



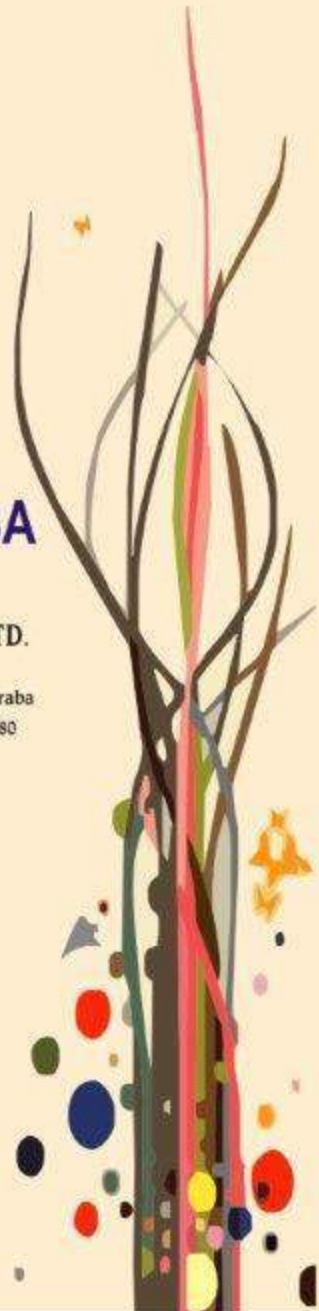
B.F. MODARABA

Managed By

E.A. MANAGEMENT (PVT) LTD.

Registered under
The Companies Ordinance 1984 & Modaraba
Companies & Modaraba Ordinance 1980

Annual Report
2021





B. F. MODARABA
33RD ANNUAL REPORT 2021
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
Cash Flow Statement	17
Statement of Changes in Equity	18
Notes to the Financial Statements	19
Pattern of Certificate Holdings	43
Number of Meetings	44
Key Operating & Financial Data	44
Auditors' Review Report	45
Statement of Compliance with Code of Corporate Governance	46
Notice of Annual Review Meeting	49
Vision & Mission	50



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. Abdul Ghaffar Umer	Independent Director

AUDIT COMMITTEE

Mr. Abdul Ghaffar Umer	Chairman
Mr. Ahmed Ali Mohammad Amin Bawany	Member
Mr. Hamza Omar Bawany	Member

HUMAN RESOURCE & REMUNERATION COMMITTEE

Mr. Abdul Ghaffar Umer	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

The outbreak of the Covid-19 pandemic paralyzed whole world, threatening from individual health to financial turmoil. However, Pakistan was able to tackle the challenge with relatively mild repercussions. The State Bank of Pakistan (SBP) timely launched numerous financing schemes to minimize impact of Covid-19 pandemic to local economy. But there are still number of challenges to our economy which directly or indirectly affect to all business activities of the country including Modaraba sector. Further, withdrawal of tax exemptions on 90% distribution of profit and limit of claiming tax exemptions on vehicles up to Rs 2.5 million may severely damage to Modaraba sector. After major change in taxation, we are also reviewing option to change corporate structure of Modaraba.

We have entered into new business avenue to set up workshop to provide engineering services to industrial sectors under Musharakah arrangement. We will gradually expand our business and may change business structure.

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.

Ahmed Ali Bawany
Chairman

Karachi.
Date : October 05, 2021



چیئر مین کی جائزہ رپورٹ

کوویڈ 19 کی وبا نے پوری دنیا کو مفلوج کر دیا ، انفرادی صحت سے لے کر مالی بحران کا خطرہ۔ تاہم ، پاکستان نسبتاً بلکے اثرات کے ساتھ چیلنج سے نمٹنے میں کامیاب رہا۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے مقامی معیشت پر کوویڈ 19 وبائی امراض کے اثرات کو کم سے کم کرنے کے لیے متعدد فنانشنگ سکیمیں بروقت شروع کیں۔ لیکن ہماری معیشت کے لیے ابھی بہت سے چیلنجز ہیں جو موڈرنا سیکٹر سمیت ملک کی تمام کاروباری سرگرمیوں کو براہ راست یا بالواسطہ طور پر متاثر کرتے ہیں۔ مزید یہ کہ منافع کی 90 فیصد تقسیم پر ٹیکس چھوٹ واپس لینا اور 2.5 ملین روپے تک کی گاڑیوں پر ٹیکس چھوٹ کے دعوے کی حد موڈرنا سیکٹر کو شدید نقصان پہنچا سکتی ہے۔ ٹیکس میں بڑی تبدیلی کے بعد ہم موڈرنا کے کارپوریٹ ڈھانچے کو تبدیل کرنے کے آپشن کا بھی جائزہ لے رہے ہیں۔

ہم نے مشارکہ انتظامات کے تحت صنعتی شعبوں کو انجینئرنگ خدمات فراہم کرنے کے لیے ورکشاپ قائم کرنے کے لیے نئے کاروباری راستے میں داخل کیا ہے۔ ہم آہستہ آہستہ اپنے کاروبار کو وسعت دیں گے اور کاروبار کو تبدیل کر سکتے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل مختلف پس منظر اور کاروبار ، مالیات ، بینکنگ اور قواعد و ضوابط کے بھرپور تجربے کے امتزاج کی عکاسی کرتی ہے۔ بورڈ نے اس کی تاثیر اور کارکردگی کا سالانہ جائزہ خود تشخیص کی بنیاد پر لیا۔ بورڈ تمام ریگولٹری ضروریات کی تعمیل کو بھی یقینی بناتا ہے۔ بورڈ کو اس کی کمیٹیوں کی بھرپور مدد حاصل ہے۔ آٹھ کمیٹی مالیاتی بیانات کا جائزہ لیتی ہے اور اس بات کو یقینی بناتی ہے کہ اکاؤنٹس موڈرناہ کی مالی پوزیشن 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 موڈرناہ کی مسلسل رہنمائی اور مدد کے لیے شکریہ اور تعریف کا اظہار کرنے کا موقع لیتا ہوں۔

احمد علی باوانی

Karachi.

