777 | 143.937 | 118.611 | 128.668 | 106.032 |
| Other income | 0.521 | 2.868 | 8.969 | 2.831 | 1.110 | 1.541 | 0.508 | 2.138 | 1.102 | 0.702 |
| Financial charges | 34.135 | 20.124 | 4.625 | 5.287 | 7.303 | 8.101 | 2.564 | 2.346 | 2.063 | 3.777 |
| Workers welfare fund | 2.831 | 1.518 | 1.726 | 2.310 | 1.156 | 1.195 | 6.254 | (1.072) | - | - |
| Operating expenses | 77.148 | 73.651 | 94.897 | 82.972 | 62.373 | 66.453 | 62.522 | 54.444 | 46.822 | 43.088 |
| (Diminution) / unrealised appreciation on remeasurement of investment - net | - | - | - | - | - | - | - | - | - | - |
| Operating profit | 190.913 | 93.135 | 87.110 | 132.673 | 63.995 | 66.324 | 81.415 | 64.167 | 81.846 | 62.944 |
| Profit payable to the modaraba company as their remuneration | 15.730 | - | 2.880 | 14.715 | - | - | - | - | - | - |
| Profit before tax | 138.738 | 74.361 | 86.848 | 113.192 | 56.646 | 58.568 | 73.105 | 65.031 | 80.885 | 59.869 |
| Taxation | 66.420 | 77.059 | 62.479 | 49.007 | 21.531 | 33.259 | 42.554 | 31.732 | 38.868 | 32.716 |
| Profit / (Loss) after tax | 72.319 | (2.698) | 24.369 | 64.185 | 35.115 | 25.310 | 30.551 | 33.299 | 42.017 | 27.153 |
| Transfer to statutory reserve | - | - | 1.218 | 12.837 | 10.534 | 8.858 | 12.220 | 1.665 | 2.101 | 1.357 |
| Transfer to statutory reserve (%) | 0% | 0% | 5% | 20% | 30% | 35% | 40% | 5% | 5% | 5% |
| Profit Distribution | | | | | | | | | | |
| Profit distribution | 45.000 | 15.000 | 16.500 | 46.500 | 22.500 | 15.000 | 17.010 | 30.000 | 36.000 | 27.000 |
| Rate per certificate | 150.00% | 50.00% | 55.00% | 155.00% | 75.0% | 50.0% | 56.7% | 100.0% | 120.0% | 90.0% |
| Financial Ratios | | | | | | | | | | |
| Gross profit - % of sales | 21.27% | 10.00% | 13.20% | 19.97% | 22.76% | 18.82% | 16.04% | 16.15% | 15.54% | 14.51% |
| Operating expenses - % of sales | 6.12% | 4.41% | 6.88% | 7.68% | 11.24% | 9.42% | 6.97% | 7.42% | 5.66% | 5.90% |
| Operating profit - % of sales | 15.15% | 5.58% | 6.32% | 12.28% | 11.53% | 9.40% | 9.07% | 8.74% | 9.89% | 8.62% |
| Profit before tax - % of sales & other income | 11.01% | 4.45% | 6.26% | 10.45% | 10.18% | 8.28% | 8.14% | 8.83% | 9.76% | 8.19% |
| Profit / (Loss) after tax - % of sales & other income | 5.74% | (0.16)% | 1.76% | 5.93% | 6.31% | 3.58% | 3.40% | 4.52% | 5.07% | 3.71% |
| Return to Certificate holders | | | | | | | | | | |
| Return on equity - before tax | 62.53% | 45.19% | 47.27% | 55.93% | 35.13% | 42.09% | 54.21% | 47.30% | 57.70% | 46.19% |
| Return on equity - after tax | 32.60% | (1.64)% | 13.26% | 31.71% | 21.78% | 18.19% | 22.65% | 24.22% | 29.98% | 20.95% |
| Earning per certificate - Rs. | 24.11 | (0.90) | 8.12 | 21.40 | 11.70 | 8.44 | 10.18 | 11.10 | 14.01 | 9.05 |
| Profit distribution per certificate - Rs. | 15.00 | 5.00 | 5.50 | 15.50 | 7.50 | 5.00 | 5.67 | 10.00 | 12.00 | 9.00 |
| Market price per certificate - Rs. | 173.00 | 158.00 | 166.90 | 147.00 | 89.36 | 155.59 | 219.57 | 230.50 | 115.00 | 53.00 |
| Break-up value per certificate - Rs. | 73.95 | 54.85 | 61.25 | 67.46 | 53.75 | 46.39 | 44.95 | 45.82 | 46.72 | 43.21 |



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Pakistan

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF FIRST IMROOZ MODARABA

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of FIRST IMROOZ MODARABA (the Modaraba), which comprise the statement of financial position as at June 30, 2024, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of change in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), 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, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following are the Key audit matters, namely:

| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|---|--|
| 1. | Valuation of stock-in-trade | |
| | Refer notes 4.5 & 9 to the financial statements. As at 30 June 2024, stock in trade, comprising of Stock in transit and In bonded warehouse is stated at Rs. 312.07 million. Stock in trade is measured at the lower of cost and net realizable value. We identified valuation of stock in trade as a key audit matter due to its size, representing 57.7% of the total assets of the Modaraba as at 30 June 2024 and the judgement and estimation involved in valuation due to provision for slow moving items, obsolescence and re-assessment of NRV basis. | <p>Our audit procedures in respect of valuation of stock-in-trade, amongst others, included the following:</p> <ul style="list-style-type: none"> • Obtaining understanding of and assessing the design, implementation and operating effectiveness of key internal controls over valuation of stock-in-trade including determination of net realizable values and identification of slow moving and obsolete stock in trade; • Observing condition of stock in trade in attendance at inventory counts; • Assessing the net realizable value of stock-in-trade by comparing, on a sample basis, management's estimation of future selling prices and cost to sell the products at selling prices less cost to sell achieved subsequent to the end of the reporting period; and • Comparing sample of ageing of stock in trade with underlying purchase supporting documents for completeness and accuracy of ageing, recalculating provision for slow moving/ obsolete items in accordance with accounting policy of the Modaraba. • Assessed the adequacy of the related disclosures in accordance with applicable financial reporting standards and the Companies Act, 2017. |
| 2. | Revenue recognition | |
| | As described in Note 4.19 and Note 21 to the accompanied financial statements, the Modaraba generated revenue from sale of chemicals. | <p>Our audit procedures amongst others comprised of:</p> <ul style="list-style-type: none"> • Obtained an understanding of the process related to internal control for revenue recognition and on a sample basis, tested the effectiveness of those controls, specifying in relation to recognition of revenue and timing thereof. |

| S. No | Key audit matters | How the matter was addressed in our audit |
|-------|--|--|
| | <p>The Modaraba generated net revenue of Rs. 1.260 million during the year, we identified recognition of revenue as a key audit matter due to its nature and the judgement and estimation involved in revenue recognition.</p> <p>The revenue recognition is identified as a key audit matter as it is one of the key performance indicators of the Modaraba and gives rise to an inherent risk of material misstatement to meet expectation or targets.</p> | <ul style="list-style-type: none"> • On a sample basis, reviewed sales transactions near the reporting date to assess whether transactions are recorded in relevant accounting period; • Performed procedures to analyze the variation in price and quantity sold during the year; • Reconciled revenue recorded in the books of account on a sample basis with underlying accounting records including dispatch and delivery documents; and • Assessed the adequacy of the related disclosures in accordance with applicable financial reporting standards and the Companies Act, 2017. |

Information other than the financial statements and Auditors' Report thereon

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Board of Directors of the modaraba company for the financial statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



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

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

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with the board of directors of the Modaraba Management Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors of the Modaraba Management Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors of the Modaraba Management Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980);
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditors' report is Tariq Feroz Khan.

KARACHI

DATED: 03 OCT 2024

UDIN: AR202410166LNaobidzt

BDO EBRAHIM & CO.
CHARTERED ACCOUNTANTS



FIRST IMROOZ MODARABA

FIRST IMROOZ MODARABA STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2024

| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) (Restated) | June 30, 2022 (Rupees) (Restated) |
|--|------|------------------------------|--|--|
| ASSETS | | | | |
| NON CURRENT ASSETS | | | | |
| Property and equipment | 5 | 11,727,765 | 14,006,740 | 8,061,008 |
| Intangible assets | 6 | 877,600 | 1,398,496 | 1,017,325 |
| Long term deposits | 7 | 598,202 | 598,202 | 598,202 |
| Deferred tax | 8 | - | - | - |
| | | <u>13,203,567</u> | <u>16,003,438</u> | <u>9,676,535</u> |
| CURRENT ASSETS | | | | |
| Stock in trade | 9 | 312,073,335 | 378,194,924 | 648,475,057 |
| Trade debtors | 10 | 205,683,131 | 311,212,675 | 200,167,444 |
| Advances, other receivables, deposits and prepayments | 11 | 2,312,249 | 25,493,534 | 25,569,188 |
| Taxation | | - | - | - |
| Cash at banks | 12 | 6,419,338 | 52,255,980 | 5,020,220 |
| | | <u>526,488,053</u> | <u>767,157,113</u> | <u>879,231,909</u> |
| TOTAL ASSETS | | <u><u>539,691,620</u></u> | <u><u>783,160,551</u></u> | <u><u>888,908,444</u></u> |
| EQUITY AND LIABILITIES | | | | |
| CAPITAL AND RESERVES | | | | |
| Authorized capital | | | | |
| 10,000,000 Modaraba certificates of Rs. 10 each | | <u>100,000,000</u> | <u>100,000,000</u> | <u>100,000,000</u> |
| Issued, subscribed and paid-up certificate capital | 13 | 30,000,000 | 30,000,000 | 30,000,000 |
| Statutory reserve | 14 | 118,733,257 | 118,733,257 | 118,733,257 |
| Revenue reserve | 15 | 73,124,705 | 15,806,157 | 35,003,813 |
| | | <u>221,857,962</u> | <u>164,539,414</u> | <u>183,737,070</u> |
| NON-CURRENT LIABILITIES | | | | |
| Obligation under financing facilities - secured | 16 | 812,945 | 1,422,655 | 2,032,364 |
| | | <u>812,945</u> | <u>1,422,655</u> | <u>2,032,364</u> |
| CURRENT LIABILITIES | | | | |
| Creditors, accrued and other liabilities | 17 | 167,027,020 | 469,868,859 | 563,314,365 |
| Current portion of obligation under financing facilities - secured | 16 | 140,609,677 | 140,609,676 | 72,059,243 |
| Current portion of deferred capital grant | | - | - | 27,953 |
| Running musharaka | 18 | 2,664,069 | - | - |
| Defined benefit plan - staff gratuity | 19 | 6,719,947 | 6,719,947 | 12,737,449 |
| Qard-e-Hasana from Modaraba Management Company | | - | - | 55,000,000 |
| | | <u>317,020,713</u> | <u>617,198,482</u> | <u>703,139,010</u> |
| TOTAL EQUITY AND LIABILITIES | | <u><u>539,691,620</u></u> | <u><u>783,160,551</u></u> | <u><u>888,908,444</u></u> |
| CONTINGENCIES AND COMMITMENTS | 20 | | | |

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

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

ALI UDDIN AHMED
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

FIRST IMROOZ MODARABA STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2024

| | Note | 2024 Rupees | 2023 Rupees (Restated) |
|---|------|-------------------|------------------------------|
| Sales | 21 | 1,260,138,291 | 1,668,528,532 |
| Cost of sales | 22 | (992,077,282) | (1,501,742,584) |
| Gross profit | | 268,061,009 | 166,785,948 |
| Operating expenses | 23 | (75,715,717) | (73,651,005) |
| Operating profit | | 192,345,292 | 93,134,943 |
| (Provision) / reversal of expected credit loss | | (1,432,290) | 857,111 |
| Financial charges | 24 | (34,134,898) | (20,124,130) |
| Other income | 25 | 521,456 | 2,010,876 |
| | | 157,299,560 | 75,878,800 |
| Modaraba Management Company's fee | 26 | (15,729,956) | - |
| Provision for Sindh Workers' Welfare Fund | | (2,831,392) | (1,517,576) |
| Profit before income tax and minimum tax differential | | 138,738,212 | 74,361,224 |
| Minimum tax differential | 27 | (66,419,664) | (77,058,880) |
| Profit / (loss) before income tax | | 72,318,548 | (2,697,656) |
| Taxation | 28 | - | - |
| Profit / (loss) for the year | | 72,318,548 | (2,697,656) |
| Other comprehensive income for the year | | - | - |
| Total comprehensive income / (loss) for the year | | <u>72,318,548</u> | <u>(2,697,656)</u> |
| Earnings / (loss) per certificate - basic and diluted | 29 | <u>24.11</u> | <u>(0.90)</u> |

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

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

**NAVEED RIAZ
CHIEF EXECUTIVE**

**AMEED RIAZ
DIRECTOR**

**ALI UDDIN AHMED
DIRECTOR**

**MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER**



FIRST IMROOZ MODARABA

FIRST IMROOZ MODARABA STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2024

| Note | 2024 Rupees | 2023 Rupees (Restated) |
|--|---------------------|------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Profit / (loss) before income tax | 72,318,548 | (2,697,656) |
| Adjustments for non-cash and other items: | | |
| Depreciation of property and equipment | 3,879,030 | 2,866,155 |
| Amortization of intangible assets | 520,896 | 392,029 |
| Gain on disposal of property and equipment | (69,603) | (1,250,772) |
| Reversal of provision of doubtful debts | - | (857,111) |
| Provision for doubtful debts | 1,432,290 | - |
| Amortization of deferred capital grant | - | (27,953) |
| Running musharaka charges | 2,099,928 | 1,099,244 |
| Diminishing musharaka charges | 379,737 | 367,385 |
| Minimum tax differential | 66,419,664 | 77,058,880 |
| Salam charges | - | 43,567 |
| Musawamah charges | 31,655,233 | 18,613,934 |
| Staff gratuity | - | 601,480 |
| | <u>106,317,175</u> | <u>98,906,838</u> |
| Operating profit before working capital changes | 178,635,723 | 96,209,182 |
| Working capital changes | | |
| Decrease / (increase) in current assets | | |
| Stock in trade | 66,121,589 | 270,280,133 |
| Trade debtors | 104,097,254 | (110,188,120) |
| Advances, deposits and prepayments | 23,181,285 | 7,451,261 |
| | <u>193,400,128</u> | <u>167,543,274</u> |
| (Decrease) / increase in current liabilities | | |
| Creditors, accrued and other liabilities | (306,523,242) | (94,830,149) |
| Cash generated from operations | 65,512,609 | 168,922,307 |
| Running musharaka charges paid | (2,424,967) | (855,976) |
| Diminishing musharaka charges paid | (379,737) | (367,385) |
| Salam charges paid | - | (15,614) |
| Musawamah charges paid | (27,858,092) | (17,960,155) |
| Income tax paid | (66,419,664) | (84,434,487) |
| Staff gratuity paid | - | (6,618,982) |
| Net cash (used in) / generated from operating activities | <u>(31,569,851)</u> | <u>58,669,708</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of property and equipment | (1,815,452) | (8,993,610) |
| Purchase of intangible assets | - | (773,200) |
| Proceeds from disposal of property and equipment | 285,000 | 1,432,495 |
| Net cash used in investing activities | <u>(1,530,452)</u> | <u>(8,334,315)</u> |



FIRST IMROOZ MODARABA

**FIRST IMROOZ MODARABA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

| | 2024 Rupees | 2023 Rupees (Restated) |
|--|------------------------------|---|
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Dividend paid | (14,790,699) | (16,012,404) |
| Receipts of Qard-e-Hasana from Modaraba Management Company | 243,500,000 | 336,500,000 |
| Repayment of Qard-e-Hasana to Modaraba Management Company | (243,500,000) | (391,500,000) |
| Repayment of salam finances | - | (1,376,727) |
| Receipts from musharaka finances | 1,821,671,890 | 1,362,822,717 |
| Repayment of musharaka finances | (1,819,617,530) | (1,378,533,219) |
| Receipts of musawamah finances | 485,000,000 | 475,000,000 |
| Repayment of musawamah finances | (485,000,000) | (390,000,000) |
| Net cash used in financing activities | <u>(12,736,339)</u> | <u>(3,099,633)</u> |
| Net (decrease) / increase in cash and cash equivalents | (45,836,642) | 47,235,760 |
| Cash and cash equivalents at beginning of the year | 52,255,980 | 5,020,220 |
| Cash and cash equivalents at end of the year | <u><u>6,419,338</u></u> | <u><u>52,255,980</u></u> |

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

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

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CHIEF EXECUTIVE**

**AMEED RIAZ
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CHIEF FINANCIAL OFFICER**



FIRST IMROOZ MODARABA

FIRST IMROOZ MODARABA STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2024

| | Paid-up certificate capital | Statutory reserve | Revenue reserve (Un-appropriated profit) | Total |
|--|-----------------------------|-------------------|--|--------------|
| ----- Rupees ----- | | | | |
| Balance at July 01, 2022 | 30,000,000 | 118,733,257 | 35,003,813 | 183,737,070 |
| Loss for the year | - | - | (2,697,656) | (2,697,656) |
| Other comprehensive income | - | - | - | - |
| Total comprehensive loss for the year | - | - | (2,697,656) | (2,697,656) |
| Transaction with owners | | | | |
| Profit distribution for the year ended June 30, 2022 at Rs. 5.50 per certificate | - | - | (16,500,000) | (16,500,000) |
| Balance at June 30, 2023 | 30,000,000 | 118,733,257 | 15,806,157 | 164,539,414 |
| Profit for the year | - | - | 72,318,548 | 72,318,548 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | - | 72,318,548 | 72,318,548 |
| Transaction with owners | | | | |
| Profit distribution for the year ended June 30, 2023 at Rs. 5 per certificate | - | - | (15,000,000) | (15,000,000) |
| Balance at June 30, 2024 | 30,000,000 | 118,733,257 | 73,124,705 | 221,857,962 |

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

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FIRST IMROOZ MODARABA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

1 STATUS AND NATURE OF BUSINESS

1.1 First Imrooz Modaraba (the Modaraba) is a multipurpose and perpetual modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by A R Management Services (Private) Limited (the Modaraba Management Company). The Modaraba Management Company is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is registered with the Registrar of Modaraba Companies and Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The Modaraba is listed on Pakistan Stock Exchange Limited. After receiving the certificate of minimum subscription the Modaraba commenced its operations with effect from March 01, 1994.

