

Trust Modaraba

Managed By:

Al-Zāmin Modaraba Management (Private) Limited.

ANNUAL REPORT

2024



www.trustmodaraba.com

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CORPORATE INFORMATION

MODARABA COMPANY

AL-ZAMIN MODARABA MANAGEMENT (PRIVATE) LIMITED

BOARD OF DIRECTORS

Mr. Mian Sheikh Arshad Farooq	Chairman
Mr. Basheer Ahmed Chowdry	Chief Executive
Mr. Syed Shahnawaz Ahmed Rizvi	Director
Mr. Syed Etrat Hussain Rizvi	Director
Mr. Mohammad Yasin	Director
Mr. Muhammad Sami Ullah	Director
Dr. Mrs. Namooos Baquar	Director

MANAGEMENT

Mr. Basheer Ahmed Chowdry	Chief Executive
Ms. Hamida Aqeel	Chief Operating Officer/Company Secretary
Mr. Shiraz Butt	Chief Financial Officer

AUDIT COMMITTEE

Mr. Syed Etrat Hussain Rizvi	Chairman
Mr. Mian Sheikh Arshad Farooq	Member
Mr. Syed Shahnawaz Ahmed Rizvi	Member
Mr. Mohammad Yasin	Member
Ms. Hamida Aqeel	Secretary to the committee

HUMAN RESOURCE COMMITTEE

Mr. Muhammad Yasin	Chairman
Mr. Syed Etrat Hussain Rizvi	Member
Dr. Mrs. Namooos Baquar	Member
Mr. Basheer Ahmed Chowdry	Member
Ms. Hamida Aqeel	Secretary to the committee

INTERNAL AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

AUDITORS OF THE MODARABA

Grant Thornton Anjum Rahman.
Chartered Accountants

BANKER

Meezan Bank Limited

LEGAL ADVISORS

Holscott International
S&B Durrani Law Associates

REGISTERED OFFICE/PRINCIPAL PLACE OF BUSINESS

104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi-75600
Telephone: 021-35876651, 35876652, 35873373, 35873369, 35867102
Fax: 021-35870408 Web: trustmodaraba.com
Email: info@trustmodaraba.com

REGIONAL OFFICE

320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore
Telephone: 042-35941957-8 Fax: 042 35866513

REGISTRARS

Hameed Majeed Associates (Private) Limited
1st Floor, H.M. House, 7-Bank Square, Lahore Telephone: 042- 37235081-2 Fax: 042-37358817

MISSION STATEMENT

Trust Modaraba aims to evolve and practice exemplary standards of integrity and proficiency by achieving balanced growth, building quality investment portfolio, maintaining high standards of efficiency and providing good return to its certificate holders. Trust Modaraba shall endeavor to maintain a comprehensive edge in the industry and contribute effectively in promotion of Islamic Financial Regime. It shall adopt a management culture based on participation, motivation and accountability to achieve professional and personal excellence and growth of human resource.

Trust Modaraba shall achieve a balanced texture of being a prudent and progressive organization with a sound image in the market place.

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the Annual Review Meeting of Trust Modaraba to review the performance of the Modaraba for the year ended June 30, 2024, will be held on Tuesday, October 15, 2024 at 09:30 am at NBFi & Modaraba Association of Pakistan, 602, Progressive Centre, 30-A, Block-6, PECHS, Shahrah-e-Faisal, Karachi-75400.

The certificate transfer books of the Modaraba will remain closed from Tuesday, October 08, 2024 to Tuesday, October 15, 2024 (both days inclusive).

Karachi.
September 05, 2024

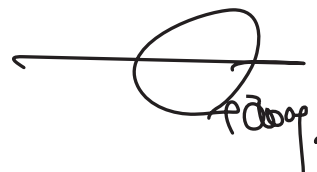
Hamida Aqeel
Company Secretary

REVIEW REPORT BY THE CHAIRMAN

I am pleased to present a review report to the certificate holders of Trust Modaraba on the overall performance of the Board and its role in achieving the objectives of the Modaraba. In compliance of the regulatory requirements and the Listed Companies (The Code of Corporate Governance) Regulations 2019 with reference to the composition, procedures and meetings of the Board of Directors, Trust Modaraba has put in place an effective functional framework to support the oversight role of the Board of Directors. The Board of Directors receives agendas and supporting working papers in sufficient time prior to the Board and its committee meetings. The Board meets at least once in a quarter to discuss the performance of the Modaraba and provide strategic direction as and when required.

The annual evaluation of the performance of the Board of Directors is carried out in accordance with the role of the Code of Corporate Governance to ensure that the Board's overall performance meets the established criteria. The effective role of the Board of Directors helped steering the Modaraba during the year amidst most challenging environment and shall continue performing its strategic role in achieving the Modaraba's key objectives.

Given the circumstances prevailing, I foresee yet another challenging year ahead, which your Board and the Management are committed to face with resilience and same zeal in order to safeguard the interest of the certificate holders and capitalize on growth opportunities.



Mian Sheikh Arshad Farooq
CHAIRMAN

DIRECTORS' REPORT:

The Board of Directors of Al-Zamin Modaraba Management (Private) Limited, the Management Company of Trust Modaraba is pleased to present to the certificate holders the Directors' Report together with the audited financial statements of the Modaraba for the year ended on 30th June 2024.

ECONOMIC REVIEW:

Geopolitical tensions remained the predominant issue affecting the global economic landscape. Ongoing conflicts in Eastern Europe and the Middle East, important hubs for global food and energy distribution pose imminent challenges. Escalating tensions in the Middle East are a matter of grave concern, particularly considering the region's pivotal role accounting for nearly 30% of the oil production. Significant events like supply chain disruptions due to the Russia-Ukraine conflict leading to food crises are severely threatening the world economy. However, the global economy has demonstrated remarkable resilience evidenced by steady growth and successfully managed to avoid a recession despite numerous pessimistic forecasts.

Recent years have been characterized by intense challenges for Pakistan that have persisted since FY2022. The country encountered multiple global shocks including supply chain distortions, elevated global inflationary pressures, and oil price shocks due to heightened geopolitical tensions, particularly in the Middle East. Additionally, the economy suffered a significant setback due to the catastrophic floods which not only disrupted growth prospects but also inflicted extensive damage to the lives and livelihoods of the masses.

However, navigating with utmost resilience, Pakistan's economy experienced a resurgence in moderate growth and a reduction in external pressures. Notable indicators include robust agricultural growth, a decrease in inflationary pressures, and an improved current account balance. On the fiscal front, revenue growth exceeded expenditure as the tax and non-tax collections saw significant improvement during the year. The increase in foreign exchange reserve stabilized PKR/UD\$ exchange rate. On the external front, government successfully reduced the trade deficit supported by higher exports and restricted imports leading to a sizeable decrease in current account deficit. Inflation though still elevated is on a downward trend. Pakistan Stock Exchange also depicted exceptional performance making a historic surge during the year positioning it as one of the highest-ranking indices globally.

The economy currently on a track to achieve moderate growth this year has set the basis for better performance in the upcoming fiscal year. However, given the significant challenges ahead, policymakers need to capitalize on this hard-earned stability with sound macro economic policies and enforce reforms to create stronger, inclusive, and sustainable growth.

PERFORMANCE REVIEW:

The financial year 2023-24, despite enormous economic pressures and heightened political turmoil, proved to be a successful year for Trust Modaraba having achieved significant progress in growth and profitability. Our strategic decisions to navigate the challenging economic landscape while safeguarding the quality and stability of our financing portfolio materialized successfully as is demonstrated by a well-rounded performance during the year.

A snapshot of key operating and financial data is presented here under:

Financial year	2023-24	2022-23
» Total Income	61,904,581	41,171,301
» Profit before tax	29,561,017	1,149,466
» Management Fee	2,956,102	114,947
» Tax	4,841,691	1,086,934
» Profit after tax	21,231,126	(73,105)
» Net profit margin	34%	---
» EPC	0.71	----
» Total Equity	347,737,575	326,506,449
» Total Assets	414,351,428	388,757,077
» Return on equity	6.11%	----

It is encouraging to report that even under the most challenging economic conditions, the gross portfolio of Trust Modaraba as at 30th June 2024 (Rs.355 million) demonstrated noticeable improvement registering an increase of 8% as compared to the previous year. The financing portfolio consisting of diminishing musharakah and ijarah modes of financing constituted the primary component of the asset base, During the year, your Modaraba witnessed a significant increase of 50.40% in operating income which was recorded at Rs.61.90 million as compared to Rs.41.17 million of the previous corresponding period. The growth in income was achieved by the efficient deployment of funds, prudent risk assessment, and a notably elevated underlying benchmark policy rate. As a result of the management's restructuring initiatives implemented during the period, operating expenses increased marginally by 4% despite exceptionally high inflation prevailing in the range of 20-25%. The national bourse also exhibited substantial recovery gaining 37,000 points to close at 78,000 as at 28th June, 2024. This improvement in stock market index and consequential increase in prices provided an unrealized gain of Rs.13.71 million on the share portfolio held by the Modaraba. As a prudent portfolio risk management policy, a provision of Rs.2.89 million was recorded during the year.

This proactive approach was adopted in anticipation of any possible adverse impact on clients' repayment capacity exacerbated by economic conditions and historically high benchmark rates. As you are aware, Trust Modaraba had acquired property in partial settlement of a financial facility. During the period under review, the said property was disposed off against which a loss of Rs.4.24 million had to be recorded as due to the slump in the real estate business, the desired value could not be achieved. Operating profit of your Modaraba stood at Rs.29.56 million registering phenomenal increase over the previous year. Due to the revocation of earlier tax exemption available to the modaraba sector, a tax liability of Rs.4.84 million was recorded. After accounting for all the expenses and tax liability, your Modaraba posted a robust after-tax profit of Rs.21.23 million for the financial year ended on 30th June 2024 as compared to a marginal loss of Rs.73,105 of the previous year.

Disbursements during the year amounted to Rs.241 million as compared to Rs.195 million of the previous year translating into an increase of 23%. In response to the prevalent economic conditions, historically high inflation, and policy rate environment bearing a direct impact on private sector credit and also the client's repayment capacity, your Modaraba proactively applied strategic adjustments focusing on preserving its portfolio quality and adopting an even more cautious financing approach. Corporate sector and high net worth individuals having established track record and sound financial standing were focused for new disbursements. SME exposure remained selective. Consequently, during the period, disbursements accounted for 46.5% to individuals, 45.5% to the corporate sector, and 8% to SMEs. Improvement in the risk profile of the Modaraba resulted in further improvement in NPLs as no new account was added in this category. With the enhancement in portfolio quality infection ratios also declined on a timeline basis.

Asset base of the Modaraba increased to Rs. 414 million depicting an increase of 6.6% as at 30th June 2024. Total equity also increased to Rs. 348 million from Rs.326 million of the previous year. Due to improved performance of your Modaraba, earnings per certificate enhanced to Rs.0.71.

DIVIDEND:

The Board of Directors is pleased to declare a cash dividend of 5% i.e. Rs.0.50/- per certificate of Rs.10/- each for the year ended 30th June 2024.

CREDIT RATING:

It is a pleasure to report that VIS Credit Rating Company has reaffirmed entity ratings of Trust Modaraba at BBB+/A-2. Outlook on the assigned ratings is 'Stable'. Long-term ratings of BBB+ reflect adequate credit quality, protection factors are reasonable and sufficient. Short-term rating of A-2 signifies sound entity fundamentals and good certainty of timely payments.

Assigned ratings have taken into consideration noticeable growth trend in the financing portfolio based on prudent growth stance adopted by your management amidst heightened credit risk environment. Improvement in credit quality as a result of shift in client profile towards corporate and high net worth individuals is also acknowledged.

FUTURE OUTLOOK:

Having faced a multitude of challenges spurred by domestic and international events, Pakistan is poised for economic recovery as the government has introduced a number of reforms to transform its economy to achieve long-term sustainability. The outlook, however, is fraught with challenges, and considering the existing complexities, Pakistan's financial sector is expected to face headwinds well through the FY 2024-25. Domestically, rising utilities costs, high financing rates, and increased burden of taxation will hamper ability of the businesses to remain agile.

Keeping in view the present business circumstances, Trust Modaraba will further strengthen its credit risk management, optimize operational efficiencies, and maintain its service excellence for sustainable growth. Norms of prudent lending shall continue to be followed in new business engagements for fresh financing. The financing portfolio shall be proactively monitored to minimize risk of infection and ensure that the recoveries are made in accordance with the agreements. Recoveries from litigation cases shall continue to remain a priority area of our operations and every possible effort shall be made to conclude the process expeditiously.

GOVERNANCE FRAMEWORK:

Trust Modaraba has put in place sound governance framework which ensures corporate diversity, strategic direction, clear objectives, well-defined policies, and sound control systems. It provides the Board to have a clear oversight of the performance of the entity, its committees, and the effectiveness of the overall control system.

Trust Modaraba has a formal process of evaluation of the performance of the Board of Directors and its committees. The evaluation is carried out once a year. To undertake the evaluation process, comprehensive proformas are circulated to the members for their input. The responses are compiled and results are shared in the Board meeting for collective feedback of the members on the areas requiring further improvements.

The Board of Directors meets at least once every quarter to review the financial performance of the Modaraba, business plans, projections, related party transactions, regulatory compliance requirements, and other significant developments in the sector impacting the future performance of the Modaraba.

COMPOSITION OF THE BOARD AND MEETINGS:

The Board of Directors consists of qualified individuals possessing knowledge, experience, and skill in various professions with the leadership and vision to act in the best interest of the Modaraba and its certificate holders. The Board of Directors has a major role to play in deciding corporate policy and strategic direction.

During the year, there has been a change in the Board of Directors. Mr. Sohail Ansar, founder member and a long-standing director on the board, tendered his resignation due to his migration out of Pakistan. The Board accepted his resignation and with profound regards for his services bid him farewell.

The casual vacancy thus created was filled in by the appointment of Mr. Muhammad Sami Ullah, an experienced banker having rich experience of banking and non-banking sectors to his credit. His appointment has been approved by the SECP.

Composition of the current Board of Directors is as under:

NAME	CATEGORY
Mr. Mian Sheikh Arshad Farooq (Chairman)	Non-Executive Director
Mr. Basheer A. Chowdry (CEO)	Executive Director
Mr. Etrat Hussain Rizvi	Independent Director
Mr. Muhammad Sami Ullah	Independent Director
Mr. Mohammad Yasin	Independent Director
Ms. Dr. Namoos Baquar	Non-Executive Director
Mr. Shahnawaz Rizvi	Non-Executive Director

Four meetings of the Board of Directors were held during the year and the attendance of each director was as under:

NAME	MEETINGS ATTENDED
Mr. Mian Sheikh Arshad Farooq (Chairman)	4
Mr. Basheer A. Chowdry (CEO)	4
Ms. Dr. Namoos Baquar	3
Mr. Etrat Hussain Rizvi	4
Mr. Mohammad Yasin	4
Mr. Shahnawaz Rizvi	2
Mr. Muhammad Sami Ullah	--

All the Directors duly comply with the requirements of the Code of Corporate Governance pertaining to the Director's Certification.

As per the Board's Remuneration Policy, the Chairman, non-executive directors, and independent directors are entitled only for the fee for attending the meetings which is paid by the Management Company.

AUDIT COMMITTEE & INTERNAL CONTROL SYSTEM:

The Management of your Modaraba believes in good corporate governance implemented through a well-defined system of checks and balances. The Board of Directors has established a sound system of internal controls which is effectively implemented at all levels within the Modaraba.

The Board has constituted an Audit Committee in compliance with the requirements of the Code of Corporate Governance which comprises of four (4) members including the Chairman of the Committee who is an independent director. Four meetings of the Audit Committee were held during the year which were attended by the members as follows:

NAME		MEETINGS ATTENDED
Mr. Etrat Hussain Rizvi	(Chairman)	4
Mr. Arshad Farooq	(Member)	4
Mr. Shahnawaz Rizvi	(Member)	2
Mr. Muhammad Yasin	(Member)	4
Mrs. Hamida Aqeel	(Secretary)	4

The Audit Committee meets once in every quarter to review the annual and interim financial statements of the Modaraba prior to their approval by the Board. The Audit Committee also focuses on compliance with applicable accounting standards, any change in the accounting policies and practices, all related party transactions, and also significant adjustments resulting from the audit.

Internal Audit functions are entrusted to an independent firm of Chartered Accountants. Internal audit reports and compliance matrix are presented by the Internal Auditors to the Audit Committee on a quarterly basis according to the annual audit plan approved by the Committee.

HUMAN RESOURCE & REMUNERATION COMMITTEE:

The Board has constituted a Human Resource and Remuneration Committee to deliberate on the key issues of human resource management policies. The Committee comprises of the following members:

Mr. Muhammad Yasin	Chairman
Mr. Etrat Hussain Rizvi	Member
Mrs. Dr. Namoos Baquar	Member
Mr. Basheer A. Chowdry	Member
Mrs. Hamida Aqeel	Secretary

One meeting of the Human Resource Committee was held during the year with full attendance of the members.

SHARIAH AUDIT REPORT:

Trust Modaraba continues to seek guidance from its Shariah Advisor Mr. Mufti Zubair Usmani on operational and compliance matters as and when required to ensure full compliance with the shariah audit mechanism. The Internal Audit functions also verify shariah compliance of the business transactions undertaken by the Modaraba according to the prescribed standards. The Shariah Audit report issued by the shariah advisor is placed in the financial statements of the Modaraba.

AUDITORS:

On the recommendations of the Audit Committee and approval of the Board, the present auditor M/s Grant Thornton Anjum Rahman, Chartered Accountants being eligible to act as the auditors has been re-appointed as external auditors of Trust Modaraba for the year 2024-25 subject to the approval of the Registrar Modaraba.

PATTERN OF CERTIFICATE HOLDING:

Pattern of certificate holding as at 30th June 2024 is attached. No trade in the certificates of the Modaraba was carried out by the Directors, CEO, CFO, Company Secretary, and their spouses.

VALUE OF THE FUNDS INVESTMENT:

The Modaraba operates a contributory provident fund for all its permanent employees. Equal monthly contributions are made, both by the Modaraba and employees to the fund @10% of the basic salary. Based on the latest accounts of the fund, the value of its investments works out to be Rs.9,003,028 as at 30th June 2024.

EARNINGS PER CERTIFICATE:

Earnings per certificate of your Modaraba worked out to Rs.0.71 for the year ended on 30th June 2024 as compared to a marginal loss for the previous year.

ACKNOWLEDGEMENTS:

The Board wishes to place on record its appreciations for the support and guidance provided by the Registrar Modaraba and Securities and Exchange Commission of Pakistan. The Board also acknowledges the hard work and commitment of the executives and staff members. Finally, the Board extends its gratitude to the certificate-holders for their unwavering support to the Modaraba.

5th September, 2024.


CHIEF EXECUTIVE


DIRECTOR

DISCLOSURES

STRATEGIC OBJECTIVES ON ESG

The Securities and Exchange Commission of Pakistan (SECP) has recently introduced ESG disclosure guidelines for listed companies which revolve around factors like protecting the environment, reduction of waste, promoting gender diversity, environmental sustainability. The scope of ESG initiatives is very diverse and comprehensive too. On its part, Trust Modaraba has played its role in promoting staff welfare activities and through humble donations to the health welfare organizations. Governance standards have always remained at the forefront of the organization. Trust Modaraba has put in place an effective framework of ethical business practices. ESG initiatives shall be further strengthened and a long-term plan in this regard shall be worked out in due course.

GENDER PAY GAP STATEMENT

Gender Pay Gap statement under Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024 Following is gender pay gap calculated for the year ended June 30, 2024:

- a) Mean Gender Pay Gap: - 123.27%
- b) Median Gender Pay Gap: - 13.43%
- c) Any other data / details as deemed relevant:

Trust Modaraba will actively support and implement initiatives to foster gender diversity.