Date : October 05, 2021

چیئر مین



**33RD ANNUAL REPORT OF THE DIRECTORS
OF THE MODARABA COMPANY
FOR THE YEAR ENDED JUNE 30, 2021**

Dear Certificate Holders,

Assalam-o-Aalikum,

In the name of ALLAH the most gracious and most merciful, your directors are pleased to present 33rd Annual Report of your Modaraba together with the audited financial statements for the year ended June 30, 2021.

FINANCIAL RESULTS

Financial results are summarized as follows:

	2021 Rupees	2020 Rupees
Revenue	<u>12,771,769</u>	<u>10,866,537</u>
Profit before charging management fee	6,393,328	4,584,907
Management fee	<u>(722,446)</u>	<u>(518,095)</u>
Profit before WWF	5,670,882	4,066,812
WWF	<u>(113,418)</u>	<u>(81,335)</u>
Profit before taxation	5,557,464	3,985,477
Taxation	<u>(51,374)</u>	<u>(1,328,925)</u>
Profit after taxation	<u>5,506,090</u>	<u>2,656,552</u>
Add: Un-appropriated profit brought forward	13,646,050	12,317,774
Add: Transfer to the unappropriated profits	<u>-</u>	<u>-</u>
	13,646,050	12,317,774
Appropriations:		
Transferred to statutory reserve @ 28% of Profit (2020: 50%)	<u>(1,541,705)</u>	<u>(1,328,276)</u>
Cash Dividend @ 5% (2020: NIL)	<u>(3,757,579)</u>	<u>-</u>
	<u>(5,299,284)</u>	<u>(1,328,276)</u>
	<u>13,852,856</u>	<u>13,646,050</u>
Earnings / (loss) per certificate	<u>0.73</u>	<u>0.35</u>



REVIEW OF OPERATIONS

Gross revenues during the year were Rs.12.771 million vis-à-vis Rs. 10.866 million for the corresponding period of 2019-20, major components of revenue were dividend income & trading income of Rs.7.635 million & 1.149 million respectively, Profit on Bank Deposit Rs.0.642 million. Thus, overall profitability remained positive as Pre-tax Profit stood at Rs.5.557 million against a Pre-tax Profit of Rs. 3.985 million for the corresponding period of 2019-20, earning per certificate stood at Rs. 0.73.

Equity Market index showed significant improvement of 37% closed at 47,356 points as on June 30, 2021 from last year closing of 34,421 points as on June 30, 2020. This positive trend was reflected in our portfolio investment valuation and unrealized gain of marketable securities stood at Rs. 0.943 million shown in the equity as on balance sheet date, recovered from last year unrealized loss of Rs. 10.980 million.

PROFIT DISTRIBUTION

The Board in its meeting held on **October 05, 2021** has approved final profit distribution @ **5%** i.e. **Rs.0.50** per certificate.

FUTURE OUTLOOK

The year under review was unprecedented challenges and issues year. The business activities remain dull due to Covid Pandemic as well as political challenges, 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.

During the year, we have entered into new venture under Musharakah arrangement to establish workshop whereby engineering equipment and allied machinery will be manufactured and sale to Industries. We may consider to change Modaraba corporate structure and business pattern if deemed more feasible considering business expansion of new venture and withdrawal of tax exemptions. Also reviewing inclusion of areas which are not being serviced by banks, besides continuing our regular business of trading.

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, if any.
- J. The Company operates unfunded Provident fund scheme. The fair value of assets based is Rs. 674,835.

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, 2021 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** retiring on the date of Annual Review Meeting, being eligible, have offered themselves for re-appointment for the year ending June 30, 2022 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

Muhammad Omar Amin Bawany
Chief Executive

Karachi
Date October 05, 2021



33 ویں سالانہ ڈائریکٹرز کی رپورٹ

مضار بہ کمپنی برائے اختتامی سال 30 جون 2021

محترم سرٹیفکیٹ یافتگان

اسلام علیکم!

اللہ تعالیٰ کے نام سے جو بہت مہربان اور نہایت رحم کرنے والا ہے۔ آپ کے ڈائریکٹرز آپ کے مضار بہ کی 33 ویں سالانہ رپورٹ کے ساتھ 30 جون 2021 کو ختم ہونے والے سال کے لئے آڈٹ شدہ مالیاتی گوشوارہ پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

مالی نتائج

2021 روپے-	2020 روپے-	
12,771,769	10,866,537	آمدنی
6,393,328	4,584,907	مینجمنٹ فیس وصول کرنے سے پہلے منافع
(722,446)	(518,095)	انتظام کا معاوضہ
5,670,882	4,066,812	WWF سے پہلے منافع۔
(113,418)	(81,335)	ڈبلیو ڈبلیو ایف
5,557,464	3,985,477	ٹیکس سے پہلے منافع۔
(51,374)	(1,328,925)	ٹیکسیشن۔
5,506,090	2,656,552	ٹیکس کے بعد منافع۔
13,646,050	12,317,774	شامل کریں: غیر مختص شدہ منافع آگے لایا گیا۔
-	-	شامل کریں: غیر منقولہ منافع میں منتقل کریں۔
13,646,050	12,317,774	اختصاص:
(1,541,705)	(1,328,276)	منافع کا 28% (2020: 50) قانونی ریزرو میں منتقل
(3,757,579)	-	5 فیصد کیش ڈیویڈنڈ (2020: NIL)
(5,299,284)	(1,328,276)	
13,852,856	13,646,050	
0.73	0.35	کمائی / (نقصان) فی سرٹیفکیٹ۔

آپریشنز کا جائزہ

سال کے دوران مجموعی آمدنی 12.771 ملین روپے تھی۔ 2019-20 کی اسی مدت کے لیے 10.866 ملین ، ریونیو کے بڑے اجزاء بالترتیب 7.635 ملین اور 1.149 ملین روپے کی منافع بخش آمدنی اور تجارتی آمدنی ، بینک ڈپازٹ پر منافع 0.642 ملین روپے تھے۔ اس طرح ، مجموعی منافع مثبت رہا کیونکہ ٹیکس سے پہلے کا منافع 5.557 ملین روپے تھا جو کہ ٹیکس سے پہلے کا منافع تھا۔ 2019-20 کی اسی مدت کے لیے 3.985 ملین ، فی سرٹیفکیٹ کی آمدنی 0.73 روپے رہی۔

