

# ANNUAL REPORT



**B.R.R. TOWER**



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

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

**2021**



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

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## CORPORATE INFORMATION

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



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## **MISSION**

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

## **VISION**

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

## **OVERALL CORPORATE STRATEGY**

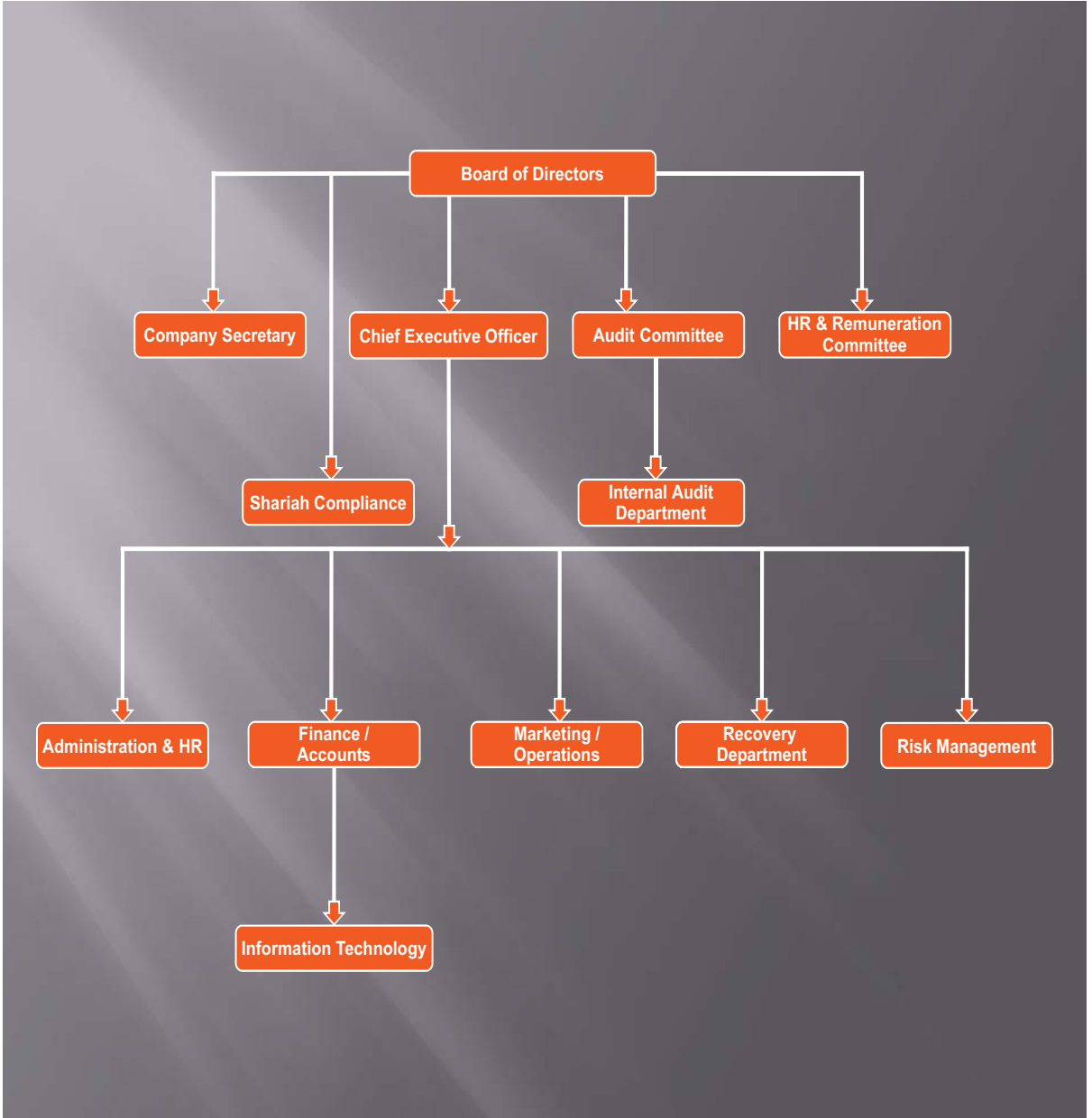
To become a market leader of Islamic Financial Products through:

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



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## ORGANOGRAM





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## BOARD OF DIRECTORS

**Rafique Dawood**  
(Chairman)



**Syed Ali Raza**  
(Director)



**Ayaz Dawood**  
(Chief Executive)

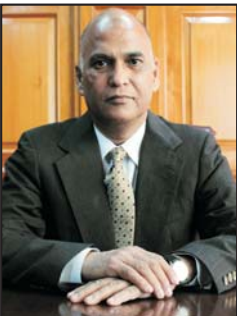


**Waqas Anwar Qureshi**  
(Director)



## MANAGEMENT

**Syed Tariq Masood**  
(Chief Financial Officer)



**Tahir Mehmood**  
(Company Secretary)



**Syed Farhan Abbas**  
Head of SAM and Operations



**Iqbal Ahmed**  
(G.M. BRR Security Vault)





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## **NOTICE OF ANNUAL REVIEW MEETING (ARM -XXII) of B.R.R. Guardian Modaraba**

The Board of Directors of B.R.R. Investment (Pvt) Ltd (BRRRI) Manager of B.R.R Guardian Modaraba (BRRGM) in their meeting held on September 30, 2021 have declared cash dividend @ Rs. 1.32 per Modaraba Certificate for the year ended June 30, 2021

To determine the names of Certificateholders entitled to receive dividend and to attend the ARM the Certificate Transfer Books of the Modaraba will be closed from October 22 to October 28, 2021 (both days inclusive) the Transfers received at the Registrar Office, F.D. Registrar Services (Pvt.) Ltd at 1705, 17th Floor, Saima Trade Towers A, I.I. Chundrigar Road Karachi, before the close of business on October 21, 2021 will be treated in time for the purpose of above entitlement to the transferees. Further, the Certificateholders are advised to notify to the Registrar Office of any change in their addresses.

The ARM-XXII of Certificateholders of BRRGM will be held on Thursday October 28, 2021 at 5:00 p.m. through/ via Zoom video link in compliance with Circular No 5 of 2020 issued by Corporate Supervision Department (Company Law Division) of SECP dated March 17, 2020,

### **Proposed Resolution**

To consider and approve for conversion of BRRGM into a Public Limited Company if thought fit to pass the following proposed resolution with or without modification Statement u/s 134(3) of the Companies Act, 2017.

### **Statement under section 134(3) of the Companies Act, 2017.**

This statement sets out the material facts concerning the special business to be transacted at the ARM of the Modaraba to be held on October 28, 2021

In a meeting of Board of Directors' held on September 30, 2021, the Board of Directors' BRRRI Manager BRRGM has resolved and granted in principal approval for conversion of "BRRGM" into a public limited company incorporated under the laws of Pakistan, by incorporating a new public limited company i.e. BRR Limited (Proposed) "BRRL", or any other name available with SECP and amalgamating BRRGM with and into BRRL pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modaraba)", with the surviving entity being, BRRL which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of BRRGM with and into BRRL Subject to approval of the Registrar of Modarabas, the Securities & Exchange Commission of Pakistan, the Honorable of High Court, the Certificateholders of BRRGM and other relevant authorities as per Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and Companies Act, 2017 and other laws.

**"RESOLVED** that consequent upon the withdrawal of the tax exemptions available to Modarabas, subject to requisite approval of the Registrar of Modarabas, the Securities and Exchange Commission and approval of the Certificate holders "BRRGM" be converted into a public limited company incorporated under the laws of Pakistan, by incorporating a new public limited company i.e. BRR Limited (Proposed) "BRRL", and amalgamating BRRGM with and into BRRL pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of sections 279-283 of the Companies Act, 2017, read with SRO 840(I)/2017 dated August 17, 2017, "Scheme of Arrangement (Modaraba)", with the surviving entity being, BRRL which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of BRRGM with and into BRRL.

**"FURTHER RESOLVED** that the Chief Executive or Company Secretary of the Company be and is hereby authorized to appoint the legal Counsel and/or accounting consultants and prepare the Scheme of Arrangement for approval



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of the Board and to implement such changes to the extent required/ advised and to process the application(s)/ petition(s) for obtaining all requisite consents from competent authorities, secured creditors, the Registrar of Modarabas, the Securities and Exchange Commission of Pakistan and the High Court and take all actions necessary or required for implementing the Scheme of Arrangement (Modaraba) in terms thereof and all incidental actions in respect of the same and to make appropriate disclosures to PSX and SECP as required."

Place Karachi  
October 6, 2021

By Order of the Board  
Tahir Mehmood  
Company Secretary

### **REQUEST TO CERTIFICATE-HOLDERS**

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

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

The login facility will be opened at 4.50 p.m on October 28, 2021 enabling the participants to join the proceedings which will start at 5:00 p. m sharp.