For and on behalf of the Board of Director


CHIEF EXECUTIVE

الضامن مضاربہ بینجمنٹ (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز (بورڈ کے ناظمین)، جو ٹرسٹ مضاربہ کی بینجمنٹ کمپنی ہے، کی جانب سے 30 جون 2024 اختتام پذیر سال پر مضاربہ کی ڈائریکٹرز کی رپورٹ جمع محتسب شدہ مالیاتی دستاویزات اپنے سرٹیفیکیٹ کنندگان کو پیش کرتے ہوئے خوشی محسوس کرتے ہیں۔

معاشی جائزہ

عالمی معاشی منظر نامہ کے لئے جغرافیائی سیاسی تناؤ ایک بھرپور خطرے کے طور پر ابھر کر سامنے آیا ہے۔ موجودہ مشرقی یورپ اور مشرق وسطیٰ کے تنازعات، جو عالمی غذا اور توانائی کی تقسیم کے اہم مراکز ہیں، سے فوری مشکلات کا سامنا ہو سکتا ہے۔ مشرق وسطیٰ، کے تقریباً 30 فیصد آئل کی پیداوار کرنے والے خطے کے مرکزی کردار پر علاقے میں بڑھتا ہوا تناؤ شدید خدشات ظاہر کرتا ہے۔ ریشیا-یوکرین تنازع سے ہونے والے اہم واقعات جیسے سپلائی چینز میں تعلق سے پیدا ہونے والی غذا کی قلت سے عالمی معیشت کو شدید مشکلات کا سامنا ہو سکتا ہے۔ تاہم عالمی معیشت نے نمایاں چمک دکھائی جس کی خصوصیت متوازن نمو اور اہلیت کے ساتھ اس کا انتظام کیا، باوجود متعدد دما پوس کن تخمینوں کے، تاکہ کساد بازاری سے بچا جاسکے۔

پاکستان کے لیے گزشتہ سالوں میں شدید مشکلات کا سامنا رہا ہے جو 2022-23 سے متاثر ہو رہی ہیں۔ ملک کو متعدد عالمی مشکلات کا سامنا رہا بشمول سپلائی چینز میں خلل، بڑھتا ہوا عالمی افراطی دباؤ اور تیل کی قیمتوں میں اضافہ جس کی وجہ بڑھا ہوا جغرافیائی سیاسی تناؤ خاص طور پر مشرق وسطیٰ میں۔ اس کے علاوہ، معیشت کو تباہ کن سیلاب سے ختم دھچکا لگا ہے جس نے نہ صرف نمو کے امکانات میں تعلق ڈالنے کے ساتھ انسانی زندگیوں اور عوام کے مال موبیلیٹیوں کو بھی بہت نقصان پہنچایا ہے۔

تاہم، پاکستان کی معیشت نے انتہائی چمک دکھا کر تے ہوئے، نئی قوت سے معتدل نمو اور بیرونی دباؤ کا سامنا کیا ہے۔ نمایاں اشاروں میں مضبوط زرخیز نمو، افراطی دباؤ میں کمی اور بہتر ہوا تباہی اجاعی کھاتے کا بیلنس شامل ہیں۔ مالی محاذ پر مالگڈری کی نمو اخراجات سے تجاوز کر گئی ہے جس کی وجہ سال کے دوران ٹیکس اور غیر ٹیکس کی وصولیابی میں بہتری دکھائی ہے۔ غیر ملکی زرمبادلہ کے ذخائر میں اضافے نے پاک روپے / امریکی ڈالر کی رجحان کو مستحکم کیا ہے۔ بیرونی محاذ پر، حکومت نے کامیابی سے تجارتی خسارے کو کم کیا ہے جس کی معاونت بلند تر برآمدات اور درآمدات پر پابندی نے کی جس کا نتیجہ جاری کھاتے کے خسارے میں خاصی کمی دیکھی گئی۔ افراط زر کمی کے رجحان کے ساتھ ابھی بڑھا ہوا ہے۔ پاکستان اسٹاک ایکسچینج نے غیر معمولی کارکردگی کا منظر پیش کیا ہے جس نے سال کے دوران تاریخی تیزی دکھا کر اپنے آپ کو عالمی طور پر بلند ترین انڈیکس (indices) میں سے ایک میں شامل کر لیا ہے۔ اس سال معیشت فی الحال معتدل نمو کے حصول کے راستے پر ہے اور اس آنے والے مالی سال میں بہتر کارکردگی دکھانے کی تیاری کی بنیاد رکھ دی ہے۔ تاہم، آگے اہم مشکلات کی موجودگی میں، پالیسی سازوں کو جسی اس بات کی ضرورت ہے کہ اس سخت محنت سے حاصل کردہ استحکام کا فائدہ اٹھانے کے لیے مضبوط کل معیشت (macroeconomic) پالیسیاں بنائیں اور اصلاحات نافذ کریں تاکہ مضبوط، شمولیت والی اور تسلسل سے جاری رہنے والی نمو حاصل کی جائے۔

کارکردگی کا جائزہ

مالی سال 2023-24 انتہائی مشکل معاشی دباؤ اور بڑھا ہوا سیاسی تناؤ کے باوجود، یہ سال ٹرسٹ مضاربہ کے لیے کامیاب رہا جس میں نمو اور منافع بخشگی میں اضافہ ہوا۔ ہماری معاشی مشکلات کے منظر نامے سے نبرد آزما ہونے کے تزویراتی فیصلوں کے ساتھ اپنے فنانشل پورٹ فولیو کے معیار اور مضبوطی کو تحفظ دیتے ہوئے سال کے دوران کامیابی سے متوازن کارکردگی دکھائی۔ تمام اہم آپریٹنگ اور مالیاتی اعداد و شمار کی جھلکیوں کا خلاصہ درج ذیل ہے۔

مالی سال	2023-24	2022-23
کل آمدنی	61,904,581	41,171,301
منافع قبل از بینجمنٹ فیس	29,561,017	1,149,466
بینجمنٹ فیس	2,956,102	114,947
ٹیکس	4,841,691	1,086,934
منافع بعد از ٹیکس	21,231,126	(73,105)
خالص منافع مارجن	34%	--
آمدنی فی سرٹیفیکیٹ	0.71	--
کل ملکیٹی سرمایہ	347,737,575	326,506,449
کل اثاثہ جات	414,351,428	388,757,077
ملکیٹی سرمائے پر منافع	6.11%	--

یہ بات امید افزا ہے کہ باوجود انتہائی معاشی مشکلات کے شکار حالات میں، 30 جون 2024 پر ٹرسٹ مضاربہ نے مجموعی پورٹ فولیو (355 ملین روپے) نے قابل توجہ بہتری دکھائی اور گزشتہ سال کے مقابلے میں 8 فیصد اضافے کا اندراج کیا۔ مالیاتی پورٹ فولیو جو گھٹتا ہوا اشارہ اور اجارہ فنانسنگ کے طریقہ کار اثاثہ جات کی بنیاد کے اجزا ہیں۔ سال کے دوران، آپ کے مضاربہ نے آپریٹنگ آمدن میں 50.40 فیصد اضافے کے بعد 61.90 ملین روپے کا اندراج کیا گزشتہ سال اسی مدت میں اس کی مالیت 41.17 ملین روپے تھی۔ آمدن میں اضافہ کا حصول مؤثر فنڈز کا اجراء، خطرے کا محتاط تخمینہ اور بڑھے ہوئے بیٹج مارک پالیسی زرخ کے سبب حاصل ہوا۔ زیر نمودت کے دوران بینجمنٹ کی تنظیم نو کی کاروائی کے نفاذ کے بعد 20-25 فیصد کے غیر معمولی افراط زر کے باوجود آپریٹنگ اخراجات میں 4 فیصد کا معمولی اضافہ ہوا۔ قومی بازار حصص نے کافی بحالی دکھائی اور 28 جون 2024 کو 37,000 پوائنٹس سے 78,000 پوائنٹس پر بند ہوا۔ اسٹاک مارکیٹ انڈیکس میں بہتری اور اس کے نتیجے میں قیمتوں میں اضافے نے مضاربہ کے پاس موجود حصص پورٹ فولیو میں 13.71 ملین روپے کا غیر حقیقی (unrealized) منافع حاصل ہوا۔ محتاط پورٹ فولیو رسک بینجمنٹ پالیسی کے تحت سال کے دوران 2.89 ملین روپے کے مختص (provision) کرنے کا اندراج کیا گیا۔ معاشی صورتحال اور تاریخی بلند بیٹج مارک شرح کی وجہ سے کسی ممکنہ گاہک کی واپس ادائیگی کی صلاحیت پر برے اثرات سے بچاؤ کے لیے یہ جارحانہ رویہ اختیار کیا گیا تھا۔ جیسا کہ آپ آگاہ ہیں کہ ٹرسٹ مضاربہ مالی بھولت کے جزوی تصفیہ کے تحت ایک پراپرٹی حاصل کر چکا تھا۔ زیر نمودت کے دوران، مذکورہ پراپرٹی کو فروخت کر دیا گیا جس میں ریٹیل اسٹیٹ کے کاروبار میں مندی کے سبب 4.24 ملین روپے کے نقصان کا اندراج کیا گیا اور مطلوبہ قیمت حاصل نہ کی جاسکی۔ آپ کے مضاربہ کا آپریٹنگ منافع 29.56 ملین روپے رہا جس میں گزشتہ سال کے مقابلے میں حیرت انگیز اضافے کا اندراج کیا۔ مضاربہ سکیلر کو پھل سے حاصل انتہائی منسوخی کی وجہ سے 4.84 ملین روپے کے ٹیکس و اجبات کا اندراج کیا گیا۔ 30 جون 2024 پر اختتام پذیر مالی سال پر تمام اخراجات اور ٹیکس کا حساب کتاب کرنے کے بعد 21.23 ملین روپے کا بڑا منافع بعد از حصول کا اندراج کیا ہے، اس کے مقابلے میں گزشتہ سال 73,105 روپے کا معمولی نقصان تھا۔

سال کے دوران قرضوں کی فراہمی کی مالیت 241 ملین روپے رہی جبکہ گزشتہ سال اس کی مالیت 195 ملین روپے تھی جو 23 فیصد کا اضافہ دکھا رہا ہے۔ موجودہ معاشی صورتحال، تازہ سٹی بلندی اور فراڈ زور اور پالیسی شرح کے ماحول کے نئی شعبے کی کریڈٹ اور گاہک کی قرضہ کی واپس ادائیگی کی استعداد پر براہ راست اثرات کے رد عمل کے طور پر آپ کے مضاربہ نے جارحانہ طور پر ضرورت کے مطابق تزویراتی رد و بدل کے عمل کا استعمال کیا اور توجہ پورٹ فولیو کے معیار کے تحفظ پر رہی اور زیادہ محتاط فنڈنگ اپروچ کو اختیار کیا۔ نئے قرضہ جات کی فراہمی کے لیے ادائیگی سیکلر اور بلند خالص قدر رکھنے والے افراد جن کا تسلیم شدہ قرضوں کی واپسی کارپیکارڈ ہے اور مضبوط مالی حیثیت پر توجہ دی گئی۔ منتخب SME سے تعلق رہا۔ اس کے نتیجے میں زیر غور مدت کے دوران افراد کو 46.5 فیصد، ادائیگی سیکلر کو 45.5 فیصد اور SMEs کو 8 فیصد قرضوں کی فراہمی کی گئی۔ مضاربہ کے رسک پروڈیکٹس میں بہتری کے نتیجے میں غیر فعال قرضوں میں بھی بہتری آئی ہے اور مزید کوئی غیر فعال قرضہ اس کیٹیگری میں شامل نہیں ہوا۔ پورٹ فولیو کو الٹنی میں اضافے کے ساتھ انکیشن تناسب میں بھی تاخیر لائن کی بنیاد پر کمی آئی۔

30 جون 2024 پر مضاربہ کی اثاثہ جات کی بنیاد بڑھ کر 414 ملین روپے ہو گئی جو 6.6 فیصد کا اضافہ دکھا رہا ہے۔ کل کلیتی سرمایہ بھی گزشتہ سال 326 کے ملین روپے سے بڑھ کر 348 ملین روپے ہو گیا۔ آپ کے مضاربہ کی بہتر کارکردگی کی وجہ سے آمدنی فی سرٹیفیکٹ بڑھ کر 0.71 روپے ہو گئی۔

مقسّمہ منافع (DIVIDEND)

30 جون 2024 کو اختتام پزیر سال پر بورڈ آف ڈائریکٹرز کو، ہر 10 روپے کے ہر سرٹیفیکٹ پر 5 فیصد یعنی 0.50 روپے فی سرٹیفیکٹ کے کیش مقسّمہ منافع کا اعلان کرتے ہوئے خوشی ہے۔

کریڈٹ درجہ بندی

انٹرمیڈیا اس بات کی اطلاع دیتے ہوئے خوشی محسوس کرتی ہے کہ وہ آئی ایس-کریڈٹ ریٹنگ کمپنی لیئڈ نے ٹرسٹ مضاربہ کی طویل المدت بینٹیفیٹی (entity) ریٹنگز A-2 / BBB+ کی توثیق کی ہے۔ توثیق شدہ درجہ بندیوں کی آؤٹ لک (Outlook) مستحکم ہے۔ BBB+ کی طویل المدت درجہ بندی ظاہر کرتی ہے کہ موزوں کریڈٹ معیار، تحفظ کے عوامل معقول اور ضرورت کے لیے کافی ہیں۔ قلیل المدت درجہ بندی A-2 کے معنی ہیں مضبوط بینٹیفیٹی کے اصول اور بروقت تقبلی ادائیگی۔

بڑھے ہوئے کریڈٹ کے ماحول میں توثیق شدہ درجہ بندیوں کا فیصلہ کرتے وقت فنڈنگ پورٹ فولیو جس کی بنیاد محتاط نمو کا موقف جو آپ کی بینجمنٹ نے اختیار کیا تھا اس کی وجہ قابل توجہ نمو کے رجحان کو مد نظر رکھا گیا تھا۔ کریڈٹ معیار میں بہتری جو کلائنٹ پروڈیکٹس اور بلندی اور بلندی خالص قدر رکھنے والے افراد پر منتقل کرنے کو بھی سراہا گیا ہے۔

ملکی اور بین الاقوامی واقعات سے پیدا ہونے والی متعدد مشکلات کا سامنا کرنے کے بعد، گورنمنٹ کے تسلسل سے طویل المدت ترقی کے حصول کے لیے کیے جانی والی اصلاحات سے معیشت کی بحالی کے لیے تیار ہے۔ موجودہ مشکل مسائل اور موجودہ پیچیدگیوں کو مد نظر رکھتے ہوئے، تاہم، توقع ہے کہ مالی سال 2024-25 میں پاکستان کے مالی سیکلر کے منظر نامہ کو باہر مخالف کا سامنا ہو گا۔ ملک کو ٹیلیٹی کی بڑھتی ہوئی قیمت، بلند فنڈنگ ریس اور بڑھا ہوا محصول کاروبار کرنے کی صلاحیت میں رکاوٹ بنے گا۔

کاروبار کے موجودہ حالات کو مد نظر رکھتے ہوئے، ٹرسٹ مضاربہ اپنے کریڈٹ رسک بینجمنٹ کو مزید مضبوط کرے گا، آپریشن کرنے کی کارکردگی کی استعداد کو بہتر اور خدمات کی برتری کو برقرار رکھے گا تاکہ تسلسل سے نمو حاصل کی جائے۔ نئے کاروبار کو نئی فنڈنگ میں محتاط قرضہ کی فراہمی کے عام معیار پر عمل جاری رہے گا۔ فنڈنگ پورٹ فولیو کی جارحانہ طور پر نگرانی کی جائے گی تاکہ انکیشن (infection) کے رسک کو کم سے کم رکھا جائے اور اس بات کو یقینی بنایا جائے کہ وصولیوں کے معاہدے کے شرائط کے مطابق ہوں۔ مقدمہ بازی کا شکار کیس سے وصولیائی ہمارے آپریشن کی ترجیح رہے گی اور ہر ممکن کوشش ہوگی وصولیائی کا عمل قابلیت سے مکمل ہو۔

نظم و ضبط کا ڈھانچہ

ٹرسٹ مضاربہ نے نظم و ضبط کا ایک مضبوط ڈھانچہ قائم کیا ہے جو ادارتی تنوع، حکمت عملی کی سمت، واضح مقاصد، واضح پالیسیوں اور مضبوط کنٹرول کے نظام کو یقینی بناتا ہے۔ یہ بورڈک بینٹیفیٹی، اس کی کمیٹیوں مجموعی کنٹرول سسٹم کو مؤثر ہونے کی صلاحیت کی نگرانی فراہم کرتا ہے۔

ٹرسٹ مضاربہ کے پاس بورڈ آف ڈائریکٹرز اور ان کی کمیٹیوں کی کارکردگی کا پورا اس موجود ہے۔ چاہنے کا عمل سال میں ایک مرتبہ کیا جاتا ہے۔ کارکردگی کا جائزہ لینے کے پراسس میں ایک جامع فارم بورڈ کے ہر رکن کو ان کی رائے کے لیے بھیجا جاتا ہے۔ ان کے جوابات کو ایک جگہ جمع کر کے بورڈ کی مینٹنگ میں پیش کیا جاتا ہے تاکہ اجماعی رائے حاصل کی جائے کہ کن معاملات میں مزید بہتری کی ضرورت ہے۔

بورڈ آف ڈائریکٹرز ہر سہ ماہی میں ایک اجلاس کرتے ہیں تاکہ جائزہ لے سکیں، مضاربہ کی مالی کارکردگی، بزنس پلان، ماضی کی بنیاد پر پیش گوئی (projections)، متعلقہ فریق سے لین دین، انضامی قبیل کی ضروریات اور سیکلر میں دیگر اہم پیش رفت جو مضاربہ کی مستقبل کی کارکردگی پر اثر انداز ہو سکتی ہے۔

بورڈ کی ساخت اور اجلاس

بورڈ آف ڈائریکٹرز کے ارکان تعلیم یافتہ اشخاص ہیں جن کے پاس مختلف اقسام کی پیشہ ورانہ معلومات، تجربہ اور قائدانہ صلاحیتیں اور بصیرت موجود ہیں جن کے استعمال سے وہ مضاربہ اور سرٹیفیکٹس کنڈرگان کے بہترین مفاد میں کام کر سکیں۔ بورڈ آف ڈائریکٹرز کا ادارتی پالیسی اور تزویراتی سمت کے تعین میں اہم کردار ہے۔

سال کے دوران بورڈ آف ڈائریکٹرز میں ایک تبدیلی ہو چکی ہے۔ جناب سہیل انصاری، بانی رکن اور بورڈ کے ڈیریٹو ڈائریکٹر نے بیرون ملک نقل مکانی کی وجہ سے استعفیٰ دے دیا ہے۔ بورڈ نے ان کا استعفیٰ، اور ان کی خدمات کے احترام کے ساتھ منظور کر لیا ہے اور ان کو خدا حافظ کیا ہے۔

اس طرح سے ایک عرصہ آسامی خالی ہوئی تھی جس کو جناب محمد سمیع اللہ کو منتخب کر لیا ہے، وہ ایک تجربہ کار بینکار ہیں اور انہیں بینکاری اور غیر بینکاری کا وسیع تجربہ ہے۔ ان کے انتخاب کی نے منظوری دے چکی ہے۔ موجودہ بورڈ آف ڈائریکٹرز کی ساخت درج ذیل ہے:

نام	کیٹیگری
جناب میاں شیخ ارشد فاروقی (چئیرمین)	نان ایگزیکٹو ڈائریکٹر
جناب بشیر اے۔ چودھری (CEO)	ایگزیکٹو ڈائریکٹر
محترمہ ڈاکٹر ناموس باقر	نان ایگزیکٹو ڈائریکٹر
جناب عزت حسین رضوی	آزاد ڈائریکٹر
جناب محمد سمیع اللہ	آزاد ڈائریکٹر
جناب محمد یاسین	آزاد ڈائریکٹر
جناب شاہنواز رضوی	آزاد ڈائریکٹر

سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے اجلاس میں حاضری کی تفصیلات درج ذیل ہیں:

نام	اجلاس میں شرکت کی تعداد
جناب میاں شیخ ارشد فاروقی	4
جناب بشیر اے۔ چودھری	4
جناب ڈاکٹر ناموس باقر	3
جناب عزت حسین رضوی	4
جناب محمد یاسین	4
جناب شاہنواز رضوی	2

مذکورہ بالا تمام ناظمین ڈائریکٹر کی ٹریگ سرٹیفیکیشن کے حوالے سے ادارتی نظم و ضبط کے ضابطہ کی ضروریات کی باضابطہ طور پر تعمیل کرتے ہیں۔
بورڈ کی مشاورت پالیسی کے مطابق چیئر مین، نان ایگزیکٹو ڈائریکٹر اور آزاد ڈائریکٹر صرف اجلاس میں شرکت کی فیس کے حقدار ہیں جس کی ادائیگی مینجمنٹ سہولت کرتی ہے۔

آڈٹ کمیٹی اور اندرونی نگرانی کا نظام

آپ کے مضاربہ کی انتظامیہ نے ادارتی نظم و ضبط کے ضوابط پر یقین رکھتی ہے جو ایک مضبوط نگرانی کے نظام کے ذریعے نافذ کیا گیا ہے۔ بورڈ آف ڈائریکٹر ایک مضبوط اندرونی نگرانی کا نظام تشکیل دے دیا ہے اور اس کو مضاربہ کی ہر سطح پر نافذ کیا جا چکا ہے۔