ایکویٹی مارکیٹ انڈیکس میں نمایاں بہتری دکھائی گئی جو کہ 30 جون 2021 کو 30 جون 2021 تک 37 فیصد بڑھ کر 47,356 پوائنٹس پر بند ہوا۔ روپے میں بیلنس شیٹ کی تاریخ کے مطابق 0.943 ملین ایکویٹی میں دکھانے گئے ، جو پچھلے سال روپے کے غیر حقیقی نقصان سے برآمد ہوئے۔ 10.980 ملین نافع کی تقسیم بورڈ نے 05 اکتوبر 2021 کو اپنے اجلاس میں حتمی منافع کی تقسیم @ 5% i.e 0.5 فی سرٹیفکیٹ منظور کی ہے۔ مستقبل کا آؤٹ لک۔ زیر نظر سال بے مثال چیلنجز اور مسائل کا سال تھا۔ کوویڈ وبائی امراض کے ساتھ ساتھ سیاسی چیلنجز ، پاک روپے کی کمزوری ، بڑھتی ہوئی مہنگائی اور غیر مستحکم کیپٹل مارکیٹ کی وجہ سے کاروباری سرگرمیاں مدہم رہیں۔



موڈاربا سیکٹر سنگین انتشار سے گزر رہا ہے کیونکہ ٹیکس چھوٹ کو غیر منصفانہ اور بلا جواز واپس لینے اور لیزوں کے ہاتھ میں ٹیکس چھوٹ کے دعوے کی حد ، صرف 2.5 ملین روپے تک کی گاڑیوں کے لیے۔

سال کے دوران ، ہم نے مشارکہ کے انتظامات کے تحت ایک نئے ورکشاپ میں داخل کیا ہے جس میں ورکشاپ قائم کی جانے گی جس کے تحت انجینئرنگ کا سامان اور اس سے منسلک مشینری تیار کی جانے گی اور انٹسٹریز کو فروخت کی جائے گی۔ موڈاربا کارپوریٹ ڈھانچہ اور کاروباری نمونہ تبدیل کرنے پر غور کیا جا سکتا ہے اگر نئے کاروباری کاروبار کی توسیع اور ٹیکس چھوٹ واپس لینے پر غور کیا جائے۔ تجارت کے باقاعدہ کاروبار کو جاری رکھنے کے علاوہ ان علاقوں کو شامل کرنے کا بھی جائزہ لیں جو بینکوں کی طرف سے خدمات انجام نہیں دے رہے ہیں۔

کارپوریٹ گورننس۔

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

1. موڈاربا 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. موڈاربا 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 مانیٹر کیا گیا ہے۔
6. موڈاربا 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 674۰835

کارپوریٹ گورننس کے کوڈ کے ساتھ تعینات

سالانہ رپورٹ کے ساتھ کارپوریٹ گورننس کے بہترین طریقوں کی تعینات 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 2021 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 میسرز بورڈ نے تصدیق کی ہے کہ رحمن سرفراز رحیم اقبال رفیق ، سالانہ جائزہ اجلاس کی تاریخ پر ریٹائر ہونے والے چارٹرڈ اکاؤنٹنٹس نے 30 جون ، 2022 کو ختم ہونے والے سال کے لیے دوبارہ تقرری کی پیشکش کی ہے۔ ان کی تقرری

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

اعتراف

بورڈ آف ڈائریکٹرز ریگولٹری 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 05 اکتوبر 2021



Shari'ah Advisor Report

For the financial year ended June 30, 2021

This to please report that for the financial year ended June 30, 2021, 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

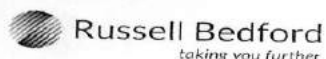
Conclusion:

The business activities of B.F. Modaraba during the financial year ended June 30, 2021 have been found to be Sharia'h compliant

Dr. Zubair Usmani

Dated: October 05, 2021

Shari'ah Advisor



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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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, 2021** 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;

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Member of
Russell Bedford International
Global network of independent accountancy firms,
Business consultants and specialist legal advisers.



Rahman Sarfaraz Rahim Iqbal Rafiq
CHARTERED ACCOUNTANTS

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-: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, 2021** and of the profit, total comprehensive income, 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 05, 2021



Statement of Financial Position

As at June 30, 2021

ASSETS	Note	2021 -----Rupees-----	2020
Non-current assets			
Furniture and equipment	4	23,063	27,023
Long term deposits	5	40,019	40,019
Long term investments	6	127,330,464	103,046,631
Long term Musharaka	7	14,000,000	-
		<u>141,393,546</u>	<u>103,113,673</u>
Current assets			
Prepayments and other receivables	8	688,418	378,099
Advance tax - net		4,323,688	3,174,271
Cash and bank balances	9	2,551,491	24,738,062
		<u>7,563,597</u>	<u>28,290,432</u>
Total assets		<u><u>148,957,143</u></u>	<u><u>131,404,105</u></u>
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	10	2,680,431	3,168,300
Due to Management Company		770,129	159,581
Unclaimed dividend		1,545,584	1,545,582
		<u>4,996,144</u>	<u>4,873,463</u>
Certificate holders' equity			
Certificate capital	11	75,151,587	75,151,587
Revenue Reserves	12	67,865,607	62,359,517
		<u>143,017,194</u>	<u>137,511,104</u>
Unrealized gain / (loss) on re-measurement of investments classified as fair value through other comprehensive income	13	943,805	(10,980,462)
Total liabilities and equity		<u><u>148,957,143</u></u>	<u><u>131,404,105</u></u>
Contingencies and commitments	14	-	-

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Profit or Loss

For the year ended June 30, 2021

	<i>Note</i>	2021 -----Rupees-----	2020
Revenue - net			
Trading profit from sale of sugar	15	1,149,127	-
Dividend - net of zakat	16	7,634,938	8,908,497
Profit on bank deposits accounts		642,663	2,430,626
Unrealised gain/(loss) on remeasurement of investments in units of mutual funds		<u>3,345,041</u>	<u>(472,586)</u>
		12,771,769	10,866,537
Administrative expenditure			
Operating expenses	17	(6,378,441)	(6,281,628)
Profit before charging Management Company's remuneration		<u>6,393,328</u>	<u>4,584,909</u>
Management Company's remuneration	18	(722,446)	(518,095)
Provision for Worker's Welfare Fund		(113,418)	(81,335)
Profit before taxation		<u>5,557,464</u>	<u>3,985,479</u>
Taxation	19	(51,374)	(1,328,925)
Profit after taxation		<u><u>5,506,090</u></u>	<u><u>2,656,554</u></u>
Earnings per certificate - basic and diluted	20	<u><u>0.73</u></u>	<u><u>0.35</u></u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Comprehensive Income

