



**B.F. MODARABA**

Managed By

**E.A. MANAGEMENT (PVT) LTD.**

Registered under

The Companies Ordinance 1984 & Modaraba

Companies & Modaraba Ordinance 1980

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Annual Accounts  
2023



**B. F. MODARABA**  
**35<sup>TH</sup> ANNUAL REPORT 2023**  
**CONTENTS**

Corporate Information .....	2
Chairman Review Report .....	3
Chairman Review Report Urdu .....	4
Directors' Report .....	5
Directors' Report Urdu .....	8
Shari'ah Advisor's Report .....	11
Auditors' Report .....	12
Balance Sheet .....	14
Profit and Loss Account .....	15
Statement of Comprehensive Income .....	16
Statement of Changes in Equity .....	17
Cash Flow Statement .....	18
Notes to the Financial Statements .....	19
Pattern of Certificate Holdings .....	37
Number of Meetings .....	39
Key Operating & Financial Data .....	39
Auditors' Review Report .....	40
Statement of Compliance with Code of Corporate Governance .....	41
Notice of Annual Review Meeting .....	44
Vision & Mission .....	45



## CORPORATE INFORMATION

### MODARABA MANAGEMENT COMPANY

E. A. Management (Pvt.) Ltd.

### BOARD OF DIRECTORS

#### DIRECTORS OF MODARABA MANAGEMENT COMPANY

Mr. Ahmed Ali Mohammad Amin Bawany	Chairman
Mr. Muhammad Omar Amin Bawany	Chief Executive
Mr. Hamza Omar Bawany	Director
Mr. Muhammad Samiullah	Independent Director
Ms. Tasneem Yusuf	Independent Director

### AUDIT COMMITTEE

Mr. Muhammad Samiullah	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Hamza Omar Bawany	Member

### HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Muhammad Samiullah	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Muhammad Omar Amin Bawany	Member

### COMPANY SECRETARY

Mr. Muhammad Ayub

### SHARIAH ADVISOR

Mr. Mufti Zubair Usmani

### LEGAL ADVISOR

Mr. Ghullam Rasool Korai

### MODARABA AUDITORS

M/s. Rehman Sarfaraz Rahim Iqbal Rafiq  
Chartered Accountants

### BANKERS

Al-Baraka Islamic Bank  
Bank Al-Habib Islamic Limited  
Habib Bank Limited  
Habib Metropolitan Islamic Bank Limited  
UBL Ameen Islamic Bank

### REGISTERED OFFICE

Plot No. 43-1-E, (B) P.E.C.H.S,  
Block-6, Off Razi Road,  
Shahrah-e-Faisal, Karachi Pakistan.  
UAN : 111-229-269  
Fax : (92-21) 34322864

### EMAIL & WEBSITE

E-mail: info@bfmodaraba.com.pk  
feedback@bfmodaraba.com.pk  
URL: www.bfmodaraba.com.pk

### SHARES REGISTRAR

M/s. C & K Management Associates (Pvt.) Limited  
404, Trade Tower, Abdullah Haroon Road, Near  
Metropole Hotel, Karachi-75530  
Phone: 35687839-35685930



## CHAIRMAN'S REVIEW REPORT

I am pleased to present report to our valued Certificate Holders on the affairs of B.F.Modaraba (BFMOD) for the year ended 30<sup>th</sup> June, 2023, on the overall performance of the Board of Directors and effectiveness of the role played by the Board in achieving Modaraba's strategic objectives.

In last year, BF Modaraba set up a workshop under Musharakah arrangement with Sustainable Environment Developers (SED) whereby engineering equipment and allied machineries are manufactured and are sold to Industrial sectors. But operation of workshop almost halted due to fragile economy condition of the country due to rising political and economic uncertainty that caused huge rupee depreciation, all time high inflation, escalating electricity cost and rising costs of finance; resultantly, during the year, SED has not received expected quantum of manufacturing contracts due to facts narrated above.

The composition of the Board of Directors reflects mix of varied backgrounds and rich experience in the fields of business, finance, banking and regulations. The Board carried out the annual review of its effectiveness and performance on a self-assessment basis. The Board also ensures compliance of all regulatory requirements. The Board is ably assisted by its Committees. The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Modaraba. It also ensures effectiveness of internal controls. The HR Committee overviews HR policy framework and recommends selection and compensation of senior management team.

On behalf of the Board, I take opportunity to express my gratitude and appreciation towards SECP and Registrar Modaraba for their continuous guidance and support.

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Ahmed Ali Bawany  
Chairman

Karachi.  
Date : October 04, 2023



## چیرمین کی جائزہ رپورٹ

مجھے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی اور مضاربہ کے اسٹریٹجک مقاصد کے حصول میں بورڈ کی جانب سے ادا کیے گئے کردار کی تاثیر پر 30 جون 2023 کو ختم ہونے والے سال کے لیے مضاربہ کے معاملات کے بارے میں ہمارے قابل قدر سرٹیفکیٹ بولڈرز کو رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

پچھلے سال میں بی ایف مضاربہ نے مشاعرہ کے انتظامات کے تحت پائیدار ماحولیات کے ڈویلپرز (SED) کے ساتھ ایک ورکشاپ قائم کی جس کے تحت انجینئرنگ کا سامان اور اس سے منسلک مشینری تیار کی جاتی ہے اور صنعتی شعبوں کو فروخت کی جاتی ہے۔ لیکن بڑھتی ہوئی سیاسی اور معاشی غیر یقینی صورتحال کی وجہ سے ملک کی نازک معاشی حالت کی وجہ سے ورکشاپ کا آپریشن تقریباً رک گیا جس کی وجہ سے روپے کی قدر میں بہت زیادہ کمی، ہر وقت کی بلند مہنگائی، بجلی کی بڑھتی ہوئی قیمت اور مالیاتی اخراجات میں اضافہ؛ نتیجتاً، سال کے دوران، SED کو اوپر بیان کردہ حقائق کی وجہ سے مینوفیکچرنگ کے معاہدوں کی متوقع مقدار نہیں ملی۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر اور کاروبار، مالیات، بینکنگ اور ضوابط کے شعبوں میں بھرپور تجربے کی عکاسی کرتی ہے۔ بورڈ نے خود تشخیص کی بنیاد پر اس کی تاثیر اور کارکردگی کا سالانہ جائزہ لیا۔ بورڈ تمام ریگولیٹری تقاضوں کی تعمیل کو بھی یقینی بناتا ہے۔ بورڈ کو اس کی کمیٹیوں کی بھرپور مدد کی جاتی ہے۔ آڈٹ کمیٹی مالیاتی گوشواروں کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس مضاربہ کی مالی حالت کی منصفانہ نمائندگی کرتے ہیں۔ یہ اندرونی کنٹرول کی تاثیر کو بھی یقینی بناتا ہے۔ HR کمیٹی HR پالیسی فریم ورک کا جائزہ لیتی ہے اور سینئر مینجمنٹ ٹیم کے انتخاب اور معاوضے کی سفارش کرتی ہے۔

بورڈ کی جانب سے، میں ایس ای سی پی اور رجسٹرار مودرابا کی مسلسل رہنمائی اور مدد کے لیے شکریہ اور تعریف کا اظہار کرنے کا موقع لیتا ہوں۔

احمد علی باوانی

چیرمین

Karachi.

Date : October 04, 2023



## **DIRECTORS' REPORT**

Dear Certificate Holders,

Assalam-o-Aalikum,

In the name of ALLAH the most gracious and most merciful, your directors are pleased to present 35<sup>th</sup> Annual Report of your Modaraba together with the Audited Financial Statements for the year ended June 30, 2023.

### **FINANCIAL RESULTS**

Financial results are summarized as follows:

	<b>2023</b> <b>Rupees</b>	<b>2022</b> <b>Rupees</b>		
Revenue	<u>10,459,816</u>	<u>7,940,131</u>		
Share of loss from long term Musharakah	<u>(7,415,919)</u>	<u>(15,384,081)</u>		
Profit / (Loss) before charging management fee	(5,127,955)	(14,379,586)		
Management fee	<u>-</u>	<u>-</u>		
Profit / (Loss) before WWF	(5,127,955)	(14,379,586)		
WWF	<u>-</u>	<u>-</u>		
Profit / (Loss) before taxation	(5,127,955)	(14,379,586)		
Taxation	<u>(871,155)</u>	<u>(731,791)</u>		
Profit / (Loss) after taxation	<u>(5,999,110)</u>	<u>(15,111,377)</u>		
Add: Un-appropriated profit/(loss) brought forward	(1,258,520)	13,852,856		
Add: Transfer to the unappropriated profits / (Loss)	<u>(1,762,660)</u>	<u>-</u>		
	(9,020,290)	(1,258,520)		
Appropriations:				
Transferred to statutory reserve @ Nil (2022: Nil)	<table border="1"><tr><td style="text-align: center;">-</td></tr></table>	-	<table border="1"><tr><td style="text-align: center;">-</td></tr></table>	-
-				
-				
Cash Dividend @ Nil (2022: Nil)	<table border="1"><tr><td style="text-align: center;">-</td></tr></table>	-	<table border="1"><tr><td style="text-align: center;">-</td></tr></table>	-
-				
-				
	<u>-</u>	<u>-</u>		
	<u>(9,020,290)</u>	<u>(1,258,520)</u>		
Earnings / (loss) per certificate	<u>(0.80)</u>	<u>(2.011)</u>		



## **REVIEW OF OPERATIONS**

Gross revenues during the year were Rs.10.459 million vis-à-vis Rs. 7.940 million for the corresponding period of 2021-22; major components of revenue were dividend income, Diminishing Musharakah Income and gain on sale of Mutual Funds of Rs.6.221 million, 2.832 million and 1.075 million respectively. However, Sustainable Environment Developers (SED) again reported loss due to its limited operation that caused by dull economy activities in the country.