بورڈ ادارتی نظم و ضبط کے ضوابط پر یقین رکھتی ہے جو چار (4) افراد پر مشتمل ہے اور وہ تمام بشمول چیئر مین کمیٹی جو آزاد ڈائریکٹر ہیں۔ سال کے دوران بورڈ آف ڈائریکٹر کے چار اجلاس ہوئے اور ہر ڈائریکٹر کے اجلاس میں حاضری کی تفصیلات درج ذیل ہے:

نام	اجلاس میں شرکت کی تعداد
جناب عزت حسین رضوی (چیئر مین)	4
جناب ارشد فاروقی (رکن)	4
جناب شاہنواز رضوی (رکن)	2
جناب محمد یاسین (رکن)	4
بیگم حمیدہ عقیل (معتد)	4

آڈٹ کمیٹی، بورڈ کی منظوری سے پہلے، مضاربہ کی سالانہ اور درمیانی مدت کی مالیاتی دستاویزات کا جائزہ ہر سہ ماہی میں لیتی ہے۔ آڈٹ کمیٹی اکاؤنٹنگ کے مضاربہ پر لاگو معیار کی تعمیل، اکاؤنٹنگ پالیسی اور پریکٹس میں تبدیلی، تمام متعلقہ پارٹی سے لین دین اور آڈٹ کے نتیجے میں اہم ردوبدل پر بھی توجہ دیتی ہے۔

اندرونی آڈٹ کے فنکشن ایک آزاد چارٹرڈ اکاؤنٹنگ فرم کے سپرد کر دی ہیں۔ انٹرنل آڈٹ سہ ماہی کی بنیاد پر، اندرونی آڈٹ کی رپورٹس اور تعمیل کی میٹرز آڈٹ کمیٹی کو پیش کرتی ہے۔

انسانی وسائل اور مشاورت کمیٹی

انسانی وسائل کی انتظامی پالیسیوں کے بنیادی مسائل پر غور و خوض کرنے کے لیے بورڈ نے انسانی وسائل اور مشاورت کمیٹی تشکیل دے دی ہے۔ کمیٹی مندرجہ ذیل ارکان پر مشتمل ہے:

جناب محمد یاسین	چیئر مین
جناب عزت حسین رضوی	رکن
بیگم ڈاکٹر ناموس باقر	رکن
جناب بشرائے۔ چودھری	رکن
جناب حمیدہ عقیل	معتد

سال کے دوران انسانی وسائل کمیٹی کا ایک اجلاس ہوا جس میں تمام ارکان نے شرکت کی۔

شریہ آڈٹ رپورٹ

ٹرسٹ مضاربہ اپنے شریہ مشیر جناب مفتی زبیر عثمانی صاحب سے مضاربہ کے آپریشن اور تعمیل کے معاملات کے سلسلے میں، جب اور جیسے ضرورت ہو، رہنمائی لیتے رہتے ہیں تاکہ شریہ آڈٹ کے میکینزم کی تعمیل کو پوری طرح تعمیل کی جاسکے۔ اندرونی آڈٹ فنکشن بھی مضاربہ کے کئے جانے والے کاروباری سوڈوں کی شریہ کی تعمیل کی توثیق کرتا ہے۔ مذہبی مشیر کے جانب سے جاری کردہ شریہ آڈٹ رپورٹ مضاربہ کی مالیاتی دستاویزات میں پیش کی جاتی ہے۔

مختص (Auditors)

آڈٹ کمیٹی کے مشورے کے تحت، میسرز۔ گرانٹ ٹھورٹن انٹرنیشنل، چارٹرڈ اکاؤنٹنٹس موجودہ بیرونی مختص کے 2024-25 کے لیے بطور بیرونی مختص کے انتخاب کی دوبارہ منظوری دی ہے جو رجسٹرار مضاربہ کی منظوری سے مشروط ہے۔

سرٹیفیکٹ رکھنے کا رجحان

30 جون 2024 پر سرٹیفیکٹ رکھنے کا رجحان منسلک ہے۔ ڈائریکٹر، CEO، CFO، کمیٹی سیکریٹری اور ان کے شرکاء حیات اور ان کے نابالغ بچوں نے سرٹیفیکیشن کا کوئی خرید و فروخت نہیں کی ہے۔

فنانس سرٹیفیکٹ کی مالیت

مضاربہ اپنے مستقل ملازمین کے لیے شراکتی پروویڈنٹ فنڈ چلاتا ہے۔ مضاربہ اور ملازمین دونوں اس فنڈ میں ماہانہ مساوی حصہ، جو بنیادی تنخواہ کا 10 فیصد کی شرح ہوتا ہے اس فنڈ میں جمع کرتے ہیں۔ تازہ ترین فنڈ کے کھاتے کی بنیاد پر، 30 جون 2024 پر اس فنڈ کے سرمایہ کاری کی حساب کردہ مالیت / 9,003,028 روپے ہے۔

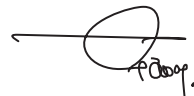
آمدنی سرٹیفیکٹ

30 جون 2024 کو ختم ہونے والے سال پر آپ کے مضاربہ کی آمدنی سرٹیفیکٹ 0.71 روپے رہی جبکہ گذشتہ سال فی سرٹیفیکٹ معمولی نقصان کیا ہے۔

سائنس

بورڈ خواہش مند ہے کہ رجسٹرار مضاربہ اور سیکورٹیور میٹریبلز ایگزیکیوٹو کمیشن آف پاکستان کا ان کی حمایت اور رہنمائی کرنے پر ان کا شکریہ ادا کرے۔ بورڈ اپنے افسران اور عملے کے ارکان کی سخت محنت اور عزم کا بھی اعتراف کرتا ہے۔ اور آخر میں بورڈ اپنے سرٹیفیکٹ کنندگان کے مضاربہ کے ساتھ پر عزم رہنے پر ممنونیت کا بھی اظہار کرنا چاہتا ہے اور ان کی مستقبل میں مسلسل حمایت کی امید رکھتا ہے۔

بورڈ آف ڈائریکٹر کی جانب سے


ڈائریکٹر


چیئر ایگزیکٹو

KEY OPERATING & FINANCIAL DATA FOR THE LAST SIX YEARS

(Rupees in Thousands)

	2024	2023	2022	2021	2020	2019
Statement of Financial Position						
Total assets	414,351	388,757	415,588	378,810	357,503	371,269
Ijara Financing	146,943	190,294	190,179	184,059	196,778	211,387
Morabaha financing	73,218	92,182	130,179	132,768	118,167	140,145
Musharaka financing	188,061	93,790	28,168	27,685	32,562	31,698
Assets own use	23,897	16,346	15,794	13,126	11,971	12,263
Current Assets	176,255	173,100	222,175	223,814	220,395	213,457
Current Liabilities	39,097	26,913	44,745	33,092	26,024	40,102
Total Liabilities	70,486	68,752	94,538	63,199	50,638	67,398
Paid-up Capital	298,000	298,000	298,000	298,000	298,000	298,000
Reserves	49,738	28,506	28,580	17,614	8,865	5,870
Net Equity	343,865	320,005	321,051	315,612	306,865	303,870
Statement of Profit & Loss						
Income	68,479	38,433	58,316	45,463	33,713	31,030
Operating expenses	38,918	37,284	43,476	36,446	30,504	29,699
Profit/(Loss) before management fee	29,561	1,149	14,840	9,017	3,209	1,331
Profit/(Loss) after taxation	21,231	(73)	11,365	6,606	1,732	1,037
Earning/(Loss) per certificate	0.712	-	0.38	0.22	0.06	0.03

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

Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited

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

1. Total number of the directors are seven as per the following composition:
 - a) Male Six (6)
 - b) Female One (1)
2. The composition of the Board is as follows:

Executive	Mr. Basheer A. Chowdry (CEO)
Non-Executive	Mr. Shiekh Arshad Farooq (Chairman) Mr. Syed Shahnawaz Rizvi Dr. Mrs. Namoos Baquar
Independent Director	Mr. Etrat Hussain Rizvi Mr. Muhammad Yasin Mr. Muhammad Samiullah

3. The Directors have confirmed that non of them is serving as a director on more than seven 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 business strategy and significant policies of the company. The Board has ensured that complete record of the 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 matters have been taken by the Board/shareholders as empowered by the relevant provisions of the Act and 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 the Act and the Regulations with respect to frequency, recording and circulating minutes of the meeting of the Board.

8. The Board has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these regulations.
9. Five directors of the Modaraba Company have already obtained directors training certification and two are exempt from the requirements by virtue of their experience as prescribed by the listing regulations of the Pakistan Stock Exchange.
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 the relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of the members given below:

Audit Committee

Mr. Syed Etrat Hussain Rizvi	Chairman
Mr. Sheikh Arshad Farooq	Member
Mr. Muhammad Sami Ullah	Member
Mr. Muhammad Yasin	Member

HR and Remuneration Committee

Mr. Muhammad Yasin	Chairman
Mr. Syed Etrat Hussain Rizvi	Member
Dr. Mrs. Namoos Baquar	Member
Mr. Basheer A. Chowdry	Member

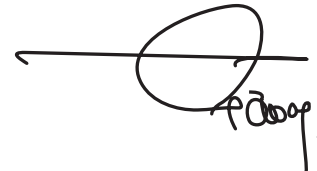
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committees were as per the following:

Audit Committee	Quarterly
HR & Remuneration Committee	Annually

15. The Board has outsourced internal audit function to a firm of Chartered Accountants who are considered 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 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 and chief financial officer, head of internal audit, company secretary or director of the company.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act and regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. The requirements introduced by the SECP through a recent notification dated 12th June, 2024, regarding Environmental, Social and Governance (ESG) matters shall be implemented in due course.
19. We confirm that all the requirements of regulations 3,6,7,8, 27,32,33 and 36 of the Regulations have been complied with and
20. We confirm that all requirements, other than regulations referred in clause 18 above have been duly complied.

Date: 5th September, 2024.



Mian Sheikh Arshad Farooq
CHAIRMAN

REPORT OF SHARIAH ADVISOR

I have conducted a Shariah Review of Trust Modaraba managed by Al-Zamin Modaraba Management (Private) Limited for the year ended June 30, 2024, in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas, in my opinion:

- I. the Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles;
- II. The agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and all the related conditions have been met.
- III. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- IV. No earnings have been realized by any means prohibited by Shariah.

In my opinion, the operations of Trust Modaraba are in conformity with the Shariah Compliance and Audit Mechanism for Modarabas.



Muhammad Zubair Usmani
Jamia Darul Uloom Karachi.

Signature

Stamp of Shariah Advisor.

MUHAMMAD ZUBAIR USMANI
SHARIAH ADVISOR

Karachi

13th August, 2024.

Independent Auditor's Review Report to the Certificate Holders of Trust 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 Trust Modaraba for the year ended June 30, 2024, in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Modaraba 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, 2024.

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: September 23, 2024

UDIN: CR202410126jOVaPTwZN

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF TRUST MODARABA

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Trust Modaraba (the Modaraba), which comprise the statement of financial position as at June 30, 2024, and the statement of profit and loss, the statement of comprehensive income, the statement of changes in equity, the cash flow statement, for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Emphasis of matters

- 1) We draw attention to note 17.1.1 to the financial statements for the year ended June 30, 2024, which inter alia states the details of land which is owned but not in the possession of the Modaraba; and
- 2) We further draw attention to note 20.2 to the financial statements for the year ended June 30, 2024, which states the details of unclaimed dividend for which management has maintained separate saving account of Rs 5.00 million against unclaimed profit distribution of Rs. 12.83 million.

Our opinion is not modified in respect of the above matters.

Key audit matters

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

S. No.	Key Audit Matters	How the matters were addressed in our audit
1	<p>Islamic financings and related assets (Refer note 4.10, 8, 9, 10, 11, 12, 16 to the financial statements)</p> <p>Islamic financings and related assets are valued at Rs. 339.5 million which constitutes 81% of the total assets of the Modaraba.</p> <p>As the Islamic financings and related assets represent a significant element of the financial statements, a discrepancy in the existence or valuation could cause the financial statements to be materially misstated which would also impact the Modaraba's reported performance.</p> <p>In view of significance of financings and related assets in relation to total assets and the financial statements as a whole, we have considered the existence and valuation of financings as a key audit matter.</p>	<ol style="list-style-type: none"> 1. Our audit procedures included assessing and testing the design and operations of key controls over the recognition, valuation and existence of financing and related assets. 2. We performed detailed assessment of the credit approval procedures of the financings sanctioned in accordance with Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 and performed credit review on sample basis. 3. We tested controls over addition, termination and periodic valuation of the portfolios and performed other substantive audit procedures on the year end balances. Moreover, we have reviewed documentation required in the facilities files of the parties and verified income from financing during the year by performing recalculation through amortization schedules on a sample basis. 4. In addition, we have checked repayment received from the clients on sample basis.

S. No.	Key Audit Matters	How the matters were addressed in our audit
	<i>Islamic financings and related assets (continued)</i>	
		<p>5. We have assessed the ECL model used by the management to calculate the provision against financings of the Modaraba for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model.</p> <p>6. We have evaluated management's assessment for classification of customer's financing facilities as required by Schedule-III of Modaraba Regulations 2021.</p> <p>7. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of financings issued and related assets in accordance with the requirements of the applicable financial reporting framework NBFC Regulations and with the applicable accounting standards, provisions of and directives issued under the Companies Act, 2017 and requirement of Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021.</p>
2	Profit on musharakah finances (Refer note 32 to the financial statements)	
	<p>Modaraba earns income from the musharaka finances which is its substantial income source. During the year, the Modaraba has recognized income of Rs. 45.2 million which represents an increase of Rs. 30.9 million (217%) over last year.</p> <p>We identified income from musharaka finances as a key audit matter as it is one of the key performance indicators of the Modaraba and because of the potential risk that income from musharaka transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the financial statements.</p>	<p>Our audit procedures in respect of this matter included the following:</p> <ol style="list-style-type: none"> 1. Obtained an understanding, including the design and implementation of internal controls over recording and processing of musharaka income. 2. Assessed the appropriateness of the Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards.

S. No.	Key Audit Matters	How the matters were addressed in our audit
	<i>Profit on Musharaka finances (continued)</i>	
		<p>3. Matched customer contracts with the income schedule and performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period.</p> <p>4. On sample basis, traced the rentals received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations.</p> <p>5. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of income from musharaka finances in accordance with the requirements of applicable financial reporting frameworks.</p>

Information other than the Financial Statements and Auditor's Report thereon

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba for the financial statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Modaraba Company are responsible for overseeing the Modaraba's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;
- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

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

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

Other matter

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Shaukat Naseeb.

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi
Date: September 23, 2024

UDIN: AR202410126V0FfirNuQ

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

		2024	2023
ASSETS	Note	-----Rupees-----	
Current assets			
Cash and bank balances	5	10,384,061	7,403,438
Investments	6	20,970,987	23,673,280
Advances, prepayments and other receivables	7	11,365,248	9,252,174
Murabaha finances - secured	8	25,400,000	33,138,031
Ijarah rental receivables - secured	9	3,788,925	2,797,830
Current portion of long term murabaha finances	10	41,708,561	54,965,658
Musharakah finances (secured - considered good)	11	13,395,756	16,399,135
Current portion of diminishing musharakah finances	12	45,244,359	15,004,620
Income tax refundable		3,997,069	1,840,370
		176,254,966	164,474,536
Assets classified as held for sale	13	-	8,625,000
Total current assets		176,254,966	173,099,536
Non-current assets			
Murabaha finances	10	6,109,160	4,078,227
Diminishing musharakah financing	12	129,420,831	62,386,644
Deposits	14	294,662	602,962
Investments	15	2,284,801	6,271,900
Fixed assets given on lease / ijarah - tangible	16	74,450,750	123,427,562
Fixed assets in own use	17	22,948,196	16,346,263
Intangible asset	18	948,940	155,552
Deferred taxation - net	19	1,639,122	2,388,431
Total non-current assets		238,096,462	215,657,541
Total assets		414,351,428	388,757,077
EQUITY AND LIABILITIES			
LIABILITIES			
Current liabilities			
Unclaimed profit distributions	20	12,828,131	12,831,607
Creditors, accrued and other liabilities	21	10,266,832	1,661,255
Charity payable	22	269,532	-
Current portion of deferred income on murabaha	23	2,272,786	2,400,180
Current portion of customers' security deposits	24	11,660,170	8,936,875
Current portion of lease liabilities against right of use assets	25	1,799,923	1,083,251
Total current liabilities		39,097,374	26,913,168
Non-current liabilities			
Deferred income on murabaha	23	907,964	1,012,756
Customers' security deposits	24	24,338,468	39,380,638
Lease liabilities against right of use assets	25	6,142,142	1,445,518
Total non-current liabilities		31,388,574	41,838,912
Total liabilities		70,485,948	68,752,080
NET ASSETS		343,865,480	320,004,997
REPRESENTED BY			
CAPITAL AND RESERVES			
Certificate capital	26.2	298,000,000	298,000,000
Reserves	27	49,737,575	28,506,449
Total equity		347,737,575	326,506,449
Unrealized loss on revaluation of investments	28	(3,872,095)	(6,501,452)
		343,865,480	320,004,997
Contingencies and commitments	29		

The annexed notes from 1 to 48 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	-----Rupees-----	
Income from ijarah - net	30	13,716,710	16,720,773
Profit on murabaha finances	31	4,235,806	7,520,495
Profit on musharakah finances	32	45,219,841	14,287,195
Dividend income on equity investments		660,670	2,182,830
Loss on sale of short term investments		(5,197,370)	(2,250,375)
Other income	33	3,268,924	2,710,383
		61,904,581	41,171,301
Provision for doubtful receivables	34.1	(2,891,344)	(1,686,278)
Unrealized gain / (loss) on revaluation of financial assets at fair value through profit or loss	6.3	13,712,270	(1,052,042)
Loss on disposal of assets classified as held for sale	13	(4,246,500)	-
		68,479,007	38,432,981
Operating expenses	35	(38,917,990)	(37,283,515)
		29,561,017	1,149,466
Modaraba Management Company's fee	36	(2,956,102)	(114,947)
Workers' Welfare Fund		(532,098)	(20,690)
Profit before taxation		26,072,817	1,013,829
Taxation	37	(4,841,691)	(1,086,934)
Net profit / (loss) for the year		21,231,126	(73,105)
Earnings / (loss) per certificate - basic and diluted	38	0.712	(0.002)

The annexed notes from 1 to 48 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
	Note	-----Rupees-----	
Profit / (loss) for the year		21,231,126	(73,105)
Other comprehensive income / (loss):			
<i>Items that will not be reclassified to profit and loss account</i>			
- Net change in fair value of investments classified as fair value through other comprehensive income - net of tax	28	2,629,357	(972,770)
<i>Items that may be reclassified subsequently to profit and loss account</i>			
Other comprehensive income / (loss) for the year		2,629,357	(972,770)
Total comprehensive income / (loss) for the year		23,860,483	(1,045,875)

The annexed notes from 1 to 48 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR AND JUNE 30, 2024

Particulars	Certificate capital	Capital reserves		Revenue reserves		Total reserves	Total equity
		Statutory reserve (Note 27.1)	-	Accumulated losses	-		
Balance as at June 30, 2022	298,000,000	83,785,844	(55,206,290)	28,579,554	326,579,554		
Loss for the year	-	-	(73,105)	(73,105)	(73,105)	(73,105)	(73,105)
Other comprehensive loss for the year	-	-	-	-	-	-	-
Total comprehensive loss for the year	-	-	(73,105)	(73,105)	(73,105)	(73,105)	(73,105)
Transfer to statutory reserve at 20%	-	-	-	-	-	-	-
Balance as at June 30, 2023	298,000,000	83,785,844	(55,279,395)	28,506,449	326,506,449		
Net profit for the year	-	-	21,231,126	21,231,126	21,231,126	21,231,126	21,231,126
Other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	21,231,126	21,231,126	21,231,126	21,231,126	21,231,126
Transfer to statutory reserve at 20%	-	4,246,225	(4,246,225)	-	-	-	-
Balance as at June 30, 2024	298,000,000	88,032,069	(38,294,494)	49,737,575	347,737,575		

The annexed notes from 1 to 48 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations			
Cash generated from operations	39	80,510,841	62,621,597
<i>Decrease / (Increase) in non-current assets:</i>			
- Long term murabaha finances		10,062,183	38,997,984
- Long term musharakah finances		(99,619,646)	(71,523,776)
<i>(Decrease) / Increase in non-current liabilities:</i>			
- Deferred income on murabaha		(232,186)	(5,651,830)
- Customers security deposits		220,000	6,614,900
Purchase of ijarah assets	16.1	(1,100,000)	(31,773,000)
Long term deposits		308,300	503,600
Proceeds from disposal of ijarah assets		3,933,537	3,777,838
Income tax paid / deducted		(6,249,081)	(3,815,024)
Net cash used in operating activities		(12,166,052)	(247,711)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of owned assets	17.1	(1,096,652)	(2,037,972)
Purchase of intangible assets		(1,022,000)	(200,000)
Contribution to assets acquired on lease		(1,728,300)	-
Proceeds from disposal of owned assets		555,760	616,500
Net proceeds from disposal of assets classified as held for sale		4,378,500	-
Disposal of investments - net		15,601,419	5,957,661
Dividends received		660,670	2,182,830
Net cash generated from investing activities		17,349,397	6,519,019
CASH FLOWS FROM FINANCING ACTIVITIES			
Payment made against lease liability	25	(2,199,246)	(1,555,200)
Loan repaid to director		-	(5,000,000)
Profit distributed to certificate holders	20	(3,476)	(3,185)
Net cash used in financing activities		(2,202,722)	(6,558,385)
Net increase / (decrease) in cash and cash equivalents		2,980,623	(287,077)
Cash and cash equivalents at the beginning of the year		7,403,438	7,690,515
Cash and cash equivalents at the end of the year	5	10,384,061	7,403,438

The annexed notes from 1 to 48 form an integral part of these financial statements.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1 LEGAL STATUS AND NATURE OF BUSINESS

Trust Modaraba (the Modaraba) was formed in Pakistan under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder and is being managed by Al-Zamin Modaraba Management (Private) Limited (AZMML). The Modaraba commenced its business operations on November 12, 1991. It is listed on Pakistan Stock Exchange.