The certificateholders are requested to register themselves by submitting their following particulars at FD Registrar Services (Private) Limited's email address info@fdregistrar.com and can also provide their comments/suggestions on info@fdregistrar.com before the close of business hours on October 26, 2021. the link to the Zoom application will be sent to the certificateholders on the email address provided in the below table:

Certificateholder's Name	CNIC. No.	Folio/CDC Account No.	Cell No.	No. of certificates held	Email address

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

#### **Placement of Annual Report on Website**

In terms of Securities and Exchange Commission of Pakistan's (SECP) S.R.O. 634 (1)/ 2014, the Annual Report for the year ended 30 June 2021 will also be placed on Modaraba's website [www.firstdawood.com/brr](http://www.firstdawood.com/brr) and is readily accessible to the certificateholders.

Notice Under Section 72(2) of the Companies Act, 2017 for Conversion of Physical Certificates of BRRGM into Book Entry Form

Please note that as per requirements of section 72(2) of the Companies Act, 2017, every existing company is required to replace its physical certificates with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017.



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Accordingly, you are encouraged to convert your physical certificates into electronic form by opening CDC Sub-account with any of the broker or investor account directly with CDC. This will facilitate you in many forms including safe custody and sale of certificates any time, as the trading of physical certificates is not permitted as per existing regulations of the Stock Exchange

**Final Notice Under section 244(1) (b) of the Companies Act 2017**

Notice is hereby given that the dividends declared by BRRGM details whereof are appearing on the Modaraba's Website i.e. [www.firstdawood.com/brr](http://www.firstdawood.com/brr) have remained unclaimed for a period of more than 3 years from the date of their issue.

In this regard, notices were sent by our Registrar namely F.D. Registrar Services (Pvt) Ltd by registered post on the last known addresses to the said certificateholders advising them to submit their claims within 90 days to the Modaraba.

The Modaraba hereby invites the aforesaid certificateholders to file their claims within 90 days to our Share Registrar at the aforesaid address, from the date of this Notice. In case no claim is received within the period mentioned herein, the Modaraba shall be constrained to proceed for depositing the unclaimed dividend with the Federal government pursuant to the provision of Sub-Section (2) of Section 244 of the Companies Act, 2017.



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

The economy has witnessed a V-shaped economic recovery with 3.94 percent growth in FY2021 against the negative growth of 0.47 percent last year. It is worth mentioning that after 15 years, the economic growth has surpassed its target. The outgoing fiscal year has witnessed a broad-based growth across all sectors.

For the year ended 30th June, 2020 Modaraba Sector has underperformed. Modaraba Sector booked a loss of Rs. 2,098 million. The total assets of the Modaraba sector stood at Rs. 51,585 million and the total equity was Rs. 18,743 million. The market Capitalization of Modaraba Sector has decreased during the year from Rs. 12,412 million to Rs. 11,766 million.

The market share of BRRGM as per the MAP Year Book 2020 of NBFI & Modaraba Association of Pakistan for the financial year ended June 30th, 2020 is presented below:

<b>Particulars</b>	<b>Combined position of modarabas</b>		<b>BRRGM's share</b>	
	<b>2020</b>	<b>2019</b>	<b>2020</b>	<b>2019</b>
Total Equity	18,743	20,997	1,731 (9.24%)	1,374 (6.60%)
Total Assets	51,585	54,084	2,113 (4.10%)	1,838 (3.40%)
Net (Loss) / Profit	-2,098	-1,315	149 (-7.10%)	45 (-3.50%)

The Board has recently completed its annual self-evaluation for the year ended June 30, 2021 to ensure that the Board's overall performance and efficiency are measured and benchmarked against expectations in the context of objectives set for the Modaraba and I report that the Board members are familiar with the current vision, mission and objectives and have clear understanding of all the concerned stakeholders (including Certificate holders, customers, employees, and community at large) to whom the Modaraba serves. The overall performance of the Board is satisfactory and is based on an evaluation of all the integral-components, which have a direct bearing on the Board's role in achievement of the Modaraba's objectives. The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of Corporate Governance and by promoting ethical and fair behavior across the Modaraba. Areas where improvements are required are duly considered and action plans have been framed accordingly.

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Rafique Dawood  
Chairman



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## DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2021.

### MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 30, 2021	June 30, 2020
	.....Rupees.....	
<b>Rental Income from Investment properties</b>	<b>186,977,188</b>	<b>170,867,643</b>
<b>Rental Income from lockers and custodial services</b>	<b>46,706,404</b>	<b>40,741,027</b>
<b>Profit Before Management Fee &amp; WWF</b>	<b>319,424,936</b>	<b>171,529,589</b>
<b>Management Fee</b>	<b>31,942,494</b>	<b>17,152,959</b>
<b>Sales Tax on Management Fee</b>	<b>4,152,524</b>	<b>2,229,885</b>
<b>Provision for Workers' Welfare Fund</b>	<b>5,666,598</b>	<b>3,042,935</b>
<b>Profit After Management Fee &amp; WWF</b>	<b>277,663,320</b>	<b>149,103,810</b>
<b>Earning per certificate</b>	<b>3.07</b>	<b>1.70</b>

### Dividend:

The Board is pleased to announce Rs. 1.32 per certificate cash dividend for the year ended June 30, 2021 versus Rs.0.78 per certificate last year which is 1.69 times higher than last year.

Further, during the year the right issue of the Modaraba commenced trading on December 30th, 2020 which successfully completed on January 28th, 2021 when full amount was received. These right certificates are also getting full dividends.

### WITHDRAWAL OF TAX EXEMPTION TO THE MODARABAS

The Finance Bill, 2021 has validated and given legislative effect to the Tax Law (Second Amendment) Ordinance 2021 enacted on March 22, 2021 with effect from July 01, 2021 whereby Clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the Income Tax exemption available to Modarabas has been withdrawn. Accordingly, no provision for Income Tax is required in the annual accounts for year ended June 30, 2021. The Modaraba sector will be taxable from July 01st 2021.

### NATURE OF BUSINESS AND MARKET DYNAMICS:

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

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

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

## **ECONOMIC REVIEW**

The economy has witnessed a V-shaped economic recovery with 3.94 percent growth in FY2021 against the negative growth of 0.47 percent last year. It is worth mentioning that after 15 years, the economic growth has surpassed its target. The outgoing fiscal year has witnessed a broad-based growth across all sectors.

## **STRATEGY FOR BUSINESS SUSTAINABILITY**

As our business strategy, we shall remain focused on following areas in FY 2021 -2022:

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

## **RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:**

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2021. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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



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

#### **TRADING / DEALING IN CERTIFICATE OF MODARABA:**

During the fiscal year, no trade in the certificate of the Modaraba was carried out except the CEO has purchased 123,775 BRRGM's Certificates

In addition the CEO has been issued 1,056,535 Certificates of the BRRGM due to Right Allotment and the Chairman has been issued 36,380 Certificates of the BRRGM due to Right Allotment and (his spouse) has been issued 2,324 Certificates of the BRRGM due to Right Allotment.

#### **CODE OF CONDUCT:**

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

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



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#### **STAFF RETIREMENT BENEFITS:**

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2021 is Rs 145.068 million (2020: Rs. 143.080 million).

#### **POST BALANCE SHEET EVENTS:**

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

#### **TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:**

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

#### **AUDITORS:**

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been re appointed as auditors for the year ended 2021-22.

#### **KEY OPERATING AND FINANCIAL DATA:**

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

#### **RISK MANAGEMENT FRAMEWORK:**

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

#### **Board of Directors Meetings**

The status of Board of Directors Meetings is as follows:

<b>Sr. No</b>	<b>Name</b>	<b>Designation</b>	<b>Attendance</b>
1	Mr. Rafique Dawood	Chairman	5 out of 5
2	Mr. Ayaz Dawood	CEO	5 out of 5
3	Mr. Waqas Anwer Qureshi	Director	5 out of 5
4	Syed Ali Raza	Director	5 out of 5

## Audit Committee Meetings

The status of Board Audit Committee Meetings is as follows:

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

## INTERNAL CONTROL AND AUDIT FUNCTION:

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

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

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

## HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:

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

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

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



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## **SUCCESSION PLAN:**

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

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

## **CORPORATE SUSTAINABILITY:**

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

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

### **Corporate Social Responsibility:**

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

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

### **Health, Safety & Environment**

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

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

## **PATTERN OF CERTIFICATE HOLDING:**

The pattern of certificate holding as on June 30, 2021 along with disclosure as required under the Code of Corporate Governance is annexed.