For the year ended June 30, 2021

	2021	2020
	-----Rupees-----	
Profit after taxation	5,506,090	2,656,554
Other comprehensive income		
<i>Items that will not be subsequently reclassified to profit or loss</i>		
Surplus on re-measurement of investments classified as at fair value through other comprehensive income	11,924,267	645,563
Total comprehensive income for the year	<u>17,430,357</u>	<u>3,302,117</u>

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

Chairman

Chief Executive

Director

Chief Financial Office



Statement of Changes in Equity

For the year ended June 30, 2021

	Certificate capital	Reserves		Total Reserves	Total
		Statutory reserves	Unappropriated profits		
-----Rupees-----					
Balance as at June 30, 2019	75,151,587	47,385,189	12,317,774	59,702,963	134,854,550
Total comprehensive income for the year ended June 30, 2020					
- Profit after taxation	-	-	2,656,554	2,656,554	2,656,554
- Other comprehensive income	-	-	-	-	-
	-	-	2,656,554	2,656,554	2,656,554
Transfer to the statutory reserve @ 50%	-	1,328,277	(1,328,277)	-	-
Balance as at June 30, 2020	75,151,587	48,713,466	13,646,051	62,359,517	137,511,104
Total comprehensive income for the year ended June 30, 2021					
- Profit after taxation	-	-	5,506,090	5,506,090	5,506,090
- Other comprehensive income	-	-	-	-	-
	-	-	5,506,090	5,506,090	5,506,090
Transfer to the statutory reserve @ 28%	-	1,541,705	(1,541,705)	-	-
Balance as at June 30, 2021	75,151,587	50,255,171	17,610,436	67,865,607	143,017,194

* 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 25 form an integral part of these financial statements.

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

Chairman

Chief Executive

Director

Chief Financial Officer



Statement of Cash Flows

For the year ended June 30, 2021

	2021	2020
Note	-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	5,557,464	3,985,479
Adjustments for non-cash charges and other items:		
- Depreciation on furniture and equipment	4 3,960	4,994
- Profit on bank deposits	(642,663)	(2,430,626)
- Provision for Management Company's remuneration	18 722,446	518,095
- Provision for provident fund	410,869	380,713
- Provision for Worker's Welfare Fund	113,418	81,335
- Unrealised (gain) / loss on remeasurement of investments	(3,345,041)	472,586
- Dividend income - net of zakat	16 (7,634,938)	(8,908,497)
	<u>(10,371,949)</u>	<u>(9,881,400)</u>
Operating loss before working capital changes	(4,814,485)	(5,895,921)
Working capital changes		
<i>Decrease / (increase) in current assets</i>		
- Trade debts	-	14,960,000
- Prepayments and other receivables	9,897	79,970
<i>Increase / (decrease) in current liabilities</i>		
- Trade and other payables	(851,162)	1,176,413
	(841,265)	16,216,383
Income tax paid	(1,200,793)	(2,170,514)
Provident fund paid to employees	(160,994)	(23,000)
Management Company's remuneration paid	(111,898)	(346,593)
Purchase of investments - net	(9,014,521)	(7,257,208)
Dividend received	7,311,938	8,908,497
	(3,176,268)	(888,818)
Net cash (used in) / generated from operating activities	(8,832,018)	9,431,644
CASH FLOWS FROM INVESTING ACTIVITIES		
Profit received on bank deposits	645,447	2,430,626
Musharaka Financing	(14,000,000)	-
Net cash (used in) / generated from investing activities	(13,354,553)	2,430,626
Net (decrease) / increase in cash and cash equivalents	(22,186,571)	11,862,270
Cash and cash equivalents as at beginning of the year	24,738,062	12,875,792
Cash and cash equivalents as at the end of year	9 2,551,491	24,738,062

The annexed notes from 1 to 25 form an integral part of these financial statements.

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

Chairman

Chief Executive

Director

Chief Financial Officer



Notes to the Financial Statements

For the year ended June 30, 2021

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 in 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 the (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:

	<i>Note</i>
- Useful lives, depreciation methods and residual values of furniture and equipment	3.1
- Provision for taxation	3.12

2.5 New accounting pronouncements

2.5.1 *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2021.*

During the years, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Modaraba. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

2.5.2 *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after January 01 ,2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an ‘economically equivalent’ basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met. The application of the amendment is not likely to have an impact on the Modaraba's financial statements.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after June 01, 2020, with earlier application permitted. Under the standard’s previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before June 30, 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before June 30, 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- a. the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b. any reduction in lease payments affects only payments originally due on or before June 30, 2020 ;
- c. there is no substantive change to the other terms and conditions of the lease.

The above amendments are not likely to affect the financial statements of the Modaraba.

- Onerous contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 01, 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application. The amendments are not likely to affect the financial statements of the Modaraba.
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after January 01, 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented. The amendments are not likely to affect the financial statements of the Modaraba.

- Amendments to IFRS 3 'Business Combinations' - Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 01, 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018. The amendments are not likely to affect the financial statements of the Modaraba.

- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current amendments apply retrospectively for the annual periods beginning on or after January 01, 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8. The management of the Modaraba is currently in the process of assessing the impacts of these amendments to these financial statements.

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - a. requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - b. clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - c. clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a Modaraba's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted.

The management of the Modaraba is currently in the process of assessing the impacts of above amendments to these financial statements.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a Company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after January 01, 2023, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments. The amendments are not likely to affect the financial statements of the Modaraba.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after January 01, 2023 with earlier application permitted. The amendments are not likely to affect the financial statements of the Modaraba.

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

- The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after January 01, 2022:
 - IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other’s behalf, when it applies the ‘10 per cent’ test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.

 - IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

 - IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are not likely to affect the financial statements of the Modaraba.

