



A Wholly Owned Subsidiary of  
The Bank of Punjab

**FIRST PUNJAB MODARABA**

*(An Islamic Financial Institution)*

# ANNUAL REPORT

## AUDITED

# 2024

31 DECEMBER



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# CORPORATE PROFILE

## Board of Directors

Punjab Modaraba Services (Pvt.) Ltd.

Ijaz ur Rehman Qureshi	Chairman
Nadeem Amir	Director
Umer Iqbal Sheikh	Director
Imran Bashir	Director
Samina Afsar	Director
Khawar Shahid Ansari	Director
Asim Jahangir Seth	Chief Executive

## Chief Financial Officer

Zeeshan Ahmed

## Company Secretary

Mahboob Ahmed

## Audit Committee

Imran Bashir	Chairman
Ijaz ur Rehman Qureshi	Member
Samina Afsar	Member

## Human Resource Committee

Samina Afsar	Chairperson
Ijaz ur Rehman Qureshi	Member
Umer Iqbal Sheikh	Member
Imran Bashir	Member
Asim Jahangir Seth	Member

## Board Risk Management Committee

Umer Iqbal Sheikh	Chairman
Asim Jahangir Seth	Member

## Auditors of the Modaraba

Kreston Hyder Bhimji & Co.  
Chartered Accountants

## Auditors of the Management Company

Shinewing Hameed Chaudhry & Co.  
Chartered Accountants

## Bankers

The Bank of Punjab  
NRSP Microfinance Bank Limited  
BankIslami Pakistan Limited

## Registrar

Hameed Majeed Associates (Pvt.) Ltd.  
H.M House, 7-Bank Square,  
The Mall, Lahore  
Tel : (+92-42) 37235081-2

## Registered Office

Office # 100, 3rd Floor, National Tower,  
28-Egerton Road, Lahore.  
Postal Code No. 54600  
PABX : (+92-42) 36365191  
FAX : (+92-42) 36365193  
E-mail : info@punjabmodaraba.com.pk  
URL : www.punjabmodraba.com.pk



A Wholly Owned Subsidiary of  
The Bank of Punjab

## Our Vision

**Connect the Community to  
Islamic Mode of Financing**



## OUR MISSION

## Our Mission









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and ios devices



# SIX YEARS AT A GLANCE

(Amounts in '000)

	Restated					
	June-20	June-21	December-21	December-22	December-23	December-24
<b>BALANCE SHEET</b>						
Authorized Capital	500,000	500,000	500,000	500,000	500,000	500,000
<b>Equity:</b>						
Issued, Subscribed & Paid Up Capital	340,200	340,200	340,200	340,200	340,200	340,200
Reserves	216,693	218,177	218,177	218,177	218,177	218,177
Subordinated Funds	-	-	-	-	500,000	500,000
Un-appropriated Profit	(419,594)	(413,658)	(471,759)	(570,903)	(680,258)	(832,440)
<b>Total</b>	<b>137,298</b>	<b>144,719</b>	<b>86,618</b>	<b>(12,526)</b>	<b>378,119</b>	<b>225,937</b>
<b>Liabilities:</b>						
Redeemable Capital	1,013,549	1,014,102	1,603,000	1,825,000	1,485,000	1,485,000
Musharikah Arrangements	648,739	535,129	131,101	-	-	-
Accrued, Deferred & Other Liabilities	284,388	254,069	269,688	218,842	326,628	281,345
<b>Total</b>	<b>1,946,675</b>	<b>1,803,299</b>	<b>2,003,789</b>	<b>2,043,842</b>	<b>1,811,628</b>	<b>1,766,345</b>
<b>Total Equity &amp; Liabilities</b>	<b>2,083,974</b>	<b>1,948,018</b>	<b>2,090,407</b>	<b>2,031,316</b>	<b>2,189,747</b>	<b>1,992,282</b>
<b>Operating Assets:</b>						
Ijarah Assets	509,909	450,440	331,566	237,096	148,068	185,228
Deferred tax	64,399	64,399	64,399	61,046	109,658	120,061
Musharikah Investment	650,888	582,556	713,093	843,941	778,624	1,075,327
Morabaha Investment	305,443	251,927	184,804	249,948	245,426	180,071
<b>Sub Total</b>	<b>1,530,639</b>	<b>1,349,321</b>	<b>1,293,861</b>	<b>1,392,031</b>	<b>1,281,776</b>	<b>1,560,687</b>
<b>Other Assets:</b>						
Assets in own use	3,108	3,217	3,415	4,695	5,122	3,960
Investment in Subsidiary	76,500	76,500	76,500	76,500	-	-
Deposits, Prepayments & other receivables	448,624	407,232	581,353	531,414	669,304	404,555
Cash & Bank Balances	25,103	111,748	135,278	26,676	233,545	23,080
<b>Sub Total</b>	<b>553,335</b>	<b>598,697</b>	<b>796,546</b>	<b>639,285</b>	<b>907,971</b>	<b>431,595</b>
<b>Total Assets</b>	<b>2,083,974</b>	<b>1,948,018</b>	<b>2,090,408</b>	<b>2,031,316</b>	<b>2,189,747</b>	<b>1,992,282</b>
<b>PROFIT &amp; LOSS ACCOUNT</b>						
Operating Income	187,385	139,449	63,854	150,676	244,357	276,289
Other Income	10,700	13,573	6,492	60,832	86,962	128,363
<b>Total Income</b>	<b>198,084</b>	<b>153,023</b>	<b>70,346</b>	<b>211,508</b>	<b>331,319</b>	<b>404,652</b>
Operating Expenses	45,719	24,877	26,722	69,596	79,992	98,463
Financial Charges	207,676	119,205	55,318	220,687	358,391	370,612
Management Fee	-	-	-	-	-	-
<b>Total Expenses</b>	<b>253,395</b>	<b>144,082</b>	<b>82,040</b>	<b>290,283</b>	<b>438,383</b>	<b>469,075</b>
Profit before Taxation	(55,311)	8,941	(1,352)	(81,344)	(153,305)	(82,775)
Taxation	-	(1,520)	-	6,200	(41,743)	(6,342)
<b>Profit for the year</b>	<b>(55,311)</b>	<b>7,421</b>	<b>(1,352)</b>	<b>(87,544)</b>	<b>(111,562)</b>	<b>(76,433)</b>
<b>DISTRIBUTION:</b>						
Cash Dividend(%)	-	-	-	-	-	-
Bonus (%)	-	-	-	-	-	-
<b>RATIOS:</b>						
Breakup Value (Rs.)	4.04	4.25	2.55	(0.37)	11.11	6.64
Earning per Certificate (Rs.)	(1.63)	0.22	-	-	-	-
Return on Equity (Rs.)	(40.29)	5.13	N-A	N-A	N-A	N-A

# Gender Pay Gap Statement


## First Punjab Modaraba

Gender Pay Gap statement under Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024.

Following is gender pay gap calculated for the year ended December 31, 2024.

- I. Mean Gender Pay Gap: 38.64%
- II. Median Gender Pay Gap: 27.20%
- III. Any other data/details as deemed relevant: The above ratios reflect the overall employee gender pay gap across the organization. The Modaraba ensures equitable compensation for the female members in their respective roles based on experience, qualification, and performance.

For and on behalf of the Board Directors



**Asim Jahangir Seth**  
Chief Executive Officer

# CHAIRMAN'S REVIEW

Dear Valued Certificate Holders,

I am pleased to present this report to our esteemed Certificate Holders, highlighting the affairs and performance of First Punjab Modaraba (FPM) for the financial year ended December 31, 2024.

During the year under review, the SBP initiated a gradual reduction in its policy rate starting June 2024, bringing it down to a range of 13%–15% by the end of the year, compared to 22% at the close of 2023. The said reduction is expected to be followed by downward repricing of modaraba's funding arrangements.

During the reporting period, your Modaraba achieved several key milestones aimed at strengthening its financial and operational framework. One of the most significant developments was the successful adoption of International Financial Reporting Standard – 9 (IFRS – 9), which enhances the transparency and accuracy of our financial reporting, particularly in the assessment of credit risk and provisioning. In addition, Modaraba made notable progress in the recovery of chronic non-performing loans, reflecting our firm commitment to asset quality and prudent risk management.

Throughout the fiscal year 2024, the performance and effectiveness of the Board have been thoroughly evaluated and deemed satisfactory. This assessment covered key areas, including alignment with Modaraba's vision, mission and core values, active participation in strategic planning and vigilant oversight of business operations.

The Board continues to diligently discharge its responsibilities in accordance with the Modaraba Ordinance, the Companies Act and applicable Corporate Governance Regulations. It plays an active role in guiding strategic direction, monitoring management performance and overseeing key risk areas. All Directors, including Independent Directors, demonstrate strong engagement and make meaningful contributions to the decision-making process.

Looking ahead, the Board remains fully prepared to navigate future challenges and capitalize on emerging opportunities for sustainability. Re-strategizing to explore new, niche avenues where Modaraba can play a more prominent role as compared to other modaraba companies will be area of focus; where different revenue streams are generated based upon providing services rather than increasing its financing book.

I would like to express my sincere gratitude to our parent company The Bank of Punjab, valued customers and all stakeholders for their continued support. A special acknowledgment is extended to the Registrar Modaraba for his continued guidance and support. I also commend each member of the Board for their unwavering dedication and commitment in upholding the vision and values of Modaraba.

Yours Sincerely,



**Ijaz Ur Rehman Qureshi**  
**June 30, 2025**



## چیرمین جائزہ

محترم سٹوکیٹ ہولڈرز،

مجھے یہ رپورٹ اپنے معزز سٹوکیٹ ہولڈرز کے سامنے پیش کرتے ہوئے خوشی ہو رہی ہے، جس میں 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے لیے فرسٹ پنجاب مضاربہ (FPM) کے معاملات اور کارکردگی کو اجاگر کیا گیا ہے۔

زیر جائزہ سال کے دوران، SBP نے 2024 سے شروع ہونے والی اپنی پالیسی ریٹ میں بتدریج کمی کا آغاز کیا، جس سے سال کے آخر تک اسے 13% - 15% کی حد تک نیچے لایا گیا، جو کہ 2023 کے اختتام پر 22% کے مقابلے میں تھا۔ مذکورہ کمی کے بعد مضاربہ کی فنڈنگ کے انتظامات کی قیمتوں میں کمی کی توقع ہے۔

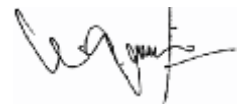
رپورٹنگ کی مدت کے دوران، آپ کے مضاربہ نے کئی اہم سنگ میل حاصل کیے جن کا مقصد اپنے مالیاتی اور آپریشنل فریم ورک کو مضبوط کرنا تھا۔ سب سے اہم پیش رفت میں سے ایک بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ (IFRS-9) کو اپنانا تھا، جو ہماری مالیاتی رپورٹنگ کی شفافیت اور درستگی کو بڑھاتا ہے، خاص طور پر کریڈٹ رسک اور پروویژننگ کی تشخیص میں۔ مزید برآں، مضاربہ نے دائمی غیر فعال قرضوں کی وصولی میں قابل ذکر پیش رفت کی ہے، جو کہ اثاثوں کے معیار اور محتاط رسک مینجمنٹ کے لیے ہمارے پختہ عزم کی عکاسی کرتی ہے۔

پورے مالی سال 2024 کے دوران، بورڈ کی کارکردگی اور تاثیر کا اچھی طرح سے جائزہ لیا گیا ہے اور اسے تسلی بخش سمجھا گیا ہے۔ اس تشخیص میں کلیدی شعبوں کا احاطہ کیا گیا، بشمول مضاربہ کے وژن، مشن اور بنیادی اقدار کے ساتھ صف بندی، اسٹریٹجک منصوبہ بندی میں فعال شرکت اور کاروباری کارروائیوں کی چوکس نگرانی۔

بورڈ مضاربہ آرڈیننس کمیشنز ایکٹ اور قابل اطلاق کارپوریٹ گورننس ریگولیشنز کے مطابق تندرہی سے اپنی ذمہ داریاں نبھا رہا ہے۔ یہ اسٹریٹجک سمت کی رہنمائی، انتظامی کارکردگی کی نگرانی اور خطرے کے اہم علاقوں کی نگرانی میں ایک فعال کردار ادا کرتا ہے۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، مضبوط مشغولیت کا مظاہرہ کرتے ہیں اور فیصلہ سازی کے عمل میں بامعنی شراکت کرتے ہیں۔

آگے دیکھتے ہوئے، بورڈ مستقبل کے چیلنجوں کو نیوگیٹ کرنے اور پائیداری کے لیے ابھرتے ہوئے مواقع سے فائدہ اٹھانے کے لیے پوری طرح تیار ہے۔ نئی مخصوص راہیں تلاش کرنے کے لیے دوبارہ حکمت عملی بنانا جہاں مضاربہ دیگر مضاربہ کمپنیوں کے مقابلے میں زیادہ نمایاں کردار ادا کر سکتا ہے توجہ کا مرکز ہوگا۔ جہاں اس کی مالیاتی کھاتوں کو بڑھانے کے بجائے خدمات فراہم کرنے کی بنیاد پر مختلف آمدنی کے سلسلے پیدا ہوتے ہیں۔

میں اپنی بنیادی کمپنی دی بینک آف پنجاب، قابل قدر صارفین اور تمام اسٹیک ہولڈرز کا مسلسل تعاون کے لیے تہ دل سے شکریہ ادا کرنا چاہتا ہوں۔ رجسٹرڈ مضاربہ کو ان کی مسلسل رہنمائی اور تعاون کے لیے خصوصی طور پر خراج تحسین پیش کیا جاتا ہے۔ مضاربہ کے وژن اور اقدار کو برقرار رکھنے کے لیے میں بورڈ کے ہر رکن کو ان کی غیر متزلزل لگن اور عزم کے لیے بھی سراہتا ہوں۔ آپ کا تخلص،



اعجاز الرحمان قریشی

30 جون 2025

## Directors' Report

The Board of Directors of Punjab Modaraba Services (Private) Limited, the Management Company of First Punjab Modaraba, takes great pleasure in presenting Audited Financial Statements of First Punjab Modaraba for fiscal year ended on December 31, 2024, accompanied by the Auditors' Report.

### Economic Outlook & Prospects

In 2024, Pakistan's economy showed significant improvement. Headline inflation dropped to 4.1% in December, down from 38% in May 2023, that eventually prompted the SBP to reduce interest rates from June 2024.

Pakistan's GDP growth for FY 2024 rebounds to 2.5% from a contraction of 0.22% in 2023. The agriculture sector grew by 6.2% the highest in 2 decades was pivotal to economic recovery, supported by 3% growth in the manufacturing and 2 % growth in the services sectors. The SBP reduced the policy rate from 22% to 13% by the end of 2024, supporting investor confidence and a surge in stock market activity, with the KSE 100 Index gaining 84%.

### Financial Highlights

The summarized financial results of your modaraba are as follows:

Particulars	FY 2024	FY 2023
	Rupees in million	
Gross Revenue	404.652	331.319
Administrative Expenses	(98.462)	(79.992)
Finance costs	(370.612)	(358.390)
Provisions for doubtful receivables	(9.326)	(46.241)
Loss before income tax and levies	(73.657)	(153.305)
Income tax and levies	(20.708)	41.744
Loss after tax	(94.366)	(111.561)
Other comprehensive income	0.201	2.206
Total income	(94.165)	(109.355)
Earnings per certificate (Rupee)	(2.77)	(3.28)

The year under review was full of challenges such as exorbitant financial cost tied with long term placements, resumption of business from previous year, portfolio management in high profit rate scenario and implementation of International Financial Reporting Standard – 9, Financial Instruments. While economy, in general, benefitting reducing interest rate scenarios, the Modaraba was adversely affected. By the Grace of God, the Modaraba was successful in handling all challenges, however, the impact of steep financial cost and implementation of IFRS-9 remained major contributors towards negative bottom line. As fully explained in note 4.22 to financial statements, new forward-looking approach of the said standard has given rise to a substantial amount of provision expense for the year under review as well as negative impact in retained earnings.

The total assets base stood at Rs. 1,975.578 million, reflecting stability, while efforts to streamline operations are evident in controlled administrative expenses and focused resource allocation. Overall, while challenges remain, the upward trend in revenue and reduction in core losses highlight a positive shift in financial direction, laying the foundation for improved performance in the coming years.

**Profit distribution and transfer to reserves:**

Owing to loss during the year, no dividend was declared and accordingly, no amount was transferred to reserves by the Board.

**Future Strategy**

The Management being cognizant of challenges on hand, has devised comprehensive strategy going forward as follows:

**Increase level of Support Via Subordinated Funds**

Given the current situation, the Management has convinced its sponsoring bank to replace and further increase the subordinated fund amount on terms more beneficial for the Modaraba. We are confident that the Modaraba will also be able to draw benefit in reduced interest rate scenario not only on its funding side but will also be able to transfer such benefit to our valued customers, going forward.

**Recovery from Non-Earning Assets**

The major portion of non-remunerative assets comprises chronic NPLs. The Management is making all out efforts for recoveries through litigation, as well as settlement efforts outside Courts. These strenuous efforts resulted in cash recovery of PKR 96 million during year under review, while further recoveries are expected in coming years.

**Diversification Of Business Model On Long Term Basis**

The Management is working to shift its focus towards financing lesser riskier assets / clients. At the same time, the Management is exploring new niche avenues where Modaraba can play a more prominent role as compared to other modaraba companies. Going forward, the Management would prefer that Modaraba's business model should evolve from a traditional Islamic Financing Company into a multi-functional and impact-driven modaraba, where different revenue streams are generated based upon providing services rather than increasing its financing book.

**Financial Strength Rating**

We are pleased to share that the Pakistan Credit Rating Agency (Pvt.) Limited (PACRA) has reaffirmed the Modaraba's long-term rating of "A-" and short-term rating of "A2" with a "Stable" outlook. This rating assessment stems from PACRA's thorough annual and interim reviews, which analyze a range of factors and indicators concerning Modaraba's financial strength, performance, and outlook.

**Corporate & Financial Reporting Framework**

The Modaraba has complied with all the requirements of the Code of Corporate Governance as required by the listing regulations. Accordingly, the Directors are pleased to confirm the following:

- a) The financial statements, prepared by the management of the Modaraba, present its state of affairs fairly, the result of its operations, cash flow and changes in equity;
- b) Proper books of account of the Modaraba have been maintained;
- c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d) International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e) The system of internal control is sound in design and has been effectively implemented and monitored;
- f) There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- g) There were no principal risks or uncertainties facing the Modaraba.

- h) There were no significant changes concerning the nature of business of the Modaraba.
- i) There has been no material departure from the best practices of corporate governance as detailed in Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) expect for those mentioned in the statement of compliance.
- j) There were no material changes and commitments affecting the financial position of the Modaraba which have occurred between the end of the financial year of the Modaraba to which the financial statement relates and the date of the report.
- k) The Board of directors and its management team are fully determined to move the Modaraba from present situation of uncertainties and for this a strategic plan has been developed, which is expected to bring positive improvements in the foreseeable future.
- l) Key operating and financial data for last six years, Pattern of holding by the certificate holders and additional related information is annexed.
- m) During the year, six meetings of the Board of Directors and four meetings of Audit Committee were held separately. Attendance by each Director and member of Audit Committee is annexed.
- n) Majority of the members of the Audit Committee are independent, while all are non-executive directors.
- o) There are no outstanding demands of statutory payments on account of taxes, duties, levies and charges as at 31 December 2024, except for those disclosed in financial statements.
- p) The value of investments of the staff provident fund, based on management accounts, was Rs. 9,179,305 as at December 31, 2024.

#### **Compliance with Code of Corporate Governance**

The Company has diligently adhered to the requirements outlined in the Listed Companies (Code of Corporate Governance) Regulations, 2019, during the year ending on December 31, 2024. Any exceptions to these requirements have been transparently disclosed in the Statement of Compliance with the Best Practices of Corporate Governance.

**Composition of the Board** The seven-member Board of Directors ensures statutory representation across director categories, as mandated by the Listed Companies (Code of Corporate Governance) Regulations, 2019. They make strategic decisions on vital management matters, executing important business activities while adhering to established criteria and assessing risks. The Board also oversees guidelines to ensure compliance.

1. The total number of directors was seven (07) comprising of six (06) male and one (01) female director.
2. The Board included one (01) executive, and six (06) non-executive directors out of whom two (02) were independent directors.
3. The composition of Board of directors (the Board) is as follows:

Sr #	Name of Director	Type
1	Mr. Imran Basir	Independent Director
2	Ms. Samina Afsar	Independent/Female Director
3	Mr. Nadeem Amir	Chairman/Non-Executive Director
4	Mr. Ijaz Ur Rehman Qureshi	Non-Executive Director
5	Mr. Umar Iqbal Sheikh	Non-Executive Director
6	Mr. Khawar Shahid Ansari	Non-Executive Director
7	Mr. Amir Malik*	CEO/Executive Director
8	Mr. Mudassar Kasier Pal**	CEO/Executive Director
9	Mr. Asim Jahangir Seth***	CEO/Executive Director

\*The service contract of Mr. Amir Malik expired on April 28, 2024.

\*\*Mr. Mudassar Kasier Pal was appointed on October 22, 2024 and subsequently resigned on February 10, 2025

\*\*\*Mr. Asim Jahangir Seth was appointed on March 10, 2025.

### Board Meetings & Attendance

During the year six meetings of the Board of Directors were held, attendance by each director is as follows:

Sr #	Name of director	No. of meetings attended
1	Mr. Imran Basir	5
2	Ms. Samina Afsar	4
3	Mr. Nadeem Amir	5
4	Mr. Ijaz Ur Rehman Qureshi	6
5	Mr. Umar Iqbal Sheikh	6
6	Mr. Khawar Shahid Ansari	4
7	Mr. Amir Malik*	1
8	Mr. Mudassar Kasier Pal**	1

\*The service contract of Mr. Amir Malik expired on April 28, 2024.

\*\*Mr. Mudassar Kasier Pal was appointed on October 22, 2024 and subsequently resigned on February 10, 2025

The Board of Directors has established Audit Committee, Human Resource Committee and Risk Management Committee in compliance with the Code of Corporate Governance.

### Audit Committee Meetings & Attendance

During the year four meetings of the Audit Committee were held, attendance by each director is as follows:

Sr #	Name of director	No. of meetings attended
1	Mr. Imran Bashir – Chairman	4
2	Mr. Ijaz Ur Rehman Qureshi - Member	4
3	Ms. Samina Afsar – Member	1

### Human Resource Committee Meetings & Attendance

During the year one meeting of the Human Resource Committee was held, attendance by each director is as follows:

Sr #	Name of director	No. of meetings attended
1	Mr. Imran Bashir	1
2	Mr. Ijaz Ur Rehman Qureshi	1
3	Ms. Samina Afsar	1
4	Mr. Umer Iqbal Sheikh	1
5	Mr. Mudassar Kaiser Pal	1

### Related Party Transactions

All transactions with related parties during the financial year ended December 31, 2024, were meticulously presented to the Audit Committee and the Board for comprehensive review and

approval. The Audit Committee thoroughly evaluated these transactions to ensure compliance with the approved transfer pricing methods and the Board-endorsed policy for related parties.