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### **DIRECTORS' TRAINING PROGRAM:**

All the directors of the board are having more than 16 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 22 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

### **CONCLUSION / FUTURE PROSPECT:**

In view of the withdrawal of Tax exemption of modaraba, the management has decided to convert your modaraba into a company listed on PSX.

We believe that the cost of regulatory compliance on modaraba is greater than the benefits.

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

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**Syed Ali Raza**  
Director

September 30, 2021  
Karachi.

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**Ayaz Dawood**  
Chief Executive Officer



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## ڈائریکٹرز کی رپورٹ

بی. آر. آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ ("بی آر آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آر گارجین مڈارباہ (بی آر آر جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2021 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

## مڈارباہ کی کارکردگی

تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 2020،30	جون 2021،30	
پاکستانی روپے میں		
170,867,643	186,977,188	حائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
40,741,027	46,706,404	لاکرز اور تجویزاتی خدمات سے حاصل کرائے کی آمدن
171,529,589	319,424,936	منافع قبل از انتظامیہ کی فیس اور ڈبلیو ڈبلیو ایف
17,152,959	31,942,494	انتظامیہ کی فیس
2,229,885	4,152,524	انتظامیہ فیس پر سیلز ٹیکس
3,042,935	5,666,598	ورکرز ویلفیئر فنڈ کی فراہمی
149,103,810	277,663,320	منافع بعد از انتظامیہ کی فیس اور ڈبلیو ڈبلیو ایف
1.70	3.07	نفع فی سرٹیفکیٹ

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.78 روپے کے مقابلے میں 30 جون، 2021 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 1.32 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں جو کہ پچھلے سال سے 1.69 گنا زیادہ ہے۔

مزید یہ کہ سال کے دوران مڈارباہ کے رائٹ اجرائی کی تجارت کا آغاز 30 دسمبر 2020 کو ہوا جو 28 جنوری 2021 کو کل رقم کی وصولی کے ساتھ کامیابی سے مکمل ہو گیا۔ یہ رائٹ سرٹیفکیٹ بھی مکمل ڈیویڈنڈ حاصل کر رہے ہیں۔

## مڈارباہ کو ٹیکس رعایت کی واپسی

فنانس بل، 2021-22 مارچ 2021 کو نافذ کردہ ٹیکس لاء (دوسری ترمیم) آرڈیننس 2021 کی توثیق کر دی ہے اور 01 جولائی 2021 سے اسے قانونی حیثیت دے دی ہے جس کے تحت انکم ٹیکس آرڈیننس 2021 کے دوسرے شیڈول کے حصہ 1 کی شق 100 کو واپس لے لیا گیا ہے جو مڈارباہ کو دستیاب انکم ٹیکس رعایت کے متعلق تھی۔ اس کے مطابق 30 جون 2021 کو ختم ہونے والے سال کے گوشواروں میں انکم ٹیکس کی فراہمی کی کوئی ضرورت نہیں ہے۔ مڈارباہ سیکٹر 01 جولائی 2021 سے قابل ٹیکس ہو گا۔



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## کاروبار کی نوعیت اور مارکیٹ ڈائنامیکس

بی آر آر گارجین مضاربہ پاکستان میں مضاربہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مضاربہ کے تصور پر کیا گیا۔ یہ پاکستان کا سب سے قدیم اسلامی مالیاتی ادارہ ہے۔

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

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

## اقتصادی جائزہ

گزشتہ سال کی 0.47 فیصد کی منفی نمو کے مقابلے میں معیشت نے مالی سال 2021 میں 3.94 فیصد نمو کے ساتھ V کی شکل کی معاشی بحالی دیکھی ہے۔ یہ بات قابل ذکر ہے کہ 15 سال کے بعد معاشی نمو اپنے ہدف سے تجاوز کر گئی ہے۔ جانے والے مالی سال نے تمام شعبوں میں وسیع پیمانے پر نمود دیکھی ہے۔

## کاروباری استحکام کے لیے حکمت عملی

مالی سال 2021-22 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے :

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

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

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



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

آپ کی ناظم کمپنی نے جون 30، 2021 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کردئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرنل آڈیٹرز کی جائزہ رپورٹ اس دستاویز سے منسلک ہے۔

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

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

## مضاربہ سرٹیفکیٹ میں تجارت / لین دین

گزرے ہوئے مالی سال میں مضاربہ کے سرٹیفکیٹس میں کوئی ٹریڈنگ نہیں ہوئی، سوائے سی ای او کے جنہوں نے 123,775 بی آر جی ایم کے سرٹیفکیٹس خریدے۔