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

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

Transaction-wise details of the above arrangements have been presented in note 34 to these financial statements.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Boards (IASB) as notified under the Companies Act 2017; and
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under the Companies Act 2017;



FIRST IMROOZ MODARABA

- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Companies Act, 2017;
- Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) [Regulations] differ from IFRS, the requirements of the Regulations have been followed.

Furthermore, SECP vide S.R.O. 203 (I)/2024. dated February 15, 2024 has changed the nomenclature of primary statements.

2.2 **Basis of measurement**

These financial statements have been prepared under the historical cost convention except as stated otherwise in these financial statements.

2.3 **Functional and presentation currency**

These financial statements are presented in Pak Rupees, which is also the Modaraba's functional and presentation currency.

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

3.1 **New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024**

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or did not have significant impact on the financial statements other than certain additional disclosures.

**Effective date
(annual periods
beginning on or
after)**

Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 Making Materiality Judgements- Disclosure of Accounting Policies January 01, 2023



FIRST IMROOZ MODARABA

| | Effective date (annual periods beginning on or after) |
|--|--|
| Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction | January 01, 2023 |
| Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes | January 01, 2023 |

The Modaraba adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Modaraba to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 4 "Material accounting policies" (2023: Significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

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

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

| | |
|--|------------------|
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |



FIRST IMROOZ MODARABA

| | Effective date (annual periods beginning on or after) |
|--|--|
| Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments | January 01, 2026 |
| Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current | January 01, 2024 |
| Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants | January 01, 2024 |
| Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements | January 01, 2024 |
| Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability | January 01, 2025 |
| IFRS 17 Insurance Contracts | January 01, 2026 |
| IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP) | |
| IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption of IFRS - 17 which will be adopted by January 01, 2026. | |
| IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP | |
| IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP | |



FIRST IMROOZ MODARABA

4. MATERIAL ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

The accounting policies adopted in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for change in accounting policy as disclose in Note 4.9 In addition Modaraba adopted Disclosure of Accounting Policies (Amendment to IAS 1 and IFRS Practice Statement 2) from January 01, 2023. The amendments requires the disclosure of 'material', rather than 'significant', accounting policies. Although amendment did not result in any changes to the accounting policies themselves.

The preparation of financial statements in conformity with the approved accounting and reporting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- Estimates of residual values, useful lives and depreciation methods of tangible assets (notes 4.1 and 5);
- Estimates of residual values, useful lives and amortization methods of intangible assets (notes 4.2 and 6);
- Taxation (note 4.8,4.7 and 28);
- Provision for doubtful debts (note 4.3.4 and 10.1);
- Provision for staff gratuity (note 4.15 and 19);
- Stock in trade (note 4.5 and 9);
- Contingencies (note 20)

4.1 Property and equipment

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

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



FIRST IMROOZ MODARABA

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

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

4.2 Intangible assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

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 recognized 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 the item can be measured reliably. Amortization is charged to income using the straight line method over a period of four years

The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed off, it is charged till the month preceding the month of disposal.

4.3 Financial instruments

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

4.3.1 Financial assets

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

4.3.2 Initial measurement of financial asset

The Modaraba classifies its financial assets into following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost.



FIRST IMROOZ MODARABA

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

4.3.3 Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.

Financial assets at amortized cost These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

Debt investments at FVTOCI These assets are subsequently measured at fair value. Interest /markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in income statement. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

Equity investments at FVTOCI These assets are subsequently measured at fair value. Dividends are recognized as income in income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

Surplus / (Deficit) on re-measurement of FVTOCI investment is presented separately from equity

4.3.4 Impairment

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

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



FIRST IMROOZ MODARABA

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

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

4.3.5 Non-financial assets

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

4.3.6 Impairment of non-financial assets

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

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

4.3.7 Financial liabilities

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

Recognition and measurement

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

Derecognition

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

4.4 Offsetting of financial assets and liabilities

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

4.5 Stock in trade

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

4.6 Trade debtors and other receivables

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

4.7 Current and deferred income tax

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



FIRST IMROOZ MODARABA

The Institute of Chartered Accountants of Pakistan has issued IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes and defined two approaches for bifurcation of tax between current and minimum taxes. The Modaraba has adopted an approach to account for current tax calculated on taxable profit using the notified tax rate as an income tax and minimum tax any amount over the current tax calculated on taxable income is accounted for as excess over the current tax and is recognised as levy as per IFRIC 21/IAS 37.

4.7.1 Current

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

4.7.2 Deferred

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

4.8 Levy

Minimum tax, final tax and super-tax not based on taxable profits are recognized as a levy in the statement of profit or loss and other comprehensive income. Any excess of expected income tax paid or payable for the year under the Ordinance over the amount designated as a levy is then recognized as current income tax expense in the statement of profit or loss and other comprehensive income.

4.9 Change in accounting policy

Previously, sum of current tax expense calculated as per applicable tax laws, prior year tax expense and deferred tax was recorded as income tax expense.

During the year the Institute of Chartered Accountant of Pakistan has issued the guidance for accounting of minimum and final taxes through circular No. 7/2024 dated May 15, 2024 and defined following two approaches:

Approach 1: Designate the amount calculated as tax on gross amount of revenue or other basis as a levy within the scope of IFRIC 21/IAS 37 and recognize it as an operating expense Any excess over the amount designated as a levy is then recognized as current income tax expense falling under the scope of IAS 12.

Approach 2: Designate the amount of tax calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognize it as current income tax expense. Any excess over the amount designated as income tax, is then recognized as a levy falling under the scope of IFRIC 21/IAS 37.



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During the year ended June 30, 2024, the Modaraba has revised its accounting policy and adopted approach 1. This change in accounting policy has been accounted for retrospectively as referred under International Accounting Standard - 8 'Accounting policies, Changes in Accounting Estimates and Errors', and the comparative financial statements have been restated.

| | As previously reported | As restated | Restatement |
|---|------------------------|--------------|--------------|
| For the year ended June 30, 2023 | | | |
| Effect on statement of financial position | | | |
| Advances, other receivables, deposits | 8,764,577 | 25,493,534 | 16,728,957 |
| Taxation (Asset) | 16,728,957 | - | (16,728,957) |
| Effect on statement of profit or loss and other comprehensive income | | | |
| Profit before income tax and | - | 74,361,224 | 74,361,224 |
| Minimum tax differential | - | (77,058,880) | (77,058,880) |
| Loss before income tax | (74,361,224) | (2,697,656) | (77,058,880) |
| Taxation | (77,058,880) | - | (77,058,880) |
| For the year ended June 30, 2022 | | | |
| Effect on statement of financial position | | | |
| Advances, other receivables, deposits | 16,215,838 | 25,569,188 | 9,353,350 |
| Taxation (Asset) | 9,353,350 | - | (9,353,350) |
| Effect on statement of profit or loss and other comprehensive income | | | |
| Profit before income tax and | - | 86,847,717 | 86,847,717 |
| Minimum tax differential | - | (62,478,981) | (62,478,981) |
| Profit before income tax | 86,847,717 | 24,368,736 | (62,478,981) |
| Taxation | (62,478,981) | - | (62,478,981) |

The change has been applied retrospectively resulting in reclassifications in the statement of financial position and statement of profit or loss and other comprehensive income.

4.10 Cash at banks

Cash at banks is carried at nominal value.



FIRST IMROOZ MODARABA

4.10.1 Cash and cash equivalent

Cash and cash equivalents are carried in the statement of financial position at nominal value. For the purpose of statement of cash flows, cash and cash equivalents consist of balances with banks.

4.11 Statutory reserve

Regulation 13 of the Modaraba Regulations, 2021 issued by SECP vide S.R.O. 284 (I)/2021 dated March 05, 2021 required a Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time the reserve equaled 100% of the paid up certificate capital. Thereafter, a sum not less than 5% and not more than 20% of the after tax profits was to be transferred. However, as per S.R.O. 1547(I)/2022 dated August 15, 2022, certain amendments have been made to the Modaraba Regulations, 2021 where such requirement has been made optional.

4.12 Musharaka financing

4.12.1 Running musharaka

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

4.12.2 Diminishing musharaka

Diminishing Musharakah is a facility to finance the purchase of local manufactured brand new/used Commercial and Non Commercial vehicles. Under this mechanism, both the parties have joint ownership in asset and the Modaraba gradually purchase all share of ownership from bank.

4.12.3 Salam financing

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



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4.12.4 Musawamah financing

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

4.12.5 Leases

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

4.13 Trade creditors and other payables

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

4.14 Deferred capital grant

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

4.15 Staff retirement benefits

(a) Defined benefit plan - Staff gratuity

The Modaraba operated an unfunded gratuity scheme for all its employees who had completed the minimum qualifying period of service as defined under the scheme. Modaraba's obligations under the scheme was determined on the basis of actuarial valuation. Most recent valuation was carried out by a qualified actuary in accordance with IAS 19 Employees Benefits on June 30, 2022 using the Projected Unit Credit Method.

