

ANNUAL REPORT

2020



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

Managed by:
B.R.R. Investment (Private) Limited



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CORPORATE INFORMATION

Modaraba Company	B.R.R. Investment (Private) Limited
Chairman	Mr. Rafique Dawood
Chief Executive	Mr. Ayaz Dawood
Directors	Mr. Waqas Anwar Qureshi - Director Syed Ali Raza - Director
Audit Committee	Mr. Waqas Anwar Qureshi - Chairman Mr. Rafique Dawood - Member Syed Ali Raza - Member
HR and Remuneration Committee	Syed Ali Raza - Chairman Mr. Rafique Dawood - Member Mr. Waqas Anwar Qureshi - Member
Shariah Advisor	Mufti Muhammad Aqeel
Chief Financial Officer	Syed Tariq Masood
Company Secretary	Mr. Tahir Mehmood
Head of Internal Audit	Abdul Rahman Subhan
Auditors	Horwath Hussain Chaudhury & Co. Chartered Accountants
Legal Advisor	A.Q. Abbasi & Associates Malik & Malik Law Associates Minto & Mirza Nuruddin Saki & Co. Rabbani & Ansari Advocates S & B Durrani Law Associate
Bankers	Al-Baraka Bank(Pakistan) Limited Habib Metropolitan Bank Limited National Bank of Pakistan
Web-site	www.firstdawood.com/brr
Registered Office & Head Office	1900-B, Saima Trade Tower, I.I. Chundrigar Road, Karachi-74000 Tel : 92-21-32270181-6 Fax : 92-21-3227-1912
Registrars	F.D. Registrar Services (Pvt.) Ltd 1705, 17th Floor, Saima Trade Tower "A" I.I. Chundrigar Road, Karachi-74000 Phone # 92-21-35478192-3 # 92-21-32271905-6 Fax # 92-21-32213243
Branch Offices	Office No. 405 4th Floor, ISE Tower Jinnah Avenue, Islamabad
Security Vault	G-187, Block-2, Shahrah-e-Quaideen, PECHS Karachi-754000



MISSION

To become a symbol for spreading a variety of Islamic modes of financing, thereby providing ample and profitable investment opportunities to the stake holders who demand Halal profits according to Sharia Laws, optimizing returns to the certificate holders, management and customers.

VISION

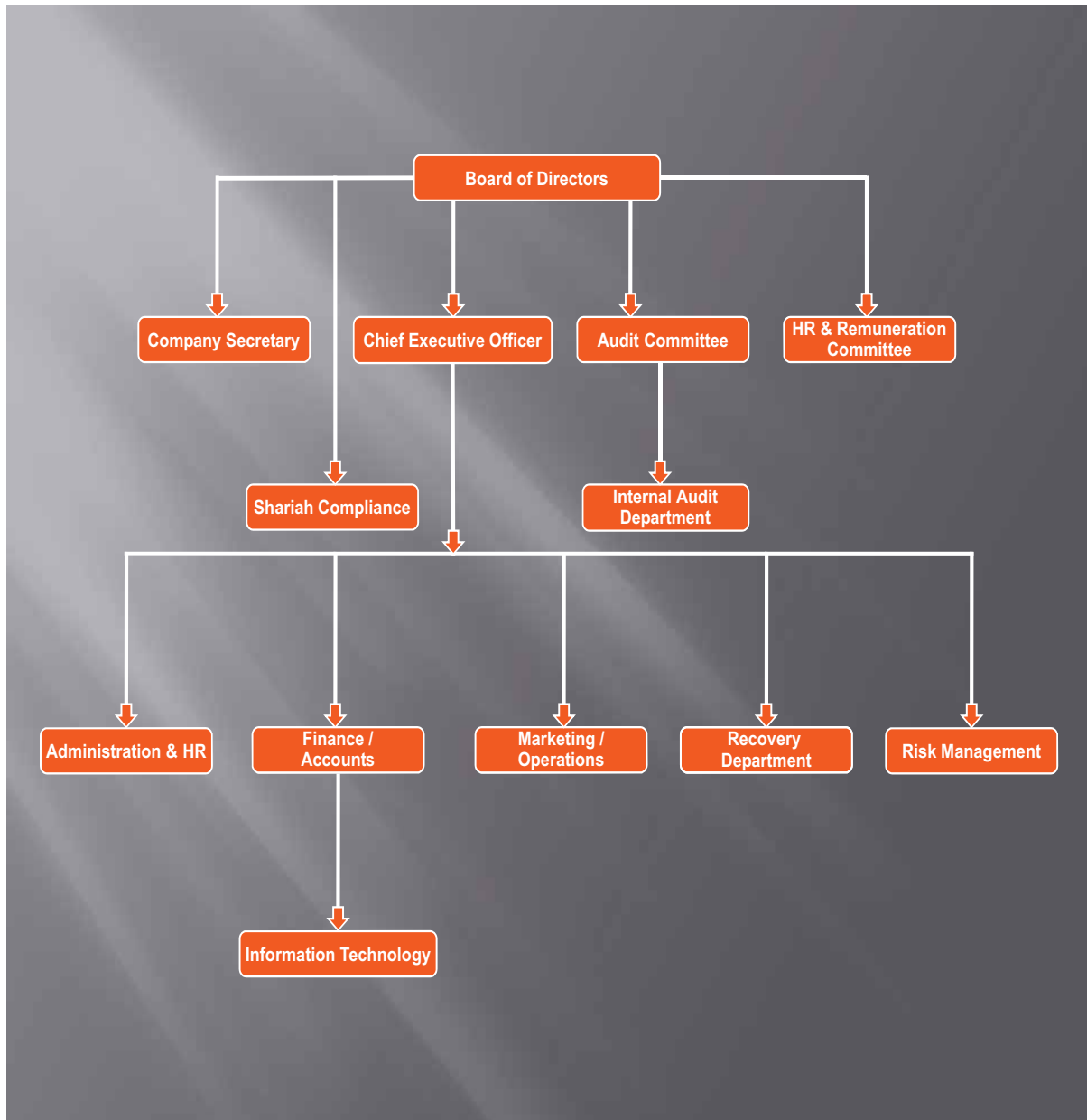
To innovate and promote Islamic Financial Products, based on Sharia Principles and to curb interest based financial systems, thereby facilitating establishment of an equitable economic system.

OVERALL CORPORATE STRATEGY

To become a market leader of Islamic Financial Products through:

- (i) maintaining highest standards of integrity and honesty;
- (ii) strict adherence with Sharia principles;
- (iii) making improvement in every department a process through education and professional development with latest innovations through awareness techniques;
- (iv) providing opportunities to employees for career development and rewarding them according to their caliber;
- (v) safeguarding the interests of certificate holders while providing best possible returns;
- (vi) building a long lasting relationship with the customers by suggesting the most suitable Islamic product for their needs at competitive rates;
- (vii) practical and conservative judgment of risks.

ORGANOGRAM





BOARD OF DIRECTORS

Rafique Dawood
(Chairman)



Syed Ali Raza
(Director)



Ayaz Dawood
(Chief Executive)



Waqas Anwar Qureshi
(Director)



MANAGEMENT

Syed Tariq Masood
(Chief Financial Officer)



Tahir Mehmood
(Company Secretary)





NOTICE OF ANNUAL REVIEW MEETING (ARM -XXI) of B.R.R. Guardian Modaraba

The Board of Directors of B.R.R. Investment (Private) Limited, Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on October 1, 2020 have declared cash dividend @ Re. 0.78 per Certificate for the year ended June 30, 2020.

To determine the names of Certificateholders entitled to receive dividend and to attend the ARM the Certificate Transfer Books of the Modaraba will be closed from October 22, to October 28, 2020 (both days inclusive). The Transfers received at the Registrar Office, F.D. Registrar Services (Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi, before the close of business on October 21, 2020 will be treated in time for the purpose of above entitlement to the transferees. Further, the Certificateholders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-XXI of Certificateholders of BRRGM will be held on Wednesday October 28, 2020 at 5:00 p.m. through/ via Zoom video link in compliance with Circular No 5 of 2020 issued by Corporate Supervision Department (Company Law Division) of SECP dated March 17, 2020,

Place Karachi
October 2, 2020

By Order of the Board
Tahir Mehmood
Company Secretary

REQUEST TO CERTIFICATE-HOLDERS

In pursuance of SECP Circular No. 5 dated March 17, 2020 and Circular No. 10 dated April 1, 2020 regarding Regulatory Relief to dilute impact of Corona Virus (COVID 19) for Corporate Sector the Certificateholders shall be entitled to attend the proceedings of the ARM through online means using a video link facility, Zoom application for the safety and well-being of the valued certificateholders and the general public.

The certificateholders will be able to login and participate in the ARM proceedings through their smartphones or computer devices from their homes or any convenient location after completing all the formalities required for the verification and identification of the certificateholders.

The login facility will be opened at 4.50 p.m on October 28, 2020 enabling the participants to join the proceedings which will start at 5:00 p.m sharp.

The certificateholders are requested to register themselves by submitting their following particulars at FD Registrar Services (Private) Limited's email address info@fdregistrar.com and can also provide their comments/suggestions on info@fdregistrar.com before the close of business hours on October 26, 2020. the link to the Zoom application will be sent to the certificateholders on the email address provided in the below table:

Certificate Holder's Name	CNIC.No.	Cell No.	No. of certificates held	Email address

In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) to share registrar.
Placement of Annual Report on Website

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2020 will also be placed on Modaraba's website www.firstdawood.com/brr and is readily accessible to the certificateholders.



Review Report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017:

The year 2019-20 was projected as a year of positive economic growth. However, the economic canvas changed drastically in the latter four to six months with increasing effects of the Covid-19 outbreak on economy. Post Covid-19, the growth rate for FY 2020 is estimated at -0.38 percent on account of subdued performance in industry and services sector. We expect that the growth rate will grow dramatically due to lower Interest Rate.

For the year ended 30th June, 2019 Modaraba Sector has underperformed. Modaraba Sector booked a loss of Rs. 1,289.89 million. The total assets of the Modaraba sector stood at Rs. 53,903 million and the total equity was Rs. 20,828 million. The market Capitalization of Modaraba Sector has decreased during the year from Rs. 17,413 million to Rs. 12,233 million.

A comparative position of Market Capitalization, Total Equity, Total Assets and Total Profit are as under:

Particulars	June 2019	June 2018
	Rupees in million	
Market Capitalization	12,233	17,413
Total Equity	20,828	22,643
Total Asset	53,903	52,670
Profit	(1,290)	776

The Board has recently completed its annual self-evaluation for the year ended June 30, 2020 to ensure that the Board's overall performance and efficiency are measured and benchmarked against expectations in the context of objectives set for the Modaraba and I report that the Board members are familiar with the current vision, mission and objectives and have clear understanding of all the concerned stakeholders (including Certificate holders, customers, employees, and community at large) to whom the Modaraba serves. The overall performance of the Board is satisfactory and is based on an evaluation of all the integral-components, which have a direct bearing on the Board's role in achievement of the Modaraba's objectives. The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Modaraba. Areas where improvements are required are duly considered and action plans have been framed accordingly.

Rafique Dawood
Chairman



DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2020.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2020	June 2019
Rupees.....	
Rental Income from Investment properties	170,867,643	155,318,295
Rental Income from lockers and custodial services	40,741,027	36,777,275
Profit Before Management Fee & WWF	171,529,589	51,587,951
Management Fee	17,152,959	5,158,795
Sales Tax on Management Fee	2,229,885	670,643
Provision for Workers' Welfare Fund	3,042,935	915,170
Profit After Management Fee & WWF	149,103,810	44,843,343
Earning per certificate	1.73	0.52

DIVIDEND:

The Board is pleased to announce Re. 0.78 per certificate cash dividend for the year ended June 30, 2020 versus Rs.0.24 per certificate last year which is 3.25 times higher than last year. In addition your Modaraba's is issuing 10% Right Certificates at par (subject to Registrar Modaraba's approval). The Right certificates will not be entitled to the above declared dividend.

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is the pioneer Modaraba of Pakistan. It was founded in 1983 on the concept of perpetual Modaraba.

Our prestigious B.R.R. TOWER, is a 20-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road which is fully Rented.

B.R.R. Guardian Modaraba has also built a state of the art B.R.R. Security Vault which commenced business during July 1989. This custom built fort-like building on Shahrah-e-Quaideen, offers a unique blend of high security with a pleasant and friendly atmosphere within and around the building.

ECONOMIC REVIEW

The year 2019-20 was projected as a year of positive economic growth. However, the economic canvas changed drastically in the latter four to six months with increasing effects of the Covid-19 outbreak on economy. Post Covid-19, the growth rate for FY 2020 is estimated at -0.38 percent on account of subdued performance in industry and services sector. In view of Covid-19 interest rate were cut by 6.25% from 13.25% to 7% currently.



STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2020 -2021:

- Add quality customer for credit portfolio.
- Renting out of properties to highly rated customers.
- Enhance size of investment in sound, stable and dividend paying Shariah compliant listed securities along with Sukuk and Musharaka based TFCs.
- Refresh tool of risk management processes particularly credit risk management in line with latest techniques.
- Further strengthen Shariah governance and compliance culture.
- Further develop operation capacity of human resource through proper training.

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2015	30,736
2016	36,806
2017	44,016
2018	52,670
2019	53,903

The market share of BRRGM as per the MAP Year Book 2019 of NBF1 & Modaraba Association of Pakistan for the financial year ended June 30th, 2019 is presented below:

	Rupees in million		
	Combined position of 26 modarabas	BRRGM's share	% of BRRGM's share to all modarabas
Total Equity	20,828	1,374	6.60%
Total Assets	53,903	1,838	3.40%
Net Profit	(1,290)	45	-3.5%

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

Your Modaraba is a pioneer of Islamic financial Institutions in Pakistan and operating successfully for last more than three decades in the country. Modarabas are the trend setters of Islamic modes of financing and creates a distinctive value proposition that meets the needs of its customers and ensure Shariah compliant business and Halal income practices.



COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2020. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code's of good governance and ethical business practices required by relevant clause(s) of the Code:

- The financial statements are prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.

TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba were carried out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO has purchased 457,500 BRRGM's Certificates and 18,000 BRRGM's Certificates has been transferred to Chairman through succession certificate.

CODE OF CONDUCT:

The Board of Directors of the Management Company has adopted the required 'Code of Conduct' to which the management company & Modaraba is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.

The Code of Conduct indicates good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.



STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2020 is Rs 143.080 million (2019: Rs. 125.656 million).

POST BALANCE SHEET EVENTS:

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

All transactions between BRR Guardian Modaraba (BRRGM) and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

AUDITORS:

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been appointed as auditors for the year ended 2020-21 subject to approval of Registrar Modaraba Companies and Modarabas.

KEY OPERATING AND FINANCIAL DATA:

The Key Operating and Financial data of last six years has been presented with analysis summarized on the last page.

RISK MANAGEMENT FRAMEWORK:

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize certificate's value, but this must be carried out in a clearly articulated risk tolerance framework.

Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	CEO	4 out of 4
3	Mr. Waqas Anwer Qureshi	Director	4 out of 4
4	Syed Ali Raza	Director	4 out of 4

Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Waqas Anwer Qureshi	Chairman	3 out of 4
2	Mr. Rafique Dawood	Member	4 out of 4
3	Syed Ali Raza	Member	4 out of 4



INTERNAL CONTROL AND AUDIT FUNCTION:

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. At BRRGM, Audit Committee has in-house Internal Audit Function, for wider functions and role identified as below:

1. Review compliance with responsibility for monitoring compliance with Relevant International Accounting Standards, Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and compliance of the policies and procedures framed by the Board.
2. Review accounting and internal control system
3. Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
4. Examining financial and operational information.
5. Assisting with the identification of significant risks.

Dedicated Internal Audit Function helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

FUTURE PROSPECTS:

As a Modaraba we aim to increase our corporate value through sustainable growth, offering innovative services and fully Shariah Compliant products. To underscore the success of the management strategic growth plan, BRR continues to post satisfactory financial results exceeding the average growth ratios of peer companies of the country. The above serves to underline the Modaraba's relentless drive, ambition and passion to deliver what really matters to its stakeholders.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

We are 'an equal opportunity employer' and the Management of BRRGM is committed to induct talented professionals through a transparent and competitive process while complying with best legal and ethical practices that has prescribed in our Human Resource Policy.

Our employees are our biggest asset and we go to great lengths to facilitate them. The compensation and benefit policies are designed not only to keep the employees motivated but also to attract and retain the competent valued workforce.

Employees' career management is being managed in parallel lines through utilizing a multidimensional approach. Performance management and annual appraisal are important part of career management. The Modaraba provides training to various disciplines and with a view to extend support to the Accounting & Finance professional as part of our CSR program.

SUCCESSION PLAN:

Our management policy is not only to take on board talented & dedicated professionals but also grooms and develops their skills for future leadership roles.



At BRRGM, we believe in empowering people by providing them challenging opportunities to enhance their potential and develop their abilities. Succession plan contain information on performance and potential. In many cases succession plan is prepared for possible moves of key personnel and therefore treated in a highly confidential manner.

CORPORATE SUSTAINABILITY:

At BRRGM, we recognize that we have responsibilities not only towards our customers, employees and shareholders, but also the communities in which we operate.

We believe that a sustainable company must be consistently profitable, but not solely concerned with making a profit. Success for BRRGM means providing our customers with the products and services they need and want, understanding and managing the impact we have on society and the environment, and investing in the future of our employees and the communities we serve. These measures help us to carry out our work in a way that is both commercially astute and ethically sound.

Corporate Social Responsibility:

In an age in which environmental and social issues are top of mind for many consumers, businesses can no longer exist in a bubble. Today's shoppers aren't just looking for the best price and quality - they expect the companies they patronize to do well with their money and make a positive impact on the world around them. To this end, many organizations are now making social responsibility a top priority.

All non-Shariah income and dividend have been purified by the Shariah Advisor of the Modaraba and has been given to charities.

Health, Safety & Environment

At BRRGM, we are committed to maintain a safe and healthy working environment for our employees. Through our proactive approach, we ensured that occupational safety is upheld by relevant contract workforce through code of conduct contractors. We are confident that our office premises have proper electric wiring, installation of fire extinguisher, ready first aid to office inmates while maintaining smoking free environment.

BRRGM has valid Takaful policies against all possible perils relating to the property. BRRGM has also provided group family and health Takaful to all its employees against natural and incidental health related hazards.

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2020 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM

All the directors of the board are having more than 14 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 20 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.



CONCLUSION & APPRECIATION:

In view of the declining interest rates, we expect the Market to perform positively and thereby increase your Modaraba's profitability. Your Modaraba's believes the future economic prospects to be bright and therefore is issuing Right Certificate at par.

Looking ahead, 2020-21 we will strive to enhance market outreach and add quality assets through customer base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modaraba's of the country and committed for its smooth operations.

On Behalf of the Board of Directors
B.R.R. Investment (Private) Limited

Syed Ali Raza
Director

October 01, 2020
Karachi.

Ayaz Dawood
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

بی.آر.آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی.آر.آر. آئی" یا "کمپنی") بورڈ آف ڈائریکٹرز کی طرف سے بی.آر.آر. گارڈین مڈارباہ (بی.آر.آر. جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2020 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مڈارباہ کی کارکردگی

تفصیلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے؛

جون 30، 2020	جون 30، 2019	
پاکستانی روپے میں		
170,867,643	155,318,295	جائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
40,741,027	36,777,275	لاکڑ اور تھوڑی خدمات سے حاصل کرائے کی آمدن
171,529,589	51,587,951	منافع قبل از انتظامیہ کی فیس اور ڈیوڈیلو ایف
17,152,959	5,158,795	انتظامیہ کی فیس
2,229,885	670,643	انتظامیہ فیس پر سیز ٹیکس
3,042,935	915,170	دور کرز و ٹینٹس کی فراہمی
149,103,810	44,843,343	منافع بعد از انتظامیہ کی فیس اور ڈیوڈیلو ایف
1.73	0.52	نفع فی سرٹیفکیٹ

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.24 روپے کے مقابلے میں 30 جون، 2020 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 0.78 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں جو کہ پچھلے سال سے 3.25 گنا زیادہ ہے۔ اس کے علاوہ آپ کا مڈارباہ مساوی قیمت پر 10 فیصد رائٹ سرٹیفکیٹس بھی جاری کر رہا ہے (رجسٹرڈ مڈارباہ کی منظوری سے مشروط ہے)۔ رائٹ سرٹیفکیٹس نہ کو رد اعلان شدہ ڈیویڈنڈ کے حقدار نہیں ہوں گے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی.آر.آر. گارڈین مڈارباہ پاکستان میں مڈارباہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مڈارباہ کے تصور پر کیا گیا۔

ہمارا عظیم الشان بی.آر.آر. ٹاور جو کہ ایک جدید 20 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی. آئی. چنبرہ گزر روڈ پر ایک نمایاں اضافہ ہے اور مکمل کرائے شدہ ہے۔

بی.آر.آر. گارڈین مڈارباہ نے ایک جدید بی.آر.آر. سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شراعت قائمین پہ بنائی گئی قلعہ نما عمارت اپنے اندر اور ارد گرد اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد استخراج پیش کرتی ہے۔

اقتصادی جائزہ

سال 2019-20 ایک مثبت معاشی نمو کے سال کے طور پر متوقع تھا۔ تاہم، آخر کے چار سے چھ مہینوں میں معیشت پر کووڈ-19 وبا کے بڑھتے ہوئے اثرات نے معاشی تصویر کو یکسر بدل دیا۔ کووڈ-19 کے بعد، صنعت اور خدمات کے شعبے میں سست کارکردگی کی بنیاد پر مالی سال 2020 کی شرح نمو کا تخمینہ منفی 0.38 فیصد ہے۔ کووڈ-19 کے پیش نظر شرح سود میں 6.25 فیصد کمی کی گئی تھی جو 13.25 فیصد سے کم ہو کر 7 فیصد ہو گئی ہے۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2020-21 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے کسٹمرز کو پر اپنی کرائے پر دینا۔
- سکوک اور مشارکہ کی بنیاد پر متعارف کرائے جانے والے ٹی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سیکورٹی پر انحصار۔
- رسک مینیجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینیجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افرادی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی اثاثے	
ملین روپے	مالی سال
30,736	2015
36,806	2016
44,016	2017
52,670	2018
53,903	2019

جون 30، 2019 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP بک برائے 2019 کے مطابق بی آر آر جی ایم کا مارکیٹ شیئر حسب ذیل رہا :

ملین روپے			
حصص یافتگان کی ایکو کٹی	26 مضاربہ کی پوزیشن	بی آر آر سی ایم کا حصہ	بی آر آر سی ایم کا حصہ تمام مضاربہ میں
20,828	1,374	6.60%	
53,903	1,838	3.40%	
(1,290)	45	-3.5%	

وسائل، مواقع، کاروباری خطرات اور ان خطرات کی شدت کم کرنے والے اقدامات

آپ کے مضاربہ نے پاکستان میں اسلامی مالیاتی اداروں کی داغ بیل ڈالی اور پچھلی تین دہائیوں سے زیادہ اس ملک میں کامیابی کے ساتھ کام کر رہا ہے۔ مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدنی یقینی بنانے میں اہم کردار ادا کیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضوابط کی بہترین پریکٹس کے ساتھ تعمیل

آپ کی ناظم کمپنی نے جون 2020-30 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کر دیے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسچینج آڈیٹر کی جانچ پڑتال اس دستاویز سے منسلک ہے۔

ایس ای سی بی ورپاکستان اسٹاک ایکسچینج کی ہدایات کی روشنی میں ڈائریکٹر ذمہ داری کرتے ہیں کہ ادارے کے تمام کاروباری افعال میں کوڈ آف گورننس اور اخلاقی حدود کا پورا خیال رکھا گیا ہے۔

- کمپنی کے مالیاتی حسابات تمام کاروباری معاملات، اقدامات کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی واضح نشانہ بنی کرتی ہیں۔
- ادارے نے ہر طرح کا حساب کتاب تمام مروج طریقوں اور اصولوں کے مطابق یعنی درست حالت میں رکھا ہے۔
- مالیاتی حسابات کی تیاری میں اکاؤنٹنگ کے تمام مروج معیارات کا پورا خیال رکھا گیا ہے۔
- تمام مالیاتی حسابات مضاربہ کمپنیز اینڈ مضاربہ (فلو ٹیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کمپنیز اینڈ مضاربہ رولز 1981 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہیں۔
- انٹرئل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں۔
- اسٹاک کے ضوابط میں تصدیقاً درج کارپوریٹ گورننس کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔
- مالیاتی گوشواروں کے اندراجات کے علاوہ ٹیکسوں، ڈیویڈنڈ، لیویز اور بقایا جات کی مد میں کوئی رقم واجب الادا نہیں ہے۔
- ٹرانسفر پر اسٹاک کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزشتہ ہونے والی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 457,500 بی آر جی ایم کے سرٹیفکیٹس خریدے اور 18,000 بی آر جی ایم کے سرٹیفکیٹس جانشینی کے سرٹیفکیٹ کے ذریعے چیئر مین کو منتقل ہوئے ہیں۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروجہ اصولوں اور پیکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔ ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر و فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

قوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2020 تک سرمایہ کاری کی قدر 143.080 ملین روپے رہی جو 2019 میں 125.656 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورتحال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں رد و بدل کی ضرورت ہو۔

منسلک افراد / متعلقہ فریقین سے لین دین

بی آر جی ایم اور متعلقہ افراد یا اداروں کے درمیان کاروباری معاملات کسی دباؤ یا غیر ضروری جانب داری کے بغیر انجام پائے ہیں، سوائے ان معاملات یا ٹرانزیکشنز کے جن کا جواز بیان کیا گیا ہو۔

آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہر دو چھ حسین چوہدری اینڈ کمپنی کو برائے سال 2020-21 کے لئے رجسٹرار مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار آخری صفحے پر تجزیے کے خلاصے کے ساتھ پیش کیے گئے ہیں۔

رہسک منیجمنٹ فریم ورک

کسی بھی کاروبار میں خطرات تو ہوتے ہی ہیں۔ بلند شرح سے منافع کمائنے کے لیے ہر کاروباری ادارے کو تھوڑے بہت خطرات تو مول لینا ہی پڑتے ہیں۔ ہم سرٹیفکیٹ کی قدر میں اضافہ برقرار رکھنے کے لیے کام کرتے ہیں۔ خطرات بھی مول لیے جاتے ہیں مگر پوری احتیاط کے ساتھ اور اس معاملے میں متعلقہ فریم ورک یا طریق کار کو کے کسی بھی پہلو کو نظر انداز نہیں کیا جاتا۔

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیئرمین	4 میں سے 4
2	جناب ایاز داؤد	سی ای او	4 میں سے 4
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 4
4	سید علی رضا	ڈائریکٹر	4 میں سے 4

آڈٹ کمیٹی کا اجلاس

بورڈ کی آڈٹ کمیٹی کے اجلاس کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب وقاص انور قریشی	چیئرمین	4 میں سے 3
2	جناب رفیق داؤد	ممبر	4 میں سے 4
3	سید علی رضا	ممبر	4 میں سے 4

انٹرئل کنٹرول اور آڈٹ

بورڈ آف ڈائریکٹرز تمام طے شدہ اور مروجہ طریقوں کو بروئے کار لا کر موثر اندرونی انتظام اور انضباط یقینی بنانے کا پابند ہے۔ بی آر آئی ایم کی آڈٹ کمیٹی ان ہاؤس انٹرئل آڈٹ فنکشن یقینی بناتی ہے۔ اس حوالے سے درج ذیل کردار متعین کیے گئے ہیں:

1. مروجہ انٹر نیچل اکاؤنٹنگ اسٹینڈرڈز، اسلامک فننشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کنٹریز اینڈ مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کنٹریز لیز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرئل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثربازی کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار منی آؤٹس کہا جاتا ہے۔
4. فننشل اور آپریشنل معاملات کا جائزہ۔

5. اہم خطرات کی تشخیص اور نشاندہی۔

انٹرنل آڈٹ فنکشن عمدہ طریقے سے کام کرے تو خطرات کا سامنا کرنے کا موثر نظام وضع کرنے میں غیر معمولی مدد ملتی ہے۔ مختلف سرگرمیوں کو بہتر طریقے سے انجام دینا ممکن ہو جاتا ہے۔ بہتر نتائج حاصل ہوتے ہیں۔ انٹرنل آڈٹ فنکشن معاملات کرنے اور رکھنے کے دیگر طریقوں کی کارکردگی کا بھی جائزہ لیتا ہے۔

مستقبل کی حکمت عملی

ایک مندرجہ ذیل کمپنی کی حیثیت سے ہم شرعی اصولوں سے پوری مطابقت اور ہم آہنگی رکھنے والی جدید مالیاتی اشیاء و خدمات کی فراہمی کے ذریعے شرح نمو یقینی بنا کر اپنی کارپوریٹ ویلیو میں اضافہ کرنا چاہتے ہیں۔ بی آر جی ایم نے اپنے شعبے کے دیگر اداروں کے مقابلے میں عمدہ کارکردگی کا تسلسل یقینی بنانے میں خاصی کامیابی حاصل کی ہے۔ کامیاب مالیاتی نتائج نظامیہ کے اسٹریٹجک پلان کی کامیابی کی نشاندہی کرتے ہیں۔ ہماری کامیابی اس بات کی مظہر ہے کہ ہم اپنے شعبے میں اپنا مقام بنانے اور منوانے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کو وہ سب کچھ دینا چاہتے ہیں جو ان کے لئے زیادہ اہم ہے۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

ہمارا ادارہ سب کے لیے مساوی مواقع کے اصول کی بنیاد پر ملازمت فراہم کرتا ہے۔ کسی بھی شخص کو ملازمت فراہم کرتے وقت اس کی قابلیت اور کام کرنے کی لگن دیکھی جاتی ہے۔ میرٹ کا پورا خیال رکھا جاتا ہے۔ خدمات مستعار لینے کی پالیسی شفاف اور مروجہ طریقہ کار کے مطابق ہے۔ اس حوالے سے تمام قانونی اور اخلاقی نکات ہماری ہیومن ریسورس پالیسی میں درج بالخصوص درج ہیں۔

ہمارے ملازمین ہمارے لیے اثاثے کا درجہ رکھتے ہیں۔ ہم انہیں زیادہ سے زیادہ سہولتیں فراہم کرتے ہیں تاکہ وہ اپنی صلاحیتوں کو بہترین طریقے سے بروئے کار لانے کے ساتھ ساتھ نئی صلاحیتیں بھی اپنے اندر پروان چڑھائیں۔ ملازمین کو زیادہ سے زیادہ سہولتیں فراہم کرنے ایک مقصد تو انہیں بہتر کارکردگی کی طرف مائل کرنا ہے اور دوسرا مقصد یہ ہے کہ دوسرے قابل افراد کو بھی ہمارے ادارے کے لیے کام کرنے کی تحریک ملے۔