The Modaraba is perpetual, multi-purpose and multi-dimensional, engaged in the business of Murabaha, Musharakah and Ijarah arrangement, investment in marketable securities, trading and other permissible businesses. The affairs, activities and transactions, performed by the modaraba during the year comply with the rules and principles of Islamic Sharia in the light of guidance and directives given by sharia advisor and are in accordance with the guideline issued by advisor of the registrar modaraba, SECP.

The principal place of business and registered office is located at 104-106, Kassam Court, BC-9, Block-5, Clifton, Karachi - 75600 whereas regional office is located at 320, 3rd Floor, Garden Heights, 8-Aibak Block, New Garden Town, Lahore.

1.1 Specific disclosures for Shariah Compliant Companies

The disclosures required under clause 10 of item no. VI and item no. VII of the Fourth Schedule of the Companies Act, 2017 for Sharia complaint companies and the companies listed on Islamic index are as follows:

S. No.	Disclosure required	Reference to the disclosure
i)	Loans/advances obtained as per Islamic mode	None.
ii)	Financing (long-term, short-term, or lease financing) obtained as per Islamic mode	Note 25 for lease.
iii)	Long-term and short-term Shariah compliant Investments	Note 6 & 15 for equity investments and mutual funds.
iv)	Shariah compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 5.
v)	Profit earned from shariah compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 33.
vi)	Revenue earned from a shariah compliant business segment	All revenue earned is from shariah compliant business segments.
vii)	Break-up of late payments or liquidated damages	None.
viii)	Gain/loss or dividend earned from shariah compliant investments	Refer statement of profit and loss.
ix)	Share of profit from Shariah-compliant associates	None.
x)	Exchange gain earned from actual currency	None.
xi)	Exchange gains earned using conventional derivative financial instruments	None.
xii)	Mark-up / profit paid on Islamic mode of financing	Note 25 for mark-up paid on lease arrangements.
xiii)	Profits earned or interest accrued on any conventional loan or advance	None.
xiv)	Source and detailed breakup of other income	All of other income is sharia compliant. Refer Note 33.
xv)	Relationships with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc.	<p><i>Banker:</i> Meezan Bank Limited</p> <p><i>Lessor:</i> First Habib Modaraba</p> <p><i>Takaful operators:</i> Adamjee Insurance Company Limited - Window Takaful IGI Gneral Insurance Limited - Window Takaful Security General Insurance Company Limited - Window Takaful EFU General Insurance Limited - Window Takaful Jubilee General Insurance Company Limited - Window Takaful Premier Insurance Ltd - Window Takaful UBL Insurers Limited - Window Takaful TPL Direct Insurance Limited - Window Takaful</p>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

2 BASIS OF PREPARATION

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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and Islamic Financial Accounting Standards (IFASs), as are notified under the provisions of the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017 and requirement of Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 for Modaraba (hereinafter referred to as the relevant laws). Until previous years, Modaraba was also following the requirement of Prudential Regulations for Modaraba, which are now replaced by Modaraba Regulations, 2021. There are no material adjustments requiring upon adoption of Modaraba Regulation, 2021 in place of Prudential Regulations for modarabas.

Wherever the requirements of the approved accounting standards differ from the relevant laws, the relevant laws have been followed.

2.2 Functional and presentation currency

These financial statements are prepared and presented in Pak Rupees which is the Modaraba's functional and presentation currency. All the figures have been rounded off to the nearest rupee, unless otherwise stated.

2.3 Basis of measurement

These financial statements have been prepared under the historical cost convention, except investments, investment property, assets held for sale, lease liabilities and right-of-use assets. Investments and investment property are measured at fair value. Assets held for sale are measured at lower of fair value less cost to sell or carrying value. Lease liabilities and right-of-use assets are initially measured at the present value of the lease payments that are not paid at the commencement date. Basis of measurement has been discussed in related notes 4.3, 4.17 and 4.9.1 respectively. These financial statements have been prepared following accrual basis accounting except for cash flow information.

2.4 Initial application of standards, amendments or interpretations to existing standards

The following amendments and interpretations to published accounting and reporting standards that are applicable to the Modaraba's financial statements covering annual periods, beginning on or after the following dates:

2.4.1 Standards, interpretations and amendments to published accounting and reporting standards that are effective in the current year

There are certain amendments to the published accounting and reporting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2023. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these financials statements.

2.4.2 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective and have not been early adopted by the Modaraba

There are certain other standards, amendments and interpretations that are mandatory for the Modaraba's accounting period beginning on or after July 1, 2024 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not disclosed in these financial statements.

2.5 Corresponding figures

Prior year's figures have been reclassified for the purpose of better presentation and comparison where considered necessary.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period affected. In the process of applying the Modaraba's accounting policies, the management has made the following estimates and judgments which are significant to the financial statements:

3.1 Useful lives, pattern of flow of economic benefits and impairment

The Modaraba's management determines the useful lives and related depreciation charge, the residual values and impairment of its fixed assets on regular basis. These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Changes in Accounting Estimates and Errors".

3.2 Provision against non performing financing

The Modaraba reviews its overdue receivables from ijarahs, murabahas and musharakahs at each reporting date to assess whether provision should be recorded in the statement of profit and loss, in addition to the mandatory provisions required in accordance with the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision. Income recognition on musharakah and Murabaha is suspended when it is past due by ninety days or more and classified as suspense income.

3.3 Impairment of other financial assets

Provision is recognized based on management judgment regarding the recoverability of balance under expected credit loss method. Balances considered bad and irrecoverable are written off when identified.

3.4 Provisions and Contingencies

The Modaraba reviews its provisions and contingencies at each reporting date to assess whether provision should be recorded in the statement of profit and loss. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the provision.

4 MATERIAL ACCOUNTING POLICY INFORMATION

The material accounting policy and information applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and balances with banks.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.2 Advances, deposits and prepayments and other receivables

Advances, deposits and prepayments are initially recognized at cost being the fair value of the consideration paid together with the associated transaction cost. Trade and other receivables are initially measured at original invoice amount.

4.3 Financial instruments

Financial instruments include loans to / receivable from employees, long term deposits, trade receivables, advances, deposits and other receivables, cash and bank balances, murabaha finances, ijarah rental receivables, investments, creditors, accrued and other liabilities.

4.3.1 Financial assets

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized and derecognized, as applicable, using trade-date accounting or settlement date accounting.

4.3.1.1 Classification

The management determines the classification of its financial assets at the time of initial recognition and classifies its financial assets in the following three categories:

a) *Financial assets at amortized cost*

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

b) *Financial assets at fair value through other comprehensive income*

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

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

c) *Financial assets at fair value through profit or loss*

A financial asset is measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income. However, the Modaraba can make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income unless these are held for trading in which case these have to be measured at fair value through profit or loss. The equity investments of the Modaraba held in short term investments are classified at fair value through profit or loss because they are frequently traded while equity investments in long term investments are classified at fair value through other comprehensive income because the Modaraba intends to held these to collect dividends.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Reclassification

When the Modaraba changes its business model for managing financial assets, it reclassifies all affected financial assets accordingly. The Modaraba applies the reclassification prospectively from the reclassification date.

In case of reclassification out of the amortized cost measurement category to fair value through profit or loss measurement category, fair value of the financial asset is measured at the reclassification date. Any gain or loss arising from a difference between the previous amortized cost and fair value is recognized in profit or loss.

In case of reclassification out of fair value through profit or loss measurement category to the amortized cost measurement category, fair value of the financial asset at the reclassification date becomes its new gross carrying amount.

In case of reclassification out of fair value through other comprehensive income measurement category to the amortized cost measurement category, the financial asset is reclassified at its fair value at the reclassification date. However, the cumulative gain or loss previously recognized in other comprehensive income is removed from equity and adjusted against the fair value of the financial asset at the reclassification date. The effective interest rate and the measurement of expected credit losses are not adjusted as a result of the reclassification.

In case of reclassification out of fair value through profit or loss measurement category to the fair value through other comprehensive income measurement category, the financial asset continues to be measured at fair value.

In case of reclassification out of fair value through other comprehensive income measurement category to the fair value through profit or loss measurement category, the financial asset continues to be measured at fair value. The cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment at the reclassification date.

4.3.1.2 Initial recognition and measurement

All financial assets are recognized at the time when the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade-date that is the date on which the Modaraba commits to purchase or sell the asset.

Except for receivables from Modaraba's main operations, financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of profit and loss. Dividend income from financial assets at fair value through profit or loss is recognized in the statement of profit and loss when the Modaraba's right to receive payments is established. Receivables from Modaraba's main operations are initially measured at the transaction price if these do not contain a significant financing component in accordance with IFRS 15. Where the Modaraba uses settlement date accounting for an asset that is subsequently measured at amortized cost, the asset is recognized initially at its fair value on the trade debt.

4.3.1.3 Subsequent measurement

Financial assets carried at amortized cost are subsequently measured using the effective interest method. Gain or loss on financial assets not part of hedging relationship is recognized in the statement of profit and loss when the financial asset is derecognized, reclassified, through the amortization process or in order to recognize impairment gains or losses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

When the contractual cash flows of a financial asset are renegotiated or otherwise modified and the renegotiation or modification does not result in the derecognition of that financial asset, the Modaraba recalculates the gross carrying amount of the financial asset and recognizes a modification gain or loss in the statement of profit and loss.

Financial assets 'at fair value through other comprehensive income' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognized in other comprehensive income. Interest calculated using the effective interest rate method is credited to the statement of profit or loss. Dividends on equity instruments are credited to the statement of profit and loss when the Modaraba's right to receive payments is established.

Financial assets 'at fair value through profit and loss' are marked to market using the closing market rates and are carried in the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit and loss in the period in which these arise. Fair values of quoted investments are based on current prices. Fair value hierarchies are described in note 4.16.

4.3.1.4 Derecognition

Financial assets are derecognized when:

- the contractual rights to receive cash flows from the assets have expired; or
- the Modaraba has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either:
 - a) the Modaraba has transferred substantially all the risks and rewards of the asset; or
 - b) the Modaraba has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

The difference between the carrying amount and the consideration received is recognized in the statement of profit and loss.

When the Modaraba has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Modaraba continues to recognize the transferred asset to the extent of its continuing involvement. In that case, the Modaraba also recognizes an associated liability which cannot be offset with the related asset. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Modaraba has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Modaraba could be required to repay.

If the Modaraba's continuing involvement is in only a part of a financial asset, the Modaraba allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the consideration received for the part no longer recognized is recognized in the statement of profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

4.3.1.5 Impairment of financial assets

The Modaraba directly reduces the gross carrying amount of a financial asset when it has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

The Modaraba recognizes the impairment at each reporting date for outstanding Ijarah, murabaha and musharakah receivables on the basis of Prudential Regulations issued for Modarabas by the Securities and Exchange Commission of Pakistan (SECP). Loss allowance calculated under IFRSs is compared with the impairment calculated on the basis of Prudential Regulations.

For other financial assets, the Modaraba recognizes a loss allowance for expected credit losses on a financial asset measured at amortized cost and through other comprehensive income. In case of financial assets measured at fair value through other comprehensive income, loss allowance is recognized in other comprehensive income and carrying amount of the financial asset in the statement of financial position is not reduced.

The Modaraba uses the simplified approach and measures the loss allowance at an amount equal to lifetime expected credit losses for trade receivables or contract assets that result from transactions under IFRS 15 and lease receivables.

The Modaraba recognizes the amount of expected credit losses (or reversal), that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognized, in the statement of profit and loss.

4.3.2 Financial liabilities

4.3.2.1 Initial recognition and measurement

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

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost except for financial liabilities at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition.

The Modaraba does not reclassify any of its financial liabilities.

Financial liabilities are initially recognized at fair value minus transaction costs for all financial liabilities not carried at fair value through profit or loss. Financial liabilities carried at fair value through profit or loss are initially recognized at fair value and transaction costs are credited in the statement of profit and loss.

4.3.2.2 Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

The amount of change in the fair value that is attributable to changes in the credit risk of financial liability is presented in other comprehensive income and the remaining amount of change in the fair value of the liability is presented in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if it eliminates or significantly reduces a measurement or recognition inconsistency or a group of financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the Modaraba's key management personnel. The Modaraba has not designated any financial liability as at fair value through profit or loss.

All other liabilities

All other financial liabilities are measured at amortized cost using the effective interest rate (EIR) method. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

4.3.2.3 Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in respective carrying amounts is recognized in the statement of profit and loss. The difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit and loss.

If the Modaraba repurchases a part of a financial liability, the Modaraba allocates the previous carrying amount of the financial liability between the part that continues to be recognized and the part that is derecognized based on the relative fair values of those parts on the date of the repurchase. The difference between the carrying amount allocated to the part derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, for the part derecognized is recognized in profit or loss.

4.3.3 Offsetting of financial assets and liabilities

A financial assets and a financial liabilities are offset and the net amount is reported in the statement of financial position if the Modaraba has a legally enforceable right to offset the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.4 Murabaha and Musharakah arrangements

4.4.1 Murabaha arrangements

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

4.4.2 Musharakah arrangements

The Modaraba measures the musharakah receivables on the basis of installments accrued during the year. The installments are accrued on pro-rata basis as per terms of the musharakah agreement between the Modaraba and customer.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4.5 Fixed Assets

4.5.1 Fixed assets in own use and related depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to income by applying the straight-line method at the rates given in note 16.

Depreciation on additions to operating fixed assets is charged from the month in which the asset is acquired while no depreciation is charged for the month in which the asset is disposed off.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and improvements are capitalized. Gain/loss on disposal of assets is charged to current year's income.

4.5.2 Assets given to customers held under Ijarah arrangements

Assets given to customers under ijarah arrangements are assets available / held for ijarah which are accounted for as operating lease assets in accordance with IFAS-2 and are stated at cost less accumulated depreciation and impairment loss, if any. Assets under ijarah arrangements are depreciated using the straight line basis over the period of lease term. In respect of additions and transfers during the year, depreciation is charged proportionately over the period of ijarah. Gain/loss on disposal of assets is charged to current year's income. At the end of the lease financing period, asset is transferred to the customer in accordance with the arrangement of Ijarah as per the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI) shariah standard.

- Muj'ir (lessor) presents the asset subject to Ijarah in its statement of financial position according to the nature of the asset, distinguished from the assets in own use.
- Cost, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognized as expenses.
- Initial direct costs incurred specifically to earn revenues from Ijarah are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

4.5.3 Intangible Assets

These are stated at cost less accumulated amortisation and impairment losses, if any. Amortisation is charged using the straight line method over the asset's estimated useful life at the rate stated in note 19 of the financial statements, after taking into account the residual value, if any. The residual values, useful lives and amortisation methods are reviewed and adjusted, if appropriate, at each reporting date. Amortisation on additions is charged from the date the assets are available for use up to the date the assets are disposed off in accordance with rate specified in respective note of the financial statements. Gain and losses on disposal of such assets, if any, are included in the statement of profit and loss.

4.6 Impairment of assets

The Modaraba assesses, at each reporting date, whether there is any indication of impairment. If such indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognized wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit and loss. A previously recognized impairment loss is reversed only if there is a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the profit and loss account. Where an impairment loss is recognized, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount over its estimated useful life.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4.7 Stock in trade

4.7.1 Stock in trade for murabaha transactions

Murabaha transactions are entered into on customer order basis. The requested goods / assets are procured on customer request and are immediately transferred to the customer. Therefore, in normal circumstances, there is no inventory. However, unsold inventory, if any, is measured at lower of cost and net realizable value as at the reporting date. Cost is determined on weighted average basis.

4.7.2 Stock in trade for trading purpose

Stock in trade is measured at lower of cost and net realizable value as at the reporting date. Cost is determined on weighted average basis.

Net realizable value signifies the estimated selling price in the ordinary course of business less costs necessary to be incurred in order to make a sale. If the net realizable value is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value. Provision is made in the financial statements for obsolete and slow moving stock in trade based on management estimate.

4.8 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

4.9 Leases

For contracts entered into, or modified, on or after July 1, 2019; the Modaraba applies IFRS 16 to such transactions, except for the transactions where Modaraba is a lessor and the lease is an operating lease, and in such cases, the provisions of IFAS-2 are applied. The Modaraba assesses whether a contract contains a lease or not at the inception of a contract. For lease contracts the Modaraba reassesses whether a contract is, or contains, a lease further when the terms and conditions of the contract are modified.

The Modaraba determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Modaraba is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Modaraba is reasonably certain to not to exercise that option.

The Modaraba reassesses whether it is reasonably certain to exercise an extension option, or not to exercise a termination option, upon the occurrence of either a significant event or a significant change in circumstances that is within the control of the Modaraba and affects whether the Modaraba is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in the determination of the lease term.

The Modaraba revises the lease term if there is a change in the non-cancellable period of a lease.

4.9.1 Modaraba as a lessee

Recognition

The Modaraba recognizes a right-of-use asset and a lease liability at the commencement date. A commencement date is the date on which the lessor makes an underlying asset available for use by the lessee (the Modaraba).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The Modaraba has elected not to recognize right-of-use assets and lease liabilities for short-term leases of all underlying assets that have a lease term of 12 months or less and leases for which the underlying asset, when new, is of low-value as per the threshold set by the Modaraba. The Modaraba recognizes the lease payments associated with these leases as an expense on straight-line basis over the lease term.

Initial measurement

Lease liability

At the commencement date, the Modaraba measures the lease liability at the present value of the lease payments that are not paid. The lease payments are discounted using the interest rate implicit in the lease, or the Modaraba's incremental borrowing rate if the implicit rate is not readily available. Generally, the Modaraba uses its incremental borrowing rate as the discount rate.

Lease payments comprise fixed payments less any lease incentives receivable; variable lease payments that depend on an index or a rate; amounts expected to be payable by the Modaraba under residual value guarantees; the exercise price of a purchase option if the Modaraba is reasonably certain to exercise that option; and payments of penalties for terminating the lease, if the lease term reflects the Modaraba exercising an option to terminate the lease.

Right-of-use asset

The Modaraba initially measures the right-of-use asset at cost. This cost comprises the amount of lease liability as initially measured, plus any lease payments made on or before the commencement date, less lease incentives received, initial direct costs and estimated terminal costs (i.e. dismantling or other site restoration costs required by the terms and conditions of the lease contract).

Subsequent measurement

Lease liability

After the commencement date, the Modaraba re-measures the lease liability to reflect the effect of interest on outstanding lease liability, lease payments made, reassessments and lease modifications etc. Variable lease payments not included in the measurement of the lease liability and interest on lease liability are recognized in the statement of profit and loss, unless these are included in the carrying amount of another asset.

Lease payments are apportioned between the finance charges and reduction of the lease liability using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Lease liability payable in foreign currency is translated to local currency of the Modaraba at the reporting date. Any foreign exchange differences arising on translation of lease liability are recognized in profit or loss.

Right-of-use asset

After the commencement date, the Modaraba measures the right-of-use asset at cost less accumulated depreciation and accumulated identified impairment losses, if any, adjusted for any remeasurement of the lease liability.

