

TWENTY NINTH ANNUAL REPORT 2023



FIRST IMROOZ MODARABA



FIRST IMROOZ MODARABA

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VISION / MISSION STATEMENT

IMROOZ is committed to:

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

CODE OF CONDUCT

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



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MODARABA INFORMATION

Modaraba Management Company	A R Management Services (Private) Ltd.
Directors of Modaraba Company	Mr. Naveed Riaz – Chief Executive Mrs. Saadat Ikram Mr. Ameer Riaz Mr. Omar Mohammad Khan Mr. Aliuddin Ahmed
Chief Financial Officer	Mr. Muhammad Ali Baig
Audit Committee	Mr. Aliuddin Ahmed (Chairman) Mr. Omar Mohammad Khan (Member) Mrs. Saadat Ikram (Member)
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
Legal Advisors	Mr. Masood Aziz Advocate Masood Aziz & Associates
Shariah Advisor	Mufti Abdul Qadir
Principal place of business	Room No. 405, 4 th Floor Beaumont Plaza, Beaumont Road Civil Lines Quarters, Karachi.
Registered Office of the Modaraba Company	125-S, Small Industrial Area Kot Lakhpat, Lahore.
Certificate Registration Office	F.D. Registrar Services (Pvt) Limited 17 th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi.



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CHAIRMAN REPORT

Dear Certificate Holders,

I am pleased to present report on the affairs of First Imrooz Modaraba for the year ended June 30, 2023, on the overall performance of the Board of Directors and effectiveness of the role played by the Board in achieving Modaraba's strategic objectives.

This has been a difficult year due to Import restrictions, Foreign Exchange unavailability and shrinking Sales volume due to general economic slowdown. Though the Selling Prices have been higher, the Gross margin has gone down as compared to the preceding year due to 21% decrease in volume and the effect of recognizing loss on currency transactions. However, there is Rs 60.6 million unrealized loss on unsold inventory, which the management is confident will be recovered as Sales will be affected on current prices.

We are hopeful that the economic reforms and macro-economic stability program will lead to recovery of all economic sectors.

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

September 27, 2023



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چیئر مین رپورٹ

معزز سرٹیفکیٹ ہولڈرز،

مجھے فرسٹ امروز مضاربہ کے 30 جون 2023ء کو ختم ہونے والے سال کے معاملات پر بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور مضاربہ کے اسٹریٹجک مقاصد کے حصول میں بورڈ کی طرف سے ادا کیے گئے مؤثر کردار کی رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔

موجودہ سال درآمدی پابندیوں، غیر ملکی زرمبادلہ کی عدم دستیابی اور اقتصادی سست روی کی وجہ سے مشکل رہا۔ اگرچہ فروخت کی قیمتیں زیادہ رہیں، تاہم مجموعی منافع پچھلے سال کے مقابلے میں کم رہا جسکی وجہ حجم میں 21 فیصد سے کمی اور درآمدات پر زرمبادلہ کا خسارہ ہونا ہے۔ تاہم، اس خسارے میں 60.6 ملین روپے کا تعلق غیر فروخت شدہ مال سے ہے، جس کا انتظامیہ کو یقین ہے کہ مارکیٹ میں حالیہ قیمت پر فروخت کے بعد وصولی ہو جائے گی۔

ہمیں امید ہے کہ معاشی اصلاحات اور میکرو اکنامک استحکام پر وگرام تمام اقتصادی شعبوں کی بحالی کا باعث بنے گا۔

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

عمر محمد خان

چیئر مین

بورڈ آف ڈائریکٹرز

27 ستمبر، 2023

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, 2023.

1. Operating Results

The financial results of the Modaraba are summarized below:

	(Rupees in million)	
	2023	2022
Profit before taxation	74.361	86.848
Taxation	77.059	62.479
(Loss) / Profit after taxation	<u>(2.698)</u>	<u>24.369</u>
Appropriations:		
Transfer to Statutory Reserve (2022: 05%)	-	1.218
(Loss) / Profit after appropriation	<u>(2.698)</u>	<u>23.151</u>
(Loss) / Earnings per certificate – basic & diluted	Rs. <u>(0.90)</u>	<u>8.12</u>

2. Review of Financial Performance

Due to the general economic slowdown, the sales volume has dropped, however, increased prices compared to last year resulted in higher sales value. The turnover of the Modaraba increased to Rs. 1,668 million as compared to Rs. 1,378 million last year.

Despite higher sales, the Gross Profit (GP) has declined from Rs. 182.0 million last year to Rs. 166.8 million in current year. In percentage terms the GP rate has decreased from 13.2% to 10%. This is mainly due to the reported exchange loss of Rs 249 million on imports as per International Financial Reporting Standards (IFRS) guidelines. Out of this exchange loss, Rs. 60.6 million relates to unsold inventory which is likely to be reversed once this inventory is liquidated at market price insha'Allah.

The above factors and higher taxation have resulted in a net loss of Rs. 2.7 million compared to net profit of Rs. 23.1 million last year. However, the management is hopeful of better results in the coming year.

The Board of Directors has decided profit distribution @ 50% i.e. Rs.5/- per certificate to the certificate holders.



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3. Auditors

The present auditors, M/s BDO Ebrahim & Co., Chartered Accountants due for retirement have offered themselves for re-appointment for the year ending June 30, 2024. The Directors have approved their appointment subject to the approval of the Registrar, Modaraba Companies and Modaraba.

4. Corporate Governance

Your directors are pleased to report that:

- a) The financial statements prepared by the management company of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- b) Proper books of 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:

Particulars	(Rupees in 'Million)							
	2023	2022	2021	2020	2019	2018	2017	2016
Fixed Assets	16.0	9.7	5.4	6.9	10.1	13.0	13.3	14.5
Working Capital	156.6	188.8	235.4	191.9	159.3	146.9	145.0	145.0
Certificate Holders Equity	164.5	183.7	202.4	161.3	138.2	134.9	137.5	140.2
Paid-up Certificate Capital	30.0	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Sales	1,668.5	1,378.8	1,080.0	555.1	705.6	897.6	734.2	827.9
Gross Profit	166.7	182.0	215.6	126.4	132.8	143.9	118.6	128.7
Profit before Taxation	74.3	86.8	113.2	56.6	58.6	73.1	65.0	80.9
Profit Distribution – Cash	50%	55%	155%	75%	50%	56.67%	100%	120%
Earnings per Certificate-Rs.	(0.9)	8.1	21.4	11.7	8.4	10.2	11.1	14.0
Break-up value per Certificate-Rs.	54.8	61.3	67.5	53.8	46.4	45.0	45.8	46.7



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

5. Transfer Pricing

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

6. Composition of board

The composition of board is as follows:

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

7. Remuneration Policy of Chief Executive and Directors

No remuneration is paid to 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



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9. Acknowledgement

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

For and on behalf of the Board of Directors

Naveed Riaz
Chief Executive

Ameed Riaz
Director

27 September 2023



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ڈائریکٹرز کی رپورٹ

فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر مینجمنٹ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مسرت کے ساتھ مضاربہ کے سالانہ نتائج برائے 30 جون، 2023ء بمعدہ آڈٹ رپورٹ پیش کرتے ہیں۔