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 from equity to profit or loss 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 expense.

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

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

Unless the income of the Modaraba (other than income from trading activities) is treated as exempt under clause (100) of Part I of the Second Schedule to the Income Tax Ordinance, 2001 ('the Ordinance'), the total income is subject to taxation at the rate of 25%.

The income of Modaraba is exempt from taxation under clause (100) of Part I of the Second Schedule of the Ordinance, subject to the condition that not less than 90% of the total profits in the year (as reduced by the amount transferred to statutory reserve) are distributed amongst the certificate holders.

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) -----			
As at June 30, 2019				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(136,845)	(133,927)	(342,759)	(613,531)
	<u>10,380</u>	<u>12,676</u>	<u>8,961</u>	<u>32,017</u>
<i>Movement during the year ended June 30, 2020</i>				
Opening net book value	10,380	12,676	8,961	32,017
Depreciation for the year	(1,038)	(1,268)	(2,688)	(4,994)
Closing net book value	<u>9,342</u>	<u>11,408</u>	<u>6,273</u>	<u>27,023</u>
As at June 30, 2020				
Cost	147,225	146,603	351,720	645,548
Accumulated depreciation	(137,883)	(135,195)	(345,447)	(618,525)
	<u>9,342</u>	<u>11,408</u>	<u>6,273</u>	<u>27,023</u>
<i>Movement during the year ended June 30, 2021</i>				
Opening net book value	9,342	11,408	6,273	27,023
Depreciation for the year	(936)	(1,140)	(1,884)	(3,960)
Closing net book value	<u>8,406</u>	<u>10,268</u>	<u>4,389</u>	<u>23,063</u>
As at June 30, 2021				
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>
Rate of depreciation per annum	<u>10%</u>	<u>10%</u>	<u>30%</u>	

5	LONG TERM DEPOSITS	Note	2021	2020
			-----Rupees-----	
	<i>Basic deposits placed with:</i>			
	- Central Depository Company of Pakistan Limited		25,000	25,000
	- State Bank of Pakistan		10,019	10,019
	- Pakistan Telephone Communications Limited		5,000	5,000
			<u>40,019</u>	<u>40,019</u>
6	LONG TERM INVESTMENTS			
	<i>At fair value through other comprehensive income</i>			
	Investments in quoted companies and modarabas	6.1	38,593,345	21,840,336
	<i>At fair value through profit or loss</i>			
	Investment in open-ended mutual funds	6.2	88,737,119	81,206,295
			<u>127,330,464</u>	<u>103,046,631</u>

6.1 Investments in quoted companies and modrabas

Number of shares / certificates		Name of Company / Institution	Cost		Market value	
2021	2020		2021	2020	2021	2020
-----Rupees-----						
MODARABAS						
21,136	21,136	Orix Modaraba	191,281	191,281	369,878	380,446
72,900	72,900	First Punjab Modaraba	127,575	127,575	203,391	145,800
BANK						
34,353	21,230	Meezan Bank Limited	1,478,826	742,751	3,964,679	1,461,685
CEMENT						
177,000	162,000	Fauji Cement Limited	5,414,849	5,091,404	4,071,000	2,734,560
13,000	13,000	Kohat Cement Limited	2,122,412	2,122,412	2,684,370	1,786,850
10,000	10,000	D.G.Khan Cement Limited	975,797	975,797	1,179,200	853,300
10,000	-	Maple Leaf Cement	312,200	-	469,800	-
TEXTILE						
10,000	-	Nishat Mills Limited	843,634	-	933,000	-
FOOD & PERSONAL CARE PRODUCTS						
10,000	-	Frieslandcampina Engro Pakistan	731,100	-	1,150,800	-
REFINERY						
12,500	12,500	Attock Refinery Limited	2,078,108	2,078,108	3,205,626	1,116,500
FUEL AND ENERGY						
22,419	22,419	Hub Power Company Limited	1,037,619	1,037,619	1,786,124	1,625,377
49,000	49,000	Kohinoor Energy Limited	2,126,091	2,126,091	1,763,991	1,714,011
10,099	10,099	Pakistan Petroleum Limited	886,443	886,443	876,896	876,391
600,500	600,500	K-Electric Limited	5,255,514	5,255,514	2,510,333	1,807,747
ENGINEERING						
29,000	25,000	Mughal Iron & Steel Industries Limited	2,028,825	1,756,825	3,027,600	997,000
25,000	25,000	International Steels Limited	3,654,865	3,654,865	2,335,250	1,291,250
AUTOMOBILE ASSEMBLER						
2,000	2,000	Pak Suzuki Motors Limited	1,434,613	1,434,613	710,880	323,660
COMMUNICATION						
57,000	57,000	Pakistan Telecommunication Company Limite	1,006,050	1,006,050	674,881	506,161
CHEMICALS & PHARMACEUTICALS						
95,000	70,000	Engro Fertilizer Limited	5,943,738	4,333,450	6,675,646	4,219,598
			<u>37,649,540</u>	<u>32,820,798</u>	<u>38,593,345</u>	<u>21,840,336</u>

6.2 Investments in open-ended mutual funds

Number of units		Name of Mutual Fund	Cost		Fair Value	
2021	2020		2021	2020	2021	2020
			----- Rupees -----			
54,475	51,229	Alfalah GHP Islamic Value Fund	5,304,336	5,014,914	4,856,821	4,549,833
69,549	69,549	AKD Islamic Stock Fund	3,000,000	3,000,000	3,463,317	2,080,320
116,508	116,508	Meezan Islamic Fund	6,379,345	6,379,345	7,383,779	5,439,299
1,419,068	1,343,360	Meezan Islamic Income Fund	72,926,297	69,029,940	73,033,202	69,136,843
			87,609,978	83,424,199	88,737,119	81,206,295

7 LONG TERM MUSHARAKA

This represent 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.