ہم اپنے ملازمین کی کارکردگی بہتر بنانے اور ان میں مزید صلاحیتیں اور مہارتیں پیدا کرنے کے لیے کیریئر مینجمنٹ کا بھی اہتمام کرتے ہیں۔ مشاہروں پر ہر سال نظر ثانی کی جاتی ہے۔ ہم سی آر ایس پروگرام کے تحت اپنے ملازمین کے لیے اضافی تربیت کا اہتمام بھی کرتے ہیں تاکہ وہ زیادہ اچھی طرح اپنی صلاحیتوں کا اظہار کریں اور ان کے کیریئر میں گہرائی و گیرائی پیدا ہو۔ کیریئر مینجمنٹ پالیسی کے تحت اکاؤنٹنگ اینڈ فنانس پرو فیشنلز کو بہتر نتائج کے حصول کے قابل بنانے پر خاص توجہ دی جاتی ہے۔

جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔ بی آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیئے جائیں تاکہ وہ اپنی صلاحیتوں کو پروان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سکیشن پلان کارکردگی اور صلاحیت و سکت دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمرز، ملازمین اور شیئربولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنانے رکھنا بھی ہماری ذمہ داری ہے۔

ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ پی آر آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو دوامیت، خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

ایک ایسے دور میں کہ جب ماحول اور معاشرے کے لیے مسائل بڑھتے جا رہے ہیں اور اس حوالے سے سوچنے والوں کی تعداد بھی بڑھ رہی ہے، جیسے ماحول میں کاروبار نہیں کیا جاسکے۔ لوگ خریداری کرتے وقت بہت کچھ سوچتے ہیں۔ وہ اس بات پر بھی غور کرتے ہیں کہ جو چیز خرید رہے ہیں اس کی تیاری میں معاشرے یا ماحول کو نقصان تو نہیں پہنچایا گیا۔ لوگوں کو اپنی اور دوسروں کی ذمہ داریوں کا بھرپور احساس ہے۔ یہی سبب ہے کہ آج کے پیشتر ادارے معاشرے میں خرابیوں کو روکنے اور ماحول کو بہتر حالت میں رکھنے کے حوالے سے اپنا کردار ادا کرنے کی بھی کوشش کر رہے ہیں۔

غیر شرعی ذرائع سے حاصل ہونے والی تمام آمدن کو شریعہ ایڈوائزرز کے مشورے سے پاک کرنے کے بعد عطیہ کر دیا جاتا ہے۔

صحت، حفاظتی تدابیر اور ماحول

ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کے عہد پر کاربند ہیں۔ اپنی عمل پسند سوچ کے ذریعے ہم اس بات کو یقینی بناتے ہیں کہ تمام ملازمین زیادہ سے زیادہ سہولت اور تحفظ کے ساتھ کام کریں۔ ہم پورے احاطہ کے ساتھ کہہ سکتے ہیں کہ ہمارے تمام دفاتر میں درست الیکٹرک وائرنگ کی گئی ہے، آگ بجھانے کے آلات موجود ہیں اور کسی کے زخمی ہو جانے کی صورت میں ابتدائی طبی امداد کا بھرپور انتظام ہے۔ ماحول کو صاف اور صحت بخش رکھنے کے لیے تمباکو نوشی پر مکمل پابندی عائد ہے۔

پی آر آر جی ایم نے پرنسپل سے متعلق کسی بھی ایسی ویسی بات سے نمٹنے کے لیے موزوں حفاظتی (بیمہ) لے رکھا ہے۔ تمام ملازمین کو قدرتی اور حادثاتی موت کی صورت میں حفاظتی میسر ہے۔ ملازمین کے اہل خانہ کو صحت و غیرہ کے معاملے میں حفاظتی سہولت کی میسر ہے۔

سرٹیفکیٹ ہولڈنگ کی طرز

30 جن، 2020 کو ختم ہونے والے مالی سال کے لیے بیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژرس دستاویز سے منسلک ہے۔

ترجی پر و گرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 14 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز ICMA اور PICG سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 20 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسو سییشن، مضاربہ



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

پراسٹیکٹس اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقے کار اور میوریٹم اور آرڈیننس اسوسی ایشن کی مشقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

اختتامی کلمات اور اظہارِ تشکر

گرتے ہوئے شرح سود کے پیش نظر، ہم توقع کرتے ہیں کہ مارکیٹ مثبت کارکردگی کا مظاہرہ کرے گی اور اس طرح آپ کے مضاربہ کے منافع میں اضافہ ہوگا۔ آپ کا مضاربہ یقین رکھتا ہے کہ مستقبل کے معاشی امکانات روشن ہیں اور اسی لئے مساوی قیمت پر رائیٹ سرٹیفیکیٹ جاری کر رہا ہے۔

آگے کا دیکھتے ہوئے ہم سال 2020-21 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹمر میڈیٹریٹ فولیو ز کے ذریعے اور پراپٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفیکیٹ ہولڈرز کا اہتمام کرنے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پریکٹس اپناتے ہیں۔ پی آر جی ایم اپنی مندرجہ پوزیشن برقرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔ از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ

ایاز داؤد
چیف ایگزیکٹو آفیسر

سید علی رضا
ڈائریکٹر

اکتوبر 01، 2020
کراچی



STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2020.

Name of company: BRR Guardian Modaraba
Year ending: June 30, 2020

Despite the fact that the B.R.R Investment (Private) Limited (the management company of B.R.R Guardian Modaraba) is a private limited company, the Board of Directors of the Modaraba Management Company is responsible for managing the affairs of Modaraba.

The Modaraba Management Company (hereafter referred to as the Company) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are four as per the following:

- | | |
|------------|------|
| a. Male: | Four |
| b. Female: | NA |

2. The composition of board is as follows:

- | | |
|---------------------------------|-------------------------|
| a) Independent Directors | Mr. Waqas Anwar Qureshi |
| b) Independent Directors | Mr. Syed Ali Raza |
| c) Other Non-executive Director | Mr. Rafique Dawood |
| d) Executive Directors | Mr. Ayaz Dawood |

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



9. Company stands complied with the requirement as having half of the directors of the board have acquired prescribed certification under director training program under sub clause 1(i) of regulation 19 of the regulations in the following manner:

Mr. Waqas Anwer Quershi	Certified from ICMA
Mr. Ayaz Dawood	Certified from PICG

From the remaining directors, one director has met the exemption requirement of having minimum of 14 years of education and 15 years of experience on the Board of a listed company and one director shall obtain certification under DTP in due course of time.

Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

a) Audit Committee

(Name of members and Chairman)
Mr. Waqas Anwar Qureshi - Chairman
Mr. Rafique Dawood - Member
Syed Ali Raza - Member

b) HR and Remuneration Committee

(Name of members and Chairman)
Syed Ali Raza - Chairman
Mr. Rafique Dawood - Member
Mr. Waqas Anwar Qureshi - Member

c) Nomination Committee (NA)

d) Risk Management Committee (NA)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.



14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee (quarterly)
 - b) HR and Remuneration Committee (yearly)
 - c) Nomination Committee (NA)
 - d) Risk Management Committee (NA)
15. The board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company
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 regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied where applicable.

October 01, 2020

On Behalf of the Board of Directors
B.R.R Investment (Private) Limited

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

**Crowe Hussain Chaudhury & Co.**

Chartered Accountants
Member Crowe Global

F-4/2, Mustafa Avenue,
Behind The Forum
Block 9, Clifton, Karachi, Pakistan.
+92 21 35877806-10
www.crowe.pk

Other Offices in Lahore & Islamabad

**Independent Auditor's Review Report
To the Certificate Holders of B.R.R. Guardian Modaraba**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by Board of Directors of BRR Investment (Private) Limited, the Modaraba Management company of BRR Guardian Modaraba for the year ended June 30, 2020 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 Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

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

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party. 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 for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2020.


Chartered Accountants

Karachi.

Dated: 05 OCT 2020

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. GUARDIAN MODARABA** ("the Modaraba") as at June 30, 2020 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

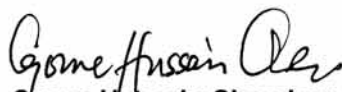
We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis,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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts 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;

CSC



- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2019 and of the profit or loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.


Crowe Hussain Chaudury & Co
Chartered Accountants
Engagement Partner:
Imran Sheikh

Place: Karachi

Date:

05 OCT 2020

Shari'ah Advisor's Report

I have conducted the Shari'ah review of **B.R.R. Guardian Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30th June 2020. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas issued by Security and Exchange Commission of Pakistan via circular # 8 of 2012 dated 3rd February, 2012 that except the observation as;

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. 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 Mechanism for Modarabas.
3. Charity on dividend income has been calculated and PKR/ 29,002 has been transferred to charity account.
4. Shariah non complaint Scripts of Service Industries Limited total 27,595 hold by the Modaraba should be offloaded and during the period all received dividend will be transferred to charity account.

Observations:

Charity should be paid to respectively different recognized charitable institution obtaining prior approval from Shari'ah advisor.

Conclusion:

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



Mufti Muhammad Aqeel

Shari'ah Advisor

Dated: August 05, 2020



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

BALANCE SHEET AS AT JUNE 30, 2020

	June 30, 2020	June 30, 2019
Note	----- Rupees -----	
ASSETS		
Non-current assets		
Property, plant and equipment	6 93,450,103	144,248,875
Investment properties	7 982,181,780	943,576,499
Long-term investment	8 55,000,000	55,000,000
Long-term musharaka finances	9 36,575,223	18,882,742
Long-term loans, advances and deposits	10 5,629,675	6,138,991
Total non-current assets	1,172,836,781	1,167,847,107
Current assets		
Short-term investments	11 838,559,271	541,862,200
Current portion of musharaka finances	9 21,074,868	40,473,298
Ijarah / lease rental receivable	12 671,145	906,290
Loans, advances and prepayments	13 7,814,581	17,080,767
Accrued profit	14 1,257,718	406,957
Other receivables	15 13,851,751	9,550,113
Taxation	16 24,878,439	18,159,480
Cash and bank balances	17 32,487,352	42,027,988
Total current assets	940,595,125	670,467,093
TOTAL ASSETS	2,113,431,906	1,838,314,200
EQUITY AND LIABILITIES		
Capital and reserve		
Authorised capital		
140,000,000 (2019: 140,000,000) Modaraba	1,400,000,000	1,400,000,000
certificates of Rs. 10/- each		
Issued, subscribed and paid-up certificate capital	18 863,622,630	863,622,630
Reserves	19 380,609,428	251,948,416
Surplus on revaluation of investments	20 486,928,899	258,174,771
	1,731,160,957	1,373,745,817
Liabilities		
Non-current liabilities		
Long-term loans	21 20,652,000	-
Long-term murabaha, musharaka and finance under		
mark-up arrangements	22 -	-
Long-term security deposits	23 84,784,856	78,317,753
Total non-current liabilities	105,436,856	78,317,753
Current liabilities		
Current portion of long-term loans	21 69,428,684	132,516,684
Current portion of long-term murabaha, musharaka		
and finance under mark-up arrangements	22 50,000,000	79,677,418
Current portion of security deposits	23 800,590	5,315,800
Creditors, accrued and other liabilities	24 126,164,369	138,607,007
Accrued profit on borrowings	25 613,854	814,247
Profit distribution payable	26 29,826,596	29,319,474
Total current liabilities	276,834,093	386,250,630
Contingencies and commitments	27	
TOTAL EQUITY AND LIABILITIES	2,113,431,906	1,838,314,200

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
		----- Rupees -----	
INCOME			
Rental income	28	211,608,670	192,095,570
Income on musharaka finances		13,232,502	6,142,983
Ijarah rental income - net	29	5,149,929	16,765,007
Return on investments - net	30	34,345,439	17,552,447
Profit on bank balances		824,331	563,566
Reversal of provision for doubtful receivables	31	23,283,745	51,896,319
Gain on disposal of ijarah assets		839,797	1,217,510
Other income	32	2,907,474	8,598,258
Reversal of impairment on property	33	22,619,675	11,864,726
Unrealised gain/(loss) on revaluation of FVTPL investment		28,131,073	(79,601,071)
		342,942,635	227,095,315
EXPENSES			
Administrative expenses	34	126,989,083	116,454,292
Depreciation on investment properties	7.1	33,950,413	32,632,059
Financial charges	35	10,473,550	26,421,013
		171,413,046	175,507,364
		171,529,589	51,587,951
Modaraba management company's fee	36	17,152,959	5,158,795
Sales tax on modaraba management company's fee		2,229,885	670,643
Provision for Sindh Workers' Welfare Fund	37	3,042,935	915,170
Profit before taxation		149,103,810	44,843,343
Taxation	38	-	-
Net profit for the year		149,103,810	44,843,343
Earnings per certificate - basic and diluted	39	1.73	0.52

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019
	----- Rupees -----	
Profit for the year	149,103,810	44,843,343
Other comprehensive gain/(loss) for the year		
Items that will be subsequently reclassified :		
Unrealised gain / (loss) on revaluation of fair value through OCI investments	229,038,273	(33,633,154)
Total comprehensive income for the year	378,142,083	11,210,189

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019 (Restated)
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	149,103,810	44,843,343
Adjustment of non-cash and other items:		
Depreciation	44,385,142	43,227,639
Amortisation on ijarah assets	7,085,722	25,395,565
Provision against doubtful receivable-net	(23,283,745)	(51,896,319)
Gain on disposal of property and equipment - owned	(757,575)	(327,197)
Gain on disposal of property, plant and equipment - leased / ijarah	(839,797)	(1,217,510)
Gain on disposal of non current asset held for sale	-	(4,200,000)
Ijarah Rental Income	(12,235,651)	(42,160,572)
Profit on musharaka, murabaha and finance under mark-up arrangements	(13,232,502)	(6,142,983)
Unrealised (gain)/ loss on revaluation of FVTPL	(28,131,073)	79,601,071
Impairment of assets	(22,619,675)	(11,864,726)
Financial charges	10,473,550	26,421,013
Return on investments - net	(34,954,797)	(18,074,321)
	<u>(74,110,401)</u>	<u>38,761,660</u>
	74,993,409	83,605,003
(Increase) / decrease in current assets		
Ijarah / lease rentals receivable	12,134,754	42,322,123
Loans, advances and prepayments	4,223,790	5,086,025
Accrued profit	12,381,741	6,251,862
Other receivables	(235,448)	(6,008,606)
	<u>28,504,837</u>	<u>47,651,404</u>
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	11,655,227	(3,285,356)
Rent received in advance	(24,097,865)	(15,553,100)
Customers' security deposit	1,951,893	(9,949,549)
	<u>(10,490,745)</u>	<u>(28,788,005)</u>
	(6,718,959)	(3,606,802)
Income tax paid	-	-
Net cash generated from operating activities	<u>86,288,542</u>	<u>98,861,600</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property and equipment - owned	(16,202,742)	(5,553,915)
Addition to investment properties	(4,407,862)	-
Proceeds from the disposal of property and equipment - owned	1,493,939	753,622
Proceeds from disposal of Office Equipments- investment properties	138,926	-
Proceeds from disposal of property, plant and equipment - leased / ijarah	8,546,875	10,836,079
Investments disposed (purchased) / disposed- net	(19,871,543)	53,478,904
Income received on investments	12,154,675	14,740,067
Musharaka finances	25,325,736	40,995,413
Net cash generated / (used in) from investing activities	<u>7,178,004</u>	<u>115,250,170</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(20,219,821)	(27,879,905)
Finance under murabaha, musharaka and finance under mark-up arrangements	(29,677,418)	(114,774,673)
Long-term loan	(42,436,000)	(23,636,000)
Financial charges paid	(10,673,943)	(26,014,339)
Net cash used in financing activities	<u>(103,007,182)</u>	<u>(192,304,917)</u>
Net (decrease) / increase in cash and cash equivalents	(9,540,636)	21,806,853
Cash and cash equivalents at the beginning of the year	42,027,988	20,221,135
Cash and cash equivalents at the end of the year	<u>32,487,352</u>	<u>42,027,988</u>

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

For B.R.R. Investment (Private) Limited (Modaraba Management Company)

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total	
	Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss			
----- (Rupees) -----							
Balance as at July 01, 2018	863,622,630	10,532,683	44,902,567	734,198,759	(554,688,204)	293,330,362	1,391,898,797
Profit for the year ended June 30, 2019	-	-	-	-	44,843,343	-	44,843,343
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	(33,633,154)	(33,633,154)
Total comprehensive income for the year	-	-	-	-	44,843,343	(33,633,154)	11,210,189
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	1,522,437	(1,522,437)	-
Profit distribution for the year ended June 30, 2018 @0.34 per certificate	-	-	-	-	(29,363,169)	-	(29,363,169)
Transfer to statutory reserve	-	-	-	21,813,411	(21,813,411)	-	-
Balance as at June 30, 2019	863,622,630	10,532,683	44,902,567	756,012,170	(559,499,004)	258,174,771	1,373,745,817
Profit for the year ended June 30, 2020	-	-	-	-	149,103,810	-	149,103,810
Unrealized gain on revaluation of fair value through OCI investments - net	-	-	-	-	-	229,038,273	229,038,273
Total comprehensive income for the year	-	-	-	-	149,103,810	229,038,273	378,142,083
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	284,145	(284,145)	-
Profit distribution for the year ended June 30, 2019 @ 0.24 per certificate	-	-	-	-	(20,726,943)	-	(20,726,943)
Transfer to statutory reserve	-	-	-	74,257,700	(74,257,700)	-	-
Balance as at June 30, 2020	863,622,630	10,532,683	44,902,567	830,269,870	(505,095,692)	486,928,899	1,731,160,957

* Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF THE BUSINESS

- 1.1** B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 framed there under and is managed by B.R.R. Investments (Private) Limited, having its registered office at 1900-B, Saima Trade Tower, I.I. Chundrigar Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba's principal activity is leasing (ijarah) of assets, deployment of funds in musharakas, murabahas and investment in properties, equity and debt securities. The Modaraba also provides custodial and management services in the name of B.R.R. Security Vault.

- 1.2** The Modaraba has incorporated a wholly owned subsidiary namely BRR Financial Services (Private) Limited (the Subsidiary) which was incorporated on November 30, 2015 under the Companies Ordinance 1984 now Companies Act 2017. The Subsidiary has not yet commenced its operations as at year end (refer note 8).

2. SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX) after the announcement of lock-downs by the government authorities. The Modaraba is conducting business with some modifications to employee working while following all necessary Standard Operating Procedures (SOPs). The management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in current period. Therefore the management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in financial statements.

3. BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.

3.2 Basis of measurement

These financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.3 Functional and presentation currency

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



3.4 Significant accounting estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with a significant risk of material judgment in the next year are as follows:

	Note
Amortization of property, plant and equipment - Ijarah	5.1
Amortization of property, plant and equipment - leased	5.1.1
Depreciation on property and equipment - own	5.1.2
Classification and valuation of investments	5.5
Provision for doubtful receivables	5.6
Impairment of investments, debt securities and leased assets	5.8

4 STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR

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

Following are the new standards and amendment to approved accounting standards which are mandatory for the Modaraba's annual accounting period which began on July 1, 2019.

Standard or Interpretation	Effective date (Annual periods beginning on or after)
-----------------------------------	--

IFRS 16 - Leases	July 1, 2019
------------------	--------------

The adoption of the above standard, amendment and improvement to accounting standards did not have any material effect on the financial statements. However their impact is stated below.

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position with only exception of short term and low value leases. Under IFRS 16, a lessee shall recognize an asset (the right to use the leased item) based on the initial measurement of lease liability, plus (any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located) along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted using (the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.)

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The recognition criteria for lease is same as define in IAS 17 for lessor.

The Modaraba adopted IFRS 16 as on July 1, 2019, The Modaraba has an application of IFRS 16 as a lessor for an operating



lease of lockers and properties which are already covered and classified under Investment Properties. Therefore the application of this standard does not result in any change in financial reporting. However para 96 of IFRS 16 requires Modaraba to apply disclosure requirement as given in IAS 40 for the assets subject to operating lease which have been disclosed accordingly.

4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2019 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date (Annual periods beginning on or after)
IAS 1 - Presentation of financial statements	January 1, 2020
IAS 8 - Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IFRS 3 - Business Combinations (Amendments)	January 1, 2020
IFRS 16 - IASB 'Relief for lessees in accounting for rent concessions'	June 1, 2020
IAS 37 'Amendments Onerous Contracts-Cost Of Fulfilling a Contract'.	January 1, 2022
IAS 16 'Proceed Before Intended Use'.	January 1, 2022
Various Amendments to References to the conceptual framework in the IFRS standard	January 1, 2020

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

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

Standard or Interpretation	Effective date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 01, 2018
IFRS 17 - Insurance Contracts	January 01, 2022

The Modaraba expects that above new standards will not have any material impact on the Modaraba's financial statements in the period of application.

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below.

5.1 Property, plant and equipment under ijarah arrangements

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 2009 for all ijarah contracts commencing on or after July 01, 2008.

The assets subject to ijarah commencing on or after July 01, 2008 are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on these assets using the straight line method over the ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletion during the year, amortisation is charged proportionately to the period of ijarah.

5.1.1 Property, plant and equipment under lease arrangements

Leased fixed assets are stated at cost less accumulated amortisation and impairment loss (if any). Amortisation is charged to income applying the annuity method whereby the cost of an asset less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortisation is charged proportionately to the period of lease.

Gain or loss on disposal of leased assets is recognised as income or expense as and when incurred.

5.1.2 Property, plant and equipment under own use

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

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed atleast at each balance sheet date and changes, if any, are recognised prospectively.

5.2 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost (less impairment losses, if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets and investment property category as and when the assets are available for intended use.

5.3 Investment properties

Leased investment properties are properties accounted for under IAS 40 'Investment Properties' (held to earn rentals or for capital appreciation). The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any impairment losses.

Depreciation on investment properties is charged on straight line method over their estimated useful life at rates ranging from 2% to 5% per annum. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.



5.4 Non current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arising from the sale of these assets are reported in other income.

5.5 Financial assets

The Modaraba classifies its financial assets into following three categories:

- Fair Value through Other Comprehensive Income (FVOCI);
- Fair Value through Profit or Loss (FVTPL); and
- At Amortized cost.

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

5.5.1 Subsequent measurement

Debt instruments at FVOCI

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

Equity instruments at FVOCI

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

Financial assets FVTPL

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

Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. These comprise of ijarah rental receivable, musharaka finances, advances, deposits, prepayments and other receivables and trade debts.

5.6 Provisions for doubtful receivables

Provisions are recognised 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 balance sheet date and adjusted to reflect the current best estimate.

5.7 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognised on the trade date i.e. the date that the



Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

5.8 Impairment

5.8.1 Impairment on Financial assets.

Provision of financial assets (i.e Musharaka, Ijarah and Murabaha) is recognized in accordance with the criteria laid down in prudential regulations issued by Securities and Exchange commission of Pakistan (SECP) and is charged to profit and loss account in the period to which it relates.

For the provision of other financial assets the modaraba follows expected credit loss model of IFRS 9.

Impairment loss in respect of financial assets classified as fair value through other comprehensive income (other than debt securities) is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of what is significant or prolonged requires judgment.

In case of impairment of financial assets at FVOCI, the cumulative loss that has been recognized directly in statement of comprehensive income is taken to the statement of profit or loss.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All these impairment losses are recognized in the statement of profit or loss."

5.8.2 Impairment on Non-financial assets

The Modaraba assesses at each balance sheet 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

5.9 Derecognition of financial instruments

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the modaraba has transferred substantially all risks and rewards of ownership.

5.10 Revenue recognition

5.10.1 Ijarah income / operating lease income

Up until June 30, 2008, the Modaraba treated all leases as operating leases and from July 01, 2008, the Modaraba has adopted IFAS 2 - Ijarah for all new disbursements. In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in profit and loss account on an accrual basis as and when rentals become due. Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as an operating lease. Rental income from operating leases is recognised on straight line on an accrual basis.



5.10.2 Murabaha and musharaka transactions

Profit from musharaka transactions is recognised on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred and recorded as "Deferred Murabaha Income". The same is then recognised on a time proportion basis.

5.10.3 Rental income

Rental income arising from investment properties and lockers is accounted for on accrual basis.

5.10.4 Dividend income

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

5.10.5 Gain and losses on sale of investment

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

5.10.6 Income on debt securities

Income is recognised on a time proportion basis under the effective yield method.

5.10.7 Income on balances with banks

Profit on saving accounts with banks is recognised on an accrual basis.

5.10.8 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary, on non-performing assets (including non-performing net investment in ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP. Unrealised suspense income is recognised in profit and loss account on receipt basis.

5.11 Taxation

5.11.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders of the Modaraba.

5.11.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and financial statements used for taxation purposes. However, deferred tax liability has not been provided in these financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.



5.12 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 10% of the basic salary of the employees.

5.13 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognised in profit and loss account.

5.14 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost. Significant financial liabilities are musharaka, murabaha and finance under mark-up arrangements, deposit on lease contracts and accrued and other liabilities.

5.15 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand, as well as balance held with the State Bank of Pakistan (SBP).

5.16 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognised in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognised in the year to which these relate.

5.17 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is 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 realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off- set.

5.18 Segment reporting

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the modaraba management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components. The Modaraba has only one reportable segment.

5.19 Earnings per certificate

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

5.20 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
6 PROPERTY, PLANT AND EQUIPMENT			
Property and equipment - owned	6.1	63,468,651	99,474,623
Property, plant and equipment- leased / ijarah	6.2	29,981,452	44,774,252
		93,450,103	144,248,875

6.1 Property, plant and equipment - owned

Particulars	Leasehold land	Building on leasehold land	Office Premises (Ref: 6.1.1)	Lockers	Furniture and fixtures	Vehicles	Office equipment and appliances	Total
	(Rupees)							
Year ended June 30, 2020								
Net carrying value basis								
Opening net book value (NBV)	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Additions (at cost)	-	1,417,630	-	616,000	3,574,467	8,135,910	2,458,735	16,202,742
Transfer from investment property (NBV)	-	-	14,299,162	-	-	-	-	14,299,162
Disposals (NBV)	-	-	-	-	-	(1,658,613)	(1)	(1,658,614)
Transfer to investment property (NBV)	-	(61,164,083)	-	-	(4)	-	(284,027)	(61,448,114)
Reversal of impairment	-	-	7,033,581	-	-	-	-	7,033,581
Depreciation charge	(50,558)	(694,952)	(1,538,251)	(593,236)	(269,585)	(6,013,806)	(1,274,341)	(10,434,729)
Closing net book value	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Gross carrying value basis								
Cost	2,527,890	26,041,419	51,886,712	24,476,218	5,375,426	35,038,413	20,326,740	165,672,818
Accumulated depreciation	(1,440,901)	(19,287,770)	(21,161,701)	(18,639,216)	(1,541,825)	(19,733,327)	(17,961,020)	(99,765,760)
Accumulated impairment	-	-	(2,438,407)	-	-	-	-	(2,438,407)
Net book value	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Year ended June 30, 2019								
Net carrying value basis								
Opening net book value (NBV)	1,188,105	68,681,916	9,344,790	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Additions (at cost)	-	-	-	967,500	-	3,706,900	879,515	5,553,915
Disposals (NBV)	-	-	-	-	-	(426,424)	(1)	(426,425)
Depreciation charge	(50,558)	(1,486,862)	(852,678)	(538,157)	(105,599)	(5,954,396)	(1,607,330)	(10,595,580)
Closing net book value	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Gross carrying value basis								
Cost	2,527,890	93,311,897	17,053,558	23,860,218	2,292,539	34,008,319	19,229,626	192,284,047
Accumulated depreciation	(1,390,343)	(26,116,843)	(8,561,446)	(18,045,980)	(1,763,816)	(19,166,724)	(17,764,272)	(92,809,424)
Net book value	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Depreciation rate % per annum	2%	2-5%	2-5%	5%	10%	20%	33.33%	

6.1.1 Disposal of property and equipment - during the year - (Owned)

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Union Star - 70 KCZ-9391	44,508	44,507	1	4,450	4,449	Company Policy	Mr. Ammad Siddiqui
Toyota Corolla Saloon BCB-662	1,700,500	1,700,499	1	170,050	170,049	Company Policy	Syed Farhan Abbas
Toyota Corolla Saloon AG-320	1,655,908	1,655,907	1	165,590	165,589	Company Policy	Mr. Mirza Munawar
Toyota Corolla Saloon BCS-268	1,785,000	1,041,250	743,750	922,250	178,500	Company Policy	Mr. Muhammad Ali Sakhi
Toyota Corolla Saloon BKC-216	1,849,000	986,133	862,867	1,078,584	215,717	Company Policy	Syed Iqbal Hussain Rizvi
Honda 70 KMG-4391	70,900	18,907	51,993	60,265	8,272	Company Policy	Mr. Jamaluddin
Office equipment and computers							
Photocopier Machine	42,000	41,999	1	15,000	14,999	Company Policy	Third party
June 30, 2020	<u>7,147,816</u>	<u>5,489,202</u>	<u>1,658,614</u>	<u>2,416,189</u>	<u>757,575</u>		
June 30, 2019	<u>3,073,300</u>	<u>2,646,875</u>	<u>426,425</u>	<u>753,622</u>	<u>327,197</u>		

	Note	June 30, 2020	June 30, 2019
----- (Rupees) -----			
6.2 Property, plant and equipment - leased / ijarah			
Property, plant and equipment - leased	6.2.1 & 6.2.3	19,615,249	19,615,249
Property, plant and equipment - ijarah	6.2.2	10,366,203	25,159,003
		<u>29,981,452</u>	<u>44,774,252</u>

6.2.1 Property, plant and equipment - leased

Particulars	Plant and machinery	Vehicles	Motor boat	Total
----- (Rupees) -----				
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>
Gross carrying value basis				
Cost	160,851,356	89,144,995	2,694,300	252,690,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(190,991,098)
Net book value	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>

Particulars	Plant and machinery	Vehicles	Motor boat	Total
	----- (Rupees) -----			
Gross carrying value basis				
Cost	160,851,356	89,144,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Depreciation rate % per annum	11% - 25%	20% - 33%	20%	

6.2.2 Property, plant and equipment - ijarah

Particulars	Plant and machinery	Vehicles	Office equipment	Total
	----- (Rupees) -----			
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	-	24,883,303	275,700	25,159,003
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	(7,536,678)	(170,400)	(7,707,078)
Depreciation charge	-	(6,980,422)	(105,300)	(7,085,722)
Closing net book value	-	10,366,203	-	10,366,203
Gross carrying value basis				
Cost	-	27,312,390	-	27,312,390
Accumulated depreciation	-	(16,946,187)	-	(16,946,187)
Net book value	-	10,366,203	-	10,366,203
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	6,698,710	52,632,133	842,294	60,173,137
Additions (at cost)	-	-	-	-
Reclassification	(32,060)	(25,646)	57,706	-
Disposals (NBV)	-	(9,415,469)	(203,100)	(9,618,569)
Depreciation charge	(6,666,650)	(18,307,715)	(421,200)	(25,395,565)
Closing net book value	-	24,883,303	275,700	25,159,003
Gross carrying value basis				
Cost	-	73,675,820	1,514,000	75,189,820
Accumulated depreciation	-	(48,792,517)	(1,238,300)	(50,030,817)
Net book value	-	24,883,303	275,700	25,159,003
Depreciation rate % per annum	11% - 25%	20% - 33%	20% - 33%	

6.2.3 These fully depreciated leased assets are related to non-performing lease receivables which are under litigation in various courts and are being persuaded professionally by competent legal counsels. Further, the lease receivables related to these assets are also fully provided under Prudential Regulations for Modaraba's.