### **Role of Certificate Holders**

With a strong commitment to transparency and accountability, the Board ensures that the Modaraba's esteemed certificate holders are well-informed about significant developments affecting the Modaraba's overall state of affairs. To achieve this, comprehensive information is provided to the certificate holders through quarterly, half-yearly, and annual reports.

The Board highly values the active participation of certificate holders during the annual review meeting, as it serves as a crucial platform for fostering a high level of accountability and ensuring that their valuable insights are taken into consideration.

### **Statutory Auditors**

The retiring auditors M/s. Kreston Hyder Bhimji & Co., Chartered Accountants are eligible for re-appointment for the year ending December 31, 2025.

### **Statement of Ethics & Business Practice**

The Board has adopted a Code of Conduct that defines essential values related to lawful and ethical business practices. Each employee has received a copy of this code and is expected to maintain the highest standards of integrity and fairness when dealing with customers, colleagues, and regulatory authorities. This Code of Conduct is a key part of the Modaraba's compliance framework, fostering a culture of ethical behavior across the organization.

### **Social Ethics & Environmental Responsibilities**

The Board is highly conscious of social, ethical, and environmental issues, recognizing their importance in the public interest. Committed to corporate responsibility, the Board actively plans for continued involvement in these areas. By proactively addressing social, ethical, and environmental concerns, the Board aims to positively impact society and the environment while upholding the Modaraba's values and principles.

### **Chairman Review**

The enclosed Chairman's review offers a detailed evaluation of the Modaraba's performance for the year ending December 31, 2024, along with future outlook insights. The Board of Directors fully supports the review's content, confirming it reflects the Board's assessment of the Modaraba's performance and its vision for the future.

**Diversity** Diversity is one of the core values of the Company on which we put our strong belief along with the continuous collaboration & communication among the employees, while respecting the differences of the diverse workforce that includes but is not limited to people of varying gender, ethnicity, national origin, caste, creed, age, religion, cultural background, languages, educational background, abilities, and etc. In favor of ethical practice, we emphasize on the fair treatment of employees irrespective of their background and restrict discrimination. Further, the management ensures that talent hunt programs must reflect that we are an equal opportunity employer in all areas that strives to embrace a work environment constructed on the premise of gender and diversity equity. There is no gender-based pay gap. Our vision to promote Diversity, Equity and Inclusion is as under:

*Creating a work environment and impacting communities where Diversity Thrives, Equity Prevails and Inclusion Unites, Nurturing a work culture that embraces all generations, values a broad spectrum of ideas and integrates them within the organization*

The management of the Company has always remained committed to promoting diversity in the workplace and female representation in all departments and has taken several initiatives to progress.



### **Relationship with Stake Holders**

The Modaraba is committed to fostering mutually beneficial relationships with all stakeholders, including the Pakistan Stock Exchange, the Securities and Exchange Commission of Pakistan (SECP), and other valued business partners. We are pleased to report that, Alhamdulillah, our relationships with all stakeholders have remained positive and harmonious throughout the period. This ongoing collaboration and support play a crucial role in the Modaraba's success and growth.

### **Subsequent Events**

There have been no significant changes or commitments that have impacted the financial position of the Modaraba between the end of the financial year and the date of this report. The Modaraba's financial position remains consistent during this period.

### **Operating data for six years**

The operating data for six (06) years is annexed to this report.

### **Pattern of certificate holding**

The detailed pattern of certificate holding as required under the Code of Corporate Governance is annexed to this report.

There has been no trading in the certificates of Modaraba by any of its Directors, CEO, CFO, Company Secretary or their spouses and minor children unless specified in the financial statements.

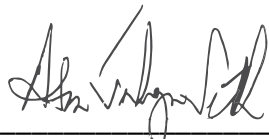
### **Acknowledgement**

The Board remains thankful to Securities and Exchange Commission of Pakistan, Registrar Modaraba, State Bank of Pakistan, and NBFCs & Modaraba Association of Pakistan for providing us their usual support and guidance.

The Board appreciates and pays gratitude to the certificate holders and customers for entrusting their confidence on us and we assure them to maintain adequate internal controls, providing personalized services and also an ideal environment of good corporate governance in all areas of the activities.

Finally, the Board appreciates the dedication and hard work put in by the management and all staff members of First Punjab Modaraba.

### **For and on behalf of the Board**



**Asim Jahangir Seth**  
Chief Executive Officer



**Imran Bashir**  
Director

Lahore: June 30, 2025

## ڈائریکٹرز رپورٹ

فرسٹ پنجاب مضاربہ کی مینجمنٹ کمپنی، پنجاب مضاربہ سروسز (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، 31 دسمبر 2024 کو ختم ہونے والے مالی سال کے فرسٹ پنجاب مضاربہ کے آڈٹ شدہ مالیاتی گوشواروں کو آڈیٹرز کی رپورٹ کے ساتھ پیش کرنے میں بہت خوشی محسوس کرتے ہیں۔

### اقتصادی آؤٹ لک اور امکانات

2024 میں پاکستان کی معیشت میں نمایاں بہتری آئی۔ ہیڈ لائن افراط زر دسمبر میں 4.1 فیصد تک گر گیا، جو مئی 2023 میں 38 فیصد سے کم تھا، جس نے بالآخر SBP کو جون 2024 سے شرح سود کم کرنے پر مجبور کیا۔

مالی سال 2024 کے لیے پاکستان کی جی ڈی پی کی شرح نمو 2023 میں 0.22 فیصد کے سکڑاؤ سے 2.5 فیصد تک پہنچ گئی۔ زراعت کے شعبے میں 6.2 فیصد اضافہ ہوا جو 2 دہائیوں میں سب سے زیادہ ہے، جو معاشی بحالی کے لیے اہم تھا، جس کی حمایت مینوفیکچرنگ میں 3 فیصد اور خدمات کے شعبے میں 2 فیصد نمو سے ہوئی۔ SBP نے 2024 کے آخر تک پالیسی ریٹ کو 22% سے کم کر کے 13% کر دیا، سرمایہ کاروں کے اعتماد اور اسٹاک مارکیٹ کی سرگرمیوں میں اضافے کے ساتھ، 100KSE انڈیکس میں 84% اضافہ ہوا۔

### مالیاتی جھلکیاں

آپ کے مضاربہ کے مالیاتی نتائج کا خلاصہ درج ذیل ہے:

تفصیلات	مالی سال 2024	مالی سال 2023
	ملین روپے	ملین روپے
مجموعی آمدنی	404.652	331.319
انتظامی اخراجات	(98.462)	(79.992)
مالیاتی اخراجات	(370.612)	(358.390)
مشتبہ وصولی کے لیے انتظامات	(9.326)	(46.241)
(نقصان) انکم ٹیکس اور لیویز سے پہلے	(73.657)	(153.305)
انکم ٹیکس اور لیویز	(20.708)	41.744
(نقصان) ٹیکس کے بعد	(94.366)	(111.561)
دیگر جامع آمدنی	0.201	2.206
کل آمدنی	(94,165)	(109.355)
آمدنی فی سٹرٹیکٹ (روپیہ)	(2.77)	(3.28)

زیر نظر سال چیلنجوں سے بھرا ہوا تھا جیسے کہ طویل مدتی جگہوں پر بے پناہ مالیاتی لاگت، پچھلے سال سے کاروبار کا دوبارہ آغاز، اعلیٰ منافع کی شرح کے منظر نامے میں پورٹ فولیو کا انتظام اور بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈ-9، فنانشل انسٹرمنٹس کا نفاذ۔ جبکہ معیشت، عام طور پر، شرح سود میں کمی کے منظر ناموں کو فائدہ پہنچاتی ہے، مضاربہ بری طرح متاثر ہوا۔ خدا کے فضل سے، مضاربہ تمام چیلنجوں سے نمٹنے میں کامیاب رہا، تاہم، بھاری مالیاتی لاگت اور IFRS-9 کے نفاذ کے اثرات منفی چلی لائن کی طرف اہم کردار ادا کرنے والے رہے۔ جیسا کہ نوٹ 4.22 میں مالیاتی بیانات کی مکمل وضاحت کی گئی ہے، مذکورہ معیار کے نئے مستقبل کے نقطہ نظر نے زیر جائزہ سال کے لیے پروویژن کے اخراجات کی کافی مقدار کو ختم دیا ہے اور ساتھ ہی برقرار رکھی ہوئی آمدنی پر منفی اثر ڈالا ہے۔

کل اثاثوں کی بنیاد 1,975.578 ملین روپے رہی جو استحکام کی عکاسی کرتا ہے، جبکہ آپریشن کو ہموار کرنے کی کوششیں کنٹرول شدہ انتظامی اخراجات اور توجہ مرکوز وسائل کی تقسیم میں مجموعی طور پر واضح ہیں، جبکہ چیلنجز باقی ہیں، آمدنی میں اضافے کا رجحان اور بنیادی نقصانات میں کمی مالی سمت میں ایک مثبت تبدیلی کو نمایاں کرتی ہے، جو آنے والے سالوں میں بہتر کارکردگی کی بنیاد رکھتا ہے۔

## منافع کی تقسیم اور ذخائر میں منتقلی:

سال کے دوران نقصان کی وجہ سے، کسی ڈیویڈنڈ کا اعلان نہیں کیا گیا اور اس کے مطابق، بورڈ کے ذریعہ ریزرو میں کوئی رقم منتقل نہیں کی گئی۔

## مستقبل کی حکمت عملی

انتظامیہ نے چیلنجز کا بخوبی ادراک رکھتے ہوئے آگے بڑھنے کے لیے مندرجہ ذیل جامع حکمت عملی وضع کی ہے۔

ماتحت فنڈز کے ذریعے سپورٹ کی سطح میں اضافہ کریں۔

موجودہ صورتحال کے پیش نظر، انتظامیہ نے اپنے اسپانسر کرنے والے بینک کو مضاربہ کے لیے زیادہ فائدہ مند شرائط پر ماتحت فنڈ کی رقم کو تبدیل کرنے اور مزید بڑھانے پر آمادہ کیا ہے۔ ہمیں یقین ہے کہ مضاربہ نہ صرف اپنی فنڈنگ کی طرف سے شرح سود میں کمی کا فائدہ حاصل کرنے میں کامیاب ہو جائے گا بلکہ آگے بڑھتے ہوئے اس طرح کا فائدہ ہمارے قابل قدر صارفین کو منتقل کر سکے گا۔

غیر کمائی والے اثاثوں سے ریکوری

غیر منافع بخش اثاثوں کا بڑا حصہ دائمی NPLs پر مشتمل ہے۔ انتظامیہ قانونی چارہ جوئی کے ساتھ ساتھ عدالتوں کے باہر تصفیہ کی کوششوں کے ذریعے ریکوری کے لیے تمام تر کوششیں کر رہی ہے۔ ان سخت کوششوں کے نتیجے میں زیر جائزہ سال کے دوران 96PKR ملین کی نقد ریکوری ہوئی، جبکہ آنے والے سالوں میں مزید ریکوری متوقع ہے۔

طویل مدتی بنیادوں پر کاروباری ماڈل کی تنوع

انتظامیہ اپنی توجہ کم خطرے والے اثاثوں/کلائنٹس کی مالی اعانت کی طرف مرکوز کرنے کے لیے کام کر رہی ہے۔ اس کے ساتھ ہی، انتظامیہ نئی جگہوں کی تلاش کر رہی ہے جہاں مضاربہ دیگر مضاربہ کمپنیوں کے مقابلے میں زیادہ نمایاں کردار ادا کر سکتا ہے۔ آگے بڑھتے ہوئے، انتظامیہ اس بات کو ترجیح دے گی کہ مضاربہ کے کاروباری ماڈل کو ایک روایتی اسلامی فنانسنگ کمپنی سے ماڈل فنکشنل اور اثر سے چلنے والے مضاربہ میں تبدیل ہونا چاہیے، جہاں اس کی فنانسنگ بک کو بڑھانے کے بجائے خدمات فراہم کرنے کی بنیاد پر مختلف آمدنی کے سلسلے پیدا ہوتے ہیں۔

## مالیاتی طاقت کی درجہ بندی

ہمیں یہ بتاتے ہوئے خوشی ہو رہی ہے کہ پاکستان کریڈٹ ریٹنگ ایجنسی (پرائیویٹ) لمیٹڈ (PACRA) نے مضاربہ کی طویل مدتی درجہ بندی "A" - "A2" کی مختصر مدت کی درجہ بندی کی "مستحکم" آؤٹ لک کے ساتھ دوبارہ تصدیق کی ہے۔ درجہ بندی کا یہ اندازہ PACRA کے مکمل سالانہ اور عبوری جائزوں سے ہوتا ہے، جو مضاربہ کی مالی طاقت، کارکردگی اور آؤٹ لک سے متعلق متعدد عوامل اور اشارے کا تجزیہ کرتے ہیں۔

## کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

مضاربہ نے کوڈ آف کارپوریٹ گورننس کے تمام تقاضوں کی تعمیل کی ہے جیسا کہ فہرست سازی کے ضوابط کی ضرورت ہے۔ اس کے مطابق، ڈائریکٹر مندرجہ ذیل کی تصدیق کرتے ہوئے خوش ہیں:

- (a) مضاربہ کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات، اس کی حالت، اس کے کاموں کے نتائج، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر پیش کرتے ہیں۔
- (b) مضاربہ کے حساب کتاب کی مناسب دیکھ بھال کی گئی ہے۔
- (c) مالیاتی گوشواروں کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کا مسلسل اطلاق کیا گیا ہے اور اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے پر مبنی ہیں؛
- (d) بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالیاتی گوشواروں کی تیاری میں پیروی کی گئی ہے اور وہاں سے کسی بھی رواں کاری کا مناسب انکشاف اور وضاحت کی گئی ہے۔
- (e) اندرونی کنٹرول کا نظام ڈیزائن میں درست ہے اور اسے مؤثر طریقے سے لاگو کیا گیا ہے اور اس کی نگرانی کی گئی ہے۔
- (f) مضاربہ کی ایک جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شک نہیں ہے۔
- (g) مضاربہ کو درپیش کوئی بنیادی خطرہ یا غیر یقینی صورتحال نہیں تھی۔
- (h) مضاربہ کے کاروبار کی نوعیت سے متعلق کوئی خاص تبدیلیاں نہیں ہوئیں۔
- (i) کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی رخصتی نہیں ہوئی ہے جیسا کہ فہرست شدہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 (ریگولیشنز) میں تفصیل سے تفصیل کے بیان میں ذکر کردہ افراد کے لیے توقع ہے۔
- (j) مضاربہ کی مالی حالت کو متاثر کرنے والی کوئی مادی تبدیلیاں اور وعدے نہیں تھے جو مضاربہ کے مالی سال کے اختتام اور رپورٹ کی تاریخ کے درمیان واقع ہوئے ہیں۔
- (k) بورڈ آف ڈائریکٹرز اور اس کی انتظامی ٹیم مضاربہ کو موجودہ غیر یقینی صورتحال سے نکلنے کے لیے پوری طرح پر عزم ہے اور اس کے لیے ایک اسٹریٹجک منصوبہ تیار کیا گیا ہے، جس سے مستقبل قریب میں مثبت بہتری کی توقع ہے۔
- (l) پچھلے چھ سالوں کا کلیدی آپریٹنگ اور مالیاتی ڈیٹا، شمولیت ہولڈرز کے انعقاد کا نمونہ اور اضافی متعلقہ معلومات منسلک ہیں۔
- (m) سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس اور آؤٹ کمیٹی کے چار اجلاس الگ الگ منعقد ہوئے۔ آؤٹ کمیٹی کے ہر ڈائریکٹر اور ممبر کی حاضری منسلک ہے۔
- (n) آؤٹ کمیٹی کے زیادہ تر ممبران خود مختار ہیں، جبکہ تمام غیر ایگزیکٹو ڈائریکٹر ہیں۔
- (o) 31 دسمبر 2024 تک ٹیکسز، ڈیوٹی، لیویز اور چارجز کی مد میں قانونی ادائیگیوں کے کوئی بقایا مطالبات نہیں ہیں، سوائے مالی بیانات میں ظاہر کیے گئے مطالبات کے۔
- (p) اسٹاف پراویڈنٹ فنڈ کی سرمایہ کاری کی مالیت، پیمنٹس اکاؤنٹس کی بنیاد پر، 31 دسمبر 2024 تک 9,179,305 روپے تھی۔

## کوڈ آف کارپوریٹ گورننس کی تعمیل

کمپنی نے 31 دسمبر 2024 کو ختم ہونے والے سال کے دوران لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 میں بیان کردہ تقاضوں پر پوری تہہ ہی سے عمل کیا ہے۔

### بورڈ کی تشکیل

سات رکنی بورڈ آف ڈائریکٹرز تمام ڈائریکٹر کیلبریز میں قانونی نمائندگی کو یقینی بناتا ہے، جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے ذریعہ لازمی قرار دیا گیا ہے۔ بورڈ تعمیل کو یقینی بنانے کے لیے ہدایات کی بھی نگرانی کرتا ہے۔

- 1۔ ڈائریکٹرز کی کل تعداد سات (07) تھی جس میں چھ (06) مرد اور ایک (01) خاتون ڈائریکٹر شامل تھیں۔
- 2۔ بورڈ میں ایک (01) ایگزیکٹو، اور چھ (06) نان ایگزیکٹو ڈائریکٹرز شامل تھے جن میں سے دو (02) آزاد ڈائریکٹر تھے۔
- 3۔ بورڈ آف ڈائریکٹرز (بورڈ) کی تشکیل حسب ذیل ہے:

نمبر	ڈائریکٹر کا نام	قسم
1	جناب عمران بشیر	آزاد ڈائریکٹر
2	محترمہ ثمنہ افسر	آزاد/خواتین ڈائریکٹر
3	جناب ندیم عامر	چیئر مین/نان ایگزیکٹو ڈائریکٹر
4	جناب اعجاز الرحمان قریشی	نان ایگزیکٹو ڈائریکٹر
5	جناب عمر اقبال شیخ	نان ایگزیکٹو ڈائریکٹر
6	جناب خاور شاہد انصاری	نان ایگزیکٹو ڈائریکٹر
7	جناب عامر ملک *	سی ای او/ایگزیکٹو ڈائریکٹر
8	جناب مدثر قیسیر پال **	سی ای او/ایگزیکٹو ڈائریکٹر
9	جناب عاصم جہانگیر سیٹھ ***	سی ای او/ایگزیکٹو ڈائریکٹر

\* جناب عامر ملک کا سروس کنٹریکٹ 28 اپریل 2024 کو ختم ہو گیا۔

\*\* جناب مدثر قیسیر پال کو 22 اکتوبر 2024 کو تعینات کیا گیا تھا اور اس کے بعد انہوں نے 10 فروری 2025 کو استعفیٰ دے دیا تھا۔

\*\*\* مسٹر عاصم جہانگیر سیٹھ کو 10 مارچ 2025 کو تعینات کیا گیا تھا۔

### بورڈ میٹنگز اور حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے چھ اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

نمبر	ڈائریکٹر کا نام	میٹنگز کی تعداد
1	جناب عمران بشیر	5
2	محترمہ ثمنہ افسر	4

3	جناب ندیم عامر	5
4	جناب اعجاز الرحمان قریشی	6
5	جناب عمراقبال شیخ	6
6	جناب خورشید انصاری	4
7	جناب عامر ملک *	1
8	جناب مدثر قیسر پال *	1

\* جناب عامر ملک کا سروس کنٹریکٹ 28 اپریل 2024 کو ختم ہو گیا۔

\*\* جناب مدثر قیسر پال کو 22 اکتوبر 2024 کو تعینات کیا گیا تھا اور اس کے بعد انہوں نے 10 فروری 2025 کو استعفیٰ دے دیا تھا۔

بورڈ آف ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل میں آڈٹ کمیٹی، ہیومن ریسورس کمیٹی اور رسک مینجمنٹ کمیٹی قائم کی ہے۔

### آڈٹ کمیٹی کے اجلاس اور حاضری

سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے، ہر ڈائریکٹر کی حاضری حسب ذیل ہے۔

نمبر	ڈائریکٹر کا نام	میٹنگز کی تعداد
1	جناب عمران بشیر - چیئر مین	4
2	جناب اعجاز الرحمان قریشی - ممبر	4
3	محترمہ شمینہ انسر - ممبر	1

### ہیومن ریسورس کمیٹی کے اجلاس اور حاضری

سال کے دوران ہیومن ریسورس کمیٹی کا ایک اجلاس منعقد ہوا، ہر ڈائریکٹر کی حاضری حسب ذیل ہے:

نمبر	ڈائریکٹر کا نام	میٹنگز کی تعداد
1	جناب عمران بشیر	1
2	جناب اعجاز الرحمان قریشی	1
3	محترمہ شمینہ انسر	1
4	جناب عمراقبال شیخ	1
5	جناب مدثر قیسر پال	1

### متعلقہ پارٹی لین دین

31 دسمبر 2024 کو ختم ہونے والے مالی سال کے دوران متعلقہ فریقوں کے ساتھ ہونے والے تمام لین دین کو آڈٹ کمیٹی اور بورڈ کو جامع جائزہ اور منظوری کے لیے پیش کیا گیا۔ آڈٹ کمیٹی نے ان ٹرانزیکشنز کا بخوبی جائزہ لیا تاکہ منظور شدہ ٹرانسفر پر انسنگ طریقوں اور متعلقہ فریقوں کے لیے بورڈ کی توثیق شدہ پالیسی کی تعمیل کو یقینی بنایا جاسکے۔



## ٹھٹھکیٹ ہولڈرز کا کردار

شفافیت اور جوابدہی کے لیے مضبوط عزم کے ساتھ، بورڈ اس بات کو یقینی بناتا ہے کہ مضاربہ کے معزز ٹھٹھکیٹ ہولڈرز مضاربہ کی مجموعی صورتحال کو متاثر کرنے والی اہم پیش رفت سے بخوبی آگاہ ہیں۔ اس کو حاصل کرنے کے لیے، سہ ماہی، ششماہی اور سالانہ رپورٹس کے ذریعے ٹھٹھکیٹ ہولڈرز کو جامع معلومات فراہم کی جاتی ہیں۔

بورڈ سالانہ جائزہ اجلاس کے دوران ٹھٹھکیٹ ہولڈرز کی فعال شرکت کو بہت اہمیت دیتا ہے، کیونکہ یہ اعلیٰ سطحی احتساب کو فروغ دینے اور ان کی قیمتی بصیرت کو مد نظر رکھنے کو یقینی بنانے کے لیے ایک اہم پلیٹ فارم کے طور پر کام کرتا ہے۔

## قانونی آڈیٹرز

31 دسمبر 2025 کو ختم ہونے والے سال کے لیے ریٹائر ہونے والے آڈیٹرز میسرز کرسٹن حیدر بھیم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس دوبارہ تقرری کے لیے اہل ہیں۔