Thus, Pre-tax loss stood at Rs. 5.999 million including share of loss from SED amounting Rs. 7.416 against a Pre-tax loss of Rs. 15.111 million including share of loss from SED amounting Rs. 15.384 for the corresponding period of 2021-22 and loss per certificate stood at Rs. 0.80.

Equity Market index showed minor upward trend of 0.23% closed at 41,452 points as on June 30, 2023 from last year closing of 41,360 points as on June 30, 2022. But, due to unstable economic condition reflected in our portfolio investment valuation and unrealized loss of marketable securities stood at Rs. 6.263 million shown in the equity as on balance sheet date.

### **FUTURE OUTLOOK**

FINAYear under review faced unprecedented challenges and issues this year. The business activities remain dull due to uncertainty on economic and political fronts, weakening of Pak Rupee, rising inflation and volatile capital market.

Modaraba Sector has gone through serious turmoil due to unfair and unjustified withdrawal of tax exemptions and limit of claiming tax exemptions in the hands of Lessees, for vehicles up to Rs 2.5 million only.

Our joint venture business under Musharakah arrangement to run a workshop has almost halted. Slow economy activities in the country due to rising costs of all input material, escalating electricity cost, Pak rupee depreciation, high indigenous inflation and rising costs of finance that have a significant impact on a company's ability to secure work orders from industrial sectors and operate profitably. Fragile economy condition of the country is hammering the momentum of all industrial sector of the country, but expecting the economy condition of the country will improve in near future and SED will receive orders from industrial sectors. Meanwhile, in such a challenging environment, SED has adapted and implemented strategies to remain competitive and financially sustainable. This may include fixed cost-cutting measures and to secure small orders to meet its routine expenses, exploring new markets, and closely monitoring economic trends and government policies that can impact their industry.

## **CORPORATE GOVERNANCE**

As required by the Code of Corporate Governance, your Directors are pleased to report that:

- A. The financial statements prepared by the management of the Modaraba present fairly its state of affairs, the result of its operations, cash flow and changes in equity.
- B. Proper books of accounts 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 judgments.
- D. International Financial Reporting Standards, as applicable in Pakistan have been followed in the preparation of financial statements.
- E. The system of internal control is sound 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 is no material departure from best practices of corporate governance as detailed in the Regulations of Rule Book of Pakistan Stock Exchange except as mentioned in annexed compliance with the best practices of corporate governance.
- H. The summary of key operating and financial data of the important statistics for the last six years annexed.
- I. Information against outstanding duties, levies and charges is given in notes to the Accounts.
- J. The Company operates unfunded Provident fund scheme. The fair value of assets based is Rs. 390,823.

**COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE**

A statement setting out the status of the compliance with the best practices of corporate governance is annexed to the Annual Report.

**BOARD MEETINGS**

During the year under review 4 meetings of the Board of Directors were held. A statement showing number of meetings each of the Directors attended are annexed to the Annual Report.

**PATTERN OF CERTIFICATE HOLDERS**

A statement showing the pattern of holding of the certificates as at June 30, 2022 is annexed to the Annual report.

**TRADING OF CERTIFICATE**

During the year there was no trading in certificates of Modaraba by CEO, Directors, Company Secretary and their spouses and minor children.

**KEY OPERATING & FINANCIAL DATA**

A statement summarizing key operating and financial data for the last six years is annexed to the Annual Report.

**AUDITORS**

The present Auditors **M/s. Rehman Sarfaraz Rahim Iqbal Rafiq, Chartered Accountants** is retiring in accordance with provisions of the Code of Corporate Governance on completion of five years, and in their place **M/s. Avais Hyder Liaquat Nauman, Chartered Accountants**, have been recommended by the Audit Committee for the audit of books of accounts of Modaraba for the year ending June 30, 2024, subject to approval by the Registrar Modaraba Companies and Modarabas. The Board has confirmed their appointment.

Audit observation, if any, has been explained in relevant notes/ statement.

**ACKNOWLEDGEMENT**

The Board of Directors is grateful to the regulatory authorities for their guidance and support and also to the Certificate holders for their continuing patronage and hard working of employees and confidence in the Management of Modaraba Company.

May Almighty Allah guide us in our efforts of the progress of Modaraba and reward with the blessing **AMEEN**.

On behalf of the Board

Karachi  
Date October 04, 2023

Muhammad Omar Amin Bawany  
Chief Executive





## 35 ویں سالانہ ڈائریکٹرز کی رپورٹ

مضارہ کمپنی برائے اختتامی سال 30 جون 2023

محترم سرٹیفکیٹ یافتگان

اسلام علیکم!

اللہ تعالیٰ کے نام سے جو بہت مہربان اور نہایت رحم کرنے والا ہے۔ آپ کے ڈائریکٹرز آپ کے مضارہ کی 35 ویں سالانہ رپورٹ کے ساتھ 30 جون 2023 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی نتائج

2023 روپے-	2022 روپے-	
10,459,816	7,940,131	آمدنی
(7,415,919)	(15,384,081)	طویل مدتی مشاعرہ سے ہونے والے نقصان کا حصہ
(5,127,955)	(14,379,586)	مینجمنٹ فیس وصول کنے سے پہلے منافع
-	-	انتظام کا معاوضہ
(5,127,955)	(14,379,586)	WWF سے پہلے منافع۔
-	-	ڈبلیو ڈبلیو ایف
(5,127,955)	(14,379,586)	ٹیکس سے پہلے منافع۔
(871,155)	(731,791)	ٹیکسیشن۔
(5,999,110)	(15,111,377)	ٹیکس کے بعد منافع۔
(1,258,520)	13,852,856	شامل کریں: غیر مختص شدہ منافع اگے لایا گیا۔
(1,762,660)	-	شامل کریں: غیر منقولہ منافع میں منتقل کریں۔
(9,020,290)	(1,258,520)	نقصانات:
-	-	قانونی ریزرو @ Nil میں متعلق کر دیا گیا۔
-	-	(2022: صفر)
-	-	کیش ڈیویڈنڈ @ Nil (2022: صفر)
(9,020,290)	(1,258,520)	
(0.80)	(2.011)	کمائی / (نقصان) فی سرٹیفکیٹ۔

آپریشنز کا جائزہ

سال کے دوران مجموعی آمدنی 10.459 ملین روپے کے مقابلے میں روپے تھی۔ 2021-22 کی اسی مدت کے لیے 7.940 ملین؛ محصولات کے اہم اجزاء ڈیویڈنڈ کی آمدنی، مشارکہ کی آمدنی میں کمی اور میوچل فنڈز کی فروخت پر بالترتیب 6.221 ملین، 2.832 ملین اور 1.075 ملین کا فائدہ تھا۔ تاہم، سسٹین ایبل انوائرنمنٹ ڈویلپرز (SED) نے دوبارہ اپنے محدود آپریشن کی وجہ سے نقصان کی اطلاع دی جو کہ ملک میں سست اقتصادی سرگرمیوں کی وجہ سے ہوا۔

اس طرح قبل از ٹیکس نقصان روپے رہا۔ 5.999 ملین روپے بشمول SED سے نقصان کا حصہ۔ 7.416 روپے کے قبل از ٹیکس نقصان کے خلاف۔ 15.111 ملین روپے بشمول SED سے نقصان کا حصہ۔ 2021-22 کی اسی مدت کے لیے 15.384 روپے اور نقصان فی سرٹیفکیٹ 0.80 روپے رہا۔

ایکویٹی مارکیٹ انڈیکس نے 30 جون 2023 کو 41,452 پوائنٹس پر 0.23 فیصد کا معمولی اضافہ ظاہر کیا جو گزشتہ سال 30 جون 2022 تک 41,360 پوائنٹس پر بند ہوا۔ لیکن، غیر مستحکم معاشی حالت کی وجہ سے ہمارے پورٹ فولیو میں سرمایہ کاری کی قدر میں کمی اور غیر مستحکم معاشی حالت کی عکاسی ہوتی ہے۔ مارکیٹ ایبل سیکورٹیز روپے 6.263



#### مستقبل کا آؤٹ لک

زیر نظر سال کو اس سال بے مثال چیلنجوں اور مسائل کا سامنا کرنا پڑا۔ معاشی اور سیاسی محاذوں پر غیر یقینی صورتحال، پاکستانی روپے کی قدر میں کمی، مہنگائی میں اضافہ اور کینیٹل مارکیٹ کے اتار چڑھاؤ کی وجہ سے کاروباری سرگرمیاں سست روی کا شکار ہیں۔

مضارہ سیکٹر صرف 25 لاکھ روپے تک کی کاروباروں کے لیے ٹیکس استثنیٰ کی غیر منصفانہ اور بلاجواز واپسی اور لیسویں کے ہاتھ میں ٹیکس استثنیٰ کے دعوے کی حد کی وجہ سے سنگین بحران سے گزرا ہے۔

ورکشاپ چلائے کے لیے مشاعرہ کے انتظام کے تحت ہمارا مشترکہ کاروبار تقریباً رک گیا ہے۔ تمام ان پٹ میٹریل کی بڑھتی ہوئی قیمتوں، بجلی کی بڑھتی ہوئی قیمت، پاکستانی روپے کی قدر میں کمی، مقامی مہنگائی اور مالیات کی بڑھتی ہوئی لاگت کی وجہ سے ملک میں سست اقتصادی سرگرمیاں جو صنعتی شعبوں سے ورگ آرڈر حاصل کرنے اور منافع بخش طریقے سے کام کرنے کی کمپنی کی صلاحیت پر نمایاں اثر ڈالتی ہیں۔ ملک کی کمزور معیشت کی حالت ملک کے تمام صنعتی شعبوں کی رفتار کو نقصان پہنچا رہی ہے، لیکن امید ہے کہ مستقبل قریب میں ملک کی اقتصادی حالت بہتر ہو جائے گی اور SED کو صنعتی شعبوں سے آرڈر ملیں گے۔ دریں اثنا، ایسے مشکل ماحول میں، SED نے مسابقتی اور مالی طور پر پائیدار رہنے کے لیے حکمت عملیوں کو اپنایا اور نافذ کیا ہے۔ اس میں لاکھوں روپے کے مقررہ اقدامات اور اس کے معمول کے اخراجات کو پورا کرنے کے لیے چھوٹے آرڈرز کو محفوظ کرنا، نئی منڈیوں کی تلاش، اور معاشی رجحانات اور حکومتی پالیسیوں کی قریب سے نگرانی کرنا شامل ہو سکتا ہے جو ان کی صنعت کو متاثر کر سکتی ہیں۔