6.2.4 In view of the large number of disposal of property, plant and equipment given on lease/ijarah, the management of the Modaraba is of the opinion that no practical purpose will be served by presenting details of such disposals.

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
7 INVESTMENT PROPERTIES			
Investment properties	7.1	973,092,780	934,487,499
Capital work- in-progress	7.2	9,089,000	9,089,000
		982,181,780	943,576,499

7.1. Investment properties

Particulars	Leasehold land	Building on leasehold land	Office premises (Ref: 7.1.1)	Total
	----- (Rupees) -----			
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	143,381,219	493,980,442	297,125,838	934,487,499
Additions (at cost)	-	4,407,862	5,551,712	9,959,574
Transfer from owned asset (NBV)	-	61,448,114	-	61,448,114
Transfer to owned asset (NBV)	-	-	(14,299,162)	(14,299,162)
Disposals (NBV)	-	(138,926)	-	(138,926)
Reversal of impairment	-	-	15,586,094	15,586,094
Depreciation charge	(3,856,889)	(13,226,235)	(16,867,289)	(33,950,413)
Closing net book value	139,524,330	546,471,257	287,097,193	973,092,780
Gross carrying value basis				
Cost	189,511,155	674,421,069	562,227,875	1,426,160,099
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(49,986,825)	(127,949,812)	(271,148,250)	(449,084,887)
Net book value	139,524,330	546,471,257	287,097,193	973,092,780
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	147,238,108	525,120,447	282,896,277	955,254,832
Reversal of impairment	-	-	11,864,726	11,864,726
Transferred in / (out)	-	(18,953,955)	18,953,955	-
Depreciation charge	(3,856,889)	(12,186,050)	(16,589,120)	(32,632,059)
Closing net book value	143,381,219	493,980,442	297,125,838	934,487,499
Gross carrying value basis				
Cost	189,511,155	599,680,606	591,509,317	1,380,701,078
Accumulated impairment	-	-	(29,040,514)	(29,040,514)
Accumulated depreciation	(46,129,936)	(105,700,164)	(265,342,965)	(417,173,065)
Net book value	143,381,219	493,980,442	297,125,838	934,487,499
Depreciation rate % per annum	2%	2-5%	2-5%	

- 7.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In prior year Modaraba has recorded impairment in the said property amounting to Rs. 47.709 million. During the year ended June 30, 2018 and June 30, 2019 Modaraba has carried out revaluation of said property that resulted in reversal of impairment amounting to Rs. 11.865 million and Rs. 6.804 million respectively. During the current year modaraba has reversed full amount of impairment amounting to Rs. 22.619 million



as per IAS 36. This property is in owned use as well as an investment property.

FDIBL has filed an application of intervention with the Honorable High Court of Sindh, for removal of stay of the commercial bank and to affect the transfer of the title in its favour, which is pending adjudication.

The original title documents and possession of the property rest with the Modaraba. The portion of the said property has been rented out to associated undertakings. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Modaraba.

The fair value of investment property as at June 30, 2020 as per valuation report of independent valuer is Rs. 1,430.988 million (June 30, 2019: Rs 1,951.997 million).

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
7.2 Capital work-in-progress			
Advance for office premise -Jofa Tower, Karachi	7.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	(57,331,000)
		9,089,000	9,089,000

- 7.2.1** This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Modaraba. In March 2012, the Modaraba filed a law suit for specific performance and deposited the balance amount of Rs. 9.089 million with Nazir High Court of Sindh. The law suit is currently pending before Honourable High Court of Sindh at Karachi. During prior year, Modaraba has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.

8 LONG-TERM INVESTMENT

In quoted wholly owned subsidiary companies - at cost
BRR Financial Services (Private) Limited
5,500,000 shares of Rs. 10 each (June 30, 2019: 5,500,000 shares)

55,000,000	55,000,000
-------------------	------------

- 8.1** The Modaraba, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received Trading Right Entitlement Certificate (TREC) against surrender of Stock Exchange Membership Card.

Pursuant to approval from SECP the Modaraba has incorporated a wholly owned subsidiary, namely, BRR Financial Services (Private) Limited (the Company) on November 30, 2015. In prior year, the Modaraba has subscribed 5,500,000 ordinary shares of Rs. 10 each in order to comply with minimum paid-up capital requirement under Securities Brokers (Licensing and Operations) Regulations 2016. In prior year, PSX vide letter dated June 25, 2019 transferred TREC from Modaraba to BRR Financial Services (Private) Limited and thereby granted a TREC to BRR Financial Services (Private) Limited.

The net assets of BRR Financial Services (Private) Limited based on latest audited financial statement as at June 30, 2020 amounted to Rs. 69.97 million (June 30, 2019 : 54.134 million).

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
9 LONG-TERM MUSHARAKA FINANCES			
Considered good		57,650,091	59,356,040
Considered doubtful	9.4	79,948,344	103,568,131
	9.1 & 9.3	137,598,435	162,924,171
Provision for doubtful receivables	9.2	(79,948,344)	(103,568,131)
		57,650,091	59,356,040
Current portion of musharaka finances		(21,074,868)	(40,473,298)
		36,575,223	18,882,742

9.1 The expected profit receivable on these arrangements ranges from 8.21% to 18.58% (2019: 8.21% to 17.32%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.

9.2 Movement of provision

Opening balance		103,568,131	155,351,790
Provision during the year		763,648	195,122
Written off during the year		-	-
Reversal during the year	31	(24,383,435)	(51,978,781)
Closing balance		79,948,344	103,568,131

9.3 Ageing of musharaka finances

Neither past due nor impaired		57,772,056	52,881,894
Past due but not impaired		820,305	6,474,146
Past due and impaired		79,006,074	103,568,131
		137,598,435	162,924,171

9.4 During the year, full amount outstanding from Pak Hy Oils Limited has been received / adjusted against advance rentals, as per the payment schedule agreed in prior year.

10 LONG TERM LOANS, ADVANCES AND DEPOSITS

Loans - secured - considered good			
To employees	10.1	1,723,504	2,134,419
Current portion of loans to employees		(396,787)	(410,914)
		1,326,717	1,723,505
To executives	10.1, 10.2 & 10.3	3,051,617	3,158,670
Current portion of loans to executives		(1,785,969)	(1,780,494)
		1,265,648	1,378,176
Deposits		3,037,310	3,037,310
		5,629,675	6,138,991

- 10.1** These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2019: 5%) per annum and are secured against the mortgage of properties.
- 10.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 3.149 million (2019: Rs. 3.235 million).
- 10.3** The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2019: Rs. 1.673 million).

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
11 SHORT-TERM INVESTMENTS			
Fair value through profit or loss - FVTPL			
Listed ordinary shares	11.1	211,399,901	140,730,861
Derivative financial instruments	11.2	-	530,001
		211,399,901	141,260,862
Fair value through other comprehensive income - FVTOCI			
Listed ordinary shares / modaraba certificates	11.3	545,109,537	319,912,877
Unlisted ordinary shares	11.4	97,026,028	95,664,656
Unlisted debt securities	11.5	1,245,953	1,245,953
		643,381,518	416,823,486
		854,781,419	558,084,348
Provision for diminution in value of investments	11.6	(16,222,148)	(16,222,148)
		838,559,271	541,862,200

11.1 FVTPL: Listed ordinary shares

Unless stated otherwise, the holdings are in fully paid ordinary shares / units of Rs. 10 each.

Number of shares / units			June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019	Names of investees	June 30, 2020	June 30, 2019
			----- (Rupees) -----	
		Glass & ceramics		
59,300	61,800	Ghani Glass Limited	2,440,195	2,716,110
		Textile composite		
15,149	13,149	Kohinoor Textile Mills Limited	537,941	329,383
31,300	1,000	Nishat Mills Limited	2,441,714	93,340
3,000	-	Interloop Limited	131,760	-
		Cement		
5,283	5,283	Bestway Cement Limited	574,421	544,518
16,000	7,500	D.G. Khan Cement Company Limited	1,365,279	424,050
5,400	6,400	Lucky Cement Limited	2,492,532	2,435,008
-	220	Cherat Cement Company Limited	-	6,811
129,000	54,000	Fauji Cement Company Limited	2,177,519	849,419
539,500	598,000	Power Cement Limited	3,344,899	3,845,140
49,000	-	Maple Leaf Cement Factory Limited	1,273,017	-



Number of shares / units		Names of investees	June 30,	June 30,
June 30,	June 30,		2020	2019
			----- (Rupees) -----	
		Power generation & distribution		
1,485,246	1,005,746	K-Electric Limited	4,470,590	4,415,224
41,000	-	The Hub Power Company Limited	2,972,499	-
		Refinery		
11,998	7,998	Attock Refinery Limited	1,071,662	618,005
47,050	41,050	National Refinery Limited	5,047,524	4,657,943
		Fertilizer		
6,700	-	Engro Corporation Limited	1,962,563	-
		Oil & gas exploration companies		
3,200	1,803	Mari Petroleum Company Limited	3,957,280	1,819,822
108,560	70,043	Pakistan Petroleum Limited	9,420,836	10,116,311
44,000	17,000	Oil & Gas Development Company Limited	4,796,001	2,235,329
-	600	Attock Petroleum Limited	-	173,106
2,300	2,300	Shell Pakistan Limited	419,934	419,658
		Oil & gas marketing companies		
-	1,000	Pakistan State Oil Company Limited	-	169,630
32,107	16,108	Sui Northern Gas Pipelines Limited	1,753,042	1,119,344
223,500	203,500	Sui Southern Gas Company Limited	2,981,490	4,208,380
12,588	-	Hascol Petroleum Limited	171,198	-
		Automobile assembler		
-	5,500	General Tyre & Rubber Company of Pakistan	-	283,305
133,100	21,875	Sazgar Engineering Work Limited	16,582,930	4,809,219
3,635	3,120	Millat Tractors Limited	2,566,892	2,690,626
		Automobile parts & accessories		
12,200	12,200	Agriauto Industries Limited	2,220,400	2,439,512
60,527	60,527	Loads Limited	841,326	914,562
		Chemical		
13,447	13,447	ICI Pakistan Limited	9,341,762	7,160,124
42,100	39,600	Ittehad Chemicals Limited	1,109,335	1,067,616
93,500	92,000	Sitara Peroxide Limited	1,908,335	1,764,560
1,700	1,700	Sitara Chemical Industries Limited	471,087	519,979
65,500	-	Lotte Chemical Pakistan Limited	651,723	-
12,404	7,340	Pakistan Oxygen Limited	2,061,049	1,101,000
2,000	2,000	Archroma Pakistan Limited	1,178,800	950,300
4,125	5,125	Berger Paints Pakistan Limited	256,204	376,688
22,500	-	Ghani Global Holdings Limited	353,925	-



<u>Number of shares / units</u>			June 30, 2020	June 30, 2019
		Names of investees	June 30, 2020	June 30, 2019
			----- (Rupees) -----	
		Engineering		
44,875	46,875	Crescent Steel & Allied Products Limited	2,041,813	1,770,937
6,000	7,500	International Steels Limited	309,900	297,825
85,200	90,200	Ittefaq Iron Industries Limited	588,732	585,398
18,800	20,000	K.S.B Pumps Company Limited	2,707,388	2,020,000
121,486	121,486	Mughal Iron & Steel Industries Limited	4,844,860	3,056,588
22,500	-	Amreli Steels Limited	734,399	-
		Transport		
3,200	3,200	Pakistan National Shipping Corporation Limited	241,792	204,320
100	100	Pakistan International Container Terminal Limited	17,200	15,050
-	45,000	Pakistan International Bulk Terminal Limited	-	379,800
-	300	Al-Ghazi Tractor Limited	-	95,199
		Food & Personal Care Products		
34,800	13,000	Al-Tahur Limited	599,604	256,230
160,075	160,075	Treet Corporation Limited	2,858,940	2,442,744
		Technology & Communication		
59,500	45,000	Pakistan Telecommunication Company Limited	528,361	372,150
		Leather & Tanneries		
23,795	18,275	Service Industries Limited	19,410,534	9,015,423
		Pharmaceuticals		
2,250	150	Abbott Laboratories (Pakistan) Limited	1,491,750	71,196
-	7,250	AGP Limited	-	496,842
9,746	9,795	Highnoon Laboratories Limited	4,885,475	2,479,800
16,300	16,800	Ferozsons Laboratories Limited	4,897,009	1,878,576
69,370	66,870	The Searle Company Limited	13,820,585	9,800,467
132,765	131,765	GlaxoSmithKline Pakistan Limited	23,111,732	12,561,158
12,500	13,000	GlaxoSmithKline Consumer Healthcare Pakistan	3,396,000	2,509,000
		Cable & Electrical Goods		
76,100	29,600	Pak Elektron Limited	1,744,973	592,592
		Modarabas		
13,310	12,100	First UDL Modaraba	93,037	75,504
		Open-end Mutual Funds		
295,981	-	786 Smart Fund	23,974,609	-
-	222,543	Dawood Islamic Fund	-	23,221,027
		Commercial Banks		
177,000		Bank Islami Pakistan Limited	1,338,118	-



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

<u>Number of shares / units</u>		<u>Names of investees</u>	<u>June 30,</u>	<u>June 30,</u>
<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
			<u>----- (Rupees) -----</u>	
		Paper & Board		
-	1,725	Cherat Packaging Limited	-	139,104
6,500	-	Security Paper Limited	922,676	-
5,000	-	Roshan Packages Limited	112,100	-
		Woollen		
18,000	18,000	Bannu Woollen Mills Limited	588,600	612,000
		Miscellaneous		
6,363	6,363	United Distributors Pakistan	211,570	190,509
		Synthetic and Rayon		
33,500	34,500	Tri-Star Polyester Limited	234,835	317,400
		Vanaspati & Allied Industries		
31,000	-	Unity Foods Limited	345,645	-
			211,399,901	140,730,861

11.2 FVTPL: Derivative financial instruments

Letter of rights		Power generation & distribution		
-	20,000	Hub Power Company Limited	<u>510,261</u>	<u>530,001</u>
			<u>510,261</u>	<u>530,001</u>

11.3 FVTOCI: Listed ordinary shares/modaraba certificates

Unless stated otherwise, the holdings are in fully paid ordinary shares / units of Rs.10 each.

<u>Number of shares / units</u>		<u>Names of investees</u>	<u>June 30,</u>	<u>June 30,</u>
<u>2020</u>	<u>2019</u>		<u>2020</u>	<u>2019</u>
			<u>----- (Rupees) -----</u>	
		Oil & Gas Exploration Companies		
8,190	8,350	Mari Petroleum Company Limited	10,128,164	8,427,905
		Oil & Gas Marketing Companies		
5,962	5,962	Shell Pakistan Limited	1,088,541	1,087,826
1,160	39,660	Sui Northern Gas Pipelines Limited	63,336	2,755,974
		Leather & tanneries		
3,800	3,800	Service Industries Limited	3,099,812	1,874,616
		Modarabas		
1,000	1,000	ORIX Modaraba	18,000	15,500
		Real estate investment trust		
394,000	407,000	Dolmen City REIT	4,290,660	4,139,190
		Chemical		
17,974	17,974	Pakistan Oxygen Limited (formerly Linde (Pakistan) Limited	2,986,561	2,696,100
14,199	14,199	Sitara Chemical Industries Limited	3,934,686	4,343,048



Number of shares / units		Names of investees	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019		----- (Rupees) -----	
		Cement		
90	90	Maple Leaf Cement Factory Limited	2,338	2,151
3,045,168	3,055,168	Power Cement Limited	18,880,041	19,644,729
		Engineering		
54,000	56,000	KSB Pumps Company Limited	7,776,540	5,656,000
11,000	11,000	Mughal Iron & Steel Industries Limited	438,680	276,760
2,625	2,625	Crescent Steel & Allied Products Limited	119,438	99,173
		Transport		
1,000	1,000	Pakistan International Container	172,000	150,500
5,000	5,000	Pakistan National Shipping corporation Limited	377,800	319,250
		Pharmaceuticals		
36,776	38,276	Abbott Laboratories (Pakistan) Limited	24,382,487	18,167,321
32,165	32,165	GlaxoSmithKline (Pakistan) Limited	5,599,284	3,066,289
30,906	30,906	GlaxoSmithKline Consumer Healthcare	8,396,543	5,964,858
638	638	Highnoon Laboratories Limited	319,816	161,523
		Technology & Communication		
2,313,934	2,313,934	Systems Limited - (related party)	425,023,397	222,068,246
		Automobile parts & accessories		
98,400	98,400	Loads Limited	1,367,760	1,486,823
1,000	1,000	Millat Tractors Limited	706,160	862,380
		Paper & board		
124,381	124,381	Roshan Packages Limited	2,788,622	1,661,730
		Glass & ceramics		
200	200	Ghani Glass Limited	8,230	8,790
		Open-end mutual funds		
100,795	-	786 Smart Fund (Note : 11.3.2)	8,164,446	-
		Financial services		
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - (fully provided) (Note : 11.3.1)	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - (Related party) (fully provided)(Note : 11.3.1)	10,253,561	10,253,561
			545,109,537	319,912,877



11.3.1 This represents sponsor shares of the related party and is a non shariah compliant investment. The management is currently in process of finding prospective buyers as per instruction of SECP. Further, full amount of provision has also been recognised.

11.3.2 On Merger of Dawood Income fund (previously FDMF) into 786 Smart Fund the 493,212 units held in name of BRRGM which were removed from books in prior years as they were shariah non-compliant converted into 100,795 unit of 786 Smart Funds on December 19, 2019 and are shariah compliant.

11.4 FVTOCI: Investment in unlisted ordinary shares

The holdings are in fully paid ordinary shares of Rs.10 each.

Number of shares / units		Names of investees	June 30, 2020	June 30, 2019
2020	2019		----- (Rupees) -----	-----
100,000	100,000	Al Baraka Bank (Pakistan) Limited	926,631	779,100
7,200,000	7,200,000	Dawood Family Takaful Limited	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited	43,971,397	42,757,556
			97,026,028	95,664,656

11.4.1 Breakup value of above investment in unlisted ordinary shares are as follows :

		Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
June 30, 2020				
Al Baraka Bank (Pakistan) Limited	(11.4.2)	926,631	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(11.4.3)	39,744,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(11.4.4)	43,971,397	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2019				
Al Baraka Bank (Pakistan) Limited	(11.4.2)	779,100	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(11.4.3)	36,432,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(11.4.4)	42,757,556	0.83%	BDO Ebrahim & Co., Chartered Accountants

11.4.2 The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.927 million (as per latest available audited financial statement dated December 31, 2019) whereas the book value of investment in shares of ABPL is Rs. 0.779 million resulting in revaluation deficit of Rs. 0.148 million during the year.

11.4.3 The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 39.744 million (as per latest audited accounts dated December 31, 2019) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 77.33 million as at June 30, 2020 i.e. Rs. 10.74 per share (June 30, 2019 :Rs. 67.752 i.e Rs. 9.41 per share), therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment as per latest actuarial valuation.



11.4.4 Out of the total shares of Rs. 10 each, 60% shares are kept in blocked account and divestment of the same will be in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 43.971 million (as per audited financial statement for the year ended June 30, 2019) whereas the book value of investment in shares of ABPL is Rs. 42.756 million resulting in revaluation surplus of Rs. 1.214 million during the year.

11.5 FVTOCI: Investment in unlisted debt securities

Number of shares / units		Sukuk	Note	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019			(Rupees)	
1,267	1,267	Eden Housing Limited - (fully provided)		1,245,953	1,245,953
				1,245,953	1,245,953

11.5.1 This represents investment in privately placed sukuk with a tenure of 5 years. In prior year, company has defaulted in its principal & profit payment, therefore full amount of the provision has been recorded.

11.5.2 Particulars of Sukuk

Names of the investees	Repayment frequency	Rate per annum	Maturity date	Secured / Unsecured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured

11.6 Provision for diminution in value of investments

Opening balance	16,222,148	16,222,148
Charge for the year	-	-
Closing balance	16,222,148	16,222,148

12 IJARAH / LEASE RENTAL RECEIVABLE

Considered good	671,145	906,290
Considered doubtful	57,172,431	56,836,389
Lease rental receivables	57,843,576	57,742,679
Provision for doubtful receivables	(57,172,431)	(56,836,389)
	671,145	906,290

12.1 Provision for doubtful receivables

Opening	56,836,389	56,949,049
Charge for the year	31 366,407	3,340
Reversals during the year	31 (30,365)	(116,000)
Written off during the year	-	-
Closing balance	57,172,431	56,836,389

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
13 LOANS, ADVANCES AND PREPAYMENTS			
Loans and advances - secured - considered good			
Against salary		465,591	2,060,408
Loans and advances - unsecured - considered good			
Current portion of loans to employees	10	396,787	410,914
Current portion of loans to executives	10	1,785,969	1,780,494
Against investment		-	1,000,000
Against expenses		4,794,430	11,303,502
Against purchases	27.1	44,922,678	44,922,678
Against musharaka		-	-
Prepayments			
Fees and subscription		-	200,000
Takaful		371,804	325,449
Provision for doubtful receivables	27.1	(44,922,678)	(44,922,678)
		7,814,581	17,080,767
14 ACCRUED PROFIT			
Accrued profit on Musharka finances		1,257,718	406,957
15 OTHER RECEIVABLES			
Rent receivable - unsecured, considered good		8,891,972	4,639,491
Takaful premium receivable		446,867	851,130
Other receivable		4,512,912	4,059,492
		13,851,751	9,550,113
Receivable from ex-employees - unsecured, considered doubtful	15.1	51,274,920	51,274,920
Provision for doubtful receivables		(51,274,920)	(51,274,920)
		-	-
Others	15.2	33,810,401	33,810,401
Provision for doubtful debts		(33,810,401)	(33,810,401)
		13,851,751	9,550,113

15.1 This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Special Court, Lahore. As a matter of prudence, full provision in respect of these receivables have been made in these financial statements.

15.2 This represents finance facility which was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. In prior year, the Modaraba has filed a criminal complain against the borrower and its owner against misappropriation of pledged stock.

A suit was also filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favour of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in prior year the Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one



vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favour of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.

Complete provision has been made against outstanding balance as per Prudential Regulations. The management is confident that the said lawsuit and criminal case will be decided in favour of the Modaraba.

	Note	June 30, 2020	June 30, 2019
16 TAXATION		----- (Rupees) -----	
Advance taxation		24,878,439	18,159,480
17 CASH AND BANK BALANCES			
Cash in hand		149,259	128,575
Cash with State Bank of Pakistan - current account		4,438	6,655
Cash with banks in:			
Savings accounts	17.1	32,304,870	41,877,084
Current accounts		28,785	15,674
		32,487,352	42,027,988

- 17.1** These carry profit at rates ranging from 3.80% to 6.30% (June 30, 2019: 3.25% to 5.30%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 32.305 million.

Number of certificates		Name of investee		
2020	2019			
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as bonus	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900	298,527,900
8,316,008	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation with CSM	83,160,080	83,160,080
86,362,263	86,362,263		863,622,630	863,622,630

- 18.1** The Management Company held 14,614,018 (16.92%) certificates of Rs. 10 each as at June 30, 2020 (June 30, 2019: 14,614,018 (16.92%) certificates).
- 18.2** Mr. Ayaz Dawood (CEO) held 10,441,584 (12.09%) certificates of Rs.10 each as at June 30, 2020 (June 30, 2019: 9,984,084 (11.56%) certificates).

	Note	June 30, 2020	June 30, 2019
19 RESERVES		----- (Rupees) -----	
Capital reserve			
Profit prior to floatation		10,532,683	10,532,683
Statutory reserve		830,269,870	756,012,170
Merger reserve		44,902,567	44,902,567
Revenue reserve			
Accumulated loss		(505,095,692)	(559,499,004)
		380,609,428	251,948,416

Prudential Regulations for Modarabas issued by SECP requires creation of reserve fund to which shall be credited:

The Modaraba has credited 49.80 % of its profit to this reserve for the year.

20 SURPLUS ON REVALUATION OF INVESTMENTS

Listed ordinary shares	450,694,390	223,301,633
Unlisted shares/debt securities	36,234,509	34,873,138
	486,928,899	258,174,771

21 LONG-TERM LOANS

National Bank of Pakistan	21.1	55,080,684	82,616,684
B.R.R. Financial Service Private Limited	21.2	35,000,000	49,900,000
Current portion of long term loans		(69,428,684)	(132,516,684)
		20,652,000	-

21.1 The loan had been restructured on June 12, 2017 with the outstanding balance of Rs. 137.689 million at zero percent interest payable over next five years in equal quarterly installments commencing from July 01, 2017. The loan is secured by way of registered mortgage of property situated at ground, mezzanine, first and second level, Business and Finance Centre, bearing plot No. 7/3, Seri Quarters, I. I. Chundrigar Road, Karachi.

21.2 Loan from B.R.R Financial Services (Pvt.) Limited

Opening balance		49,900,000	46,000,000
Received during the year	21.2.2	16,000,000	3,900,000
Payment during the year		(30,900,000)	-
Closing balance	21.2.1	35,000,000	49,900,000

21.2.1 Breakup of loan is as follows :

Current portion of loan	35,000,000	49,900,000
Non Current portion of loan	-	-
	35,000,000	49,900,000

21.2.2 During the year, Modaraba has obtained loan from its subsidiary company B.R.R. Financial Services (Private) Limited (BRRFSL). The loan carries profit at an expected rate upto 5% and is not repayable till the time Trading Right Entitlement Certificate (TREC) is transferred to BRRFSL. During prior year TREC has been transferred to BRRFSL, however BRRFSL has not yet commenced operations due to refusal to grant securities broker license by the commission.



21.3 Following are the changes in the long term loans (i.e. for which cash flows have been classified as financing activities in the statement of cash flows):

	Note	June 30, 2020	June 30, 2019
		(Rupees)	
Opening balance		132,516,684	156,152,684
Received during the year		16,000,000	3,900,000
Payment during the year		(58,436,000)	(27,536,000)
Current portion		(69,428,684)	(132,516,684)
Closing balance		20,652,000	-

22 LONG-TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS

Musharaka arrangement - Taavun Private Limited	22.1	-	29,677,418
Musharaka arrangement - Dawood Family Takaful	22.2	-	50,000,000
Musharaka arrangement -First Dawood Investment Bank Limited	22.3	50,000,000	-
Current portion of musharaka arrangements		(50,000,000)	(79,677,418)
		-	-

22.1 The Modaraba has entered into musharaka agreements (Musharaka) with Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014.

During the prior year, Modaraba had entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven instalments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last instalment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Musharaka amounted to Rs.110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cash flows under the settlement agreement at the original profit rate amounted to Rs. 181.813 million which resulted in increase in liability of Rs. 14 million.

During the year, the Modaraba has made payment of last installment of Rs. 30 million as per the agreed repayment schedule and has amortised profit of Rs. 0.322 million.

22.2 The Modaraba has entered into various Musharaka agreements with Dawood Family Takaful Limited.

The Musharaka arrangement amounting to Rs.50 million and Rs. 25 Million entered into on May 09, 2019 and December 31,2019 carrying profit at 1Month kibar plus 100 basis points has been repaid in full on November 11, 2019 and January 31, 2019 on its maturity, respectively.

The Musharaka arrangement amounting to Rs. 25 Million entered into on November 14, 2019 carrying profit at 1Month Kibar plus 100 basis points prematured on January 31, 2019 and has been repaid in full.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.3.703 million and made profit payment amounting to Rs.4.100 million.

22.3 The Modaraba has entered into various musharaka agreements (Musharaka) with First Dawood Investment Limited on October 30, 2019 and November 08, 2019 aggregating to Rs.50 million. These Musharaka arrangements are on profit sharing basis.

The Musharaka amounting to Rs.4 million entered into on October 30, 2019 carries monthly profit at 1 M Kibar plus 100 basis points and was repayable up to April 30, 2020. The musharaka has been rolled over on original maturity and is now repayable on October 31,2020 and carries monthly profit payment at 6 M Kibar plus 100 basis points.

The Musharaka amounting to Rs.46 million entered into on November 08, 2019 carries six monthly profit payment at 6 M Kibor plus 100 basis points and is repayable up to May 08, 2020. The musharaka has been rolled over on its original maturity and is now repayable on November 07, 2020 and carries six monthly profit at 6 M Kibor plus 100 basis points.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.4.295 million and made profit payment amounting to Rs.3.669 million.

22.4 Following are the changes in the long term musharka and finance under markup arrangements (i.e for which cash flows have been classified as financing activities in the statement of cash flows)

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
Opening balance		79,677,418	194,452,091
Received during the year		100,000,000	50,000,000
Payment during the year		(129,677,418)	(164,774,673)
Current portion of loan		(50,000,000)	(79,677,418)
Closing balance		-	-

23 LONG TERM SECURITY DEPOSITS

Lease / ijarah	26,400,987	33,315,399
Investment properties	40,365,959	32,221,654
Lockers	18,818,500	18,096,500
	85,585,446	83,633,553
Current portion of security deposits	(800,590)	(5,315,800)
	84,784,856	78,317,753

24 CREDITORS, ACCRUED AND OTHER LIABILITIES

Modaraba management fee payable	36	17,152,959	5,158,795
Sales tax on Modaraba management fee payable	36	2,229,885	670,643
Provision for Sindh Workers' Welfare Fund	37	4,856,943	6,463,657
Accrued liabilities		12,665,903	13,528,884
Rentals received in advance			
Lockers		33,711,404	34,648,097
Investment Properties		39,334,295	41,868,272
Ijarah		28,210	474,657
Musharaka	24.3	-	20,180,748
Charity payable	24.1	30,967	43,616
Advance against sale of land	24.2	2,100,000	2,100,000
Others		14,053,803	13,469,638
		126,164,369	138,607,007

24.1 Charity payable

Opening balance		43,616	100,687
Accrued during the year		42,768	80,299
Payment	24.1.1	(55,417)	(137,370)
Closing balance		30,967	43,616

24.1.1 This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.055 million (June 30, 2019: 0.095 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.