نمایاں مالیاتی نکات

مضاربہ کے مالیاتی نتائج مندرجہ ذیل ہیں:

(ملین روپیوں میں)		
30-Jun-22	30-Jun-23	
86.848	74.361	قبل از ٹیکس منافع
62.479	77.049	ٹیکس
24.369	(2.698)	بعد از ٹیکس منافع
1.218	-	قانون کے مطابق دستوری ذخائر میں منافع کی منتقلی (2022:05 فیصد)
23.151	(2.698)	بعد از منتقلی منافع
8.12	(0.90)	نی کس شیر آمدنی (بنیادی اور تحلیل شدہ) روپے

کارکردگی کا جائزہ

معاشی سست روی کی وجہ سے فروخت کا حجم کم رہا، تاہم قیمت فروخت میں اضافے کے نتیجے میں فروخت کی کل آمدنی میں اضافہ ہوا۔ مضاربہ کی فروخت بڑھ کر 1,668 ملین روپے رہی جو کہ پچھلے سال 1,378 ملین تھی۔

زیادہ فروخت کے باوجود، مجموعی منافع اس سال کم ہو کر 166.8 ملین رہا جو کہ پچھلے سال 182 ملین تھا۔ مجموعی منافع کی شرح 13.2 فیصد سے کم ہو کر 10 فیصد رہی۔ اس کی بنیادی وجہ یہ ہے کہ مضاربہ کو بین الاقوامی مالیاتی رپورٹنگ کے رہنما اصول کے مطابق درآمدات پر زر مبادلہ کے خسارے کا اندراج کرنا پڑا جو کہ 249 ملین روپے رہا۔ اس زر مبادلہ کے خسارے میں 60.6 ملین کا حصہ غیر فروخت شدہ اشیاء سے تعلق رکھتا ہے، جو کہ حالیہ قیمتوں کے مطابق فروخت ہوتے ہی وصول ہو جائیگا ان شاء اللہ۔



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مندرجہ بالا عوامل اور زیادہ ٹیکس کے نتیجے میں 2.7 ملین کا خالص نقصان کا ہوا جو کہ پچھلے سال کے مقابلے میں 23.1 ملین کا خالص منافع تھا۔ تاہم انتظامیہ آنے والے سال میں بہتر نتائج کی امید رکھتی ہے۔

بورڈ آف ڈائریکٹرز نے سرٹیفکیٹ ہولڈرز کو 50 فیصد کے حساب سے حتمی منافع کی تقسیم یعنی 5 روپے فی سرٹیفکیٹ ادا کرنے کا فیصلہ کیا ہے۔

آڈیٹر

موجودہ آڈیٹرز ڈی او ابراہیم اینڈ کو۔ چارٹرڈ اکاؤنٹنٹس ریٹائر ہونے کے بعد 30 جون، 2024ء کو ختم ہونے والے سال کے لئے دوبارہ تقرری کے لئے خود کو پیش کر رہے ہیں۔ ڈائریکٹرز نے ان کی تقرری کے لئے منظوری دے دی ہے جو کہ رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے۔

کارپوریٹ گورننس

ہمارے ڈائریکٹرز رپورٹ کرتے ہیں:

- (1) فرسٹ امروز مضاربہ کی انتظامی کمپنی اے آر میجمنٹ سروسز (پرائیویٹ) لمیٹڈ کی انتظامیہ کے تیار کردہ مالی گوشواروں میں اسکے واضح امور، عملدرآمد کے نتائج، کیش فلو اور ایکونٹی میں تبدیلیاں پیش کی گئی ہیں۔
- (2) مضاربہ کے اکاؤنٹ کی کتابوں کو باقاعدگی سے تیار کیا گیا 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 اس سے 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:



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(Rupees in 'Million)								
Particulars	2023	2022	2021	2020	2019	2018	2017	2016
Fixed Assets	16.0	9.7	5.4	6.9	10.1	13.0	13.3	14.5
Working Capital	156.6	188.8	235.4	191.9	159.3	146.9	145.0	145.0
Certificate Holders Equity	164.5	183.7	202.4	161.3	138.2	134.9	137.5	140.2
Paid-up Certificate Capital	30	30.0	30.0	30.0	30.0	30.0	30.0	30.0
Sales	1,668.5	1,378.8	1,080.0	555.1	705.6	897.6	734.2	827.9
Gross Profit	166.7	182.0	215.6	126.4	132.8	143.9	118.6	128.7
Profit before Taxation	74.3	86.8	113.2	56.6	58.6	73.1	65.0	80.9
Profit Distribution – Cash	50%	55%	155%	75%	50%	56.67%	100%	120%
Earnings per Certificate-Rs.	(0.9)	8.1	21.4	11.7	8.4	10.2	11.1	14.0
Break-up value per Certificate-Rs.	54.8	61.3	67.5	53.8	46.4	45.0	45.8	46.7

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

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۔

بورڈ کی تشکیل

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



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ڈائریکٹرز کا معاوضہ

چیف ایگزیکٹو 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

اعتراف نامہ

بورڈ اس موقع پر رجسٹرڈ مضماریں 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، بیکاروں اور کاروباری پارٹیوں کی رہنمائی اور خصوصاً مضماریں کے تمام ملازمین کی شبانہ روز محنت اور لگن کے لئے ان سب کا شکر گزار ہے۔

منجانب بورڈ

عمید ریاض

ڈائریکٹر

نوید ریاض

چیف ایگزیکٹو

27 ستمبر 2023ء



FIRST IMROOZ MODARABA

First Imrooz Modaraba

TEN YEARS AT A GLANCE

(Rupees in million)