## اخلاقیات اور کاروباری مشق کا بیان

بورڈ نے ایک ضابطہ اخلاق اپنایا ہے جو قانونی اور اخلاقی کاروباری طریقوں سے متعلق ضروری اقدار کی وضاحت کرتا ہے۔ ہر ملازم کو اس کوڈ کی ایک کاپی موصول ہوئی ہے اور اس سے توقع کی جاتی ہے کہ وہ کسٹمرز، ساتھیوں، اور ریگولیٹری حکام کے ساتھ معاملہ کرتے وقت دیانتداری اور انصاف کے اعلیٰ ترین معیار کو برقرار رکھے گا۔ یہ ضابطہ اخلاق مضاربہ کے تعیل کے فریم ورک کا کلیدی حصہ ہے، جو پوری تنظیم میں اخلاقی رویے کی ثقافت کو فروغ دیتا ہے۔

## سماجی اخلاقیات اور ماحولیاتی ذمہ داریاں

بورڈ عوامی مفاد میں ان کی اہمیت کو تسلیم کرتے ہوئے سماجی، اخلاقی اور ماحولیاتی مسائل کے بارے میں بہت زیادہ باشعور ہے۔ کارپوریٹ ذمہ داری کے لیے پرعزم، بورڈ ان شعبوں میں مسلسل شمولیت کے لیے فعال طور پر منصوبہ بناتا ہے۔ سماجی، اخلاقی اور ماحولیاتی خدشات کو فعال طور پر حل کرتے ہوئے، بورڈ کا مقصد مضاربہ کی اقدار اور اصولوں کو برقرار رکھتے ہوئے معاشرے اور ماحول پر مثبت اثر ڈالنا ہے۔

## چیئر مین جائزہ

منسلک چیئر مین کا جائزہ 31 دسمبر 2024 کو ختم ہونے والے سال کے لیے مضاربہ کی کارکردگی کا تفصیلی جائزہ پیش کرتا ہے، ساتھ ہی مستقبل کے آؤٹ لک بصیرت بھی۔ بورڈ آف ڈائریکٹرز جائزے کے مواد کی مکمل حمایت کرتا ہے، اس بات کی تصدیق کرتا ہے کہ یہ مضاربہ کی کارکردگی کے بارے میں بورڈ کے جائزے اور مستقبل کے لیے اس کے وژن کی عکاسی کرتا ہے۔

## تنوع

تنوع کمپنی کی بنیادی اقدار میں سے ایک ہے جس پر ہم ملازمین کے درمیان مسلسل تعاون اور رابطے کے ساتھ ساتھ اپنا مضبوط یقین رکھتے ہیں، جبکہ متنوع افرادی قوت کے اختلافات کا احترام کرتے ہوئے جس میں مختلف جنس، نسل، قومی اصل، ذات، عقیدہ، عمر، مذہب، ثقافتی پس منظر، زبانوں، ثقافتی پس منظر، ثقافتی پس منظر، تعلیم، ثقافت وغیرہ کے مختلف افراد شامل ہیں لیکن ان تک محدود نہیں ہے۔ ملازمین کے پس منظر سے قطع نظر ان کے ساتھ منصفانہ سلوک پر زور دینا اور امتیازی سلوک کو محدود کرنا۔ مزید، انتظامیہ اس بات کو یقینی بناتی ہے کہ ٹیلنٹ ہنٹ پروگرام اس بات کی عکاسی کریں کہ ہم تمام شعبوں میں مساوی مواقع فراہم کرنے والے آجر ہیں جو صنفی اور تنوع کی ایکویٹی کی بنیاد پر بنائے گئے کام کے ماحول کو اپنانے کی کوشش کرتے ہیں۔ صنفی بنیاد پر تنخواہ میں کوئی فرق نہیں ہے۔ تنوع، مساوات اور شمولیت کو فروغ دینے کا ہمارا وژن حسب ذیل ہے:

کام کا ماحول بنانا اور کمیونٹیز کو متاثر کرنا جہاں تنوع پروان چڑھتا ہے، ایکویٹی غالب ہوتی ہے اور شمولیت متحد ہوتی ہے، کام کی ثقافت کو پروان چڑھانا جو تمام نسلوں کو اپنائے، نظریات کے وسیع میدان کی قدر کرے اور انہیں تنظیم کے اندر ضم کرے۔

کمپنی کی انتظامیہ کام کی جگہ میں تنوع اور تمام محکموں میں خواتین کی نمائندگی کو فروغ دینے کے لیے ہمیشہ پرعزم رہی ہے اور اس نے ترقی کے لیے کئی اقدامات کیے ہیں۔

## سٹیک ہولڈرز کے ساتھ تعلقات

مضاربہ تمام اسٹیک ہولڈرز بشمول پاکستان اسٹاک ایکسچینج، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) اور دیگر قابل قدر کاروباری شراکت داروں کے ساتھ باہمی طور پر فائدہ مند تعلقات کو فروغ دینے کے لیے پرعزم ہے۔ ہمیں یہ اطلاع دیتے ہوئے خوشی ہو رہی ہے کہ الحمد للہ، تمام اسٹیک ہولڈرز کے ساتھ ہمارے تعلقات پوری مدت میں مثبت اور ہم آہنگ رہے ہیں۔ یہ جاری تعاون اور تعاون مضاربہ کی کامیابی اور ترقی میں اہم کردار ادا کرتا ہے۔

## بعد کے واقعات

مالی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان مضاربہ کی مالی پوزیشن پر کوئی خاص تبدیلیاں یا وعدے نہیں ہوئے ہیں۔ مضاربہ کی مالی حالت اس عرصے کے دوران مستقل رہی ہے۔

## چھ سال کے لیے آپریٹنگ ڈیٹا

چھ (06) سالوں کا آپریٹنگ ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔

## سٹمٹ فیکٹ کے انعقاد کا نمونہ

کوڈ آف کارپوریٹ گورننس کے تحت مطلوبہ سٹمٹ فیکٹ ہولڈنگ کا تفصیلی نمونہ اس رپورٹ کے ساتھ منسلک ہے۔

مضاربہ کے سرٹیفکیٹس میں اس کے کسی بھی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکریٹری یا ان کی شریک حیات اور نابالغ بچوں کی طرف سے کوئی تجارت نہیں کی گئی ہے جب تک کہ مالیاتی گوشواروں میں اس کی وضاحت نہ کی گئی ہو۔

## اعتراف

بورڈ سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، رجسٹرڈ مضاربہ، اسٹیٹ بینک آف پاکستان، اور NBFCs اور مضاربہ ایسوسی ایشن آف پاکستان کا شکریہ ادا کرتا ہے جنہوں نے ہمیں اپنی معمول کی مدد اور رہنمائی فراہم کی۔

بورڈ سٹمٹ فیکٹ ہولڈرز اور صارفین کا ہم پر اعتماد کرنے پر ان کی تعریف کرتا ہے اور ان کا شکریہ ادا کرتا ہے اور ہم انہیں یقین دلاتے ہیں کہ وہ مناسب اندرونی کنٹرول برقرار رکھیں گے، ذاتی خدمات فراہم کریں گے اور سرگرمیوں کے تمام شعبوں میں اچھی کارپوریٹ گورننس کا ایک مثالی ماحول بھی فراہم کریں گے۔

آخر میں، بورڈ فرسٹ پنجاب مضاربہ کی انتظامیہ اور تمام سٹاف ممبران کی لگن اور محنت کو سراہتا ہے۔

بورڈ کے لیے اور اس کی جانب سے

عمران بشیر

ڈائریکٹر

عاصم جہانگیر سیٹھ

چیف ایگزیکٹو آفیسر

لاہور: 30 جون 2025

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

**Name of company: FIRST PUNJAB MODARABA**  
**Year ending: DECEMBER 31, 2024**

The modaraba has complied with the requirements of the Regulations in the following manner: -

1. The total number of directors is Seven as per the following:

- a. Male: Six (06)
- b. Female: One (01)

2. The composition of the Board is as follows:

Independent directors	Mr. Imran Bashir Ms. Samina Afsar
Non-executive directors	Mr. Nadeem Amir Mr. Ijaz ur Rehman Qureshi Mr. Khawar Shahid Ansari Mr. Umar Iqbal Sheikh
Executive director	Mr. Mudassar Kaiser Pal
Female directors	Ms. Samina Afsar ( <i>also an independent director</i> )

Changes have been made to the Board during the year. Mr. Amir Malik, Chief Executive of First Punjab Modaraba, has resigned, and Mr. Mudassar Kaiser Pal has been appointed as Chief Executive. The fraction required for minimum number of independent directors, being 0.33 has not been rounded up as one, in view of the experience and skill possessed by existing independent directors, which suffice the requirement of independent directors.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this modaraba;

4. The modaraba has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the modaraba along with its supporting policies and procedures;

5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the modaraba. 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 modaraba;

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board 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 the Board;

8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;

9. Out of seven (07) directors, following Five (05) have obtained certifications under directors training program:

Mr. Nadeem Amir  
Mr. Ijaz ur Rehman Qureshi  
Mr. Khawar Shahid Ansari  
Mr. Imran Bashir  
Ms. Samina Afsar

10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief financial officer and Chief executive officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below. -

**a) Audit Committee**

Chairman	Mr. Imran Bashir
Member	Mr. Ijaz ur Rehman Qureshi
Member	Ms. Samina Afsar

**b) HR and Remuneration Committee**

Chairperson	Ms. Samina Afsar
Member	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Imran Bashir
Member	Mr. Mudassar Kaiser Pal

**c) Risk Management Committee**

Chairman	Mr. Ijaz ur Rehman Qureshi
Member	Mr. Umar Iqbal Sheikh
Member	Mr. Mudassar Kaiser Pal

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

14. The frequency of meetings of the committees was as per following, -

Audit Committee	Four
HR and Remuneration Committee	One
Risk Management Committee	Nil

15. The Board has set up an effective internal audit function who is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the modaraba;

16. The statutory auditors of the modaraba 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 modaraba;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



**Date: June 30, 2025**

**Ijaz Ur Rehman Qureshi**  
**CHAIRMAN**

## INDEPENDENT AUDITORS' REVIEW REPORT

To the members of Punjab Modaraba Services (Pvt) Limited

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Punjab Modaraba Services (Pvt) Limited (the "Modaraba Company")** for the year ended **December 31, 2024** in accordance with the requirements of Regulation No. 36 of the Regulations.


The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba Company'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 Company's personnel and review of various documents prepared by the Modaraba 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 Company's corporate governance procedures and risks.

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Company's compliance, in all material respects, with the Regulations as applicable to the Modaraba Company for the year ended December 31, 2024.

LAHORE: June 30, 2025  
UDIN: CR202410766vmX7OCdAu

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS





## NOTICE OF ANNUAL REVIEW MEETING

The Certificate Holders are hereby notified that the Certificate Transfer Books shall remain closed from 24-07-2025 to 30-07-2025 (both days inclusive), for the purpose of attending Annual Review Meeting. All transfers received in order upto close of business hours on July 23, 2025 with our Registrar's office, M/s. Hameed Majeed Associates (Pvt.) Ltd., H.M House, 7-Bank Square, The Mall, Lahore, will be considered in time.

The Annual Review Meeting of the Certificate holders will be held at 10:00 am on Wednesday, July 30, 2025 at Registered Office of First Punjab Modaraba, Office No. 100, 3<sup>rd</sup> Floor, National Towers, 28-Egerton, Road, Lahore to review the performance of the Modaraba for the year ended December 31, 2024 in terms of Regulation No.33, Chapter IV of Modaraba Regulations, 2021.

The Certificate Holders may also join through vide link and are requested to send intimation through valid email ID to the address given below to participate in the meeting through video link, at least seven (07) days prior to the date of meeting:

[armdec2024@punjabmodaraba.com.pk](mailto:armdec2024@punjabmodaraba.com.pk)

The Modaraba will communicate participation link through return email. Further, the certificate holders may send their comments / suggestions on the above email address or on Whatsapp / Mobile No. 0300 0774434, at least seven (07) days prior to the date of meeting.

The annual audited financial statements of the Modaraba for year ended December 31, 2024 are also available on Modaraba's website: [www.punjabmodaraba.com.pk](http://www.punjabmodaraba.com.pk).

By the Order of  
Board of Directors

(Mahboob Ahmed)  
COMPANY SECRETARY

**PATTERN OF SHAREHOLDINGS**  
**FIRST PUNJAB MODARABA**  
**DETAILED CATEGORIES OF SHAREHOLDERS**  
**AS ON DECEMBER 31, 2024**

Sr. #	Name	Shares Held	Percentage
<b>Associated Companies, Undertakings and Related Parties</b>			
1	PUNJAB MODARABA SERVICES (PVT) LTD.	8,088,500	23.7757
2	THE BANK OF PUNJAB	4,788	0.0141
3	PUNJAB MODARABA SERVICES (PVT) LTD.	5,232,194	15.3798
4	TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND	5,099,500	14.9897
<b>Running Total:</b>		<b>18,424,982</b>	<b>54.1593</b>
<b>Public Sector Companies and Corporations</b>			
1	INVESTMENT CORP. OF PAKISTAN	400	0.0012
<b>Running Total:</b>		<b>400</b>	<b>0.0012</b>
<b>Banks, Development Financial Institutions, Non Banking Financial Institutions</b>			
1	KARACHI INVESTMENT COMPANY (PRIVATE) LIMITED	189	0.0006
2	MUHAMMAD AMER RIAZ SECURITIES (PVT.) LIMITED	20	0.0001
3	N.B.P. TRUSTEE DEPARTMENT H.O.	260	0.0008
4	ATLAS BOT INVESTMENT BANK LTD.	429	0.0013
5	SAUDI-PAK INDUSTRIAL & AGRI- CULTURAL INV. CO. (PVT) LTD	24,535	0.0721
6	AL-FAISAL INVESTMENT BANK LTD.	100	0.0003
7	NATIONAL DEVELOPMENT LEASING- CORPORATION	5,200	0.0153
8	NATIONAL DEVELOPMENT FINANCE- CORPORATION (INVESTER)	3,300	0.0097
9	NATIONAL BANK OF PAKISTAN TRUSTEE WING HEAD OFFICE	965	0.0028
10	IDBL (ICP UNIT)	2,408	0.0071
11	Diamond Industries Ltd	151,000	0.4439
12	FRANKLIN INVESTMENT BANK LTD	1,100	0.0032
13	ESCORTS INVESTMENT BANK LIMITED	19,760	0.0581
14	NATIONAL BANK OF PAKISTAN	656	0.0019
<b>Running Total:</b>		<b>209,922</b>	<b>0.6171</b>
<b>Insurance Companies</b>			
1	STATE LIFE INSURANCE CORP. OF PAKISTAN	1,265,777	3.7207
<b>Running Total:</b>		<b>1,265,777</b>	<b>3.7207</b>
<b>Modarabas and Mutual Funds</b>			
1	SECURITY STOCK FUND LTD.	3,100	0.0091
2	GENERAL LEASING MODARABA	56	0.0002
3	PRUDENTIAL STOCKS FUND LIMITED	100	0.0003
4	FIRST FIDELITY LEASING MODARBA	300	0.0009
5	FIRST IBL MODARABA	100,000	0.2939
6	TRUST MODARABA	1,752	0.0051
<b>Running Total:</b>		<b>105,308</b>	<b>0.3095</b>
<b>General Public (Local)</b>			
<b>Running Total:</b>		<b>13,629,078</b>	<b>40.0620</b>
<b>Joint Stock Companies</b>			
1	MSMANIAR FINANCIALS (PVT) LTD.	132	0.0004
2	DR. ARSLAN RAZAQUE SECURITIES (PVT.) LIMITED	200	0.0006
3	ALI USMAN STOCK BROKERAGE (PVT) LIMITED	275	0.0008
4	MUHAMMAD AHMED NADEEM SECURITIES (SMC-PVT) LIMITED	240	0.0007
5	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	4,927	0.0145
6	S.H. BUKHARI SECURITIES (PVT) LIMITED	382	0.0011
7	SARFRAZ MAHMOOD (PRIVATE) LTD	570	0.0017
8	MAPLE LEAF CAPITAL LIMITED	1	0.0000
9	CAPITAL VISION SECURITIES (PVT) LTD.	3,310	0.0097
10	MILLENNIUM SECURITIES & INVEST.(PVT) LTD	20	0.0001
11	PRUDENTIAL SECURITIES LIMITED	2,000	0.0059
12	PRUDENTIAL SECURITIES LIMITED	260	0.0008
13	DOSSLANIS SECURITIES (PRIVATE) LIMITED	350	0.0010
14	SHAFFI SECURITIES (PVT) LIMITED	20,000	0.0588
15	EJAZ SPINNING MILLS LIMITED	178,500	0.5247
<b>Running Total:</b>		<b>211,167</b>	<b>0.6207</b>

**Others**

1	TRUST LEASING CORPORATION LTD.	1,775	0.0052
2	IMPEX CORPORATION (PVT.) LTD.	3,248	0.0095
3	JAHANGIR SIDDIQUI & CO. LTD.	3,202	0.0094
4	HAJVERI HOLDINGS (PVT) LTD	500	0.0015
5	ALLY BROTHERS & COMPANY M/S. (PAKISTAN) LTD.	17,500	0.0514
6	SAPPHIRE FIBRES LTD	500	0.0015
7	DADABHOY LEASING COMPANY LTD.	6,804	0.0200
8	BILAL ASSOCIATES	19	0.0001
9	MORGAN STANLEY INTERNATIONAL	1,200	0.0035
10	MORGAN STANLEY TRUST	19,335	0.0568
11	B.R.R INVESTMENTS (PVT.) LTD	8,750	0.0257
12	TRUSTEE NATIONAL BANK OF PAKISTAN EMP BENEVOLENT FUND	3,747	0.0110
13	TRUSTEE NATIONAL BANK OF PAKISTAN EMPLOYEES PENSION FUND	106,786	0.3139
<b>Running Total:</b>		<b>173,366</b>	<b>0.5096</b>

**Grand Total:**

<b>34,020,000</b>	<b>100.0000</b>
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**SHAREHOLDERS HOLDING 5% OR MORE HOLDING**

1	PUNJAB MODARABA SERVICES (PVT) LTD.	5,232,194	15.3798
2	PUNJAB MODARABA SERVICES (PVT) LTD.	8,088,500	23.7757
3	TRUSTEE-THE BANK OF PUNJAB EMPLOYEES GRATUITY FUND	5,099,500	14.9897
		<b>18,420,194</b>	<b>54.1452</b>

**FIRST PUNJAB MODARABA**  
**PATTERN OF SHAREHOLDINGS**  
**AS ON DECEMBER 31, 2024**

Number of ShareHolders	Shareholdings		Total Number of Shares Held	Percentage of Total Capital
	From	To		
956	1 -	100	41,326	0.12
1367	101 -	500	377,025	1.11
1029	501 -	1000	842,335	2.48
616	1001 -	5000	1,397,800	4.11
127	5001 -	10000	969,119	2.85
35	10001 -	15000	444,354	1.31
29	15001 -	20000	526,892	1.55
20	20001 -	25000	446,666	1.31
12	25001 -	30000	331,279	0.97
8	30001 -	35000	261,487	0.77
8	35001 -	40000	296,994	0.87
4	40001 -	45000	175,440	0.52
9	45001 -	50000	446,207	1.31
6	50001 -	55000	314,960	0.93
1	55001 -	60000	59,000	0.17
1	60001 -	65000	64,450	0.19
4	65001 -	70000	272,219	0.80
3	70001 -	75000	221,104	0.65
2	80001 -	85000	168,000	0.49
8	95001 -	100000	796,500	2.34
1	105001 -	110000	106,786	0.31
1	115001 -	120000	117,923	0.35
1	120001 -	125000	122,220	0.36
2	130001 -	135000	267,000	0.78
1	135001 -	140000	140,000	0.41
1	150001 -	155000	151,000	0.44
1	160001 -	165000	161,016	0.47
1	175001 -	180000	178,500	0.52
1	185001 -	190000	190,000	0.56
1	190001 -	195000	193,500	0.57
3	195001 -	200000	597,644	1.76
1	205001 -	210000	210,000	0.62
1	240001 -	245000	243,280	0.72
1	260001 -	265000	265,000	0.78
1	275001 -	280000	275,230	0.81
1	300001 -	305000	300,050	0.88
1	350001 -	355000	352,000	1.03
1	365001 -	370000	367,500	1.08
2	495001 -	500000	1,000,000	2.94
1	640001 -	645000	642,223	1.89
1	1265001 -	1270000	1,265,777	3.72
1	5095001 -	5100000	5,099,500	14.99
1	5230001 -	5235000	5,232,194	15.38
1	8085001 -	8090000	8,088,500	23.78
<b>4,273</b>			<b>34,020,000</b>	<b>100.00</b>

# INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF FIRST PUNJAB MODARABA

## REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

### A. Opinion

We have audited the annexed financial statements of **First Punjab Modaraba (the "Modaraba")**, which comprise the statement of financial position as at December 31, 2024, and the statement of profit and loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at December 31, 2024 and of the loss and other comprehensive income, the changes in equity and its cash flows for the year then ended.