کارپوریٹ گورننس۔

جیسا کہ کوڈ آف کارپوریٹ گورننس کی ضرورت ہے، آپ کے ڈائریکٹرز یہ اطلاع دیتے ہوئے خوش ہیں:

1. مودراہا کی انتظامیہ کی طرف سے تیار کردہ مالیاتی بیانات اس کے معاملات کی منصفانہ حالت، اس کے آپریشن کا نتیجہ، نقد بہاؤ اور ایکویٹی میں تبدیلیوں کو پیش کرتے ہیں۔
2. مودراہا کے اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
3. مناسب حساب کتاب کی پالیسیوں کو مالی بیانات کی تیاری میں مستقل طور پر لاگو کیا گیا ہے اور اکاؤنٹنگ کا تخمینہ معقول اور سمجھدار فیصلوں پر مبنی ہے۔
4. بین الاقوامی مالیاتی رپورٹنگ کے معیارات، جیسا کہ پاکستان میں لاگو ہوتا ہے، مالی بیانات کی تیاری میں عمل کیا گیا ہے۔
5. اندرونی کنٹرول کا نظام درست ہے اور اسے مؤثر طریقے سے نافذ اور مانپٹر کیا گیا ہے۔
6. موثر اہا کی جاری تشویش کے طور پر جاری رکھنے کی صلاحیت پر کوئی خاص شبہات نہیں ہیں۔
7. کارپوریٹ گورننس کے بہترین طریقوں سے کوئی مادی روانگی نہیں ہے جیسا کہ پاکستان اسٹاک ایکسچینج کے رول بک کے ریگولیشنز میں تفصیل کے علاوہ سوائے کارپوریٹ گورننس کے بہترین طریقوں کے ساتھ منسلک تعینات میں ذکر کیا گیا ہے۔
8. پچھلے چھ سالوں کے اہم اعداد و شمار کے کلیدی آپریٹنگ اور مالیاتی اعداد و شمار کا خلاصہ۔
9. بقایا ڈیویڈنڈ، لیویز اور چارجز کے خلاف معلومات اکاؤنٹس کو نوٹوں میں دی گئی ہیں۔
10. کمپنی غیر منافع بخش پروویڈنٹ فنڈ اسکیم چلاتی ہے۔ اثاثوں کی بنیاد پر مناسب قیمت روپے ہے 390,823

کارپوریٹ گورننس کے کوڈ کے ساتھ عمل

سالانہ رپورٹ کے ساتھ کارپوریٹ گورننس کے بہترین طریقوں کی تعمیل کی حیثیت بیان کرنے والا بیان۔  
بورڈ میٹنگز

زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کی 4 میٹنگز منعقد ہوئیں۔ ایک بیان جس میں ہر ڈائریکٹر نے شرکت کی میٹنگوں کی تعداد ظاہر کی ہے سالانہ رپورٹ سے منسلک ہے۔

سرٹیفکیٹ ہولڈرز کا پیٹرن۔

30 جون 2023 کے طور پر سرٹیفکیٹس کے انعقاد کا نمونہ ظاہر کرنے والا بیان سالانہ رپورٹ سے منسلک ہے۔



## سرٹیفکیٹ کی تجارت

سال کے دوران سی ای او ، ڈائریکٹرز ، کمپنی سیکرٹری اور ان کے شریک حیات اور نابالغ بچوں کے ذریعہ موڈر ابا کے سرٹیفکیٹس میں کوئی تجارت نہیں ہوئی۔

## کلیدی آپریشننگ اور فنانشل ڈیٹا۔

گزشتہ چھ سالوں کے کلیدی آپریشننگ اور مالیاتی اعداد و شمار کا خلاصہ بیان سالانہ رپورٹ سے منسلک ہے۔  
آڈیٹرز

موجودہ آڈیٹرز رحمان سرفراز رحیم اقبال رفیق، چارٹرڈ اکاؤنٹنٹس کوڈ آف کارپوریٹ گورننس کی دفعات کے مطابق پانچ سال مکمل ہونے پر ریٹائر ہو رہے ہیں اور ان کی جگہ اویس حیدر لیاقت نعمان، چارٹرڈ اکاؤنٹنٹس کو آڈٹ کمیٹی نے سفارش کی ہے۔ 30 جون 2024 کو ختم ہونے والے سال کے لیے مضاربہ کے اکاؤنٹس کی کتابوں کا آڈٹ، رجسٹرار مضاربہ کمپنیز اور مضاربہ کی منظوری سے مشروط ہے۔ بورڈ نے ان کی تقرری کی تصدیق کر دی ہے۔

آڈٹ مشاہدہ ، اگر کوئی ہے ، متعلقہ نوٹ/ بیان میں وضاحت کی گئی ہے۔

## اعتراف

بورڈ آف ڈائریکٹرز ریگولیٹری اتھارٹیز کی رہنمائی اور مدد کے لیے اور سرٹیفکیٹ ہولڈرز کی مسلسل سرپرستی اور ملازمین کی محنت اور موڈر ابا کمپنی کے انتظام پر اعتماد کے لیے شکر گزار ہیں۔

اللہ رب العزت موڈر ابا کی ترقی کی ہماری کوششوں میں رہنمائی فرمائے اور نعمت سے نوازے آمین۔

بورڈ کی جانب سے۔

محمد عمر امین باوانی۔  
چیف ایگزیکٹو

کراچی  
تاریخ 04 اکتوبر 2023



## **Shari'ah Advisor Report**

### **For the financial year ended June 30, 2023**

This to please report that for the financial year ended June 30, 2023, I have examined/reviewed the transactions and agreements executed, polices implemented and procedures followed by B.F. Modaraba managed by E.A. Management (Private) Limited being Modaraba Management Company.

I have found that transactions and agreements executed, polices implemented and procedures followed by B.F. Modaraba were in accordance with the relevant Shari'ah rulings and they were in line with prospectus issued by B.F. Modaraba, Shari'ah Compliance and Shari'ah Audit Regulations, Islamic Financial Accounting Standards applicable in Pakistan and the Model Financing Agreements approved by the Religious Board of SECP.

I have found that new Sharia' Compliance and Shari'ah Audit mechanism has been introduced which is hoped to lead towards more stringent Sharia' Compliance and Shari'ah Audit practices

I have found that under pool management mechanism, profit sharing ratios fixed for the distribution of profit & losses and the weightages assigned to different classes of deposits were in accordance with Shari'ah rulings.

I have not advised transfer of income to charity account due to non-observance of deviation from Shari'ah rulings.

I will recommend that:

- a) All earning assets and assets owned should be covered under Takaful arrangements instead of conventional insurance.
- b) Proper training to each staff level should be conducted

Conclusion:

The business activities of B.F. Modaraba during the financial year ended June 30, 2023 have been found to be Sharia'h compliant

Dr. Zubair Usmani

Dated: October 04, 2023

Shari'ah Advisor



## INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed statement of financial position of **B.F. Modaraba ('the Modaraba')** as at **June 30, 2023** and the related statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof (here-in-after referred to as 'the financial statements'), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
  - (i) the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
  - (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

*Cont'd...P/2*



-:2:-

- (c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, given the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and, respectively, give a true and fair view of the state of the Modaraba's affairs as at **June 30, 2023** and of the loss, total comprehensive loss, changes in equity and its cash flows for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
**Chartered Accountants**

**Engagement Partner: Muhammad Rafiq Dosani**

**Karachi**

**Dated: October 4, 2023**  
**UDIN: AR202310210hurE8a4vF**



## B.F. Modaraba

### Statement of Financial Position

As at June 30, 2023

ASSETS	Note	2023 -----Rupees-----	2022
<b>Non-current assets</b>			
Furniture and equipment	4	17,276	19,879
Long term deposits	5	40,019	40,019
Long term investments	6	38,739,059	95,249,082
Diminishing Musharaka	7	8,747,881	12,062,975
Long term Musharaka	8	-	7,415,919
		<u>47,544,235</u>	<u>114,787,874</u>
<b>Current assets</b>			
Prepayments and other receivables	9	9,636,699	832,402
Current portion of Diminishing Musharaka	7	3,147,290	2,524,275
Advance tax - net		3,759,858	3,500,628
Stock in trade	10	48,048,890	-
Cash and bank balances	11	1,573,030	2,485,415
		<u>66,165,767</u>	<u>9,342,720</u>
<b>Total assets</b>		<u><u>113,710,002</u></u>	<u><u>124,130,594</u></u>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade and other payables	12	1,895,744	3,004,935
Due to Management Company	19	-	-
Unclaimed dividend		1,690,889	1,690,889
		<u>3,586,633</u>	<u>4,695,824</u>
<b>Certificate holders' equity</b>			
Certificate capital	13	75,151,587	75,151,587
Reserves	14	41,234,881	48,996,651
		<u>116,386,468</u>	<u>124,148,238</u>
Unrealized loss on re-measurement of investments classified as fair value through other comprehensive income	15	(6,263,099)	(4,713,468)
<b>Total liabilities and equity</b>		<u><u>113,710,002</u></u>	<u><u>124,130,594</u></u>
<b>Contingencies and commitments</b>	16	-	-

The annexed notes from 1 to 26 form an integral part of these financial statements.