The Modaraba depreciates the cost of right-of-use asset, net of residual value, from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. However, if the lease contract transfers ownership of the underlying asset to the Modaraba by the end of the lease term or if the cost of the right-of-use asset reflects that the Modaraba will exercise the purchase option, the Modaraba depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset.

Depreciation is charged to the statement of profit and loss at rates given in note 17.2.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

4.9.2 Modaraba as a lessor

Leases in which the Modaraba does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Such leases are treated under IFAS-2 and the accounting policy for assets given to customers under ijarah arrangements (Note 4.5.2) is applied for such leases.

4.10 Revenue from contracts with customers

Revenue from ijarah and murabaha is recognized as per the requirements of the Islamic Financial Accounting Standards (IFASs). Repayment schedule is agreed at the start. Payments are usually due over the period of contract at different dates.

Murabaha profit

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

Musharakah profit

Profit on diminishing musharakah transactions is recognized on accrual basis.

Ijarah rentals

Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Documentation income

Documentation charges, front end fees and other ijarah related income are taken to the statement of profit and loss on an accrual basis.

Dividend income

Dividend income is recognized when the right to receive dividend is established.

Capital gain or loss

Capital gain or loss on sale of investments is recognized in the period in which it arises.

Rental income

Rental income from investment properties is recognized on time proportionate basis.

Return on deposit accounts

Return on deposit accounts is recognized on accrual basis.

4.11 Taxation

Current

Provision for current taxation is based on taxable income at current rates of taxation after taking into account applicable tax credit, rebates and exemption available, if any as per Income Tax Ordinance, 2001.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

Deferred

Deferred taxation is accounted for using the balance sheet liability method providing for temporary differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary timing differences and deferred tax assets to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated based on the rates that have been enacted or notified for subsequent enactment up to the reporting date and are expected to apply to the period when the difference arises.

4.12 Post employment benefits

The Modaraba maintains a defined contribution plan for post employment benefits and operates an approved provident fund for all its employees. The Modaraba and the employees both make equal monthly contributions to the fund at the rate of 10% of the basic salary of employees.

4.13 Dividend - Profit distribution and other appropriations of profit

Dividend distribution to the Modaraba's certificate holders is recognized as a liability in the financial statements in the period in which the dividends are approved by the Modaraba Management Company. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.

Appropriations to statutory reserves declared / approved subsequent to statement of financial position date are considered as non-adjusting event and are not recorded in financial statements of the current year. These are recognized in the year in which these are declared / approved.

4.14 Earnings per certificate

The Modaraba presents basic and diluted earnings per certificate (EPC). Basis EPC is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of ordinary certificates outstanding during the year. Diluted EPC is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates, if any.

4.15 Operating segments

An operating segment is a component of an entity:

- a) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity);
- b) whose operating results are regularly reviewed by the entity's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
- c) for which discrete financial information is available.

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Chief Executive Officer of the Modaraba has been identified as Chief Operating Decision Maker.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The Modaraba is divided into five operating segments:

- Murabaha finances;
- Ijarah finances;
- musharakah finances; and
- Investments.

All these operating segments are located in Pakistan.

4.15.1 Segment assets and liabilities

The assets of a segment include all operating assets used by a segment and consist principally of receivables and fixed assets, net of allowances and provisions. Segment liabilities are primarily unallocable.

4.15.2 Allocation of segment expenses

All identifiable expenses are directly attributed to the respective segments.

4.16 Fair value measurement

The Modaraba measures certain financial instruments, and non-financial assets such as assets classified as held for sale and investment property, at fair value at each reporting date.

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 in the principal, or in its absence, the most advantageous market to which the Modaraba has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Modaraba measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring fair value, the Modaraba takes into account the characteristics of asset or liability which include the condition and location of the asset and restrictions, if any, on the sale or use of the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Modaraba uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation techniques used to measure fair value are applied consistently unless a change in a valuation technique or its application results in a measurement that is equally or more representative of fair value in the circumstances. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in accounting estimate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Modaraba can access at the measurement date.
- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 — Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, the Modaraba has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

4.17 Assets classified as held for sale

Non-current assets classified as held for sale are presented separately and measured at the lower of their carrying amounts immediately prior to their classification as held for sale and their fair value less costs to sell. However, some held for sale assets such as financial assets or deferred tax assets, continue to be measured in accordance with the Modaraba's relevant accounting policy for those assets. Once classified as held for sale, the assets are not subject to depreciation or amortization. However, annual impairment testing is carried out by the management.

4.18 Workers' Welfare Fund

The modaraba accrues and pays 2% contribution of its total income to Sindh Revenue Board as required by the Sindh Workers Welfare Fund (SWWF) Act, 2014.

5	CASH AND BANK BALANCES	Note	2024	2023
			-----Rupees-----	
	- Current accounts	5.1	12,144	26,099
	- Saving accounts	5.2	5,366,270	2,510,968
			5,378,414	2,537,067
	Savings account - dividend	20.1	5,003,881	4,823,407
	Balances with banks - total		10,382,295	7,360,474
	Cash in hand		1,766	42,964
			10,384,061	7,403,438

5.1 This include bank account maintained by Modaraba with State Bank of Pakistan as per the requirements of BSD Circular No. 04 of 2003 for recovering CIB service charges having balance of Rs 11,427 (2023: Rs 24,959).

5.2 These carry profit at rates ranging from 10.01 % to 11.01% (2023: 6.50% to 10.00%) per annum.

6	INVESTMENTS	Note	2024	2023
			-----Rupees-----	
	Financial assets at fair value through profit or loss:			
	NIT Islamic Equity Fund	6.1	814	439,685
	Shares of listed companies	6.2	20,970,173	23,233,595
			20,970,987	23,673,280

6.1 These represent 71 number of units (2023: 62,216) held as at the reporting date. Average cost of these units as at the reporting date amounts to Rs. 661 (2023: Rs. 675,323).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

6.2 Shares of listed companies

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

Number of shares		Name of Investee	June 30, 2024		June 30, 2023	
2024	2023		Average Cost	Market Value	Average Cost	Market Value
-----Rupees-----						
40,000	106,250	Fauji Cement Company Limited	888,863	916,400	2,379,274	1,249,500
-	32,000	D.G. Khan Cement Company Limited	-	-	3,017,682	1,641,600
100,000	165,000	Cnergyico Pk Limited	1,092,241	385,000	1,802,198	468,600
120,000	120,000	Hascol Petroleum Limited	1,622,511	742,800	1,622,511	666,000
30,000	30,000	Pakistan Petroleum Limited	3,563,730	3,513,300	2,434,434	1,774,200
15,000	35,500	Shell Pakistan Limited	2,427,483	2,011,500	6,443,029	4,105,575
-	50,000	Sui Southern Gas Company Limited	-	-	523,091	429,500
-	5,154	Dawood Hercules Corporation Limited	-	-	686,386	515,400
-	13,000	Descon Oxychem Limited	-	-	372,537	314,860
25,500	30,000	Nishat Mills Limited	2,488,379	1,806,675	3,151,994	1,703,100
-	18,000	National Refinery Limited	-	-	6,479,953	2,700,000
10,000	22,500	Netsol Technologies Limited	1,372,309	1,357,600	2,904,877	1,683,675
10,000	14,000	Oil & Gas Development Company Limited	1,377,431	1,353,700	1,205,765	1,092,000
-	45,000	Pakistan Telecommunication Company Limited	-	-	462,248	270,450
10,000	67,000	Unity Foods Ltd	327,977	301,500	2,197,445	1,047,210
10,000	25,740	Century Paper and Board Mills	498,164	299,500	1,282,273	726,898
-	7,500	Frieslandcampins Engro Foods	-	-	629,806	442,725
-	3,800	Lucky Cement Limited	-	-	2,222,170	1,983,942
Balances carried forward			15,659,088	12,687,975	39,817,673	22,815,235

Number of shares		Name of Investee	June 30, 2024		June 30, 2023	
2024	2023		Average Cost	Market Value	Average Cost	Market Value
Balances carried down						
-	65,000	K-Electric Limited	-	-	174,704	111,800
5,000	8,000	The Searle Company Limited	294,629	285,600	400,428	306,560
4,000	-	Attock Refinery Limited	1,509,564	1,406,360	-	-
20,000	-	Engro Polymer & Chemical Limited	959,374	898,400	-	-
20,000	-	Fauji Foods Limited	220,678	177,400	-	-
10,000	-	Hub Power Company	1,632,763	1,630,800	-	-
20,000	-	Maple Leaf Cement Limited	756,280	760,000	-	-
25,000	-	Pakistan International Bulk Terminal	163,098	154,250	-	-
25,000	-	Pakistan Refinery Limited	822,742	580,000	-	-
11,000	-	Pakistan State Oil Company Limited	1,968,341	1,828,310	-	-
6,086	-	Sui Northern Gas Pipelines Limited	434,668	386,278	-	-
20,000	-	TPL Properties Limited	231,678	174,800	-	-
			24,652,903	20,970,173	40,392,805	23,233,595

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		-----Rupees-----	
6.3	Unrealized gain / (loss) on revaluation of financial assets at fair value through profit or loss	Note	
	Unrealized gain / (loss) on shares	6.3.1	13,476,480
	Unrealized gain / (loss) on mutual funds	6.3.2	235,790
			13,712,270
6.3.1	Unrealized gain / (loss) on shares		(1,016,345)
	Difference between market value and average cost		(35,697)
	- Current year		(1,052,042)
	- Prior year		
			(3,682,730)
			17,159,210
			16,142,865
			13,476,480
			(1,016,345)
6.3.2	Unrealized gain / (loss) on mutual funds		
	Difference between market value and average cost		
	- Current year		153
	- Prior year		235,637
			235,790
			(235,637)
			199,940
			(35,697)
7	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Loans to / receivable from employees - considered good	7.1	344,500
	Prepayments		4,128,226
	Advance against lease		962,000
	Advance against expenses		550,000
	Accrued profit (secured - considered good)	7.2	2,527,683
	Trade receivables - considered good (secured)	7.3	-
	Legal suits' charges receivable (secured - considered good)	7.4	2,311,076
	Receivable against sale of Faisalabad Property	7.5	-
	Sundry receivables (unsecured - considered good)		541,763
			11,365,248
			661,400
			3,426,183
			-
			750,000
			1,155,192
			-
			2,208,926
			-
			1,050,473
			9,252,174

7.1 This includes the loan given to and receivables from executives amounting to Rs. 0.15 million (2023: Rs. 0.50 million). The executives are included in the key management personnel of the Modaraba. The loans are provided for maximum period of one year period and deductible from employees salaries.

Maximum aggregate balance due from executives and employees, at the end of any month during the year, was Rs. 0.872 million (2023: Rs. 0.873 million).

		2024	2023
		-----Rupees-----	
7.2	Accrued profit	Note	
	Profit receivable on musharakah finances		2,527,683
	Less: Suspended income		-
			2,527,683
			1,178,392
			(23,200)
			1,155,192
7.3	Trade receivables		
	Opening balance		100,000
	Gross amount		100,000
	Allowance for doubtful trade receivables	7.3.1	(100,000)
			-
			-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		-----Rupees-----	
7.3.1	Movement in provision for doubtful trade receivables	Note	
	Opening balance	100,000	100,000
	Less: provision written off during the year	-	-
	Closing balance	<u>100,000</u>	<u>100,000</u>
7.4	Legal suits' charges receivable		
	Opening balance	2,675,852	2,455,852
	Expenses incurred	102,150	220,000
	Write off due to settlement	(60,000)	-
	Gross amount	2,718,002	2,675,852
	Allowance for doubtful legal suits' charges	(406,926)	(466,926)
		<u>2,311,076</u>	<u>2,208,926</u>
7.4.1	Movement in provision for doubtful legal suits' charges receivables		
	Opening balance	466,926	466,926
	Provision written off during the year due to settlement	(60,000)	-
		<u>406,926</u>	<u>466,926</u>
7.5	Receivable against sale of Faisalabad Property		
	Opening balance	549,000	669,000
	Received during the year	-	(120,000)
		549,000	549,000
	Less: Provision recongnized	(549,000)	(549,000)
		<u>-</u>	<u>-</u>
8	MURABAHA FINANCES - SECURED		
	Considered good	-	5,800,000
	Considered doubtful:		
	- Regular parties	-	-
	- Parties under litigation	33,800,000	38,879,019
		33,800,000	38,879,019
	Provision for doubtful receivables	(8,400,000)	(11,540,988)
		<u>25,400,000</u>	<u>33,138,031</u>
8.1	The Modaraba has sold goods under Murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation of stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.		
8.2	These represent receivables from 3 (2023: 4) customers under Murabaha finance. Legal proceedings against these customers are in process in the Honorable Courts of Law (Banking court of Lahore). The Courts have awarded decree in favor of Modaraba in 3 (2023: 4) cases for recovery of Rs. 39.727 million (2023: Rs. 50.277 million).		
8.3	The maximum aggregate amount outstanding during the year at any point is Rs 44,479,019 (2023: Rs. 45,479,019).		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		-----Rupees-----	
8.4 Provision for doubtful receivables			
Opening balance		11,540,988	11,410,411
Provision made during the year	34.1	-	130,577
Reversal during the year		(130,577)	-
Written off during the year due to settlement		(3,010,411)	-
		<u>8,400,000</u>	<u>11,540,988</u>

9 IJARAH RENTAL RECEIVABLES - SECURED

Considered good	9.1	877,656	402,946
Parties under litigation - Considered doubtful	9.2	5,026,107	4,498,089
Suspended ijarah income - Considered doubtful	9.3	(843,499)	(843,499)
Provision for doubtful ijarah rental receivables	9.4	(1,271,339)	(1,259,706)
		<u>3,788,925</u>	<u>2,797,830</u>

9.1 These are secured against ijarah assets and personal guarantees. In some ijarahs, additional collateral is also obtained in the form of mortgaged property. The Modaraba is entitled to repossess and sell the ijarah assets in case of default by the customers.

9.2 The doubtful Ijarah rentals include receivables from 2 (2023: 2) customers under Ijarah finance which is under litigation. Legal proceedings against these customers are in process in the Courts of Law. The Courts have awarded decree in favor of Modaraba in 2 (2023: 2) cases for recovery of Rs. 5.026 million (2023: Rs. 4.498 million).

	Note	2024	2023
		-----Rupees-----	
9.3 Suspended ijarah income - considered doubtful			
Opening balance		843,499	856,442
Reversal during the year	30	-	(12,943)
		<u>843,499</u>	<u>843,499</u>

9.4 Provision for doubtful Ijarah rental receivables

Opening balance		1,259,706	570,193
Provision for the year		11,633	689,513
Closing balances		<u>1,271,339</u>	<u>1,259,706</u>

10 MURABAHA FINANCES - SECURED

Considered good	10.1 & 10.2	16,579,718	28,374,158
Considered doubtful	10.3	37,912,999	36,180,742
Provision for doubtful long term murabaha finances	10.4	(6,674,996)	(5,511,015)
		<u>47,817,721</u>	<u>59,043,885</u>
Current portion		(41,708,561)	(54,965,658)
Non-current portion		<u>6,109,160</u>	<u>4,078,227</u>

10.1 The Modaraba has sold goods under murabaha arrangements whereby payment is deferred along with specified profit margin. These finances are secured by way of hypothecation stocks, mortgage of properties, demand promissory notes, charge on assets and personal guarantees.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

10.2 The maximum aggregate amount outstanding during the year at any point is Rs 66,265,408. (2023: Rs. 103,512,442).

		2024	2023
		-----Rupees-----	
10.3 Break up of considered doubtful Murabaha finances	Note		
Considered doubtful		39,511,777	37,891,250
Suspended income	10.3.1	(1,598,778)	(1,710,508)
	10.3.2	<u>37,912,999</u>	<u>36,180,742</u>
10.3.1 Suspended income			
Opening balance		1,710,508	1,289,525
Reversal during the year	31	(221,600)	(30,301)
Suspension made during the year	31	109,870	451,284
		<u>1,598,778</u>	<u>1,710,508</u>

10.3.2 The doubtful murabaha finances include receivables from 6 (2023: 5) customers under murabaha finance which is under litigation. Legal proceedings against these customers are in process in the Courts of Law. The Courts have awarded decree in favor of Modaraba in 2 (2023: 3) cases for recovery of Rs. 54.002 million (2023: Rs. 60.673 million).

		2024	2023
		-----Rupees-----	
10.4 Provision for doubtful long term murabaha finances	Note		
Opening balance		5,511,015	6,657,297
Provision for the year		1,430,395	-
Reversals for the year		(266,414)	(1,146,282)
		<u>1,163,981</u>	
Closing balance		<u>6,674,996</u>	<u>5,511,015</u>
11 MUSHARAKAH FINANCES - SECURED			
Considered good		13,716,817	17,219,609
Provision for Musharakah finances	11.1	(321,061)	(820,474)
		<u>13,395,756</u>	<u>16,399,135</u>
11.1 Provision for Musharakah finances			
Opening balance		820,474	696,048
(Reversal)/provision for the year		(499,413)	124,426
Closing balance		<u>321,061</u>	<u>820,474</u>
12 DIMINISHING MUSHARAKAH FINANCING - SECURED			
Considered good	12.1	178,400,012	78,780,366
Current portion		(45,244,359)	(15,004,620)
Provision for Diminishing Musharakah finances	12.3	(3,734,822)	(1,389,102)
Non-current portion		<u>129,420,831</u>	<u>62,386,644</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

12.1 This represents facility given to 48 (2023: 26) customers. The facilities are secured by way of asset. Customer will participate in cost ranging between 25% to 50% in purchasing the musharakah asset.

12.2 The maximum aggregate amount outstanding during the year at any point is Rs 183,356,803 (2023: Rs 78,780,370).

12.3 Provision for Diminishing Musharakah finances	Note	2024	2023
		-----Rupees-----	
Opening balance		1,389,102	50,058
Charge for the year		2,345,720	1,339,044
Closing balance		<u>3,734,822</u>	<u>1,389,102</u>
13 ASSETS HELD FOR SALE			
Opening balance	13.1	8,625,000	8,625,000
Costs to sell	13.2	121,500	-
Sales proceeds received	13.2	(4,500,000)	-
Loss on disposal	13.2	(4,246,500)	-
Closing balance		<u>-</u>	<u>8,625,000</u>

13.1 The properties were obtained by the Modaraba by taking possession of collateral held with the Modaraba as security against its receivables. The Modaraba has sold the asset during the year at a sale consideration of Rs. 4.5 million to an independent third party.

13.2 Disposal of assets held for sale

Description	Book Value	Costs of disposal	Sale proceeds	Loss	Mode of Disposal	Particulars of Buyer
-----Rupees-----						
Shop # 1 (60 sq. ft.)	3,750,000	60,750	2,200,000	(1,610,750)	Negotiation	Faheem uddin and Asim uddin
Shop # 2 (78 sq. ft.)	4,875,000	60,750	2,300,000	(2,635,750)	Negotiation	Muhammad Abdul Qadir
Total	<u>8,625,000</u>	<u>121,500</u>	<u>4,500,000</u>	<u>(4,246,500)</u>		

14 DEPOSITS	2024	2023
	-----Rupees-----	
Central Depository Company of Pakistan Limited	154,862	154,862
Rented property	105,000	105,000
Advance against lease	-	308,300
Others	34,800	34,800
	<u>294,662</u>	<u>602,962</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

15 INVESTMENTS

Long term investments at fair value through OCI

Investment in shares of listed companies

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

Number of shares		Name of Investee	June 30, 2024		June 30, 2023	
2024	2023		Average Cost	Market Value	Average Cost	Market Value
-----Rupees-----						
-	90,000	Sui Northern Gas Pipelines Limited	-	-	5,806,704	3,543,300
40,000	26,875	The Searle Company Limited	4,163,294	2,284,801	4,743,273	1,029,850
-	75,000	Pakistan Telecommunication Company Limited	-	-	1,029,049	450,750
-	16,000	Oil & Gas Development Company	-	-	1,811,631	1,248,000
			<u>4,163,294</u>	<u>2,284,801</u>	<u>13,390,657</u>	<u>6,271,900</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024**

2024 2023

16 FIXED ASSETS GIVEN ON LEASE / IJARAH - TANGIBLE

Note
16.1

16.1 Fixed assets given on lease / ijarah - tangible

Year ended June 30, 2024

Description	Cost			Depreciation rate	Accumulated depreciation			Book value as at	
	As at July 01, 2023	Additions	Disposals		As at June 30, 2024	Charge for the year	Disposals	As at June 30, 2024	Rupees
Plant and machinery	31,293,739	1,100,000	(12,710,731)	19,683,008	20% to 50%	8,449,052	(9,222,078)	14,386,189	5,296,819
Vehicles	159,000,688	-	(31,740,400)	127,260,288	20% to 100%	25,757,647	(19,358,940)	58,106,357	69,153,931
	<u>190,294,427</u>	<u>1,100,000</u>	<u>(44,451,131)</u>	<u>146,943,296</u>		<u>34,206,699</u>	<u>(28,581,018)</u>	<u>72,492,546</u>	<u>74,450,750</u>

Year ended June 30, 2023

Description	Cost			Depreciation rate	Accumulated depreciation			Book value as at	
	As at July 01, 2022	Additions	Disposals		As at June 30, 2023	Charge for the year	Disposals	As at June 30, 2023	Rupees
Plant and machinery	28,908,739	2,385,000	-	31,293,739	20% to 50%	9,713,400	-	15,159,215	16,134,524
Vehicles	161,270,188	29,388,000	(31,657,500)	159,000,688	20% to 100%	30,334,370	(16,097,826)	51,707,650	107,293,038
	<u>190,178,927</u>	<u>31,773,000</u>	<u>(31,657,500)</u>	<u>190,294,427</u>		<u>40,047,770</u>	<u>(16,097,826)</u>	<u>66,866,865</u>	<u>123,427,562</u>

16.1.1 The assets leased out by the Modaraba under Ijarah arrangements are secured as the title to the asset is held by the Modaraba.