### B. Basis for Opinion

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

### C. Key audit matters

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

2. Following are the Key audit matters, namely:

Sr. No.	Key Audit Matters	How the matter was addressed in our audit
1.	<b>Revenue recognition:</b>	
	<p>As per ISA 240, there is a presumed risk of material misstatement due to inappropriate revenue recognition. This may either result from an overstatement of revenues through premature revenue recognition or recording fictitious revenues or an understatement of revenues through improperly shifting revenues to a later period.</p> <p>These revenues may also be manipulated through the use of inappropriate profit rates for the overstatement / understatement of revenue to achieve desired financial results.</p> <p>In view of significant value of transactions and presumed risk of material misstatement involved, we have considered this as a key audit matter.</p> <p>The disclosures related to recognition of revenue by the Modaraba are provided in note 4.21 to the annexed financial statements.</p>	<p>In this regard, our audit procedures included:</p> <p>Understanding the policies and procedures applied to revenue recognition, as well as compliance therewith, including an analysis of the effectiveness of controls related to revenue recognition processes employed by the Modaraba.</p> <p>Performing cut-off procedures for a sample of revenue transactions at year end in order to conclude on whether they were recognized in the relevant accounting period.</p> <p>Performing analytical procedures on entries in the daily ledger related to revenue made by the Modaraba. These procedures were carried out paying special attention to accounting entries recorded close to the yearend or subsequently, as well as those deemed unusual due, among other reasons, to their nature, amount, date of occurrence.</p> <p>Reviewing disclosures included in the notes to the annexed financial statements.</p>
2.	<b>Income Tax and Levies:</b>	
	<p>As described in Material Accounting Policies Information in note – 4.11, significant judgment is required in determining the provision for income tax, both current and deferred, as well</p>	<p>We evaluated the design and implementation of controls in respect of provisions for levy and current income tax and the recognition of deferred income</p>



	<p>assessment of provision for uncertain tax positions including estimates of penalties / default surcharge, where appropriate.</p> <p>The statement of financial position includes advance income tax net of provision of Rs. 32.041 million together with deferred tax asset of Rs.94.239 million as of reporting date. Detail of income tax and levies is disclosed in notes-10, 36 and 37 to the annexed financial statements respectively.</p> <p>Due to their significance to the financial statements as a whole, together with the judgment and estimation required to determine their values, the evaluation of levy, current and deferred income tax balances is considered to be a key audit matter.</p>	<p>tax.</p> <p>We discussed with management the adequate implementation of Modaraba's policies and controls regarding current and deferred tax as well as the reporting of uncertain tax positions.</p> <p>We examined the procedures in place for the levies and income tax calculations for completeness and valuation and audited the related computations and estimates in the light of our knowledge of the circumstances. Our verification of taxation was also made with the assistance of our firm's tax department.</p> <p>We considered management assessment of the validity and adequacy of provision for uncertain tax provisions, evaluating the basis of assessment and reviewing relevant correspondence and legal advice where available including any information regarding similar cases with the relevant tax authorities.</p> <p>In respect of deferred tax assets and liabilities, we assessed the appropriateness of management assumptions and estimates.</p> <p>We reviewed disclosures included in the notes-10, 36 and 37 to the annexed financial statements.</p>
<b>3.</b>	<b>Provision against financing / advances and other receivables</b>	
	<p>The Modaraba makes specific provisions against financing / advances as disclosed in notes-7, 8, 11, 12 and 13 to the financial statements in accordance with the requirements of the Modaraba Regulations, 2021 issued by</p>	<p>Our audit procedures to verify provision against advances and other receivables included, amongst others, the following:</p> <p>We obtained an understanding of</p>

<p>the SECP from time to time and under IFRS 9 using ECL model whichever is higher. The Modaraba has also made provision against advances and other receivables as disclosed in note 16 to the financial statements as per accounting standards.</p> <p>The net provision made or reversed during the year against advances is charged or credited to the statement of profit and loss and other comprehensive income and accumulated provision is netted-off against advances and other receivables.</p> <p>The Modaraba has made a reversal of provision against financing / advances amounting to Rs. 16.876 million and recognized a provision against other receivables amounting to Rs. 26.112 million in the statement of profit and loss and other comprehensive income in the current year. As at December 31, 2024, the Modaraba holds a provision of Rs. 379.140 million and Rs. 89.503 million against financing / advances and other receivables respectively.</p> <p>The determination of provision against advances and receivables based on the above criteria remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of advances and other receivables relative to the overall financial statements of the Modaraba, we considered provision against advances and other receivables as a key audit matter.</p>	<p>the design and tested the operating effectiveness of the relevant controls established by the Modaraba to identify loss events and for determining the extent of provisioning required against non-performing advances and other receivables.</p> <p>The testing of controls included testing of:</p> <ul style="list-style-type: none"> <li>controls over correct classification of non-performing advances on time-based criteria;</li> <li>controls over monitoring of advances / receivables with higher risk of default and correct classification of non-performing advances / receivables on subjective criteria;</li> <li>controls over accurate computation and recording of provision; and</li> <li>controls over the governance and approval process related to provision, including continuous reassessment by the management.</li> </ul> <p>We selected a sample of advances and receivables accounts and performed the following substantive procedures:</p> <ul style="list-style-type: none"> <li>checked repayments of advances / mark-up installments and tested classification of non-performing advances based on the number of days overdue;</li> </ul>
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		<p>evaluated the management's assessment for classification of borrower's advances facilities as performing or nonperforming based on a review of repayment pattern, inspection of credit documentation and discussions with the management;</p> <p>examined supporting documentation such as agreements, repayment schedules, repayment history, collateral details, etc;</p> <p>We assessed the reasonableness of provision made by the management in accordance with IFRS -09;</p> <p>We obtained an understanding of the requirements of IFRS -09 included, amongst others, review of the methodology developed and applied by Modaraba to estimate ECL in relation to these receivables; and</p> <p>We also considered and evaluated the assumptions used in applying the ECL methodology based on historical information and qualitative factors as relevant for such estimates.</p> <p>We evaluated the relevance, completeness and accuracy of the source data used for ECL computation. We also checked the mathematical accuracy of ECL model by performing recalculation on test basis.</p>
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**D. Information other than the financial statements and Auditor's Report thereon**

Management of the Modaraba Company is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

**E. Responsibilities of management and Board of Directors of the Modaraba Company for the financial statements**

1. Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
2. In preparing the financial statements, management of the Modaraba Company is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.
3. Board of directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

**F. Auditor's responsibilities for the audit of the financial statements**

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

2. As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
  - a) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
  - b) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
  - c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
  - d) Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
  - e) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
3. We communicate with the board of directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
4. We also provide the board of directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
5. From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## **G Report on other legal and regulatory requirements**

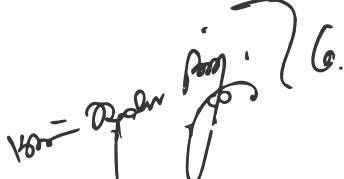
Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- b) the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is Mr. Shabir Ahmad, FCA.

LAHORE: June 30, 2025

UDIN# AR202410766eDZERtYgm

  
KRESTON HYDER BHIMJI & CO.  
CHARTERED ACCOUNTANTS

## **Shari'ah Advisor's Report**

### **First Punjab Modaraba (December 31, 2024)**

I have conducted the Shari'ah review of First Punjab Modaraba (FPM) managed by Punjab Modaraba Services (PVT) Limited for the Year ended December 31, 2024, in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles.
- ii. The agreement(s) entered by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board of SECP and all the related conditions have been met.
- iii. During the year, the Shari'ah Advisor visited the premises regularly to provide Shari'ah assistance in day-to-day operations.
- iv. Internal Shariah training for HOD's has been conducted by Shariah Advisor during the year.
- v. The amount realized against late payments have been credited to charity account and disbursed. It is advised to FPM to disburse remaining charity ASAP.

#### **Observation(s)**

- 1) Staff frequent turnover disturbs the Internal Shari'ah Audit function resultantly facing problems in checking and verification of routine operations in accordance with Shari'ah principles. It has been observed that internal Shariah audit of FPM needs trained & skilled resource having proper certification of Shariah audit mechanism.
- 2) Certain policies and SOP's need periodic review with regards to Shari'ah principles.
- 3) Prior written approval required to be obtained from Shari'ah Advisor on one-time basis for debut natured transactions, including all kind of Modaraba's inflows, outflows, or investments, to meet the Shariah compliance requirements.

#### **Recommendation(s):**

- 1) According to the Annual Shariah Advisor Reports of last two years, FPM should appoint a well-trained internal Shariah auditor on a permanent basis. Shariah Compliance and Internal Shariah Audit are two distinct yet interconnected disciplines. The efficacy of the Shariah Advisor's role is dependent on this coordination. FPM must address the issue before the next Annual Shariah Advisor Report.
- 2) It is essential for FPM to take prior approvals by providing relevant information to Shari'ah Advisor to analyze and confirm the Shari'ah Compliance status of transactions.
- 3) FPM management should ensure that all relevant staff adhere properly and comply all product-related documents while maintaining the prescribed transaction sequence to ensure Shariah compliance.
- 4) The commendable efforts made by FPM resulting in a remarkable conversion rate of 98.50% of the portfolio into Takaful are highly appreciated. The remaining small portion consists of corporate clients with their own arrangements. FPM should also encourage them to transit their portfolios into Takaful policies as well.



- 5) Investment of staff provident fund is explicitly recommended in Shari'ah Compliant mode .

**Conclusion:**

In my opinion and to the best of my knowledge and information provided by FPM with relevant explanations, The Modaraba's overall business activities comply with the Shariah Compliance Mechanism. Nevertheless, FPM management needs to put more efforts and take the necessary actions for timely execution of above recommendations which is essential for maintaining FPM's credibility as a genuine Islamic financial institution.

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



**MUFTI MUHAMMAD UMAR**  
**SHARI'AH ADVISOR, FPM**


**FIRST PUNJAB MODARABA**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2024**


		December 31, 2024	December 31, 2023
	Note	Rupees	Rupees
<b>ASSETS</b>			
<b>Non current assets</b>			
Tangible fixed assets			
- Ijarah assets	5.1	185,227,848	148,068,219
- Assets in own use	5.2	3,571,658	4,066,485
Intangible assets	6	388,332	1,055,607
Long term musharika investment - secured	7	690,449,778	458,544,566
Long term morabaha investment - secured	8	6,927,036	13,502,006
Long term deposits	9	1,422,494	203,444
Deferred tax asset	10	94,239,022	109,657,977
		982,226,168	735,098,304
<b>Current assets</b>			
Short term morabaha investment - secured	11	136,052,103	173,447,518
Current maturity of long term investment	12	430,279,088	369,755,675
Ijarah rental receivable	13	76,994,055	111,362,665
Short term investment	14	109,816,508	350,000,000
Development properties	15	25,290,372	49,696,584
Advances, deposits, prepayments and other receivables	16	159,798,809	156,788,162
Income tax refund due from government - net		32,040,853	10,053,694
Cash and bank balances	17	23,080,100	233,544,957
		993,351,888	1,454,649,255
<b>TOTAL ASSETS</b>		<b>1,975,578,056</b>	<b>2,189,747,559</b>
<b>EQUITY AND LIABILITIES</b>			
Authorized certificate capital 50,000,000 (2023: 50,000,000) modaraba certificates of Rs. 10 each	18	500,000,000	500,000,000
Issued, subscribed and paid-up certificate capital 34,020,000 (2023: 34,020,000) modaraba certificates of Rs. 10 each		340,200,000	340,200,000
Capital reserves	19	218,176,678	218,176,678
Revenue reserves - accumulated losses	19	(850,373,686)	(680,257,523)
Subordinated funds	20	500,000,000	500,000,000
<b>Total equity</b>		<b>208,002,992</b>	<b>378,119,155</b>
<b>Non current liabilities</b>			
Redeemable capital - participatory and unsecured	21	1,485,000,000	1,485,000,000
Long term security deposits	22	8,547,016	2,140,000
Deferred morabaha income	23	1,617,760	5,881,661
Staff retirement benefits - gratuity	24	7,593,368	9,271,499
		1,502,758,144	1,502,293,160
<b>Current liabilities</b>			
Current maturity of non current liabilities	25	45,210,018	98,326,302
Profit payable	26	103,723,983	103,300,796
Trade and other payables	27	89,030,847	86,151,716
Provision for levies		9,738,032	4,365,946
Unclaimed dividend		17,114,040	17,190,484
		264,816,920	309,335,244
<b>CONTINGENCIES AND COMMITMENTS</b>	28		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,975,578,056</b>	<b>2,189,747,559</b>


The annexed notes 1 to 49 form an integral part of these financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**FIRST PUNJAB MODARABA**  
**STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
<b>INCOME</b>			
Income from ijarah rentals	29	54,844,805	40,518,318
Income from morabaha financing		17,941,705	8,008,867
Income from diminishing musharikhah financing		203,502,965	195,830,229
Gain from sale of development properties	30	2,664,589	2,587,377
Gain on disposal of assets	31	14,525,417	5,224,014
Other income	32	111,173,438	79,150,545
		<b>404,652,919</b>	<b>331,319,350</b>
<b>EXPENSES</b>			
Administrative and general expenses	33	98,462,810	79,992,200
Finance cost	34	370,612,005	358,390,896
		<b>469,074,815</b>	<b>438,383,096</b>
<b>OPERATING LOSS BEFORE PROVISIONS</b>		<b>(64,421,896)</b>	<b>(107,063,746)</b>
(Provision) / Reversal of provision against ijarah rentals - net		(1,723,382)	408,563
Reversal of provision against morabaha investments - net	35	4,430,833	9,044,500
Reversal of provision against musharikhah investments - net	35	14,168,710	1,666,373
(Provision) against advances and other receivables	16.7	(26,112,216)	(57,360,693)
		<b>(9,236,055)</b>	<b>(46,241,257)</b>
<b>OPERATING LOSS AFTER REVERSAL OF PROVISION / (PROVISION)</b>		<b>(73,657,951)</b>	<b>(153,305,003)</b>
<b>MODARABA MANAGEMENT COMPANY'S MANAGEMENT FEE</b>		<b>-</b>	<b>-</b>
<b>LOSS BEFORE INCOME TAX AND LEVIES</b>		<b>(73,657,951)</b>	<b>(153,305,003)</b>
<b>LEVIES</b>	36	(5,372,086)	(7,769,876)
<b>LOSS BEFORE INCOME TAX</b>		<b>(79,030,037)</b>	<b>(161,074,879)</b>
<b>INCOME TAX</b>	37	(15,336,569)	49,513,360
<b>LOSS AFTER INCOME TAX FOR THE YEAR</b>		<b>(94,366,606)</b>	<b>(111,561,519)</b>
<b>OTHER COMPREHENSIVE INCOME FOR THE YEAR</b>			
Items that will not be reclassified subsequently to profit or loss			
Actuarial gain on remeasurement of defined benefit obligation	24.4	284,089	3,108,447
Related income tax		(82,386)	(901,450)
		<b>201,703</b>	<b>2,206,997</b>
<b>TOTAL COMPREHENSIVE LOSS FOR THE YEAR</b>		<b>(94,164,903)</b>	<b>(109,354,522)</b>
<b>LOSS PER CERTIFICATE - BASIC AND DILUTED</b>	38	<b>(2.77)</b>	<b>(3.21)</b>


The annexed notes 1 to 49 form an integral part of these financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

# FIRST PUNJAB MODARABA


## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2024

	Issued subscribed and paid up Certificate capital	Capital Reserve Statutory reserve	Subordinated funds	Revenue Reserve Accumulated loss	Total equity
	Rupees-----				
Balance as at January 01, 2023	340,200,000	218,176,678	-	(570,903,001)	(12,526,323)
Loss after income tax for the year	-	-	-	(111,561,519)	(111,561,519)
Other comprehensive income for the year	-	-	-	2,206,997	2,206,997
Total comprehensive loss for the year	-	-	-	(109,354,522)	(109,354,522)
Subordinated funds received from parent company	-	-	500,000,000	-	500,000,000
Balance as at December 31, 2023	340,200,000	218,176,678	-	(680,257,523)	378,119,155
First time adoption of IFRS 9 (Note no 4.22)	-	-	-	(75,951,260)	(75,951,260)
Balance as at January 1, 2024 after adoption of IFRS 9	340,200,000	218,176,678	500,000,000	(756,208,783)	302,167,895
Profit after income tax for the year	-	-	-	(94,366,606)	(94,366,606)
Other comprehensive income for the year	-	-	-	201,703	201,703
Total comprehensive income for the year	-	-	-	(94,164,903)	(94,164,903)
Balance as at December 31, 2024	340,200,000	218,176,678	500,000,000	(850,373,686)	208,002,992

The annexed notes 1 to 49 form an integral part of these financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**FIRST PUNJAB MODARABA**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED DECEMBER 31, 2024**

	<u>Note</u>	<u>2024</u> <u>Rupees</u>	<u>2023</u> <u>Rupees</u>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>	<b>47</b>	<b>255,415,810</b>	<b>268,473,192</b>
Disbursements under Ijarah arrangements	5.1	(189,275,421)	(28,003,913)
Proceeds from transfer of Ijarah assets		114,226,993	35,111,408
Morabaha financing - net	8	41,882,528	20,310,770
Musharikah financing - net	7	(341,040,039)	66,983,392
Long term deposits		(1,219,050)	-
Development properties		27,070,801	3,673,114
Security deposits against Ijarah assets - net	22	(50,973,169)	(17,737,892)
Profit paid on redeemable capital - participatory and unsecured		(369,997,392)	(282,873,910)
Bank charges paid		(191,426)	(312,935)
Gratuity paid	24.2	(3,843,429)	(68,608)
Income tax paid		(21,987,159)	(8,816,218)
		<u>(795,346,763)</u>	<u>(211,734,792)</u>
<b>Net cash (used in) / generated from operating activities</b>		<b>(539,930,953)</b>	<b>56,738,400</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of assets in own use	5.2	(854,556)	(2,632,500)
Proceeds from disposal of assets in own use	5.2.3	2,650,829	1,000,000
Proceeds from disposal of subsidiary company		-	85,487,000
Profit received on bank deposits		87,562,775	56,277,061
Changes in short term investments made during the year - net		240,183,492	(150,000,000)
<b>Net cash generated from / (used in) investing activities</b>		<b>329,542,540</b>	<b>(9,868,439)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Subordinated funds received from parent company	20	-	500,000,000
Changes in redeemable capital - participatory and unsecured (net)	21	-	(340,000,000)
Profit distributed among the certificate holders		(76,444)	(791)
<b>Net cash (used in) / generated from financing activities</b>		<b>(76,444)</b>	<b>159,999,209</b>
<b>NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(210,464,857)</b>	<b>206,869,170</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>233,544,957</b>	<b>26,675,787</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>17</b>	<b>23,080,100</b>	<b>233,544,957</b>


The annexed notes 1 to 49 form an integral part of these financial statements.

For Punjab Modaraba Services (Private) Limited  
(Modaraba Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director

**FIRST PUNJAB MODARABA**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2024**

**1 STATUS AND NATURE OF BUSINESS**

First Punjab Modaraba (the Modaraba) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and rules framed there under and is managed by Punjab Modaraba Services (Private) Limited (the "Modaraba Company") which is a wholly owned subsidiary of The Bank of Punjab. The registered office of the Modaraba is situated at Office No. 100, 3rd floor, National Tower, 28-Egerton Road, Lahore. The Modaraba commenced its operations on December 23, 1992. The Modaraba is listed on Pakistan Stock Exchange.

The Modaraba is a perpetual and multi-dimensional Modaraba and is primarily engaged in the business of Ijarah, Musharikah and Murabaha financing, equity investment and other related businesses in accordance with the injunctions of Islam. Modaraba has obtained approval of the Securities & Exchange Commission of Pakistan to undertake Building, Construction and Real Estate activity by insertion of a new clause for this purpose in prospectus of the Modaraba on January 13, 2021.

The Pakistan Credit Rating Agency (PACRA) has assigned long term rating of A- (December 31, 2023: A-) and short term rating of A-2 (December 31, 2023: A-2) to the Modaraba on September 20, 2024 (December 31, 2023: September 20, 2023).

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

- o International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- o Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan;
- o Requirements of the Modaraba Companies and Modaraba (Floatation and & Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and the Modaraba Regulations, 2021; and
- o Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

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

The SECP has issued directive (vide SRO 431 (I) / 2007 dated May 22, 2007) that Islamic Financial Accounting Standard 2 (IFAS 2) shall be followed in preparation of the financial statements by Companies and Modarabas while accounting for Lease Financing transactions as defined by the said standard. The Modaraba has adopted the said standard.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention, except for defined benefit obligation i.e. gratuity at the present value of the obligation determined through actuarial valuation and discussed further in the respective policy note.

Permissible Islamic financial products including Murabaha (as a liability) and Musharikah have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon. Accordingly, purchases, sales and Musharikah profits / reserves are not reflected in these financial statements except for Murabaha facility (as an asset) which has been accounted for in line with Islamic Financial Accounting Standard - 1.

## 2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee (Rs.) which is the Modaraba's functional and presentation currency. All financial information presented in Pakistan Rupees has been rounded to the nearest rupee unless otherwise indicated.

## 2.4 Critical accounting estimates, judgments and assumptions

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgment in the process of applying the Modaraba's accounting policies. The areas involving a high degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- o Estimates of residual values, useful lives and depreciation methods of ijarah assets (note 4.3)
- o Estimates of residual values, useful lives and depreciation method of assets in own use (note 4.1)
- o Intangible assets (note 4.2)
- o Employees' benefits - gratuity (note 4.10)
- o Development properties - NRV (note 4.6)
- o Contingencies (note 4.18)
- o Provisions (note 4.15).
- o Impairment of financial assets (note 4.14)
- o Impairment of non-financial assets (note 4.14)
- o Provision against non-performing ijarah rentals receivables, Morabaha financing and Musharikah financing and FSVs of collaterals (note 4.4)
- o Provision for taxation (note 4.11).
- o Classification

The revisions to accounting estimates (if any) are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

## 3 NEW STANDARDS, INTERPRETATIONS OF AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

### 3.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the current year:

There are certain amendments to the published approved accounting standards that are effective in the current year. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these financial statements.

	Effective date (annual periods beginning or after)
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024



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

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after January 01, 2025 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

	Effective date (annual periods beginning or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026
IFRS S1 'General Requirements for Disclosure of Sustainability-related Financial Information'.	July 01, 2025
IFRS S2 'Climate-related Disclosures'.	July 01, 2025
IFRS 1 'First-time Adoption of International Financial Reporting Standards'.	July 01, 2009
IFRS 18 'Presentation and Disclosures in Financial Statements'.	January 01, 2027
IFRS 19 'Subsidiaries without Public Accountability: Disclosures'.	January 01, 2027

## 4 MATERIAL ACCOUNTING POLICY INFORMATION

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the changes, if any, explained below:

### 4.1 Assets in own use

#### Measurement

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes all expenditures that are directly attributable to the acquisition of the items. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit and loss and other comprehensive income as and when incurred.

#### Depreciation

Depreciation on all operating fixed assets is charged to statement of profit and loss and other comprehensive income by applying the straight line method so as to write off the depreciable amount of the assets over their estimated useful lives at the rates given in **Note 5.2**. The residual values and useful lives are reviewed by the management at each financial year end and adjusted if impact on depreciation is significant. Depreciation on additions is charged from the date on which the assets are available for use and on disposals up to the date on which the assets are disposed off.

## **Derecognition**

An item of assets in use is de-recognized upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on derecognition of the asset is included in the statement of profit and loss and other comprehensive income in the year the asset is de-recognized.

## **Judgment and estimates**

The Modaraba assesses at each reporting date whether there is any indication that assets in own use may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit and loss and other comprehensive income. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

### **4.2 Intangible assets Measurement**

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged when the asset is available for use as intended by management.

Research and development expenditure, if any, is charged to 'administrative and general expenses' in the statement of profit and loss and other comprehensive income, as and when incurred.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any. Gain or loss on disposal of intangible assets, if any, is recognized in the statement of profit and loss and other comprehensive income.

## **Judgment and estimates**

The Modaraba assesses at each reporting date whether there is any indication that intangible assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where the carrying value exceeds the recoverable amount, intangible assets are written down to the recoverable amount and the difference is recognized in the statement of profit and loss and other comprehensive income.

### **4.3 Ijarah assets**

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

Depreciation is charged to the statement of profit and loss and other comprehensive income applying the straight line method whereby the cost of an asset less residual value is depreciated over the estimated useful life of the asset. Depreciation is charged on additions from the date, the asset is available for use and on disposals up to the date, the asset is disposed off.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognized in the statement of profit and loss and other comprehensive income, in the year in which these arise.

The carrying amount of the Modaraba's Ijarah assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the Ijarah assets is estimated and impairment losses are recognized in the statement of profit and loss and other comprehensive income.

Mustajir (lessors) presents the assets subject to Ijarah in their statement of financial position according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use.

Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognized as expenses.