**FOR E.A Management (Private) Limited**  
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



## B.F. Modaraba

### Statement of Profit or Loss

For the year ended June 30, 2023

	Note	2023 -----Rupees-----	2022
<b>Revenue - net</b>			
Dividend - net of Zakat	17	6,221,357	5,342,659
Profit on bank deposits		328,195	123,523
Diminishing Musharakah income		2,832,050	227,550
Realised gain on redemption of mutual fund units		1,075,714	3,507,768
Unrealised gain / (loss) on remeasurement of investments in units of mutual funds		2,500	(1,261,369)
		<u>10,459,816</u>	<u>7,940,131</u>
<b>Administrative expenditure</b>			
Operating expenses	18	(8,353,612)	(6,995,240)
Share of loss from long term Musharaka	8	(7,415,919)	(15,384,081)
Other income		181,760	59,604
Profit before charging Management Company's remuneration		<u>(5,127,955)</u>	<u>(14,379,586)</u>
Management Company's remuneration	19	-	-
Provision for Worker's Welfare Fund		-	-
<b>Loss before taxation</b>		<u>(5,127,955)</u>	<u>(14,379,586)</u>
Taxation	20	(871,155)	(731,791)
<b>Loss after taxation</b>		<u>(5,999,110)</u>	<u>(15,111,377)</u>
<b>Loss per certificate - basic and diluted</b>	21	<u>(0.80)</u>	<u>(2.01)</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**FOR E.A Management (Private) Limited**  
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer





## B.F. Modaraba

### Statement of Comprehensive Income

For the year ended June 30, 2023

	2023	2022
	-----Rupees-----	
Loss after taxation	(5,999,110)	(15,111,377)
<b>Other comprehensive income</b>		
<i>Items that will not be subsequently reclassified to profit or loss:</i>		
Deficit on re-measurement of investments classified as at fair value through other comprehensive income	(1,549,631)	(5,657,273)
<b>Total comprehensive loss for the year</b>	<u><u>(7,548,741)</u></u>	<u><u>(20,768,650)</u></u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**FOR E.A Management (Private) Limited**  
(Management Company)

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Chairman

Chief Executive

Director

Chief Financial Officer



## B.F. Modaraba

### Statement of Changes in Equity

For the year ended June 30, 2023

	Certificate capital	Reserves		Total Reserves	Total
		Statutory reserves	Unappropriated profits		
-----Rupees-----					
<b>Balance as at June 30, 2021</b>	75,151,587	50,255,171	17,610,436	67,865,607	143,017,194
<b>Total comprehensive income for the year ended June 30, 2022</b>					
- Profit after taxation	-	-	(15,111,377)	(15,111,377)	(15,111,377)
- Other comprehensive income	-	-	-	-	-
Issuance of Cash Dividend @ 5%	-	-	(3,757,579)	(3,757,579)	(3,757,579)
<b>Balance as at June 30, 2022</b>	<b>75,151,587</b>	<b>50,255,171</b>	<b>(1,258,520)</b>	<b>48,996,651</b>	<b>124,148,238</b>
<b>Total comprehensive income for the year ended June 30, 2023</b>					
- Loss after taxation	-	-	(5,999,110)	(5,999,110)	(5,999,110)
- Other comprehensive income	-	-	-	-	-
- Loss realized on disposal of investments in ordinary shares of listed companies	-	-	(1,762,660)	(1,762,660)	(1,762,660)
<b>Balance as at June 30, 2023</b>	<b>75,151,587</b>	<b>50,255,171</b>	<b>(9,020,290)</b>	<b>41,234,881</b>	<b>116,386,468</b>

\* As per Circular No. SC/M/PRDD/PRs/2017-259 dated December 11, 2017 issued by the SECP, the surplus on revaluation of investments has not been included in the equity.

The annexed notes from 1 to 26 form an integral part of these financial statements.

**FOR E.A Management (Private) Limited**  
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



## B.F. Modaraba

### Statement of Cash Flows

For the year ended June 30, 2023

	Note	2023 -----Rupees-----	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Loss before taxation		(5,127,955)	(14,379,586)
<b>Adjustments for non-cash charges and other items:</b>			
- Depreciation on furniture and equipment	4	2,603	3,184
- Profit on bank deposits		(328,195)	(123,523)
- Management Company's remuneration	19	-	-
- Provision for Provident Fund		619,954	486,440
- Provision for Worker's Welfare Fund		-	-
- Unrealised (gain) / loss on remeasurement of investments		(2,500)	1,261,369
- Share of loss from long term Musharaka		7,415,919	15,384,081
- Realised gain on redemption of mutual fund units		(1,075,714)	(3,507,768)
- Dividend income - net of zakat	17	(6,221,357)	(5,342,659)
		<u>410,710</u>	<u>8,161,124</u>
Operating loss before working capital changes		(4,717,245)	(6,218,462)
<b>Working capital changes</b>			
<i>Decrease / (increase) in current assets</i>			
- Stock in trade		(48,048,890)	-
- Prepayments and other receivables		(8,804,738)	(468,365)
<i>Increase / (decrease) in current liabilities</i>			
- Trade and other payables		(553,739)	53,064
		<u>(57,407,367)</u>	<u>(415,301)</u>
Income tax refund received / (paid) - net		(1,130,385)	91,269
Provident fund paid to employees		(1,175,406)	(215,000)
Management Company's remuneration paid		-	(770,129)
Sale / (Purchase) of investments - net		54,275,946	28,670,508
Dividend received		6,221,357	5,665,659
		<u>58,191,512</u>	<u>33,442,307</u>
<b>Net cash from operating activities</b>		<u>(3,933,100)</u>	26,808,544
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Dividend paid		-	(3,612,274)
Profit received on bank deposits		328,636	124,904
Diminishing Musharaka		2,692,079	-
Musharaka Financing		-	(23,387,250)
<b>Net cash from investing activities</b>		<u>3,020,715</u>	<u>(26,874,620)</u>
Net decrease in cash and cash equivalents		(912,385)	(66,076)
Cash and cash equivalents as at beginning of the year		2,485,415	2,551,491
<b>Cash and cash equivalents as at the end of year</b>	11	<u>1,573,030</u>	<u>2,485,415</u>

The annexed notes from 1 to 26 form an integral part of these financial statements.

**FOR E.A Management (Private) Limited**  
(Management Company)

Chairman

Chief Executive

Director

Chief Financial Officer



**B.F. Modaraba**  
**Notes to the Financial Statements**  
*For the year ended June 30, 2023*

**1. STATUS AND NATURE OF BUSINESS**

B.F. Modaraba ('the Modaraba') was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. The Modaraba is managed by E.A. Management (Private) Limited ('Modaraba Management Company'). The registered office of the Modaraba is situated at Plot No. 43-1-E(B), P.E.C.H.S., Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi. The Modaraba is listed on Pakistan Stock Exchange. The Modaraba is a perpetual multi-purpose modaraba and is primarily engaged in investments in quoted securities, trading of sugar, leasing, musharika and murabaha transactions.

**2. BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

**2.1 Statement of compliance**

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

- (a) International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and such other reporting standards [including Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan (ICAP)] as notified by the Securities and Exchange Commission of Pakistan (SECP) under section 225(1) of the Companies Act, 2017 (here-in-after collectively referred to as the 'applicable financial reporting standards'); and
- (b) The legal provisions of (i) Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (ii) Modaraba Companies and Modaraba Rules, 1981, (iii) The Modaraba Regulations, 2021 as well as the notifications, circulars or directives issued thereunder by the SECP from time to time (here-in-after collectively referred to as the 'applicable laws and regulations').

Wherever the requirements of the applicable financial reporting standards differ from the requirements of the applicable laws and regulations, the latter shall prevail.

**2.2 Basis of measurement**

These financial statements have been prepared under the historical cost, except for :

- Investments in quoted companies and modarabas carried at fair value through other comprehensive income
- Investments in open-ended mutual funds carried at fair value through profit or loss

**2.3 Functional and presentation currency**

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

**2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates



are recognized in the period in which the estimate is revised 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. Areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgments were exercised in application of accounting policy are as follows:

*Note*

- Provision for taxation 3.12

## 2.5 New accounting pronouncements

### 2.5.1 *Standards, interpretations and amendments to the published accounting and reporting standards that are effective in the current year:*

There are certain amendments to the standards and new interpretations that are mandatory for the Company's accounting periods beginning on July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these financial statements.

### 2.5.2 *Standards, interpretations and amendments to the published accounting and reporting standards that are not yet effective:*

The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

<b>Amendments</b>	<b>Effective date (accounting periods beginning on or after)</b>
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023 & January 1,
- IAS 8 - 'Accounting policies, changes in accounting estimates and errors' (amendments)	January 1, 2023
- IFRS 16 - 'Leases' (amendments)	January 1, 2024
- IAS 12 - 'Income taxes' (amendments)	January 1, 2023

The following amendments with respect to the accounting and reporting standards would be effective from the dates mentioned below against the respective amendments:

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

### 3.1 Furniture and equipment

Fixed assets held for own use are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the reducing balance method at the rates specified in note 4 to these financial statements.

Depreciation is charged from the date of acquisition of the respective assets upto the date of disposal.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and replacement are capitalized and assets so replaced, if any, are retired.

Assets' residual values if significant and their useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gain or loss on disposal of assets is accounted for in the year in which it arises.

### 3.2 Impairment of non-financial assets



The Modaraba assesses at each reporting date the carrying value of assets subject to depreciation or amortization whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit or loss. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of initial cost of the asset. Reversal of impairment loss is recognized as income.

### **3.3 Stock in trade**

Stock in trade is valued at lower of cost and net realizable value. Net realizable value signifies the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

Cost is determined using weighted average method.

### **3.4 Trade debts**

Trade debts are carried at their initial transaction price less the lifetime expected credit loss allowance.

A receivable is recognized when the goods are delivered to customers as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

### **3.5 Cash and cash equivalents**

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand and balances with banks.