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
	-----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	134.539	153.737	172.382	131.259	109.163	104.861	107.472	110.173	99.628	87.475
Certificate holders' equity	164.539	183.737	202.382	161.259	139.163	134.861	137.472	140.173	129.628	117.475
Deferred liability - staff gratuity	6.720	12.737	36.443	34.840	30.196	25.037	21.263	19.429	16.376	15.362
Qard-e-Hasna from Modaraba management company	-	55.000	-	15.800	-	120.000	34.300	-	-	-
Musawamah / Murabaha / Musharaka / Salam financing	142.032	74.120	63.780	88.664	74.637	35.230	34.371	35.013	26.886	29.308
Current liabilities	610.479	690.402	358.079	166.173	171.869	255.192	212.043	180.340	146.238	140.708
Fixed Assets	16.003	9.677	5.350	6.898	10.119	12.969	13.347	14.459	6.979	7.413
Stock-in-trade	378.195	648.475	304.553	215.103	212.679	265.574	258.027	129.910	162.806	164.743
Trade debtors	311.213	200.167	269.762	116.713	98.603	113.779	83.997	129.336	107.237	75.593
Investments	-	-	-	-	-	-	-	-	-	-
Current assets	767.157	879.232	593.511	358.107	331.110	402.120	357.050	325.367	285.263	266.132
Operational Results										
Sales	1,668.529	1,378.793	1,080.003	555.117	705.649	897.589	734.216	827.864	730.551	624.104
Cost of sales	1,501.743	1,196.786	864.359	428.749	572.872	753.652	615.605	699.196	624.519	543.741
Gross profit	166.786	182.007	215.644	126.368	132.777	143.937	118.611	128.668	106.032	80.363
Other income	2.868	8.969	2.831	1.110	1.541	0.508	2.138	1.102	0.702	2.969
Financial charges	20.124	4.625	5.287	7.303	8.101	2.564	2.346	2.063	3.777	2.595
Workers welfare fund	1.518	1.726	2.310	1.156	1.195	6.254	(1.072)	-	-	-
Operating expenses	73.651	94.897	82.972	62.373	66.453	62.522	54.444	46.822	43.088	37.674
(Diminution) / unrealised appreciation on remeasurement of investment - net	-	-	-	-	-	-	-	-	-	-
Operating profit	93.135	87.110	132.673	63.995	66.324	81.415	64.167	81.846	62.944	42.689
Profit payable to the modaraba company as their remuneration	-	2.880	14.715	-	-	-	-	-	-	-
Profit before tax	74.361	86.848	113.192	56.646	58.568	73.105	65.031	80.885	59.869	43.063
Taxation	77.059	62.479	49.007	21.531	33.259	42.554	31.732	38.868	32.716	26.547
(Loss) / Profit after tax	(2.698)	24.369	64.185	35.115	25.310	30.551	33.299	42.017	27.153	16.516
Transfer to statutory reserve	-	1.218	12.837	10.534	8.858	12.220	1.665	2.101	1.357	0.826
	0%	5%	20%	30%	35%	40%	5%	5%	5%	5%
Profit Distribution										
Profit distribution	15.000	16.500	46.500	22.500	15.000	17.010	30.000	36.000	27.000	15.000
Rate per certificate	50.00%	55.00%	155.00%	75.0%	50.0%	56.7%	100.0%	120.0%	90.0%	50.0%
Financial Ratios										
Gross profit - % of sales	10.00%	13.20%	19.97%	22.76%	18.82%	16.04%	16.15%	15.54%	14.51%	12.88%
Operating expenses - % of sales	4.41%	6.88%	7.68%	11.24%	9.42%	6.97%	7.42%	5.66%	5.90%	6.04%
Operating profit - % of sales	5.58%	6.32%	12.28%	11.53%	9.40%	9.07%	8.74%	9.89%	8.62%	6.84%
Profit before tax - % of sales & other income	4.45%	6.26%	10.45%	10.18%	8.28%	8.14%	8.83%	9.76%	8.19%	6.87%
(Loss) / Profit after tax - % of sales & other income	(0.16)%	1.76%	5.93%	6.31%	3.58%	3.40%	4.52%	5.07%	3.71%	2.63%
Return to Certificate holders										
Return on equity - before tax	45.19%	47.27%	55.93%	35.13%	42.09%	54.21%	47.30%	57.70%	46.19%	36.66%
Return on equity - after tax	(1.64)%	13.26%	31.71%	21.78%	18.19%	22.65%	24.22%	29.98%	20.95%	14.06%
Earning per certificate - Rs.	(0.90)	8.12	21.40	11.70	8.44	10.18	11.10	14.01	9.05	5.51
Profit distribution per certificate - Rs.	5.00	5.50	15.50	7.50	5.00	5.67	10.00	12.00	9.00	5.00
Market price per certificate - Rs.	158.00	166.90	147.00	89.36	155.59	219.57	230.50	115.00	53.00	53.72
Break-up value per certificate - Rs.	54.85	61.25	67.46	53.75	46.39	44.95	45.82	46.72	43.21	39.16

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **FIRST IMROOZ MODARABA** ("the Modaraba") as at June 30, 2023 and the related profit and loss account and other comprehensive income, the cash flow statement and the statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year ended June 30, 2023 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Management Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of account have been kept by the Modaraba in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
 - i) the balance sheet and profit and loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation And Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2023 and of the profit and other comprehensive income, its cash flows and changes in equity for the year then ended; and



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

KARACHI

DATED: 27 SEP 2023

UDIN: AR202310166MS3sk2nDE

CHARTERED ACCOUNTANTS
Engagement Partner: Tariq Feroz Khan



FIRST IMROOZ MODARABA

BALANCE SHEET AS AT JUNE 30, 2023

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	5	14,006,740	8,061,008
Intangible assets	6	1,398,496	1,017,325
Long term deposits	7	598,202	598,202
Deferred Tax	8	-	-
		<u>16,003,438</u>	<u>9,676,535</u>
CURRENT ASSETS			
Stock in trade	9	378,194,924	648,475,057
Trade debtors	10	311,212,675	200,167,444
Advances, deposits and prepayments	11	8,764,577	16,215,838
Taxation	12	16,728,957	9,353,350
Cash at banks	13	52,255,980	5,020,220
		<u>767,157,113</u>	<u>879,231,909</u>
		<u>783,160,551</u>	<u>888,908,444</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized capital			
10,000,000 Modaraba certificates of Rs. 10 each		<u>100,000,000</u>	<u>100,000,000</u>
Issued, subscribed and paid-up certificate capital	14	30,000,000	30,000,000
Statutory reserve	15	118,733,257	118,733,257
Revenue reserve	16	15,806,157	35,003,813
		<u>164,539,414</u>	<u>183,737,070</u>
NON-CURRENT LIABILITIES			
Defined benefit plan - staff gratuity	17	6,719,947	12,737,449
Obligation under financing facilities - secured	19	1,422,655	2,032,364
		8,142,602	14,769,813
CURRENT LIABILITIES			
Current portion of obligation under financing facilities - secured	19	140,609,676	72,059,243
Current portion of deferred capital grant	18	-	27,953
Qard-e-Hasana from Modaraba Management Company	20	-	55,000,000
Creditors, accrued and other liabilities	21	469,868,859	563,314,365
		<u>610,478,535</u>	<u>690,401,561</u>
		<u>783,160,551</u>	<u>888,908,444</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	22		

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

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

NAVEED RIAZ
CHIEF EXECUTIVE

AMEED RIAZ
DIRECTOR

ALIUDDIN AHMED
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER

**PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023**

	Note	2023 Rupees	2022 Rupees
Sales	23	1,668,528,532	1,378,792,562
Cost of sales	24	<u>(1,501,742,584)</u>	<u>(1,196,785,688)</u>
Gross profit		166,785,948	182,006,874
Operating expenses	25	<u>(73,651,005)</u>	<u>(94,897,284)</u>
Operating profit		93,134,943	87,109,590
Financial charges	26	(20,124,130)	(4,625,083)
Other income	27	<u>2,867,987</u>	<u>8,968,778</u>
		75,878,800	91,453,285
Modaraba Management Company's fee	28	-	(2,879,844)
Provision for Sindh Workers' Welfare Fund		<u>(1,517,576)</u>	<u>(1,725,724)</u>
Profit before taxation		74,361,224	86,847,717
Taxation	29	<u>(77,058,880)</u>	<u>(62,478,981)</u>
(Loss) / profit for the year		(2,697,656)	24,368,736
Other comprehensive income			
Items that will not be subsequently reclassified to profit or loss:			
Gain on remeasurement of defined benefit liability		-	3,486,170
Total comprehensive (loss) / income		<u><u>(2,697,656)</u></u>	<u><u>27,854,906</u></u>
(Loss) / earnings per certificate - basic and diluted	30	<u><u>(0.90)</u></u>	<u><u>8.12</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)**