8	PREPAYMENTS AND OTHER RECEIVABLES	Note	2021	2020
			-----Rupees-----	
	Prepayments		78,421	123,960
	<i>Other receivables</i>			
	Profit on bank deposits		2,813	5,597
	Dividend receivable		323,000	-
	Sales tax		284,184	248,542
			609,997	254,139
			688,418	378,099

9 CASH AND BANK BALANCES

	Cash in hand		22,186	70,774
	Balance with banks:			
	- Current accounts		943,655	943,655
	- Saving accounts	9.1	1,585,650	23,723,633
			2,529,305	24,667,288
			2,551,491	24,738,062

9.1 Saving accounts represent Islamic bank accounts. The rate of profit on these accounts ranges from 4.50% to 5.78% (2020: 5% to 5.35%) per annum.

10	TRADE AND OTHER PAYABLES	Note	2021	2020
			-----Rupees-----	
	Payable against purchase of securities		-	882,660
	<i>Accrued liabilities:</i>			
	- Accrued auditor's remuneration		275,000	275,000
	- Salaries payables		292,015	263,713
	- Commission payable		18,000	18,000
	- Provident fund payable		674,835	424,960
	- Sindh Workers' Welfare Fund	10.1	1,169,808	1,056,390
	- Other liabilities		250,773	247,577
			2,680,431	3,168,300

10.1 This represents the provision for Sindh Workers' Welfare Fund recognized in respect of the 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.

11 CERTIFICATE CAPITAL

2021 ----- No. of Certificates -----	2020		2021 ----- Rupees -----	2020
<u>10,000,000</u>	<u>10,000,000</u>	Authorized certificate capital	<u>100,000,000</u>	<u>100,000,000</u>
		Modaraba certificates of Rs. 10 each		
3,000,000	3,000,000	Issued, subscribed and paid-up capital	30,000,000	30,000,000
		Modaraba certificates of Rs.10/- each issued for cash		
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>

12 REVENUE RESERVES	<i>Note</i>	2021 -----Rupees-----	2020
Statutory reserve	<i>12.1</i>	50,255,171	48,713,466
Unappropriated profits		17,610,436	13,646,051
		<u>67,865,607</u>	<u>62,359,517</u>

12.1 As per Modaraba Regulations, 2021, every modaraba shall create reserve fund to which an amount not less than 20% and not more than 50% of its after tax profit should be transferred till such time that reserve equals the amount of the paid up capital and thereafter, a sum not less than 5% and not more than 20% of its after tax profit is to be transferred. During the year, the Modaraba has transferred an amount of Rs. 1.542 million (2020: Rs 1.328 million) which represents 28% of the profit after tax.

13 UNREALIZED (LOSS) / GAIN ON REMEASUREMENT OF INVESTMENTS CLASSIFIED AS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	<i>Note</i>	2021 -----Rupees-----	2020
Market value of investments	<i>6.1</i>	38,593,345	21,840,336
Less: cost of investments	<i>6.1</i>	(37,649,540)	(32,820,798)
		<u>943,805</u>	<u>(10,980,462)</u>

13.1 Movement in unrealized (loss) / gain	2021	2020
Unrealized loss as at the beginning of the year - net	(10,980,462)	(11,626,025)
Gain realized on disposal transferred to unappropriated profits	-	-
Surplus / (deficit) on remeasurement of investments recognised during the year in other comprehensive income	11,924,267	645,563
	<u>11,924,267</u>	<u>645,563</u>
Unrealized loss as at the end of the year - net	<u>943,805</u>	<u>(10,980,462)</u>

14 CONTINGENCIES AND COMMITMENTS

There were no known contingencies and commitments as at June 30, 2021 (June 30, 2020: None).

17.1 Auditors' remuneration

Audit fee	250,000	250,000
Review of code of corporate governance	25,000	25,000
Half yearly review including other certificates	60,000	60,000
	<u>335,000</u>	<u>335,000</u>

2021 2020
-----Rupees-----

18 MANAGEMENT COMPANY'S REMUNERATION

Management Company's remuneration excluding sales tax	639,333	458,491
Add: sales tax on above	83,113	59,604
	<u>722,446</u>	<u>518,095</u>

18.1 The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2021 has been recognised at 10% (2020: 10%) of the profit for the year before charging such remuneration.

19	TAXATION	<i>Note</i>	2021	2020
			-----Rupees-----	
	Current		51,374	1,328,925
	Deferred	19.1	-	-
			<u>51,374</u>	<u>1,328,925</u>

19.1 As of the reporting date there were no material temporary differences, therefore, no deferred tax has been recognized in these financial statements.

19.2 The income tax assessments of the Modaraba have been finalized up to, and including, the tax year 2020. 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.

20	EARNINGS PER CERTIFICATE - Basic and diluted	2021	2020
		-----Rupees-----	
20.1	Basic earning per certificate		
	Profit after taxation	<u>5,506,090</u>	<u>2,656,554</u>
		-----Number-----	
	Weighted average number of certificates outstanding	<u>7,515,158</u>	<u>7,515,158</u>
		-----Rupees-----	
	Earnings per certificate - basic	<u>0.73</u>	<u>0.35</u>

20.2 Diluted earnings / (loss) per certificate

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, 2021 and June 30, 2020.

21 TRANSACTIONS ENTERED INTO AND BALANCES HELD WITH RELATED PARTIES

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:

	2021	2020
	-----Rupees-----	
<u>Associate Company</u>		
Faran Sugar Mills Limited		
<i>Transaction during the year</i>		
Purchase of sugar	<u>12,184,205</u>	<u>-</u>
<u>Modaraba Management Company</u>		
E.A Management (Private) Limited		
<i>Transaction during the year</i>		
Management fee - payment during the year	<u>111,898</u>	<u>346,593</u>
Management fee - charge for the year	<u>722,446</u>	<u>518,095</u>
<i>Balances at the year end</i>		
Transactions during the year		
Management fee payable	<u>770,129</u>	<u>159,581</u>

22 FINANCIAL INSTRUMENTS

22.1 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

22.1.1 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:

	2021		2020	
	Carrying amount	Maximum exposure	Carrying amount	Maximum exposure
----- (Rupees) -----				
Bank balances	<u>2,529,305</u>	<u>2,529,305</u>	<u>24,667,288</u>	<u>24,667,288</u>

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	2021	2020
			----- Rupees -----	
Al-Baraka Islamic Bank	A1	PACRA	27,346	27,319
Bank Al-Habib Limited	A-1+	PACRA	1,607,932	23,944,237
Habib Bank Limited	A-1+	PACRA	4,271	4,271
Habib Metropolitan Bank Limited	A-1+	PACRA	889,226	690,931
UBL Islamic Bank	A-1+	VIS	530	530
			<u>2,529,305</u>	<u>24,667,288</u>