24.2 This represents amount received from SKM Limited as token money for agreement to sale of investment property measuring 24- Kanals situated at Tehsil city, Lahore.

24.3 This represents rentals received in advance against the musharika facility as per the settlement agreement between Pak Hy Oil Limited and the Modaraba. During the year, full amount outstanding from Pak Hy Oils Limited has been received/ adjusted against advance rentals, as per the payment schedule agreed in prior year.

	Note	June 30, 2020	June 30, 2019
25 ACCRUED PROFIT ON BORROWINGS		----- (Rupees) -----	
Finance under musharaka arrangements		613,854	397,274
Finance under mark-up arrangements		-	416,973
		613,854	814,247
26 PROFIT DISTRIBUTION PAYABLE			
Unclaimed profit payable to certificate holders	26.1	29,826,596	29,319,474

26.1 In accordance with the provisions of Section 244 of the Companies Act, 2017, where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment of dividend. Within period of ninety days of such transfer to the separate account, the modaraba shall place particulars of such unpaid dividend on its website in accordance with the provision of the act. The modaraba shall make payment to the certificate holder within a period of thirty days from the date of submission of a claim with the modaraba. No claimant shall be entitled to any amount except his unclaimed dividend amount the amount of profit generated from the account maintained by the modaraba under this section shall be used by the modaraba for its corporate social responsibility initiatives and specified purposes.

27 CONTINGENCIES AND COMMITMENTS

27.1 The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2019: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements. Further the management has fully provided net amount of Rs 44.9 million receivable from Innovative Investment bank (Refer Note : 13)

27.2 A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2019: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.

	Note	June 30, 2020	June 30, 2019
28 RENTAL INCOME		----- (Rupees) -----	
Investment properties	28.1	170,867,643	155,318,295
Lockers and custodial services		40,741,027	36,777,275
		211,608,670	192,095,570
28.1 This includes rental income amounting to Rs.9.707 million (2019: Rs. 8.261 million) from management company, associated companies and other related parties.			
29 IJARAH RENTAL INCOME -NET			
Ijarah rental income		12,235,651	42,160,572
Less: Amortization on Ijarah Assets	6.2.2	(7,085,722)	(25,395,565)
		5,149,929	16,765,007
30 RETURN ON INVESTMENTS - NET			
Dividend income	30.1	12,361,323	12,296,498
Profit on debt securities		582,843	2,443,569
Gain on Settlement of DFC's		5,437,380	-
Gain on sale of investments		16,573,251	3,334,254
		34,954,797	18,074,321
Less: Commission and brokerage expense		(609,358)	(521,874)
		34,345,439	17,552,447
30.1 Dividend income			
Abbot Laboratories Limited		289,797	818,692
AGP Limited		9,673	11,563
Agriauto Industries Limited		85,024	143,790
Akzo Nobel		34,365	-
Al-Ghazi Tractors Limited		4,494	17,616
Archroma Pakistan Limited		89,955	96,000
At- Tahur Limited		6,660	-
Attock Refinery Limited		2,985	18,369
Bannu Wollen Mills Limited		-	40,331
Berger Paints Limited		5,614	-
Bestway Cement Limited		31,319	46,586
Cherat Cement Company Limited		-	880
Cherat Packaging Limited		6,975	11,811



	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Crescent Steel & Allied Products Limited	-	46,995
D.G. Khan Cement Company Limited	10,822	8,127
Dolmen City REIT Limited	540,321	520,531
Engro Corporation Limited	38,012	34,359
Fauji Cement Company Limited	53,919	63,221
Ferozsons Laboratories Limited	65,064	66,794
First Habib Modaraba Limited	-	60,000
General Tyre & Rubber Company Limited	1,800	26,995
Ghani Glass Limited	119,000	251,500
Glaxosmithkline Consumer Healthcare (Private) Limited	216,900	213,405
GlaxoSmithKline (Pakistan) Limited	984,830	1,136,264
786 Smart Funds	1,810,309	-
Highnoon Laborites Limited	132,836	123,034
ICI Pakistan Limited	230,756	282,242
Interloop Limited	2,999	-
International Steels Limited	13,500	26,250
ISE Tower REIT Management Company Limited	728,305	439,713
Ittefaq Iron Industries Limited	-	40,947
Ittehad Chemicals Limited	-	39,600
Kohinoor Textile Mills Limited	26,336	26,473
KSB Pumps Limited	110,601	227,726
Lotte Pakistan Limited	-	12,629
Lucky Cement Limited	40,731	49,546
Maple Leaf Cement Factory Limited	-	2,811
Mari Gas Company Limited	20,134	62,728
Mari Petroleum Company Limited	44,989	497
Millat Tractors Limited	256,364	431,438
Mughal Iron & Steel Industries Limited	158,906	301,562
National Refinery Limited	-	409,761
Nishat Mills Limited	5,923	4,641
Oil & Gas Development Company Limited	87,839	157,185
Orix Modaraba	2,500	2,500
Pakistan International Container Limited	16,437	30,715
Pakistan National Shipping Corporation	15,820	12,097
Pakistan Oxygen (formerly Linde Pakistan Limited)	7,495	128,798
Pakistan Petroleum Limited	148,134	79,114
Pakistan Telecommunication Company Limited	17,003	66,590
Sazgar Engineering Works Limited	-	32,000
Service Industries Limited	275,950	529,800
Shell Pakistan Limited	64,174	55,701
Sitara Chemical Industries Limited	158,890	206,604
Sui Northern Gas Pipelines Limited	-	382,207
Systems Limited	5,191,253	4,202,947
Thal	560	-
The Hub Power Company Limited	-	38,042
The Searle Company Limited	190,000	256,771
Unity Foods	5,050	-
	12,361,323	12,296,498

		June 30, 2020	June 30, 2019
	Note		
31 REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES			----- (Rupees) -----
Reversal during the year			
Lease rentals / Ijarah	12.1	30,365	116,000
Musharaka	9.2	24,383,435	51,978,781
		24,413,800	52,094,781
Less: Charged during the year			
Lease rentals / Ijarah	12.1	(366,407)	(3,340)
Musharaka	9.2	(763,648)	(195,122)
		(1,130,055)	(198,462)
		23,283,745	51,896,319
32 OTHER INCOME			
Gain on disposal of property and equipment - owned		757,575	327,197
Gain on disposal of non-current asset held for sale		-	4,200,000
Miscellaneous and other termination charges		2,149,899	4,071,061
		2,907,474	8,598,258
33 REVERSAL OF IMPAIRMENT			
Reversal of impairment on office premises			
- Property, plant and equipment - Owned	6.1	7,033,581	-
- Investment properties	7.1	15,586,094	11,864,726
		22,619,675	11,864,726
34 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		51,646,022	52,440,422
Medical		2,110,768	2,017,018
Provident fund contributions	34.2	3,137,618	3,106,191
Bonus		3,606,940	4,142,319
Vehical Running		9,666,209	8,767,758
Leave encashment		541,900	370,000
Employee old age contribution		473,720	441,480
Traveling and conveyance		21,450	42,135
Entertainment		54,792	266,314
Office expense		1,409,396	985,528
Electricity, water and gas		8,147,907	6,177,698
Telephone and fax		377,690	354,233
Postage and courier		133,685	256,403
Stationery and printing		1,089,436	1,173,297
Computer expenses		889,242	520,444
Fees and subscriptions		2,907,281	4,580,880
Commission expense		1,562,092	361,030
Takaful		5,096,896	4,773,518
Repairs and maintenance		14,300,467	5,083,656
Rent, rates and taxes		2,515,352	2,468,640
Security expenses		1,330,932	879,204
Legal and professional charges		2,546,396	2,609,755
Auditor's remuneration	34.1	1,188,250	1,558,500
Depreciation on owned assets	6.1	10,434,729	10,595,580
Others		1,799,913	2,482,289
		126,989,083	116,454,292

	Note	June 30, 2020	June 30, 2019
34.1 Auditor's remuneration		----- (Rupees) -----	
Audit fee		715,000	957,000
Limited review, special reports, certification and sundry advisory services		375,500	433,500
Out of pocket expenses		97,750	168,000
		<u>1,188,250</u>	<u>1,558,500</u>
34.2 Disclosures relating to provident fund			
Size of the fund		168,075,539	148,864,984
Fair value of investments		143,080,475	125,655,503
Break-up of investments			
Government securities		43,000,000	25,000,000
Term finance certificates		18,874,987	22,027,760
Investment in sukuk		4,813,861	7,464,026
Listed securities		37,453,895	21,761,709
Unlisted securities		-	-
Mutual funds		38,937,732	49,402,007
		% age of size of the fund	
Break-up of investments			
Government securities		30.05%	19.90%
Term finance certificates		13.19%	17.53%
Investment in sukuk		3.36%	5.94%
Listed securities		26.18%	17.32%
Unlisted securities		0.00%	0.00%
Mutual Funds		27.21%	39.32%

34.2.1 The figures for 2020 are based on the unaudited financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

35 FINANCIAL CHARGES

Profit on:		
Finance under musharaka arrangement	8,308,590	21,101,540
Diminishing musharaka based TFCs	-	2,784,633
Finance under mark-up arrangement	2,084,293	2,434,740
Bank charges and commission	80,667	100,100
	<u>10,473,550</u>	<u>26,421,013</u>

36 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, modaraba has recognised a liability of Rs. 17.152 million for the year (June 30, 2019 : Rs. 5.159 million). Furthermore during the year, an amount of Rs.2.229 million was charged on account of sales tax on management fee (June 30, 2019 : Rs. 0.670 million) levied through Sindh Sales Tax on Services Act, 2011.



37 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the 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 accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 3.04 million (June 30, 2019: 0.915 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2020 has been recorded and disclosed in the financial statement amounting to Rs. 4.86 million.

38 TAXATION

The income of non-trading modarabas is exempt from tax under clause 100 of the second schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these financial statements for tax liabilities for the current year.

The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favour of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

The Assistant Commissioner of Inland revenue has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Modaraba had filed appeal before the Commissioner Inland Revenue (Appeals-I) and the decision has been made in favor of Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending. There has been no further correspondence regarding the order.

Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2019 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.

No provision have been made in these regards against the above demand by the authority as the management is confident that the decision will be made in the favour of modaraba.

39 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Profit for the year (Rupees)	<u>149,103,810</u>	<u>44,843,343</u>
	Number of certificates	Number of certificates
Weighted average number of certificates outstanding	<u>86,362,263</u>	<u>86,362,263</u>
Earnings per certificate - Basic and diluted (Rupees)	<u>1.73</u>	<u>0.52</u>



There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2020 and 2019 which have dilutive effect on earnings per certificate.

40 REMUNERATION OF EXECUTIVES	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Remuneration	21,339,500	20,418,000
Medical expenses	407,951	408,000
Retirement benefits	1,310,634	1,361,201
	23,058,085	22,187,201
Number of officers / executives at the end of the year	6	7

The officers and executives are also provided with the free use of vehicles owned and maintained by the Modaraba.

41 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2020 are as follows:

Receivable - not later than one year	2,888,311	9,529,327
Receivable - later than one year and not later than five year	562,211	4,811,084
	3,450,522	14,340,411

42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed, based on limits established by the Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Management Company has an overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The Modaraba's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.

The Modaraba primarily invests in ijarah assets, musharaka, diversified portfolio of listed securities, sukuk certificates and term finance certificates. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, credit risk and liquidity risk.

42.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

42.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2020 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearly basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2020 approximately 9.65% (2019: 15.27%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining



constant, would increase the Modaraba's income by Rs. 0.925 million (2019: Rs. 0.677 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

42.3 Foreign currency risk

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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

42.4 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general.

At the balance sheet date, the exposure to listed equity securities is Rs. 756,509 million (2019: Rs. 460,644 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 37.825 million (2019: Rs. 23.032 million). However, in practice, the actual results may differ from the sensitivity analysis.

42.5 Segment by class of business for investment in equity securities

	2020		2019	
	Rupees	%	Rupees	%
Automobile assembler	19,149,822	2.53%	7,783,150	1.69%
Automobile parts & accessories	5,135,646	0.68%	5,703,277	1.24%
Banks	1,338,118	0.18%	-	0.00%
Cable & electrical goods	1,744,973	0.23%	592,592	0.13%
Cement	30,110,046	3.98%	27,751,826	6.02%
Chemical	24,253,467	3.21%	19,979,415	4.33%
Engineering	19,561,750	2.59%	13,762,681	2.98%
Fertilizer	1,962,563	0.26%	-	0.00%
Financial services	14,976,195	1.98%	14,976,195	3.25%
Food & personal care products	3,458,544	0.46%	2,698,974	0.59%
Glass & ceramics	2,448,425	0.32%	2,724,900	0.59%
Leather & tanneries	22,510,346	2.98%	10,890,039	2.36%
Miscellaneous	211,570	0.03%	190,509	0.04%
Modarabas	111,037	0.01%	91,004	0.02%
Oil & gas exploration companies	28,722,215	3.80%	23,192,131	5.03%
Oil & gas marketing companies	6,057,607	0.80%	9,341,154	2.03%
Open-end mutual funds	32,139,055	4.25%	23,221,027	5.04%
Paper & board	3,823,398	0.51%	1,800,834	0.39%
Pharmaceuticals	90,300,681	11.94%	57,157,030	12.39%
Power generation & distribution	7,443,089	0.98%	4,945,225	1.07%
Real estate investment trust	4,290,660	0.57%	4,139,190	0.90%
Refinery	6,119,186	0.81%	5,275,948	1.14%
Synthetic and rayon	234,835	0.03%	317,400	0.07%
Technology & communication	425,551,758	56.25%	222,440,396	48.23%
Textile composite	3,111,415	0.41%	422,723	0.09%
Transport	808,792	0.11%	1,164,119	0.25%
Vanaspati & Allied Industries	345,645	0.05%	-	0.00%
Woollen	588,600	0.08%	612,000	0.13%
	756,509,438	100%	461,173,739	100%



42.6 Liquidity risk

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

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.

2020	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan		48,768,000	20,660,684	20,652,000	-	90,080,684
Musharaka, murabaha and finance under mark-up arrangements	6 month Kibor + 100 bps	50,000,000	-	-	-	50,000,000
Creditors, accrued and other liabilities		-	126,164,369	-	-	126,164,369
Accrued profit on borrowing		613,854	-	-	-	613,854
Profit distribution payable		29,826,596	-	-	-	29,826,596
Total		129,208,450	146,825,053	20,652,000	-	296,685,503

2019	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan		63,668,000	68,848,684	-	-	132,516,684
Musharaka, murabaha and finance under mark-up arrangements	Various	79,677,418	-	-	-	79,677,418
Creditors, accrued and other liabilities		-	138,607,007	-	-	138,607,007
Accrued profit on borrowing		814,247	-	-	-	814,247
Profit distribution payable		29,319,474	-	-	-	29,319,474
Total		173,479,139	207,455,691	-	-	380,934,830

42.7 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:



	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Musharaka finance	57,650,091	59,356,040
Short-term investments	838,559,271	541,862,200
Lease rentals receivables	671,145	906,290
Loans, advances and other receivables	13,444,256	23,219,758
Accrued profit	1,257,718	406,957
Bank balances	32,338,093	41,899,413
	943,920,574	667,650,658

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

42.7.1 Segment by class of business for property, plant and equipment - ijara/leased

	2020		2019	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	3.70%	1,109,640	2.48%
Transport	4,986,087	16.63%	4,986,087	11.14%
Food and confectioneries	600,000	2.00%	600,000	1.34%
Engineering and metals	78,500	0.26%	78,500	0.18%
Power generation & Energy	460,000	1.53%	827,984	1.85%
Miscellaneous	22,747,225	75.87%	37,172,041	83.02%
	29,981,452	100%	44,774,252	100%

42.7.2 Segment by class of business for musharaka and murabaha finances

	2020		2019	
	Rupees	%	Rupees	%
Textile industry	9,458,686	6.87%	10,843,686	6.66%
Oil and lubricants	8,194,498	5.96%	21,214,417	13.02%
Chemical and pharmaceutical	9,805,393	7.13%	32,092,808	19.70%
Engineering	40,957,459	29.77%	26,357,459	16.18%
Auto and transportation	2,200,772	1.60%	3,717,586	2.28%
Hospitality business	9,471,425	6.88%	9,471,425	5.81%
Miscellaneous	57,510,202	41.80%	59,226,790	36.35%
	137,598,435	100%	162,924,171	100%

42.7.3 Segment by class of business for investment in debt securities - TFC's / Sukuk

	2020		2019	
	Rupees	%	Rupees	%
Miscellaneous	1,245,953	100%	1,245,953	100%
	1,245,953	100%	1,245,953	100%

42.8 Financial instruments by category

	2020	2019
	----- (Rupees) -----	
Financial assets		
Amortised cost		
Long-term deposits	3,037,310	3,037,310
Musharaka finance	57,650,091	59,356,040
Ijarah / lease rental receivable	671,145	906,290
Loans and advances	10,035,142	19,856,999
Accrued profit	1,257,718	406,957
Other receivables	13,851,751	9,550,113
Cash and bank balances	32,487,352	42,027,988
FVTOCI		
Short-term investments	627,159,370	400,601,338
FVTPL		
Short-term investments	211,399,901	140,730,861
Derivative financial instruments	-	530,001
	<u>957,549,779</u>	<u>677,003,896</u>
Financial liabilities		
Amortised cost		
Long term loan	90,080,684	132,516,684
Murabaha, musharaka and finance under mark-up arrangements	50,000,000	79,677,418
Creditors, accrued and other liabilities	126,164,369	138,607,007
Accrued profit on borrowings	613,854	814,247
Profit distribution payable	29,826,596	29,319,474
	<u>296,685,503</u>	<u>380,934,830</u>

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

The carrying values of all financial assets and liabilities reflected in the financial statements are approximate to their fair values. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30;

	As at June 30, 2020		As at June 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	3,037,310	3,037,310	3,037,310	3,037,310
Musharaka finance	57,650,091	57,650,091	59,356,040	59,356,040
Ijarah / lease rental receivable	671,145	671,145	906,290	906,290
Loans and advances	10,406,946	10,406,946	20,182,448	20,182,448
Accrued profit	1,257,718	1,257,718	406,957	406,957
Other receivables	13,851,751	13,851,751	9,550,113	9,550,113
Cash and bank balances	32,487,352	32,487,352	42,027,988	42,027,988
Fair value through OCI				
Short-term investments	545,109,537	545,109,537	319,912,877	319,912,877
Fair value through profit and loss				
Short-term investments	211,399,901	211,399,901	141,260,862	141,260,862
Financial liabilities				
Financial liabilities at amortised cost				
Murabaha, musharaka and finance under mark-up arrangements	50,000,000	50,000,000	79,677,418	79,677,418
Creditors, accrued and other liabilities	126,164,369	126,164,369	138,607,007	138,607,007
Accrued profit on borrowings	613,854	613,854	814,247	814,247
Profit distribution payable	29,826,596	29,826,596	29,319,474	29,319,474

43.1 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three 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 or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at June 30, 2020, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at FVTPL				
Listed ordinary shares	211,399,901	-	-	211,399,901
Investments at FVOCI				
Listed ordinary shares - net	545,109,537	-	-	545,109,537
Unlisted ordinary shares	-	-	97,026,028	97,026,028
Debt securities	-	1,245,953	-	1,245,953
	756,509,438	1,245,953	97,026,028	854,781,419



As at June 30, 2019, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at FVTPL				
Listed ordinary shares	140,730,861	-	-	140,730,861
Derivative financial instruments	530,001	-	-	530,001
Investments at FVOCI				
Listed ordinary shares - net	319,912,877	-	-	319,912,877
Unlisted ordinary shares	-	-	95,664,656	95,664,656
Debt securities	-	1,245,953	-	1,245,953
	<u>461,173,739</u>	<u>1,245,953</u>	<u>95,664,656</u>	<u>558,084,348</u>

Valuation techniques

For Level 2 debt securities available for sale investments the Modaraba values the investments using rates prescribed by MUFAP. For Level 3 available-for-sale investments the Modaraba values the investment at breakup value or embedded value of investee which approximates the fair value of the investment.

Transfers during the year

During the year, there were no transfers into or out of Level 3 fair value measurements .

The following table presents the movement in level 3 instruments.

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Opening balance	95,664,656	89,812,733
Redemption / sales during the year	-	-
Unrealized gain / (loss) during the year	1,361,372	5,851,923
Impairment during the year	-	-
Closing balance	<u>97,026,028</u>	<u>95,664,656</u>

44 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate 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 total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.



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

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Debts	140,080,684	212,194,102
Cash and bank balances	(32,487,352)	(42,027,988)
Net debt	107,593,332	170,166,114
Equity	1,731,160,957	1,373,745,817
Net debt to equity ratio	0.06	0.12

45 RELATED PARTY TRANSACTIONS

The Modaraba has related party relationship with its Management Company, associated undertakings, employee benefit plans, and its key management personnel.

The details of related party transactions and balances as at June 30, 2020 are as follows:

Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
Transactions during the year			
Management Company			
BRR Investment (Private) Limited	Management fee accrued	17,152,959	5,158,795
BRR Investment (Private) Limited	Management fee paid	5,158,795	7,468,899
BRR Investment (Private) Limited	Rent received	195,000	300,000
BRR Investment (Private) Limited	Reimbursement of expenses	158,317	-
BRR Investment (Private) Limited	Advance received	-	63,500,000
BRR Investment (Private) Limited	Advance repaid	-	63,500,000
Subsidiary Company			
BRR Financial Services (Private) Limited	Loan received	16,000,000	3,900,000
BRR Financial Services (Private) Limited	Loan repaid	30,900,000	-
BRR Financial Services (Private) Limited	Profit repaid	2,501,266	2,017,767
Associated companies / other related parties			
Dawood Family Takaful Limited	Rent Received against property	5,474,928	5,179,563



Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
Dawood Family Takaful Limited	Sale of sukuk	-	17,428,520
Dawood Family Takaful Limited	Principal paid against investment in sukuk	-	15,424,391
Dawood Family Takaful Limited	Profit paid against investment in sukuk	-	679,852
Dawood Family Takaful Limited	Group Takaful paid	322,762	299,205
Dawood Family Takaful Limited	Musharaka finance received	50,000,000	50,000,000
Dawood Family Takaful Limited	Musharaka finance paid	100,000,000	-
Dawood Family Takaful Limited	Profit paid on Musharaka	4,100,397	529,096
First Dawood Investment Bank Limited	Rent received against property	352,800	818,400
First Dawood Investment Bank Limited	Share of common expenses - net	141,165	224,558
First Dawood Investment Bank Limited	Principal paid against investment in sukuk	-	8,785,506
First Dawood Investment Bank Limited	Profit paid against investment in sukuk	-	386,105
First Dawood Investment Bank Limited	Musharaka finance received - net	50,000,000	-
First Dawood Investment Bank Limited	Profit paid on Musharaka finance	3,669,031	-
First Dawood Employees Provident Fund	Transfer to provident fund	3,137,618	3,106,191
First Dawood Employees Provident Fund	Principal paid against investment in sukuk	-	7,214,903
First Dawood Employees Provident Fund	Profit paid against investment in sukuk	-	318,007
Hamida Dawood	Principal paid against investment in sukuk	-	2,368,062



Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
Hamida Dawood	Profit paid against investment in sukuk	-	104,376
Systems Limited	Dividend Received	5,191,253	4,207,154
Hydrochina Dawood Power (Private) Limited	Rent Received	3,769,091	3,600,000
Dawood Global Foundation	Charity paid	55,417	898,883
Relationship with the Modaraba	Nature of balances		
Year end balances			
Management Company			
BRR Investments (Private) Limited	Management fee payable	17,152,959	5,158,795
Subsidiary Company			
BRR Financial Services (Private) Limited	Loan payable	35,000,000	49,900,000
BRR Financial Services (Private) Limited	Profit payable	-	416,973
Associated companies / other related parties			
First Dawood Investment Bank Limited	Musharaka finance payable	50,000,000	-
First Dawood Investment Bank Limited	Profit payable	613,854	-
Dawood Family Takaful Limited	Advance rental against investment property	43,440	48,240
Dawood Family Takaful Limited	Musharaka finance	-	50,000,000
Dawood Family Takaful Limited	Accrued profit on musharaka	-	397,274
Hydrochina Dawood Power (Private) Limited	Advance rental	23,286	-
Hydrochina Dawood Power (Private) Limited	Rental receivable	-	65,945

Group shared services

The Company has entered into arrangements with associated undertakings to share various administrative, human resource and related costs on agreed terms.

46 SEGMENT REPORTING

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

The Chief Operating Officer is responsible for the Modaraba's entire product portfolio and considers the business to have



single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

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

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

47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 15, 2020, has approved the Scheme of Arrangement for merger by way of amalgamation of wholly owned subsidiary, BRR Financial Services (Private) Limited with and into the Modaraba. However, both the company and the modaraba are in the process of fulfilling their legal formalities in respect of merger to the respective authorities. Accordingly, one time right of TREC transfer will remain with the Modaraba.

Further, the Board of Directors of the Management Company in their meeting held on July 15, 2020, has proposed for Reduction of Paid-up Fund of BRRGM through special resolution to be passed by the Certificate holders in Extra Ordinary General Meeting (EOGM) to be held on August 10, 2020. However, the modaraba has received Direction under section 18-A of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 dated August 04, 2020 for obtaining formal approval for reduction in Paid up fund before EOGM and accordingly aforesaid EOGM has been postponed on August 06, 2020 till further notice.

The Board of Directors of the Management Company in their meeting held on October 01, 2020 have approved profit distribution at the rate of 7.8% i.e. Re. 0.78 (2019: at the rate of 2.4% i.e. Re. 0.24 per certificate) for the year ended June 30, 2020. These financial statements do not reflect this distribution.

Further, the board of directors in their meeting held on October 01, 2020 has decided to issue 10% Right Certificates at par to existing shareholder (i.e Rs 10 per certificate). The Right certificates issued will not be entitled to profit distribution (dividend) declared for the year ended June 30, 2020.

48 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on October 01, 2020 by the Board of Directors of B.R.R. Investment (Private) Limited.

49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

50 NUMBER OF EMPLOYEES

The number of employees as at year end was 62 (2019: 64) and average number of employees during the year was 61 (2019: 62).

51 GENERAL

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

**Rafique Dawood
Chairman**

**Ayaz Dawood
Chief Executive Officer**

**Syed Ali Raza
Director**

**Syed Tariq Masood
Chief Financial Officer**

Consolidated Financial Statements
For The Year Ended
June 30, 2020



DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2020.

MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 2020	June 2019
Rupees.....	
Rental Income from Investment properties	170,867,643	155,318,295
Rental Income from lockers and custodial services	40,741,027	36,777,275
Profit Before Management Fee & WWF	187,365,709	51,058,973
Management Fee	17,152,959	5,158,795
Sales Tax on Management Fee	2,229,885	670,643
Provision for Workers' Welfare Fund	3,042,935	915,170
Profit After Management Fee & WWF	164,939,930	44,314,365
Earning per certificate	1.91	0.51

DIVIDEND:

The Board is pleased to announce Re. 0.78 per certificate cash dividend for the year ended June 30, 2020 versus Rs.0.24 per certificate last year which is 3.25 times higher than last year. In addition your Modaraba's is issuing 10% Right Certificates at par (subject to Registrar Modaraba's approval). The Right certificates will not be entitled to the above declared dividend.

NATURE OF BUSINESS AND MARKET DYNAMICS:

B.R.R. Guardian Modaraba (BRRGM) is the pioneer Modaraba of Pakistan. It was founded in 1983 on the concept of perpetual Modaraba.

Our prestigious B.R.R. TOWER, is a 20-storey state of the art building reflects the Islamic architecture through its three arches and is a manifest addition in the financial district of Karachi, i.e. at I. I. Chundrigar Road which is fully Rented.

B.R.R. Guardian Modaraba has also built a state of the art B.R.R. Security Vault which commenced business during July 1989. This custom built fort-like building on Shahrah-e-Quaideen, offers a unique blend of high security with a pleasant and friendly atmosphere within and around the building.

ECONOMIC REVIEW

The year 2019-20 was projected as a year of positive economic growth. However, the economic canvas changed drastically in the latter four to six months with increasing effects of the Covid-19 outbreak on economy. Post Covid-19, the growth rate for FY 2020 is estimated at -0.38 percent on account of subdued performance in industry and services sector. In view of Covid-19 interest rate were cut by 6.25% from 13.25% to 7% currently.



STRATEGY FOR BUSINESS SUSTAINABILITY

As our business strategy, we shall remain focused on following areas in FY 2020 -2021:

- Add quality customer for credit portfolio.
- Renting out of properties to highly rated customers.
- Enhance size of investment in sound, stable and dividend paying Shariah compliant listed securities along with Sukuk and Musharaka based TFCs.
- Refresh tool of risk management processes particularly credit risk management in line with latest techniques.
- Further strengthen Shariah governance and compliance culture.
- Further develop operation capacity of human resource through proper training.

MARKET SHARE INFORMATION:

Total Assets Of Modaraba Sector	
Financial Year	Rupees in Million
2015	30,736
2016	36,806
2017	44,016
2018	52,670
2019	53,903

The market share of BRRGM as per the MAP Year Book 2019 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2019 is presented below:

	Rupees in million		% of BRRGM's share to all modarabas
	Combined position of 26 modarabas	BRRGM's share	
Total Equity	20,828	1,374	6.60%
Total Assets	53,903	1,838	3.40%
Net (Loss) / Profit	(1,290)	45	-3.5%

The market share of BRRGM as per the MAP Year Book 2019 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2019 is presented below:

RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:

Your Modaraba is a pioneer of Islamic financial Institutions in Pakistan and operating successfully for last more than three decades in the country. Modarabas are the trend setters of Islamic modes of financing and creates a



distinctive value proposition that meets the needs of its customers and ensure Shariah compliant business and Halal income practices.

COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2020. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code's of good governance and ethical business practices required by relevant clause(s) of the Code:

- The financial statements are prepared by management present fairly Modaraba's state of affairs, the result of its operations, cash flows and changes in equity.
- Your Modaraba has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and directives of the Securities and Exchanges Commission of Pakistan have been followed in the preparation of financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.
- There has been no departure from the best practices of transfer pricing.

TRADING / DEALING IN CERTIFICATE OF MODARABA:

During the fiscal year, no trade in the certificate of the Modaraba were carried out by the Directors, CFO, Company Secretary and their spouses and minor children except the CEO has purchased 457,500 BRRGM's Certificates and 18,000 BRRGM's Certificates has been transferred to Chairman through succession certificate.