With effect from the year ended June 30, 2022, the Board of Directors of the Modaraba in their meeting held on April 26, 2022 had decided to cease the Gratuity Scheme in operation. The defined benefit liability determined under the Actuarial Valuation Report dated July 20, 2022 for the year ended June 30, 2022 was deemed to be full and final liability of the Modaraba towards the employees concerned. It was further decided that such benefit will be paid at the time of retirement of the concerned employee.



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(b) Defined contribution plan - Provident fund

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

4.16 Qard-e-Hasana

Qard-e-Hasana not carrying any markup and contracted between the Modaraba and its Management Company for short-term period is recognized in current liability as qard-e-hasana.

4.17 Provisions

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

4.18 Foreign currency transactions

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

4.19 Revenue recognition

Revenue from sale of goods is measured at the fair value of the consideration received or receivable and represents amount receivable for goods provided in the normal course of business when control of asset is transferred.

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

Profit on Munafa account is recognized on accrual basis.



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

4.20 Segment reporting

An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components, whose operating results are regularly reviewed by Modaraba's chief operating officer to make decision about resources to be allocated to the segment and assess its performance and for which discrete financial information is available. The Modaraba has only one segment at the reporting date.

4.21 Earning's per certificate

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

4.22 Related party transactions

Transactions and contracts with the related parties are based on the policy that all transactions between the Modaraba and related parties are carried out at agreed terms as approved by the Board of Directors of management company.

| | | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|----------------------------------|-----|---------------------------------------|---------------------------------------|
| 5. PROPERTY AND EQUIPMENT | | | |
| Tangible assets - owned | 5.1 | <u>11,727,765</u> | <u>14,006,740</u> |



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5.1 Tangible assets - owned

| Description | Leasehold improvements | Furniture and fittings | Vehicle | Office equipment | Electrical appliances | Computer equipment | Motor vehicle on diminishing musharaka | Total |
|---------------------------------------|------------------------|------------------------|------------|------------------|-----------------------|--------------------|--|------------|
| ------(Rupees in thousands)----- | | | | | | | | |
| Year ended June 30, 2024 | | | | | | | | |
| Net carrying value basis | | | | | | | | |
| Opening net book value | 1 | 251,669 | 7,466,370 | 1,330,936 | 341,382 | 2,567,082 | 2,049,300 | 14,006,740 |
| Additions | - | - | 157,900 | - | - | 1,657,550 | - | 1,815,450 |
| Deletions-NBV | - | 31 | 42,850 | 419,437 | - | 65 | - | 462,383 |
| Depreciation charge | 1 | 41,185 | 1,609,637 | 165,342 | 58,109 | 1,198,865 | 558,900 | 3,632,039 |
| Closing net book value | - | 210,453 | 5,971,783 | 746,157 | 283,270 | 3,025,702 | 1,490,400 | 11,727,765 |
| Gross carrying value basis | | | | | | | | |
| Cost | 2,400,125 | 642,328 | 20,100,919 | 4,108,767 | 587,760 | 8,837,940 | 2,794,500 | 39,472,339 |
| Accumulated depreciation | 2,400,125 | 431,875 | 14,129,136 | 3,362,610 | 296,490 | 5,820,238 | 1,304,100 | 27,744,574 |
| Net book value | - | 210,453 | 5,971,783 | 746,157 | 291,270 | 3,017,702 | 1,490,400 | 11,727,765 |
| Year ended June 30, 2023 | | | | | | | | |
| Net carrying value basis | | | | | | | | |
| Opening net book value | 240,016 | 294,739 | 762,254 | 1,283,961 | 430,765 | 2,441,073 | 2,608,200 | 8,061,008 |
| Additions | - | - | 7,379,900 | 420,635 | - | 1,193,075 | - | 8,993,610 |
| Deletions-NBV | - | - | 158,026 | - | 23,696 | 1 | - | 181,723 |
| Depreciation charge | 240,015 | 43,070 | 517,758 | 373,660 | 65,687 | 1,067,065 | 558,900 | 2,866,155 |
| Closing net book value | 1 | 251,669 | 7,466,370 | 1,330,936 | 341,382 | 2,567,082 | 2,049,300 | 14,006,740 |
| Gross carrying value basis | | | | | | | | |
| Cost | 2,400,125 | 1,150,930 | 19,985,869 | 6,403,933 | 579,760 | 10,285,300 | 2,794,500 | 43,600,417 |
| Accumulated depreciation | 2,400,124 | 899,261 | 12,519,499 | 5,072,997 | 238,378 | 7,718,218 | 745,200 | 29,593,677 |
| Net book value | 1 | 251,669 | 7,466,370 | 1,330,936 | 341,382 | 2,567,082 | 2,049,300 | 14,006,740 |
| 5.1.1 Depreciation rates (% per anum) | 10 | 10 | 20 | 20 | 10 | 25 | 20 | |



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| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|----------------------|------|------------------------------|------------------------------|
| 6. INTANGIBLE | | | |
| Intangible assets | 6.1 | <u>877,600</u> | <u>1,398,496</u> |

6.1 Intangible assets

| Particulars | Cost | | Accumulated amortization | | | Carrying value as at June 30, 2024 | Rate of amortization per annum |
|----------------------------|---------------------|---------------------------|--------------------------|---------------------|---------------------|------------------------------------|--------------------------------|
| | As at July 01, 2023 | Additions during the year | As at June 30, 2024 | As at July 01, 2023 | Charge for the year | | |
| | -----Rupees----- | | | | | | % |
| Licensed computer software | 3,429,266 | - | 3,429,266 | 2,739,537 | 327,596 | 3,067,133 | 25 |
| Website Development Cost | 2,773,200 | - | 2,773,200 | 2,064,433 | 193,300 | 2,257,733 | 25 |
| Total | 6,202,466 | - | 6,202,466 | 4,803,970 | 520,896 | 5,324,866 | 877,600 |

| Particulars | Cost | | Accumulated amortization | | | Carrying value as at June 30, 2023 | Rate of amortization per annum |
|----------------------------|---------------------|---------------------------|--------------------------|---------------------|---------------------|------------------------------------|--------------------------------|
| | As at July 01, 2022 | Additions during the year | As at June 30, 2023 | As at July 01, 2022 | Charge for the year | | |
| | -----Rupees----- | | | | | | % |
| Licensed computer software | 3,429,266 | - | 3,429,266 | 2,411,941 | 327,596 | 2,739,537 | 25 |
| Website Development Cost | 2,000,000 | 773,200 | 2,773,200 | 2,000,000 | 64,433 | 2,064,433 | 25 |
| Total | 5,429,266 | 773,200 | 6,202,466 | 4,411,941 | 392,029 | 4,803,970 | 1,398,496 |

| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|------------------------------|------|------------------------------|------------------------------|
| 7. LONG TERM DEPOSITS | | | |
| Deposits | 7.1 | <u>598,202</u> | <u>598,202</u> |

7.1 This includes amount of Rs. 0.387 million (2023: 0.387 million) deposited with Bank AL Habib Limited for obtaining vehicle on Diminishing Musharaka financing.

| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|-----------------------------|------|------------------------------|------------------------------|
| 8. DEFERRED TAXATION | | | |
| | 8.1 | <u>-</u> | <u>-</u> |

8.1 Deferred tax asset amounting to Rs. 6.921 million (2023: 5.215 million) has not been recognized in these financial statements as management is uncertain about the timing and extent of future taxable profits against which such benefit can be utilized.



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| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|---|------|------------------------------|------------------------------|
| 9. STOCK IN TRADE | | | |
| In hand | | 190,872,453 | 273,830,793 |
| In bonded warehouse | | 125,823,426 | 106,579,668 |
| Provision for slow moving and obsolete stock | 9.1 | (4,622,544) | (2,215,537) |
| | | <u>312,073,335</u> | <u>378,194,924</u> |
| 9.1 Provision for slow moving and obsolete stock | | | |
| Balance at July 01 | | 2,215,537 | 1,530,787 |
| Provision for the year | | 2,407,007 | 684,750 |
| Balance as at June 30 | | <u>4,622,544</u> | <u>2,215,537</u> |
| 10. TRADE DEBTORS | | | |
| Unsecured : | | | |
| Considered good | | 211,431,517 | 315,528,774 |
| Considered doubtful | | 4,020,704 | 4,020,701 |
| | | <u>215,452,221</u> | <u>319,549,475</u> |
| Less: provision for expected credit losses | 10.1 | (9,769,090) | (8,336,800) |
| | | <u>205,683,131</u> | <u>311,212,675</u> |
| 10.1 Provision for expected credit losses | | | |
| Opening provision | | 8,336,800 | 9,193,911 |
| Provision made during the year | 10.3 | 1,432,290 | (857,111) |
| Provision reversed during the year | | - | (857,111) |
| | | <u>1,432,290</u> | <u>(857,111)</u> |
| | | <u>9,769,090</u> | <u>8,336,800</u> |
| 10.2 Ageing analysis | | | |
| Not overdue | | 28,634,824 | 117,607,986 |
| Past due 31-90 days | | 145,797,277 | 81,747,016 |
| Past due 91-180 days | | 35,469,416 | 116,173,772 |
| Past due 181-365 days | | 1,530,000 | - |
| Past due 365 days | | 4,020,704 | 4,020,701 |
| | | <u>215,452,221</u> | <u>319,549,475</u> |
| Provision for expected credit losses | | (9,769,090) | (8,336,800) |
| | | <u>205,683,131</u> | <u>311,212,675</u> |