#### **4.4 Morabaha and Musharikah investment / financing**

##### **Morabaha investment**

Modaraba obtains an undertaking (promise to purchase) from the client and purchases the requested assets / goods from third parties and takes possession of such goods / assets that are the subject matter of morabaha arrangements. However, the Modaraba can appoint the client as its agent to purchase the assets/goods on its behalf. Thereafter, it sells these goods / assets to the client at cost plus the profit agreed upon in the promise. Murabaha sale is recorded at the invoiced amount and profit is recognized in accordance with IFAS-1 (Murabaha) to the extent of pro-rata portion of sale price received as compared to total agreed price. Profit on the portion of sale revenue not due for payment is deferred and recognized as liability.

##### **Musharikah investment**

Diminishing musharikah financing is recognized initially at cost. Subsequent to initial recognition, this is stated at original cost less principal repayments.

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

#### **4.5 Other investments**

Investments intended to be held for less than twelve months from the reporting date or to be sold to raise operating capital are included in current assets, all other investments are classified as non-current. Management determines the classification of its investments at the time of purchase depending on the purpose for which the investments are required and re-evaluates this classification on regular basis.

##### **Investment in subsidiary**

Investment in subsidiary is initially recognized at cost. At subsequent reporting dates, the recoverable amounts are estimated to determine the extent of impairment losses, if any, and carrying amounts of investments are adjusted accordingly. Impairment losses are recognized in the statement of profit and loss and other comprehensive income. Where impairment losses subsequently reverse, the carrying amounts of the investments are increased to the revised recoverable amounts but limited to the extent of initial cost of investments. A reversal of impairment loss is recognized in the statement of profit and loss and other comprehensive income.

##### **Held-to-maturity investments**

Investments with a fixed maturity that the Modaraba has the intent and ability to hold to maturity are classified as held to maturity investments. These are initially recognized on trade date at cost and derecognized by the Modaraba on the date it commits to sell them off. At subsequent reporting date they are measured at amortized cost using the effective interest rate method.

All purchases and sales of investments are recognized on the trade date which is the date that the Modaraba commits to purchase or sell the investment. Cost of purchase includes transaction cost.

##### **Judgments and estimates**

At each reporting date, the Modaraba reviews the carrying amounts of the investment to assess whether there is any indication that any investment has suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss, if any. Impairment losses are recognized as expense in the statement of profit and loss and other comprehensive income. Impairment losses on available for sale investments are recognized by reclassifying the losses accumulated in the fair value reserve to statement of profit and loss and other comprehensive income. Impairment losses recognized in the statement of profit and loss and other comprehensive income on equity instruments classified as available for sale are not reversed through the statement of profit and loss and other comprehensive income.

#### **4.6 Development properties**

##### **Measurement**

Property acquired, constructed or in the course of construction for sale in the ordinary course of business, rather than to be held for rental or capital appreciation, is classified as development properties and is measured at lower of cost and net realizable value.

All project costs incurred or to be incurred are capitalized as a cost of development properties and mainly includes costs / rights for freehold and leasehold land, construction cost, planning and design costs, costs of site preparation, professional fees for legal services, property transfer taxes, construction overheads and other related costs necessary to bring the premises in saleable condition and development charges.

Net realizable value is the estimated selling price in the ordinary course of business, based on market prices at the reporting date less estimated costs of completion and the estimated costs necessarily to be incurred to make the sale.

The cost of sales recognized in statement of profit and loss and other comprehensive income is determined with reference to the costs incurred on the property sold and an allocation of any non-specific costs based on the total area of land sold for property, in relation to total area of land. The development charges are recognized in statement of profit and loss and other comprehensive income on the basis of reimbursable development costs recoverable to date from customers on property sold apportioned to total area of land sold in relation to total area of land. Development charges not recoverable from customers are borne by the Modaraba and charged to statement of profit and loss and other comprehensive income.

#### **Impairment**

At each reporting date, development properties are assessed for impairment. If these impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognized immediately in the cost of revenue in the statement of profit and loss and other comprehensive income.

#### **Judgments and estimates**

The Modaraba reviews the carrying amount of development properties on a regular basis. Carrying amount is adjusted where the net realizable value is below the cost.

### **4.7 Advances, deposits, prepayments and other receivables**

These are initially recognized when they are originated at the fair value of the consideration receivable and subsequently measured at amortized cost. These assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a counter part to engage in a repayment plan with the Modaraba.

### **4.8 Cash and cash equivalents**

Cash and cash equivalents are carried in statement of financial position at cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand, cash at banks on current, saving and deposit accounts and other short-term highly liquid instruments that are readily convertible into known amounts of cash net of temporary bank or books overdrafts / overdrawn, if any.

### **4.9 Financing arrangements / funding**

Markup / profit bearing funds / loans are recorded at the proceeds received. Borrowings are subsequently stated at amortized cost, any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit and loss and other comprehensive income over the period of the borrowings using the effective interest rate method. Finance costs are accounted for on accrual basis and are reported under accrued mark up to the extent of the amount remaining unpaid.

Subordinated funds are classified as equity as per Modaraba Regulations, 2021, whereas, its recognition and measurement has been made in accordance with applicable accounting and reporting standards.

Interest expense i.e. profit payable is accounted for on the basis of the effective interest method and are included in finance costs which are charged to income in the period in which these are incurred.

Borrowings are reported under profit payable to the extent of the amount remaining unpaid and are classified as current liabilities unless the Modaraba has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

### **4.10 Employees benefits**

#### **Short-term employee benefits**

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Modaraba has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

### **Defined contribution plan**

A defined contribution plan is a recognized post-employment benefit plan under which an entity pays fixed contribution into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in the statement of profit and loss and other comprehensive income when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

The Modaraba operates a defined contribution plan in the form of recognized provident fund scheme for all eligible employees. Contributions to fund are made monthly by the Modaraba and employee at 8.33% of the basic salary. The Modaraba's contributions are recognized as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognized as an asset.

### **Defined benefit plan**

The defined benefit plan represents an unfunded and unrecognized gratuity scheme for its eligible employees completing prescribed period of service in accordance with service rules of the Modaraba. Defined benefit plans provide an amount of gratuity that an employee will receive on or after retirement, usually dependent on one or more factors such as age, years of service and compensation. A defined benefit plan is a plan that is not a defined contribution plan. The liability recognized in the statement of financial position in respect of defined benefit plans is the present value of the defined benefit obligations at the end of the reporting period less the fair value of plan assets.

The defined benefit obligations are calculated annually by an independent actuary using the projected unit credit method. When the calculation results in a potential asset for the Modaraba, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plans. The present values of the defined benefit obligations are determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds or the market rates on government bond. These are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension obligation. Remeasurement gains / losses are recognized in other comprehensive income. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss and other comprehensive income.

### **Judgment and estimates**

In determining the liability for long-service payments management must make an estimate of salary increases over the following seven years, the discount rate for the next seven years to use in the present value calculation, and the number of employees expected to leave before they receive the benefits.

## **4.11 Taxation**

Income tax comprises of current tax and deferred tax. Income tax expense is recognized in the statement of profit and loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity (if any), and in which case the tax amounts are recognized directly in other comprehensive income or equity.

### **Current**

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

### **Levy**

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements, if any, except for taxes on dividends, if any, on the Company's investments in subsidiaries or associates which are specifically within the scope of IAS 12 and hence these continue to be categorized as current income tax.

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

## Deferred

Deferred tax is recognized using the balance sheet method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognized for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry forward unused tax assets and unused tax losses can be utilized. The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax assets to be utilized. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

## Judgment and estimates

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. There are many transactions and calculations for which the ultimate tax determination is uncertain as these matters are being contested at various legal forums. Modaraba recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognized deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

## Off-setting

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 4.12 Trade and other payables

These amounts represent liabilities for supplies and services provided to the Modaraba prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at their fair value and subsequently measured at amortized cost using the effective interest method.

### 4.13 Financial instruments

#### Recognition and initial measurement

Financial assets and liabilities, with the exception of bank balances, loans and advances to employees / counter parties and due to counterparties, are initially recognised on the trade date, i.e., the date that the Modaraba becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Bank balances and loans and advances to employees / counter parties are recognised when funds are transferred to the banks / employees / counterparties. The Modaraba recognises due to counterparties when funds reach the Modaraba.

All financial instruments are measured initially at fair value plus transaction cost, except in the case of financial assets and financial liabilities recorded at fair value through profit and loss.

#### Financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Modarabas business model for managing them.

#### Financial assets measured at amortised cost

A debt instrument is measured at amortised cost if it is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding. The Modaraba includes in this category short-term non-financing receivables, accrued income and other receivables.

### **Financial assets measured at fair value through profit or loss (FVPL)**

A financial asset is measured at fair value through profit or loss (FVPL) if any of following conditions are met:

- (a) Its contractual terms do not give rise to cash flows on specified dates that are solely payments of principal and profit on the principal
- (b) It is not held within a business model whose objective is either to collect contractual cash flows, or to both collect contractual cash flows and sell; or
- (c) At initial recognition, it is irrevocably designated as measured at FVPL when doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

### **Financial assets measured at fair value through other comprehensive income (FVOCI)**

#### **Debt Instrument**

The Modaraba measures debt instruments at FVOCI if both of the following conditions are met:

- (a) The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- (b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and profit on the principal amount outstanding.

For debt instruments at FVOCI, profit income, foreign exchange revaluation and impairment losses or reversals are recognised in the profit or loss account and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in Other Comprehensive Income. Upon derecognition, the cumulative fair value change recognised in Other Comprehensive Income is recycled to profit or loss.

#### **Equity Instrument**

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at FVOCI when they meet the definition of equity under IAS 32 - 'Financial Instruments: Presentation and are not held for trading'. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss account. Dividends are recognised as other income in the statement of profit or loss account when the right of payment has been established, except when the Modaraba benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in Other Comprehensive Income. Equity instruments designated at FVOCI are not subject to impairment assessment.

#### **Derecognition of financial asset**

A financial asset (or, where applicable, a part of a financial asset or a part of a group of similar financial assets) is derecognised where the rights to receive cash flows from the asset have expired, or the Modaraba has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement and the Modaraba has:

- (a) transferred substantially all of the risks and rewards of the asset; or
- (b) neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Modaraba has transferred its right to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all of the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Modaraba's continuing involvement in the asset. In that case, the Modaraba also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained. The Modaraba derecognises a financial liability when the obligation under the liability is discharged, cancelled or expired.

Any gain or loss on arising on derecognition is charged to profit or loss.



## Financial Liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on derecognition is also recognized in the statement of profit or loss.

Financial liabilities comprise contractual trade and other payables, loans, accrued markup, etc.

### Derecognition of financial liabilities

The Company derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in statement of profit or loss.

## 4.14 Impairment

### Financial assets

The Modaraba has adopted the requirement of IFRS 9, 'Financial Instruments' with respect to Expected Credit Loss (ECL) model. The ECL has an impact on the assets of the Modaraba which are exposed to credit risk. Provision for non-performing Islamic financing is made in accordance with the Modaraba Regulations 2021 for modarabas issued by SECP vide SRO 284 (I) / 2021 dated March 05, 2021 and subsequent amendments made therein, and is charged to profit or loss. The Modaraba while recognizing provisioning for impaired assets has considered the amount which is higher of:

- the provisioning required under the Modaraba Regulations, 2021; and
- the provisioning required under IFRS 9 using the Expected Credit Loss (ECL) model.

The Modaraba has adopted the requirements of ECL model as given in IFRS 9 using the modified retrospective approach. A lifetime ECL is recorded on Diminishing Musharikah and Morabaha Financing in which there have been significant increase in credit risk and which are credit impaired as on the reporting date. A 12 month ECL is recorded on Diminishing Musharikah and Morabaha Financing in which there have been insignificant credit risk. The Modaraba applies the IFRS 9 simplified approach to measure Expected Credit Loss (ECL) for Ijarah rent receivable and other receivables.

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

### Offsetting of financial assets and financial liabilities

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

### Non-financial assets

The carrying amount of the Modaraba's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash

An impairment loss is recognized if the carrying amount of the assets or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

#### **4.15 Provisions**

##### **Recognition and measurement**

Provisions for legal claims and make good obligations are recognized when the Modaraba has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

##### **Judgement and estimates**

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognized provision is recognized in the statement of profit and loss and other comprehensive income unless the provision was originally recognized as part of cost of an asset.

#### **4.16 Contract liability**

A contract liability is the obligation of the Modaraba to transfer goods or services to a customer for which the Modaraba has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Modaraba transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Modaraba performs under the contract. It also includes refund liabilities arising out of customers 'right to claim amounts from the Modaraba on account of contractual delays in delivery of performance obligations and incentive on target achievements.

#### **4.17 Earnings per certificate**

Earnings per certificate is calculated by dividing the profit after taxation for the year by weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any diluted potential ordinary certificate.

#### **4.18 Contingencies and commitments**

A contingent liability is disclosed when the Modaraba has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Modaraba; or the Modaraba has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Capital commitments, unless those are actual liabilities, are not incorporated in the books of accounts.

##### **Judgement and estimates**

The Modaraba reviews the status of all pending litigations and claims against the Modaraba. Based on the judgment and the advice of the legal advisors for the estimated financial outcome, appropriate disclosure or provision is made. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date.

#### **4.19 Dividends**

Dividend distribution to the shareholders is recognized as a liability in the period in which the dividends are approved.

#### **4.20 Segment reporting**

A segment is a distinguishable component of the Modaraba that is engaged either in providing product or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments. The Modaraba has only one reportable segment.

## 4.21 Revenue recognition

### Ijarah rentals

Ijarah income is recognized in income on an accrual basis as and when the rental becomes due unless another systematic basis is more representative of the time pattern on which the benefit of use derived from the leased asset is diminished. Unrealized ijarah income pertaining to non-performing ijarah is held in a suspense account, where necessary, in accordance with the requirements of the Modaraba Regulations, 2021.

### Morabaha transaction

Profit on transactions under morabaha arrangements is recognized on pro-rata basis taking into account the elapsed duration for payment of morabaha amounts payable by the customer. Profit not due for payment in the current year is deferred by the accounting for unearned morabaha income with a corresponding credit to deferred morabaha income which is recorded as a liability. The same is then recognized as revenue on a time proportionate basis as and when the due dates approach for payment of recoverable amounts by the customers.

### Musharikah transaction

Profit on musharikah arrangement is recognized on accrual basis, based on the amount of outstanding principal.

### Documentation and processing charges

Documentation and processing charges are recognized as income on receipt basis.

### Sale of development properties

Revenue from the sale of development properties is recognized at the point in time when the performance obligations arising from the contract with a customer is satisfied and the amount of revenue that it expects to be entitled to can be determined. This usually occurs when control of the asset is transferred to the customer, which is when these properties are transferred to the customers. Invoices are generated and revenue is recognized at that point in time. All the sales are on advance basis. Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. Revenue is disclosed net of taxes, returns, rebates, discounts and other allowances, if any.

### Profit on bank deposit

Return on bank deposits is accounted for on a time proportionate basis using the applicable rate of return / interest.

### Dividend income

Dividend income is recognized in profit or loss as other income when:

- the Modaraba's right to receive payment have been established;
- is probable that the economic benefits associated with the dividend will flow to the Modaraba; and
- the amount of the dividend can be measured reliably.

### Other income

Other income, if any, is recognized on accrual basis.

## 4.22 Initial application of IFRS 9

The Modaraba has adopted the requirements of ECL model as given in IFRS 9 using the modified retrospective approach. A lifetime ECL is recorded on Ijarah Financing, Diminishing Musharikhah Financing and Morabaha Financing in which there have been significant increase in credit risk from date of initial recognition and which are credit impaired as on the reporting date.

Furthermore, the management has made an assessment of expected credit loss model complying with the requirement of IFRS 9 for financial asset as at December 31, 2024, and recorded that impact in the financial statements. Accordingly, the impact has been accounted for in the opening retained earnings of Modaraba.

The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Modaraba's financial assets as at December 31, 2023:

### Statement of financial position

			As at January 01, 2024		
	Original classification under IAS 39	New classification under IFRS 9	As previously reported	Changes due to initial adoption of IFRS 9 increase / (decrease)	After initial adoption of IFRS 9
Rupees					
Long term musharikhah investment - secured	Loans and receivables	Amortised cost	458,544,566	(47,807,517)	410,737,049
Long term morabaha investment - secured	Loans and receivables	Amortised cost	13,502,006	(3,621,855)	9,880,151
Short term morabaha investment - secured	Loans and receivables	Amortised cost	173,447,518	(15,008,896)	158,438,622
Current maturity of long term investment	Loans and receivables	Amortised cost	369,755,675	(12,099,978)	357,655,697
Ijarah rental receivable	Loans and receivables	Amortised cost	111,362,665	(322,881)	111,039,784
Morabaha profit receivable	Loans and receivables	Amortised cost	5,319,857	(386,584)	4,933,273
Musharikhah profit receivable	Loans and receivables	Amortised cost	22,194,533	(629,297)	21,565,236
Expected credit losses against advances and other receivables	Loans and receivables	Amortised cost	(67,316,336)	3,925,749	(63,390,587)
Revenue reserves - accumulated losses			(680,257,523)	(75,951,260)	(756,208,783)
				-	

5 Tangible fixed assets			
Ijarah assets Assets in own use	Note	2024	2023
		Rupees	Rupees
		5.1 185,227,848	148,068,219
	5.2	3,571,658	4,066,485
		<u>188,799,506</u>	<u>152,134,704</u>

5.1 Ijarah assets									
Description	COST				DEPRECIATION				Life Years
	As at 1 January 2024	Additions	Disposals	As at 31 December 2024	As at 1 January 2024	Change for the year	Disposals	As at 31 December 2024	

	(Rupees)									
Plant and machinery	311,357,190	38,139,000	(177,905,805)	171,590,385	242,843,226	897,592	(94,977,187)	148,763,631	22,826,754	As per lease term
Vehicles	270,704,609	130,775,032	(109,896,192)	291,583,449	218,008,611	26,839,060	(95,429,225)	149,418,446	142,165,003	As per lease term
Consumer products	139,707,680	16,445,896	(83,567,980)	72,585,596	112,849,423	21,734,816	(78,439,190)	56,145,049	16,440,547	As per lease term
Hamara Ghar	-	3,915,493	-	3,915,493	-	119,949	-	119,949	3,795,544	As per lease term
2024	721,769,479	189,275,421	(371,369,977)	539,674,923	573,701,260	49,591,417	(268,845,602)	354,447,075	185,227,848	

Description	COST				DEPRECIATION				NET BOOK VALUE	
	As at 1 January 2023	Additions	Disposals	As at 31 December 2023	As at 1 January 2023	Change for the year	Disposals	As at 31 December 2023	As at 31 December 2023	Life Years

Plant and machinery	383,956,167	1,050,000	(73,648,977)	311,357,190	308,382,146	5,448,522	(70,987,442)	242,843,226	68,513,964	As per lease term
Vehicles	367,038,224	13,958,913	(110,292,528)	270,704,609	265,275,008	40,660,040	(87,926,437)	218,008,611	52,695,998	As per lease term
Consumer products	155,101,180	12,995,000	(28,388,500)	139,707,680	95,342,410	39,415,745	(21,908,732)	112,849,423	26,858,257	As per lease term
2023	906,095,571	28,003,913	(212,330,005)	721,769,479	668,999,564	85,524,307	(180,822,611)	573,701,260	148,068,219	

5.1.1 Depreciation charge for the year has been recognized in income from ijarah rentals.

5.1.2 The cost of fully depreciated ijarah assets that are still in use amount to Rs. 289,590,258. (December 31, 2023: Rs. 475,817,063).

5.1.3 Transfers represent the assets disposed through negotiation after expiry / termination of ijarah. However, in view of large number of disposals, detail of each disposal has not been given.

5.2 Assets in own use

Description	COST				DEPRECIATION			NET BOOK VALUE	Life Years	
	As at 1 January 2024	Additions	Disposal	As at 31 December 2024	As at 1 January 2024	Charge for the period	Disposal	As at 31 December 2024		
Office equipment	4,749,645	854,556	(215,445)	5,388,756	3,404,291	566,098	(127,084)	3,843,305	1,545,451	3 to 7
Furniture and fixtures	2,283,900	-	(14,100)	2,269,800	2,029,677	100,964	(14,100)	2,116,541	153,259	7
Vehicles	4,330,800	-	(1,372,500)	2,958,300	1,863,892	593,960	(1,372,500)	1,085,352	1,872,948	5
2024	11,364,345	854,556	(1,602,045)	10,616,856	7,297,860	1,261,022	(1,513,684)	7,045,198	3,571,658	
Description	COST				DEPRECIATION			NET BOOK VALUE	Life Years	
	As at 1 January 2023	Additions	Disposal	As at 31 December 2023	As at 1 January 2023	Charge for the Year	Disposal	As at 31 December 2023		
Office equipment	4,749,645	-	-	4,749,645	2,761,397	642,894	-	3,404,291	1,345,354	3 to 7
Furniture and fixtures	2,263,400	20,500	-	2,283,900	1,779,808	249,869	-	2,029,677	254,223	7
Vehicles	2,450,800	2,612,000	(732,000)	4,330,800	1,949,770	646,122	(732,000)	1,863,892	2,466,908	5
2023	9,463,845	2,632,500	(732,000)	11,364,345	6,490,975	1,538,885	(732,000)	7,297,860	4,066,485	
5.2.1 Depreciation charge for the year has been recognized in administrative and general expenses.										
5.2.2 Above assets include fully depreciated assets of Rs. 4,466,469. (December 31, 2023: Rs. 2,106,790).										
5.2.3 Detail of operating fixed assets disposed of during the year is as follows:										
Description	Cost	Accumulated Depreciation	Net Book value	Sale Proceeds	Gain / (Loss)	Mode of Disposal				
Rupees										
2024										
Office equipment - cell phone	149,990	61,629	88,361	22,329	(66,032)	A mobile phone was sold to the previous CEO at less than its book value.				
Office equipment - Laptop	65,455	65,455	-	25,000	25,000	Sold to PMSL.				
Furniture & Fixture	14,100	14,100	-	3,500	3,500	Sold to PMSL.				
Vehicle	1,372,500	1,372,500	-	2,600,000	2,600,000	Musharikhah facility to Ali Ijaz.				
	1,602,045	1,513,684	88,361	2,650,829	2,562,468					
Vehicle (2023)	732,000	732,000	-	1,000,000	1,000,000	Open market				

		Note	2024 Rupees	2023 Rupees
<b>6 INTANGIBLE ASSETS</b>				
<b>Computer software</b>				
Cost			4,495,000	4,495,000
Accumulated amortization			(4,106,668)	(3,439,393)
			<b>388,332</b>	<b>1,055,607</b>
<b>6.1 Cost</b>				
Balance as at January 01,			4,495,000	4,495,000
Additions			-	-
Balance as at December 31,			<b>4,495,000</b>	<b>4,495,000</b>
<b>6.2 Accumulated amortization</b>				
Balance as at January 01,			(3,439,393)	(2,772,750)
Amortization for the year	33		(667,275)	(666,643)
Balance as at December 31,			<b>(4,106,668)</b>	<b>(3,439,393)</b>
Life (Years)			<b>3</b>	<b>3</b>
<b>6.3</b>	The amortization for the year has been charged under the head administrative and general expenses.			
<b>6.4</b>	Above intangible assets include fully amortized assets of Rs. 2,495,000 (2023: Rs. 2,495,000).			
		Note	2024 Rupees	2023 Rupees
<b>7 LONG TERM MUSHARIKAH INVESTMENT - SECURED</b>				
Long term musharika investment	7.3		1,147,396,206	805,245,048
Less: Expected credit loss against muhsarikah investment on adoption of IFRS 9	7.8		(32,229,102)	-
Less: Current portion of long term musharika investment	12		(424,717,327)	(346,700,482)
			<b>690,449,778</b>	<b>458,544,566</b>
<b>7.1</b>	This represents long term musharika investment - secured for a term of 1 to 10 years.			
<b>7.2</b>	The profit charged on these facilities range from 13.05% to 23.12% per annum (2023: 11.63% to 30.04% per annum).			
<b>7.3 Aging of long term musharika investment-secured</b>				
<b>Classification</b>				
Considered good			964,507,551	599,503,393
Portfolio classified as non-performing				
Other asset especially mentioned (OAEM)			61,464,310	54,439,706
Substandard			173,656	32,607,482
Doubtful			7,540,398	3,145,244
Loss			113,710,291	115,549,223
			<b>182,888,655</b>	<b>205,741,655</b>
	7.4		<b>1,147,396,206</b>	<b>805,245,048</b>
<b>7.4</b>	This represents classification into the categories as defined in the Modaraba Regulations, 2021.			
<b>7.5</b>	These are secured against registered vehicles and equipment in the name of Modaraba, personal guarantees and post dated cheques.			
<b>7.6</b>	The maximum outstanding amount of Musharika loans given to Key Management Personnel Mr. Mudassar Kaiser Pal at any time during the year was nil. (December 31, 2023: Rs. 2,914,913).			
<b>7.7</b>	The maximum outstanding amount of Musharika loans given to other employee of Modaraba Mr. Kashif Javed at any time during the year was Rs. 93,548. (December 31, 2023: nil).			