CODE OF CONDUCT:

The Board of Directors of the Management Company has adopted the required 'Code of Conduct' to which the management company & Modaraba is committed voluntarily maintaining the highest standards of conduct and ethical behavior is a moral right and legal requirement that requires the personal commitment.



The Code of Conduct indicates good business conduct that generally promotes the qualities of honesty, fairness, consideration and enlightened professionalism.

STAFF RETIREMENT BENEFITS:

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2020 is Rs 143.080 million (2019: Rs. 125.656 million).

POST BALANCE SHEET EVENTS:

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements.

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:

All transactions between BRR Guardian Modaraba (BRRGM) and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

AUDITORS:

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been appointed as auditors for the year ended 2020-21 subject to approval of Registrar Modaraba Companies and Modarabas.

KEY OPERATING AND FINANCIAL DATA:

The Key Operating and Financial data of last six years has been presented with analysis summarized on the last page.

RISK MANAGEMENT FRAMEWORK:

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, (the higher the risk the greater the reward). Our fundamental objective is to maximize certificate's value, but this must be carried out in a clearly articulated risk tolerance framework.

Board of Directors Meetings

The status of Board of Directors Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	4 out of 4
2	Mr. Ayaz Dawood	CEO	4 out of 4
3	Mr. Waqas Anwer Qureshi	Director	4 out of 4
4	Syed Ali Raza	Director	4 out of 4

Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows

Sr. No	Name	Designation	Attendance
1	Mr. Waqas Anwer Qureshi	Chairman	3 out of 4
2	Mr. Rafique Dawood	Member	4 out of 4
3	Syed Ali Raza	Member	4 out of 4



INTERNAL CONTROL AND AUDIT FUNCTION:

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. At BRRGM, Audit Committee has in-house Internal Audit Function, for wider functions and role identified as below:

1. Review compliance with responsibility for monitoring compliance with Relevant International Accounting Standards, Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies & Modaraba Rules, 1981 and compliance of the policies and procedures framed by the Board.
2. Review accounting and internal control system
3. Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
4. Examining financial and operational information.
5. Assisting with the identification of significant risks.

Dedicated Internal Audit Function helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

FUTURE PROSPECTS:

As a Modaraba we aim to increase our corporate value through sustainable growth, offering innovative services and fully Shariah Compliant products. To underscore the success of the management strategic growth plan, BRR continues to post satisfactory financial results exceeding the average growth ratios of peer companies of the country.

The above serves to underline the Modaraba's relentless drive, ambition and passion to deliver what really matters to its stakeholders.

HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

We are 'an equal opportunity employer' and the Management of BRRGM is committed to induct talented professionals through a transparent and competitive process while complying with best legal and ethical practices that has prescribed in our Human Resource Policy.

Our employees are our biggest asset and we go to great lengths to facilitate them. The compensation and benefit policies are designed not only to keep the employees motivated but also to attract and retain the competent valued workforce.

Employees' career management is being managed in parallel lines through utilizing a multidimensional approach. Performance management and annual appraisal are important part of career management. The Modaraba provides training to various disciplines and with a view to extend support to the Accounting & Finance professional as part of our CSR program.

SUCCESSION PLAN:

Our management policy is not only to take on board talented & dedicated professionals but also grooms and develops their skills for future leadership roles.



At BRRGM, we believe in empowering people by providing them challenging opportunities to enhance their potential and develop their abilities. Succession plan contain information on performance and potential. In many cases succession plan is prepared for possible moves of key personnel and therefore treated in a highly confidential manner.

CORPORATE SUSTAINABILITY:

At BRRGM, we recognize that we have responsibilities not only towards our customers, employees and shareholders, but also the communities in which we operate.

We believe that a sustainable company must be consistently profitable, but not solely concerned with making a profit. Success for BRRGM means providing our customers with the products and services they need and want, understanding and managing the impact we have on society and the environment, and investing in the future of our employees and the communities we serve. These measures help us to carry out our work in a way that is both commercially astute and ethically sound.

Corporate Social Responsibility:

In an age in which environmental and social issues are top of mind for many consumers, businesses can no longer exist in a bubble. Today's shoppers aren't just looking for the best price and quality - they expect the companies they patronize to do well with their money and make a positive impact on the world around them. To this end, many organizations are now making social responsibility a top priority.

All non-Shariah income and dividend have been purified by the Shariah Advisor of the Modaraba and has been given to charities.

Health, Safety & Environment

At BRRGM, we are committed to maintain a safe and healthy working environment for our employees. Through our proactive approach, we ensured that occupational safety is upheld by relevant contract workforce through code of conduct contractors. We are confident that our office premises have proper electric wiring, installation of fire extinguisher, ready first aid to office inmates while maintaining smoking free environment.

BRRGM has valid Takaful policies against all possible perils relating to the property. BRRGM has also provided group family and health Takaful to all its employees against natural and incidental health related hazards.

PATTERN OF CERTIFICATE HOLDING:

The pattern of certificate holding as on June 30, 2020 along with disclosure as required under the Code of Corporate Governance is annexed.

DIRECTORS' TRAINING PROGRAM

All the directors of the board are having more than 14 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 20 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.



CONCLUSION & APPRECIATION:

In view of the declining interest rates, we expect the Market to perform positively and thereby increase your Modaraba's profitability. Your Modaraba's believes the future economic prospects to be bright and therefore is issuing Right Certificate at par.

Looking ahead, 2020-21 we will strive to enhance market outreach and add quality assets through customer base portfolio and renting out properties. We always adopt best practices in its endeavor to create certificate holders wealth and gain market-confidence. BRRGM remains determined in maintaining its status amongst the top tier Modaraba's of the country and committed for its smooth operations.

On Behalf of the Board of Directors
B.R.R. Investment (Private) Limited

Syed Ali Raza
Director

October 01, 2020
Karachi.

Ayaz Dawood
Chief Executive Officer

ڈائریکٹرز کی رپورٹ

بی.آر.آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی.آر.آر. آئی" یا "کمپنی") بورڈ آف ڈائریکٹرز کی طرف سے بی.آر.آر. گارڈین مضاربہ (بی.آر.آر. جی ایم) کے مینیجر کی حیثیت سے ہم جون 2020-30 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

مضاربہ کی کارکردگی

تفصیلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 30، 2020	جون 30، 2019	
پاکستانی روپے میں		
170,867,643	155,318,295	چائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
40,741,027	36,777,275	لا کر ز اور حویلیاتی خدمات سے حاصل کرائے کی آمدن
187,365,709	51,058,973	منافع قبل از انتظامیہ کی فیس اور ڈیپو ڈیلیو ایبل
17,152,959	5,158,795	انتظامیہ کی فیس
2,229,885	670,643	انتظامیہ فیس پر سیز ٹیکس
3,042,935	915,170	ورکرز ویلفیئر فنڈ کی فراہمی
164,939,930	44,314,365	منافع بعد از انتظامیہ کی فیس اور ڈیپو ڈیلیو ایبل
1.91	0.51	نفع فی سٹیک

ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.24 روپے کے مقابلے میں 30 جون، 2020 کو ختم ہونے والے سال کے لیے فی سٹیک 0.78 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں جو کہ پچھلے سال سے 3.25 گنا زیادہ ہے۔ اس کے علاوہ آپ کا مضاربہ مساوی قیمت پر 10 فیصد رائیٹ سرٹیفیکیٹس بھی جاری کر رہا ہے (رجسٹرڈ مضاربہ کی منظوری سے مشروط ہے)۔ رائیٹ سرٹیفیکیٹس مذکورہ اعلان شدہ ڈیویڈنڈ کے حقدار نہیں ہوں گے۔

کاروبار کی نوعیت اور مارکیٹ ڈائنامکس

بی.آر.آر. گارڈین مضاربہ پاکستان میں مضاربہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مضاربہ کے تصور پر کیا گیا۔

ہمارا عظیم الشان بی.آر.آر. ٹاور جو کہ ایک جدید 20 منزلہ عمارت ہے اپنے تین محرابوں سے اسلامی فن تعمیر کی عکاسی کرتی ہے اور کراچی کے مالیاتی ضلع آئی. آئی. چنبرہ گزر روڈ پر ایک نمایاں اضافہ ہے اور مکمل کرائے شدہ ہے۔

بی.آر.آر. گارڈین مضاربہ نے ایک جدید بی.آر.آر. سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شراعت قائمین پر بنائی گئی قلعہ نما عمارت اپنے اندر اور ارد گرد اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد استخراج پیش کرتی ہے۔

اقتصادی جائزہ

سال 2019-20 ایک مثبت معاشی نمو کے سال کے طور پر متوقع تھا۔ تاہم، آخر کے چار سے چھ مہینوں میں معیشت پر کووڈ-19 وبا کے بڑھتے ہوئے اثرات نے معاشی تصویر کو یکسر بدل دیا۔ کووڈ-19 کے بعد، صنعت اور خدمات کے شعبے میں سست کارکردگی کی بنیاد پر مالی سال 2020 کی شرح نمو کا تخمینہ منفی 0.38 فیصد ہے۔ کووڈ-19 کے پیش نظر شرح سود میں 6.25 فیصد کمی کی گئی تھی جو 13.25 فیصد سے کم ہو کے 7 فیصد ہو گئی ہے۔

کاروباری استحکام کے لیے حکمت عملی

مالی سال 2020-21 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

- کرم فرماؤں / گاہک کی تعداد میں اضافہ۔
- اعلیٰ درجے کے سسٹمز کو اپنٹی کرائے پر دینا۔
- سکوک اور مشارکہ کی بنیاد پر متعارف کرائے جانے والے ٹی ایف سیز کے ساتھ ساتھ شرعی اصولوں سے مطابقت رکھنے والی سکیورٹی پر انحصار۔
- رسک مینیجمنٹ بہتر بنانا، بالخصوص جدید ترین طریقوں کو بروئے کار لاتے ہوئے ڈیٹ مینیجمنٹ کے لیے کوشاں رہنا۔
- شرعی اصولوں کے مطابق کام کرتے رہنے کو ترجیح دینا۔
- بہتر اور بروقت تربیت کے ذریعے افروہی قوت سے زیادہ سے زیادہ استفادہ کرنا۔

مارکیٹ کے حصے کی معلومات

مضاربہ کے شعبے کی مجموعی ۳۱	
ملین روپے	مالی سال
30,736	2015
36,806	2016
44,016	2017
52,670	2018
53,903	2019

جون 30، 2019 کو ختم ہونے والے مالی سال کے لیے مضاربہ ایسوسی ایشن آف پاکستان اور این بی ایف آئی کی MAP یکم برائے 2019 کے مطابق بی آر آر جی ایم کا مارکیٹ شیئر حسب ذیل رہا :

ملین روپے			
حصص یافتگان کی ایکو کنی	26 مضاربہ کی پوزیشن	بنی آر آر بی ایم کا حصہ	بنی آر آر بی ایم کا حصہ تمام مضاربہ میں
20,828	1,374	6.60%	
53,903	1,838	3.40%	
(1,290)	45	-3.5%	

وسائل، مواقع، کاروباری خطرات اور ان خطرات کی شدت کم کرنے والے اقدامات

آپ کے مضاربہ نے پاکستان میں اسلامی مالیاتی اداروں کی داغ بیل ڈالی اور پچھلی تین دہائیوں سے زیادہ اس ملک میں کامیابی کے ساتھ کام کر رہا ہے۔ مضاربہ کمپنیوں نے ملک میں اسلامی اصولوں کے مطابق بینکاری اور مالیات کی خدمات متعارف کرائی ہیں۔ ان اداروں نے شریعت کے بیان کردہ مالی و کاروباری اصولوں کے مطابق کام کرتے ہوئے مکمل حلال آمدن یقینی بنانے میں اہم کردار ادا کیا ہے۔

کوڈ آف کارپوریٹ گورننس کے ضوابط کی بہترین پریکٹس کے ساتھ تعمیل

آپ کی ناظم کمپنی نے جون 2020، 30 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کر دیے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرینل آڈیٹرز کی جائزہ رپورٹ اس دستاویز سے منسلک ہے۔

ایس ای سی پی اور پاکستان اسٹاک ایکسچینج کی ہدایات کی روشنی میں ڈائریکٹر تصدیق کرتے ہیں کہ ادارے کے تمام کاروباری افعال میں کوڈ آف گورننس اور اخلاقی حدود کا پورا خیال رکھا گیا ہے۔

- کمپنی کے مالیاتی حسابات تمام کاروباری معاملات، اقدامات کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی واضح نشاندہی کرتی ہیں۔
- ادارے نے ہر طرح کا حساب کتاب تمام مروج طریقوں اور اصولوں کے مطابق یعنی درست حالت میں رکھا ہے۔
- مالیاتی حسابات کی تیاری میں اکاؤنٹنگ کے تمام مروج معیارات کا پورا خیال رکھا گیا ہے۔
- تمام مالیاتی حسابات مضاربہ کمپنیز اینڈ مضاربہ (فلوئیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کمپنیز اینڈ مضاربہ رولز 1981 اور سیکیورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہیں۔
- انٹرئل کنٹرول کا نظام اپنے ڈیزائن کے اعتبار سے مستحکم ہے اور اس کا مؤثر اطلاق اور نگرانی کی جاتی ہے۔
- بطور ادارہ کمپنی کے کام جاری رکھنے کی صلاحیت پر کوئی شک نہیں۔
- منسلک کے ضوابط میں تفصیلاً درج کارپوریٹ گورننس کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔
- مالیاتی گوشواروں کے اندراجات کے علاوہ ٹیکسوں، ڈیویڈنڈز، لیویز اور بقایا جات کی مد میں کوئی رقم واجب الادا نہیں ہے۔
- ٹرانسفر پر منسلک کے رہنماء اصولوں سے انحراف نہیں کیا گیا ہے۔

مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزشتہ ہونے والی سال میں ڈائریکٹرز، سی ایف او، کمپنی سیکریٹری اور ان کے اہل خانہ نے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں کی، سوائے سی ای او کے جنہوں نے 457,500 بی آر جی ایم کے سرٹیفکیٹس خریدے اور 18,000 بی آر جی ایم کے سرٹیفکیٹس جانشینی کے سرٹیفکیٹ کے ذریعے چیئر مین کو منتقل ہوئے ہیں۔

ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروجہ اصولوں اور پیکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔ ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

قوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پراویڈنٹ فنڈ موجود ہے۔ جون 30، 2020 تک سرمایہ کاری کی قدر 143.080 ملین روپے ری جو 2019 میں 125.656 ملین روپے تھی۔

واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورتحال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں رد و بدل کی ضرورت ہو۔

مشکل افراد / متعلقہ فریقین سے لین دین

بی آر جی ایم اور متعلقہ افراد یا اداروں کے درمیان کاروباری معاملات کسی دباؤ یا غیر ضروری جانب داری کے بغیر انجام پائے ہیں، سوائے ان معاملات یا ٹرانزیکشنز کے جن کا جواز بیان کیا گیا ہو۔

آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہر دو چھ حسین چوہدری اینڈ کمپنی کو برائے سال 2020-21 کے لئے رجسٹرار مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط آڈیٹر تعینات کیا جا رہا ہے۔

اہم آپریٹنگ اور مالی اعداد و شمار

گزشتہ چھ سالوں کے اہم آپریٹنگ اور مالی اعداد و شمار آخری صفحے پر تجزیے کے خلاصے کے ساتھ پیش کیے گئے ہیں۔

رِسک مینیجمنٹ فریم ورک

کسی بھی کاروبار میں خطرات تو ہوتے ہی ہیں۔ بلکہ شرح سے منافع کمانے کے لیے ہر کاروبار ہی ہمارے کو قصوں بہت خطرات تو مول لینا ہی پڑتے ہیں۔ ہم سرٹیفکیٹ کی قدر میں اضافہ برقرار رکھنے کے لیے کام کرتے ہیں۔ خطرات بھی مول لیے جاتے ہیں مگر پوری احتیاط کے ساتھ اور اس معاملے میں متعلقہ فریم ورک یا طریق کار کو کسی بھی پہلو کو نظر انداز نہیں کیا جاتا۔

بورڈ آف ڈائریکٹرز کا اجلاس

بورڈ آف ڈائریکٹرز کے اجلاس کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیرمین	4 میں سے 4
2	جناب ایاز داؤد	سی ای او	4 میں سے 4
3	جناب وقاص انور قریشی	ڈائریکٹر	4 میں سے 4
4	سید علی رضا	ڈائریکٹر	4 میں سے 4

آڈٹ کمیٹی کا اجلاس

بورڈ کی آڈٹ کمیٹی کے اجلاسوں کی صورت حال درج ذیل ہے:

نمبر	نام	عہدہ	حاضری
1	جناب وقاص انور قریشی	چیرمین	4 میں سے 3
2	جناب رفیق داؤد	ممبر	4 میں سے 4
3	سید علی رضا	ممبر	4 میں سے 4

انٹرئل کنٹرول اور آڈٹ

بورڈ آف ڈائریکٹرز تمام طے شدہ اور مروج طریقوں کو بروئے کار لا کر موثر اندرونی انتظام اور انضباط یقینی بنانے کا پابند ہے۔ بی آر آئی ایم کی آڈٹ کمیٹی ان ہاؤس انٹرئل آڈٹ فنکشن یقینی بناتی ہے۔ اس حوالے سے درج ذیل کردار متعین کیے گئے ہیں:

1. مروج انٹر نیچل اکاؤنٹنگ اسٹینڈرڈز، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلو میشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز لاء مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرئل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثربخیری کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار منی آؤٹس کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔

5. اہم خطرات کی تشخیص اور نشاندہی۔

انٹر عمل آؤٹ فنکشن عمدہ طریقے سے کام کرے تو خطرات کا سامنا کرنے کا موثر نظام وضع کرنے میں غیر معمولی مدد ملتی ہے۔ مختلف سرگرمیوں کو بہتر طریقے سے انجام دینا ممکن ہو جاتا ہے۔ بہتر نتائج حاصل ہوتے ہیں۔ انٹر عمل آؤٹ فنکشن معاملات کرنے اور رکھنے کے دیگر طریقوں کی کارکردگی کا بھی جائزہ لیتا ہے۔

مستقبل کی حکمت عملی

ایک مضاربہ کمپنی کی حیثیت سے ہم شرعی اصولوں سے پوری مطابقت اور ہم آہنگی رکھنے والی جدید مالیاتی اشیاء و خدمات کی فراہمی کے ذریعے شرح نمو یقینی بنا کر اپنی کارپوریٹ ویلیو میں اضافہ کرنا چاہتے ہیں۔ پی آر جی ایم نے اپنے شعبے کے دیگر اداروں کے مقابلے میں عمدہ کارکردگی کا تسلسل یقینی بنانے میں خاصی کامیابی حاصل کی ہے۔ کامیاب مالیاتی نتائج نظامیہ کے اسٹریٹجک پلان کی کامیابی کی نشاندہی کرتے ہیں۔ ہماری کامیابی اس بات کی مظہر ہے کہ ہم اپنے شعبے میں اپنا مقام بنانے اور منوانے کے ساتھ ساتھ اپنے اسٹیک ہولڈرز کو وہ سب کچھ دیتا چاہتے ہیں جو ان کے لئے زیادہ اہم ہے۔

انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

ہمارے ادارہ سب کے لیے مساوی مواقع کے اصول کی بنیاد پر ملازمت فراہم کرتا ہے۔ کسی بھی شخص کو ملازمت فراہم کرتے وقت اس کی قابلیت اور کام کرنے کی لگن دیکھی جاتی ہے۔ میرٹ کا پورا خیال رکھا جاتا ہے۔ خدمات مستعار لینے کی پالیسی شفاف اور مروجہ طریقہ کار کے مطابق ہے۔ اس حوالے سے تمام قانونی اور اخلاقی نکات ہماری بیومن ریسورس پالیسی میں درج بالخصوص درج ہیں۔

ہمارے ملازمین ہمارے لیے اثاثے کا درجہ رکھتے ہیں۔ ہم انہیں زیادہ سے زیادہ سہولتیں فراہم کرتے ہیں تاکہ وہ اپنی صلاحیتوں کو بہترین طریقے سے بروئے کار لانے کے ساتھ ساتھ نئی صلاحیتیں بھی اپنے اندر پروان چڑھائیں۔ ملازمین کو زیادہ سے زیادہ سہولتیں فراہم کرنے ایک مقصد تو انہیں بہتر کارکردگی کی طرف مائل کرنا ہے اور دوسرا مقصد یہ ہے کہ دوسرے قابل افراد کو بھی ہمارے ادارے کے لیے کام کرنے کی تحریک ملے۔

ہم اپنے ملازمین کی کارکردگی کو بہتر بنانے اور ان میں مزید صلاحیتیں اور مہارتیں پیدا کرنے کے لیے کیریئر مینجمنٹ کا بھی اہتمام کرتے ہیں۔ مشاہروں پر ہر سال نظر ثانی کی جاتی ہے۔ ہم سی آر ایس پروگرام کے تحت اپنے ملازمین کے لیے اضافی تربیت کا اہتمام بھی کرتے ہیں تاکہ وہ زیادہ اچھی طرح اپنی صلاحیتوں کا اظہار کریں اور ان کے کیریئر میں گہرائی و گیرائی پیدا ہو۔ کیریئر مینجمنٹ پالیسی کے تحت اکاؤنٹنٹ اینڈ فنانس پر و فیشنلز کو بہتر نتائج کے حصول کے قابل بنانے پر خاص توجہ دی جاتی ہے۔

جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔ پی آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیے جانے چاہئیں تاکہ وہ اپنی صلاحیتوں کو پروان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سکیشن پلان کارکردگی اور صلاحیت و سکت دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

کاروباری پائیداری

ہمیں اس بات کا پورا احساس ہے کہ ہماری ذمہ داری کسٹمرز، ملازمین اور شیئرز، بولڈرز کو مطمئن کرنے تک محدود نہیں بلکہ ہم جس ماحول میں کام کر رہے ہیں اسے بہتر بنانے دیکھنا بھی ہماری ذمہ داری ہے۔

ہم اس بات پر یقین ضرور رکھتے ہیں کہ کامیاب کمپنی وہ ہے جو زیادہ منافع کمائے مگر صرف منافع کا حصول ہی سب کچھ نہیں۔ بی آر جی ایم کے لیے کامیابی کا حقیقی مفہوم یہ ہے کہ کسٹمرز کو وہ اشیاء و خدمات ملتی رہیں جن کی انہیں ضرورت ہے اور ساتھ ہی ساتھ معاشرے اور ماحول کو بھی نقصان سے زیادہ سے زیادہ محفوظ رکھا جائے۔ ہم ایک ایسا ماحول پیدا کرنے کے لیے کوشاں رہتے ہیں جو تجارتی نقطہ نظر سے بے حد منافع بخش اور اخلاقی نقطہ نظر سے قابل قبول ہو۔

کارپوریٹ سماجی ذمہ داری

ایک ایسے دور میں کہ جب ماحول اور معاشرے کے لیے مسائل بڑھتے جا رہے ہیں اور اس حوالے سے سوچنے والوں کی تعداد بھی بڑھ رہی ہے، مثیلے جیسے ماحول میں کاروبار نہیں کیا جاسکتا۔ لوگ خریداری کرتے وقت بہت کچھ سوچتے ہیں۔ وہ اس بات پر بھی غور کرتے ہیں کہ جو چیز وہ خرید رہے ہیں اس کی تیاری میں معاشرے یا ماحول کو نقصان تو نہیں پہنچایا گیا۔ لوگوں کو اپنی اور دوسروں کی ذمہ داریوں کا بھرپور احساس ہے۔ یہی سب ہے کہ آج کے پیشتر ادارے معاشرے میں خرابیوں کو روکنے اور ماحول کو بہتر حالت میں رکھنے کے حوالے سے اپنا کردار ادا کرنے کی بھی کوشش کر رہے ہیں۔

غیر شرعی ذرائع سے حاصل ہونے والی تمام آمدن کو شریعہ ایڈوائزرز کے مشورے سے پاک کرنے کے بعد عطیہ کر دیا جاتا ہے۔

صحت، حفاظتی تدابیر اور ماحول

ہم اپنے ملازمین کو کام کرنے کا محفوظ ماحول فراہم کرنے کے عہد پر کاربند ہیں۔ اپنی عمل پسند سوچ کے ذریعے ہم اس بات کو یقینی بناتے ہیں کہ تمام ملازمین زیادہ سے زیادہ سہولت اور تحفظ کے ساتھ کام کریں۔ ہم پرے املا کے ساتھ کہہ سکتے ہیں کہ ہمارے تمام دفاتر میں درست الیکٹرک وائرنگ کی گئی ہے، آگ بجھانے کے آلات موجود ہیں اور کسی کے زخمی ہو جانے کی صورت میں ابتدائی طبی امداد کا بھرپور انتظام ہے۔ ماحول کو صاف اور صحت بخش رکھنے کے لیے تمباکو نوشی پر مکمل پابندی عائد ہے۔

بی آر جی ایم نے اپنی ہی سے متعلق کسی بھی ایسی بات سے غصے کے لیے موزوں حفاظت (پیر) لے رکھا ہے۔ تمام ملازمین کو قدرتی اور حادثاتی موت کی صورت میں حفاظت میسر ہے۔ ملازمین کے اہل خانہ کو صحت و غیرہ کے معاملے میں حفاظت کی سہولت میسر ہے۔

سرٹیفکیٹ ہولڈنگ کی طرز

30 جن، 2020 کو ختم ہونے والے مالی سال کے لیے بیٹرن آف سرٹیفکیٹ ہولڈنگ اور گورڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژرس دستاویز سے منسلک ہے۔

تربیتی پروگرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 14 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز ICMA اور PICG سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 20 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو گورڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف ائسوسیشن، مضاربہ



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

پراسٹیکٹس اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میوزینڈم اور آرٹیکلز آف اَسوسی ایشن کی شتوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔

اختتامی کلمات اور اظہارِ تشکر

گرتے ہوئے شرح سود کے پیش نظر، ہم توقع کرتے ہیں کہ مارکیٹ مثبت کارکردگی کا مظاہرہ کرے گی اور اس طرح آپ کے مضاربہ کے منافع میں اضافہ ہو گا۔ آپ کا مضاربہ یقین رکھتا ہے کہ مستقبل کے معاشی امکانات روشن ہیں اور اسی لئے مساوی قیمت پر رائیٹ سرٹیفکیٹ جاری کر رہا ہے۔

آگے کا دیکھتے ہوئے ہم سال 2020-21 میں مارکیٹ میں اپنی دسترس کو وسعت دینے کی بھرپور کوشش کر رہے ہیں۔ کسٹمر میٹنگ پورٹ فولیو کے ذریعے اور پراپرٹی کو کرائے پر دے کر معیاری اثاثوں میں اضافہ یقینی بنایا جائے گا۔ ہم سرٹیفکیٹ ہولڈرز کا اعتماد پانے اور ان کے لیے زیادہ سے زیادہ منافع یقینی بنانے کے لیے ہمیشہ معیاری پریکٹس اپناتے ہیں۔ بی آر آر جی ایم اپنی منفرد پوزیشن پر قرار رکھنے کے لیے کوشاں ہے۔ اپنے اپنے افعال کو زیادہ سے زیادہ سبک اور معیاری بنانے کے عہد پر کاربند ہیں۔ از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ

ایاز داؤد
چیف ایگزیکٹو آفیسر

سید علی رضا
ڈائریکٹر

اکتوبر 01، 2020

کراچی



Crowe Hussain Chaudhury & Co.

Chartered Accountants
Member Crowe Global

F-4/2, Mustafa Avenue,
Behind The Forum
Block 9, Clifton, Karachi, Pakistan.
+92 21 35877806-10
www.crowe.pk

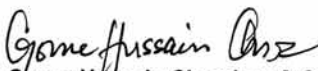
Other Offices in Lahore & Islamabad

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **B.R.R. GUARDIAN MODARABA** ("the holding company") and its subsidiary company as at June 30, 2020 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of **B.R.R. GUARDIAN MODARABA** except for **BRR Financial Services (Private) Limited** which were audited by another firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Our audit was conducted in accordance with the International Standard on Auditing and accordingly included such test of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the consolidated financial statements present fairly the financial position of the **B.R.R. GUARDIAN MODARABA** and its subsidiary company as at June 30, 2020 and the results of their operations for the year then ended.


Crowe Hussain Chaudhury & Co
Chartered Accountants
Engagement Partner:
Imran Sheikh.