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| | Note | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) (Restated) |
|--|--|-------------------------------|--|
| 11. ADVANCES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS | | | |
| Advances | | 609,512 | 27,478 |
| Deposits | | 500,000 | 150,150 |
| Prepayments | | 1,202,737 | 970,919 |
| Sales tax adjustable | | - | 7,616,030 |
| Minimum tax - levy | | - | 16,728,957 |
| | | <u>2,312,249</u> | <u>25,493,534</u> |
| 12. CASH AT BANKS | | | |
| Current accounts | | 4,113,211 | 10,163,428 |
| Munafa accounts | 12.1 | 2,306,127 | 42,092,552 |
| | | <u>6,419,338</u> | <u>52,255,980</u> |
| 12.1 | This represents account maintained with Soneri Mustaqeem Islamic Banking and carries profit ranging from 15% to 18% (2023: 5.5% to 6.85%) per annum. | | |
| 13. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL | | | |
| | | 2024 | 2023 |
| | | Number of certificates | Modaraba certificates of Rs. |
| | | <u>3,000,000</u> | <u>3,000,000</u> |
| | | 10/- each fully | <u>30,000,000</u> |
| | | | <u>30,000,000</u> |
| 13.1 | The Modaraba Management Company holds 600,000 certificates (2023: 600,000). | | |
| 13.2 | The Modaraba has only one class of certificate capital and each certificate carries equal rights. | | |
| 14. STATUTORY RESERVE | | | |
| | | 118,733,257 | 118,733,257 |
| | | - | - |
| | | <u>118,733,257</u> | <u>118,733,257</u> |
| 14.1 | During the year, the Modaraba has transferred Nil% (2023: Nil%) of its after tax profits to statutory reserve. | | |



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| | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|------------------------------------|---------------------------------------|---------------------------------------|
| 15. REVENUE RESERVE | | |
| Balance as on July 01 | 15,806,157 | 35,003,813 |
| Profit distribution | (15,000,000) | (16,500,000) |
| Total comprehensive income /(loss) | 72,318,548 | (2,697,656) |
| Transferred to statutory reserve | - | - |
| | 73,124,705 | 15,806,157 |

15.1 As per Regulation 32 of the Modaraba Regulations, 2021 issued by SECP vide SRO 284(I)/2021 dated March 05, 2021, a Modaraba shall distribute 90% of its net annual profits, after appropriation to reserves, amongst its certificate holders. However, as per S.R.O. 1547(I)/2022 dated August 15, 2022, certain amendments had been made to the Modaraba Regulations, 2021 under which the requirement to distribute 90% of net annual profit had been made optional.

16. OBLIGATION UNDER FINANCING FACILITIES - SECURED

Bank Al Habib Limited :

| | | | |
|--|------|-------------|-------------|
| Diminishing Musharaka | 16.1 | 1,422,622 | 2,032,331 |
| Less: non-current portion under Diminishing Musharaka | | (812,945) | (1,422,655) |
| Current portion under Diminishing Musharaka financing facility | | 609,677 | 609,676 |
| Musawamah financing facility | 16.2 | 140,000,000 | 140,000,000 |
| | | 140,609,677 | 140,609,676 |

16.1 The Modaraba had obtained Diminishing Musharaka financing facility with a sanctioned limit of Rs. 10 million for the purchase of locally manufactured brand new / used commercial and non-commercial vehicles for Modaraba's / staff use. The facility carries profit at 1 year KIBOR plus 2.25% (2023: 1 year KIBOR plus 2.25%) and is repayable within 5 years from the date of delivery of vehicle(s).

16.2 The Modaraba has availed Musawamah financing facility with a sanctioned limit of Rs. 230 million (2023: 230 million) to finance sale of inventory owned by the Modaraba. The facility carries profit at 3 months KIBOR plus 1.5% (2023: 3 months KIBOR plus 1.5%).

16.3 Musharaka financing facility and Musawamah financing facility are secured against registered hypothecation charge over current assets, including stocks & book debts of the Modaraba amounting to Rs. 400 million (including 25% margin), registered specific hypothecation charge over vehicle(s) from Rs. 10 million, hire purchase agreement (HPA) marking over vehicle(s) in excise and taxation department acquired under Diminishing Musharaka arrangement and personal guarantees of directors of the Modaraba for Rs. 515 million each.



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| | | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|--|--|---------------------------------------|---------------------------------------|
| 17. CREDITORS, ACCRUED AND OTHER LIABILITIES | | | |
| Import bills payable | | 110,486,933 | 436,606,686 |
| Creditors | | 1,255,387 | 1,732,023 |
| Advances from customer | | 1,263,988 | 1,609,000 |
| Accrued liabilities | | 12,723,795 | 6,096,334 |
| Unclaimed profit distribution | | 9,874,863 | 9,665,562 |
| Sales tax payable | | 201,444 | - |
| Sindh Workers' Welfare Fund | 17.1 | 15,490,654 | 14,159,254 |
| Management fee payable to Modaraba Management Company | 26.1 | 15,729,956 | - |
| | | <u>167,027,020</u> | <u>469,868,859</u> |
| 17.1 | <p>This represents the provision for Sindh Workers' Welfare Fund for the periods from June 30, 2014 till year end date. The Sindh Workers Welfare Fund Act, 2014 (Sindh WWF Act) was passed by the Sindh Assembly on June 04, 2015 and as per Section 5(1) of the Sindh WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's account year ended on June 30, 2014. As per definitions Section 2(g) of the Sindh WWF Act, the Modarabas were considered to be an industrial establishment, despite the fact that even remotely they could not be considered as industrial establishment due to their nature of business. Further the issue of apportionment of income relevant to the province of Sindh also needs to be clarified. The NBF & Modaraba Association of Pakistan is contemplating to file petition against such levy, as Sindh High Court has granted stay to various Banks and Financial Institutions in Suit No.610 of 2017. However, the management of the Modaraba has decided to record a provision on prudent basis.</p> | | |
| 18. RUNNING MUSHARAKA | | | |
| Running Musharaka | | <u>2,664,069</u> | <u>-</u> |
| 18.1 | <p>The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 30 million (2023: Rs. 30 million). This facility has been obtained to finance working capital requirements of the Modaraba and carries profit at 3 months KIBOR.of 1.5% (2023: 1.5%)</p> | | |
| 19. DEFINED BENEFIT PLAN - STAFF GRATUITY | | | |
| Net liability in the statement of financial position | | | |
| Present value of defined benefit obligation | | <u>6,719,947</u> | <u>6,719,947</u> |



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| | June 30, 2024 (Rupees) | June 30, 2023 (Rupees) |
|--|---------------------------------------|---------------------------------------|
| 19.1 Movement in net liability in the statement of financial position | | |
| Balance as at July 01 | 6,719,947 | 12,737,449 |
| Charge for the year | - | 601,480 |
| Payments made during the year | - | (6,618,982) |
| Balance as at June 30 | <u>6,719,947</u> | <u>6,719,947</u> |
| 20. CONTINGENCIES AND COMMITMENTS | | |
| 20.1 Contingencies | | |
| <p>The Deputy Commissioner (DC), Unit 37 of the Sindh Revenue Board (SRB) issued Show Cause Notices (SCNs) in October 2023, relating to the tax period ended June 2016 to June 2022 for recovery of Sindh Workers Welfare Fund (SWWF).</p> <p>The Modaraba has filed its responses to the said SCNs taking plea that the Modaraba is not engaged in any kind of activity whatsoever related to banking or financing, since its inception. It is engaged in the business of commercial imports of specialty chemicals. Therefore, provisions of SWWF are not applicable on the Modaraba.</p> <p>The DC of SRB passed seven orders in November 2023, and in January 2024, creating aggregate demand of Rs.26,087,353/-, which includes Penalties Rs.778,000/- and Additional amount @ 15% p.a. at Rs.9,749,348/-.</p> <p>The Modaraba has filed appeals before the Commissioner Appeals, SRB, Karachi where the matter is pending. The SRB Tribunal has been pleased to grant stay of disputed demand, subject to the payment of Rs.1,500,000. However, Modaraba has paid a sum of Rs. 1,500,000 to grant a stay on running provisions. The management of the Modaraba is hopeful of positive outcome.</p> | | |
| 20.2 Commitments | | |
| <p>Post dated cheques to Collector of Customs amounting to Rs. 87.152 million (2023: Rs. 47.004 million) on account of custom dues and taxes on goods at bonded warehouse.</p> | | |
| 21. SALES | | |
| Sales - net | <u>1,260,138,291</u> | <u>1,668,528,532</u> |



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Sales tax of Rs. 244.267 million (2023 : Rs.304.571 million) has been charged and deposited on these sales.