		Note	2024 Rupees	2023 Rupees
<b>7.8</b>	<b>Expected credit loss against muhsarikah investment on adoption of IFRS 9</b>			
	Opening balance		-	-
	Expected credit allowance on initial application of IFRS 9		47,807,517	
	Opening balance after initial adoption of IFRS 9		47,807,517	-
	Less: Reversal during the year		(15,578,415)	-
	Closing balance		32,229,102	-
<b>8</b>	<b>LONG TERM MORABAHA INVESTMENT - SECURED</b>			
	Long term morabaha investment		61,001,309	58,533,457
	Add: Unearned morabaha income		4,634,330	13,445,167
			65,635,639	71,978,624
	Less: Expected credit loss against long term morabaha investment on adoption of IFRS 9		(40,306)	-
			65,595,333	71,978,624
	Less: Current portion of long term morabaha investment	12	(55,651,727)	(50,913,112)
			9,943,606	21,065,512
	Less: Current portion of unearned morabaha income	12	(3,016,570)	(7,563,506)
			6,927,036	13,502,006
<b>8.1</b>	This represents long term Morabaha investment - secured for a term of 1 to 5 years.			
<b>8.2</b>	The rate of profit on morabaha finances ranges from 16.50% to 26.41% per annum (2023: 19.02% to 25.59% per annum).			
<b>8.3</b>	<b>Aging of long term morabaha investment - secured</b>			
	<b>Classification</b>			
	Considered good		3,749,992	18,322,205
	Portfolio classified as non-performing			
	Other asset especially mentioned (OAEM)		-	-
	Substandard		8,799,450	25,599,588
	Doubtful		-	5,811,664
	Loss		48,451,867	8,800,000
			57,251,317	40,211,252
		8.4	61,001,309	58,533,457
<b>8.4</b>	This represents classification into the categories as defined in the Modaraba Regulations, 2021.			
<b>8.5</b>	These are secured against mortgage of properties, hypothecation, personal guarantees and demand promissory notes.			
<b>8.6</b>	<b>Expected credit loss against long term morabaha investment on adoption of IFRS 9</b>			
	Opening balance		-	-
	Expected credit allowance on initial application of IFRS 9		3,621,855	
	Opening balance after initial adoption of IFRS 9		3,621,855	-
	Less: Reversal during the year		(3,581,549)	-
	Closing balance		40,306	-
<b>9</b>	<b>LONG TERM DEPOSITS</b>			
	Punjab Modaraba Services (Private) Limited (PMSL)	9.1	1,219,050	-
	Others	9.2	203,444	203,444
			1,422,494	203,444
<b>9.1</b>	This represents a security deposit remitted to PMSL, a related party, for the leased premises.			
<b>9.2</b>	This represents non-interest bearing security deposits paid to Lahore Electric Supply Company, Pakistan Mobile Communication Limited and Central Depository Company of Pakistan.			

	Note	2024 Rupees	2023 Rupees
<b>10 DEFERRED TAX</b>			
Ijarah assets		22,083,828	32,733,501
Assets in own use		723,947	302,402
Provision against financing / investments		38,320,010	34,634,871
Gratuity		2,202,077	2,688,735
Brought forward tax losses		30,909,160	39,298,468
<b>Deferred tax asset as of December 31</b>		<b>94,239,022</b>	<b>109,657,977</b>
<b>Deferred tax asset as of January 01</b>		<b>(109,657,977)</b>	<b>(61,046,067)</b>
<b>Deferred tax related OCI items</b>		<b>82,386</b>	<b>901,450</b>
<b>Deferred tax credited / (charged) to profit or loss</b>	<b>37</b>	<b>(15,336,569)</b>	<b>49,513,360</b>

- 10.1 The management, based on their projections assessment of future taxable profits, believes that Modaraba will be able to achieve sufficient taxable profits in the future to adjust the recognized deferred tax assets and accordingly has recorded the asset on such basis as of December 31, 2024.

	Rupees - 2024		Rupees - 2023	
	Gross amount	Tax effect	Gross amount	Tax effect
Provisions against financing / investments	304,150,376	88,203,609	264,025,035	76,567,260
Unused tax losses	372,284,152	107,962,404	278,297,607	80,706,306
Unused tax credits	-	12,506,089	-	7,427,341
	<b>676,434,528</b>	<b>208,672,102</b>	<b>542,322,642</b>	<b>164,700,907</b>

- 10.2 Deferred tax on tax losses not recognized would expire as follows:

Tax losses	Expiry date - tax year	Tax losses	Expiry date - tax year
Rupees		Rupees	
123,694,739	2026	47,369,488	2025
31,538,290	2027	113,456,004	2026
-	2028	16,519,347	2027
-	2029	-	2028
92,959,636	2030	-	2029
124,091,487	2031	100,952,768	2030
<b>372,284,152</b>		<b>278,297,607</b>	

- 10.3 Tax credits not recognized would expire as follows:

	Rupees - 2024		Rupees - 2023	
	Tax credits	Expiry date - tax year	Tax credits	Expiry date - tax year
	Rupees		Rupees	
Turnover tax	3,403,930	2027	3,403,930	2027
Turnover tax	4,023,411	2028	4,023,411	2028
Turnover tax	5,078,748	2029	-	-
	<b>12,506,089</b>		<b>7,427,341</b>	

## 11 SHORT TERM MORABAHA INVESTMENT-SECURED

Short term morabaha investment		349,426,355	375,906,891
Less: Expected credit losses against short term morabaha investment	11.3	(213,374,252)	(202,459,373)
		<b>136,052,103</b>	<b>173,447,518</b>

- 11.1 This represents short term Morabaha investment-secured for a term of 3 months to 1 year.

	Note	2024 Rupees	2023 Rupees
11.2	The rate of profit on morabaha finances ranges from 23.42% to 26.43% per annum (2023: 23.42% to 26.43% per annum).		
11.3	<b>Expected credit losses against short term morabaha investment</b>		
	Opening balance as per prudential regulation	202,459,373	211,503,873
	Charge during the year	1,343,745	-
	Reversals during the year	-	(9,044,500)
		1,343,745	(9,044,500)
	Closing balance as per prudential regulation	203,803,118	202,459,373
	Opening balance	-	-
	Expected credit allowance on initial application of IFRS 9	15,008,896	-
	Opening balance after initial adoption of IFRS 9	15,008,896	-
	(Reversal) / Allowance for Expected credit losses on adoption of IFRS 9	(5,437,762)	-
	Closing balance of allowance on adoption of IFRS 9	9,571,134	-
	Total expected credit losses against short term morabaha investment	213,374,252	202,459,373
11.4	<b>Aging of short term morabaha investment-secured</b>		
	<b>Classification</b>		
	Considered good	29,606,451	-
	Portfolio classified as non-performing		
	Other asset especially mentioned (OAEM)	-	-
	Substandard	-	3,010,000
	Doubtful	-	6,990,000
	Loss	319,819,904	365,906,891
		319,819,904	375,906,891
		349,426,355	375,906,891
11.5	This represents classification into the categories as defined in the Modaraba Regulations, 2021.		
11.6	These are secured against mortgage of properties, hypothecation, personal guarantees and demand promissory notes.		
12	<b>CURRENT MATURITY OF LONG TERM INVESTMENTS</b>		
	Current portion of long term musharikah investment	280,838,668	197,507,829
	Principal due but not received	143,878,659	149,192,653
	Less: Expected credit losses against musharikah investment	(36,922,428)	(26,621,425)
		106,956,231	122,571,228
		387,794,899	320,079,057
	Current portion of long term morabaha investment	6,272,375	13,151,311
	Principal due but not received	49,379,352	37,761,801
	Add: Unearned morabaha income	3,016,570	7,563,506
	Less: Expected credit losses against morabaha investment	(16,184,108)	(8,800,000)
		36,211,814	36,525,307
		430,279,088	369,755,675
12.1	<b>Expected credit losses against musharikah investment</b>		
	Opening balance	26,621,425	28,287,798
	Allowance for Expected credit losses on adoption of IFRS 9	8,262,001	-
	Opening balance after initial adoption of IFRS 9	34,883,426	28,287,798
	Allowance for Expected credit losses	617,683	-
	Provision / (Reversals) as per prudential regulations	1,421,319	(1,666,373)
		2,039,002	(1,666,373)
	Closing balance	36,922,428	26,621,425

		2024	2023
	Note	Rupees	Rupees
<b>12.2 Expected credit losses against long term morabaha investment</b>			
Opening balance		8,800,000	8,800,000
Allowance for Expected credit losses on adoption of IFRS 9		3,837,978	-
Opening balance after initial adoption of IFRS 9		12,637,978	8,800,000
Allowance for Expected credit losses		3,546,130	-
Closing balance		16,184,108	8,800,000
<b>13 IJARAH RENTAL RECEIVABLES</b>			
Ijarah rental receivable		157,298,808	189,621,155
Less: Expected credit losses against ijarah rental receivable	13.1	(80,304,753)	(78,258,490)
		76,994,055	111,362,665
<b>13.1 Expected credit losses against ijarah rental receivable</b>			
Opening balance as per prudential regulations		78,258,490	78,667,052
Charge during the year		1,610,833	6,360,932
Reversal during the year		(1,638,685)	(6,769,494)
		(27,852)	(408,562)
Closing balance as per prudential regulations		78,230,638	78,258,490
Opening balance		-	-
Allowance for Expected credit losses on adoption of IFRS 9		322,881	-
Opening balance after initial adoption of IFRS 9		322,881	-
Allowance for Expected credit losses		1,751,234	-
Closing balance of allowance on adoption of IFRS 9		2,074,115	-
Total expected credit losses against ijarah rental receivable		80,304,753	78,258,490
<b>13.2 Aging of ijarah rental receivable</b>			
<b>Classification</b>			
Considered good		23,186,563	-
Portfolio classified as non-performing			
Other asset especially mentioned (OAEM)		550,660	1,751,532
Substandard		2,815,760	9,799,849
Doubtful		13,620,916	1,368,894
Loss		117,124,909	176,700,880
	13.4	134,112,245	189,621,155
		157,298,808	189,621,155
<b>13.3 Future Ijarah rentals receivable</b>			
Aggregate amount of future ijarah rentals receivable on the basis of agreements executed up to reporting date are as follows:			
Up to one year		24,395,311	103,090,586
Above one year and up to five year		117,837,390	33,338,027
		142,232,701	136,428,613
<b>13.4</b>	This represents classification into the categories as defined in the Modaraba Regulations, 2021.		
<b>13.5</b>	These are secured against registered vehicles and equipment in the name of Modaraba, personal guarantees and post dated cheques.		
<b>13.6</b>	The maximum amount outstanding of Ijarah loans given to key management		
Mr. Mudassar Kaiser Pal		-	3,055,316
Mr. Zeeshan Ahmed		3,626,324	-
Mr. Saqib Shamim		1,580,438	2,049,350
Mr. Amir Aftab		1,165,724	-
Other employees		2,196,519	3,315,587
		8,569,005	8,420,253
<b>14 SHORT TERM INVESTMENTS</b>			
Opening balance		350,000,000	200,000,000
Investments made during the year		148,389,568	516,000,000
Matured during the year		(388,573,060)	(366,000,000)
Closing balance		109,816,508	350,000,000

	Rupees-2024				
	First Habib Modaraba	NRSP Microfinance Bank Limited	Bank Islami Pakistan Limited	U Microfinance Bank Limited	Total
Opening balance	250,000,000	67,000,000	33,000,000	-	350,000,000
Investments made during the year	-	70,675,000	77,714,568	-	148,389,568
Matured during the year	(250,000,000)	(67,000,000)	(71,573,060)	-	(388,573,060)
Closing balance	-	70,675,000	39,141,508	-	109,816,508

Rupees-2023					
First Habib Modaraba		NRSP Microfinance Bank Limited	Bank Islami Pakistan Limited	U Microfinance Bank Limited	Total
Opening balance	200,000,000	-	-	-	200,000,000
Investments made during the year	300,000,000	133,000,000	33,000,000	50,000,000	516,000,000
Matured during the year	(250,000,000)	(66,000,000)	-	(50,000,000)	(366,000,000)
Closing balance	250,000,000	67,000,000	33,000,000	-	350,000,000

14.1 These carrying mark-up at a rate ranging from 9.57% to 24.15% (2023: 16.5% to 24.15%) per annum.

Note	2024 Rupees	2023 Rupees
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## 15 DEVELOPMENT PROPERTIES

Constructed	25,290,372	40,881,225
Un-constructed	-	8,815,359
	<b>25,290,372</b>	<b>49,696,584</b>

15.1 Development properties are stated at the lower of cost and net realizable value (NRV).

## 16 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Profit receivable			
- Morabaha investment	16.1	414,536	5,319,857
- Musharikhah investment	16.3	19,153,437	22,194,533
		19,567,973	27,514,390
Prepayments		3,482,490	1,830,921
Advances	16.5	1,137,766	6,794,757
Non-banking assets		21,060,000	-
Receivable from provident fund		2,418,150	2,349,847
Other receivables	16.6	201,635,233	185,614,583
		249,301,612	224,104,498
Less: Expected credit losses against advances and other receivables	16.7	(89,502,803)	(67,316,336)
		<b>159,798,809</b>	<b>156,788,162</b>

### 16.1 Morabaha profit receivable

Morabaha profit receivable		14,993,944	28,719,652
Less: Income transferred to suspense	16.2	(14,494,221)	(23,399,795)
Less: Expected credit loss on adoption of IFRS 9	16.2	(85,187)	
		(14,579,408)	(23,399,795)
		<b>414,536</b>	<b>5,319,857</b>

### 16.2 Morabaha income transferred to suspense

Opening balance as per prudential regulation		23,399,795	20,950,163
Addition during the year		3,614,112	2,449,632
Transfer / reversal during the year		(12,519,686)	-
Closing balance as per prudential regulation		<b>14,494,221</b>	<b>23,399,795</b>

Opening balance		-	-
Allowance for Expected credit losses on adoption of IFRS 9		386,584	-
Opening balance after initial adoption of IFRS 9		<b>386,584</b>	<b>-</b>

	Note	2024 Rupees	2023 Rupees
Reversal during the year		(301,397)	
Closing balance of allowance on adoption of IFRS 9		85,187	-
Total Morabaha income transferred to suspense		14,579,408	23,399,795
<b>16.3 Musharikah profit receivable</b>			
Musharikah profit receivable		45,591,113	47,933,436
Less: Income transferred to suspense	16.4	(26,437,676)	(25,738,903)
Less: Expected credit loss on adoption of IFRS 9	16.4	-	-
		(26,437,676)	(25,738,903)
		19,153,437	22,194,533
<b>16.4 Musharikah income transferred to suspense</b>			
Opening balance		25,738,903	22,437,018
Addition during the year		13,902,109	10,497,342
Reversal of suspension during the year		(13,203,336)	(7,195,457)
Closing balance		26,437,676	25,738,903
Opening balance of allowance on adoption of IFRS 9		-	-
Allowance for Expected credit losses on adoption of IFRS 9		629,297	-
Opening balance after initial adoption of IFRS 9		629,297	-
Reversal during the year		(629,297)	-
Closing balance of allowance on adoption of IFRS 9		-	-
Total Musharikah income transferred to suspense		26,437,676	25,738,903
<b>16.5</b>	This includes advances to employees against expenses amounting to Rs. 168,205 (2023: Rs. 399,369) and advances to employees against salary amounting to Rs. 479,561 (2023: Rs. 104,440 ) as of reporting date.		
<b>16.6</b>	This represents amount recoverable from clients for expenses incurred on their behalf since the inception of modaraba, including receivables arising from ijarah, musharikah and morabaha transactions. This also includes an amount of Rs. 2,541,000 (2023: 2,541,000) receivable from Atif Trader against sale of vehicle.		
<b>16.7 Expected credit losses against advances and other receivables</b>			
Opening balance		67,316,336	9,955,643
Reversal booked on initial application of IFRS 9		(3,925,749)	-
Opening balance after initial adoption of IFRS 9		63,390,587	9,955,643
Allowance during the year		26,112,216	57,360,693
Closing balance		89,502,803	67,316,336
<b>17 CASH AND BANK BALANCES</b>			
Cash at banks			
- Current accounts		9,128,894	10,621,161
- Deposit account		206,038	1,382,743
- Savings accounts		13,681,403	221,168,588
- Current account with State Bank of Pakistan		17,201	99,974
		23,033,536	233,272,466
Cash in hand		46,564	272,491
		23,080,100	233,544,957
<b>18 AUTHORIZED, ISSUED, SUBSCRIBED AND PAID-UP MODARABA CERTIFICATE CAPITAL</b>			
Authorized certificate capital			
50,000,000 modaraba certificates of Rs.10 each		500,000,000	500,000,000

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

<b>2024 Numbers</b>	<b>2023 Numbers</b>		<b>2024 Rupees</b>	<b>2023 Rupees</b>
<b>20,000,000</b>	20,000,000	Modaraba certificates of Rs. 10 each fully paid in cash	<b>200,000,000</b>	200,000,000
<b>14,020,000</b>	14,020,000	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	<b>140,200,000</b>	140,200,000
<b>34,020,000</b>	<b>34,020,000</b>		<b>340,200,000</b>	<b>340,200,000</b>

**18.2 Following certificates held by associated companies of the Modaraba:**

	<b>2024</b>		<b>2023</b>	
	<b>Number of certificates</b>	<b>Rupees</b>	<b>Number of certificates</b>	<b>Rupees</b>
Punjab Modaraba Services (Pvt.) Limited	<b>13,320,694</b>	<b>133,206,940</b>	13,320,694	133,206,940
The Bank of Punjab Employees Gratuity Fund	<b>5,099,500</b>	<b>50,995,000</b>	5,099,500	50,995,000
The Bank of Punjab	<b>4,788</b>	<b>47,880</b>	4,788	47,880
	<b>18,424,982</b>	<b>184,249,820</b>	<b>18,424,982</b>	<b>184,249,820</b>

**19 RESERVES**
**Capital reserve**

Statutory reserve

**Revenue reserves**

Accumulated loss

**Note**

19.1

**2024  
Rupees**

218,176,678

**2023  
Rupees**

218,176,678

(850,373,686)

(632,197,008)

(756,208,783)

(538,032,105)

**19.1** Statutory reserve represents profit set aside to comply with the Modaraba Regulations, 2021 issued by SECP.

**20 SUBORDINATED FUNDS**

This represents funds extended by The Bank of Punjab - parent company i.e. major sponsor under Musharikah Agreement dated October 27, 2023 as a support to improve the equity base of the Modaraba and classified as equity under the provisions of Modaraba Regulations, 2021. This amount is unsecured, repayable in three years time i.e. June 30, 2026 and carries profit at the rate of 18.61% per annum payable semi-annually.

500,000,000

500,000,000

**21 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED**

Certificate of musharikah - unsecured

1,485,000,000

1,485,000,000

This represents funds provided by the Bank of Punjab - parent company to finance the working capital requirements of the Modaraba. This amount is unsecured, repayable in three years time and carries profit at the rate of 18.61% per annum payable semi-annually.

**22 LONG TERM SECURITY DEPOSITS**

Long term security deposits against Ijarah

22.1

50,740,464

92,902,796

Less: Current maturity of security deposits

25

(42,193,448)

(90,762,796)

8,547,016

2,140,000

**22.1** This represents security deposits payable / adjustable in respect of assets given under Ijarah arrangements (IFAS-2).

**23 DEFERRED MORABAHA INCOME**

Deferred morabaha income - long term

23.1

4,634,330

13,445,167

Less: Current maturity of deferred morabaha income

25

(3,016,570)

(7,563,506)

1,617,760

5,881,661

**23.1** These represent receivables against morabaha transactions on deferred payment basis at profit margin which ranges from 16.5% to 26.45% per annum (2023 : 19.02% to 25.59%).

**24 STAFF RETIREMENT BENEFITS - GRATUITY**

The Modaraba operates an approved funded gratuity scheme for all of its permanent employees. Actuarial valuation of the scheme is carried out every year and the latest actuarial valuation was carried out as at December 31, 2024 using the Projected Unit Credit Method.