Place: Karachi

Date: 05 OCT 2020



CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2020

ASSETS	Note	June 30, 2020	June 30, 2019
		----- Rupees -----	
Non-current assets			
Property, plant and equipment	6	93,450,103	144,248,875
Investment properties	7	982,181,780	943,576,499
Long-term musharaka finances	8	36,575,223	18,882,742
Long-term loans, advances and deposits	9	5,929,675	6,138,991
Total non-current assets		1,118,136,781	1,112,847,107
Current assets			
Short-term investments	10	865,012,982	545,210,694
Current portion of musharaka finances	8	21,074,868	40,473,298
Ijarah / lease rental receivable	11	671,145	906,290
Loans, advances and prepayments	12	7,814,581	17,605,767
Accrued profit	13	1,257,718	406,957
Other receivables	14	14,470,000	9,550,113
Taxation	15	23,815,777	17,467,159
Cash and bank balances	16	41,530,052	42,702,758
Total current assets		975,647,123	674,323,036
TOTAL ASSETS		2,093,783,904	1,787,170,143
EQUITY AND LIABILITIES			
Capital and reserve			
Authorised capital 140,000,000 (2019: 140,000,000) Modaraba certificates of Rs. 10/- each		1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital	17	863,622,630	863,622,630
Reserves	18	395,579,653	251,082,521
Surplus on revaluation of investments	19	486,928,899	258,174,771
		1,746,131,182	1,372,879,922
Liabilities			
Non-current liabilities			
Long-term loans	20	20,652,000	-
Long-term murabaha, musharaka and finance under mark-up arrangements	21	-	-
Long-term security deposits	22	84,784,856	78,317,753
Total non-current liabilities		105,436,856	78,317,753
Current liabilities			
Current portion of long-term loans	20	34,428,684	82,616,684
Current portion of long-term murabaha, musharaka and finance under mark-up arrangements	21	50,000,000	79,677,418
Current portion of security deposits	22	800,590	5,315,800
Creditors, accrued and other liabilities	23	126,546,142	138,645,818
Accrued profit on borrowings	24	613,854	397,274
Profit distribution payable	25	29,826,596	29,319,474
Total current liabilities		242,215,866	335,972,468
Contingencies and commitments	26		
TOTAL EQUITY AND LIABILITIES		2,093,783,904	1,787,170,143

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2020

	Note	June 30, 2020	June 30, 2019
INCOME			
Rental income	27	211,608,670	192,095,570
Income on musharaka finances		13,232,502	6,142,983
Ijarah rental income - net	28	5,149,929	16,765,007
Return on investments - net	29	38,184,664	17,701,954
Profit on bank balances		887,210	596,956
Reversal of provision for doubtful receivables	30	23,283,745	51,896,319
Gain on disposal of ijarah assets		839,797	1,217,510
Other income	31	2,907,474	8,610,758
Reversal of impairment on property	32	22,619,675	11,864,726
Unrealised gain/(loss) on revaluation of FVTPL investment		39,723,527	(81,958,116)
		358,437,193	224,933,667
EXPENSES			
Administrative expenses	33	128,731,644	117,256,023
Depreciation on Investment Properties	7.1	33,950,413	32,632,059
Financial charges	34	8,389,427	23,986,612
		171,071,484	173,874,694
		187,365,709	51,058,973
Modaraba management company's fee	35	17,152,959	5,158,795
Sales tax on modaraba management company's fee	35	2,229,885	670,643
Provision for Sindh Workers' Welfare Fund	36	3,042,935	915,170
Profit before taxation		164,939,930	44,314,365
Taxation	37	-	-
Net profit for the year		164,939,930	44,314,365
Earnings per certificate - basic and diluted	38	1.91	0.51

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	June 30, 2020	June 30, 2019
	----- Rupees -----	
Profit for the year	164,939,930	44,314,365
Other comprehensive gain/(loss) for the year		
Items that will be subsequently reclassified :		
Unrealised gain / (loss) on revaluation of fair value through OCI investments	229,038,273	(33,633,154)
Total comprehensive income for the year	393,978,203	10,681,211

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

For B.R.R. Investment (Private) Limited
(Modaraba Management Company)

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2020

	June 30, 2020	June 30, 2019 (Restated)
Note	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	164,939,930	44,314,365
Adjustment of non-cash and other items:		
Depreciation	44,385,142	43,227,639
Amortisation on ijarah assets	7,085,722	25,395,565
Provision against doubtful receivable-net	(23,283,745)	(51,896,319)
Gain on disposal of property and equipment - owned	(757,575)	(327,197)
Gain on disposal of property, plant and equipment - leased / ijarah	(839,797)	(1,217,510)
Gain on disposal of non current asset held for sale	-	(4,200,000)
Ijarah Rental Income	(12,235,651)	(42,160,572)
Profit on musharaka, murabaha and finance under mark-up arrangements	(13,232,502)	(6,142,983)
Unrealised (gain)/ loss on revaluation of FVTPL investment	(39,723,527)	81,958,116
Impairment of assets	(22,619,675)	(11,864,726)
Financial charges	8,389,427	23,986,612
Return on investments - net	(38,870,987)	(18,227,247)
	(91,703,168)	38,531,378
	73,236,762	82,845,743
(Increase) / decrease in current assets		
Ijarah / lease rentals receivable	12,134,754	42,322,124
Loans, advances and prepayments	4,448,790	4,561,025
Accrued profit	12,381,741	6,251,862
Other receivables	(853,697)	(6,008,606)
	28,111,588	47,126,405
(Decrease) / Increase in current liabilities		
Creditors, accrued and other liabilities	11,998,189	(3,327,913)
Rent received in advance	(24,097,865)	(15,553,100)
Customers' security deposit	1,951,893	(9,949,549)
	(10,147,783)	(28,830,562)
Income tax paid	(6,348,619)	(3,011,688)
Net cash generated from operating activities	84,851,948	98,129,898
CASH FLOWS FROM INVESTING ACTIVITIES		
Addition to property and equipment - owned	(16,202,742)	(5,553,915)
Addition to investment properties	(4,407,862)	-
Proceeds from disposal of property and equipment - owned	1,493,939	753,622
Proceeds from disposal of Office Equipments- investment properties	138,926	-
Proceeds from disposal of property, plant and equipment - leased / ijarah	8,546,875	10,836,079
Investments disposed / (purchased) - net	(27,747,894)	53,992,720
Income received on investments	12,434,454	14,881,767
Musharaka finances	25,325,736	40,995,413
Net cash generated / (used in) from investing activities	(418,568)	115,905,686
CASH FLOWS FROM FINANCING ACTIVITIES		
Profit paid to certificate holders	(20,219,821)	(27,879,905)
Finance under murabaha, musharaka and finance under mark-up arrangements	(29,677,418)	(114,774,673)
Long-term loan	(27,536,000)	(27,536,000)
Financial charges paid	(8,172,847)	(23,996,911)
Net cash used in financing activities	(85,606,086)	(194,187,489)
Net increase in cash and cash equivalents	(1,172,706)	19,848,095
Cash and cash equivalents at the beginning of the year	42,702,758	22,854,663
Cash and cash equivalents at the end of the year	41,530,052	42,702,758

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2020

	Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total
		Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss		
		----- (Rupees) -----					
Balance as at July 01, 2018	863,622,630	10,532,683	44,902,567	734,198,759	(555,025,121)	293,330,362	1,391,561,880
Profit for the year ended June 30, 2019	-	-	-	-	44,314,365	-	44,314,365
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	(33,633,154)	(33,633,154)
Total comprehensive income for the year	-	-	-	-	44,314,365	(33,633,154)	10,681,211
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	1,522,437	(1,522,437)	-
Profit distribution for the year ended June 30, 2018 @ Rs. 0.34 per certificate	-	-	-	-	(29,363,169)	-	(29,363,169)
Transfer to statutory reserve	-	-	-	21,813,411	(21,813,411)	-	-
Balance as at June 30, 2019	863,622,630	10,532,683	44,902,567	756,012,170	(560,364,899)	258,174,771	1,372,879,922
Profit for the year ended June 30, 2020	-	-	-	-	164,939,930	-	164,939,930
Unrealized gain on revaluation of fair value through OCI investments - net	-	-	-	-	-	229,038,273	229,038,273
Total comprehensive income for the year	-	-	-	-	164,939,930	229,038,273	393,978,203
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	284,145	(284,145)	-
Profit distribution for the year ended June 30, 2019 @ Rs. 0.24 per certificate	-	-	-	-	(20,726,943)	-	(20,726,943)
Transfer to statutory reserve	-	-	-	74,257,700	(74,257,700)	-	-
Balance as at June 30, 2020	863,622,630	10,532,683	44,902,567	830,269,870	(490,125,467)	486,928,899	1,746,131,182

* Statutory reserve represents profit set aside to comply with the Prudential Regulation for Modarabas issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 50 form an integral part of these consolidated financial statements.

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

Rafique Dawood
Chairman

Ayaz Dawood
Chief Executive Officer

Syed Ali Raza
Director

Syed Tariq Masood
Chief Financial Officer



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. LEGAL STATUS AND NATURE OF THE BUSINESS

These consolidated financial statements consist of the following group companies :

1.1 Holding Company

B.R.R. Guardian Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Modaraba Companies and Modaraba Rules, 1981 framed there under and is managed by B.R.R. Investments (Private) Limited, having its registered office at 1900 B, Saima Trade Towers, I.I. Chundrigar Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba's principal activity is leasing (ijarah) of assets, deployment of funds in musharakas, murabahas and investment in properties, equity and debt securities. The Modaraba also provides custodial and management services in the name of B.R.R. Security Vault.

1.2 Subsidiary Company

The group comprises of the following subsidiary company.

BRR Financial Services (Private) Limited (the Company) was incorporated in Pakistan on November 30, 2015 as a private limited company under the repealed Companies Ordinance, 1984 now Companies Act 2017. The principal business activity of the Company is to render brokerage service in capital and money market and to render other consultancy services etc. The registered office of the Company is at 18th Floor, B.R.R. Tower, Hassan Ali Street off I.I. Chundrigar Road, Karachi.

The Company is wholly owned subsidiary of B.R.R Guardian Modaraba (Modaraba).

Subsequent to the balance sheet date, the Board of Directors of the Management Company in their meeting held on July 15, 2020, has approved the Scheme of Arrangement for merger by way of amalgamation of wholly owned subsidiary, BRR Financial Services (Private) Limited with and into the Modaraba. However, both the company and the modaraba are in the process of fulfilling their legal formalities in respect of merger to the respective authorities. Accordingly, one time right of TREC transfer will remain with the Modaraba.

2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR

On March 11, 2020, the World Health Organisation declared COVID-19 a global pandemic. The COVID 19 outbreak developed rapidly thereafter with a significant number of COVID-19 cases reported globally. The pandemic has resulted in overall economic slowdown, disruptions to various business and significant volatility in the Pakistan Stock Exchange (PSX) after the announcement of lock-downs by the government authorities. The Modaraba is conducting business with some modifications to employee working while following all necessary Standard Operating Procedures (SOPs). The management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in current period. Therefore the management has evaluated and concluded that there are no material implications of COVID-19 that require specific disclosure in financial statements.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These consolidated financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.



3.2 Basis of consolidation

These consolidated financial statements incorporate the financial statements of the Modaraba and the financial statements of subsidiary. The financial statements of the subsidiary is incorporated on a line-by-line basis and the investment held by the Modaraba is eliminated against the corresponding share capital of subsidiary in the consolidated financial statements.

3.3 Basis of measurement

These consolidated financial statements have been prepared under the "historical cost convention" except for the revaluation of certain financial assets which are stated at fair value. These consolidated financial statements have been prepared following accrual basis of accounting except for cash flow information.

3.4 Functional and presentation currency

These consolidated financial statements have been presented in Pakistan Rupees, which is the functional and presentation currency of the Modaraba.

3.5 Significant accounting estimates and judgments

The preparation of consolidated financial statements requires management to make judgments, estimates and assumptions that effect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected.

Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the consolidated financial statements and estimates with a significant risk of material judgment in the next year are as follows:

	Note
Amortization of property, plant and equipment - Ijarah	5.1
Amortization of property, plant and equipment - leased	5.1.1
Depreciation on property and equipment - own	5.1.2
Classification and valuation of investments	5.5
Provision for doubtful receivables	5.6
Impairment of investments, debt securities and leased assets	5.8

4 STANDARDS, IFRIC INTERPRETATIONS AND AMMENDENTS WHICH BECAME EFFECTIVE DURING THE YEAR

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

Following are the new standards and amendment to approved accounting standards which are mandatory for the Modaraba's annual accounting period which began on July 1, 2019.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 16 - Leases	July 1, 2019

The adoption of the above standard, amendment and improvement to accounting standards did not have any material effect on the financial statements. However their impact is stated below.

International Financial Reporting Standards (IFRS) 16 "Leases" has replaced IAS 17 "Leases", the former lease accounting standard, and has become effective from annual accounting periods beginning on or after January 1, 2019.

IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on statement of financial position with only exception of short term and low value leases. Under IFRS 16, a lessee shall recognize an



asset (the right to use the leased item) based on the initial measurement of lease liability, plus (any initial direct costs incurred and an estimate of costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located) along with corresponding financial liability to pay rentals at the present value of future lease payments over the lease term, discounted using (the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.)"

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The recognition criteria for lease is same as define in IAS 17 for lessor.

The Modaraba has adopted IFRS 16 as on July 1, 2019, The Modaraba has an application of IFRS 16 as a lessor for an operating lease of lockers and properties which are already covered and classified under Investment Properties. Therefore the application of this standard does not result in any change in financial reporting. However para 96 of IFRS 16 requires Modaraba to apply disclosure requirement as given in IAS 40 for the assets subject to operating lease which have been disclosed accordingly.

4.2 Standards, amendments to published standards and interpretations that are effective but not relevant

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2019 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

4.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IAS 1 - Presentation of financial statements	January 1, 2020
IAS 8 - Accounting policies, changes in accounting estimates and errors (Amendments)	January 1, 2020
IFRS 3 - Business Combinations (Amendments)	January 1, 2020
IFRS 16 - IASB 'Relief for lessees in accounting for rent concessions'	June 1, 2020
IAS 37 'Amendments Onerous Contracts-Cost Of Fulfilling a Contract'.	January 1, 2022
IAS 16 'Proceed Before Intended Use'.	January 1, 2022
Various Amendments to References to the conceptual framework in the IFRS standard	January 1, 2020

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

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

Standard or Interpretation	Effective Date (Annual periods beginning on or after)
IFRS 14 - Regulatory Deferral Accounts	January 01, 2018
IFRS 17 - Insurance Contracts	January 01, 2022



The Modaraba expects that above new standards will not have any material impact on the Modaraba's financial statements in the period of application.

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these consolidated financial statements are set out below.

5.1 Property, plant and equipment under ijarah arrangements

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 2009 for all ijarah contracts commencing on or after July 01, 2008.

The assets subject to ijarah commencing on or after July 01, 2008 are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged on these assets using the straight line method over the ijarah period which is from date of delivery of respective assets to mustajir upto the date of maturity / termination of ijarah agreement. In respect of the addition or deletion during the year, amortisation is charged proportionately to the period of ijarah.

5.1.1 Property, plant and equipment under lease arrangements

Leased fixed assets are stated at cost less accumulated amortisation and impairment loss (if any). Amortisation is charged to income applying the annuity method whereby the cost of an asset less its residual value, is written off over its lease period. In respect of additions and disposals during the year, amortisation is charged proportionately to the period of lease.

Gain or loss on disposal of leased assets is recognised as income or expense as and when incurred.

5.1.2 Property, plant and equipment under own use

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

Depreciation is charged to income applying the straight-line method whereby the cost of an asset is written off over its estimated useful life. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

The asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the profit and loss account.

Depreciation method, useful lives and residual values are reassessed atleast at each balance sheet date and changes, if any, are recognised prospectively.

5.2 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost (less impairment losses, if any) and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to relevant operating fixed assets and investment property category as and when the assets are available for intended use.

5.3 Investment properties

Leased investment properties are properties accounted for under IAS 40 'Investment Properties' (held to earn rentals or for capital appreciation). The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any impairment losses.



Depreciation on investment properties is charged on straight line method over their estimated useful life at rates ranging from 2% to 5% per annum. In respect of additions and disposals during the year, depreciation is charged proportionately to the period of use.

5.4 Non current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amounts are expected to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount immediately prior to their classification as held for sale and fair value less cost to sell. Once classified as held for sale, the assets are not subject to depreciation or amortisation. Any gain or loss arising from the sale of these assets are reported in other income.

5.5 Financial assets

The Modaraba classifies its financial assets into following three categories:

- Fair Value through Other Comprehensive Income (FVOCI);
- Fair Value through Profit or Loss (FVTPL); and
- At Amortized cost.

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

5.5.1 Subsequent measurement

Debt instruments at FVTOCI

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

Equity instruments at FVTOCI

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

Financial assets FVTPL

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

Financial assets measured at amortised cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Profit / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. These comprise of ijarah rental receivable, musharaka finances, advances, deposits, prepayments and other receivables and trade debts.

5.6 Provisions for doubtful receivables

Provisions are recognised 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 balance sheet date and adjusted to reflect the current best estimate.



5.7 Trade date accounting

All 'regular way' purchases and sales of quoted equity securities are recognised on the trade date i.e. the date that the Modaraba commits to purchase / sell the asset. 'Regular way' purchases or sales of quoted investments require delivery within two working days after the transaction date as per stock exchange regulations.

5.8 Impairment

5.8.1 Financial assets

Provision of financial assets (i.e Musharaka, Ijarah and Murabaha) is recognized in accordance with the criteria laid down in prudential regulations issued by Securities and Exchange commission of Pakistan (SECP) and is charged to profit and loss account in the period to which it relates.

For the provision of other financial assets the modaraba has follows expected credit loss model of IFRS 9. Impairment loss in respect of financial assets classified as fair value through other comprehensive income (other than debt securities) is recognized based on management's assessment of objective evidence of impairment as a result of one or more events that may have an impact on the estimated future cash flows of the investments. A significant or prolonged decline in fair value of an equity investment below its cost is also considered an objective evidence of impairment. The determination of what is significant or prolonged requires judgment.

In case of impairment of financial assets at FVOCI, the cumulative loss that has been recognized directly in statement of comprehensive income is taken to the statement of profit or loss.

Other individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All these impairment losses are recognized in the statement of profit or loss.

5.8.2 Non-financial assets

The Modaraba assesses at each balance sheet 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 amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

5.9 Derecognition of financial instruments

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the modaraba has transferred substantially all risks and rewards of ownership.

5.10 Revenue recognition

5.10.1 Ijarah income / operating lease income

Up until June 30, 2008, the Modaraba treated all leases as operating leases and from July 01, 2008, the Modaraba has adopted IFAS 2 - Ijarah for all new disbursements. In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in profit and loss account on an accrual basis as and when rentals become due. Unrealised income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.

Leases in which a significant portion of the risk and reward is retained by the Modaraba are classified as an operating lease. Rental income from operating leases is recognised on straight line on an accrual basis.



5.10.2 Murabaha and musharaka transactions

Profit from musharaka transactions is recognised on the basis of pro rata accrual of the profit estimated for the transaction over the period.

Profit from murabaha finance is accounted for on culmination of murabaha transaction. However, the profit on that portion of murabaha finance not due for payment is deferred and recorded as "Deferred Murabaha Income". The same is then recognised on a time proportion basis.

5.10.3 Rental income

Rental income arising from investment properties and lockers is accounted for on an accrual basis.

5.10.4 Dividend income

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

5.10.5 Gain and losses on sale of investment

Gains and losses on sale of investments are accounted for when their commitment (trade date) for sale of security is made.

5.10.6 Income on debt securities

Income is recognised on a time proportion basis under the effective yield method.

5.10.7 Income on balances with banks

Profit on saving accounts with banks is recognised on an accrual basis.

5.10.8 Unrealised income on non-performing assets

Unrealised income is suspended, where necessary, on non-performing assets (including non-performing net investment in ijarah and murabaha and musharaka finances), in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP. Unrealised suspense income is recognised in profit and loss account on receipt basis.

5.11 Taxation

5.11.1 Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders of the Modaraba.

5.11.2 Deferred

The Modaraba accounts for deferred taxation on all material temporary differences using the liability method arising between the amounts attributed to assets and liabilities for financial reporting purposes and consolidated financial statements used for taxation purposes. However, deferred tax liability has not been provided in these consolidated financial statements as the management believes that the future income of Modaraba will not be taxable in the foreseeable future due to the fact that the Modaraba intends to continue availing the tax exemption through profit distribution to the extent of 90 percent of distributable profit.

5.12 Staff provident fund

The Modaraba contributes to an approved group fund scheme covering all its employees who are eligible under the scheme. Equal monthly contributions are made by the Modaraba and the employees to the fund at 10% of the basic salary of the employees.



5.13 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange approximating to those prevalent on the balance sheet date. Foreign currency transactions are converted into Pak Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognised in profit and loss account.

5.14 Financial liabilities

Financial liabilities are classified according to the substance of contractual arrangements entered into. These are initially recognised at fair value and subsequently stated at amortised cost. Significant financial liabilities are musharaka, murabaha and finance under mark-up arrangements, deposit on lease contracts and accrued and other liabilities.

5.15 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of the cash flow statement, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand, as well as balance held with the State Bank of Pakistan (SBP).

5.16 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognised in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognised in the year to which these relate.

5.17 Offsetting financial assets and financial liabilities

A financial asset and a financial liability is 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 realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also off-set.

5.18 Segment reporting

As per IFRS 8, "Operating Segments", operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. The chief executive officer of the modaraba management company has been identified as the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments. An operating segment is a component of the Modaraba that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Modaraba's other components. The Modaraba has only one reportable segment.

5.19 Earnings per certificate

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

5.20 Related party transactions

All transactions with the related parties are priced on arm's length basis. Prices for those transactions are determined on the basis of admissible valuation methods.

	Note	June 30, 2020	June 30, 2019
6 PROPERTY, PLANT AND EQUIPMENT		----- (Rupees) -----	
Property and equipment - owned	6.1	63,468,651	99,474,623
Property, plant and equipment- leased / ijarah	6.2	29,981,452	44,774,252
		93,450,103	144,248,875

6.1 Property, plant and equipment - owned

Particulars	Leasehold land	Building on leasehold land	Office Premises (Ref: 6.1.1)	Lockers	Furniture and fixtures	Vehicles	Office equipment and	Total
	(Rupees)							
Year ended June 30, 2020								
Net carrying value basis								
Opening net book value (NBV)	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Additions (at cost)	-	1,417,630	-	616,000	3,574,467	8,135,910	2,458,735	16,202,742
Transfer from investment property (NBV)	-	-	14,299,162	-	-	-	-	14,299,162
Disposals (NBV)	-	-	-	-	-	(1,658,613)	(1)	(1,658,614)
Transfer to investment property (NBV)	-	(61,164,083)	-	-	(4)	-	(284,027)	(61,448,114)
Reversal of impairment			7,033,581					7,033,581
Depreciation charge	(50,558)	(694,952)	(1,538,251)	(593,236)	(269,585)	(6,013,806)	(1,274,341)	(10,434,729)
Closing net book value	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Gross carrying value basis								
Cost	2,527,890	26,041,419	51,886,712	24,476,218	5,375,426	35,038,413	20,326,740	165,672,818
Accumulated depreciation	(1,440,901)	(19,287,770)	(21,161,701)	(18,639,216)	(1,541,825)	(19,733,327)	(17,961,020)	(99,765,760)
Accumulated impairment			(2,438,407)					(2,438,407)
Net book value	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Year ended June 30, 2019								
Net carrying value basis								
Opening net book value (NBV)	1,188,105	68,681,916	9,344,790	5,384,895	634,322	17,515,515	2,193,170	104,942,713
Additions (at cost)	-	-	-	967,500	-	3,706,900	879,515	5,553,915
Disposals (NBV)	-	-	-	-	-	(426,424)	(1)	(426,425)
Depreciation charge	(50,558)	(1,486,862)	(852,678)	(538,157)	(105,599)	(5,954,396)	(1,607,330)	(10,595,580)
Closing net book value	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Gross carrying value basis								
Cost	2,527,890	93,311,897	17,053,558	23,860,218	2,292,539	34,008,319	19,229,626	192,284,047
Accumulated depreciation	(1,390,343)	(26,116,843)	(8,561,446)	(18,045,980)	(1,763,816)	(19,166,724)	(17,764,272)	(92,809,424)
Net book value	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Depreciation rate % per annum	2%	2-5%	2-5%	5%	10%	20%	33.33%	

6.1.1 Disposal of property and equipment - during the year - (Owned)

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
-----Rupees-----							
Vehicles							
Union Star - 70 KCZ-9391	44,508	44,507	1	4,450	4,449	Company Policy	Mr. Ammad Siddiqui
Toyota Corolla Saloon BCB-662	1,700,500	1,700,499	1	170,050	170,049	Company Policy	Syed Farhan Abbas
Toyota Corolla Saloon AG-320	1,655,908	1,655,907	1	165,590	165,589	Company Policy	Mr. Mirza Munawar
Toyota Corolla Saloon BCS-268	1,785,000	1,041,250	743,750	922,250	178,500	Company Policy	Mr. Muhammad Ali Sakhi
Toyota Corolla Saloon BKC-216	1,849,000	986,133	862,867	1,078,584	215,717	Company Policy	Syed Iqbal Hussain Rizvi
Honda 70 KMG-4391	70,900	18,907	51,993	60,265	8,272	Company Policy	Mr. Jamaluddin
Office equipment and computers							
Photocopier Machine	42,000	41,999	1	15,000	14,999	Company Policy	Third party
June 30, 2020	<u>7,147,816</u>	<u>5,489,202</u>	<u>1,658,614</u>	<u>2,416,189</u>	<u>757,575</u>		
June 30, 2019	<u>3,073,300</u>	<u>2,646,875</u>	<u>426,425</u>	<u>753,622</u>	<u>327,197</u>		

Note **June 30, 2020** **June 30, 2019**
----- (Rupees) -----

6.2 Property, plant and equipment - leased / ijarah

Property, plant and equipment - leased	6.2.1 & 6.2.3	19,615,249	19,615,249
Property, plant and equipment - ijarah	6.2.2	10,366,203	25,159,003
		<u>29,981,452</u>	<u>44,774,252</u>

6.2.1 Property, plant and equipment - leased

Particulars	Plant and machinery	Vehicles	Motor boat	Total
Note	-----	(Rupees)	-----	-----
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>
Gross carrying value basis				
Cost	160,851,356	89,144,995	2,694,300	252,690,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(190,991,098)
Net book value	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>

Particulars	Plant and machinery	Vehicles	Motor boat	Total
Note	(Rupees)			
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
Closing net book value	14,281,091	5,064,742	269,416	19,615,249
Gross carrying value basis				
Cost	160,851,356	89,144,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(191,591,098)
Net book value	14,281,091	5,064,742	269,416	19,615,249
Depreciation rate % per annum	11% - 25%	20% - 33%	20%	

6.2.2 Property, plant and equipment - ijarah

Particulars	Plant and machinery	Vehicles	Office equipment	Total
	(Rupees)			
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	-	24,883,303	275,700	25,159,003
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	(7,536,678)	(170,400)	(7,707,078)
Depreciation charge	-	(6,980,422)	(105,300)	(7,085,722)
Closing net book value	-	10,366,203	-	10,366,203
Gross carrying value basis				
Cost	-	27,312,390	-	27,312,390
Accumulated depreciation	-	(16,946,187)	-	(16,946,187)
Net book value	-	10,366,203	-	10,366,203
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	6,698,710	52,632,133	842,294	60,173,137
Additions (at cost)	-	-	-	-
Reclassification	(32,060)	(25,646)	57,706	-
Disposals (NBV)	-	(9,415,469)	(203,100)	(9,618,569)
Depreciation charge	(6,666,650)	(18,307,715)	(421,200)	(25,395,565)
Closing net book value	-	24,883,303	275,700	25,159,003
Gross carrying value basis				
Cost	-	73,675,820	1,514,000	75,189,820
Accumulated depreciation	-	(48,792,517)	(1,238,300)	(50,030,817)
Net book value	-	24,883,303	275,700	25,159,003
Depreciation rate % per annum	11% - 25%	20% - 33%	20% - 33%	

6.2.3 These fully depreciated leased assets are related to non-performing lease receivables which are under litigation in various courts and are being persuaded professionally by competent legal counsels. Further, the lease receivables related to these assets are also fully provided under Prudential Regulations for Modaraba's.

6.2.4 In view of the large number of disposal of property, plant and equipment given on lease/ijarah, the management of the Modaraba is of the opinion that no practical purpose will be served by presenting details of such disposals.

	Note	June 30, 2020	June 30, 2019
7 INVESTMENT PROPERTIES		----- (Rupees) -----	
Investment properties	7.1	973,092,780	934,487,499
Capital work- in-progress	7.2	9,089,000	9,089,000
		982,181,780	943,576,499

7.1 Investment properties

Particulars	Leasehold land	Building on leasehold land	Office premises (Ref: 7.1.1)	Total
Year ended June 30, 2020				
Net carrying value basis				
Opening net book value (NBV)	143,381,219	493,980,442	297,125,838	934,487,499
Additions (at cost)	-	4,407,862	5,551,712	9,959,574
Transfer from owned asset (NBV)	-	61,448,114	-	61,448,114
Disposals (NBV)	-	(138,926)	-	(138,926)
Transfer to owned asset (NBV)	-	-	(14,299,162)	(14,299,162)
Reversal of impairment	-	-	15,586,094	15,586,094
Depreciation charge	(3,856,889)	(13,226,235)	(16,867,289)	(33,950,413)
Closing net book value	139,524,330	546,471,257	287,097,193	973,092,780
Gross carrying value basis				
Cost	189,511,155	674,421,069	562,227,875	1,426,160,099
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(49,986,825)	(127,949,812)	(271,148,250)	(449,084,887)
Net book value	139,524,330	546,471,257	287,097,193	973,092,780
Year ended June 30, 2019				
Net carrying value basis				
Opening net book value (NBV)	147,238,108	525,120,447	282,896,277	955,254,832
Reversal of impairment	-	-	11,864,726	11,864,726
Transferred in / (out)	-	(18,953,955)	18,953,955	-
Depreciation charge	(3,856,889)	(12,186,050)	(16,589,120)	(32,632,059)
Closing net book value	143,381,219	493,980,442	297,125,838	934,487,499
Gross carrying value basis				
Cost	189,511,155	599,680,606	591,509,317	1,380,701,078
Accumulated impairment	-	-	(29,040,514)	(29,040,514)
Accumulated depreciation	(46,129,936)	(105,700,164)	(265,342,965)	(417,173,065)
Net book value	143,381,219	493,980,442	297,125,838	934,487,499
Depreciation rate % per annum	2%	2-5%	2-5%	



- 7.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In prior year Modaraba has recorded impairment in the said property amounting to Rs. 47.709 million. During the year ended June 30, 2018 and June 30, 2019 Modaraba has carried out revaluation of said property that resulted in reversal of impairment amounting to Rs. 11.865 million and Rs. 6.804 million respectively. During the current year modaraba has reversed full amount of impairment amounting to Rs. 22.619 million as per IAS 36. This property is in owned use as well as an investment property.

FDIBL has filed an application of intervention with the Honorable High Court of Sindh, for removal of stay of the commercial bank and to affect the transfer of the title in its favour, which is pending adjudication.

The original title documents and possession of the property rest with the Modaraba. The portion of the said property has been rented out to associated undertakings. As soon as the case in question is decided, FDIBL will be able to execute the sale deed in favour of the Modaraba.

The fair value of investment property as at June 30, 2020 as per valuation report of independent valuer is Rs. 1,430.988 million (June 30, 2019: Rs 1,951.997 million).

	Note	June 30, 2020 ----- (Rupees) -----	June 30, 2019 -----
7.2 Capital work-in-progress			
Advance for office premises - Jofa Tower, Karachi	7.2.1	66,420,000	66,420,000
Less: Provision against advance for office premises		(57,331,000)	(57,331,000)
		9,089,000	9,089,000

- 7.2.1** This includes Rs. 57.331 million paid for the purchase of three shops of Jofa Tower. Because of a dispute in respect of payment for additional space due to structural changes in the design, the title or possession of the said property has not yet been transferred in the name of the Modaraba. In March 2012, the Modaraba filed a law suit for specific performance and deposited the balance amount of Rs. 9.089 million with Nazir High Court of Sindh. The law suit is currently pending before Honourable High Court of Sindh at Karachi. During prior year, Modaraba has made provision against the advance paid for the purchase of three shops amounting to Rs. 57.331 million.