### **3.6 Financial instruments**

#### **3.6.1 Initial recognition, classification and measurement**

The Modaraba recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Modaraba classifies its financial assets into either of following three categories:

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

#### *(a) Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

#### *(b) Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

#### *(c) Financial assets at FVTPL*



A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Modaraba may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

### **3.6.2 Subsequent measurement**

#### *(a) Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit or loss.

#### *(b) Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified to equity as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

#### *(c) Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Modaraba has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

### **3.6.3 Impairment**

The Modaraba recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts, the Modaraba applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Modaraba applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Modaraba measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Modaraba measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Modaraba measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Modaraba recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.



#### **3.6.4 De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership. The Modaraba directly reduces the gross carrying amount of a financial asset when the Modaraba has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

#### **3.7 Financial liabilities**

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (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 de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

#### **3.8 Provisions and contingent liabilities**

##### *Provisions*

A provision is recognised in the statement of financial position when the Modaraba has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised 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 recognised 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 recognised as interest

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 recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

##### *Contingent liabilities*

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.

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

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amount and the Modaraba intends





either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

### **3.10 Revenue**

#### *Revenue from trading activities*

Revenue from sale of goods (sugar) is recognized when the customer obtains control of the goods, being when the goods are delivered to the customer and there is no unfulfilled obligation that could affect the customer's acceptance of the goods. Delivery occurs when the goods have been dispatched from the Modaraba's premises, the risk of loss has been transferred to the customer, and either the customer has accepted the goods in accordance with the sales contract, the acceptance provisions have elapsed, or the Modaraba has objective evidence that all criteria for acceptance have been satisfied.

The Modaraba does not expect to have contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Modaraba does not adjust any of the transaction prices for the time value of money.

#### *Dividend income*

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it 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. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

#### *Interest income*

Return on bank deposits is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

### **3.11 Employee Benefits**

#### *Short-term paid absences*

Provision for accumulating compensated absences, whether vesting or non-vesting, is recognized as the employees render services that increase their entitlement to future paid absences. Such provision is measured as the additional amount that the Modaraba expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Non-accumulating compensated absences are recognized as expense in the period in which they occur.

#### *Post-employment benefits - Defined contribution plan*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Modaraba operates an unfunded provident scheme for its employees which is classified as a defined contribution plan. Equal monthly contributions are made by the Modaraba and the employees to the plan at the rate equal to 9% of their basic salary.

When an employee has rendered service to the Modaraba during a period, the Modaraba recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Modaraba recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds)



having term consistent with the estimated term of the post-employment benefit obligations.

### 3.12 Taxation

#### *Current*

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates that have been enacted or substantively enacted at the balance sheet date.

#### *Deferred*

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amounts of assets and liabilities in the financial statements and their tax base. This is recognized on the basis of the expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates to the extent that it is probable enacted or substantively enacted at the reporting date. Deferred tax assets are recognized to the extent that future taxable profit will be available against which the deductible temporary differences can be utilized. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

### 4. Furniture and Equipment

	Office equipment	Furniture & fixture	Computer & allied equipment	Total
	----- (Rupees) -----			
<b>As at June 30, 2021</b>				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(138,819)	(136,335)	(347,331)	(622,485)
	<u>8,406</u>	<u>10,268</u>	<u>4,389</u>	<u>23,063</u>
<i>Movement during the year ended June 30, 2022</i>				
Opening net book value	8,406	10,268	4,389	23,063
Depreciation for the year	(840)	(1,028)	(1,316)	(3,184)
Closing net book value	<u>7,566</u>	<u>9,240</u>	<u>3,073</u>	<u>19,879</u>
<b>As at June 30, 2022</b>				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(139,659)	(137,363)	(348,647)	(625,669)
	<u>7,566</u>	<u>9,240</u>	<u>3,073</u>	<u>19,879</u>
<i>Movement during the year ended June 30, 2023</i>				
Opening net book value	7,566	9,240	3,073	19,879
Depreciation for the year	(757)	(924)	(922)	(2,603)
Closing net book value	<u>6,809</u>	<u>8,316</u>	<u>2,151</u>	<u>17,276</u>
<b>As at June 30, 2023</b>				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(140,416)	(138,287)	(349,569)	(628,272)
	<u>6,809</u>	<u>8,316</u>	<u>2,151</u>	<u>17,276</u>
<b>Rate of depreciation per annum</b>	<u>10%</u>	<u>10%</u>	<u>30%</u>	

5. LONG TERM DEPOSITS	Note	2023	2022
		-----Rupees-----	
<i>Basic deposits placed with:</i>			
- Central Depository Company of Pakistan Limited		25,000	25,000



- State Bank of Pakistan		<b>10,019</b>	10,019
- Pakistan Telephone Communications Limited		<b>5,000</b>	5,000
		<b>40,019</b>	40,019

**6. LONG TERM INVESTMENTS**

*At fair value through other comprehensive income*

Investments in quoted companies and modarabas	6.1	<b>38,702,409</b>	41,689,568
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*At fair value through profit or loss*

Investment in open-ended mutual funds	6.2	<b>36,650</b>	53,559,514
		<b>38,739,059</b>	95,249,082

**6.1 Investments in quoted companies and modrabas**

Number of shares / certificates		Name of Company / Institution	Cost		Market value	
2023	2022		2023	2022	2023	2022
-----Rupees-----						
<b>MODARABAS</b>						
21,136	21,136	Orix Modaraba	191,281	191,281	238,837	338,176
-	72,900	First Punjab Modaraba	-	127,575	-	118,827
<b>BANK</b>						
58,455	39,505	Meezan Bank Limited	3,161,658	1,478,826	5,048,758	4,463,275
<b>CEMENT</b>						
199,125	177,000	Fauji Cement Limited	5,414,849	5,414,849	2,341,710	2,508,090
13,000	13,000	Kohat Cement Limited	2,122,412	2,122,412	2,255,110	1,691,690
10,000	10,000	D.G.Khan Cement Limited	975,797	975,797	513,000	625,000
10,000	10,000	Maple Leaf Cement	312,200	312,200	283,300	273,500
6,000	3,000	Lucky Cement Limited	3,466,908	1,990,205	3,132,540	1,377,120
<b>TEXTILE</b>						
10,000	10,000	Nishat Mills Limited	843,634	843,634	567,700	739,100
<b>FOOD &amp; PERSONAL CARE PRODUCTS</b>						
10,000	10,000	Frieslandcampina Engro Pakistan	731,100	731,100	590,300	682,800
<b>REFINERY</b>						
12,500	12,500	Attock Refinery Limited	2,078,108	2,078,108	2,145,375	2,197,250
<b>FUEL AND ENERGY</b>						
22,419	22,419	Hub Power Company Limited	1,037,619	1,037,619	1,559,914	1,528,303
49,000	49,000	Kohinoor Energy Limited	2,126,091	2,126,091	1,506,750	1,876,700
10,099	10,099	Pakistan Petroleum Limited	886,443	886,443	597,255	681,783
600,500	600,500	K-Electric Limited	5,255,514	5,255,514	1,032,860	1,825,520
20,000	20,000	Pakistan Oilfields Limited	6,763,291	6,763,291	8,035,400	8,116,200
<b>ENGINEERING</b>						
-	33,350	Mughal Iron & Steel Industries Limited	-	2,028,825	-	1,922,294
25,000	25,000	International Steels Limited	3,654,865	3,654,865	1,013,250	1,484,000
<b>AUTOMOBILE ASSEMBLER</b>						
-	2,000	Pak Suzuki Motors Limited	-	1,434,613	-	422,420
<b>COMMUNICATION</b>						
-	57,000	Pakistan Telecommunication Company Limited	-	1,006,050	-	396,720
<b>CHEMICALS &amp; PHARMACEUTICALS</b>						
95,000	95,000	Engro Fertilizer Limited	5,943,738	5,943,738	7,840,350	8,420,800
			<b>44,965,508</b>	<b>46,403,036</b>	<b>38,702,409</b>	<b>41,689,568</b>



**6.2 Investments in open-ended mutual funds**

Number of units		Name of Mutual Fund	Cost		Fair Value	
2023	2022		2023	2022	2023	2022
			-----Rupees-----			
-	69,549	AKD Islamic Stock Fund	-	3,000,000	-	2,814,648
-	5,073	Meezan Islamic Fund	-	277,770	-	285,255
-	334,321	Meezan Islamic Income Fund	-	17,182,702	-	17,227,561
733	664,641	Meezan Rozana Amdani Fund	34,150	33,232,050	36,650	33,232,050
			<u>34,150</u>	<u>53,692,522</u>	<u>36,650</u>	<u>53,559,514</u>

**7. DIMINISHING MUSHARAKA**

	2023	2022
	-----Rupees-----	
Considered good	11,895,171	14,587,250
Less: Current portion of Diminishing Musharaka	<u>(3,147,290)</u>	<u>(2,524,275)</u>
	<u>8,747,881</u>	<u>12,062,975</u>

7.1 This finance carry profit rate of KIBOR plus 3.1% per annum and are repayable on monthly basis over the period of four years. The arrangement is secured against promissory note.

**8. LONG TERM MUSHARAKA**

This represents Musharaka Agreement entered into between Modaraba and M/s. Sustainable Environment Developers (SED) on May 26, 2021, with profit sharing ratio of 48.5% and 51.5% respectively. The agreement will dissolve / terminate upon mutual consent. Carrying amount of the Musharaka investment is as follows:

	2023	2022
	-----Rupees-----	
<b>Cost of investment</b>		
Carrying value as at	22,800,000	14,000,000
Investment made during the year	-	8,800,000
	<u>22,800,000</u>	<u>22,800,000</u>
<b>Accumulated share of profit:</b>		
Opening balance	<u>(15,384,081)</u>	-
Share of loss for the year	<u>(7,415,919)</u>	<u>(15,384,081)</u>
	<u>(22,800,000)</u>	<u>(15,384,081)</u>
<b>Carrying value as at reporting date</b>	<u>-</u>	<u>7,415,919</u>

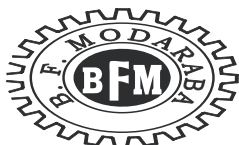
**9. PREPAYMENTS AND OTHER RECEIVABLES**

Prepayments	149,969	75,734
<i>Other receivables</i>		
Profit on bank deposits	<u>991</u>	1,432
Receivable against Takaful (Diminishing Musharakah)	<u>300,390</u>	299,441
Sales tax	<u>9,185,349</u>	455,795
	<u>9,486,730</u>	756,668
	<u>9,636,699</u>	<u>832,402</u>

**10. STOCK IN TRADE**

This represents purchase of sugar from related party for the purpose of trading. (Note 22).