**NAVEED RIAZ
CHIEF EXECUTIVE**

**AMEED RIAZ
DIRECTOR**

**ALIUDDIN AHMED
DIRECTOR**

**MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER**

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2023**

	2023 Rupees	2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	74,361,224	86,847,717
Adjustments for non-cash and other items:		
Depreciation of property and equipment	2,866,155	2,559,954
Amortization of intangible assets	392,029	214,263
Gain on disposal of property and equipment	(1,250,772)	(108,842)
Reversal of provision of doubtful debts	(857,111)	(10,471,621)
Provision for doubtful debts	-	4,248,734
Amortization of deferred capital grant	(27,953)	(234,207)
Musharaka charges	1,466,629	543,864
Salam charges	43,567	358,513
Musawamah charges	18,613,934	3,722,706
Curtailed gain net of staff gratuity expense	-	(477,473)
Staff gratuity	601,480	-
	<u>21,847,958</u>	<u>355,891</u>
Operating profit before working capital changes	96,209,182	87,203,608
Working capital changes		
Decrease / (increase) in current assets		
Stock in trade	270,280,133	(343,922,062)
Trade debtors	(110,188,120)	75,817,533
Advances, deposits and prepayments	7,451,261	(13,802,530)
	<u>167,543,274</u>	<u>(281,907,059)</u>
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	(94,830,149)	266,690,398
Cash generated from operations	168,922,307	71,986,947
Musharaka charges paid	(1,223,361)	(384,682)
Salam charges paid	(15,614)	(135,657)
Musawamah charges paid	(17,960,155)	(3,342,015)
Income tax paid	(84,434,487)	(67,255,790)
Staff gratuity paid	(6,618,982)	(19,741,525)
Net cash generated from / (used in) operating activities	<u>58,669,708</u>	<u>(18,872,722)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(8,993,610)	(5,984,163)
Purchase of intangible assets	(773,200)	(680,000)
Proceeds from disposal of property and equipment	1,432,495	160,018
Net cash used in investing activities	<u>(8,334,315)</u>	<u>(6,504,145)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	(16,012,404)	(44,731,556)
Receipts of Qard-e-Hasana from Modaraba Management Company	336,500,000	149,300,000
Repayment of Qard-e-Hasana to Modaraba Management Company	(391,500,000)	(94,300,000)
Receipts from Salam finances	-	-
Repayment of Salam finances	(1,376,727)	(6,088,133)
Receipts from Musharaka finances	1,362,822,717	707,959,624
Repayment of Musharaka finances	(1,378,533,219)	(698,460,960)
Receipts of Musawamah finances	475,000,000	230,000,000
Repayment of Musawamah finances	(390,000,000)	(225,000,000)
Net cash (used in) generated from financing activities	<u>(3,099,633)</u>	<u>18,678,975</u>
Net increase / (decrease) in cash and cash equivalents	47,235,760	(6,697,892)
Cash and cash equivalents at beginning of the year	5,020,220	11,718,112
Cash and cash equivalents at end of the year	<u>52,255,980</u>	<u>5,020,220</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

ALIUDDIN AHMED
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Paid-up certificate capital	Statutory reserve	Revenue reserve (Un-appropriated profit)	Total
	----- Rupees -----			
Balance at July 01, 2021	30,000,000	117,514,820	54,867,344	202,382,164
Profit for the year	-	-	24,368,736	24,368,736
Other comprehensive income	-	-	3,486,170	3,486,170
Total comprehensive income for the year	-	-	27,854,906	27,854,906
Transaction with owners				
Profit distribution for the year ended June 30, 2021 at Rs. 15.50 per certificate	-	-	(46,500,000)	(46,500,000)
Transfer to statutory reserve @ 5% (Note 14)	-	1,218,437	(1,218,437)	-
Balance at June 30, 2022	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 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

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

ALIUDDIN AHMED
DIRECTOR

MUHAMMAD ALI BAIG
CHIEF FINANCIAL OFFICER



FIRST IMROOZ MODARABA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1 NATURE STATUS AND OF BUSINESS

1.1 First Imrooz Modaraba (the Modaraba) was formed on September 27, 1993 under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Rules framed there under and is managed by A R Management Services (Private) Limited (the Modaraba Management Company). The Modaraba commenced its commercial operations from March 01, 1994. The Modaraba is listed on Pakistan Stock Exchange.

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

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

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

- 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;

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.

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

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. All amounts have been rounded to the nearest rupee, unless otherwise stated

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, 2023

The following standards, amendments and interpretations are effective for the year ended June 30, 2023. These standards, amendments and interpretations are either not relevant to the Modaraba's operations and did not have significant impact on the financial statements other than certain additional disclosures.



FIRST IMROOZ MODARABA

	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

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

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 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

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
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



FIRST IMROOZ MODARABA

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
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements

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

IFRS 1	First Time Adoption of International Financial Reporting Standards
IFRS 17	Insurance Contracts

SIGNIFICANT ACCOUNTING POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

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

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

- Estimates of residual values, useful lives and depreciation methods of tangible assets (notes 4.1 and 5);
- Estimates of residual values, useful lives and amortization methods of intangible assets (notes 4.2 and 6);
- Taxation (note 4.5, 8, 12 and 29);
- Provision for doubtful debts (note 4.16.1 and 10.1);
- Provision for staff gratuity (note 4.8 and 17);
- Deferred capital grant (note 4.22 and 18);



FIRST IMROOZ MODARABA

4.1 Property and equipment

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

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

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

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

4.2 Intangible assets

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

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

4.3 Stock in trade

Stock-in-trade is stated at the lower of cost determined by first in first out method and net realizable value. The cost includes costs of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realizable value represents the estimated selling price in the ordinary course of business less cost 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.

4.4 Trade debtors and other receivables

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



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4.5 Current and deferred income tax

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

4.5.1 Current

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

4.5.2 Deferred

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

4.6 Cash at banks

Cash at banks is carried at nominal value.

4.6.1 Cash and cash equivalent

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

4.7 Statutory reserve

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

4.8 Staff retirement benefits

(a) Defined benefit plan - Staff gratuity

The Modaraba 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 future benefit will be paid at the time of retirement of concern employees.

(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.

4.9 Musharaka Financing

4.9.1 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.

4.9.2 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.



FIRST IMROOZ MODARABA

4.10 Salam Financing

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

4.11 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 Leases

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

4.13 Qard-e-Hasana

A loan 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.

4.14 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.

4.15 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.

4.16 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.

4.16.1 Financial assets

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

Amortized cost

A financial asset is measured at amortized cost if it meets both the following conditions and is not designated as at fair value through profit and loss:

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

Provision for doubtful debts

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

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

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

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

4.16.2 Financial liabilities

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

Recognition and measurement

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

Derecognition

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

4.17 Offsetting of financial assets and liabilities

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

4.18 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 profit and loss account currently.

4.19 Impairment

Non-financial assets

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

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

4.20 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.

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.

4.21 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.