8 LONG-TERM MUSHARAKA FINANCES

Considered good		57,650,091	59,356,040
Considered doubtful	8.4	79,948,344	103,568,131
	8.1 & 8.3	137,598,435	162,924,171
Provision for doubtful receivables	8.2	(79,948,344)	(103,568,131)
		57,650,091	59,356,040
Current portion of musharaka finances		(21,074,868)	(40,473,298)
		36,575,223	18,882,742

- 8.1** The expected profit receivable on these arrangements ranges from 8.21% to 18.58% (2019: 8.21% to 17.32%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.

8.2 Movement of provision

Opening balance		103,568,131	155,351,790
Provision during the year		763,648	195,122
Written off during the year		-	-
Reversal during the year	31	(24,383,435)	(51,978,781)
Closing balance		79,948,344	103,568,131

	Note	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
8.3 Ageing of musharaka finances			
Neither past due nor impaired		57,772,056	52,881,894
Past due but not impaired		820,305	6,474,146
Past due and impaired		79,006,074	103,568,131
		137,598,435	162,924,171
8.4	During the year, full amount outstanding from Pak Hy Oils Limited has been received / adjusted against advance rentals, as per the payment schedule agreed in prior year.		
9 LONG TERM LOANS, ADVANCES AND DEPOSITS			
Loans - secured - considered good			
To employees	9.1	1,723,504	2,134,419
Current portion of loans to employees		(396,787)	(410,914)
		1,326,717	1,723,505
To executives	9.1, 9.2 & 9.3	3,051,617	3,158,670
Current portion of loans to executives		(1,785,969)	(1,780,494)
		1,265,648	1,378,176
Deposits		3,337,310	3,037,310
Advance against musharaka		-	-
		5,929,675	6,138,991
9.1	These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2019: 5%) per annum and are secured against the mortgage of properties.		
9.2	The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 3.149 million (2019: Rs. 3.235 million).		
9.3	The Modaraba has taken the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive. Had this benefit of FSV not been taken by the Modaraba, the provision against such loan would have been Rs. 1.673 million (2019: Rs. 1.673 million).		
10 SHORT-TERM INVESTMENTS			
Fair value through profit or loss - FVTPL			
Listed ordinary shares	10.1	237,853,612	143,801,105
Derivative financial instruments	10.2	-	808,251
		237,853,612	144,609,356
Fair value through other comprehensive income - FVTOCI			
Listed ordinary shares / modaraba certificates	10.3	545,109,537	319,912,877
Unlisted ordinary shares	10.4	97,026,028	95,664,656
Unlisted debt securities	10.5	1,245,953	1,245,953
		643,381,518	416,823,486
		881,235,130	561,432,842
Provision for diminution in value of investments	10.6	(16,222,148)	(16,222,148)
		865,012,982	545,210,694

10.1 FVTPL: Listed ordinary shares

Unless stated otherwise, the holdings are in fully paid ordinary shares / units of Rs. 10 each.

Number of shares / units		Names of investees	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
					----- (Rupees) -----	
		Glass & Ceramics				
62,550	65,050	Ghani Glass Limited	2,573,933		2,858,947	
		Textile Composite				
40,649	38,649	Kohinoor Textile Mills Limited	1,443,446		968,158	
36,300	6,000	Nishat Mills Limited	2,831,764		560,040	
3,000	-	Interloop Limited	131,760		-	
		Cement				
5,283	5,283	Bestway Cement Limited	574,421		544,518	
16,000	7,500	D.G. Khan Cement Company Limited	1,365,279		424,050	
5,400	6,400	Lucky Cement Limited	2,492,532		2,435,008	
-	220	Cherat Cement Company Limited	-		6,811	
129,000	59,000	Fauji Cement Company Limited	2,177,519		928,069	
539,500	598,000	Power Cement Limited	3,344,899		3,845,140	
49,000	-	Maple Leaf Cement Factory Limited	1,273,017		-	
		Power Generation & Distribution				
1,682,746	1,203,246	K-Electric Limited	5,065,065		5,282,249	
51,500	10,500	The Hub Power Company Limited	3,733,749		-	
		Refinery				
11,998	7,998	Attock Refinery Limited	1,071,662		618,005	
47,050	41,050	National Refinery Limited	5,047,524		4,657,943	
		Fertilizer				
6,700	-	Engro Corporation Limited	1,962,563		-	
		Oil & Gas Exploration Companies				
3,200	1,803	Mari Petroleum Company Limited	3,957,280		1,819,822	
108,560	70,043	Pakistan Petroleum Limited	9,420,836		10,116,311	
44,000	17,000	Oil & Gas Development Company Limited	4,796,001		2,235,329	
-	600	Attock Petroleum Limited	-		173,106	
2,300	2,300	Shell Pakistan Limited	419,934		419,658	
		Oil & Gas Marketing Companies				
-	1,000	Pakistan State Oil Company Limited	-		169,630	
32,107	16,108	Sui Northern Gas Pipelines Limited	1,753,042		1,119,344	
223,500	203,500	Sui Southern Gas Company Limited	2,981,490		4,208,380	
12,588	-	Hascol Petroleum Limited	171,198		-	



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

Number of shares / units		Names of investees	June 30,	June 30,
June 30,	June 30,		2020	2019
2020	2019		----- (Rupees) -----	-----
		Automobile Assembler		
-	5,500	General Tyre & Rubber	-	283,305
294,100	21,875	Company of Pakistan Limited		
3,635	3,120	Sazgar Engineering Work	36,641,921	4,809,219
		Limited		
		Millat Tractors Limited	2,566,892	2,690,626
		Automobile parts & Accessories		
12,200	12,200	Agriauto Industries Limited	2,220,400	2,439,512
76,502	76,502	Loads Limited	1,063,378	1,155,944
		Chemical		
13,447	13,447	ICI Pakistan Limited	9,341,762	7,160,124
42,100	39,600	Ittehad Chemicals Limited	1,109,335	1,067,616
93,500	92,000	Sitara Peroxide Limited	1,908,335	1,764,560
1,700	1,700	Sitara Chemical Industries	471,087	519,979
		Limited		
65,500	-	Lotte Chemical Pakistan Limited	651,723	-
12,404	7,340	Pakistan Oxygen Limited	2,061,049	1,101,000
2,000	2,000	Archroma Pakistan Limited	1,178,800	950,300
4,125	5,125	Berger Paints Pakistan Limited	256,204	376,688
22,500	-	Ghani Global Holdings Limited	353,925	-
		Engineering		
46,875	48,875	Crescent Steel & Allied Products	2,132,813	1,846,497
		Limited		
6,000	7,500	International Steels Limited	309,900	297,825
90,700	95,700	Ittefaq Iron Industries Limited	626,737	621,093
18,800	20,000	K.S.B Pumps Company Limited	2,707,388	2,020,000
121,486	121,486	Mughal Iron & Steel Industries	4,844,860	3,056,588
		Limited		
22,500	-	Amreli Steels Limited	734,399	-
7,500	7,500	Dost Steel Limited	22,875	25,800
		Transport		
3,200	3,200	Pakistan National Shipping	241,792	204,320
		Corporation Limited		
100	100	Pakistan International Container	17,200	15,050
		Terminal Limited		
-	45,000	Pakistan Intl. Bulk Terminal	-	379,800
		Limited		
-	300	Al-Ghazi Tractor Limited	-	95,199
		Food & Personal care products		
34,800	13,000	Al-Tahur Limited	599,604	256,230
160,075	160,075	Treet Corporation Limited	2,858,940	2,442,744
		Technology & communication		
59,500	45,000	Pakistan Telecommunication	528,361	372,150
		Company Limited		



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

<u>Number of shares / units</u>		Names of investees	June 30,	June 30,
June 30,	June 30,		2020	2019
2020	2019		----- (Rupees) -----	
		Leather & Tanneries		
23,795	18,275	Service Industries Limited	19,410,534	9,015,423
		Pharmaceuticals		
2,250	150	Abbott Laboratories (Pakistan) Limited	1,491,750	71,196
-	7,250	AGP Limited	-	496,842
9,746	9,795	Highnoon Laboratories Limited	4,885,475	2,479,800
17,300	17,800	Ferozsons Laboratories Limited	5,197,439	1,990,396
69,370	66,870	The Searle Company Limited	13,820,585	9,800,467
132,765	131,765	GlaxoSmithKline Pakistan Limited	23,111,732	12,561,158
14,500	15,000	GlaxoSmithKline Consumer Healthcare Pakistan Limited	3,939,360	2,895,000
		Cable & Electrical Goods		
76,100	29,600	Pak Elektron Limited	1,744,973	592,592
68	-	Johson And Phollips (Pak) Ltd.	2,638	-
		Modarabas		
13,310	12,100	First UDL Modaraba	93,037	75,504
		Open-end mutual funds		
28,687	-	786 Smart Fund	26,298,276	-
-	222,543	Dawood Islamic Fund	-	23,221,027
		Commercial banks		
182,000	-	Bank Islami Pakistan Limited	1,375,918	-
		Paper & Board		
-	1,725	Cherat Packaging Limited	-	139,104
6,500	-	Security Paper Limited	922,676	-
5,000	-	Roshan Packages Limited	112,100	-
		Woollen		
18,000	18,000	Bannu Woollen Mills Limited	588,600	612,000
		Miscellaneous		
6,363	6,363	United Distributors Pakistan	211,570	190,509
		Synthetic and rayon		
33,500	34,500	Tri-Star Polyester Limited	234,835	317,400
		Vanaspati & Allied Industries		
33,500	-	Unity Foods Limited	373,520	-
			237,853,612	143,801,105



10.2 FVTPL: Derivative financial instruments

Number of shares / units		Names of investees	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019		----- (Rupees) -----	
Letter of rights		Power generation & distribution		
-	30,500	Hub Power Company Limited	-	808,251
			-	808,251

10.3 FVTOCI: Listed ordinary shares/modaraba certificates

Unless stated otherwise, the holdings are in fully paid ordinary shares / units of Rs.10 each.

Number of shares / units		Names of investees	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019			
		Oil & gas exploration companies		
8,190	8,350	Mari Petroleum Company Limited	10,128,164	8,427,905
		Oil & gas marketing companies		
5,962	5,962	Shell Pakistan Limited	1,088,541	1,087,826
1,160	39,660	Sui Northern Gas Pipelines Limited	63,336	2,755,974
		Leather & tanneries		
3,800	3,800	Service Industries Limited	3,099,812	1,874,616
		Modarabas		
1,000	1,000	ORIX Modaraba	18,000	15,500
		Real estate investment trust		
394,000	407,000	Dolmen City REIT	4,290,660	4,139,190
		Chemical		
17,974	17,974	Pakistan Oxygen Limited (formerly Linde (Pakistan) Limited	2,986,561	2,696,100
14,199	14,199	Sitara Chemical Industries Limited	3,934,686	4,343,048
		Cement		
90	90	Maple Leaf Cement Factory Limited	2,338	2,151
3,045,168	3,055,168	Power Cement Limited	18,880,041	19,644,729
		Engineering		
54,000	56,000	KSB Pumps Company Limited	7,776,540	5,656,000
11,000	11,000	Mughal Iron & Steel Industries Limited	438,680	276,760
2,625	2,625	Crescent Steel & Allied Products Limited	119,438	99,173



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

<u>Number of shares / units</u>		Names of investees	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019		June 30, 2020 ----- (Rupees) -----	June 30, 2019 -----
		Transport		
1,000	1,000	Pakistan International Container Terminal Limited	172,000	150,500
5,000	5,000	Pakistan National Shipping corporation Limited	377,800	319,250
		Pharmaceuticals		
36,776	38,276	Abbott Laboratories (Pakistan) Limited	24,382,487	18,167,321
32,165	32,165	GlaxoSmithKline (Pakistan) Limited	5,599,284	3,066,289
30,906	30,906	GlaxoSmithKline Consumer Healthcare (Pakistan) Limited	8,396,543	5,964,858
638	638	Highnoon Laboratories Limited	319,816	161,523
		Technology & Communication		
2,313,934	2,313,934	Systems Limited - (related party)	425,023,397	222,068,246
		Automobile parts & Accessories		
98,400	98,400	Loads Limited	1,367,760	1,486,823
1,000	1,000	Millat Tractors Limited	706,160	862,380
		Paper & Board		
124,381	124,381	Roshan Packages Limited	2,788,622	1,661,730
		Glass & ceramics		
200	200	Ghani Glass Limited	8,230	8,790
		Open-end mutual funds		
100,795	-	786 Smart Fund (Note : 10.3.2)	8,164,446	-
		Financial services		
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - (fully provided) (Note : 10.3.1)	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - (Related party) (fully provided)(Note : 10.3.1)	10,253,561	10,253,561
			545,109,537	319,912,877



10.3.1 This represents sponsor shares of the related party and is a non shariah compliant investment. The management is currently in process of finding prospective buyers as per instruction of SECP. Further, full amount of provision has also been recognised.

10.3.2 On Merger of Dawood Income fund (previously FDMF) into 786 Smart Fund the 493,212 units held in name of BRRGM which were removed from books in prior years as they were shariah non-compliant converted into 100,795 unit of 786 Smart Funds on December 19, 2019 and are shariah compliant.

10.4 FVTOCI: Investment in unlisted ordinary shares

The holdings are in fully paid ordinary shares of Rs.10 each.

Number of shares / units		Names of investees	June 30, 2020	June 30, 2019
June 30, 2020	June 30, 2019		----- (Rupees) -----	----- (Rupees) -----
100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 10.4.2)	926,631	779,100
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 10.4.3)	52,128,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 10.4.4)	43,971,397	42,757,556
			<u>97,026,028</u>	<u>95,664,656</u>

10.4.1 Breakup value of above investment in unlisted ordinary shares are as follows :

		Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
June 30, 2020				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	926,631	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	39,744,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	43,971,397	0.83%	BDO Ebrahim & Co., Chartered Accountants
June 30, 2019				
Al Baraka Bank (Pakistan) Limited	(10.4.2)	779,100	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.4.3)	36,432,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.4.4)	42,757,556	0.83%	BDO Ebrahim & Co., Chartered Accountants

10.4.2 The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.927 million (as per latest available audited financial statement dated December 31, 2019) whereas the book value of investment in shares of ABPL is Rs. 0.779 million resulting in revaluation deficit of Rs. 0.148 million during the year.



10.4.3 The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 39.744 million (as per latest audited accounts dated December 31, 2019) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). Since, embedded value of the investments amounts to Rs. 77.33 million as at June 30, 2020 i.e. Rs. 10.74 per share (June 30, 2019 :Rs. 67.752 i.e Rs. 9.41 per share), therefore, management has not recorded further impairment on the grounds of embedded value being higher than the carrying value of this investment as per latest actuarial valuation.

10.4.4 Out of the total shares of Rs. 10 each, 60% shares are kept in blocked account and divestment of the same will be in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012.

The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 43.971 million (as per audited financial statement for the year ended June 30, 2019) whereas the book value of investment in shares of ABPL is Rs. 42.756 million resulting in revaluation surplus of Rs. 1.214 million during the year.

10.5 FVTOCI: Investment in unlisted debt securities

<u>Number of shares / units</u>		Sukuk	Note	June 30,	June 30,
June 30,	June 30,			2020	2019
2020	2019			(Rupees)	
1,267	1,267	Eden Housing Limited - (Fully provided)		1,245,953	1,245,953
				1,245,953	1,245,953

10.5.1 This represents investment in privately placed sukuk with a tenure of 5 years. In prior year, company has defaulted in its principal & profit payment, therefore full amount of the provision has been recorded.

10.5.2 Particulars of Sukuk

Names of the investees	Repayment frequency	Profit Rate per annum	Maturity date	Secured / Unsecured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.5%	June 29, 2014	Secured

10.6 Provision for diminution in value of investments

Opening balance	16,222,148	16,222,148
Charge for the year	-	-
Closing balance	16,222,148	16,222,148

11 IJARAH / LEASE RENTAL RECEIVABLE

Considered good	671,145	906,290
Considered doubtful	57,172,431	56,836,389
Lease rental receivables	57,843,576	57,742,679
Provision for doubtful receivables	(57,172,431)	(56,836,389)
	671,145	906,290

		June 30, 2020	June 30, 2019
Note		(Rupees)	
11.1	Provision for doubtful receivables		
	Opening	56,836,389	56,949,049
	Charge for the year	30 366,407	3,340
	Reversals during the year	30 (30,365)	(116,000)
	Closing balance	57,172,431	56,836,389
12	LOANS, ADVANCES AND PREPAYMENTS		
	Loans and advances - secured - considered good against salary	465,591	2,060,408
	Loans and advances - unsecured - considered good		
	Current portion of loans to employees	9 396,787	410,914
	Current portion of loans to executives	9 1,785,969	1,780,494
	Against investment	-	1,525,000
	Against expenses	4,794,430	11,303,502
	Against purchases	26.1 44,922,678	44,922,678
	Prepayments		
	Fees and subscription	-	200,000
	Takaful	371,804	325,449
	Provision for doubtful receivables	26.1 (44,922,678)	(44,922,678)
		7,814,581	17,605,767
13	ACCRUED PROFIT		
	Accrued profit on Musharaka finances	1,257,718	406,957
14	OTHER RECEIVABLES		
	Rent receivable - unsecured, considered good	8,891,972	4,639,491
	Takaful premium receivable	446,867	851,130
	Other receivable	5,131,161	4,059,492
		14,470,000	9,550,113
	Receivable from ex-employees - unsecured, considered doubtful	14.1 51,274,920	51,274,920
	Provision for doubtful receivables	(51,274,920)	(51,274,920)
		-	-
	Others	14.2 33,810,401	33,810,401
	Provision for doubtful debts	(33,810,401)	(33,810,401)
		14,470,000	9,550,113

14.1 This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Special Court, Lahore. As a matter of prudence, full provision in respect of these receivables have been made in these consolidated consolidated consolidated financial statements.

14.2 This represents finance facility which was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. In prior year, the Modaraba has filed a criminal complain against the borrower and its owner against misappropriation of pledged stock.

A suit was also filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favour of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in prior year the Modaraba



has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favour of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration. Complete provision has been made against outstanding balance as per Prudential Regulations. The management is confident that the said lawsuit and criminal case will be decided in favour of the Modaraba.

			June 30, 2020	June 30, 2019
	Note		(Rupees)	
15 TAXATION				
Advance tax			24,971,534	18,182,866
Less: Provision for taxation - BRRFS			(1,155,757)	(715,707)
			23,815,777	17,467,159
16 CASH AND BANK BALANCES				
Cash in hand			157,179	136,790
Cash with State Bank of Pakistan - current account			4,438	6,655
Cash with banks in:				
Savings accounts	16.1		41,339,650	42,543,639
Current accounts			28,785	15,674
			41,530,052	42,702,758
16.1	These carry profit at rates ranging from 3.80% to 6.30% (June 30, 2019: 3.25% to 5.30%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 32.305 million.			
17 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL				
Modaraba certificates of Rs. 10 each				
Number of certificates		Name of investee		
2020	2019			
39,359,741	39,359,741	Certificates issued as fully paid in cash	393,597,410	393,597,410
8,833,724	8,833,724	Certificates issued as bonus	88,337,240	88,337,240
29,852,790	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	298,527,900	298,527,900
8,316,008	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation with CSM	83,160,080	83,160,080
86,362,263	86,362,263		863,622,630	863,622,630



17.1 The Management Company held 14,614,018 (16.92%) certificates of Rs. 10 each as at June 30, 2020 (June 30, 2019: 14,614,018 (16.92%) certificates).

17.2 Mr. Ayaz Dawood (CEO) held 10,441,584 (12.09%) certificates of Rs.10 each as at June 30, 2020 (June 30, 2019 : 9,984,084 (11.56%) certificates).

18 RESERVES

	Note	June 30, 2020 ----- (Rupees) -----	June 30, 2019 -----
Capital reserve			
Profit prior to floatation		10,532,683	10,532,683
Statutory reserve		830,269,870	756,012,170
Merger reserve		44,902,567	44,902,567
Revenue reserve			
Accumulated loss		(490,125,467)	(560,364,899)
		<u>395,579,653</u>	<u>251,082,521</u>

Prudential Regulations for Modarabas issued by SECP requires creation of reserve fund to which shall be credited:

The Modaraba has credited 49.80 % of its profit to this reserve for the year.

19 SURPLUS ON REVALUATION OF INVESTMENTS

Listed ordinary shares	450,694,390	223,205,734
Unlisted shares/debt securities	36,234,509	34,969,037
	<u>486,928,899</u>	<u>258,174,771</u>

20 LONG-TERM LOANS

National Bank of Pakistan	20.1	55,080,684	82,616,684
Current portion of long term loans		(34,428,684)	(82,616,684)
		<u>20,652,000</u>	<u>-</u>

20.1 The loan had been restructured on June 12, 2017 with the outstanding balance of Rs. 137.689 million at zero percent interest payable over next five years in equal quarterly installments commencing from July 01, 2017. The loan is secured by way of registered mortgage of property situated at ground, mezzanine, first and second level, Business and Finance Centre, bearing plot No. 7/3, Seri Quarters, I. I. Chundrigar Road, Karachi.

20.1.1 Following are the changes in the long term loans (i.e. for which cash flows have been classified as financing activities in the statement of cash flows) :

Opening balance	82,616,684	110,152,684
Received during the year	-	-
Payment during the year	(27,536,000)	(27,536,000)
Current portion	(34,428,684)	(82,616,684)
Closing balance	<u>20,652,000</u>	<u>-</u>

21	LONG-TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS	Note	June 30, 2020	June 30, 2019
			----- (Rupees) -----	-----
	Musharaka arrangement - Taavun Private Limited	21.1	-	29,677,418
	Musharaka arrangement - Dawood Family Limited	21.2	-	50,000,000
	Musharaka arrangement -First Dawood Limited Investment Bank Limited	21.3	50,000,000	-
	Current portion of musharaka arrangements		(50,000,000)	(79,677,418)
			<u>-</u>	<u>-</u>
21.1	The Modaraba has entered into musharaka agreements (Musharaka) with Taavun (Private) Limited. These Musharaka arrangements were on profit sharing basis and were payable upto December 28, 2014.			
	During the prior year, Modaraba had entered into a settlement agreement with Taavun (Private) Limited according to which the repayment under Musharaka is to be made in seven instalments aggregating to Rs.190 million, as per the agreed repayment schedule, with the last instalment to be paid on July 14, 2019. Prior to the date of settlement, the outstanding balance of Musharaka amounted to Rs.110 million and accrued profit on Finance under Musharaka amounted to Rs. 57.813 million. The present value of the revised cash flows under the settlement agreement at the original profit rate amounted to Rs. 181.813 million which resulted in increase in liability of Rs. 14 million.			
	During the year, the Modaraba has made payment of last instalment of Rs. 30 million as per the agreed repayment schedule and has amortised profit of Rs. 0.322 million.			
21.2	The Modaraba has entered into various Musharaka agreements with Dawood Family Takaful Limited.			
	The Musharaka arrangement amounting to Rs.50 million and Rs. 25 Million entered into on May 09, 2019 and December 31, 2019 carrying profit at 1Month kibar plus 100 basis points has been repaid in full on November 11, 2019 and January 31, 2019 on its maturity, respectively.			
	The Musharaka arrangement amounting to Rs. 25 Million entered into on November 14, 2019 carrying profit at 1Month Kibar plus 100 basis points prematured on January 31, 2019 and has been repaid in full.			
	During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.3.703 million and made profit payment amounting to Rs.4.100 million.			
21.3	The Modaraba has entered into various musharaka agreement (Musharaka) with First Dawood Investment Limited on October 30, 2019 and November 08, 2019 aggregating to Rs.50 million. These Musharaka arrangements are on profit sharing basis.			
	The Musharaka amounting to Rs.4 million entered into on October 30, 2019 carries monthly profit at 1 M Kibar plus 100 basis points and was repayable up to April 30, 2020. The musharaka has been rolled over on original maturity and is now repayable on October 31,2020 and carries monthly profit payment at 6 M Kibar plus 100 basis points.			
	The Musharaka amounting to Rs.46 million entered into on November 08, 2019 carries six monthly profit payment at 6 M Kibar plus 100 basis points and is repayable up to May 08, 2020. The musharaka has been rolled over on its original maturity and is now repayable on November 07, 2020 and carries six monthly profit at 6 M Kibar plus 100 basis points.			
21.4	Following are the changes in the long term musharka and finance under markup arrangements (i.e for which cash flows have been classified as financing activities in the statement of cash flows)			
	Opening balance		79,677,418	194,452,091
	Received during the year		100,000,000	50,000,000
	Payment during the year		(129,677,418)	(164,774,673)
	Current portion of loan		(50,000,000)	(79,677,418)
	Closing balance		<u>-</u>	<u>-</u>

		June 30, 2020	June 30, 2019
Note		(Rupees)	
22	LONG TERM SECURITY DEPOSITS		
	Lease / ijarah	26,400,987	33,315,399
	Investment properties	40,365,959	32,221,654
	Lockers	18,818,500	18,096,500
		85,585,446	83,633,553
	Current portion of security deposits	(800,590)	(5,315,800)
		84,784,856	78,317,753
23	CREDITORS, ACCRUED AND OTHER LIABILITIES		
	Modaraba management fee payable	35 17,152,959	5,158,795
	Sales tax on Modaraba management fee payable	35 2,229,885	670,643
	Provision for Sindh Workers' Welfare Fund	36 4,856,943	6,463,657
	Accrued liabilities	12,700,903	13,563,884
	Rentals received in advance		
	Lockers	33,711,404	34,648,097
	Investment Properties	39,334,295	41,868,272
	Ijarah	28,210	474,657
	Musharaka	23.3 -	20,180,748
	Charity payable	23.1 30,967	43,616
	Advance against sale of land	23.2 2,100,000	2,100,000
	Others	14,400,576	13,473,449
		126,546,142	138,645,818
23.1	Charity payable		
	Opening balance	43,616	100,687
	Accrued during the year	42,768	80,299
	Payment	23.1.1 (55,417)	(137,370)
	Closing balance	30,967	43,616
23.1.1	This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.055 million (June 30, 2019: 0.095 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.		
23.2	This represents amount received from SKM Limited as token money for agreement to sale of investment property measuring 24- Kanals situated at Tehsil city, Lahore.		
23.3	This represents rentals received in advance against the musharika facility as per the settlement agreement between Pak Hy Oil Limited and the Modaraba. During the year, full amount outstanding from Pak Hy Oils Limited has been received/ adjusted against advance rentals, as per the payment schedule agreed in prior year.		
24	ACCRUED PROFIT ON BORROWINGS		
	Finance under musharaka arrangements	613,854	397,274
		613,854	397,274
25	PROFIT DISTRIBUTION PAYABLE		
	Unclaimed profit payable to certificate holders	29,826,596	29,319,474



- 25.1** In accordance with the provisions of Section 244 of the Companies Act, 2017, where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment of dividend. Within period of ninety days of such transfer to the separate account, the modaraba shall place particulars of such unpaid dividend on its website in accordance with the provision of the act. The modaraba shall make payment to the certificate holder within a period of thirty days from the date of submission of a claim with the modaraba. No claimant shall be entitled to any amount except his unclaimed dividend amount. The amount of profit generated from the account maintained by the modaraba under this section shall be used by the modaraba for its corporate social responsibility initiatives and specified purposes.

26 CONTINGENCIES AND COMMITMENTS

- 26.1** The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2019: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements. Further the management has fully provided net amount of Rs 44.9 million receivable from Innovative Investment Bank Limited (Refer Note: 12)
- 26.2** A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2019: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.