	2023	2022
	-----Rupees-----	
<b>11. CASH AND BANK BALANCES</b>		
Cash in hand	35,863	34,033
Balance with banks:		
- Current accounts	1,092,042	1,092,042



- Saving accounts

11.1

445,125

1,359,340

1,537,167

2,451,382

1,573,030

2,485,415

11.1 Saving accounts represent Islamic bank accounts. The rate of profit on these accounts ranges from 4.50% to 18.9 % (2022: 4.50% to 10.5% ) per annum.

12. TRADE AND OTHER PAYABLES	Note	2023	2022
		-----Rupees-----	
Payable against purchase of securities		-	-
<i>Accrued liabilities:</i>			
- Auditor's remuneration		335,000	335,000
- Commission payable		-	18,000
- Provident fund payable		390,823	946,275
- Sindh Workers' Welfare Fund	12.1	1,169,808	1,169,808
- Other liabilities		113	535,852
		<u>1,895,744</u>	<u>3,004,935</u>

12.1 This represents the provision for Sindh Workers' Welfare Fund recognized in respect of financial years ended June 30, 2015 to June 30, 2021. The provision has been computed at the rate of 2% of declared taxable income or accounting profit, whichever is higher, as notified under the Sindh Workers' Welfare Fund Act, 2014 promulgated in June 2015.

### 13. CERTIFICATE CAPITAL

2023	2022		2023	2022
----- No. of Certificates -----			----- Rupees -----	
<b>Authorized certificate capital</b>				
<u>10,000,000</u>	10,000,000	Modaraba certificates of Rs. 10 each	<u>100,000,000</u>	<u>100,000,000</u>
<b>Issued, subscribed and paid-up capital</b>				
3,000,000	3,000,000	Modaraba certificates of Rs.10/- each for cash	30,000,000	30,000,000
4,515,158	4,515,158	Modaraba certificates of Rs.10/- each issued as bonus certificates	45,151,587	45,151,587
<u>7,515,158</u>	<u>7,515,158</u>		<u>75,151,587</u>	<u>75,151,587</u>

14. REVENUE RESERVES	Note	2023	2022
		-----Rupees-----	
Statutory reserve	14.1	50,255,171	50,255,171
Unappropriated profits / (Loss)		<u>(9,020,290)</u>	<u>(1,258,520)</u>
		<u>41,234,881</u>	<u>48,996,651</u>

14.1 As per Modaraba Regulations, Every modaraba may create reserve fund to which shall be credited an amount of its after-tax profits or any part thereof. A modaraba, which is not compliant with minimum equity requirements provided in regulations, shall create reserve fund to which shall be credit an amount equivalent to one hundred percent of its annual after-tax profit till such time the minimum equity requirements are complied with. During the year, no transfers were made due to losses (2022: Rs Nil).

15. UNREALIZED LOSS ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	Note	2023	2022
		-----Rupees-----	
Market value of investments	6.1	38,702,409	41,689,568



	Less: cost of investments	6.1	<b>(44,965,508)</b>	(46,403,036)
			<b>(6,263,099)</b>	(4,713,468)
<b>15.1</b>	<b>Movement in unrealized loss</b>			
	Unrealized (loss) / gain at the beginning of the year - net		<b>(4,713,468)</b>	943,805
	Gain realized on disposal transferred to unappropriated profits		-	-
	Deficit on remeasurement of investments recognised during the year in other comprehensive income		<b>(1,549,631)</b>	<b>(5,657,273)</b>
			<b>(1,549,631)</b>	(5,657,273)
	<b>Unrealized loss at the end of the year - net</b>		<b>(6,263,099)</b>	<b>(4,713,468)</b>
<b>16.</b>	<b>CONTINGENCIES AND COMMITMENTS</b>			
	There were no contingencies and commitments as at June 30, 2023 (June 30, 2022: None).			
			<b>2023</b>	<b>2022</b>
<b>17.</b>	<b>DIVIDEND INCOME - NET OF ZAKAT</b>	<i>Note</i>	-----Rupees-----	
	Dividend income - gross	17.1	<b>6,235,971</b>	5,352,535
	Less: Zakat deducted at source		<b>(14,614)</b>	(9,876)
			<b>6,221,357</b>	<b>5,342,659</b>
<b>17.1</b>	<b>Dividend income - gross</b>			
	<i>Dividend income from investments classified as at fair value through profit or loss</i>			
	Meezan Rozana Amdani Fund		<b>1,960,221</b>	-
	Meezan Islamic Income Fund		-	1,363,055
	Alfalah GHP Islamic Value Fund		-	126,041
			<b>1,960,221</b>	<b>1,489,096</b>
	<i>Dividend income from investments classified as at fair value through other comprehensive income</i>			
	D.G.Khan Cement		<b>10,000</b>	10,000
	Hub Power Company Limited		<b>538,056</b>	257,819
	Nishat Mills Limited		<b>40,000</b>	40,000
	Kohinoor Energy Limited		<b>318,500</b>	771,750
	Pakistan Oilfields Limited		<b>1,400,000</b>	400,000
	Pakistan Petroleum Limited		<b>15,148</b>	35,347
	International Steel Limited		<b>187,500</b>	225,000
	Mughal Steel		-	100,050
	Pak Suzuki		-	13,000
	Engro Fertilizer Limited		<b>1,092,500</b>	1,710,000
	Meezan Bank Limited		<b>506,774</b>	239,179
	Attock Refinery		<b>125,000</b>	-
	OLP Modaraba		<b>42,272</b>	61,294
			<b>4,275,750</b>	<b>3,863,439</b>
			<b>6,235,971</b>	<b>5,352,535</b>
			<b>2023</b>	<b>2022</b>
<b>18.</b>	<b>OPERATING EXPENSES</b>	<i>Note</i>	-----Rupees-----	
	Salaries and other benefits		<b>6,468,825</b>	5,487,489
	Fees and subscription		<b>1,332,456</b>	955,292
	Auditors' remuneration	18.1	<b>335,000</b>	335,000
	Miscellaneous		<b>127,843</b>	117,041
	Advertisement		<b>22,680</b>	32,760



	Printing and stationery		24,870	18,835
	Postage and telephone		26,620	10,760
	Travelling and conveyance		10,750	7,250
	Depreciation	4	2,603	3,184
	Bank charges		1,965	27,629
	Others		-	-
			<u>8,353,612</u>	<u>6,995,240</u>
<b>18.1</b>	<b>Auditors' remuneration</b>			
	Audit fee		250,000	250,000
	Half yearly review		60,000	60,000
	Review of code of corporate governance		25,000	25,000
			<u>335,000</u>	<u>335,000</u>
<b>19.</b>	<b>MANAGEMENT COMPANY'S REMUNERATION</b>			
	Management Company's remuneration	19.1	-	-
	Add: Sales tax		-	-
			<u>-</u>	<u>-</u>
<b>19.1</b>	The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. No remuneration has been charged for the year (2022: Nil) due to loss incurred by Modaraba.			
<b>20.</b>	<b>TAXATION</b>	<i>Note</i>	<b>2023</b>	<b>2022</b>
			-----Rupees-----	
	Current		871,155	731,791
	Deferred	20.1	-	-
			<u>871,155</u>	<u>731,791</u>
<b>20.1</b>	As of the reporting date there were no material temporary differences, therefore, no deferred tax has been recognized in these financial statements.			
<b>20.2</b>	The income tax assessments of the Modaraba have been finalized up to, and including, the tax year 2022. Tax returns filed by the Modaraba are deemed to be assessed under section 120 of the Income Tax Ordinance, 2001 unless selected for re-assessment or audit by the taxation authorities. However, at any time during a period of five years from the date of filing of a return, the taxation authorities may select an income tax return filed by the Modaraba for the purpose of re-assessment.			
<b>21.</b>	<b>EARNINGS PER CERTIFICATE - Basic and diluted</b>		<b>2023</b>	<b>2022</b>
			-----Rupees-----	
<b>21.1</b>	<b>Basic earning per certificate</b>			
	Loss after taxation		<u>(5,999,110)</u>	<u>(15,111,377)</u>
			-----Number-----	
	Weighted average number of certificates outstanding		<u>7,515,158</u>	<u>7,515,158</u>
			-----Rupees-----	
	<b>Loss per certificate - basic</b>		<u>(0.80)</u>	<u>(2.01)</u>
<b>21.2</b>	<b>Diluted earnings / (loss) per certificate</b>			
	There is no dilutive effect on the basic earnings per certificate of the Modaraba, since there were no potential certificates in issue as at June 30, 2023 and June 30, 2022.			
<b>22.</b>	<b>RELATED PARTY TRANSACTIONS AND BALANCES</b>			
	The related parties comprise of associate company, Modaraba Management Company, directors and key management personnel of the Modaraba Management Company as well as their close family members.			

Remuneration and benefits to the executives of the Modaraba are in accordance with the terms of employment.