16.1.2 The Modaraba has filed suits for re-possession of leased assets costing Rs. 7.537 million (2023: Rs. 44.758 million) against 2 clients (2023: 4 clients). The Court has awarded decree in favour of Modaraba in 2 (2023: 2) cases for recovery of Rs. 4.652 million (2023: Rs. 74.446 million). The Courts have decided to attach some properties of customers in addition to their assets to the Modaraba. However, execution petitions recovery of the decretal amount are still pending.

16.1.3 Aggregate amount of future Ijarah rentals receivable on the basis of agreements executed upto the reporting date are as follows:

	2024	2023
Receivable not later than one year	31,649,042	50,068,532
Receivable later than one year but not later than 5 years	29,509,001	62,398,333
	<u>61,158,043</u>	<u>112,466,865</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

16.1.4 Disposal of operating fixed assets

16.1.4.1 Disposal of fixed assets given on ijarah

Description	Cost	Accumulated Depreciation	Book Value	Adjustment / Sale Proceeds	Gain	Mode of Disposal	Particulars of Buyer
-----Rupees-----							
<u>Vehicles:</u>							
<i>Vehicles</i>	2,500,000	2,000,000	500,000	500,000	-	Term of ijarah agreement	Haji Khaskheli
<i>Vehicles</i>	2,500,000	2,000,000	500,000	500,000	-	Term of ijarah agreement	Shahjehan
<i>Vehicles</i>	1,640,000	1,394,000	246,000	246,000	-	Term of ijarah agreement	Zishan Engineers (Pvt) Limited
<i>Vehicles</i>	1,405,500	1,124,400	281,100	281,100	-	Term of ijarah agreement	Musdaq Rasheed
<i>Vehicles</i>	1,600,000	900,000	700,000	700,000	-	Term of ijarah agreement	Megatech Trackers (Pvt) Ltd
<i>Vehicles</i>	1,200,000	400,000	800,000	800,000	-	Term of ijarah agreement	Sajid Ali Raza
<i>Vehicles</i>	1,985,000	560,805	1,424,195	1,455,037	30,842	Term of ijarah agreement	Sajid Ali Raza
<i>Vehicles</i>	1,440,500	1,152,400	288,100	288,100	-	Term of ijarah agreement	Pacific Pharmaceuticals Limited
<i>Vehicles</i>	2,927,000	2,013,876	913,124	1,003,024	89,900	Term of ijarah agreement	Megatech Trackers (Pvt) Ltd
<i>Vehicles</i>	4,517,400	3,084,375	1,433,025	1,433,025	-	Term of ijarah agreement	Healthcare Management Services
<i>Vehicles</i>	1,625,000	454,992	1,170,008	1,269,346	99,338	Term of ijarah agreement	Asad Hayat
<i>Vehicles</i>	2,350,000	1,410,000	940,000	940,000	-	Term of ijarah agreement	Airwaves Media Private Limited
<i>Vehicles</i>	2,500,000	1,650,000	850,000	850,000	-	Term of ijarah agreement	Airwaves Media Private Limited
<i>Vehicles</i>	1,400,000	743,750	656,250	712,683	56,433	Term of ijarah agreement	Shakeel Ahmed Soomro
<i>Vehicles</i>	2,150,000	470,316	1,679,684	1,858,804	179,120	Term of ijarah agreement	Mariam
Total	31,740,400	19,358,914	12,381,486	12,837,119	455,633		
Plant & machinery	1,582,034	1,265,627	316,407	316,407	-	Term of ijarah agreement	Nordica Health Products (Pvt) Ltd
Plant & machinery	791,017	632,814	158,203	158,203	-	Term of ijarah agreement	Nordica Health Products (Pvt) Ltd
Plant & machinery	1,750,000	1,400,000	350,000	350,000	-	Term of ijarah agreement	Nordica Health Products (Pvt) Ltd
Plant & machinery	1,720,630	1,000,000	720,630	720,630	-	Term of ijarah agreement	Megatech Trackers (Pvt) Ltd
Plant & machinery	1,882,050	1,505,640	376,410	376,410	-	Term of ijarah agreement	Bulk Flexibles Pakistan Pvt Ltd
Plant & machinery	2,385,000	1,908,000	477,000	477,000	-	Term of ijarah agreement	Healthcare Management Services
Plant & machinery	1,500,000	850,000	650,000	770,549	120,549	Term of ijarah agreement	Allah Rakha Engineering Works
Plant & machinery	1,100,000	660,023	439,977	466,094	26,117	Term of ijarah agreement	Allah Rakha Engineering Works
Total 2024	12,710,731	9,222,104	3,488,627	3,635,293	146,666		
Total 2023	44,451,131	28,581,018	15,870,113	16,472,412	602,299		
Total 2023	31,657,500	16,097,781	15,559,719	15,957,583	397,864		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

17 FIXED ASSETS IN OWN USE

	2024	2023	Note
Assets in own use	13,979,664	14,105,600	17.1
Right of use assets	8,968,532	2,240,663	17.2
	22,948,196	16,346,263	

17.1 Assets in own use

Year ended June 30, 2024

Description	Cost				Depreciation rate %	Accumulated depreciation			Book Value as at June 30, 2024	
	As at July 01, 2023	Additions	Disposals	As at June 30, 2024		As at July 01, 2023	Charge for the year	Disposals		As at June 30, 2024
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees
Land (17.1.1)	10,728,400	-	-	10,728,400	-	-	-	-	10,728,400	
Furniture & fixtures	984,156	23,000	-	1,007,156	10%	89,058	-	494,674	512,482	
Office equipment	2,834,957	591,652	(48,167)	3,378,442	30%	470,287	(48,167)	2,633,520	744,922	
Vehicles	2,220,572	-	(227,400)	1,993,172	20%	432,738	(90,608)	988,755	1,004,417	
Leasehold improvements	700,000	-	-	700,000	20%	-	-	700,000	-	
Books	16,423	-	-	16,423	20%	-	-	16,423	-	
Electrical equipment	1,222,209	482,000	-	1,704,209	10%	93,713	-	714,766	989,443	
	18,706,717	1,096,652	(275,567)	19,527,802		1,085,796	(138,775)	5,548,138	13,979,664	

Year ended June 30, 2023

Description	Cost				Depreciation rate %	Accumulated depreciation			Book Value as at June 30, 2023	
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023		As at July 01, 2022	Charge for the year	Disposals		As at June 30, 2023
	Rupees	Rupees	Rupees	Rupees		Rupees	Rupees	Rupees		Rupees
Land	10,728,400	-	-	10,728,400	-	-	-	-	10,728,400	
Furniture & fixtures	1,256,006	278,600	(550,450)	984,156	10%	69,697	(550,450)	405,616	578,540	
Office equipment	2,415,357	419,600	-	2,834,957	30%	702,279	-	2,211,400	623,557	
Vehicles	1,675,800	1,205,172	(660,400)	2,220,572	20%	452,825	(552,435)	646,625	1,573,947	
Leasehold improvements	700,000	-	-	700,000	20%	-	-	700,000	-	
Books	16,423	-	-	16,423	20%	-	-	16,423	-	
Electrical equipment	1,350,059	134,600	(262,450)	1,222,209	10%	88,754	(223,646)	621,053	601,156	
	18,142,045	2,037,972	(1,473,300)	18,706,717		1,313,555	(1,326,531)	4,601,117	14,105,600	

17.1.1 It represents a piece of land measuring 10 Kanals, costing Rs. 10,728,400 situated at Mauza Amer Sidhu, Lahore Cantt. acquired through settlement of certain Murabaha facilities. The subject land is presently in the possession of Defence Housing Authority, Lahore (DHA). The Modaraba has filed legal suit in the Civil Court, Lahore for possession of land. The management and legal counsel of the Modaraba are confident that Modaraba has valid claim against DHA because title and sale deed is in the name of the Modaraba and accordingly no loss has been recorded against such land. Management is also making efforts to achieve out of court settlement and next date of hearing is 11th September, 2024 for further processing of the case.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		-----Rupees-----	
17.2 Right of use assets	Note		
Opening balance		2,240,663	2,266,005
Additions during the year		8,584,347	1,165,106
		10,825,010	3,431,111
Depreciation charge for the year	35	(1,856,478)	(1,190,448)
Closing balance		8,968,532	2,240,663
Lease term		1-5 years	1-5 years
Depreciation rate		20%	20%

17.3 There are no variable lease payments in the lease contracts. There were no leases with residual value guarantees or leases not yet commenced to which the Modaraba is committed.

17.4 All assets are geographically located in Pakistan.

		2024	2023
		-----Rupees-----	
18 INTANGIBLE ASSET	Note		
Cost			
Balance at beginning of the year		1,250,000	1,050,000
Additions during the year		1,022,000	200,000
Closing balance		2,272,000	1,250,000
Accumulated amortisation			
Balance at beginning of the year		1,094,448	1,050,000
Charged during the year	35	228,612	44,448
Closing balance		1,323,060	1,094,448
Written down value		948,940	155,552
Rate %		33%	33%

19 DEFERRED TAXATION

Taxable / (deductible) temporary difference in respect of:

Fixed assets in own use		1,503,741	2,999,128
Right of use assets		2,600,874	649,792
Provision for short term Murabaha finances		-	(910,887)
Provision for doubtful Ijarah rental receivables		(368,688)	(365,315)
Provision for doubtful Murabaha finances		(1,048,303)	(710,748)
Provision for short term Musharakah finances		(93,108)	(237,937)
Provision for Diminishing Musharakah finances		(1,083,098)	(402,840)
Provision against receivable -FSD property		(159,210)	(159,210)
Unrealized loss on revaluation of financial - assets at fair value through profit or loss		(437,910)	(1,888,173)
Unrealized loss on revaluation of financial assets at - fair value through other comprehensive income		(250,221)	(628,898)
Lease liabilities against right of use assets		(2,303,199)	(733,343)
		(1,639,122)	(2,388,431)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
20 UNCLAIMED PROFIT DISTRIBUTIONS	Note	-----Rupees-----	
Opening balance		12,831,607	12,834,792
Less: dividends paid		(3,476)	(3,185)
Closing balance	20.1	12,828,131	12,831,607
20.1 Movement in dividend bank account:			
Opening balance		4,823,407	4,531,160
Dividend claim received and settled		(3,476)	(3,185)
Profit received		529,886	295,432
Tax on profit received		(79,483)	-
Charity paid	22	(266,000)	-
Bank charges		(453)	-
Closing balance	5	5,003,881	4,823,407

20.2 Management has maintained funds of Rs. 5,003,881 (2023: Rs. 4,823,407) against unclaimed profit distribution of Rs. 12,828,131 (2023: Rs. 12,831,607) resulting shortage of funds of Rs 7,824,250 (2023: Rs. 8,008,200). This shortage of funds of Rs. 7,824,250 relates to unclaimed profit distribution when Modaraba was managed by Trust management services (previous management company) from incorporation till 2009 when change of management took place through appointment of administrator by registrar under section 19 and 20 of Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980. Modaraba has maintained complete funds for unclaimed profit distribution after acquisition of Al-Zamin Management Company Limited in 2009 till date.

		2024	2023
21 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	-----Rupees-----	
Payable to Modaraba Management Company (Related party)	36	2,956,102	114,947
Provision for Workers' Welfare Fund		582,061	70,653
Accrued expenses		760,802	311,020
Other liabilities	21.1	5,967,867	1,164,635
		10,266,832	1,661,255

21.1 This includes Rs. 4,533,659 payable (2023: Rs. 525,436 receivable) to Taurus Securities against investments made on the Pakistan Stock Exchange.

		2024	2023
22 CHARITY PAYABLE	Note	-----Rupees-----	
Opening balance		-	-
Additions during the year	22.1	535,532	-
Paid to recognized charitable institutions		(266,000)	-
Closing balance		269,532	-

22.1 It represents the amount of profits earned on unclaimed dividends held in a specialized dividend account maintained with Meezan Bank. The profits received are donated to reputable charitable institutions.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
		-----Rupees-----	
23 DEFERRED INCOME ON MURABAHA	Note		
Opening balance		3,412,936	9,064,766
Additions during the year		3,715,948	2,187,188
Recognized during the year		(3,948,134)	(7,839,018)
		<u>3,180,750</u>	<u>3,412,936</u>
Current portion		(2,272,786)	(2,400,180)
Non-current portion		<u>907,964</u>	<u>1,012,756</u>
24 CUSTOMERS' SECURITY DEPOSITS			
Opening balance		48,317,513	53,882,313
Received during the year		220,000	6,614,900
Adjusted during the year		(12,538,875)	(12,179,700)
Closing balance	24.1	<u>35,998,638</u>	<u>48,317,513</u>
Current portion shown as current liabilities		(11,660,170)	(8,936,875)
Non-Current portion shown as non-current liabilities		<u>24,338,468</u>	<u>39,380,638</u>

24.1 These represent deposits received from customers to secure the ijarah assets given to them.

		2024	2023
		-----Rupees-----	
25 LEASE LIABILITIES AGAINST RIGHT OF USE ASSETS	Note		
Opening balance		2,528,769	2,394,566
Additions during the year		6,809,682	1,165,109
		<u>9,338,451</u>	<u>3,559,675</u>
Add: unwinding of lease liabilities	35	756,495	524,294
Add: adjustment due to lease modifications		46,365	-
Less: payments made during the year		(2,199,246)	(1,555,200)
Gross liability		<u>7,942,065</u>	<u>2,528,769</u>
Less: current portion		(1,799,923)	(1,083,251)
Non-current portion		<u>6,142,142</u>	<u>1,445,518</u>

25.1 Maturity analysis of contractual cash flows

At June 30, 2024	Within one year	Later than one year but not later than five years	Later than five years
	------(Rupees)-----		
Undiscounted cash flows	3,583,248	9,486,172	-
Less: discounting	(1,783,325)	(3,344,030)	-
Discounted cash flows	<u>1,799,923</u>	<u>6,142,142</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

At June 30, 2023

Undiscounted cash flows	1,436,556	1,756,950	-
Less: discounting	353,305	311,433	-
Discounted cash flows	<u>1,083,251</u>	<u>1,445,517</u>	-

25.2 Summary of amounts relating to leases charged in different line items of the financial statements is as follows:

	Note	2024 -----Rupees-----	2023
Carrying amount of ROU assets	17.2	<u>8,968,532</u>	<u>2,240,663</u>
Depreciation charge		<u>1,856,478</u>	<u>1,190,448</u>
Unwinding of lease liabilities	35	<u>756,495</u>	<u>524,294</u>
Repayment of lease liability	25	<u>2,199,246</u>	<u>1,555,200</u>

26 CERTIFICATE CAPITAL

26.1 Authorized certificate capital

2024	2023		2024	2023
Number of certificates				
		Modaraba certificates of		
<u>70,000,000</u>	<u>70,000,000</u>	Rs. 10 each.	<u>700,000,000</u>	<u>700,000,000</u>

26.2 Certificate capital

2024	2023		2024	2023
Number of certificates				
		Modaraba certificates of		
<u>15,000,000</u>	<u>15,000,000</u>	Rs. 10 each fully paid in cash.	<u>150,000,000</u>	<u>150,000,000</u>
<u>12,300,000</u>	<u>12,300,000</u>	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates.	26.3 <u>123,000,000</u>	<u>123,000,000</u>
<u>2,500,000</u>	<u>2,500,000</u>	Modaraba certificates issued of Rs. 10 each issued in consideration of assets as result of take over.	26.4 <u>25,000,000</u>	<u>25,000,000</u>
<u>29,800,000</u>	<u>29,800,000</u>		26.5 & 26.6 <u>298,000,000</u>	<u>298,000,000</u>

26.3 These fully paid bonus modaraba certificates of Rs. 10 each were issued before 2009 when modaraba was managed by Trust Management Services. After change of management company no modaraba certificates were issued as bonus certificates from 2009 till date.

26.4 Al-Zamin Modaraba Management (Private) Limited holds 5,261,388 (2023: 5,261,388) Modaraba certificates which represents 18% (2023: 18%) of the equity stake in the Modaraba as required by the SECP vide Order No. SC/M/RW/Trust/2009-44.

26.5 As at June 30, 2024, Ms. Noor Jehan Bano, a major certificate holder of the Modaraba, holds 18,674,822 modaraba certificates (2023: 629,822) of the Modaraba representing 62.67% (2023: 2.11%) holding.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

26.6 All certificates rank equally with regard to residual assets of the Modaraba. Certificate holders are entitled to receive all distributions including profit distributions and other entitlements in the form of bonus and right certificates as and when declared by the Modaraba. Voting and other rights are in proportion to the shareholding.

		2024	2023
27 RESERVES	Note	-----Rupees-----	
Statutory reserve	27.1	88,032,069	83,785,844
Revenue reserves:			
- Accumulated losses		(38,294,494)	(55,279,395)
		<u>49,737,575</u>	<u>28,506,449</u>

27.1 This represents profit set aside as required under the Modaraba Regulations, 2021 for Modarabas as issued by the Securities and Exchange Commission of Pakistan. During the current year, the Modaraba has transferred an amount of Rs. 4,246,225 (2023: Rs. Nil) which represents 20% (2023: 20%) of the profit after tax.

		2024	2023
28 UNREALIZED LOSS ON REVALUATION OF INVESTMENTS		-----Rupees-----	
Opening balance		(6,501,452)	(5,528,682)
Surplus/(deficit) on revaluation during the year		2,629,357	(972,770)
Closing balance		<u>(3,872,095)</u>	<u>(6,501,452)</u>

29 CONTINGENCIES AND COMMITMENTS

29.1 Contingencies

29.1.1 Notice was served to Trust Modaraba dated 28 August 2018, along with certain other modarabas, by Sindh Revenue Board (SRB) for the recovery of tax under Sindh Sales Tax on Services Act, 2011 amounting to Rs. 38.52 million comprising allegedly unpaid sales tax on services rendered in Sindh from years 2011-12 to 2017-18.

The Modaraba along with other Modarabas has filed a petition in Honorable Sindh High Court (SHC) on September 1, 2018, challenging the demand of Sindh Revenue Board (SRB) on the grounds of non-applicability of sales tax. A stay order in this regard has been granted by the SHC stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners. The management of the Modaraba based on its discussions with its legal counsel is of the view that in light of the stay order of the Court and the merits of the matter involved, the impugned charge of sales tax will be quashed and favorable outcome is expected. Therefore, no provision for any sales tax liability on rentals of lease financing has been made in the financial statements. The expected date of hearing is November 22, 2024 for further processing of the case.

29.1.2 The Assistant commissioner Inland Revenue (ACIR) has issued order dated June 30, 2022 by creating demand under sub-section 161 of Rs 1,038,285 along with default surcharge of Rs 809,862. The tax payer has filed appeal against said order on July 16, 2022 before commissioner Inland Revenue (CIR). During the year, CIR remanded back the case to (ACIR) and taxpayer being aggrieved by the order of CIR filed appeal before Appellate Tribunal Inland Revenue (ATIR). The ATIR annulled the findings of ACIR and remit the matter to officer of Inland Revenue (OIR). As at year end, the matter is pending before the OIR.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

29.1.3 The Deputy commissioner Inland Revenue (DCIR) has issued order dated August 31, 2021 by creating demand under sub-section 122 (1) of the Income Tax Ordinance, 2001 for Rs 5,776,892. The Modaraba had filed appeal against said order before Commissioner Inland Revenue - Appeals (CIRA), who vide order dated 24-Jan-2022 remanded the case with directions to pass a speaking order by going through the relevant record. Opportunities of hearing were provided. During the year, DCIR passed the order dated June 24, 2024 by creating a demand of Rs. 5,776,892 and taxpayer being aggrieved by the order of DCIR filed appeal before CIRA, which is pending for adjudication. The management, in consultation with its tax advisor, has determined that favorable outcome is expected.