Number of employees under the scheme

7,593,368

9,271,499

32

35



		2024 Rupees	2023 Rupees
<b>24.1</b>	<b>Movement in the liability recognized in the statement of financial position</b>		
	Opening net liability	9,271,499	9,659,436
	Amount charged to profit and loss account	2,449,387	2,789,118
	Amount (credited) / charged to other comprehensive income	(284,089)	(3,108,447)
	Benefits paid during the year	(3,843,429)	(68,608)
		(1,678,131)	(387,937)
	Closing net liability	7,593,368	9,271,499
<b>24.2</b>	<b>Reconciliation of the present value of defined benefit obligation</b>		
	Opening balance	9,271,499	9,659,436
	Current service cost	1,310,170	1,393,474
	Interest cost on defined benefit obligation	1,139,217	1,395,644
	Benefits paid	(3,843,429)	(68,608)
	Actuarial (gains) / losses from changes in demographic assumptions	(6,088)	-
	Actuarial (gains) / losses from changes in financial assumptions	(60,010)	18,385
	Experience adjustments	(217,991)	(3,126,832)
	Closing balance	7,593,368	9,271,499
<b>24.3</b>	<b>Expense recognized in the statement of profit and loss</b>		
	Current service cost	1,310,170	1,393,474
	Interest cost on defined benefit obligation	1,139,217	1,395,644
		2,449,387	2,789,118
<b>24.4</b>	<b>Amount chargeable to other comprehensive income</b>		
	Actuarial (gains) / losses from changes in demographic assumptions	(6,088)	-
	Actuarial (gains) / losses from changes in financial assumptions	(60,010)	18,385
	Experience adjustments	(217,991)	(3,126,832)
		(284,089)	(3,108,447)
<b>24.5</b>	<b>Principal actuarial assumptions</b>	2024 Rupees	2023 Rupees
	Discount rate used for interest cost in profit and loss charge	15.50%	14.50%
	Discount rate used for year end obligation	12.25%	15.50%
	Salary increase used for year end obligation:		
	Salary Increase FY2024	N/A	N/A
	Salary Increase FY2025	11.25%	14.50%
	Salary Increase FY2026	11.25%	14.50%
	Salary Increase FY2027	11.25%	14.50%
	Salary Increase FY2028	11.25%	14.50%
	Salary Increase FY2029	11.25%	14.50%
	Salary Increase FY2030 onward	11.25%	14.50%
	Next salary is increased	01-Jan-25	01-Jan-24
	Mortality rates	SLIC 2001 - 2005	SLIC 2001 - 2005
	Withdrawal rates	Setback 1 Year Age-Based	Set back 1 Year Age-Based
	Retirement assumption	Age 60	Age 60
		2024 Rupees	2023 Rupees
<b>24.6</b>	<b>Sensitivity Analysis</b>		
	<b>Year end sensitivity analysis on defined benefit obligation</b>		
	Discount Rate + 100 bps	7,110,045	8,575,385
	Discount Rate - 100 bps	8,132,952	10,051,437

		2024 Rupees	2023 Rupees
	<b>Note</b>		
Salary Increase + 100 bps		8,147,627	10,063,898
Salary Increase -100 bps		7,088,210	8,552,455
<b>24.7</b>	<b>Expense chargeable in the statement of profit and loss for the next year</b>		
Current service cost		1,087,296	1,393,474
Interest cost on defined benefit obligation		892,343	1,395,644
		<u>1,979,639</u>	<u>2,789,118</u>
<b>24.8</b>	<b>The expected maturity analysis of undiscounted defined benefits is as follow:</b>		
Financial Year 2024		-	380,796
Financial Year 2025		617,867	453,218
Financial Year 2026		660,202	544,205
Financial Year 2027		1,163,672	1,196,622
Financial Year 2028		695,416	767,937
Financial Year 2029		1,850,665	1,970,149
Financial Year 2030		774,015	1,015,716
Financial Year 2031		3,000,545	3,800,896
Financial Year 2032		4,482,040	6,913,884
Financial Year 2033		698,123	15,678,227
Financial Year 2034		742,364	157,832,179
Financial Year 2035 onwards		51,794,462	-
<b>24.9</b>	<b>The weighted average duration of the obligation (in years)</b>	<u>7</u>	<u>8</u>
<b>24.10</b>	<b>Funding policy</b>		
	The Modaraba endeavours to ensure that liability under employee benefit scheme is covered by the Fund on any valuation date having regards to the various actuarial assumptions such as projected future salary increase, expected future contributions to the Fund, projected increase in liability associated with future service, etc.		
<b>24.11</b>	Following are the significant risks associated with the staff retirement benefit scheme. These may include:		
<b>Life expectancy / Withdrawal rate</b>	The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service/age distribution and the benefit.		
<b>Asset volatility</b>	The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.		
<b>Final salary risk</b>	The risk that the final salary at the time of cessation of service is greater than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.		
<b>25</b>	<b>CURRENT MATURITY OF NON CURRENT LIABILITIES</b>		
Current maturity of long term security deposits	<b>22</b>	42,193,448	90,762,796
Current maturity of deferred morabaha income	<b>23</b>	3,016,570	7,563,506
		<u>45,210,018</u>	<u>98,326,302</u>
<b>26</b>	<b>PROFIT PAYABLE</b>		
Redeemable capital - participatory and unsecured		95,005,325	95,092,002
Subordinated funds		8,718,658	8,208,794
		<u>103,723,983</u>	<u>103,300,796</u>
<b>27</b>	<b>TRADE AND OTHER PAYABLES</b>		
Accrued expenses	<b>27.1</b>	28,500	5,700,135
Tax deducted at source		177,559	680,792
Advances against ijarah / morabaha / musharikhah		43,730,458	18,322,724
Other payables		45,094,330	61,448,065
<b>27.1</b>	This includes an amount of Rs. nil (2023: Rs. 4,916,835) in respect of rent of head office payable to Punjab Modaraba Services (Pvt.) Limited - Modaraba Management Company.	<u>89,030,847</u>	<u>86,151,716</u>

## 28 CONTINGENCIES AND COMMITMENTS

### 28.1 Contingencies

#### 28.1.1 **Proceedings under section 62 and 135 of the Income Tax Ordinance, 1979 - Tax Years 1997-1998 & 1998-1999**

The Deputy Commissioner Inland Revenue (DCIR), while finalizing assessments for the assessment years 1997-1998 and 1998-1999 passed orders dated 24 February 2004 and 29 April 2002 under sections 62 and 135 of the Income Tax Ordinance, 1979 (the "Ordinance"). The DCIR made certain add backs on account of profit and loss expenses and completed the assessment at net income of Rs. 72,070,564. Being aggrieved with the decision of the DCIR, the Modaraba filed an appeal before the Commissioner Inland Revenue (Appeals) (CIR (A)) against the said orders. The CIR (A) vide order dated 30 April 2005 upheld the orders of the DCIR. Being aggrieved with the decision of CIR (A), the Modaraba filed second appeal before the Appellant Tribunal Inland Revenue (ATIR), who decided the case in favor of the Modaraba and disposed of the appeal. The income tax department has filed a reference before Lahore High Court, Lahore. The Lahore High Court, Lahore heard the appeal and remanded back the case to the Appellant Tribunal Inland Revenue (ATIR) vide Order PTR No.208/2008 dated 26 November 2020. However, till date no notice has been received from ATIR in this respect.

#### 28.1.2 **Proceedings under section 122(5A) of the Income Tax Ordinance, 2001 - Tax Year 2003**

The Additional Commissioner/Taxation Officer issued order dated 29 December 2008 under section 122(5A) of the Ordinance while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance and making additions on account of provision for bad debts in the taxable income of the Modaraba, which resulted in a tax liability of Rs. 27,410,608. The Modaraba filed a rectification application under section 221 of the Ordinance contesting that the Addl. CIR charged tax at the rate of 35% whereas applicable rate in case of Modaraba is 25%. Thus, a rectification Order was passed dated 31 January 2009, reducing the tax liability to Rs. 14,580,110. The Modaraba also filed appeal before the CIR (A), who accepted the claim of exemption and issued a favorable decision vide Order No. 31 dated 27 June 2009 by deleting the entire rectified tax liability of Rs. 14,580,110. The income tax department has filed a second appeal before ATIR against the order of CIR (A), which was decided in favor of the Modaraba. The income tax department has filed a reference before Lahore High Court, Lahore which is pending adjudication. We are hopeful that the matter will be decided in favor of the Modaraba.

#### 28.1.3 **Proceedings under section 122(5A) of the Ordinance - Tax Year 2005**

The Additional Commissioner Inland Revenue (Addl. CIR) issued order dated 29 December 2008 under section 122(5A) of the Ordinance while rejecting the exemption claimed from tax under Clause 100 of Part I of Second Schedule to the Ordinance, which resulted in a tax liability of Rs. 17,667,886. The Modaraba has filed a rectification application contesting that the Addl. CIR has charged tax at the rate of 35% whereas applicable rate in case of taxpayer company is 25% which is pending till date. Moreover, taxpayer company has also filed appeal to the Commissioner Inland Revenue (Appeal) [CIR (A)] against the order passed under section 122(5A) of the Ordinance, who accepted the claim of exemption and issued a favorable decision vide order No. 49 dated 28 May 2012 by deleting the entire tax liability of Rs. 17,667,886. The income tax department has filed an appeal before the ATIR against the order of CIR (A), which has been decided in favor of the Modaraba. The income tax department has filed a reference before the Lahore High Court, Lahore which is pending adjudication.

#### 28.1.4 **Proceedings under section 182(1) of the Ordinance - Tax Year 2021**

The Deputy Commissioner Inland Revenue (DCIR) issued Show Cause Notice dated 20 June 2022 under section 182(1) of the ordinance, the Modaraba has duly made compliance however, the DCIR issued the order dated 13 October 2022 and created the tax demand amounting to Rs. 710,000. Being dissatisfied with the order passed by the DCIR, the Modaraba preferred an appeal before CIR (Appeals). The CIR (A) vide order dated 28 December 2023 disposed of the appeal and remanded back the case to the department. The department has not initiated remand back proceedings till date.

### 28.2 Commitments

28.2.1 There are no Ijarah commitments approved but not disbursed as on reporting date (2023: nil).

28.2.2 Morabaha commitments approved but not disbursed as on reporting date amount to Rs. Nil (2023: nil).

28.2.3 Musharikah commitments approved but not disbursed as on reporting date amount to Rs. Nil (2023: nil).

## 29 INCOME FROM IJARAH RENTALS

Ijarah income

Less: Depreciation on Ijarah assets

Note	2024 Rupees	2023 Rupees
	104,436,222	126,042,625
5.1	(49,591,417)	(85,524,307)
	<u>54,844,805</u>	<u>40,518,318</u>

30	GAIN FROM SALE OF DEVELOPMENT PROPERTIES	Note	2024	2023
			Rupees	Rupees
	Revenue from contract with customers		27,050,000	17,300,000
	Cost of revenue		(24,385,411)	(14,712,623)
	Net gain		<u>2,664,589</u>	<u>2,587,377</u>
31	GAIN ON DISPOSAL OF ASSETS			
	Gain on disposal of non-banking assets		260,331	620,000
	Gain on disposal of assets in use	5.2.3	2,562,468	1,000,000
	Gain on disposal of Ijarah assets		11,702,618	3,604,014
			<u>14,525,417</u>	<u>5,224,014</u>
32	OTHER INCOME			
	Profit on bank deposits		82,603,116	63,355,147
	Processing fee		1,768,569	935,279
	Advising fee		1,117,512	14,000
	Documentation charges		1,531,850	-
	Cheque return charges		1,169,500	1,731,000
	Gain on disposal of subsidiary		-	8,987,000
	Gain on settlement of musharikah		1,111,121	1,241,336
	Gain / (loss) on settlement of morabaha		9,059,005	(390,389)
	Other payable written back		-	2,094,624
	Miscellaneous income		12,812,765	1,182,548
			<u>111,173,438</u>	<u>79,150,545</u>
33	ADMINISTRATIVE AND GENERAL EXPENSES			
	Salaries and benefits	33.1	50,455,005	40,587,311
	Traveling and conveyance		380,201	409,699
	Legal and professional		3,673,199	4,655,188
	Printing and stationary		1,611,903	1,881,795
	Insurance		3,738,759	4,234,341
	Fee and subscription		2,605,758	3,650,470
	Auditor's remuneration	33.2	855,000	1,004,800
	Repair and maintenance		2,364,037	2,711,578
	Vehicle running and maintenance		1,394,485	1,174,753
	Power and utilities		3,313,573	2,456,500
	Entertainment		1,438,580	1,295,636
	Debit balance no more recoverable / adjustable written off		8,972,153	2,121,512
	Advertisement		108,400	167,000
	Telephone and postage		1,470,718	1,077,795
	Corporate expenses		799,858	510,261
	Rent, rates and taxes	33.3	6,108,308	5,577,778
	Selling and marketing expenses		3,670,826	1,022,007
	Computerization expense		1,244,389	48,374
	Depreciation - assets in own use	5.2	1,261,022	1,538,885
	Amortization of intangible assets	6.2	667,275	666,643
	Miscellaneous expenses		2,329,361	3,199,874
			<u>98,462,810</u>	<u>79,992,200</u>
33.1	This includes contribution of Rs. 1,273,231 (2023: Rs. 1,120,446) to the staff provident fund and expense in respect of unfunded gratuity scheme amounting to Rs. 2,449,387 (2023: Rs. 2,789,118).			

		2024		2023	
	Note	Rupees		Rupees	
<b>33.2 Auditors' remuneration</b>					
Annual audit fee		500,000		500,000	
Half yearly review		250,000		250,000	
Out of pocket expense		-		184,800	
Certification fee		105,000		70,000	
		<b>855,000</b>		<b>1,004,800</b>	
<b>33.3</b>	This includes an amount of Rs. 5,363,820 (2023: Rs. 4,916,835) in respect of rent of head office.				
<b>34 FINANCE COST</b>					
Financial charges on redeemable capital		277,115,647		349,869,167	
Financial charges on subordinated funds		93,304,932		8,208,794	
Bank charges		191,426		312,935	
		<b>370,612,005</b>		<b>358,390,896</b>	
<b>35 (REVERSAL) / PROVISION AGAINST MORABAHA AND MUSHARIKAH INVESTMENT</b>					
(Reversal) / provision against morabaha investments - net	35.1	(4,430,833)		(9,044,500)	
(Reversal) / provision against musharikhah investments - net	35.2	(14,168,710)		(1,666,373)	
<b>35.1 (Reversal) / provision against morabaha investments - net</b>					
Charge / (reversal) of provision as per prudential regulations					
Expected credit losses against long term morabaha investment	11.3	-		-	
Expected credit losses against short term morabaha investment		1,343,745		(9,044,500)	
Expected credit losses against principal due but not received		-		-	
Expected credit losses against morabaha profit receivable		-		-	
		<b>1,343,745</b>		<b>(9,044,500)</b>	
(Reversal) / allowance for expected credit loss on adoption of IFRS 9					
Expected credit losses against long term morabaha investment	8.6	(3,581,549)		-	
Expected credit losses against short term morabaha investment	11.3	(5,437,762)		-	
Expected credit losses against principal due but not received	12.2	3,546,130		-	
Expected credit losses against morabaha profit receivable	16.2	(301,397)		-	
		<b>(5,774,578)</b>		<b>-</b>	
Total (Reversal) / provision against morabaha investments - net		<b>(4,430,833)</b>		<b>(9,044,500)</b>	
<b>35.2 (Reversal) / provision against musharikhah investments - net</b>					
Charge / (reversal) of provision as per prudential regulations					
Expected credit losses against long term musharikhah investment	12.1	-		-	
Expected credit losses against principal due but not received		1,421,319		(1,666,373)	
Expected credit losses against musharikhah profit receivable		-		-	
		<b>1,421,319</b>		<b>(1,666,373)</b>	
(Reversal) / allowance for expected credit loss on adoption of IFRS 9					
Expected credit losses against long term musharikhah investment	7.8	(15,578,415)		-	
Expected credit losses against principal due but not received	12.1	617,683		-	
Expected credit losses against musharikhah profit receivable	16.4	(629,297)		-	
		<b>(15,590,029)</b>		<b>-</b>	
Total (Reversal) / provision against musharikhah investments - net		<b>(14,168,710)</b>		<b>(1,666,373)</b>	
<b>36 LEVIES</b>					
- For the year		5,372,086		4,365,946	
- Prior period		-		3,403,930	
		<b>5,372,086</b>		<b>7,769,876</b>	

This represents portion of minimum tax paid under section 113, final tax on builders & developers under section 100D and final tax on dividend income under section 150 of Income Tax Ordinance, 2001 (ITO, 2001), representing levy in terms of requirements of IFRIC 21/IAS 37.

37	INCOME TAX	Note	2024	2023
			Rupees	Rupees
	Current		-	-
	Deferred income tax credit	10	15,336,569	(49,513,360)
			<u>15,336,569</u>	<u>(49,513,360)</u>
37.1	<b>Reconciliation of current tax charge charged as per tax laws for the year, with current tax recognized in the profit and loss account, is as follows:</b>			
	Current tax liability for the year as per applicable tax laws		5,372,086	4,365,946
	Portion of current tax liability as per tax laws, representing income tax under IAS12		-	-
	Portion of current tax computed as per tax laws, representing levy in terms of requirements of IFRIC 21/IAS 37		(5,372,086)	(4,365,946)
			<u>-</u>	<u>-</u>
37.2	The aggregate of minimum / final tax and income tax amounting to Rs. 5.372 million (2023: Rs. 4.366 million) represents tax liability of the Modaraba calculated under the relevant provisions of the Income Tax Ordinance, 2001.			
37.3	Provision for taxation has been made in accordance with section 113, 100D, etc of Income Tax Ordinance, 2001. There is no relationship between aggregate income tax expense and accounting profit before income tax. Accordingly, no numerical reconciliation is presented.			
37.4	The Modaraba computes tax based on the generally accepted interpretations of the tax laws to ensure that sufficient provision for the purpose of taxation is available. During the year, Finance Act, 2024 enacted a turnover tax rate of 1.25% (2023: 1.25%) and the normal tax rate of 29% (2023: 29%), therefore, provision for the current tax is made @ 1.25% (2023: 1.25%) of the income / turnover. The deferred tax is computed at the rate of 29% (2023: 29%).			

			2024	2023
			Rupees	Rupees
38	LOSS PER CERTIFICATE - BASIC AND DILUTED			
38.1	Basic loss per certificate			
	Loss after taxation for the year	(Rupees)	(94,164,903)	(109,354,522)
	Weighted average number of ordinary certificates outstanding during the year	(Numbers)	34,020,000	34,020,000
	Loss per certificate - basic and diluted	(Rupees)	(2.77)	(3.21)
38.2	Diluted			
	No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instruments which would have an impact on loss / earnings per certificate when exercised.			

### 39 SALARIES, ALLOWANCES AND OTHER BENEFITS

The aggregate amount charged in the financial statements for remuneration to officers and other employees of the Modaraba is as follows:

	Note	2024		
		Officers	Other employees	Total
		Rupees	Rupees	Rupees
Remuneration		4,287,894	16,129,188	20,417,082
Bonus		1,302,675	2,897,485	4,200,160
House rent allowance		1,715,160	6,407,230	8,122,390
Utility allowance		428,790	1,601,848	2,030,638
Medical allowance		428,790	1,601,848	2,030,638

Provident fund contribution		343,971	929,260	1,273,231
Gratuity	24.3	514,408	1,934,979	2,449,387
Expenses reimbursed		3,492,103	3,066,432	6,558,535
		<u>12,513,791</u>	<u>34,568,270</u>	<u>47,082,061</u>
Number of employees at the year end		<u>2</u>	<u>38</u>	<u>40</u>
Average no of employees		<u>3</u>	<u>39</u>	<u>42</u>

**39.1** The chief financial officer has been provided a vehicle on Ijarah.

	Note	2023		
		Officers	Other employees	Total
		<u>Rupees</u>	<u>Rupees</u>	<u>Rupees</u>
Remuneration		5,919,723	11,277,564	17,197,287
Bonus		961,638	1,501,221	2,462,859
House rent allowance		2,367,889	4,513,015	6,880,904
Utility allowance		591,972	1,128,254	1,720,226
Medical allowance		591,972	1,128,254	1,720,226
Provident fund contribution		385,573	734,873	1,120,446
Gratuity	24.3	960,082	1,829,036	2,789,118
Expenses reimbursed		3,637,437	3,058,808	6,696,245
		<u>15,416,286</u>	<u>25,171,025</u>	<u>40,587,311</u>
Number of employees at the year end		<u>4</u>	<u>35</u>	<u>39</u>
Average number of employees		<u>4</u>	<u>36</u>	<u>40</u>



#### 40 RELATED PARTIES AND TRANSACTIONS WITH RELATED PARTIES

Following are the related parties of the Modaraba:

Name of related parties	Nature of relationship	Basis of relationship	2024		2023	
			Direct certificate holding in %age			
The Bank Of Punjab	Holding Company of Modaraba Management Company	Common Management and Control / Ultimate parent	0.01%		0.01%	
Punjab Modaraba Services (Pvt.) Limited	Associate	Modaraba Management Company	39.16%		39.16%	
The Bank Of Punjab Employees Gratuity Fund	Associate	Common Management	14.99%		14.99%	
First Punjab Modaraba Employees Provident Fund Trust	Associate	Common Management	-		-	
BOP Exchange (Pvt.) Limited	Associate	Common Management	-		-	
Mr. Mudassar Kaiser Pal	Key management personnel	Key management personnel	-		-	
Mr. Saqib Shamin	Key management personnel	Key management personnel	-		-	
Mr. Zeeshan Ahmed	Key management personnel	Key management personnel	-		-	
Mr. Amir Aftab	Key management personnel	Key management personnel	-		-	

The Modaraba enters into transactions with related parties in the ordinary course of business and on substantially the same terms as for comparable transactions with person of similar standing. Transactions with related parties and associated undertakings other than remuneration and benefits to key management personnel under the term of employment are as follows:

#### 40.1 Transactions with the related parties

Names of related parties	Relationship	Nature of transactions	2024	2023
			Rupees	Rupees
The Bank of Punjab	Holding Company of Modaraba Company	Redeemable capital - participatory and unsecured received during the year	-	310,000,000
		Redeemable capital - participatory and unsecured rolled over during the year	-	1,800,000,000
		Redeemed during the year	-	2,450,000,000
		Subordinated funds received during the year	-	500,000,000
		Profit paid on certificates of musharika	369,997,392	283,186,845
		Profit earned from bank accounts maintained with BOP	2,448,961	4,412,751
		Sale of subsidiary - sales proceed	-	85,487,000
		Gain on sale of subsidiary company	-	8,987,000
Punjab Modaraba Services (Pvt.) Limited	Modaraba Management Company	Rent expense of head office premises	5,363,820	4,916,835
		Sale of office chair & laptop	28,500	-
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel	12,513,791	15,416,286
Punjab Capital Securities (Private) Limited	Subsidiary Company	Staff loans disbursed during the year	6,375,000	2,698,262
First Punjab Modaraba Employees Provident Fund Trust	Associate	Staff loans repaid during the year	9,138,688	2,130,083
		Dividend received during the year	-	4,319,384
		Provident fund contributions paid to the fund	2,546,462	2,216,087

## 40.2 Balances with the related parties

Names of related parties	Relationship	Nature of balances	2024	2023
			Rupees	Rupees
The Bank of Punjab	Holding Company of Modaraba's Management Company	Redeemable capital - participatory and unsecured	1,485,000,000	1,485,000,000
		Profit payable on redeemable capital - participatory and unsecured	95,005,325	95,092,002
		Subordinated funds / loans	500,000,000	500,000,000
		Profit payable on subordinate funds / loans	8,718,658	8,208,794
		Outstanding Modaraba certificates	47,880	47,880
The Bank of Punjab Employees Gratuity Fund	Associate	Bank accounts maintained with BOP	19,026,432	28,973,167
		Outstanding Modaraba certificates	50,995,000	50,995,000
Punjab Modaraba Services (Pvt.) Limited	Modaraba Management Company	Outstanding Modaraba certificates	133,206,940	133,206,940
Key Management Personnel	Key Management Personnel	Head office rent payable	-	4,916,835
		Outstanding loan under musharikah and ijarah arrangements during the period	8,662,553	8,019,579
		Advance against monthly contribution	2,418,150	2,349,847
First Punjab Modaraba Employees Provident Fund Trust	Associate			

40.3 No remuneration has been paid by the Modaraba to the chief executive and directors of Modaraba Management Company (2023: nil).