Details of transactions with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2023	2022
	-----Rupees-----	
<b><u>Associated Company</u></b>		
<b>Faran Sugar Mills Limited</b>		
<i>Transactions during the year</i>		
Purchase of sugar	<u>56,245,000</u>	<u>-</u>
<b><u>Modaraba Management Company</u></b>		
<b>E.A Management (Private) Limited</b>		
<i>Transactions during the year</i>		
Management fee - payment during the year	<u>-</u>	<u>-</u>
Management fee - charge for the year	<u>-</u>	<u>-</u>
<b><u>Associate Company</u></b>		
<b>Reliance Insurance Company Limited</b>		
<i>Transactions during the year</i>		
Takaful Policy	<u>740,000</u>	<u>-</u>

## 23. FINANCIAL INSTRUMENTS

### 23.1 Financial risk analysis

The Board of Directors of the Modaraba Management Company has the overall responsibility for the establishment and oversight of the Modaraba's risk management framework. The Modaraba has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

#### 23.1.1 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba is exposed to credit risk in respect of trade debts and bank balances.

Concentration of credit risk arise when a number of counterparties are engaged in similar business activities, 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. Concentrations of credit risk indicate the relative sensitivity of an entity's performance to developments affecting a particular industry.

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management polices and the requirements of the Prudential Regulations for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its investments in equity instruments, mutual funds, trading from sale of sugar and bank deposit arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses

A financial asset is regarded as credit impaired as and when it falls under the definition of a 'defaulted' financial asset. For the Modaraba's internal credit management purposes, a financial asset is considered as defaulted when it is past due for 90 days or more.

The Modaraba writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

The maximum exposure to credit risk at the reporting date is as follows:





2023		2022	
Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
(Rupees)			
<b>1,537,167</b>	<b>1,537,167</b>	<b>2,451,382</b>	<b>2,451,382</b>

The credit quality of Modaraba's bank balances as at the reporting date can be assessed with reference to external credit ratings as follows:

	Rating short term	Rating Agency	2023	2022
----- Rupees -----				
Al-Baraka Islamic Bank	A1	PACRA	<b>27,345</b>	27,346
Bank Al-Habib Limited	A-1+	PACRA	<b>1,415,410</b>	2,128,160
Habib Bank Limited	A-1+	PACRA	<b>4,271</b>	4,271
Habib Metropolitan Bank Limited	A-1+	PACRA	<b>89,611</b>	291,075
UBL Islamic Bank	A-1+	VIS	<b>530</b>	530
			<b>1,537,167</b>	<b>2,451,382</b>

### 23.1.2 Liquidity risk

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

Carrying value	Contractual cashflows			One to five years	More than five years
	Total	Six months or less	Six to twelve months		
----- Rupees -----					
<b>As on June 30, 2023</b>					
Trade and other payables	725,936	725,936	725,936	-	-
Unclaimed dividend	1,690,889	1,690,889	1,690,889	-	-
	<b>1,690,889</b>	<b>1,690,889</b>	<b>1,690,889</b>	-	-
<b>As on June 30, 2022</b>					
Trade and other payables	1,835,127	1,835,127	1,835,127	-	-
Unclaimed dividend	1,690,889	1,690,889	1,690,889	-	-
	<b>3,526,016</b>	<b>3,526,016</b>	<b>3,526,016</b>	-	-

### 23.1.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. Market risk comprises of currency risk, interest rate risk and other price risk.

#### (a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because



of changes in foreign exchange rates. As of the reporting date, the Modaraba was not exposed to any foreign currency risk as all its transactions were carried out in Pak Rupees.

(b) *Profit rate risk*

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of the reporting date, the Modaraba was not exposed to any profit rate risk.

(c) *Other price equity risk*

Other price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest / markup rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by government authorities with cap and floor of 10%. The restriction of floor prices reduces the volatility of prices of equity securities and the chances of market crash at any moment. The Modaraba manages price risk by monitoring its exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of its equity investments before it led the Modaraba to incur significant mark-to-market and credit losses. As of the reporting date, the Modaraba was exposed to equity risk since it had investments in quoted securities amounting to Rs. 38.702 million (2022: Rs. 41.689 million) and investments in mutual funds amounting to Rs. 0.36 million (2022: Rs. 53.55 million).

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized in the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, the amount realized in the sale of a particular security may be affected by the relative quantity of the security being sold.

The Modaraba's portfolio of investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of investments in quoted securities by business sector is as follows:

	<b>June 30, 2023</b>		<b>June 30, 2022</b>	
	<b>(Rupees)</b>	<b>%</b>	<b>(Rupees)</b>	<b>%</b>
Modarabas	<b>238,837</b>	<b>0.62</b>	457,003	0.48
Bank	<b>5,048,758</b>	<b>13.03</b>	4,463,275	4.69
Cement	<b>8,525,660</b>	<b>22.01</b>	6,475,400	6.80
Textile	<b>567,700</b>	<b>1.47</b>	739,100	0.78
Food & personal care products	<b>590,300</b>	<b>1.52</b>	682,800	0.72
Refinery	<b>2,145,375</b>	<b>5.54</b>	2,197,250	2.31
Fuel and energy	<b>12,732,179</b>	<b>32.87</b>	14,028,506	14.73
Engineering	<b>1,013,250</b>	<b>2.62</b>	3,406,294	3.58
Automobile assembler	-	-	422,420	0.44
Communication	-	-	396,720	0.42
Chemicals & pharmaceuticals	<b>7,840,350</b>	<b>20.24</b>	8,420,800	8.84
Open-ended mutual funds	<b>36,650</b>	<b>0.09</b>	53,559,514	56.23
	<b>38,739,059</b>	<b>100.00</b>	95,249,082	100.00

*Sensitivity analysis*

The table below summarizes Modaraba's equity price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Modaraba's investment portfolio.



	Fair value	Hypothetical price change	Estimated FV after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax	Hypothetical increase / (decrease) in OCI
June 30, 2023 Rupees	38,739,059	10% increase	42,612,965	3,665	3,870,241
		10% decrease	34,865,153	(3,665)	(3,870,241)
June 30, 2022 Rupees	95,249,082	10% increase	104,773,990	5,355,951	4,168,957
		10% decrease	85,724,174	(5,355,951)	(4,168,957)

## 23.2 Financial instruments by categories

	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
<b>Rupees</b>				
<b>As at June 30, 2023</b>				
<b>Financial assets</b>				
Long term deposits	-	-	40,019	40,019
Long term investments	36,650	38,702,409	-	38,739,059
Diminishing Musharaka	-	-	11,895,171	11,895,171
Long term Musharaka	-	-	-	-
Other receivables	-	-	301,381	301,381
Cash and bank balances	-	-	1,573,030	1,573,030
	<b>36,650</b>	<b>38,702,409</b>	<b>13,809,601</b>	<b>52,548,660</b>

### Financial liabilities

Trade and other payables				725,936
Unclaimed dividend				1,690,889
				<b>2,416,825</b>

	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
<b>Rupees</b>				
<b>As at June 30, 2022</b>				
<b>Financial assets</b>				
Long term deposits	-	-	40,019	40,019
Long term investments	53,559,514	41,689,568	-	95,249,082
Diminishing Musharaka	-	-	14,587,250	14,587,250
Long term Musharaka	-	-	7,415,919	7,415,919
Other receivables	-	-	300,873	300,873
Cash and bank balances	-	-	2,485,415	2,485,415
	<b>53,559,514</b>	<b>41,689,568</b>	<b>24,829,476</b>	<b>120,078,558</b>

### Financial liabilities

Trade and other payables				1,835,127
Unclaimed dividend				1,690,889
				<b>3,526,016</b>

## 24. FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

The Modaraba measures fair values using the following fair value hierarchy that reflects the significance of



the inputs used in making the measurements:

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

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of financial assets carried at fair value in the statement of financial position:

	<b>June 30, 2023</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	----- Rupees -----			
<b><i>Financial assets</i></b>				
Investments in units of open-end mutual funds	<b>36,650</b>	-	-	<b>36,650</b>
Investment in ordinary shares of listed companies	<b>38,702,409</b>	-	-	<b>38,702,409</b>
	<b>38,739,059</b>	-	-	<b>38,739,059</b>
	----- Rupees -----			
	<b>June 30, 2022</b>			
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
	----- Rupees -----			
<b><i>Financial assets</i></b>				
Investments in units of open-end mutual funds	53,559,514	-	-	53,559,514
Investment in ordinary shares of listed companies	41,689,568	-	-	41,689,568
	95,249,082	-	-	95,249,082

## 25. CAPITAL MANAGEMENT

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

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividends paid to certificate-holders and issue new certificates.

The management closely monitors the return on capital along with the level of distributions to certificate holders. Following is the quantitative analysis of what the Modaraba manages as capital:

	<b>2023</b>	<b>2022</b>
	-----Rupees-----	
<b>Certificate holders' equity</b>		
- Issued, subscribed and paid up capital	<b>75,151,587</b>	75,151,587
- Reserves	<b>41,234,881</b>	48,996,651
<b>Total capital managed by the Modaraba</b>	<b>116,386,468</b>	<b>124,148,238</b>

## 26. GENERAL

### 26.1 Events after the reporting date

There are no subsequent events that are required to be adjusted or disclosed in these financial statements.



**26.2 Date of authorization for issue of these financial statements**

These financial statements were authorized for issue by the Board of Directors of the Modaraba Management Company in their meeting held on October 04, 2023

**26.3 Level of rounding**

All figures in these financial statements have been rounded off to the nearest rupee.