29.1.4 The Deputy commissioner Inland Revenue (DCIR) issued notices dated August 18, 2023 by confronting amount of Rs. 143,347 and Rs. 732,850 against tax years 2020 and 2021 respectively under sub-section 221(2) of the Income Tax Ordinance, 2001. These demands pertain to the adjustment of refunds against the admitted tax liabilities. The Modaraba has submitted a detailed response to the DCIR, accompanied by comprehensive documentary evidence. Decision is pending but the management, in consultation with its tax advisor, has determined that favorable outcome is expected.

29.1.5 On December 06, 2022, Sindh Revenue Board (SRB) issued a notice under Section 73 of the Stamps Act, 1899 to several modaraba companies for inspection of the records regarding stamp duty applicability. The Modaraba responded on December 22, 2022 that the Modaraba is a non-banking financial institution and Stamps act, 1899 is not applicable. However without prejudice to the rights and remedies and only as a matter of cooperation, the management partially complied.

On December 12, 2023 the Modaraba received a demand from Sindh Revenue Board (SRB) against stamp duty of Rs. 280,509 and Rs. 108,900 applicable on purchase orders and promissory notes respectively, covering the period July 01, 2020 to March 03, 2023. The Modaraba responded on January 08, 2024 that Article 15(b) of the stamps act, 1899 deals with the manufacturing concerns or business which undertake cartage of stores and materials and as such it is not applicable to NBFCs and Modarabas involved in Shariah compliant asset financing. The matter is being dealt at the association level.

Regarding the stamp duty on promissory note under Sec 2(22) of Article 28 of the Stamps Act 1899, the management has acknowledged its application and has recognized a provision for the period of July 01, 2022 to June 30, 2024 in Note 21 amounting to Rs. 145,800.

29.1.6 The Modaraba had entered into the following financing agreements with different parties who had subsequently defaulted:

S. No.	Financing	Outstanding amount	Parties under litigation	Parties for decree awarded	Note No.
1	Ijarah	4,182,608	2	2	9
2	Short term Murabaha	33,800,000	3	3	8
3	Long term Murabaha	37,912,999	6	2	10
		75,895,607			

Legal proceedings were initiated to recover the outstanding amounts and are being pursued. The management, in consultation with its legal advisor, believes that the outcomes will be favorable.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

29.2 Diminishing Musharaka commitments

The Modaraba has entered into Diminishing Musharaka arrangements for vehicles. These arrangements have remaining terms of less than five years. Such arrangements also include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions. Future installment payments due under these arrangements at the year end are as follows:

	Note	2024	2023
		-----Rupees-----	
Not later than one year		3,163,248	843,336
Later than one year and not later than five years		9,486,147	1,756,950
		<u>12,649,395</u>	<u>2,600,286</u>
Disbursement of Ijarah / Murabaha / Musharakah to be made to customers		<u>5,164,880</u>	<u>18,118,000</u>
30 INCOME FROM IJARAH - NET			
Income from ijarah operations		51,329,593	60,396,077
Income suspense reversal during the year		-	12,943
Less: depreciation on fixed assets given on ijarah	16.1	(34,206,699)	(40,047,770)
Less: takaful on ijarah assets		(3,406,184)	(3,640,477)
		<u>13,716,710</u>	<u>16,720,773</u>
31 PROFIT ON MURABAHA FINANCES			
Profit on murabaha finances		4,124,076	7,941,478
Income suspended during the year	10.3.1	(109,870)	(451,284)
Reversal of suspension income	10.3.1	221,600	30,301
		<u>4,235,806</u>	<u>7,520,495</u>
32 PROFIT ON MUSHARAKAH FINANCES			
Profit on musharakah finances		49,604,659	15,932,223
Income suspended during the year		-	(23,200)
Income suspense reversed during the year		23,200	171,780
Less: commission of selling agent		-	(450,000)
Less: takaful on diminishing musharakah		(4,408,018)	(1,343,608)
		<u>45,219,841</u>	<u>14,287,195</u>
33 OTHER INCOME			
Gain on disposal of ijarah assets	16.1.4.1	602,299	397,864
Gain on disposal of owned fixed assets		418,968	469,731
Profit on deposit and saving accounts with banks		526,759	822,257
Miscellaneous income	33.1	1,720,898	1,020,531
		<u>3,268,924</u>	<u>2,710,383</u>

33.1 This includes an amount of Rs. 734,750 (2023: Rs. 646,200) pertaining to documentation fee.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
34	PROVISION FOR DOUBTFUL RECEIVABLES	-----Rupees-----	
	Note		
		21,637,211	19,950,933
	Opening balance		
	Add: charged during the year	2,891,344	1,686,278
	34.1		
	Less: Murabaha provision written off due to settlement	(3,010,411)	-
	8.4		
	Less: legal charges receivables' provision		
	written off due to settlement	(60,000)	-
	7.4.1		
	Net provision reversal for the year	(179,067)	1,686,278
	34.2		
	Closing balance	21,458,144	21,637,211
34.1	Break up of provision (net of reversals) for doubtful receivables charged during the year are as follow:		
	Long term murabaha finances	1,163,981	(1,146,282)
	10.4		
	Short term murabaha finances	(130,577)	130,577
	8.4		
	Long term musharakah finances	2,345,720	1,339,044
	12.3		
	Short term musharakah finances	(499,413)	124,426
	11.1		
	Ijarah rent receivables	11,633	689,513
	9.4		
	Legal suits charges receivable	-	-
	7.4.1		
	Receivable against sale of Faisalabad Property	-	549,000
		2,891,344	1,686,278
34.2	Break up of provision for doubtful receivables are as follows:		
	Provision for doubtful long term murabaha finances	6,674,996	5,511,015
	10.4		
	Provision for doubtful short term murabaha finances	8,400,000	11,540,988
	8.4		
	Provision for Musharakah finances	321,061	820,474
	11.1		
	Provision for Diminishing Musharakah finances	3,734,822	1,389,102
	12.3		
	Provision for trade receivables	100,000	100,000
	7.3.1		
	Provision for legal suits charges receivable	406,926	466,926
	7.4.1		
	Receivable against sale of Faisalabad Property	549,000	549,000
	7.5		
	Provision for doubtful ijarah rental receivables	1,271,339	1,259,706
	9.4		
		21,458,144	21,637,211
35	OPERATING EXPENSES	-----Rupees-----	
	Note		
		2024	2023
	Salaries, allowances and other benefits	18,105,318	18,610,061
	35.1 & 35.2		
	Fees and subscription	3,811,794	3,851,798
	Repairs and maintenance	2,734,103	2,424,268
	Vehicle running	2,077,625	2,012,457
	Depreciation on right of use assets	1,856,478	1,190,448
	17.2		
	Telephone, postage and courier	1,475,991	1,012,297
	Electricity, gas and water	1,464,146	1,274,338
	Depreciation on own assets	1,085,796	1,313,554
	17.1		
	Rent, rates and taxes	989,601	1,247,805

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Printing and stationery		843,485	770,897
Unwinding of lease liabilities	25	756,495	524,294
Entertainment		727,267	731,479
Auditors' remuneration	35.3	581,900	525,000
Traveling and conveyance		522,563	696,398
Bad debts written off	35.4	500,000	-
Legal and professional charges		385,000	277,500
Miscellaneous		277,774	246,209
Insurance		230,505	265,641
Amortization on intangible assets	18	228,612	44,448
Registrar's services		126,522	127,811
Advertisement		118,435	123,435
Bank charges and commission		18,580	13,377
		38,917,990	37,283,515

35.1 This includes Rs. 0.985 million (2023: Rs. 0.943 million) in respect of contribution to the staff provident fund.

35.2 Salaries and wages also include salaries and allowances of executives as per the following details:

2024	Executives	Others	Total
	-----Rupees-----		
Basic salary	5,976,144	4,921,284	10,897,428
House rent allowance	2,390,292	1,965,660	4,355,952
Medical allowance	597,564	493,056	1,090,620
Other allowances	75,537	700,953	776,490
Retirement benefits	597,612	387,216	984,828
	9,637,149	8,468,169	18,105,318
Number of person(s)	3	13	
2023			
Basic salary	7,008,228	4,206,465	11,214,693
House rent allowance	2,563,002	1,685,920	4,248,922
Medical allowance	640,770	420,615	1,061,385
Other allowances	410,668	495,302	905,970
Retirement benefits	676,823	502,268	1,179,091
	11,299,491	7,310,570	18,610,061
Number of person(s)	4	13	

35.2.1 Executives have been provided with modaraba maintained cars and are also entitled for reimbursement of fuel expenses. As per fourth schedule to the Companies Act, 2017, "Executive" means an employee, other than the chief executive and directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023
35.3	Auditors' remuneration	-----Rupees-----	
	Annual audit fee	316,800	288,000
	Half yearly review	84,700	77,000
	Code of corporate governance	104,500	95,000
	Out of pocket expenses	75,900	65,000
		<u>581,900</u>	<u>525,000</u>
35.4	Breakup of bad debts written off during the year are as follows:		
	Morabaha finance short term	8.2 <u>500,000</u>	<u>-</u>
	This represents write-off of Murabaha financing of a client who was settled out-of-court after due deliberations by the management as the valuation of mortgaged properties were above the transfer fee.		
36	MODARABA MANAGEMENT COMPANY'S FEE		
	The modaraba management Company is entitled to a remuneration for services rendered to the modaraba under provision of the modaraba companies and modarabas (Floatation and control) ordinance, 1980 up to a maximum of 10% per anum of the annual profits of the Modaraba.		
		2024	2023
37	TAXATION	-----Rupees-----	
	Current tax expense for the year	4,409,016	2,379,267
	Prior year taxation	62,043	-
	Deferred tax	370,632	(1,292,333)
		37.1 <u>4,841,691</u>	<u>1,086,934</u>
37.1	Relationship between accounting profit and taxation		
	Accounting profit before taxation	<u>26,072,817</u>	<u>1,013,829</u>
	Tax at the applicable tax rate of 17% (2023: 17%)	4,432,379	172,351
	Tax effect of:		
	- Permanent differences	-	371,309
	- Adjustments relating to prior years	62,043	-
	- Others	347,269	543,274
		<u>4,841,691</u>	<u>1,086,934</u>
38	EARNINGS / (LOSS) PER CERTIFICATE - BASIC AND DILUTED	2024	2023
	Net profit / (loss) for the year	Rupees 21,231,126	(73,105)
	Weighted average number of certificates	Number 29,800,000	29,800,000
	Earnings / (loss) per certificate	Rupees <u>0.712</u>	<u>(0.002)</u>
38.1	There is no dilution effect on the basic earnings per certificate of the Modaraba.		

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

		2024	2023	
39	CASH GENERATED FROM OPERATIONS	Note	-----Rupees-----	
	Profit before taxation		26,072,817	1,013,829
	Adjustments for non-cash and other items:			
	- Depreciation:			
	Under ijarah	16.1	34,206,699	40,047,770
	In own use	17.1	1,085,796	1,313,554
	Right of use assets	17.2	1,856,478	1,190,448
	Amortization on intangible assets	18	228,612	44,448
	- Provision for doubtful receivables	34.1	2,891,344	1,686,278
	- Gain on disposal of ijarah assets	33	(602,299)	(397,864)
	- Gain on disposal of owned fixed assets	33	(418,968)	(469,731)
	- Loss on disposal of asset held for sale	13	4,246,500	-
	- Loss on long term investment		2,232,230	11,599
	- Balances written off	35	500,000	-
	- Loss / (profit) on sale of short term investments		5,197,370	2,250,375
	-			
	at fair value through profit or loss	6.3	(13,712,270)	1,052,042
	- Unwinding of lease liabilities	25	756,495	524,294
	- Workers' Welfare Fund		532,098	20,690
	- Dividend income		(660,670)	(2,182,830)
			38,339,415	45,091,073
	Operating profit before working capital changes		64,412,232	46,104,902
	Decrease / (increase) in current assets			
	- Advances, deposits, prepayments and other receivables		(2,113,074)	19,587,939
	- Short term murabaha finances receivables		7,368,608	(2,016,919)
	- Short term musharakah finances receivables		3,502,792	7,415,136
	- Ijarah rental receivables		(1,002,728)	1,251,099
	Increase in current liabilities			
	- Charity payable		269,532	-
	- Creditors, accrued and other liabilities		8,073,479	(9,720,560)
			16,098,609	16,516,695
	Cash generated from operations		80,510,841	62,621,597

39.1 Changes in Financing Activities

	As at June 30, 2023	Non-cash changes	Cash flows (Net)	As at June 30, 2024
	----- Rupees -----			
Unclaimed profit distributions	12,831,607	-	(3,476)	12,828,131
Lease liabilities against right of use assets	2,528,769	7,612,542	(2,199,246)	7,942,065
	15,360,376	7,612,542	(2,202,722)	20,770,196
	----- Rupees -----			
	As at June 30, 2022	Non-cash changes	Cash flows (Net)	As at June 30, 2023
	----- Rupees -----			
Unclaimed profit distributions	12,834,792	-	(3,185)	12,831,607
Loan from Director	5,000,000	-	(5,000,000)	-
Lease liabilities against right of use assets	2,394,566	1,689,403	(1,555,200)	2,528,769
	20,229,358	1,689,403	(6,558,385)	15,360,376

Impact of non-cash changes in lease liabilities comprise of interest charge on lease liabilities Rs. 756,495 (2023: Rs. 524,294) (refer to note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

40 MATURITIES OF ASSETS AND LIABILITIES

		2024			
		Total	Up to one year	One year to five years	Over five years
Note		Rupees			
Assets:					
Cash and bank balances	5	10,384,061	10,384,061	-	-
Investments	6	20,970,987	20,970,987	-	-
Advances, prepayments and other receivables	7	11,365,248	11,365,248	-	-
Ijarah rental receivables - secured	9	3,788,925	3,788,925	-	-
Income tax refundable		3,997,069	3,997,069	-	-
Long term murabaha finances	10	47,817,721	41,708,561	6,109,160	-
Short term murabaha finances - secured	8	25,400,000	25,400,000	-	-
Long term musharakah finances	12	174,665,190	45,244,359	129,420,831	-
Short term musharakah finances	11	13,395,756	13,395,756	-	-
Deferred taxation - net	19	1,639,122	1,639,122	-	-
Deposits	14	294,662	-	139,800	154,862
Investments	15	2,284,801	-	2,284,801	-
Operating fixed assets given on lease / ijarah - tangible	16	74,450,750	15,554,871	58,895,879	-
Operating fixed assets in own use - tangible	17.1	13,979,664	-	11,732,817	2,246,847
Right of use assets	17.2	8,968,532	1,799,923	7,168,609	-
Intangible asset	18	948,940	66,672	882,268	-
		414,351,428	195,315,554	216,634,165	2,401,709
Liabilities:					
Unclaimed profit distributions	20	12,828,131	12,828,131	-	-
Creditors, accrued and other liabilities	21	10,266,832	10,266,832	-	-
Charity payable		269,532	269,532	-	-
Lease liabilities against right of use assets	fe	7,942,065	1,799,923	6,142,142	-
Deferred income on murabaha	23	3,180,750	2,272,786	907,964	-
Customers' security deposits	24	35,998,638	11,660,170	24,338,468	-
		70,485,948	39,097,374	31,388,574	-
Net Balance		343,865,480	156,218,180	185,245,591	2,401,709
Certificate holders' equity		347,737,575			
Unrealized loss on revaluation of investments		(3,872,095)			
Surplus on revaluation of fixed assets		-			
Net Balance		343,865,480			
		2023			
		Total	Up to one year	One year to five years	Over five years
Note		Rupees			
Assets:					
Cash and bank balances	5	7,403,438	7,403,438	-	-
Investments	6	23,673,280	23,673,280	-	-
Advances, deposits, prepayments and other receivables	7	9,252,174	9,252,174	-	-
Ijarah rental receivables - secured	9	2,797,830	2,797,830	-	-
Income tax refundable		1,840,370	1,840,370	-	-
Long term murabaha finances	10	59,043,885	54,965,658	4,078,227	-
Asset held for sale	13	8,625,000	8,625,000	-	-
Short term murabaha finances - secured	8	33,138,031	33,138,031	-	-
Long term musharakah finances	12	77,391,264	15,004,620	62,386,644	-
Short term musharakah finances	11	16,399,135	16,399,135	-	-
Deferred taxation - net	19	2,388,431	2,388,431	-	-
Deposits	14	602,962	-	448,100	154,862
Investments	15	6,271,900	-	6,271,900	-
Operating fixed assets given on lease / ijarah - tangible	16	123,427,562	14,112,275	109,315,287	-
Operating fixed assets in own use - tangible	17.1	14,105,600	-	12,302,347	1,803,253
Right of use assets	17.2	2,240,663	1,083,251	1,157,412	-
Intangible asset	18	155,552	66,672	88,880	-
		388,757,077	190,750,165	196,048,797	1,958,115

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

		2023			
		Total	Up to one year	One year to five	Over five years
		Rupees			
Liabilities:	Note				
Unclaimed profit distributions	20	12,831,607	12,831,607	-	-
Creditors, accrued and other liabilities	21	1,661,255	1,661,255	-	-
Due to director		-	-	-	-
Lease liabilities against right of use assets	25	2,528,769	1,083,251	1,445,518	-
Deferred income on murabaha	23	3,412,936	2,400,180	1,012,756	-
Customers' security deposits	24	48,317,513	8,936,875	39,380,638	-
		<u>68,752,080</u>	<u>26,913,168</u>	<u>41,838,912</u>	<u>-</u>
Net Balance		<u>320,004,997</u>	<u>163,836,997</u>	<u>154,209,885</u>	<u>1,958,115</u>
Certificate holders' equity		326,506,449			
Unrealized loss on revaluation of investments		(6,501,452)			
Surplus on revaluation of fixed assets		-			
Net Balance		<u>320,004,997</u>			

41 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks: market risk (including currency risk, other price risk and interest rate risk), credit risk and liquidity risk. The Modaraba's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board) of the Management Company, chief operating officer and chief financial officer. The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

The Modaraba's overall risk management procedures, to minimize the potential adverse effects of financial market on its performance, are as follows:

41.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, profit rate, commodity price and equity price that will affect the Modaraba's income or the value of its holdings of financial instruments.

41.1.1 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. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies. The Modaraba is not exposed to currency risk arising from currency exposure as Modaraba is not involved in foreign currency transactions.

41.1.2 Profit rate risk

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

As at the reporting date the profit rate profile of the Modaraba's profit bearing financial instruments were as under:

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024	2023
		-----Rupees-----	
<u>Fixed rate instruments</u>			
Financial assets			
Short term murabaha finances	8	25,400,000	33,138,031
Ijarah rental receivables	9	3,788,925	2,797,830
Long term murabaha finances	10	47,817,721	59,043,885
Long term musharakah finances	12	178,400,012	78,780,366
Short term musharakah finances	11	13,395,756	16,399,135
<u>Floating rate instruments</u>			
Financial assets			
Bank balances - deposit accounts	5	5,366,270	2,510,968
Bank balances - dividend account	5	5,003,881	4,823,407

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets at fair value through profit and loss. Therefore, a change in profit rate at the reporting date would not affect profit or loss of the Modaraba.

Cash flow sensitivity analysis for variable rate instruments

If profit rates, as at the reporting date, fluctuates by 1% higher / lower with all other variables held constant, profit before taxation for the year would have been Rs. 53,663 (2023: Rs. 12,201) higher / lower. This analysis is prepared assuming the amounts of floating rate instruments outstanding at reporting dates were outstanding for the whole year.