40.4 The Modaraba carries out transactions with related parties at commercial terms and conditions as per the Modaraba's policy.

40.5 A mobile phone was sold to Ex CEO Mr. Amir Malik, retired during the year, amounting to Rs. 22,329.

## 41 FINANCIAL INSTRUMENTS BY CATEGORY

### Financial assets

Long term musharikhah investment - secured
Long term morabaha investment - secured
Long term security deposits
Short term morabaha investment - secured
Current maturity of long term investment
Ijarah rental receivable
Short term investment
Profit and other receivables
Cash and bank balances

As at December 31, 2024			
Carrying value	Amortized cost	Fair value	Total
Rupees	Rupees	Rupees	Rupees
690,449,778	690,449,778	-	690,449,778
6,927,036	6,927,036	-	6,927,036
1,422,494	1,422,494	-	1,422,494
136,052,103	136,052,103	-	136,052,103
430,279,088	430,279,088	-	430,279,088
76,994,055	76,994,055	-	76,994,055
109,816,508	109,816,508	-	109,816,508
134,118,552	134,118,552	-	134,118,552
23,080,100	23,080,100	-	23,080,100
<b>1,609,139,715</b>	<b>1,609,139,715</b>	<b>-</b>	<b>1,609,139,715</b>

### Financial liabilities

Subordinated funds
Redeemable capital - participatory and unsecured
Profit payable
Trade and other payables
Unclaimed dividend

500,000,000	500,000,000	-	500,000,000
1,485,000,000	1,485,000,000	-	1,485,000,000
103,723,983	103,723,983	-	103,723,983
45,122,830	45,122,830	-	45,122,830
17,114,040	17,114,040	-	17,114,040
<b>2,150,960,853</b>	<b>2,150,960,853</b>	<b>-</b>	<b>2,150,960,853</b>

### Financial assets

Long term musharikhah investment - secured
Long term morabaha investment - secured
Long term security deposits
Short term morabaha investment - secured
Current maturity of long term investment
Ijarah rental receivable
Short term investment
Profit and other receivables
Cash and bank balances

As at December 31, 2023			
Carrying value	Amortized cost	Fair value	Total
Rupees	Rupees	Rupees	Rupees
458,544,566	458,544,566	-	458,544,566
13,502,006	13,502,006	-	13,502,006
203,444	203,444	-	203,444
173,447,518	173,447,518	-	173,447,518
369,755,675	369,755,675	-	369,755,675
111,362,665	111,362,665	-	111,362,665
350,000,000	350,000,000	-	350,000,000
148,162,484	148,162,484	-	148,162,484
233,544,957	233,544,957	-	233,544,957
<b>1,858,523,315</b>	<b>1,858,523,315</b>	<b>-</b>	<b>1,858,523,315</b>

### Financial liabilities

Subordinated funds
Redeemable capital - participatory and unsecured
Profit payable
Trade and other payables
Unclaimed dividend

500,000,000	500,000,000	-	500,000,000
1,485,000,000	1,485,000,000	-	1,485,000,000
103,300,796	103,300,796	-	103,300,796
67,148,200	67,148,200	-	67,148,200
17,190,484	17,190,484	-	17,190,484
<b>2,172,639,480</b>	<b>2,172,639,480</b>	<b>-</b>	<b>2,172,639,480</b>

## 42 CAPITAL MANAGEMENT

The Board'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 Board of Directors of management company monitors the return on capital, which the Modaraba defines as net profit after taxation divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary Certificate holders. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirements.

The Modaraba is experiencing accumulated losses exceeding fifty percent of the total amount subscribed by holders of the Modaraba Certificates. This situation violates Section 23 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. To address this issue, the Modaraba took action by obtaining a subordinated loan from The Bank of Punjab. This subordinated loan likely provided additional capital to the Modaraba, which could help mitigate the impact of the accumulated losses and bring it back into compliance with regulatory requirements.

## 43 FINANCIAL INSTRUMENTS

### 43.1 Risk management policies

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

The Modaraba primarily invests in lease financing assets, diminishing musharikhah, morabaha and short-term investments. Such investments are subject to varying degrees of risk, which emanates from various factors that include but are not limited to:

- Credit Risk
- Liquidity Risk
- Market Risk

### 43.2 Credit risk

Credit risk is the risk that the counter party to a financial instrument will cause a financial loss for the Modaraba by failing to discharge an obligation. The Modaraba's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines and regulatory requirements. The Modaraba seeks to manage its credit risk exposure through diversification of ijarah activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations of businesses. Modaraba also obtains security deposits when appropriate. Cash at banks are held only with reputable banks with high quality credit worthiness.

#### Exposure to credit risk

The maximum exposure to credit risk before any credit enhancements as of reporting date is the carrying amount of the financial assets as set out below:

	Note	2024 Rupees	2023 Rupees
Long term musharikhah investment - secured	7	690,449,778	458,544,566
Long term morabaha investment - secured	8	6,927,036	13,502,006
Long term deposits	9	1,422,494	203,444
Short term morabaha investment - secured	11	136,052,103	173,447,518
Current maturity of long term investment	12	430,279,088	369,755,675
Ijarah rental receivable	13	76,994,055	111,362,665
Short term investments	14	109,816,508	350,000,000
Profit and other receivables	16	134,118,552	148,162,484
Bank balances	17	23,033,536	233,272,466
		<u>1,609,093,151</u>	<u>1,858,250,824</u>

#### Credit risk ratings and collaterals held

##### Bank balances

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

Banks	Short Term	Long Term	Agency	2024 Rupees	2023 Rupees
The Bank of Punjab	A1+	AA+	PACRA	19,029,303	14,296,268
Al Baraka Bank (Pakistan) Limited	A1	A+	VIS	14,009	14,009
National Bank of Pakistan	A1+	AAA	PACRA	-	1,797
NRSP Microfinance Bank Limited	A2	A-	PACRA	206,038	1,382,743
Bank Islami Pakistan Limited	A1	AA-	PACRA	3,766,985	217,475,790
U Microfinance Bank Limited	A1	A+	PACRA	-	1,885
State Bank of Pakistan	-	-	-	17,201	99,974
				<u>23,033,536</u>	<u>233,272,466</u>

##### Collaterals

The Modaraba does not hold any collateral from the counter parties against balances with banks and these are unsecured. The assets leased out by the Modaraba under ijarah arrangements are secured as the title to the asset is held by the Modaraba. Security deposits / lease key money is also kept against these arrangements. Musharikhah and morabaha investments are secured against registered vehicles and equipment in the name of Modaraba, personal guarantees and post dated cheques.

#### Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to developments affecting a particular industry or geographical location. Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

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. Modaraba's concentration of credit risk by industrial distribution is detailed as follows:

	2024				
	Ijarah Assets	Morabaha investments	Musharikhah investments	Total	Sector%
	Rupees				
Aviation and transport	108,235,874	-	419,544,053	527,779,927	30%
Others	246,800	38,890,915	170,940,247	210,077,962	12%
Textile spinning and composite	100,000	189,926,241	2,113,332	192,139,573	11%
Individuals	61,668,300	31,500,000	456,719,310	549,887,610	32%
Engineering, steel & construction	4,520,000	71,388,880	48,861,647	124,770,527	7%
Sugar and allied	-	50,071,426	-	50,071,426	3%
Food and allied	10,456,874	-	24,871,096	35,327,970	2%
Oil and gas	-	15,411,239	3,821,861	19,233,100	1%
Chemical and pharmaceuticals	-	215,320	20,524,660	20,739,980	1%
Electric goods	-	13,023,643	-	13,023,643	1%
	<u>185,227,848</u>	<u>410,427,664</u>	<u>1,147,396,206</u>	<u>1,743,051,718</u>	<u>100%</u>

	2023				Sector%
	Ijarah Assets	Morabaha investments	Musharikah investments	Total	
	Rupees				
Aviation and transport	43,321,729	-	315,322,120	358,643,849	26%
Others	8,518,840	26,646,298	205,933,446	241,098,584	17%
Textile spinning and composite	100,000	217,584,601	2,146,390	219,830,991	15%
Individuals	42,983,977	31,500,000	172,085,755	246,569,732	18%
Engineering, steel & construction	42,520,000	77,222,218	63,144,323	182,886,541	13%
Sugar and allied	-	53,360,822	-	53,360,822	4%
Food and allied	10,456,873	-	24,480,405	34,937,278	3%
Oil and gas	-	14,887,446	7,870,900	22,758,346	2%
Chemical and pharmaceuticals	166,800	215,320	14,261,709	14,643,829	1%
Electric goods	-	13,023,643	-	13,023,643	1%
	148,068,219	434,440,348	805,245,048	1,387,753,615	100%

### 43.3 Liquidity Risk

Liquidity risk is the risk that the Modaraba will not be able to generate sufficient cash resources to settle its obligations in full as they fall due or can only do so on terms that are materially disadvantageous. In the case of Modaraba, the liquidity level of Modaraba remained on satisfactory level during the year and Modaraba did not face any difficulty or problem for generation of liquidity.

#### Mitigating / managing the risk

Modaraba's policy is to invest the majority of its assets in investments that includes term deposit and morabaha investments that are having short-term maturities. Only a limited proportion of its investments are of long-term in nature

#### Contractual maturity of the financial assets and financial liabilities of the Modaraba:

	2024					
	Carrying Amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	Over five years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Non-derivative financial assets</b>						
Long term musharikah investment-secured	1,147,396,206	1,147,396,206	290,080,283	134,638,196	691,163,608	31,514,119
Morabaha investment - secured	415,061,994	415,061,994	405,496,963	2,597,689	6,967,342	-
Long term deposits	1,422,494	1,422,494	-	-	-	1,422,494
Ijarah rental receivable	157,298,808	157,298,808	157,298,808	-	-	-
Short term investment	109,816,508	109,816,508	109,816,508	-	-	-
Profit and other receivables	223,621,355	223,621,355	223,621,355	-	-	-
Cash and bank balances	23,080,100	23,080,100	23,080,100	-	-	-
	2,077,697,465	2,077,697,465	1,209,394,017	137,235,885	698,130,950	32,936,613
<b>Non-derivative financial liabilities</b>						
Subordinated funds	500,000,000	500,000,000	-	-	500,000,000	-
Redeemable capital - participatory and unsecured	1,485,000,000	1,485,000,000	-	-	1,485,000,000	-
Profit payable	103,723,983	103,723,983	103,723,983	-	-	-
Trade and other payables	45,122,830	45,122,830	45,122,830	-	-	-
Unclaimed profit	17,114,040	17,114,040	17,114,040	-	-	-
	2,150,960,853	2,150,960,853	165,960,853	-	1,985,000,000	-
On-balance sheet gap	(73,263,388)	(73,263,388)	1,043,433,164	137,235,885	(1,286,869,050)	32,936,613

	2023					
	Carrying Amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	Over five years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
<b>Non-derivative financial assets</b>						
Long term musharikah investment-secured	805,245,048	805,245,048	154,889,530	191,810,952	113,248,188	345,296,378
Morabaha investment - secured	447,885,515	447,885,515	419,654,757	14,728,752	13,502,006	-
Long term deposits	203,444	203,444	-	-	-	203,444
Ijarah rental receivable	189,621,155	189,621,155	189,621,155	-	-	-
Short term investment	350,000,000	350,000,000	350,000,000	-	-	-
Deposits and other receivables	215,478,820	215,478,820	215,478,820	-	-	-
Cash and bank balances	233,544,957	233,544,957	233,544,957	-	-	-
	2,241,978,939	2,241,978,939	1,563,189,219	206,539,704	126,750,194	345,499,822

	2023					
	Carrying Amount	Contractual cash flow	Six months or less	Six to twelve months	Two to five years	Over five years
Non-derivative financial liabilities	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Subordinated funds	500,000,000	500,000,000	-	-	500,000,000	-
Redeemable capital - participatory and unsecured	1,485,000,000	1,485,000,000	-	-	1,485,000,000	-
Profit payable	103,300,796	103,300,796	103,300,796	-	-	-
Trade and other payables	67,148,200	67,148,200	67,148,200	-	-	-
Unclaimed profit	17,190,484	17,190,484	17,190,484	-	-	-
	2,172,639,480	2,172,639,480	187,639,480	-	1,985,000,000	-
On-balance sheet gap	69,339,459	69,339,459	1,375,549,739	206,539,704	(1,858,249,806)	345,499,822

#### 43.4 Market Risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk. Market risk comprise of three types of risks: currency risk, profit / yield rate risk and price risk. The Modaraba manages market risk by monitoring its financial instruments as per the internal risk management policies. The Modaraba is exposed to profit / yield rate risk only.

##### 43.4.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign currency exchange rates. The Modaraba does not have any financial instrument in currencies other than the functional currency of the Modaraba, therefore, the Modaraba is not subject to currency

##### 43.4.2 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk). The Modaraba does not have any investment traded in the market, therefore the Modaraba is not subject to price risk.

The fair values of traded instruments are based on quoted market prices. Fair value of future lease financing installments receivable against lease financing assets, other assets, other liabilities and other items cannot be calculated with sufficient reliability due to absence of current active market for such assets and liabilities.

##### 43.4.3 Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows. The Modaraba has ijarah lease, musharikhah and morabaha financing portfolio. The majority of financing portfolio is linked with KIBOR rate as a benchmark. The Modaraba reviews KIBOR on financing portfolio on quarterly / six monthly basis. As of reporting date, the profile of the Modaraba's variable value financial instruments were as follows:

Assets	Notes	2024 Rupees	2023 Rupees
<b>Variable rate instruments</b>			
Musharikhah financing		1,147,396,206	805,245,048
Bank deposits		13,887,442	222,551,331
Short term investments		109,816,508	350,000,000
		<u>1,271,100,156</u>	<u>1,377,796,379</u>
<b>Fixed rate instruments</b>			
Morabaha financing		410,427,664	434,440,348
		<u>1,681,527,820</u>	<u>1,812,236,727</u>
<b>Liabilities</b>			
<b>Fixed rate instruments</b>			
Redeemable capital - participatory and unsecured		1,485,000,000	1,485,000,000
Subordinated funds		500,000,000	500,000,000
		<u>1,985,000,000</u>	<u>1,985,000,000</u>

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

An increase of 100 basis points in interest rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in interest rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset / liability class (having variable interest rates)	Increase / (Decrease)	Change in the profit / (loss)	
		2024	2023
<b>Assets</b>		<b>Rupees</b>	<b>Rupees</b>
Musharikah financing	± 100 basis points	11,473,962	8,052,450
Bank deposits	± 100 basis points	138,874	2,225,513
Short term investments	± 100 basis points	1,098,165	3,500,000
		<u>12,711,001</u>	<u>13,777,963</u>

Above sensitivities are calculated on the assumption that all factors remain constant except interest rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

#### Risk Management / Mitigation

The Modaraba monitors the interest rate environment on a regular basis and alters the portfolio mix of fixed and floating rate securities. The Modaraba's policy requires the Modaraba management to manage this risk by measuring the mismatch of the interest rate sensitivity gap of financial assets and liabilities and calculating the average duration of the portfolio of fixed interest securities. The average effective duration of the Modaraba's portfolio is a measure of the sensitivity of the fair value of the Modaraba's variable interest securities to changes in market interest rates. The Modaraba's policy refrains from holding interest bearing instruments that induce the average effective duration of the variable interest portfolio to pass the benchmark of the average duration.

#### 43.4.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Modaraba's activities. The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Modaraba Management Modaraba. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards, and
- Risk mitigation, including takaful where this is effective.



**FAIR VALUE MEASUREMENTS**

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

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

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

Level 2: inputs other than quoted prices included in 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 of reporting date, there were no financial instruments which were measured at fair values in these financial statements.

During the year, there were no transfers between level 1 and level 2 fair value measurements, and no transfers into and out of level 3 fair value measurement.

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

		As at December 31, 2024							
		Carrying Value		Fair Value					
		Financial Assets at amortised cost Rupees	Other Financial Assets	Other Financial Liabilities Rupees	Total Rupees	Level 1	Level 2	Level 3	Total
Financial assets									
Long term musharikah investment - secured		690,449,778	-	-	690,449,778	-	-	-	-
Long term morabaha investment - secured		6,927,036	-	-	6,927,036	-	-	-	-
Long term security deposits		1,422,494	-	-	1,422,494	-	-	-	-
Short term morabaha investment - secured		136,052,103	-	-	136,052,103	-	-	-	-
Current maturity of long term investment		430,279,088	-	-	430,279,088	-	-	-	-
Ijarah rental receivable		76,994,055	-	-	76,994,055	-	-	-	-
Short term investment		109,816,508	-	-	109,816,508	-	-	-	-
Profit and other receivables		134,118,552	-	-	134,118,552	-	-	-	-
Cash and bank balances		23,080,100	-	-	23,080,100	-	-	-	-
		1,609,139,715	-	-	1,609,139,715	-	-	-	-
Financial liabilities									
Subordinated funds		-	-	500,000,000	500,000,000	-	-	-	-
Redeemable capital - participatory and unsecured		-	-	1,485,000,000	1,485,000,000	-	-	-	-
Profit payable		-	-	103,723,983	103,723,983	-	-	-	-
Trade and other payables		-	-	45,122,830	45,122,830	-	-	-	-
Unclaimed dividend		-	-	17,114,040	17,114,040	-	-	-	-
		-	-	2,150,960,853	2,150,960,853	-	-	-	-

		As at December 31, 2023		Fair Value			
		Carrying Value					
Financial Asset at amortised cost	Other Financial Assets	Other Financial Liabilities	Total	Level 1	Level 2	Level 3	Total
Rupees		Rupees	Rupees				
Long term musharikh investment - secured	-	-	458,544,566	-	-	-	-
Long term morabaha investment - secured	-	-	13,502,006	-	-	-	-
Long term security deposits	-	-	203,444	-	-	-	-
Short term morabaha investment - secured	-	-	173,447,518	-	-	-	-
Current maturity of long term investment	-	-	369,755,675	-	-	-	-
Ijarah rental receivable	-	-	111,362,665	-	-	-	-
Short term investment	-	-	350,000,000	-	-	-	-
Profit and other receivables	-	-	148,162,484	-	-	-	-
Cash and bank balances	-	-	233,544,957	-	-	-	-
			1,858,523,315	-	-	-	-

Financial liabilities

Redeemable capital - participatory and unsecured

Profit payable

Trade and other payables

Unclaimed dividend

-	-	1,485,000,000	1,485,000,000	-	-	-	-
-	-	103,300,796	103,300,796	-	-	-	-
-	-	67,148,200	67,148,200	-	-	-	-
-	-	17,190,484	17,190,484	-	-	-	-
-	-	1,672,639,480	1,672,639,480	-	-	-	-

**44.1** The Modaraba has not disclosed the fair values for these financial assets, as these are either short term in nature or repiced periodically. Therefore, their carrying amounts are a reasonable approximation of fair value.

#### 45 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 management company has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

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

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 the 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. All non-current assets of the Modaraba are located in Pakistan as at the reporting date.

The Modaraba revenue is not depending upon single customer and there is no single customer from whom modaraba is generating more than 10% of total revenue.

<b>46</b>	<b>Cash and cash equivalents at the end of the year</b>	<b>Note</b>	<b>2024</b>	<b>2023</b>
	Cash and bank balances	17	<u>23,080,100</u>	<u>233,544,957</u>

	Note	2024 Rupees	2023 Rupees
<b>47 CASH GENERATED FROM OPERATIONS</b>			
Loss for the period before income tax and levies		(73,657,951)	(153,305,003)
<b>Adjustments for non cash other items:</b>			
Depreciation of ijarah assets	5.1	49,591,417	85,524,307
Depreciation of assets in own use	5.2	1,261,022	1,538,885
Amortization of intangible assets	6	667,275	666,643
Loss on disposal of Ijarah assets	31	(11,702,618)	(3,604,014)
Loss on disposal of assets in own use	31	(2,562,468)	(1,000,000)
Loss on disposal of Musharika investment	32	(1,111,121)	-
Loss on disposal of Morabaha investment	32	(9,059,005)	-
Loss on disposal of non-banking assets	31	(260,331)	-
Loss on disposal of development property	30	(2,664,589)	-
Loss on disposal of subsidiary		-	(8,987,000)
Provision for gratuity		2,449,387	2,789,118
Provision / (Reversal) for Ijarah rental receivables	13.1	1,723,382	(408,563)
(Reversal) for musharika investment	12.1	(14,168,710)	(1,666,373)
(Reversal) for morabaha investment	11.3	(4,430,833)	(9,044,500)
Provision against other receivables	16.7	26,112,216	57,360,693
Profit on bank deposits	32	(82,603,116)	(63,355,147)
Bank charges	34	191,426	312,935
Financial charges on redeemable capital and subordinated funds	34	370,420,578	358,077,961
		<b>323,853,912</b>	<b>418,204,945</b>
<b>Operating profit before working capital changes</b>		<b>250,195,961</b>	<b>264,899,942</b>
<b>Working capital changes:</b>			
<b>(Increase)/decrease in operating assets:</b>			
Ijarah rental receivables - net	13	32,322,347	33,617,856
Advances, deposits, prepayments and other receivables	16	(29,981,629)	(78,442,575)
		<b>2,340,718</b>	<b>(44,824,719)</b>
<b>Increase in operating liabilities:</b>			
Trade and other payables	27	2,879,130	48,397,969
<b>Net changes in operating assets and operating liabilities</b>		<b>5,219,848</b>	<b>3,573,250</b>
<b>Cash generated from operations</b>		<b>255,415,810</b>	<b>268,473,192</b>

#### 48 CORRESPONDING FIGURES

Figures of the corresponding period have been reclassified, wherever necessary for comparison and better presentation. Following figures were reclassified in these financial statements:

From	To	December 31, 2023 Rupees
Repair and maintenance	Computerization expense	48,374

#### 49 DATE OF AUTHORIZATION FOR ISSUE


The financial statements of Modaraba were approved by the Board of Directors of Modaraba Management Company and authorized for issue on June 30, 2025

For Punjab Modaraba Services (Private) Limited  
(Modaraba Company)

  
Chief Financial Officer

  
Chief Executive Officer

  
Director

  
Director



# **FIRST PUNJAB MODARABA**

*(An Islamic Financial Institution)*

Managed By:

**Punjab Modaraba Services (Pvt) Ltd.**

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