**FOR E.A Management (Private) Limited**  
(Management Company)

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Chairman

Chief Executive

Director

Chief Financial Officer



***PATTERN OF CERTIFICATE HOLDING  
AS AT JUNE 30, 2023***

<b>NO. OF CERTIFICATE HOLDERS</b>	<b>CERTIFICATE HOLDING</b>	<b>TOTAL CERTIFICATES HELD</b>
651	1 - 100	13,477
244	101 - 500	62,374
78	501 - 1000	59,458
171	1001 - 5000	362,664
37	5001 - 10000	279,523
6	10001 - 15000	66,774
2	15001 - 20000	32,486
5	20001 - 25000	111,301
3	25001 - 30000	85,439
1	30001 - 35000	33,000
2	35001 - 40000	75,543
4	40001 - 45000	170,144
1	45001 - 50000	46,000
1	70001 - 75000	72,105
1	115001 - 120000	115,724
1	145001 - 150000	150,000
1	170001 - 175000	171,360
1	180001 - 185000	183,078
1	185001 - 190000	187,877
1	190001 - 195000	195,000
1	210001 - 215000	212,554
1	225001 - 230000	227,910
1	245001 - 250000	246,228
1	280001 - 285000	280,303
1	315001 - 320000	318,113
1	335001 - 340000	339,095
1	355001 - 360000	356,138
1	505001 - 510000	507,073
1	675001 - 680000	675,629
2	935001 - 940000	1,878,788
<b>1223</b>	<b>TOTAL</b>	<b>7,515,158</b>



**CATEGORIES OF CERTIFICATE HOLDINGS**  
**AS AT JUNE 30, 2023**

	Number of Certificate Holders	Total Certificates Held	Percentage %
<b>Director CEO and their Spous and Minor Children Holding</b>			
Mr. Omar Amin Bawany - Chief Executive		29,411	0.3914
Mrs. Rukhsana		366,447	4.8761
Mr. Ahmed Ali Bawany - Chairman		507,073	6.7473
Hamza Omar Bawany - Director		42,539	0.5660
	<b>6</b>	945,470	12.5808
<b>Associated Companies, Undertaking and related Parties</b>			
E.A Management (Pvt) Ltd.		939,394	12.5000
Faran Sugar Mills Ltd.		939,394	12.5000
Reliance Insurance Co. Ltd.		115,724	1.5399
	<b>3</b>	1,994,512	26.5399
<b>NIT and ICP</b>			
Trustee National Bank of Pakistan, Pension Fund		41,908	0.5576
Trustee National Bank of Pakistan, Benevolent Fund		1,471	0.0196
M/S. ICP		7,399	0.0985
National Bank of Pakistan Ltd		756	0.0101
IDBP (ICP Unit)		142	0.0019
	<b>7</b>	51,676	0.6876
<b>Certificate Holders Holding Five percent or more</b>			
Sind Particle Board Mills		675,629	8.9902
Mrs. Shaheda Muhammad Amin		539,216	7.1750
Mrs. Gulshan Ara Muhammad Amin		508,213	6.7625
Mrs. Aisha Bai Muhammad Amin		510,455	6.7923
	<b>7</b>	<b>2,233,513</b>	29.7201
INDIVIDUALS	1177	1,852,256	24.6469
INVESTMENT COMPANIES	3	50,483	0.6717
INSURANCE COMPANIES	1	187,877	2.5000
JOINT STOCK COMPANIES	8	57,634	0.7669
FINANCIAL INSTITUTIONS	1	10,456	0.1391
OTHERS	7	45,747	0.6087
CHARITABLE TRUSTS	2	80,707	1.0739
COOPERATIVE SOCIETIES	1	4,827	0.0642
<b>Total</b>	<b>1223</b>	<b>7,515,158</b>	<b>100</b>



**July 2022-June 2023**

**NUMBER OF MEETINGS**

Name of Director	No. of BOD Meetings Attended	No. of Audit Committee Meetings Attended	No. of HR & R Committee Meeting Attended
1. Mr. Muhammad Omar Amin Bawany	4	N/A	1
2. Mr. Ahmed Ali Mohammad Amin Bawany	4	4	1
3. Mr. Hamza Omar Bawany	4	4	N/A
4. Mr. Muhammad Samiullah	4	4	1
5. Ms. Tasneem Yusuf	4	4	N/A

KEY OPERATING AND FINANCIAL DATA						Rs. 000's
Year	2023	2022	2021	2020	2019	2018 (Restated)
Paid-up Capital	75,151	75,151	75,151	75,151	75,151	75,151
Equity	116,386	124,148	143,017	137,511	134,855	130,939
Operating Revenue	10,460	7,940	12,772	10,867	5,089	12,434
Net Profit / (Loss) After Tax	(5,999)	(15,511)	5,506	2,657	(2,929)	3,717
Bonus	-	-	-	-	-	-
Cash Dividend	-	-	5%	-	-	-
Earning / (Loss) Per Certificate (Rs.)	(0.80)	(2.011)	0.73	0.35	(0.39)	0.49





## INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of M/s. B.F. Modaraba

### REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **E.A. Management Company (Private) Limited** ('the Company') for the year ended **June 30, 2023** in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2023.

Further, we highlight below the explanation for non-compliance with the requirements of the Code as stated in paragraph 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
2	Explanatory	19	As per proviso to the regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, the same person shall not simultaneously hold office of chief financial officer and the company secretary. However, as stated in clause 19 of the Statement of Compliance the management is of the view, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

Karachi.

Date: October 04, 2023

UDIN: CR202310210prZIKLywg

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**  
Chartered Accountants

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

Name of Modaraba: **B.F.Modaraba**  
Year ended: **June 30, 2023**

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

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

Category	Name
<b>Independent Director</b>	Mr. Muhammad Samiullah Ms. Tasneem Yusuf
<b>Executive Director</b>	Mr. Muhammad Omar Amin Bawany
<b>Non-Executive Director</b>	Mr. Ahmed Ali Bawany Mr. Hamza Omar Bawany

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the 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 Companies Act, 2017 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 Companies Act, 2017 and the Regulations;
9. Four directors of the Company have already attended Directors' training program from recognized institutes and remaining one meet the criteria for exemption as stated in proviso to regulation 19(2) of the Regulations;

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**

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Hamza Omar Bawany	Member

**b) HR and Remuneration Committee**

1.	Mr. Muhammad Samiullah	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Muhammad Omar Amin Bawany	Member

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

14. The frequency of meetings of the committees were as per following:

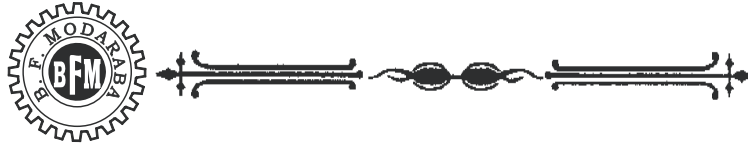
- a) Audit Committee – Quarterly
- b) HR and Remuneration Committee – Yearly

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

16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Company;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

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



19. Explanation for non-compliance with requirements, other than regulations 3,6,7,8,27,32,33 and 36 are as below:

- a) As per the proviso to regulation # 24 of Listed Companies (Code of Corporate Governance Regulations 2019, the same person shall not simultaneously hold the position of Company Secretary and Chief Financial Officer. However, currently these positions are held by the same person since considering the volume of business, it is not cost effective for the Modaraba to assign these positions to two separate individuals.

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Chairman



## **B.F.MODARABA**

### **NOTICE OF ANNUAL REVIEW MEETING**

The 24<sup>TH</sup> Annual Review Meeting of the Certificate Holders of B.F. Modaraba will be held on Friday October 27, 2023 at 4:00 p.m. at the registered office of Modaraba at **Plot No. 43-1-E, (B) P.E.C.H.S, Block-6, Off Razi Road, Shahrah-e-Faisal, Karachi**, to review the performance of the Modaraba for the year ended June 30, 2023.

The Certificate Transfer Books of the Modaraba will remain closed from October 21, 2023 to October 27, 2023 (both days inclusive).

Transfers received at the Share Registrar Office, **M/s. C & K Management Associated (Pvt.) Ltd, 404, Trade Tower, Abdullah Haroon Road, Near Metropole Hotel, Karachi-75530**, before the close of business hours on October 20, 2023, will be treated in time.

#### **Agenda**

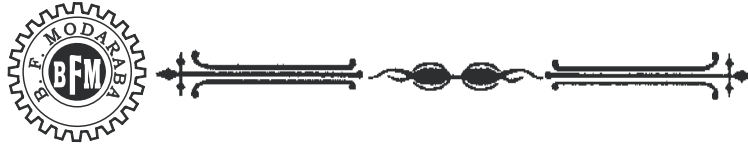
**Transmission of Annual Audited Financial Statements to its members through QR-enabled code and Weblink.**

SECP has allowed all the listed companies, vide its S.R.O. 389(1)2023 dated 21 March 2023, to circulate the annual balance sheet, profit & loss account, auditor's report and directors report, etc. ("annual audited financial statements") to its members through QR enabled code and Weblink, after obtaining approval of share/certificate holders in its Annual General/Review Meeting.

However, B.F.Modaraba shall circulate the annual audited financial statements through email in case an email address has been provided as required by the member/shareholder. Furthermore, B.F.Modaraba shall send the same in hard copy to their members/shareholders at their registered addresses, if any shareholder requested, Therefore, the members/share/certificate holders are requested to approve the transmission of Annual Audited Financial Statements via QR-enabled code and Weblink.

Dated: October 05, 2023

**Muhammad Ayub**  
*Company Secretary*



## **VISION**

To provide financial products translating and services within the spirit of Islamic Shariah and in accordance with the law to contribute in the promotion of the law and to contribute towards fulfilling our responsibilities in building a progressive society.

## **MISSION**

- \* To engage effectively, responsibly and profitability in providing financial products and services consistently seeking high standard of performance to maintain a long term success position in the competitive environment. This will be achieved by:
  - \* Introducing a just and equitable financial system by being a good multipurpose financial institution;  
Providing a range of specialized services working on Shariah principles to sustain continuous earning growth through effective management of its existing resources and through selective investment and financing.
- \* Providing for reasonable and just profit, prudent growth and pursuit of better efficiency.
- \* Focusing on serving our clients and customers building relationship with them based on trust and mutual benefit; and
- \* Fulfilling our responsibilities to satisfy the certificate holders, clients and the employees.



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- 📖 Knowledge center
- 📊 Risk profiler\*
- 📄 Financial calculator
- 📧 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



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