- 21.1 During the year, advance from customer amounting to Rs. 3.060 million (2023: Rs. 2.428 million) has been received from customers and amounting to Rs. 3.405 million (2023: Rs. 2.005 million) has been transferred to sales.

| | Note | June 30, 2024 Rupees | June 30, 2023 Rupees |
|-----------------------------------|------|----------------------------|----------------------------|
| 22. COST OF SALES | | | |
| Opening stock at July 01 | | 273,830,793 | 190,284,416 |
| Purchases | | 909,118,942 | 1,585,288,961 |
| Closing stock at June 30 | 9 | <u>(190,872,453)</u> | <u>(273,830,793)</u> |
| | | <u>992,077,282</u> | <u>1,501,742,584</u> |
| 23. OPERATING EXPENSES | | | |
| Salaries and other staff benefits | 23.1 | 36,534,434 | 34,210,210 |
| Staff gratuity | | - | 601,480 |
| Provident fund contribution | | 859,169 | 944,247 |
| Rent, rates and taxes | | 5,951,768 | 6,260,768 |
| Travelling and conveyance | | 946,010 | 53,750 |
| Depreciation | 5.1 | 3,879,030 | 2,866,155 |
| Amortization | 6 | 520,896 | 392,029 |
| Cartage | | 2,904,370 | 2,631,637 |
| Vehicles running and maintenance | | 4,287,175 | 4,176,858 |
| Insurance | | 2,871,332 | 3,679,617 |
| Legal and professional | | 7,443,083 | 8,303,266 |
| Security charges | | 1,625,560 | 1,310,290 |
| Fees and subscriptions | | 1,169,211 | 1,318,534 |
| Repairs and maintenance | | 270,816 | 470,856 |
| Postage and telephone | | 477,582 | 522,369 |
| Bank charges | | 666,665 | 1,431,808 |
| Auditors' remuneration | 23.2 | 724,125 | 703,909 |
| Electricity | | 1,812,159 | 1,862,137 |
| Sample clearance | | 803,294 | 629,978 |
| Entertainment | | 682,868 | 388,467 |
| Printing and stationery | | 71,845 | 93,300 |
| Cleaning and washing | | 413,236 | 274,507 |
| Newspaper advertisement | | 24,500 | - |
| Others | | 776,589 | 524,833 |
| | | <u>75,715,717</u> | <u>73,651,005</u> |



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23.1 Remuneration of Executives

| | 2024 | | 2023 | |
|---------------------------|--------------------|-------------------|-------------------|-------------------|
| | Executives | Total | Executives | Total |
| | ----- Rupees ----- | | | |
| Managerial remuneration | 18,080,836 | 18,080,836 | 13,185,892 | 13,185,892 |
| Fixed bonuses | 701,894 | 701,894 | 383,758 | 383,758 |
| Staff retirement benefits | 165,972 | 165,972 | 374,722 | 374,722 |
| Medical | 92,147 | 92,147 | 224,396 | 224,396 |
| Utilities | - | - | 4,824,432 | 4,824,432 |
| Others | - | - | 25,950 | 25,950 |
| | <u>19,040,849</u> | <u>19,040,849</u> | <u>19,019,150</u> | <u>19,019,150</u> |
| Number of employees | 5 | 5 | 6 | 6 |

Some of the officers and other employees have been provided with vehicles maintained by the Modaraba.

| | Note | June 30, 2024 Rupees | June 30, 2023 Rupees |
|--|------|----------------------------|----------------------------|
| 23.2 Auditors' remuneration | | | |
| Annual audit | | 439,230 | 399,300 |
| Half yearly review | | 109,808 | 99,825 |
| Review of code of corporate governance | | 19,965 | 18,150 |
| CDC certification | | 19,965 | 18,150 |
| Annual free float certificate | | 19,965 | 18,150 |
| Out of pocket expenses | | 61,553 | 98,193 |
| | | <u>670,486</u> | <u>651,768</u> |
| Sindh sales tax on services | | 53,639 | 52,141 |
| | | <u>724,125</u> | <u>703,909</u> |
| 24. FINANCIAL CHARGES | | | |
| Running musharaka charges | | 2,099,928 | 1,099,244 |
| Diminishing musharaka charges | | 379,737 | 367,385 |
| Salam charges | | - | 43,567 |
| Musawamah charges | | 31,655,233 | 18,613,934 |
| | | <u>34,134,898</u> | <u>20,124,130</u> |
| 25. OTHER INCOME | | | |
| Gain on disposal of property and equipment | | 69,603 | 1,250,772 |
| Return on munafa account | | 451,853 | 732,151 |
| Amortization of deferred capital grant | | - | 27,953 |
| | | <u>521,456</u> | <u>2,010,876</u> |



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| | | June 30, 2024 | June 30, 2023 (Restated) |
|--|---|--------------------------|---|
| 26. MODARABA MANAGEMENT COMPANY'S FEE | | | |
| Modaraba Management Company's fee | | <u>15,729,956</u> | <u>-</u> |
| 26.1 | The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. | | |
| 27. MINIMUM TAX DIFFERENTIAL | Note | | |
| Income tax levy under IFRIC 21/IAS 3 | 4.9 | <u>66,419,664</u> | <u>77,058,880</u> |
| | This represents portion of minimum tax paid under section 148 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirement of IFRIC21/IAS 37. | | |
| 28. TAXATION | | | |
| Current tax for the year | 28.1 | <u>-</u> | <u>-</u> |
| 28.1 | Reconciliation of current tax charge as per tax laws for the year, with current tax recognised in profit or loss account is as follows: | | |
| | Income tax under IAS 12 | - | - |
| | Income tax levy under IFRIC 21/IAS 37 | <u>-</u> | <u>-</u> |
| | Current tax liability as per Income Tax Ordinance | <u>-</u> | <u>-</u> |
| 28.2 | The current year's total tax liability of the company amounting to Rs. 66.42 million (2023: Rs. 77.059 million) is covered under Section 148 "Minimum tax" of the Income Tax Ordinance, 2001. | | |
| 29. EARNINGS / (LOSS) PER CERTIFICATE | | | |
| | - BASIC AND DILUTED | | |
| | Profit / (loss) for the year (Rupees) | <u>72,318,548</u> | <u>(2,697,656)</u> |
| | Number of Modaraba certificates | <u>3,000,000</u> | <u>3,000,000</u> |
| | Earnings / (loss) per certificate (Rupees) | <u>24.11</u> | <u>(0.90)</u> |

No figure for diluted earning per certificate has been presented as the Modaraba has not issued any instrument which would have a dilutive impact on basic earning per certificate when exercised.



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30. CHANGES IN LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

| | July 01, 2023 | Financing cash inflows | Financing cash outflows | Non Cash changes - Transfer current portion | June 30, 2024 |
|---|------------------|------------------------|-------------------------|---|---------------|
| | -----Rupees----- | | | | |
| Obligation under financing facilities - secured | 142,032,331 | 2,306,671,890 | (2,304,617,530) | - | 144,086,691 |
| Deferred capital grant | - | - | - | - | - |
| Qard-e-Hasana | - | 243,500,000 | (243,500,000) | - | - |
| Unclaimed profit distribution | 9,665,564 | - | (14,790,699) | 15,000,000 | 9,874,865 |
| | | | | | |
| | July 01, 2022 | Financing cash inflows | Financing cash outflows | Non Cash changes - Transfer current portion | June 30, 2023 |
| | -----Rupees----- | | | | |
| Obligation under financing facilities - secured | 74,091,607 | 1,837,850,670 | (1,769,909,946) | - | 142,032,331 |
| Deferred capital grant | 27,953 | - | (27,953) | - | - |
| Qard-e-Hasana from Modaraba Management Company | 55,000,000 | 336,500,000 | (391,500,000) | - | - |
| Unclaimed profit distribution | 9,177,968 | - | (16,012,404) | 16,500,000 | 9,665,564 |

31. CAPITAL RISK MANAGEMENT

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

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

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

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

| | June 30, 2024 Rupees | June 30, 2023 Rupees |
|--------------------------|----------------------------|----------------------------|
| Debts | 141,422,622 | 142,032,331 |
| Cash and bank balances | (6,419,338) | (52,255,980) |
| Net debt | 135,003,284 | 89,776,351 |
| Equity | 221,857,962 | 164,539,414 |
| Net debt to equity ratio | 0.61:1 | 0.55:1 |



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32. FINANCIAL RISK MANAGEMENT

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

32.1.1 Market risk management

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

a) Profit rate risk management

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. Majority of profit bearing financial instruments are reset within three months to one year prevailing KIBOR thereby limiting exposure in this respect.

The Modaraba has no significant profit-bearing assets apart from following:

Variable rate instrument

| | June 30, 2024 Rupees | June 30, 2023 Rupees |
|-----------------------|-------------------------------------|-------------------------------------|
| Financial assets | | |
| Cash at banks | 6,419,338 | 52,255,980 |
| Financial liabilities | | |
| Running musharaka | 2,664,069 | - |
| Diminishing musharaka | 1,422,622 | 2,032,331 |
| Musawamah | 31,655,233 | 18,613,934 |
| | <u>35,741,924</u> | <u>20,646,265</u> |

There are no fixed rate instruments as at reporting date.