		June 30, 2020	June 30, 2019
27 RENTAL INCOME	Note	----- (Rupees) -----	-----
Investment properties	27.1	170,867,643	155,318,295
Lockers and custodial services		40,741,027	36,777,275
		211,608,670	192,095,570
27.1 This includes rental income amounting to Rs.9.707 million (2019: Rs. 8.261 million) from management company, associated companies and other related parties.			
28 IJARAH RENTAL INCOME -NET			
Ijarah rental income		12,235,651	42,160,572
Less: Amortization on Ijarah Assets	6.2.2	(7,085,722)	(25,395,565)
		5,149,929	16,765,007
29 RETURN ON INVESTMENTS - NET			
Dividend income	29.1	12,641,102	12,438,198
Profit on debt securities		582,843	2,443,569
Gain on Settlement of DFC's		5,437,380	-
Gain on sale of investments		20,209,662	3,345,479
		38,870,987	18,227,246
Less: Commission and brokerage expense		(686,323)	(525,292)
		38,184,664	17,701,954

29.1 Dividend income

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Abbot Laboratories Limited	289,797	818,692
AGP Limited	9,673	11,562
Agriauto Industries Limited	85,024	143,790
Akzo Nobel Limited	34,365	-
Al-Ghazi Tractors Limited	4,494	17,616
Archroma Pakistan Limited	89,955	96,000
At- Tahur Limited	6,660	-
Attock Refinery Limited	2,985	18,369
Bannu Wollen Mills Limited	-	40,331
Berger Paints Limited	5,614	-
Bestway Cement Limited	31,319	46,586
Cherat Cement Company Limited	-	880
Cherat Packaging Limited	6,975	11,812
Crescent Steel & Allied Products Limited	-	48,995
D.G. Khan Cement Company	10,822	8,127
Dolmen City REIT	540,321	520,531
Engro Corporation Limited	38,012	34,359
Fauji Cement Company Limited	53,919	71,971
Ferozsons Laboratories Limited	69,064	70,794
First Habib Modaraba	-	60,000
General Tyre & Rubber Company Limited	1,800	26,995
Ghani Glass Limited	125,500	266,000
Glaxosmithkline Consumer Healthcare (Private) Limited	226,900	223,405
GlaxoSmithKline (Pakistan) Limited	984,830	1,136,264
786 Smart Funds	2,024,945	-
Highnoon Laborites Limited	132,854	123,034
ICI Pakistan Limited	230,756	282,242
Interloop Limited	2,999	-
International Steels Limited	13,500	26,250
ISE Tower REIT Management Company Limited	728,305	439,713
Ittefaq Iron Industries Limited	-	43,447
Ittehad Chemicals Limited	-	39,600
Kohinoor Textile Mills Limited	70,961	77,473
KSB Pumps Limited	110,601	227,726
Lotte Pakistan Limited	-	12,629
Lucky Cement Limited	40,731	49,546
Maple Leaf Cement Factory Limited	-	2,811
Mari Gas Company Limited	20,134	62,728
Mari Petroleum Company Limited	44,989	497
Millat Tractors Limited	256,364	431,438
Mughal Iron & Steel Industries Limited	158,906	301,562
National Refinery Limited	-	409,761
Nishat Mills Limited	5,923	28,391
Oil & Gas Development Company Limited	87,839	157,185
Orix Modaraba	2,500	2,500
Pakistan International Container Limited	16,437	30,715
Pakistan National Shipping Corporation	15,820	12,097
Pakistan Oxygen (formerly Linde Pakistan Limited)	7,495	128,798
Pakistan Petroleum Limited	148,134	79,114

		June 30, 2020	June 30, 2019
Note		(Rupees)	
	Pakistan Telecommunication Company Limited	17,003	66,590
	Sazgar Engineering Works Limited	-	32,000
	Service Industries Limited	275,950	529,800
	Shell Pakistan Limited	64,174	55,701
	Sitara Chemical Industries Limited	158,890	206,604
	Sui Northern Gas Pipelines Limited	-	382,207
	Systems Limited	5,191,253	4,202,947
	Thal Limited	560	-
	The Hub Power Company Limited	-	63,242
	The Searle Company Limited	190,000	256,771
	Unity Foods Limited	5,050	-
		<u>12,641,102</u>	<u>12,438,198</u>
30	REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES		
	Reversal during the year		
	Lease rentals / Ijarah	11.1 30,365	116,000
	Musharaka	8.2 24,383,435	51,978,781
		<u>24,413,800</u>	<u>52,094,781</u>
	Less: Charged during the year		
	Lease rentals / Ijarah	11.1 (366,407)	(3,340)
	Musharaka	8.2 (763,648)	(195,122)
		<u>(1,130,055)</u>	<u>(198,462)</u>
		<u>23,283,745</u>	<u>51,896,319</u>
31	OTHER INCOME		
	Gain on disposal of property and equipment - owned	757,575	327,197
	Gain on disposal of non-current asset held for sale	-	4,200,000
	Miscellaneous and other termination charges	2,149,899	4,083,561
		<u>2,907,474</u>	<u>8,610,758</u>
32	REVERSAL OF IMPAIRMENT		
	Reversal of impairment on office premises		
	- Property and equipment - Owned	6.1 7,033,581	-
	- Investment properties	7.1 15,586,094	11,864,726
		<u>22,619,675</u>	<u>11,864,726</u>
33	ADMINISTRATIVE EXPENSES		
	Salaries and other benefits	51,646,022	52,440,422
	Medical	2,110,768	2,017,018
	Provident fund contributions	33.2 3,137,618	3,106,191
	Bonus	3,606,940	4,142,319
	Vehical Running	9,666,209	8,767,758
	Leave encashment	541,900	370,000
	Employee old age contribution	473,720	441,480
	Traveling and conveyance	21,450	42,135
	Entertainment	54,792	266,314
	Office expense	1,409,396	985,528
	Electricity, water and gas	8,147,907	6,177,698
	Telephone and fax	377,690	354,233

		June 30, 2020	June 30, 2019
Note		(Rupees)	
	Postage and courier	133,685	256,403
	Stationery and printing	1,090,131	1,173,297
	Computer expenses	889,242	520,444
	Fees and subscriptions	3,068,386	4,611,555
	Commission expense	1,562,092	361,030
	Takaful	5,096,896	4,773,518
	Repairs and maintenance	14,300,817	5,083,656
	Rent, rates and taxes	3,671,109	3,184,347
	Security expenses	1,330,932	879,204
	Legal and professional charges	2,548,086	2,609,755
33.1	Auditor's remuneration	1,228,750	1,606,000
6.1	Depreciation on owned assets	10,434,729	10,595,580
	Others	2,182,377	2,490,138
		128,731,644	117,256,023
33.1	Auditor's remuneration		
	Audit fee	750,000	1,002,000
	Limited review, special reports, certification and sundry advisory services	375,500	433,500
	Out of pocket expenses	103,250	170,500
		1,228,750	1,606,000
33.2	Disclosures relating to provident fund		
	Size of the fund	168,075,539	148,864,984
	Fair value of investments	143,080,475	125,655,503
	Break-up of investments		
	Government securities	43,000,000	25,000,000
	Term finance certificates	18,874,987	22,027,760
	Investment in sukuk	4,813,861	7,464,026
	Listed securities	37,453,895	21,761,709
	Unlisted securities	-	-
	Mutual funds	38,937,732	49,402,007
	% age of size of the fund		
	Break-up of investments		
	Government securities	30.05%	19.90%
	Term finance certificates	13.19%	17.53%
	Investment in sukuk	3.36%	5.94%
	Listed securities	26.18%	17.32%
	Mutual Funds	27.21%	39.32%

33.2.1 The figures for 2020 are based on the unaudited consolidated consolidated consolidated consolidated financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.



	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
34 FINANCIAL CHARGES		
Profit on:		
Finance under musharaka arrangement	8,308,590	21,101,540
Diminishing musharaka based TFCs	-	2,784,633
Bank charges and commission	80,837	100,439
	<u>8,389,427</u>	<u>23,986,612</u>

35 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, modaraba has recognised a liability of Rs. 17.152 million for the year (June 30, 2019 : Rs. 5.159 million). Furthermore during the year, an amount of Rs.2.229 million was charged on account of sales tax on management fee (June 30, 2019 : Rs. 0.670 million) levied through Sindh Sales Tax on Services Act, 2011.

36 PROVISION FOR SINDH WORKERS' WELFARE FUND

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the 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 accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 3.04 million (June 30, 2019: 0.915 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2020 has been recorded and disclosed in the financial statement amounting to Rs. 4.86 million.

37 TAXATION

The income of non-trading modarabas is exempt from tax under clause 100 of the second schedule of the Income Tax Ordinance 2001, provided not less than 90% of its profits after appropriation to statutory reserves as required under Modaraba Regulations is distributed to the certificate holders. The Modaraba has decided to continue availing the tax exemption and hence no provision has been made in these consolidated financial statements for tax liabilities for the current year.

The Additional Commissioner Inland Revenue has amended the assessment under section 122(5)(A) of the Income Tax Ordinance, 2001 for the Tax Year 2005 by creating demand of Rs. 954,036. The Modaraba has filed appeal before the Commissioner Inland Revenue (Appeals-I) and decision of the Commissioner Inland revenue (Appeals-I) was made in favour of the Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending.

The Assistant Commissioner of Inland revenue has amended the assessment under section 122(5) of the Income Tax Ordinance, 2011 for the Tax Year 2014 by creating demand of Rs. 472,103. The Modaraba had filed appeal before the Commissioner Inland Revenue (Appeals-I) and the decision has been made in favor of Modaraba. Further, the Department has filed appeal before the Appellate Tribunal, Inland revenue and the hearing of appeal is still pending. There has been no further correspondence regarding the order.

Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2019 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.



No provision have been made in these regards against the above demand by the authority as the management is confident that the decision will be made in the favour of modaraba

38 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

The earnings per certificate as required under IAS 33 "Earnings per share" is given below:

Profit for the year (Rupees)	164,939,930	44,314,365
	Number of certificates	Number of certificates
Weighted average number of certificates outstanding	86,362,263	86,362,263
Earnings per certificate - Basic and diluted (Rupees)	1.91	0.51

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2020 and 2019 which have dilutive effect on earnings per certificate.

39 REMUNERATION OF EXECUTIVES

Remuneration	21,339,500	20,418,000
Medical expenses	407,951	408,000
Retirement benefits	1,310,634	1,361,201
	23,058,085	22,187,201
Number of officers / executives at the end of the year	6	7

The officers and executives are also provided with the free use of vehicles owned and maintained by the Modaraba.

40 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2020 are as follows:

Receivable - not later than one year	2,888,311	9,529,327
Receivable - later than one year and not later than five year	562,211	4,811,084
	3,450,522	14,340,411

41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily set up to be performed, based on limits established by the Management Company, Modaraba's constitutive documents and the regulations and directives of the SECP. The Modaraba's activities expose it to a variety of financial risks: market risk (including profit rate risk, equity price risk and fair value risk), credit risk and liquidity risk. The Board of Directors of the Management Company has an overall responsibility for the establishment and over sight of the Modaraba's risk management framework. The Modaraba's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Modaraba's financial performance.



The Modaraba primarily invests in ijarah assets, musharaka, diversified portfolio of listed securities, sukuk certificates and term finance certificates. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to market risk, credit risk and liquidity risk.

41.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices.

41.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2020 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearly basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2020 approximately 10.15% (2019: 15.27%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.015 million (2019: Rs. 0.677 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

41.3 Foreign currency risk

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 does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

41.4 Equity price risk

Equity price risk is the risk of volatility in share prices resulting from their dependence on market sentiments, speculative activities, supply and demand for shares and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the company in which the investment is made, change in business circumstances of the company, its business sector, industry and / or the economy in general.

At the balance sheet date, the exposure to listed equity securities is Rs. 766.741 million (2019: Rs. 463.714 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 39.148 million (2019: Rs. 23.185 million). However, in practice, the actual results may differ from the sensitivity analysis.

41.5 Segment by class of business for investment in equity securities

	2020		2019	
	Rupees	%	Rupees	%
Automobile assembler	39,208,813	5.01%	7,783,150	1.68%
Automobile parts & accessories	5,357,698	0.68%	5,944,659	1.28%
Banks	1,375,918	0.18%	-	0.00%
Cable & electrical goods	1,747,611	0.22%	592,592	0.13%
Cement	30,110,046	3.85%	27,830,476	5.99%
Chemical	24,253,467	3.10%	19,979,415	4.30%
Engineering	19,713,630	2.52%	13,899,736	2.99%

	2020		2019	
	Rupees	%	Rupees	%
Fertilizer	1,962,563	0.25%	-	0.00%
Financial services	14,976,195	1.91%	14,976,195	3.22%
Food & personal care products	3,458,544	0.44%	2,698,974	0.58%
Glass & ceramics	2,582,163	0.33%	2,867,737	0.62%
Leather & tanneries	22,510,346	2.88%	10,890,039	2.34%
Miscellaneous	211,570	0.03%	190,509	0.04%
Modarabas	2,434,704	0.31%	91,004	0.02%
Oil & gas exploration companies	28,722,215	3.67%	23,192,131	4.99%
Oil & gas marketing companies	6,057,607	0.77%	9,341,154	2.01%
Open-end mutual funds	32,139,055	4.10%	23,221,027	5.00%
Paper & board	3,823,398	0.49%	1,800,834	0.39%
Pharmaceuticals	91,144,471	11.64%	57,654,850	12.41%
Power generation & distribution	8,798,814	1.12%	6,090,500	1.31%
Real estate investment trust	4,290,660	0.55%	4,139,190	0.89%
Refinery	6,119,186	0.78%	5,275,948	1.14%
Synthetic and rayon	234,835	0.03%	317,400	0.07%
Technology & communication	425,551,758	54.35%	222,440,396	47.89%
Textile composite	4,406,970	0.56%	1,528,198	0.33%
Transport	808,792	0.10%	1,164,119	0.25%
Vanaspati & Allied Industries	373,520	0.05%	-	0.00%
Woollen	588,600	0.08%	612,000	0.13%
	782,963,149	100%	464,522,233	100%

41.6 Liquidity risk

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

The table below summarizes the maturity profile of the Modaraba's financial liabilities based on contractual undiscounted payments.

2020	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
		Rupees				
Long term loan	-	48,768,000	20,660,684	20,652,000	-	90,080,684
Musharaka, murabaha and finance under mark-up arrangements	6 month Kibor + 100 bps	50,000,000	-	-	-	50,000,000
Creditors, accrued and other liabilities	-	-	126,164,368	-	-	126,164,368
Accrued profit on borrowing	-	613,854	-	-	-	613,854
Profit distribution payable	-	29,826,596	-	-	-	29,826,596
Total	-	129,208,450	146,825,052	20,652,000	-	296,685,502



2019	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
Rupees						
Long term loan	-	13,768,000	68,848,684	-	-	82,616,684
Musharaka, murabaha and finance under mark-up arrangements	Various	79,677,418	-	-	-	79,677,418
Diminishing musharaka based TFCs	1 month KIBOR + 1%	-	-	-	-	-
Creditors, accrued and other liabilities	-	-	138,645,818	-	-	138,645,818
Accrued profit on borrowing	-	397,274	-	-	-	397,274
Profit distribution payable	-	29,319,474	-	-	-	29,319,474
Total	-	173,479,139	207,455,691	-	-	330,656,668

41.7 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Modaraba by failing to discharge its obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Modaraba's maximum exposure to credit risk. The maximum exposure is shown gross, before the effect of mitigation through the use of collateral agreements at reporting date:

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
Musharaka finance	57,650,091	59,356,040
Short-term investments	865,012,982	545,210,694
Lease rentals receivables	671,145	906,290
Loans, advances and other receivables	13,744,256	23,744,758
Accrued profit	1,257,718	406,957
Bank balances	41,372,873	42,565,968
	979,709,065	672,190,707

Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The table below analyses the Modaraba's concentration of credit risk by industrial distribution:

41.7.1 Segment by class of business for property, plant and equipment - ijara/leased

	2020		2019	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	3.70%	1,109,640	2.48%
Transport	4,986,087	16.63%	4,986,087	11.14%
Food and confectioneries	600,000	2.00%	600,000	1.34%
Engineering and metals	78,500	0.26%	78,500	0.18%
Power generation & Energy	460,000	1.53%	827,984	1.85%
Miscellaneous	22,747,225	75.87%	37,172,041	83.02%
	29,981,452	100%	44,774,252	100%

41.7.2 Segment by class of business for musharaka and murabaha finances

	2020		2019	
	Rupees	%	Rupees	%
Textile industry	9,458,686	6.87%	10,843,686	6.66%
Oil and lubricants	8,194,498	5.96%	21,214,417	13.02%
Chemical and pharmaceutical	9,805,393	7.13%	32,092,808	19.70%
Engineering	40,957,459	29.77%	26,357,459	16.18%
Auto and transportation	2,200,772	1.60%	3,717,586	2.28%
Hospitality business	9,471,425	6.88%	9,471,425	5.81%
Miscellaneous	57,510,202	41.80%	59,213,893	36.35%
	137,598,435	100%	162,911,274	100%

41.7.3 Segment by class of business for investment in debt securities - TFC's / Sukuk

	2020		2019	
	Rupees	%	Rupees	%
Miscellaneous	1,245,953	100%	1,245,953	100%
	1,245,953	100%	1,245,953	100%

41.8 Financial instruments by category

Financial assets

Amortised cost

Long-term deposits	3,337,310	3,037,310
Musharaka finance	57,650,091	59,356,040
Ijarah / lease rental receivable	671,145	906,290
Loans and advances	10,035,142	20,381,999
Accrued profit	1,257,718	406,957
Other receivables	14,470,000	9,550,113
Cash and bank balances	41,530,052	42,702,758

FVTOCI

Short-term investments	627,159,370	400,601,338
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FVTPL

Short-term investments	237,853,612	143,801,105
Derivative financial instruments	-	808,251

June 30,
2020
----- (Rupees) -----
June 30,
2019

993,964,440
681,552,161

Financial liabilities

Amortised cost

Long term loan	55,080,684	82,616,684
Murabaha, musharaka and finance under mark-up arrangements	50,000,000	79,677,418
Creditors, accrued and other liabilities	126,546,142	138,645,818
Accrued profit on borrowings	613,854	397,274
Profit distribution payable	29,826,596	29,319,474

262,067,276
330,656,668



42 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short term in nature.

The carrying values of all financial assets and liabilities reflected in the consolidated financial statements are approximate to their fair values. Fair value is determined on the basis of the objective evidence at each required date. The following table compares the carrying amounts and fair values of the Modaraba's financial assets and financial liabilities as at June 30;

	As at June 30, 2020		As at June 30, 2019	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Loans and receivables at amortised cost				
Long-term deposits	3,337,310	3,337,310	3,037,310	3,037,310
Musharaka finance	57,650,091	57,650,091	59,356,040	59,356,040
Ijarah / lease rental receivable	671,145	671,145	906,290	906,290
Loans and advances	10,406,946	10,406,946	20,707,448	20,707,448
Accrued profit	1,257,718	1,257,718	406,957	406,957
Other receivables	14,470,000	14,470,000	9,550,113	9,550,113
Cash and bank balances	41,530,052	41,530,052	42,702,758	42,702,758
Fair value through OCI				
Short-term investments	545,109,537	545,109,537	319,912,877	319,912,877
Fair value through profit and loss				
Short-term investments	237,853,612	237,853,612	144,609,356	144,609,356
Financial liabilities				
Financial liabilities at amortised cost				
Murabaha, musharaka and finance under	50,000,000	50,000,000	79,677,418	79,677,418
Creditors, accrued and other liabilities	126,546,142	126,546,142	138,645,818	138,645,818
Accrued profit on borrowings	613,854	613,854	397,274	397,274
Profit distribution payable	29,826,596	29,826,596	29,319,474	29,319,474

42.1 Fair value hierarchy

The level in the fair value hierarchy within which the financial asset or financial liability is categorised is determined on the basis of the lowest level input that is significant to the fair value measurement.

Financial assets and financial liabilities are classified in their entirety into only one of the three 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 or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).



As at June 30, 2020, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at FVTPL				
Listed ordinary shares	237,853,612	-	-	237,853,612
Investments at FVOCI				
Listed ordinary shares - net	545,109,537	-	-	545,109,537
Unlisted ordinary shares	-	-	97,026,028	97,026,028
Debt securities	-	1,245,953	-	1,245,953
	782,963,149	1,245,953	97,026,028	881,235,130

As at June 30, 2019, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	Rupees			
Investments at FVTPL				
Listed ordinary shares	143,801,105	-	-	143,801,105
Derivative financial instruments	808,251	-	-	808,251
Investments at FVOCI				
Listed ordinary shares - net	319,912,877	-	-	319,912,877
Unlisted ordinary shares	-	-	95,664,656	95,664,656
Debt securities	-	1,245,953	-	1,245,953
	<u>464,522,233</u>	<u>1,245,953</u>	<u>95,664,656</u>	<u>561,432,842</u>

Valuation techniques

For Level 2 debt securities available for sale investments the Modaraba values the investments using rates prescribed by MUFAP. For Level 3 available-for-sale investments the Modaraba values the investment at breakup value or embedded value of investee which approximates the fair value of the investment.

Transfers during the year

During the year, there were no transfers into or out of Level 3 fair value measurements.

The following table presents the movement in level 3 instruments.

	June 30, 2020	June 30, 2019
	(Rupees)	
Opening balance	95,664,656	89,812,733
Redemption / sales during the year	-	-
Unrealized gain / (loss) during the year	1,361,372	5,851,923
Impairment during the year	-	-
Closing balance	<u>97,026,028</u>	<u>95,664,656</u>



43 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate 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 total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

	June 30, 2020	June 30, 2019
	----- (Rupees) -----	
The gearing ratio of the Modaraba at year end is as follows :		
Debts	105,080,684	162,294,102
Cash and bank balances	(41,530,052)	(42,702,758)
Net debt	63,550,632	119,591,344
Equity	1,746,131,182	1,372,879,922
Net debt to equity ratio	0.04	0.09

44 RELATED PARTY TRANSACTIONS

The Modaraba has related party relationship with its Management Company, associated undertakings, employee benefit plans, and its key management personnel.

The details of related party transactions and balances as at June 30, 2020 are as follows:

Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	
Transactions during the year			
Management Company			
BRR Investment (Private) Limited	Management fee accrued	17,152,959	5,158,795
BRR Investment (Private) Limited	Management fee paid	5,158,795	7,468,899
BRR Investment (Private) Limited	Rent received	195,000	300,000
BRR Investment (Private) Limited	Reimbursement of expenses	158,317	-
BRR Investment (Private) Limited	Advance received	-	63,500,000
BRR Investment (Private) Limited	Advance repaid	-	63,500,000



Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	-----
Associated companies / other related parties			
Dawood Family Takaful Limited	Rent Received against property	5,474,928	5,179,563
Dawood Family Takaful Limited	Sale of sukuk	-	17,428,520
Dawood Family Takaful Limited	Principal paid against investment in sukuk	-	15,424,391
Dawood Family Takaful Limited	Profit paid against investment in sukuk	-	679,852
Dawood Family Takaful Limited	Group takaful paid	322,762	299,205
Dawood Family Takaful Limited	Musharaka finance received	50,000,000	50,000,000
Dawood Family Takaful Limited	Musharaka finance paid	100,000,000	-
Dawood Family Takaful Limited	Profit paid on Musharaka	4,100,397	529,096
First Dawood Investment Bank Limited	Rent received against property	352,800	818,400
First Dawood Investment Bank Limited	Share of common expenses - net	141,165	224,558
First Dawood Investment Bank Limited	Principal paid against investment in sukuk	-	8,785,506
First Dawood Investment Bank Limited	Profit paid against investment in sukuk	-	386,105
First Dawood Investment Bank Limited	Musharaka finance received - net	50,000,000	-
First Dawood Investment Bank Limited	Profit paid on Musharaka finance	3,669,031	-
First Dawood Employees Provident Fund	Transfer to provident fund	3,137,618	3,106,191
First Dawood Employees Provident Fund	Principal paid against investment in sukuk	-	7,214,903
First Dawood Employees Provident Fund	Profit paid against investment in sukuk	-	318,007



Relationship with the Modaraba	Nature of transactions	June 30, 2020	June 30, 2019
		----- (Rupees) -----	-----
Hamida Dawood	Principal paid against investment in sukuk	-	2,368,062
Hamida Dawood	Profit paid against investment in sukuk	-	104,376
Systems Limited	Dividend Received	5,191,253	4,207,154
Hydrochina Dawood Power (Private) Limited	Rent Received	3,769,091	3,600,000
Dawood Global Foundation	Charity paid	55,417	898,883
Relationship with the Modaraba	Nature of Balances		
Year end balances			
Management Company			
BRR Investments (Private) Limited	Management fee payable	17,152,959	5,158,795
Associated companies / other related parties			
First Dawood Investment Bank Limited	Musharaka finance payable	50,000,000	-
First Dawood Investment Bank Limited	Profit payable	613,854	-
Dawood Family Takaful Limited	Advance rental against investment property	43,440	48,240
Dawood Family Takaful Limited	Musharaka finance	-	50,000,000
Dawood Family Takaful Limited	Accrued profit on musharaka	-	397,274
Hydrochina Dawood Power (Private) Limited	Advance rental	23,286	-
Hydrochina Dawood Power (Private) Limited	Rental receivable	-	65,945

Group shared services

The Company has entered into arrangements with associated undertakings to share various administrative, human resource and related costs on agreed terms.

45 SEGMENT REPORTING

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



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

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

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

46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Management Company in their meeting held on July 15, 2020, has approved the Scheme of Arrangement for merger by way of amalgamation of wholly owned subsidiary, BRR Financial Services (Private) Limited with and into the Modaraba. However, both the company and the modaraba are in the process of fulfilling their legal formalities in respect of merger to the respective authorities. Accordingly, one time right of TREC transfer will remain with the Modaraba.

Further, the Board of Directors of the Management Company in their meeting held on July 15, 2020, has proposed for Reduction of Paid-up Fund of BRRGM through special resolution to be passed by the Certificate holders in Extra Ordinary General Meeting (EOGM) to be held on August 10, 2020. However, the modaraba has received Direction under section 18-A of the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 dated August 04, 2020 for obtaining formal approval for reduction in Paid up fund before EOGM and accordingly aforesaid EOGM has been postponed on August 06, 2020 till further notice.

The Board of Directors of the Management Company in their meeting held on October 01, 2020 have approved profit distribution at the rate of 7.8% i.e. Re. 0.78 (2019: at the rate of 2.4% i.e. Re. 0.24 per certificate) for the year ended June 30, 2020. These financial statements do not reflect this distribution.

Further, the board of directors in their meeting held on October 01, 2020 has decided to issue 10% Right Certificates at par to existing shareholder (i.e Rs 10 per certificate). The Right certificates issued will not be entitled to profit distribution (dividend) declared for the year ended June 30, 2020.

47 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on October 01, 2020 by the Board of Directors of B.R.R. Investment (Private) Limited.

48 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. However, no significant reclassification has been made during the year.

49 NUMBER OF EMPLOYEES

The number of employees as at year end was 62 (2019: 64) and average number of employees during the year was 61 (2019: 62).

50 GENERAL

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

**For B.R.R. Investment (Private) Limited
(Modaraba Management Company)**

**Rafique Dawood
Chairman**

**Ayaz Dawood
Chief Executive Officer**

**Syed Ali Raza
Director**

**Syed Tariq Masood
Chief Financial Officer**



B.R.R. GUARDIAN MODARBA
PATTERN OF CERTIFICATE HOLDING - FORM "34"
CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2020

Number of Certificate Holders	From	Certificate Holding	To	Certificate Held
1702	1	-	100	76,715
2400	101	-	500	586,844
2471	501	-	1000	1,679,102
805	1001	-	5000	1,820,302
154	5001	-	10000	1,187,122
42	10001	-	15000	524,164
30	15001	-	20000	535,744
22	20001	-	25000	514,047
22	25001	-	30000	639,945
10	30001	-	35000	325,941
3	35001	-	40000	113,969
1	40001	-	45000	41,187
8	45001	-	50000	387,598
4	50001	-	55000	210,299
8	55001	-	60000	468,237
5	65001	-	70000	339,771
4	70001	-	75000	297,250
2	75001	-	80000	156,000
4	80001	-	85000	336,549
1	95001	-	100000	100,000
1	100001	-	105000	102,500
1	110001	-	115000	114,434
3	115001	-	120000	356,483
1	135001	-	140000	137,033
1	140001	-	145000	141,000
1	145001	-	150000	147,000
1	155001	-	160000	157,172
1	165001	-	170000	170,000
1	170001	-	175000	175,000
2	210001	-	215000	425,826
1	215001	-	220000	220,000
1	245001	-	250000	245,985
1	255001	-	260000	257,300
1	280001	-	285000	282,600
2	300001	-	305000	609,000
1	345001	-	350000	345,800
1	360001	-	365000	361,994
1	365001	-	370000	367,941

Number of Certificate Holders	From	Certificate Holding	To	Certificate Held
1	370001	-	375000	373,000
1	380001	-	385000	380,500
1	390001	-	395000	391,111
1	395001	-	400000	400,000
1	400001	-	405000	404,000
1	425001	-	430000	425,904
1	470001	-	475000	473,000
1	490001	-	495000	490,500
1	495001	-	500000	495,991
1	570001	-	575000	574,388
1	575001	-	580000	579,775
1	580001	-	585000	582,500
1	680001	-	685000	684,500
1	705001	-	710000	707,276
1	715001	-	720000	715,024
1	730001	-	735000	730,923
1	765001	-	770000	767,403
1	845001	-	850000	845,758
1	870001	-	875000	871,500
1	890001	-	895000	893,184
1	995001	-	1000000	999,000
1	1040001	-	1045000	1,041,500
1	1155001	-	1160000	1,155,249
1	1245001	-	1250000	1,247,000
1	1340001	-	1345000	1,343,605
1	1725001	-	1730000	1,727,676
1	1760001	-	1765000	1,761,499
1	1770001	-	1775000	1,771,000
1	1795001	-	1800000	1,796,000
1	2065001	-	2070000	2,069,603
1	2155001	-	2160000	2,156,141
1	2795001	-	2800000	2,796,091
1	3120001	-	3125000	3,124,351
1	4775001	-	4780000	4,776,405
1	6760001	-	6765000	6,763,344
1	7310001	-	7315000	7,310,943
1	8670001	-	8675000	8,672,075
1	9105001	-	9110000	9,106,690
7758				86,362,263



ADDITIONAL INFORMATION AS ON JUNE 30, 2020

S. No.	Categories of Certificate holders	Number	Certificates Held	% Age
1	Associated Companies	3	22,719,041	26.31
	B.R.R. Investment (Private) Limited		14,614,018	
	Equity International (Private) Limited		2,196,749	
	Dawood Family Takaful Limited		5,908,274	
2	NIT / ICP	2	3,158,738	3.66
	CDC - Trustee National Investmet (Unit) Trust		3,124,351	
	Investment Corporation of Pakistan		34,387	
3	Directors, CEO their Spouse & Minor Children	2	10,805,384	12.51
	Rafique Dawood		363,800	
	Ayaz Dawood		10,441,584	
4	Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	68	20,593,435	23.85
5	General Public	7,683	29,085,665	33.68
	Total	7,758	86,362,263	100

Certificate holders holding five percent or more Certificates

Paid up Capital	86,362,263	
B.R.R. Investment (Private) Limited	14,614,018	16.92
Ayaz Dawood	10,441,584	12.09
State Life Insurance Corporation of Pakistan	7,310,943	8.47
Amanah Investments Limited	7,334,732	8.49



B.R.R. Guardian Modaraba
(An Islamic Financial Institution)

SIX YEARS' FINANCIAL SUMMARY

2020	2019	2018	2017	2016	2015
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Key Financial Figures

----- Rupees in million -----

Profit & Loss Account

Operating income	347.12	244.41	254.01	313.62	243.01	206.96
Other income	2.91	8.60	11.65	148.43	29.41	94.10
Amortization on ijarah assets	7.09	25.40	39.68	22.22	30.27	33.56
Financial charges	10.47	26.42	11.84	24.78	37.31	79.44
Administrative expenses	126.99	116.45	139.45	155.60	138.08	136.88
Provision/(Reversal) for doubtful debts/receivables	(23.28)	(51.90)	(38.18)	16.55	(5.06)	(26.30)
Unrealized loss / (gain) on revaluation of held-for-trading investment	(28.13)	79.60	60.85	(43.43)	(0.09)	(33.47)
Net Profit	149.10	44.84	64.92	169.67	46.72	70.23
Dividend	67.36	20.73	29.36	78.05	21.07	31.61

Balance Sheet

Paid-up Capital	863.62	863.62	863.62	780.46	780.46	780.46
Reserves	867.54	510.12	528.28	483.98	276.14	210.67
Certificate Holders Equity	1,731.16	1,373.75	1,391.90	1,264.44	1,056.60	991.13
Borrowings	140.08	212.19	350.60	408.35	588.64	699.71
Lease portfolio	29.98	44.77	79.79	50.73	94.35	121.50
Morabaha & Musharaka Portfolio	57.65	59.36	48.57	19.80	36.88	110.71

Performance Indicators

Earnings / (Loss) per certificate (Rs.)	1.73	0.52	0.75	2.17	0.60	0.90
Profit paid per certificate (Rs.)	0.78	0.24	0.34	1.000	0.270	0.405
Profit paid per certificate (%)	7.80%	2.40%	3.40%	10.00%	2.70%	4.05%
Profit payout (after statutory reserves) (%)	90.00%	90.00%	90.00%	90.02%	90.21%	90.01%
Break-up value per certificate (Rs.)	20.05	15.91	16.12	16.20	13.54	12.70
Market value per certificate (Rs.)	8.69	8.12	8.74	9.43	6.95	7.73
Price Earnings ratio	5.02	15.62	11.65	4.35	11.58	8.59
Income/Expense ratio	2.00	1.29	1.39	1.73	1.24	1.29
Financial Charges/Total Expenses (%)	6.11%	15.01%	6.20%	9.29%	17.00%	28.40%

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