22.1.2 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 -----					
As on June 30, 2021					
Trade and other payables	1,498,702	1,498,702	(1,498,702)	-	-
Due to Management Company	770,129	770,129	(770,129)	-	-
	<u>770,129</u>	<u>770,129</u>	<u>(770,129)</u>	<u>-</u>	<u>-</u>
As on June 30, 2020					
Trade and other payables	2,079,062	2,079,062	(2,079,062)	-	-
Due to Management Company	159,581	159,581	(159,581)	-	-
	<u>2,238,643</u>	<u>2,238,643</u>	<u>(2,238,643)</u>	<u>-</u>	<u>-</u>

22.1.3 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. 38.593 million (2020: Rs. 21.840 million) and investments in mutual funds amounting to Rs. 88.737 million (2020: Rs. 81.206 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:

	June 30, 2021		June 30, 2020	
	(Rupees)	%	(Rupees)	%
Modarabas	573,269	0.45	526,246	0.51
Bank	3,964,679	3.11	1,461,685	1.42
Cement	8,404,370	6.60	5,374,710	5.22
Textile	933,000	0.73	-	-
Food & personal care products	1,150,800	0.90	-	-
Refinery	3,205,626	2.52	1,116,500	1.08
Fuel and energy	6,937,344	5.45	6,023,526	5.85
Engineering	5,362,850	4.21	2,288,250	2.22
Automobile assembler	710,880	0.56	323,660	0.31
Communication	674,881	0.53	506,161	0.49
Chemicals & pharmaceuticals	6,675,646	5.24	4,219,598	4.09
Open-ended mutual funds	88,737,119	69.69	81,206,295	78.81
	127,330,464	100.00	103,046,631	100.00

Sensitivity analysis

The table below summarizes Modaraba's equity price risk as of June 30, 2021 and 2020 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 fair value after hypothetical change in prices	Hypothetical increase / (decrease) in profit / (loss) before tax	Hypothetical increase / (decrease) in other comprehensive
June 30, 2021	<i>Rupees</i>				
	127,330,464	10% increase	140,063,510	8,873,712	3,859,335
		10% decrease	114,597,418	(8,873,712)	(3,859,335)
June 30, 2020	<i>Rupees</i>				
	103,046,631	10% increase	113,351,294	8,120,630	2,184,034
		10% decrease	92,741,968	(8,120,630)	(2,184,034)

22.2 Financial instruments by categories

	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
	Rupees			
As at June 30, 2021				
Financial assets				
Long term deposits	-	-	40,019	40,019
Long term investments	88,737,119	38,593,345	-	127,330,464
Long term Musharaka	-	-	14,000,000	14,000,000
Other receivables	-	-	2,813	2,813
Cash and bank balances	-	-	2,551,491	2,551,491
	88,737,119	38,593,345	16,594,323	143,924,787

Financial liabilities	Financial liabilities at amortized cost
	– Rupees –
Trade and other payables	1,498,702
Due to Management Company	770,129
	<u>2,268,831</u>

	At fair value through profit or loss	At fair value through other comprehensive income	Amortized cost	Total
	Rupees			
<u>As at June 30, 2020</u>				
Financial assets				
Long term deposits	-	-	40,019	40,019
Long term investments	81,206,295	21,840,336	-	103,046,631
Other receivables	-	-	5,597	5,597
Cash and bank balances	-	-	24,738,062	24,738,062
	81,206,295	21,840,336	24,783,678	127,830,309

Financial liabilities	Financial liabilities at amortized cost
	– Rupees –
Trade and other payables	2,079,062
Due to Management Company	159,581
	<u>2,238,643</u>

23 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:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Investments in units of open-end mutual funds	88,737,119	-	-	88,737,119
Investment in ordinary shares of listed companies	38,593,345	-	-	38,593,345
	127,330,464	-	-	127,330,464

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
Financial assets				
Investments in units of open-end mutual funds	81,206,295	-	-	81,206,295
Investment in ordinary shares of listed companies	21,840,336	-	-	21,840,336
	103,046,631	-	-	103,046,631

24 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:

	2021	2020
	----- Rupees -----	
Certificate holders' equity		
- Issued, subscribed and paid up capital	75,151,587	75,151,587
- Reserves	67,865,607	62,359,517
Total capital managed by the Modaraba	143,017,194	137,511,104

25 GENERAL

25.1 Events after the reporting date

The Board of Directors have approved dividend for the year ended June 30, 2021 of Re.0.50 per certificate (2020: Re. Nil per certificate), amounting to Rs. 3,757,579 (2020: Rs.Nil) at their meeting held on October 05, 2021. The financial statements for the year ended June 30, 2021 do not include the effect of the above which will be accounted for in the period in which it is declared.

25.2 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 05, 2021.

25.3 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary for the purpose of comparison and better presentation. Following reclassification have been made.

Reclassified from component	Reclassified to component	Amount (Rupees)
Rent, rates and taxes (Operating expenses)	Miscellaneous (Operating expenses)	<u>26,800</u>

25.4 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)

Chairman

Chief Executive

Director

Chief Financial Officer



***PATTERN OF CERTIFICATE HOLDING
AS AT JUNE 30, 2021***

NO. OF CERTIFICATE HOLDERS	CERTIFICATE HOLDING	TOTAL CERTIFICATES HELD
628	1 - 100	14,042
238	101 - 500	59,757
74	501 - 1000	54,664
164	1001 - 5000	331,423
30	5001 - 10000	214,649
7	10001 - 15000	82,925
4	15001 - 20000	69,088
4	20001 - 25000	86,227
2	25001 - 30000	55,939
4	40001 - 45000	170,144
1	45001 - 50000	46,000
1	70001 - 75000	72,105
1	80001 - 85000	84,500
1	115001 - 120000	115,724
1	160001 - 165000	163,500
1	170001 - 175000	171,360
1	180001 - 185000	183,078
1	185001 - 190000	187,877
1	210001 - 215000	212,554
1	225001 - 230000	227,910
1	270001 - 275000	274,053
2	280001 - 285000	562,803
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
1175	TOTAL	7,515,158