Sensitivity analysis

The table below summarises the impact of increase/decrease in market value of investments on the Modaraba's profit after tax and on equity. The analysis is based on the assumption that the market price had increased/decreased by 5% with all other variables held constant and all Modaraba's equity instruments moved on perfect correlation with the market.

| | June 30, 2024 Rupees | June 30, 2023 Rupees |
|------------------------------|-------------------------------------|-------------------------------------|
| Increase in market value -5% | 1,466,129 | 1,580,486 |
| Decrease in market value -5% | <u>(1,466,129)</u> | <u>(1,580,486)</u> |



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b) Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba's exposure to the risk of changes in foreign exchange rates relates primarily to the Modaraba's operating activities. As at June 30, 2024, the total foreign currency risk exposure was Rs. 112.165 million (2023: Rs. 436.607 million) in respect of import bills payable.

Foreign currency sensitivity analysis

| | Increase / decrease in (%) | Effect on profit before tax (Rupees) |
|---------------------|----------------------------------|--|
| As at June 30, 2024 | +2 | 2,209,739 |
| | -2 | (2,209,739) |
| As at June 30, 2023 | +2 | 8,732,134 |
| | -2 | (8,732,134) |

c) Equity price risk management

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

32.1.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. Total financial assets of Rs. 213.212 million (2023: Rs. 364.217 million) are subject to credit risk.

a) Credit risk related to trade debtors

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

The Modaraba has 7 (2023: 7) major customers that owed the Modaraba Rs. 169.784 million (2023: 275.047 million) and accounted for approximately 80.40% (2023: 86.07%) of all trade debtors. The Modaraba does not hold collateral as security against any trade debtors.

The provision amounting to Rs. 1.432 million (2023: Rs. Nil) has been recorded by the Modaraba as required under expected credit loss model of IFRS 9 'Financial Instruments'.



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b) Credit risk related to bank balances

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

| Banks | Short term | Long term | June 30, 2024 Rupees | June 30, 2023 Rupees |
|----------------------|------------|-----------|----------------------------|----------------------------|
| Bank Alfalah Limited | A1+ | AA+ | 2,651,552 | 5,631,317 |
| Soneri Bank Limited | A1+ | AA- | 3,488,556 | 43,275,434 |
| Bank AL Habib Limite | A1+ | AAA | 86,880 | 3,349,229 |
| Faysal Bank Limited | A1+ | AA | 192,350 | - |
| | | | <u>6,419,338</u> | <u>52,255,980</u> |

32.1.3 Liquidity risk management

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

The following tables detail the Modaraba's remaining contractual maturity for its non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Modaraba can be required to pay.

| | Profit rates | Carrying values | Contractual cash flows | Upto 1 year | 1 to 5 years | More than 5 years |
|--|---------------------|------------------------|-------------------------------|--------------------|---------------------|--------------------------|
| | | | (Rupees) | | | |
| Diminishing Musharaka | 1 year KIBOR+2.25% | 1,422,622 | 1,422,622 | 609,677 | 812,945 | - |
| Running Musharaka | 3 months KIBOR+1.5% | 2,664,069 | 2,664,069 | 2,664,069 | - | - |
| Musawamah financing facility | 3 months KIBOR+1.5% | 140,000,000 | 140,000,000 | 140,000,000 | - | - |
| Creditors, accrued and other liabilities | | 137,347,139 | 137,347,139 | 137,347,139 | - | - |
| 2024 | | <u>281,433,830</u> | <u>281,433,830</u> | <u>280,620,885</u> | <u>812,945</u> | <u>-</u> |
| | | Carrying Values | Contractual Cash Flows | Upto 1 year | 1 to 5 years | More than 5 years |
| | | | (Rupees) | | | |
| Diminishing Musharaka | 1 year KIBOR+2.25% | 2,032,331 | 2,032,331 | 609,676 | 1,422,655 | - |
| Running Musharaka | 3 months KIBOR+1.5% | - | - | - | - | - |
| Musawamah financing facility | 3 months KIBOR+1.5% | 140,000,000 | 140,000,000 | 140,000,000 | - | - |
| Creditors, accrued and other liabilities | | 448,004,271 | 448,004,271 | 448,004,271 | - | - |
| 2023 | | <u>590,036,602</u> | <u>590,036,602</u> | <u>588,613,947</u> | <u>1,422,655</u> | <u>-</u> |

The effective rate of profit on non-derivative financial liabilities are disclosed in respective notes.

33. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

As at year ended June 30, 2024, the Modaraba does not hold any material financial asset or liability measured at fair value. Further, carrying value of all financial assets and liabilities reflected in financial statements approximate their fair value.

| 33.1 FINANCIAL INSTRUMENTS BY CATEGORY | June 30, 2024 Rupees | June 30, 2023 Rupees |
|---|-------------------------------------|-------------------------------------|
| Financial assets at amortised cost | | |
| Trade debtors | 205,683,131 | 311,212,675 |
| Advances, other receivables, deposits and prepayments | 1,109,512 | 177,628 |
| Long term deposits | 598,202 | 598,202 |
| Cash at banks | 6,419,338 | 52,255,980 |
| | <u>213,810,183</u> | <u>364,244,485</u> |
| Financial liabilities at amortised cost | | |
| Creditors, accrued and other liabilities | 137,347,139 | 448,004,271 |
| Obligation under financing facilities - secured | 141,422,622 | 142,032,331 |
| Running Musharaka | 2,664,069 | - |
| | <u>281,433,830</u> | <u>590,036,602</u> |

34. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related parties of the Modaraba include the management company, associated undertakings, retirement benefit plan, directors of the management company and other key management personnel. Detail of transactions with related parties (other than those which have been disclosed elsewhere in these financial statements) are as follow:



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| Company | Basis of association | Aggregate percentage of certificate in Modarba |
|---|-----------------------------|--|
| A R Management Services (Private) Limited | Modaraba Management Company | 20% |
| Group companies : Ashraf Riaz (Private) Limited Ashraf Riaz Knitwear Limited | | |
| Atherton & Imrooz EMI (Pakistan) Limited Imrooz Traders Imlink Limited Tarseel (Private) Limited | Common directorship | 0% |

| Relationship with the Modaraba | Nature of transactions | June 30, 2024 Rupees | June 30, 2023 Rupees |
|---|--|-------------------------|-------------------------|
| Management Company | | | |
| A R Management Services (Private) Limited | Dividend paid to Modaraba Management Company | 3,000,000 | 3,300,000 |
| | Modaraba Management Company's fees | 15,729,956 | - |
| | Receipt of Qard-e-Hasana | 243,500,000 | 336,500,000 |
| | Repayment of Qard-e-Hasana | 243,500,000 | 391,500,000 |
| Associated companies / other related parties | | | |
| Group companies | Share of common expenses | 1,956,471 | 2,702,627 |
| Ashraf Riaz (Private) | Principal office rent | - | 309,000 |
| EMI (Pakistan) Limited | Karachi warehouse rent | 3,213,600 | 3,213,600 |
| Ashraf Riaz Knitwear | Lahore warehouse rent | 2,700,000 | 2,700,000 |
| Provident Fund | | | |
| The Imrooz Employee Provident Fund | Contribution to staff provident fund during the year | 859,169 | 944,247 |
| Directors of management company / Key Management | | | |
| Directors of Modaraba Management Company | Dividend paid | 3,989,000 | 4,387,900 |

34.1 Year end balances

| Relationship with the Management Company | Nature of balances | |
|---|--|------------|
| A R Management Services (Private) Limited | Modaraba Management Company's fees payable | 15,729,956 |



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34.2 No remuneration has been paid to Chief Executive Officer or Directors of the Modaraba Management Company.

35. DISCLOSURE OF COMPANIES LISTED IN ISLAMIC INDEX

| | June 30, 2024 Rupees | June 30, 2023 Rupees |
|---|-------------------------------------|-------------------------------------|
| Loans / advances obtained as per Islamic mode: | | |
| Loans | 141,422,622 | 142,032,331 |
| Advances | - | - |
| Shariah compliant bank deposits / bank balances | 2,306,127 | 42,092,552 |
| Profit earned from shariah compliant bank deposits / bank balances | 451,853 | 732,151 |
| Revenue earned from a shariah compliant business | - | - |
| Gain / (loss) or dividend earned from shariah compliant investments | - | - |
| Exchange loss | 19,171,102 | 249,046,819 |
| Profits paid on Islamic mode of financing | 30,662,796 | 19,199,130 |
| Relationship with shariah compliant banks | - | - |
| Profit earned or profit paid on any conventional loan or advance | - | - |

36. NUMBER OF EMPLOYEES

| | | |
|---|----|----|
| Total employees of the Modaraba at the year end | 19 | 20 |
| Average employees of the Modaraba during the year | 20 | 23 |

37. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Modaraba Management Company in its meeting held on 02-Oct-2024 to approved a final profit distribution of Rs. 15/- per certificate, amounting to Rs. 45,000,000/- for the year ended June 30, 2024.

38. CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged where necessary to facilitate comparison, however there has been no significant reclassification except for the impact as shown in the note pertaining to note 4.9 change in accounting policy.