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4.22 Deferred Capital Grant

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

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
5. PROPERTY AND EQUIPMENT			
Tangible assets - owned	5.1	<u>14,006,740</u>	<u>8,061,008</u>



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5.1 Tangible assets - owned

Description	Leasehold improvements	Furniture and fittings	Vehicle	Office equipment	Electrical appliances	Computer equipment	Total
(Rupees in thousands)							
Year ended June 30, 2023							
Net carrying value basis							
Opening net book value	240,016	294,739	3,370,454	1,283,961	430,765	2,441,073	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	1,076,658	373,660	65,687	1,067,065	2,866,155
Closing net book value	1	251,669	9,515,670	1,330,936	341,382	2,567,082	14,006,740
Gross carrying value basis							
Cost	2,400,125	1,150,930	22,780,369	6,403,933	579,760	10,285,300	43,600,417
Accumulated depreciation	2,400,124	899,261	13,264,699	5,072,997	238,378	7,718,218	29,593,677
Net book value	1	251,669	9,515,670	1,330,936	341,382	2,567,082	14,006,740
Year ended June 30, 2022							
Net carrying value basis							
Opening net book value	480,028	293,378	1,348,888	634,260	497,991	1,433,430	4,687,975
Additions	-	43,000	2,988,000	1,033,313	-	1,919,850	5,984,163
Deletions-NBV	-	-	3,537	47,639	-	-	51,176
Depreciation charge	240,012	41,639	962,897	335,973	67,226	912,207	2,559,954
Closing net book value	240,016	294,739	3,370,454	1,283,961	430,765	2,441,073	8,061,008
Gross carrying value basis							
Cost	2,400,125	1,150,930	17,486,278	5,983,298	672,260	9,130,175	36,823,066
Accumulated depreciation	2,160,109	856,191	14,115,824	4,699,337	241,495	6,689,102	28,762,058
Net book value	240,016	294,739	3,370,454	1,283,961	430,765	2,441,073	8,061,008
5.1.1 Depreciation rates (% per anum)	10	10	20	20	10	25	

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
6. INTANGIBLE ASSETS			
Intangible assets	6.1	<u>1,398,496</u>	<u>1,017,325</u>

6.1 Intangible assets

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	

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

7. LONG TERM DEPOSITS

Deposits	7.1	<u>598,202</u>	<u>598,202</u>
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7.1 This includes amount of Rs. 0.387 million deposited with Bank Al-Habib Limited for obtaining vehicle on Diminishing Musharaka financing.

8. DEFERRED TAXATION

	8.1	<u>-</u>	<u>-</u>
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8.1 Deferred tax asset arising due to timing difference calculated at applicable tax rate as at reporting date amounting to Rs. 5.215 (2022: 8.32 million) debit. Deferred tax asset has not been recognized in these financial statements in accordance with the stated accounting policy of the company.

9. STOCK IN TRADE

In hand		273,830,793	190,284,416
In bonded warehouse		106,579,668	459,721,428
Provision for slow moving and obsolete stock	9.1	<u>(2,215,537)</u>	<u>(1,530,787)</u>
		<u>378,194,924</u>	<u>648,475,057</u>



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	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
9.1 Provision for slow moving and obsolete stock		
Balance at July 01,	1,530,787	-
Provision for the year	684,750	1,530,787
Balance as at June 30,	<u>2,215,537</u>	<u>1,530,787</u>
10. TRADE DEBTORS		
Unsecured - considered good	315,528,774	203,994,868
Unsecured - considered doubtful	4,020,701	5,366,487
	<u>319,549,475</u>	<u>209,361,355</u>
Less: Provision for expected credit losses	10.1 <u>(8,336,800)</u>	<u>(9,193,911)</u>
	<u>311,212,675</u>	<u>200,167,444</u>
10.1 Provision for expected credit losses		
Opening provision	9,193,911	15,416,798
Provision made during the year	10.3 -	4,248,734
Provision reversed during the year	(857,111)	(10,471,621)
	<u>(857,111)</u>	<u>(6,222,887)</u>
	<u>8,336,800</u>	<u>9,193,911</u>
10.2 Ageing analysis		
Not overdue	117,607,986	79,356,053
Past due 31-90 days	81,747,016	62,700,112
Past due 91-180 days	116,173,772	61,938,703
Past due 181-365 days	-	-
Past due 365 days	4,020,701	5,366,487
	<u>319,549,475</u>	<u>209,361,355</u>
Provision for expected credit losses	<u>(8,336,800)</u>	<u>(9,193,911)</u>
	<u>311,212,675</u>	<u>200,167,444</u>
10.3		
As at the balance sheet date, provision against trade debts has been recognized based on expected credit loss (ECL) model under IFRS 9 which is higher than provision calculated as per Modaraba Regulation 2021.		



FIRST IMROOZ MODARABA

	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
11. ADVANCES, DEPOSITS AND PREPAYMENTS			
Deposits		150,150	1,155,003
Prepayments		970,919	899,323
Sales tax adjustable		7,616,030	14,036,673
Advances		27,478	124,839
		<u>8,764,577</u>	<u>16,215,838</u>
12. TAXATION			
Opening balance		9,353,350	4,576,541
Paid during the year		84,434,487	67,255,790
Provision for taxation	29	<u>(77,058,880)</u>	<u>(62,478,981)</u>
		<u>16,728,957</u>	<u>9,353,350</u>
13. CASH AT BANKS			
Munafa account	13.1	42,092,552	139,967
Current accounts		<u>10,163,428</u>	<u>4,880,253</u>
		<u>52,255,980</u>	<u>5,020,220</u>

13.1 This represents account maintained with Soneri Mustaqem Islamic Banking and carries profit at rate ranging from 5.5% to 6.85% (2022: 3% to 6%) per annum.

14. ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

2023	2022	
Number of certificates		Modaraba certificates of Rs. 10/- each fully paid in cash
<u>3,000,000</u>	<u>3,000,000</u>	<u>30,000,000</u> <u>30,000,000</u>

The Modaraba Management Company holds 600,000 certificates (2022: 600,000).

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



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	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
15. STATUTORY RESERVE			
Balance as on July 01		118,733,257	117,514,820
Transferred during the year		-	1,218,437
		<u>118,733,257</u>	<u>118,733,257</u>
<p>During the year, the Modaraba has transferred Nil% (2022: 5%) of its after tax profits to statutory reserve.</p>			
16. REVENUE RESERVE			
Balance as on July 01		35,003,813	54,867,344
Profit distribution		(16,500,000)	(46,500,000)
Total comprehensive (loss) / income		(2,697,656)	27,854,906
Transferred to statutory reserve		-	(1,218,437)
		<u>15,806,157</u>	<u>35,003,813</u>
16.1	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.		
17. DEFINED BENEFIT PLAN - STAFF GRATUITY			
Net liability in the balance sheet			
Present value of defined benefit obligation		<u>6,719,947</u>	<u>12,737,449</u>
17.1 Expense / (income) recognized in profit and loss account			
Current service cost		601,480	1,639,464
Finance cost		-	2,657,185
Curtailement gain on cessation of staff gratuity		-	(4,774,122)
		<u>601,480</u>	<u>(477,473)</u>