CATEGORIES OF CERTIFICATE HOLDINGS
AS AT JUNE 30, 2021

	Number of Certificate Holders	Total Certificates Held	Percentage %
Director CEO and their Spous and Minor Children Holding			
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
	6	945,470	12.5808
Associated Companies, Undertaking and related Parties			
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
	3	1,994,512	26.5399
NIT and ICP			
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)		1,911	0.0254
	7	53,445	0.7112
Certificate Holders Holding Five percent or more			
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
	7	2,233,513	29.7201
INDIVIDUALS	1130	1985478	26.4196
INVESTMENT COMPANIES	3	35866	0.4772
INSURANCE COMPANIES	1	187877	2.5000
JOINT STOCK COMPANIES	7	2134	0.0284
FINANCIAL INSTITUTIONS	1	10456	0.1391
OTHERS	7	45747	0.6087
CHARITABLE TRUSTS	1	17602	0.2342
COOPERATIVE SOCIETIES	1	4827	0.0642
Total	1175	7,515,158	100



July 2020-June 2021			
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	3	3	1
3. Mr. Hamza Omar Bawany	4	4	N/A
4. Mr. Abdul Ghaffar Umar	3	3	1

KEY OPERATING AND FINANCIAL DATA						Rs. 000's
Year	2021	2020	2019 (Restated)	2018	2017	2016
Paid-up Capital	75,151	75,151	75,151	75,151	75,151	75,151
Equity	143,017	137,511	134,855	130,939	134,737	123,742
Operating Revenue	12,772	10,867	5,089	12,434	24,223	17,761
Net Profit / (Loss) After Tax	5,506	2,657	(2,929)	3,717	15,880	10,224
Bonus	-	-	-	-	-	-
Cash Dividend	5%	-	-	-	10%	6.50%
Earning / (Loss) Per Certificate (Rs.)	0.73	0.35	(0.39)	0.49	2.11	1.36



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, 2021** 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, 2021.

Further, we highlight below the explanation for non-compliance with the requirements of the Code as stated in paragraph 18 and 19 of the Statement of Compliance:

S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance
1	Mandatory	18	As per Regulation 06 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, a listed company shall have at least two or one-third members of the Board of Directors, whichever is higher, as independent directors. Further, it requires a listed company to explain the reasons, in its Statement of Compliance, if any fraction contained in such one-third number is not rounded up as one.

(continued on the next page)



S. No.	Nature of the Requirement	Paragraph No.	Description of the Non-Compliance <i>(continued)</i>
1	Mandatory	18	<i>(continued from the previous page)</i> Since the total number of directors of the Company is 4 , its one-third fraction comes to 1.33 . In contrast, during the year ended June 30, 2021, the number of independent director of the Company has been 1 . However, as stated in clause 18 of the Statement of Compliance, an elected independent director has requisite competency, skills, knowledge and experience to discharge and execute his duties competently as per laws and regulations under which hereby fulfill the necessary requirements.
2	Explanatory	19	As per proviso to the regulation 24 of the Listed Companies (Code of Corporate Governance) Regulations, 2019, 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.

RAHMAN SARFARAZ RAHIM IQBAL RAFIQ
Chartered Accountants

Date:



Statement of Compliance with Listed Companies

(Code of Corporate Governance) Regulations, 2019

Name of modaraba: **B.F.Modaraba**

Year ended: **June 30, 2021**

The Modaraba Management Company (hereinafter referred to as 'the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') in the following manner:

1. The total number of directors are 4 as per the following:
 - a) Male: - 4
 - b) Female: - Nil

2. The composition of Board of Directors ('the Board') is as follows:

Category	Name
Independent Director	Mr. Abdul Ghaffar Umer
Executive Director	Mr. Muhammad Omar Amin Bawany
Non-Executive Director	Mr. Ahmed Ali Bawany
	Mr. Hamza Omar Bawany

- Since the Management Company is a Private Limited Company, therefore there are 4 Directors.

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. The Board has not arranged any Directors' training program during the year ended June 30, 2021. Two directors of the Company have already attended Directors' training program from recognized institutes and remaining two 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. Abdul Ghaffar Umer	Chairman
2.	Mr. Ahmed Ali Bawany	Member
3.	Mr. Hamza Omar Bawany	Member
 - b) **HR and Remuneration Committee**

1.	Mr. Abdul Ghaffar Umer	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, 7, 8, 27,32, 33 and 36 of the Regulations have been complied with. Explanation as required under the regulation is mentioned below:

Company currently has one elected independent director out of total four directors who are representing EA Management Company (Pvt.) Limited (Management Company of Modaraba) on the board and it is impracticable to appoint Two directors out of Four member of the board as independent. The elected independent director has requisite competency, skills, knowledge and experience to discharge and execute his duties competently as per laws and regulations under which hereby fulfill the necessary requirements.

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.

Chairman
E.A Management (Private) Limited
(Management Company)



NOTICE OF ANNUAL REVIEW MEETING

The 22nd Annual Review Meeting of the Certificate Holders of B.F. Modaraba will be held on Thursday October 28, 2021 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, 2021.

The Board of Directors, in their meeting held on October 05, 2021, have approved cash dividend **@ 5% i.e. Re. 0.5 per certificate** for the year ended June 30, 2021.

The Certificate Transfer Books of the Modaraba will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive), to determine the names of Certificate Holders entitled to receive the cash dividend and to attend the Annual Review Meeting.

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 21, 2021, will be treated in time.

Certificate Holders are requested to promptly notify to the Shares Registrar of the company of any change / update in their registered address.

Please also note that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a Modaraba to pay cash dividend to certificate holders only through electronic mode directly into the bank account designated by the entitled certificate holders. In order to receive your dividend directly into your Bank account, please complete the particulars as mentioned in Electronic Credit Mandate Form (Available at our website) and return the same duly signed along with a copy of your CNIC to our Registrar.

Dated: October 06, 2021

Muhammad Ayub
Company Secretary

NOTE:

At the time of attending the meeting individual CDC account holders shall produce their original National Identity Cards and corporate entities shall produce the Board's Resolution/Power of Attorney with Specimen Signature of the nominees.



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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