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39. GENERAL

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

39.2 The Modaraba has set up provident fund for its permanent employees and the contributions are made by the Modaraba to the fund. The audited financial statements of the provident fund for the year ended June 30, 2024 is in progress. However, the net assets of the provident fund based on the audited financial statements as at June 30, 2023 amounted to Rs. 86.294 million out of which 80.21% was invested in different financial instruments categories while 2.9% as deposit with banks. The fair value as at June 30, 2023 of investments of the provident fund amounted to Rs. 69.216 million. The investments out of provident fund have been made in accordance with the requirements of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

39.3 The basis on which foreign currencies have been converted into rupees are as follows:

| | June 30, 2024 | June 30, 2023 |
|----------|--------------------------|--------------------------|
| PKR/GBP | 352.30 | 350.75 |
| PKR/USD | 279.10 | 276.50 |
| PKR/EURO | 298.30 | 310.38 |

40. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Modaraba Management Company and authorized for issue on 02-Oct-2024.

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

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER



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

**First Imrooz Modaraba (the Modaraba) managed by A R Management Services (Private) Limited (the Management Company)
Year ended June 30, 2024**

The Management Company has complied with the requirements of Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) in the following manner:

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

* The requirement of minimum 7 directors and 1/3 or 2 whichever is higher independent director, does not apply to Modaraba Management Company being Private Limited Company.

2. The composition of board is as follows:

| Category | Names |
|----------------------------|---|
| A) Executive Directors | Mr. Naveed Riaz Mr. Ameer Riaz |
| B) Non-Executive Directors | Mr. Omar Mohammad Khan Mrs. Saadat Ikram |
| C) Independent Director | Mr. Aliuddin Ahmed |
| D) Female Director | Mrs. Saadat Ikram |

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Management Company.
4. The Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date 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 / shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors of the Management Company have minimum of 14 years of education and 16 years of experience on the board of a listed Management Company and therefore are exempted from director's training program.
10. There was no appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit during the year.
11. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed following committees comprising of members given below:

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

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

| Committee | Frequency of meetings |
|----------------------------------|---|
| a) Audit Committee | Four quarterly meetings during the financial year ended June 30, 2024 |
| b) HR and Remuneration Committee | One meeting held during the year |

15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan 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 non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.



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

| S. No. | Paragraph reference | Description | Explanation |
|--------|------------------------|--|--|
| | 10 A (1) - 10 A (6) | The board is tasked with overseeing sustainability risks and opportunities, incorporating environmental, social, and governance (ESG) factors into the Modaraba's long-term strategies to enhance corporate value. They are encouraged to adopt SECP's ESG Disclosure Guidelines and ensure the implementation of diversity, equity, and inclusion (DE&I) policies to promote gender equality and representation at all levels. The board must actively identify and address both current and emerging sustainability risks, including climate-related ones, evaluating their potential impacts and developing management strategies. Additionally, they are responsible for regularly reviewing and monitoring the company's sustainability and DE&I goals and performance. To fulfill these duties effectively, the board may establish a dedicated sustainability committee, which must include at least one female director, or expand the role of an existing committee to oversee sustainability-related risks, ensure compliance with relevant laws, and report annually on how sustainability principles are integrated into the organization. Lastly, the directors' report should detail the assessment of sustainability risks, management strategies, and DE&I initiatives within the company. | Although the Modaraba is mainly engaged in trading business and has little or no environmental impact, However, the Modaraba will ensure relevant compliances for specific regulations in ensuing years. |



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| S. No. | Paragraph reference | Description | Explanation |
|--------|---------------------|--|---|
| (i) | 19(3) | Companies are also encouraged to arrange training for: (i) at least one female executive every year under the Directors' Training program from year July 2020; and (ii) at least one head of department every year under the Directors' Training program from July 2022. | This is not a mandatory requirement, moreover, keeping in view the Board size and the staff strength need is not felt at this stage. However, if in future the need arises trainings will be arranged for the concerned staff. |
| (ii) | 29 | The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances. | The size of the Modaraba and the nature of business (trading) do not necessitate these steps. Management is of the view that this will burden the Operating Expenditure without adding any significant value. |
| (iii) | 30 | The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board. | As per current operations and risk profile of the Modaraba, the board has delegated the task to carry out review of effectiveness of risk management procedures to the Audit Committee. The committee then reports to the Board and is performing this function quite vigilantly. |

OMAR MOHAMMAD KHAN
Chairman
Karachi: October 02, 2024



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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AR Management Services (Private) Limited (the Modaraba Management Company) for and on behalf of First Imrooz Modaraba (the Modaraba) for the year ended June 30, 2024 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2024.

KARACHI

DATED: OCTOBER 3, 2024

UDIN: CR2024101662aprOlFjm

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

Mufti Abdul Qadir

Shariah Advisor

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

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

Ref: SRR-FIM

Date: 02-10-24

Annual Shari'ah Review Report of **First Imrooz Modaraba** **For the year ended June 30, 2024**

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

I have conducted the Shari'ah review of First Imrooz Modaraba managed by A R Management Services (Pvt) Limited, the Modaraba Management Company for the year ended June 30, 2024, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that, in my opinion:

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

ii. Following were the major developments that took place during the year:

Training and Development: The key staff of the First Imrooz Modaraba is fully equipped with Shari'ah-compliant business modes and all relevant industry tools through training. In addition, one of the directors qualified the SECP mandated "Directors' Training Program" organized by Pakistan Institute of Corporate Governance (PICG). And the other staff member qualified the "Microsoft" Exam during the period.

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

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

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

Abdul Qadir

Observations:

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

- 1) All the financing facilities have been availed through the Islamic Banking Windows of the Banks.
- 2) With reference to the insurance coverage, it is observed that the Modaraba has availed insurance coverage facility from Takaful Window of EFU General Insurance Ltd.
- 3) Further, it has been noticed that all the surplus funds in the Modaraba are always and invariably placed with Islamic Banking Institutions.

Recommendations:

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

Conclusion:

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

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

Signature



Abdul Qadir
Shari'ah Advisor

Dated: October 2nd, 2024





FIRST IMROOZ MODARABA

**PATTERN OF HOLDINGS OF THE CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2024**

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

| Number of Certificate Holders | : | Certificate Holding | | : | Total Certificates Held |
|--|----------|----------------------------|----------|-----------|------------------------------------|
| | | From | : | To | |
| 48 | : | 1 | : | 100 | 1,243 |
| 111 | : | 101 | : | 500 | 53,361 |
| 15 | : | 501 | : | 1000 | 14,258 |
| 18 | : | 1001 | : | 5000 | 42,350 |
| 9 | : | 5001 | : | 10000 | 65,801 |
| 9 | : | 10001 | : | 100000 | 296,700 |
| 9 | : | 100001 | : | above | 2,526,287 |
| 219 | | | | | 3,000,000 |

| Categories of Certificate Holders | : | Number | : | Certificates Held | : | Percentage % |
|--|----------|---------------|----------|------------------------------|----------|-------------------------|
| Individuals | : | 216 | : | 2,395,340 | : | 79.84 |
| Joint Stock Companies | : | 1 | : | 4,160 | : | 0.14 |
| Modaraba Company | : | 1 | : | 600,000 | : | 20.00 |
| Others | : | 1 | : | 500 | : | 0.02 |
| | : | 219 | : | 3,000,000 | : | 100.00 |



FIRST IMROOZ MODARABA

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

| ASSOCIATED COMPANIES | SHARES HELD |
|--|--------------------|
| A R Management Services (Pvt) Limited Modaraba Management Company | 600,000 |

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

| | | |
|--------------------------------------|-----------------|---------|
| Mr. Naveed Riaz | Chief Executive | 309,000 |
| Mrs. Ismat Riaz w/o Mr. Naveed Riaz | | 259,000 |
| Mr. Ameer Riaz | Director | 246,000 |
| Mrs. Roqaiya Riaz w/o Mr. Ameer Riaz | | 304,400 |
| Mr. Ikramul Haque | | 53,400 |

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

| | |
|------------------------------|-------|
| First Al Noor Modaraba | 4,160 |
| N H Securities (Pvt) Limited | 500 |

CERTIFICATE HOLDERS HOLDING 10% OR MORE

A R Management Services (Pvt) Limited
Modaraba Management Company



NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that Annual Review Meeting of certificate holders of First Imrooz Modaraba will be held on Monday, 28 October 2024 at 11:30 a.m. at Registered Office of the Modaraba Company situated at 125-S, Small Industrial Area, Kot Lakhpat, Lahore, to review the performance of the Modaraba for the year ended June 30, 2024.

The Certificate Holders whose names appear on the Register of Certificate Holders of First Imrooz Modaraba as on October 14, 2024 will be eligible to attend the Annual Review Meeting.

By order of the Board

October 04, 2024

Shabbir Ahmed Jamsa

COMPANY SECRETARY

Note:

1. The Certificate Transfer Book will remain closed from October 15, 2024 to October 28, 2024 (both days inclusive) for the purpose of attending Annual Review Meeting. All transfer received in order up to close of business on October 14, 2024 at our Registrar's office M/s F.D. Registrar Services (Pvt) Limited, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi, will be considered in time.
2. CDC Certificate Holders desiring to attend the meeting are requested to bring their original CNIC, Account and participant's ID number for identification purpose.

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







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Managed by
A R MANAGEMENT SERVICES (PRIVATE) LIMITED



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