FIRST IMROOZ MODARABA

	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
17.2 Remeasurement gain recognized in other comprehensive income		
Actuarial gain	-	(3,486,170)
17.3 Movement in defined benefit obligation		
Opening defined benefit obligation	12,737,449	36,442,617
Current service cost	601,480	1,639,464
Finance cost	-	2,657,185
Actuarial gain	-	(3,486,170)
Curtailment gain on cessation of staff gratuity	-	(4,774,122)
Benefits paid	(6,618,982)	(19,741,525)
	<u>6,719,947</u>	<u>12,737,449</u>
17.4 Movement in net liability in the balance sheet		
Balance as at July 01	12,737,449	36,442,617
Charge for the year	601,480	4,296,649
Remeasurement gain recognized in other comprehensive income	-	(3,486,170)
Curtailment gain on cessation of staff gratuity	-	(4,774,122)
Payments made during the year	(6,618,982)	(19,741,525)
Balance as at June 30	<u>6,719,947</u>	<u>12,737,449</u>
17.5 The principal assumptions used in the valuation of gratuity		
Discount rate (per annum)	-	13.25%
Expected increment rate (per annum)	-	-
Withdrawal rates	-	Moderate
Mortality rate	-	SLIC 2001 - 2005
Duration (years)	-	-

17.6 With effect from the year ended June 30, 2022, the Board of Directors of the Modaraba in their meeting held on April 26, 2022 had decided to cease the Gratuity Scheme in operation as a provident fund scheme is already in place at the Modaraba. The defined benefit liability determined under the Actuarial Valuation for the year ended June 30, 2022 was deemed to be full and final liability of the Modaraba towards the employees concerned.



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	Note	June 30, 2023 (Rupees)	June 30, 2022 (Rupees)
18. DEFERRED CAPITAL GRANT			
Capital grant	18.1	-	27,953
Current portion shown under current liability		-	(27,953)
		<u>-</u>	<u>-</u>

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

Opening balance	27,953	262,160
Addition during the year	-	-
Amortized during the year	(27,953)	(234,207)
Closing balance	<u>-</u>	<u>27,953</u>

The Modaraba received Salam financing facility from Soneri Bank Limited under Refinancing scheme of the State Bank of Pakistan amounting to Rs. 5.507 million (2022: Rs. 5.507 million) specifically for payment of salaries and wages of Modaraba's employees. Based on ICAP guidance the Modaraba recognized the deferred capital grant in accordance with the requirements of 'IAS 20-Accounting for Government Grants and Disclosure of Government Assistance.

19. CURRENT PORTION OF OBLIGATION UNDER FINANCING FACILITIES - SECURED

Musharaka financing facility	19.1 & 19.2	2,032,331	17,742,833
Less: non-current portion under Musharaka financing facility		(1,422,655)	(2,032,364)
Current portion under Musharaka financing facility		<u>609,676</u>	<u>15,710,469</u>
Salam financing facility		-	1,348,774
Less: non-current portion under Salam financing facility		-	-
Current portion under Salam financing facility		<u>-</u>	<u>1,348,774</u>
Musawamah financing facility	19.3	140,000,000	55,000,000
		<u>140,609,676</u>	<u>72,059,243</u>



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- 19.1 The Modaraba has availed Running Musharaka Financing facility from Bank AL Habib Limited with sanctioned limit of Rs. 30 million (2022: Rs. 15 million). This facility has been obtained to finance working capital requirements of the Modaraba and carries profit at the rate of 1.5% (2022: 1.5%) over 3 months average KIBOR.
- 19.2 In prior year, the Modaraba had obtained Diminishing Musharaka financing facility with a sanctioned limit of Rs. 10 million from Bank AL Habib Limited for the purchase of locally manufactured brand new / used commercial and non-commercial vehicles for Modaraba's / staff use. The facility carries profit at the rate of 2.25% over 1 year KIBOR and is repayable within 5 years from the date of delivery of vehicle(s).
- 19.3 The Modaraba has availed Musawamah financing facility from Bank AL Habib Limited with a sanctioned limit of Rs. 230 million (2022: 130 million) to finance sale of inventory owned by the Modaraba. The facility carries profit at the rate of 1.5% (2022: 1.5%) over 3 months average KIBOR.
- 19.4 Musharaka financing facility and Musawamah financing facility from Bank AL Habib Limited are secured against Registered Hypothecation Charge over current assets, including stocks & book debts of the Modaraba amounting to Rs. 334 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 through Bank AL Habib Limited under Diminishing Musharaka arrangement and personal guarantees of directors of the Modaraba for Rs. 267 million each while Salam financing facility is secured against equitable mortgage charge over immoveable properties and personal guarantees of directors.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
20. QARD-E-HASANA FROM MODARABA MANAGEMENT			
Qard-e-Hasana	20.1	-	55,000,000
20.1 This relates to Qard-e-Hasana from its management company, A R Management Services (Private) Limited.			
21. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Import bills payable		436,606,686	527,430,689
Creditors		1,732,023	1,287,948
Advance from customer		1,609,000	1,185,400
Accrued liabilities		6,096,334	7,018,019
Unclaimed profit distribution		9,665,562	9,177,967
Sindh Workers' Welfare Fund	21.1	14,159,254	12,641,678
Management fee payable to Modaraba Management Company	28.1	-	4,572,664
		469,868,859	563,314,365



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

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

22. CONTINGENCIES AND COMMITMENTS

22.1 Contingencies

- 22.1.1 The Collectorate of Customs (Adjudication-II), Karachi passed an order on March 28, 2019 creating aggregate demand of Rs 5.267 million, which includes Customs Duty, Additional Customs Duty, Sales Tax, Income Tax and Penalty. The Modaraba has filed an appeal before the Honorable Custom Excise and Sales Tax Appellate Tribunal, Karachi Bench, which decided the case in our favor as per order dated January 02, 2023.
- 22.1.2 The Collectorate of Customs (Adjudication-II), Karachi issued a show cause notice No. Adj-II/DC/SCN-296/MCC-East/ Cont.Rep/PDP-461/MEHTA BRO/2022 dated August 30, 2022 to the Modaraba for recovery of Customs Duty along with allied taxes in aggregate to Rs. 1.5237 million on the alleged grounds that declared value of specified imported goods were lower than the assessable value.

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

The Collectorate of Customs (Adjudication-II), Karachi passed an order on February 13, 2023 creating aggregate demand of Rs 1.6237 million, which includes Customs Duty, Additional Customs Duty, Sales Tax, Income Tax and Penalty.

The Modaraba has filed an appeal before the Honorable Custom Excise and Sales Tax Appellate Tribunal, Karachi Bench. The matter is pending before the Appellate Tribunal and the management is confident of favorable outcome, therefore the management has not recorded any provision for the said amount in these financial statements.



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22.2 Commitments

22.2.1 Post dated cheques to Collector of Customs amounting to Rs. 47.004 million (2022: Rs. 157.335 million) on account of custom dues and taxes on goods at bonded warehouse.

22.2.2 Commitments in respect of outstanding letters of credit as at year end for trading stock amount to Rs. Nil (2022: Rs. 10.658 million).