41.2 Credit risk

41.2.1 Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date, net of impairment, was as follows:

	Note	2024	2023
		-----Rupees-----	
Bank balances	5	10,382,295	7,360,474
Short term murabaha finances	8	25,400,000	33,138,031
Ijarah rental receivables	9	3,788,925	2,797,830
Long term musharakah finances	12	178,400,012	78,780,366
Short term musharakah finances	11	13,395,756	16,399,135
Long term murabaha finances	10	47,817,721	59,043,885
Long term deposits	14	294,662	602,962
Short term Investments	6	20,970,987	23,673,280
Long term Investments	15	2,284,801	6,271,900
Advances, deposits and other receivables	7	11,365,248	9,252,174
		314,100,407	237,320,037

41.2.2 Geographically all credit exposure is concentrated in Pakistan.

The maximum exposure to credit risk for receivables (murabaha financing, musharakah financing and ijarah) as at the reporting date by type of customer was:

NOTES TO THE FINANCIAL STATEMENTS
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	2024	2023
	-----Rupees-----	
Individuals	75,465,076	92,220,681
Trading of goods and services	51,632,834	-
Educational Institutions	51,024,603	23,170,477
Food and Allied	33,372,362	28,236,807
Technology & Communication	17,455,756	5,923,894
Oil & Gas	15,693,553	10,391,515
Registrar Services	14,384,799	-
Agriculture	14,050,000	11,833,022
Insurance/Tracker	10,290,231	10,094,910
Steel	9,835,928	6,058,380
Advertising/Media agency	9,639,229	17,861,714
Construction	8,653,112	-
Packaging	7,996,383	-
Healthcare	7,463,671	4,620,699
Dairy & poultry	2,256,775	-
Textile	1,831,297	-
Clearing Forwarding	877,545	1,887,463
Societies	532,140	-
	<u>332,455,294</u>	<u>212,299,562</u>

41.2.3 The aging of murabaha, musharakah, lease / ijarah rental and trade receivables and related impairment loss as at the reporting date is as follows:

Aging of murabaha, musharakah, lease / ijarah rental and trade receivables

	2024	2023
	-----Rupees-----	
Not past due	252,467,785	124,102,140
Past due 1 - 180 days	3,395,763	1,273,427
Past due 181 days - 1 year	947,877	687,576
Past due 1 - 2 years	236,292	1,368,881
More than 2 years	70,478,771	81,108,905
	<u>327,526,488</u>	<u>208,540,929</u>

Aging of impaired murabaha, musharakah, ijarah rental and trade receivables

Past due 181 - 365 days	-	-
1 - 2 years	6,779,994	4,132,543
More than 2 years	14,678,150	16,258,166
	<u>21,458,144</u>	<u>20,390,709</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The Modaraba has adopted a policy of only dealing with creditworthy parties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Modaraba also uses other publicly available financial information and its own trading records to rate its customers. The Modaraba's exposure and the credit ratings of its parties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed annually.

The management monitors and limits Modaraba's exposure to credit risk through monitoring of clients' credit exposure, reviews and conservative estimates of provisions for doubtful receivables, if any, and through the prudent use of collateral policy. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations of sound financial standing covering various industrial sectors and segments.

- 41.2.4** The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rate. The table below shows the bank balances and investments held with some major counterparties at the reporting date:

	Rating		Rating Agency	2024	2023
	Short term	Long term		Rupees	Rupees
Meezan Bank Limited	A-1+	AAA	JCR-VIS	10,370,868	7,335,515
State Bank of Pakistan	-	-	-	11,427	24,959
				<u>10,382,295</u>	<u>7,360,474</u>

Further, the Modaraba's exposure to credit risk and impairment losses related to Investments, Murabaha financing, Ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

The Modaraba's exposure related to ijarah receivables, murabaha receivables and musharakah receivables are secured by collaterals held and the Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

41.3 Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

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 stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. Owing to the fact that the Modaraba is in a positive working capital position at the year end, the management believes the liquidity risk to be low.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

The table below analyses the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equate to their carrying balances as the impact of discounting is not significant.

	Carrying Amount	Contractual cash flows	Less than 1 year	Between 1 and 5 years	Over 5 years
----- (Rupees) -----					
June 30, 2024					
Lease liabilities against right of use assets	7,942,065	7,942,065	1,799,923	6,142,142	-
Unclaimed profit distributions	12,828,131	12,828,131	12,828,131	-	-
Creditors, accrued and other liabilities	10,266,832	10,266,832	10,266,832	-	-
Charity payable	269,532	269,532	269,532	-	-
	<u>31,306,560</u>	<u>31,306,560</u>	<u>25,164,418</u>	<u>6,142,142</u>	<u>-</u>
June 30, 2023					
Lease liabilities against right of use assets	2,528,769	2,528,769	1,083,251	1,445,518	-
Unclaimed profit distributions	12,831,607	12,831,607	12,831,607	-	-
Creditors, accrued and other liabilities	1,661,255	1,661,255	1,661,255	-	-
	<u>17,021,631</u>	<u>17,021,631</u>	<u>15,576,113</u>	<u>1,445,518</u>	<u>-</u>

Note 40 to the financial statements summarizes the maturity profile of the Modaraba's assets and liabilities.

41.4 Fair value of financial instruments

All financial assets and financial liabilities are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortized cost.

The carrying values of all financial assets and liabilities reflected in financial statements approximate to their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Fair value estimation

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all other financial assets and financial liabilities is considered not significantly different from book value as there is an active market for the Modaraba listed equity investments.

Fair value hierarchy

Fair value hierarchy categories are described in note 4.16 to the financial statements.

The following table presents the Company's financial assets that are measured at fair value:

	Level 1	Level 2	Level 3	Total
----- Rupees -----				
June 30, 2024				
Financial Assets:				
Short term investments (note 6)	20,970,987	-	-	20,970,987
Long term investments (note 15)	2,284,801	-	-	2,284,801
June 30, 2023				
Financial Assets:				
Short term investments (note 6)	23,673,280	-	-	32,908,149
Long term investments (note 15)	6,271,900	-	-	7,281,478

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

41.5 Financial instruments by categories

	Note	At fair value through OCI (equity instruments designated upon initial recognition)	Amortized cost	Assets at fair value through profit or loss (Mandatorily Measured)	Total
-----Rupees-----					
2024					
Cash and bank balances	5	-	10,384,061	-	10,384,061
Investments	6	-	-	20,970,987	20,970,987
Advances, deposits and other receivables	7	-	11,365,248	-	11,365,248
Murabaha finances - secured	8	-	25,400,000	-	25,400,000
Short term musharakah finances (secured - considered good)	11	-	13,395,756	-	13,395,756
Diminishing musharakah financing	12	-	174,665,190	-	174,665,190
Ijarah rental receivables - secured	9	-	3,788,925	-	3,788,925
Murabaha finances	10	-	47,817,721	-	47,817,721
Deposits	14	-	294,662	-	294,662
Investments	15	2,284,801	-	-	2,284,801
		<u>2,284,801</u>	<u>287,111,563</u>	<u>20,970,987</u>	<u>310,367,351</u>

2023					
Cash and bank balances	5	-	7,403,438	-	7,403,438
Investments	6	-	-	23,673,280	23,673,280
Advances, deposits and other receivables	7	-	5,075,991	-	5,075,991
Murabaha finances - secured	8	-	33,138,031	-	33,138,031
Short term musharakah finances (secured - considered good)	11	-	16,399,135	-	16,399,135
Diminishing musharakah financing	12	-	77,391,264	-	77,391,264
Ijarah rental receivables - secured	9	-	2,797,830	-	2,797,830
Murabaha finances	10	-	59,043,885	-	59,043,885
Deposits	14	-	602,962	-	602,962
Investments	15	6,271,900	-	-	6,271,900
		<u>6,271,900</u>	<u>201,852,536</u>	<u>23,673,280</u>	<u>231,797,716</u>

	Note	2024	2023
-----Rupees-----			
Financial liabilities at amortized cost			
Lease liabilities against right of use assets	25	7,942,065	2,528,769
Unclaimed profit distributions	20	12,828,131	12,831,607
Creditors, accrued and other liabilities	21	10,266,832	1,661,255
Charity payable	22	269,532	-
		<u>31,306,560</u>	<u>17,021,631</u>

41.6 Operational risks

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- ethical and business standards; and
- risk mitigation, including insurance where this is effective.

41.7 Capital risk management

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide return for certificate holders and benefits for other stakeholders and to maintain healthier capital ratios in order to support its business and maximize certificate holders value. The Modaraba manages its capital structure and makes adjustments to it, in the light of changes in economic conditions. There were no changes to the Modaraba's approach to capital management during the year and the Modaraba is not subject to externally imposed capital requirement.

The Modaraba finances its operations through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk.

	2024	2023
	-----Rupees-----	
Total equity	347,737,575	326,506,449
Less: cash and bank balances	(10,384,061)	(7,403,438)
Capital	337,353,514	319,103,011
Total liabilities	<u>70,485,948</u>	<u>68,752,080</u>
Debt to equity ratio	21%	22%

Further, the Modaraba's exposure to credit risk and impairment losses related to Investments, Murabaha financing, Ijarah financing, and other receivables are disclosed in the relevant notes to the financial statements.

The Modaraba's exposure related to ijarah receivables, murabaha receivables and musharakah receivables are secured by collaterals held and the Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk.

NOTES TO THE FINANCIAL STATEMENTS
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42 REMUNERATION OF EXECUTIVES / KEY MANAGEMENT PERSONNEL

Aggregate amounts charged in the financial statements for the year as remuneration and benefits to executives / key management personnel of the Modaraba are as follows:

	Executives / Key Management Personnel	
	2024	2023
	-----Rupees-----	
Managerial remuneration	5,976,144	7,008,228
House rent allowance	2,390,292	2,563,002
Medical allowance	597,564	640,770
Other allowances	75,537	50,000
Retirement benefits	597,612	676,823
	9,637,149	10,938,823
Number of person(s)	3	4

42.1 These executives have been provided with the Modaraba maintained cars and are also entitled for reimbursement of fuel expenses.

43 TRANSACTIONS WITH RELATED PARTIES

A related party transaction is a transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity.

A related party is a person or entity that is related to the entity. Related parties of the Modaraba include the Modaraba Management Company [Al-Zamin Modaraba Management (Private) Limited], directors and key management personnel of the Modaraba Management Company, key management personnel of the Modaraba and their close family members, the provident fund trust and entities with common directors or under common management and control.

Contribution to the provident fund is made in accordance with the services rules. Modaraba Management fee, if any, is accrued in accordance with the requirements of the Modaraba Regulations. Remuneration of key management personnel are in accordance with the terms of their employment. Other transactions are carried out at agreed terms.

Amounts due from and due to related parties are shown under respective notes to these financial statements. All transactions are based on commercial terms and are approved by the Board of Directors. Outstanding balances at the reporting date are unsecured and interest free. There have been no guarantees provided received for any related party receivables or payables.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Transactions during the year

Related party	Basis of Relationship	Nature of transaction	Note	2024	2023
				-----Rupees-----	
Al-Zamin Modaraba Management (Private) Limited	Modaraba Management Company	Management fee	36	2,956,102	114,947
		Office rent		624,000	624,000
		Electric bill back-charged		129,113	105,133
Employees' Provident Fund	Associated undertaking	Contribution for the year		984,828	942,693
Director	Director	Interest free loan repaid		-	5,000,000
Executives and close relatives thereof	Associated persons	Loan given during the year	7.1	300,000	-
		Repayment of loan received	7.1	590,000	-

The amounts above do not include salaries and other employee benefits of the executives of the Modaraba which have been disclosed in note 42.

Outstanding balance as at the reporting date			Note	2024	2023
				-----Rupees-----	
Al-Zamin Modaraba Management (Private) Limited		Payable against management fee		2,956,102	114,947
Executives		Loan receivables	7.1	210,000	500,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

44 SEGMENT REPORTING

44.1 An operating segment is a group of assets and operations engaged in providing products that are subject to risks and returns that are different from those of other business segments. The management has determined the operating segments based on the information that is presented to the Chief Executive Officer (Chief Operating Decision Maker) for allocation of resources and assessments of performance. Based on internal management reporting structure and products produced and sold, the Modaraba is organized into following five operating segments:

Types of segments	Nature of business
- Murabaha finances	Sale of goods under murabaha arrangement
- Ijarah finances	Giving right to the benefit of using an asset for a consideration
- Musharakah finances	Joint enterprise formed for conducting some business
- Investments	Investments made in equity instruments of other companies and other investments

No operating segments have been aggregated to or form the above reportable operating segments.

The Chief Executive Officer monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is generally evaluated based on certain key performance indicators including business volume, gross profit, profit from operations, reduction in operating cost and free cash flows.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties. There were no transfers between operating segments during the year (2023: Nil).

44.2 Segment analysis

The segment information for the reportable segments for the year ended June 30, 2024 is as follows:

	June 30, 2024		June 30, 2023		Total	Murabaha Finances	Ijarah Finances	Musharakah Finances	Investments	Total
	Murabaha Finances	Ijarah Finances	Musharakah Finances	Total						
	#VALUE!	#VALUE!	#VALUE!	#VALUE!		32	31	33		
Gross revenue from external customers	4,235,806	51,329,593	49,627,859	(4,536,700)	100,656,558	7,417,987	60,409,020	15,932,223	(67,545)	83,691,685
Commission Expense	-	-	-	-	-	-	-	(450,000)	-	(450,000)
Depreciation	-	(34,206,699)	-	-	(34,206,699)	-	(40,047,770)	-	-	(40,047,770)
Insurance expense	-	(3,406,184)	(4,408,018)	-	(7,814,202)	-	(3,640,477)	(1,343,608)	-	(4,984,085)
Other income	-	602,299	1,720,898	-	2,323,197	102,508	397,864	(23,200)	-	477,172
Net revenue	4,235,806	14,319,009	46,940,739	(4,536,700)	60,958,854	7,520,495	17,118,637	14,115,415	(67,545)	38,687,002
Unrealized Profit / (loss) on revaluation of investments (Provision) / Reversal for doubtful receivables	-	-	-	13,712,270	13,712,270	-	-	-	(1,052,042)	(1,052,042)
Reportable segment profit	2,805,411	14,319,009	45,479,790	9,175,570	71,779,780	7,520,495	17,118,637	14,115,415	(1,119,587)	37,634,960
Reportable segment assets	74,790,797	80,089,894	193,121,382	23,255,788	371,257,861	93,312,629	128,908,242	96,348,698	29,945,180	348,514,749
Reportable segment liabilities	3,180,750	35,998,638	-	-	39,179,388	3,412,936	48,317,513	311,598	-	52,042,047
Additions to non-current assets	-	1,100,000	-	-	1,100,000	-	31,773,000	-	-	31,773,000

Segment revenues / profits

Note number	#VALUE!	#VALUE!	#VALUE!	#VALUE!	Total	Murabaha Finances	Ijarah Finances	Musharakah Finances	Investments	Total
Gross revenue from external customers	4,235,806	51,329,593	49,627,859	(4,536,700)	100,656,558	7,417,987	60,409,020	15,932,223	(67,545)	83,691,685
Commission Expense	-	-	-	-	-	-	-	(450,000)	-	(450,000)
Depreciation	-	(34,206,699)	-	-	(34,206,699)	-	(40,047,770)	-	-	(40,047,770)
Insurance expense	-	(3,406,184)	(4,408,018)	-	(7,814,202)	-	(3,640,477)	(1,343,608)	-	(4,984,085)
Other income	-	602,299	1,720,898	-	2,323,197	102,508	397,864	(23,200)	-	477,172
Net revenue	4,235,806	14,319,009	46,940,739	(4,536,700)	60,958,854	7,520,495	17,118,637	14,115,415	(67,545)	38,687,002
Unrealized Profit / (loss) on revaluation of investments (Provision) / Reversal for doubtful receivables	-	-	-	13,712,270	13,712,270	-	-	-	(1,052,042)	(1,052,042)
Reportable segment profit	2,805,411	14,319,009	45,479,790	9,175,570	71,779,780	7,520,495	17,118,637	14,115,415	(1,119,587)	37,634,960
Reportable segment assets	74,790,797	80,089,894	193,121,382	23,255,788	371,257,861	93,312,629	128,908,242	96,348,698	29,945,180	348,514,749
Reportable segment liabilities	3,180,750	35,998,638	-	-	39,179,388	3,412,936	48,317,513	311,598	-	52,042,047
Additions to non-current assets	-	1,100,000	-	-	1,100,000	-	31,773,000	-	-	31,773,000

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

Reconciliation of reportable segments revenues, profit or loss, assets and liabilities is as follows:

	2024	2023
	-----Rupees-----	
Revenues		
Total revenues for reportable segments	60,958,854	38,687,002
Other revenues	945,727	2,484,299
Modaraba's revenues	<u>61,904,581</u>	<u>41,171,301</u>
Profit		
Total profit for reportable segments	71,779,780	37,634,960
Other income	945,727	798,021
Fair value loss on asset held for sale	(4,246,500)	-
Operating expenses	(38,917,990)	(37,283,515)
Modaraba Management Company's fee	(2,956,102)	(114,947)
Workers' Welfare Fund	(532,098)	(20,690)
Taxation	(4,841,691)	(1,086,934)
	<u>21,231,126</u>	<u>(73,105)</u>
Assets		
Total assets for reportable segments	371,257,861	348,514,749
Corporate assets unallocated:		
Advances, prepayments and other receivables	2,881,517	2,880,312
Income tax refundable	3,997,069	1,840,370
Deferred taxation - net	1,639,122	2,388,431
Deposits	294,662	602,962
Asset classified as held for sale	-	8,625,000
Fixed assets given on lease / ijarah - tangible	23,897,136	16,501,815
Cash and bank balances	10,384,061	7,403,438
	<u>43,093,567</u>	<u>40,242,328</u>
Total assets as per the balance sheet	<u>414,351,428</u>	<u>388,757,077</u>
Liabilities		
Total liabilities for reportable segments	39,179,388	52,042,047
Corporate liabilities unallocated:		
Unclaimed profit distributions	12,828,131	12,831,607
Creditors, accrued and other liabilities	10,266,832	1,299,119
Charity payable	269,532	-
Lease liabilities against right of use assets	7,942,065	2,528,769
Total liabilities as per the balance sheet	<u>70,485,948</u>	<u>68,701,542</u>

Certain liabilities, assets, other income and other operating charges of the Modaraba cannot be allocated to a specific segment. Accordingly, these amounts have been classified as unallocated.

There are no differences between the measurements of the reportable segments' profits or losses, assets liabilities with the Modaraba's profits or losses, assets and liabilities.

There are no changes from prior years in the measurement methods used to determine reported segment profit or loss.

There are no asymmetrical allocations to reportable segments.

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

44.4 Revenue from five major customers of the Modaraba are approximately 31% during the year ended June 2024 (2023: 28%).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

45	NUMBER OF EMPLOYEES	2024	2023
		----- No of employees -----	
	Number of employees as at June 30,	16	17
	Average number of employees during the year	16	19

46	PROVIDENT FUND	2024	2023
		Audited	Audited
	Size of the fund (in rupees)	9,003,028	6,787,729
	Percentage of investments made	83.31%	0.00%
	Fair value of investments (in rupees)	7,500,000	-
	Cost of investments made (in rupees)	7,500,000	-

46.1 Break-up of investment in terms of amount and percentage of the size of the provident fund are as follows:

	2024		2023	
	Investment Rupees	Investment as a % of size of funds	Investment Rupees	Investment as a % of size of funds
Investment in Term Deposits	7,500,000	83.31%	-	0.00%
	<u>7,500,000</u>		<u>-</u>	

46.2 Investments out of the funds of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

47 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in its meeting held on September, 5th, 2024 has declared a final cash distribution of Rs. 0.5 per certificate, amounting to Rs. 14,900,000.

The financial statements of the Modaraba for the year ended June 30, 2024 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2025.

48 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements were approved for issue by the Board of Directors of the Management Company in its meeting held on 5th September, 2024.

For Al-Zamin Modaraba Management (Private) Limited
(Modaraba Management Company)


CHIEF EXECUTIVE


DIRECTOR


DIRECTOR


CHIEF FINANCIAL OFFICER

PATTERN OF CERTIFICATE HOLDING

AS ON 30th JUNE 2024

Number of Certificate Holders	Certificate Holding From - To	Total Certificate	Percentage Held
632	1 - 100	28034	0.09
887	101 - 500	260200	0.87
596	501 - 1000	520452	1.75
281	1001 - 5000	665814	2.23
56	5001 - 10000	439817	1.48
23	10001 - 15000	282708	0.95
10	15001 - 20000	177000	0.59
9	20001 - 25000	202795	0.68
5	25001 - 30000	141500	0.47
3	30001 - 35000	99000	0.33
4	35001 - 40000	156050	0.52
1	45001 - 50000	45174	0.15
1	55001 - 60000	57500	0.19
2	60001 - 65000	127000	0.43
1	65001 - 70000	67740	0.23
1	75001 - 80000	78382	0.26
2	85001 - 90000	173400	0.58
1	100001 - 105000	103798	0.35
1	115001 - 120000	118100	0.40
1	170001 - 175000	172730	0.58
1	290001 - 295000	291200	0.98
1	395001 - 400000	396500	1.33
1	1255001 - 1260000	1258896	4.22
1	5260001 - 5265000	5261388	17.66
1	18670001 - 18675000	18674822	62.67
2,522		29,800,000	100.00



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