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
23. SALES			
Sales		<u>1,668,528,532</u>	<u>1,378,792,562</u>

Sales tax of Rs. 304.571 million (2022 : Rs. 250.787 million) has been charged and deposited on these sales.

24. COST OF SALES

Opening stock at July 01		190,284,416	86,454,398
Purchases		1,584,704,338	1,300,615,706
Closing stock at June 30		<u>(273,246,170)</u>	<u>(190,284,416)</u>
		<u>1,501,742,584</u>	<u>1,196,785,688</u>

25. OPERATING EXPENSES

Salaries and other staff benefits		34,210,210	55,580,086
Staff gratuity	17.1	601,480	-
Provident fund		944,247	2,015,330
Rent, rates and taxes		6,260,768	7,082,860
Travelling and conveyance		53,750	1,169,686
Depreciation	5.1	2,866,155	2,559,954
Amortization	6	392,029	214,263
Cartage		2,631,637	1,805,396
Vehicles running and maintenance		4,176,858	3,341,470
Insurance		3,679,617	1,884,477
Legal and professional		8,303,266	11,793,096
Security charges		1,310,290	1,086,143
Fees and subscriptions		1,318,534	1,034,379



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	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
Repairs and maintenance		470,856	625,112
Postage and telephone		522,369	622,270
Bank charges		1,431,808	789,297
Auditors' remuneration	25.2	703,909	592,866
Electricity		1,862,137	867,818
Sample clearance		629,978	620,728
Entertainment		388,467	287,855
Printing and stationery		93,300	198,111
Cleaning and washing		274,507	136,960
Newspaper Ads		-	59,300
Others		524,833	529,827
		<u>73,651,005</u>	<u>94,897,284</u>

25.1 Remuneration of Executives

	2023		2022	
	Executives	Total	Executives	Total
	----- Rupees -----			
Managerial remuneration	13,185,892	13,185,892	25,775,958	25,775,958
Fixed bonuses	383,758	383,758	4,998,579	4,998,579
Staff retirement benefits	374,722	374,722	1,581,342	1,581,342
Medical	224,396	224,396	776,962	776,962
Utilities	4,824,432	4,824,432	11,501,821	11,501,821
Others	25,950	25,950	32,500	32,500
	<u>19,019,150</u>	<u>19,019,150</u>	<u>44,667,162</u>	<u>44,667,162</u>

Number of employees 6 6 7 7
Some of the officers and other employees have been provided with vehicles maintained by the Modaraba.

25.2 Auditors' remuneration

Annual audit	399,300	363,000
Half yearly review	99,825	90,750
Review of code of corporate governance	18,150	16,500
CDC certification	18,150	16,500
Annual free float certificate	18,150	16,500
Out of pocket expenses	98,193	45,700
	<u>651,768</u>	<u>548,950</u>
Sales tax	52,141	43,916
	<u>703,909</u>	<u>592,866</u>



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		June 30, 2023 Rupees	June 30, 2022 Rupees
26. FINANCIAL CHARGES	Note		
Musharaka charges		1,466,629	543,864
Salam charges		43,567	358,513
Musawamah charges		18,613,934	3,722,706
		<u>20,124,130</u>	<u>4,625,083</u>
27. OTHER INCOME			
Gain on disposal of property and equipment		1,250,772	108,842
Return on Munafa account		732,144	1,925,369
Amortization of deferred capital grant		27,953	234,207
Reversal of provision for doubtful debts	10.1	857,111	6,222,887
Curtailment gain net of staff gratuity expense		-	477,473
		<u>2,867,980</u>	<u>8,968,778</u>
28. MODARABA MANAGEMENT COMPANY'S FEE			
Modaraba Management Company's fee		-	4,572,664
Reversal of Modaraba Management Company's fee		-	(1,692,820)
		-	2,879,844
Provision for Sindh Sales Tax on Modaraba Management Company's fee		-	594,446
		<u>-</u>	<u>3,474,290</u>

- 28.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2023 has been recognized at Nil% (2022: 5%) of the profit for the year before charging such remuneration.



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	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
29. TAXATION			
Current tax for the year		77,058,880	62,478,981

Current tax

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

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

30. (LOSS) / EARNINGS PER CERTIFICATE - BASIC AND DILUTED

(Loss) / profit for the year (Rupees)	(2,697,656)	24,368,736
Number of Modaraba certificates	3,000,000	3,000,000
(Loss) / earnings per certificate (Rupees)	(0.90)	8.12

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.

31. 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, 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
	July 01, 2021	Financing cash inflows	Financing cash outflows	Non Cash changes - Transfer current portion	June 30, 2022
		Rupees			
Obligation under financing facilities - secured	65,446,869	937,959,624	(929,314,886)	-	74,091,607
Deferred capital grant	262,160	-	(234,207)	-	27,953
Qard-e-Hasana from Modaraba Management Company	-	149,300,000	(94,300,000)	-	55,000,000
Unclaimed profit distribution	7,409,524	-	(44,731,556)	46,500,000	9,177,968



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32. CAPITAL RISK MANAGEMENT

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

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

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

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

	June 30, 2023 Rupees	June 30, 2022 Rupees
Debts	142,032,331	74,091,607
Cash and bank balances	(52,255,980)	(5,020,220)
Net debt	<u>89,776,351</u>	<u>69,071,387</u>
Equity	<u>164,539,414</u>	<u>183,737,070</u>
Net debt to equity ratio	<u>0.55:1</u>	<u>0.38:1</u>

33. FINANCIAL RISK MANAGEMENT

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

33.1.1 Market risk management

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

a) Profit rate risk management

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

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

b) Foreign exchange risk management

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba's exposure to the risk of changes in foreign exchange rates relates primarily to the Modaraba's operating activities. As at June 30, 2023, the total foreign currency risk exposure was Rs. 436.607 million (2022: Rs. 527.430 million) in respect of import bills payable.

	Increase / decrease in (%)	Effect on profit before tax (Rupees)
As at June 30, 2023	+2	8,732,134
	-2	(8,732,134)
As at June 30, 2022	+2	10,548,614
	-2	(10,548,614)

c) Equity price risk management

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

33.1.2 Credit risk and concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter party to the financial instrument fails to perform as contracted. Total financial assets of Rs. 364.217 million (2022: Rs. 206.940 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.



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The Modaraba has 7 (2022: 9) major customers that owed the Modaraba Rs. 275.047 million (2022: 169.742 million) and accounted for approximately 86.07% (2022: 81.08%) of all trade debtors. The Modaraba does not hold collateral as security against any trade debtors.

The provision of Rs. 8.337 million (2022: Rs. 9.193 million) has been recorded by the Modaraba as required under expected credit loss model of IFRS 9 'Financial Instruments'.

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, 2023 Rupees	June 30, 2022 Rupees
Bank Alfalah Limited	A1+	AA+	5,631,317	3,669,435
Soneri Bank Limited	A1+	AA-	43,275,434	1,350,785
Bank AL Habib Limited	A1+	AAA	3,349,229	-

33.1.3 Liquidity risk management

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

34. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

As at year ended June 30, 2023, 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.



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34.1 Financial assets and liabilities

June 30, 2023						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
Rupees						
Financial assets						
At amortized cost						
Trade debtors	-	-	311,212,675	-	311,212,675	311,212,675
Deposits	-	-	150,150	598,202	748,352	748,352
Cash at banks	42,092,552	-	10,163,428	-	10,163,428	52,255,980
	42,092,552	-	42,092,552	321,526,253	598,202	322,124,455
						364,217,007

June 30, 2023						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
Rupees						
Financial liabilities						
At amortized cost						
Creditors, accrued and other liabilities	-	-	454,100,605	-	454,100,605	454,100,605
Obligation under Musharaka finances	-	-	609,676	1,422,655	2,032,331	2,032,331
Obligation under Musawamah finances	-	-	140,000,000	-	140,000,000	140,000,000
	-	-	594,710,281	1,422,655	596,132,936	596,132,936
On-balance sheet gap	42,092,552	-	42,092,552	(273,184,028)	(824,453)	(274,008,481)
						(231,915,929)

June 30, 2022						
Profit bearing			Non-Profit bearing			Total
Maturity up to one year	Maturity after one year up to five years	Subtotal	Maturity up to one year	Maturity after one year up to five years	Subtotal	
Rupees						
Financial assets						
At amortized cost						
Trade debtors	-	-	200,167,444	-	200,167,444	200,167,444
Deposits	-	-	1,155,003	598,202	1,753,205	1,753,205
Cash at banks	139,967	-	4,880,253	-	4,880,253	5,020,220
	139,967	-	139,967	206,202,700	598,202	206,800,902
						206,940,869
Financial liabilities						
At amortized cost						
Creditors, accrued and other liabilities	-	-	549,487,287	-	549,487,287	549,487,287
Obligation under Musharaka finances	-	-	15,710,469	2,032,364	17,742,833	17,742,833
Obligation under Salam finances	-	-	1,348,774	-	1,348,774	1,348,774
Obligation under Musawamah finances	-	-	55,000,000	-	55,000,000	55,000,000
	-	-	621,546,530	2,032,364	623,578,894	623,578,894
On-balance sheet gap	139,967	-	139,967	(415,343,830)	(1,434,162)	(416,777,992)
						(416,638,025)

35. 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 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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Relationship with the Modaraba Management Company	Nature of transactions	June 30, 2023 Rupees	June 30, 2022 Rupees
A R Management Services	Dividend paid to Modaraba Management Company	3,300,000	9,300,000
	Modaraba Management Company's fees	-	4,572,664
	Sindh Sales Tax on Modaraba Management Company's fees	-	594,446
	Receipt of Qard-e-Hasana	336,500,000	149,300,000
	Repayment of Qard-e-Hasana	391,500,000	94,300,000
Associated companies / other related parties	Nature of transactions		
Group companies	Share of common expenses	2,702,627	2,629,205
Ashraf Riaz (Private) Limited	Principal office rent	309,000	1,226,600
EMI (Pakistan) Limited	Karachi warehouse rent	3,213,600	3,120,000
Ashraf Riaz Knitwear Limited	Lahore warehouse rent	2,700,000	2,700,000
Provident Fund			
The Imrooz Employee Provident	Contribution to staff provident fund during the year	944,247	2,015,330
Directors Of management company / Key Management Personnel			
Directors of Modaraba Management Company	Dividend paid	4,387,900	11,667,700



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		June 30, 2023 Rupees	June 30, 2022 Rupees
35.1	Year end balances		
	Relationship with the Modaraba Management Company		
	Nature of balances		
	A R Management Services		
	Modaraba Management Company's fees payable	-	4,572,664
	Sindh Sales Tax on Modaraba Management Company's fees payable	-	594,446
35.2	No remuneration has been paid to Chief Executive or Directors of the Modaraba Management Company		
36.	NUMBER OF EMPLOYEES		
	Total employees of the Modaraba at the year end	20	27
	Average employees of the Modaraba during the year	23	26

37. NON-ADJUSTING EVENT AFTER THE REPORTING DATE

The Board of Directors of the Modaraba Management Company in its meeting held on 27-Sep-2023 approved a final profit distribution of Rs.5/- per certificate, amounting to Rs.15,000,000/- for the year ended June 30, 2023.

38. APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the Board of Directors of the Modaraba Management Company and authorized for issue on 27-Sep-2023.

39. CORRESPONDING FIGURES

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

40. GENERAL

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

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

**NAVEED RIAZ
CHIEF EXECUTIVE**

**AMEED RIAZ
DIRECTOR**

**ALIUDDIN AHMED
DIRECTOR**

**MUHAMMAD ALI BAIG
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, 2023**

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

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

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

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



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

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

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

Committee	Frequency of meetings
a) Audit Committee	Four quarterly meetings during the financial year ended June 30, 2023
b) HR and Remuneration Committee	One meeting held during the year

15. The board has set up an effective internal audit function and its members are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company.
16. The statutory auditors of the Management Company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Management Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.



FIRST IMROOZ MODARABA

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

AMEED RIAZ

Director

Karachi: September 27, 2023



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Pakistan

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of AR Management Services (Private) Limited (the Modaraba Management Company) for and on behalf of First Imrooz Modaraba (the Modaraba) for the year ended June 30, 2023 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, 2023.

KARACHI

DATED: September 27, 2023

UDIN: CR202310166DJ5cKzGE9

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: ASRR-23

Date: 27-09-23

Annual Shari'ah Review Report of First Imrooz Modaraba For the year ended June 30, 2023

*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, 2023, 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, the staff members attended the in-house training program on "Power BI Skills" during the period conducted by the FIM HR Department.

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: September 27, 2023





FIRST IMROOZ MODARABA

**PATTERN OF HOLDINGS OF THE CERTIFICATES
BY THE CERTIFICATE HOLDERS AS AT JUNE 30, 2023**

(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			
117	:	1	:	100	:	8,572
186	:	101	:	500	:	89,721
14	:	501	:	1000	:	13,397
21	:	1001	:	5000	:	71,122
10	:	5001	:	10000	:	72,001
9	:	10001	:	100000	:	240,687
9	:	100001	:	above	:	2,504,500
366						3,000,000

Categories of Certificate Holders	:	Number	:	Certificates Held	:	Percentage %
Individuals	:	363	:	2,395,100	:	79.84
Joint Stock Companies	:	1	:	4,400	:	0.15
Modaraba Company	:	1	:	600,000	:	20.00
Others	:	1	:	500	:	0.02
	:	366	:	3,000,000	:	100.00



FIRST IMROOZ MODARABA

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that Annual Review Meeting of certificate holders of First Imrooz Modaraba will be held on Friday, 27 October 2023 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, 2023.

The Certificate Holders whose names appear on the Register of Certificate Holders of First Imrooz Modaraba as on October 13, 2023 will be eligible to attend the Annual Review Meeting.

By order of the Board

October 06, 2023

Shabbir Ahmed Jamsa

COMPANY SECRETARY

Note:

1. The Certificate Transfer Book will remain closed from October 14, 2023 to October 27, 2023 (both days inclusive) for the purpose of attending Annual Review Meeting. All transfer received in order up to close of business on October 13, 2023 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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





سرمایہ کاری سمجھداری کے ساتھ










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