اس کے علاوہ سی ای او کو رائٹ الاٹمنٹ کی وجہ سے بی آر جی ایم کے 1,056,535 سرٹیفکیٹس جاری کئے گئے ہیں اور چیئرمین کو رائٹ الاٹمنٹ کی وجہ سے بی آر جی

ایم کے 36,380 سرٹیفکیٹس جاری کئے گئے ہیں اور (انکی شریک حیات) کو رائٹ الاٹمنٹ کی وجہ سے بی آر جی ایم کے 2,324 سرٹیفکیٹس جاری کئے گئے ہیں۔

## ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروجہ اصولوں اور پریکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔

ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر و فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

## فوائد برائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پرائیڈنٹ فنڈ موجود ہے۔ جون 30، 2021 تک سرمایہ کاری کی قدر 145.068 ملین روپے رہی جو 2020 میں 143.080 ملین روپے تھی۔

## واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورت حال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں ردوبدل کی ضرورت ہو۔

## منسلک افراد / متعلقہ فریقین سے لین دین

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

## آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہوروتھ حسین چوہدری اینڈ کمپنی کو برائے سال 2021-22 کے لئے آڈیٹر تعینات کیا جا رہا ہے۔

## اہم آپریٹنگ اور مالی اعداد و شمار

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

## رسک مینجمنٹ فریم ورک

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



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## بورڈ آف ڈائریکٹرز کا اجلاس

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

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیرمین	5 میں سے 5
2	جناب ایاز داؤد	سی ای او	5 میں سے 5
3	جناب وقاص انور قریشی	ڈائریکٹر	5 میں سے 5
4	سید علی رضا	ڈائریکٹر	5 میں سے 5

## آڈٹ کمیٹی کا اجلاس

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

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

## انٹرنل کنٹرول اور آڈٹ

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

1. مروج انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلوٹیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز رولز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرنل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اشرافیہ کی گنجائش لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار منی آڈٹس کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نشاندہی۔



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

## انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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

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

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

## جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔

بی آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیئے جانے چاہئیں تاکہ وہ اپنی صلاحیتوں کو پروان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سکیشن پلان کارکردگی اور صلاحیت و سکت دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

## کاروباری پائیداری

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

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



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## کارپوریٹ سماجی ذمہ داری

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

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

## صحت، حفاظتی تدابیر اور ماحول

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

بی آر آئی ایم نے پراپرٹی سے متعلق کسی بھی ایسی ویسی بات سے نمٹنے کے لیے موزوں نکال (بیرہ) لے رکھا ہے۔ تمام ملازمین کو قدرتی اور حادثاتی موت کی صورت میں نکال میسر ہے۔ ملازمین کے اہل خانہ کو صحت وغیرہ کے معاملے میں نکال کی سہولت میسر ہے۔

## سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2021 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژر اس دستاویز سے منسلک ہے۔

## ترقیاتی پروگرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 16 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز PICG اور ICMA سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 22 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسوسیشن، مضاربہ پراسیکیوشن اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسوسیشن کی شفٹوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔



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## اختتامی کلمات / مستقبل کی حکمتِ عملی

مضارہ کی ٹیکس کی رعایت واپس لینے کے پیش نظر، انتظامیہ نے فیصلہ کیا ہے کہ آپ کے مضارہ کو پی ایس ایکس پریسٹڈ کمپنی میں تبدیل کیا جائے۔

ہم سمجھتے ہیں کہ مضارہ پر ریگولیٹری تعمیل کی قیمت فوائد سے زیادہ ہے۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ

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ایاز داؤد

چیف ایگزیکٹو آفیسر

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سید علی رضا

ڈائریکٹر

ستمبر 30، 2021

کراچی



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

## **STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2021.**

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

Name of company    BRR Guardian Modaraba  
Year ending.        June 30, 2021

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

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

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

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

2. The composition of board is as follows:

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

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



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9. Company stands complied with the requirement as having 75% of the directors of the board have acquired prescribed certification including exemption under director training program under sub clause 1(ii) of regulation 19 of the regulations in the following manner:

Mr. Waqas Anwar Qureshi	Certified from ICMA
Mr. Ayaz Dawood	Certified from PICG
Mr. Rafique Dawood	Exempted

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

10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
- a) Audit Committee  
  
(Name of members and Chairman)  
Mr. Waqas Anwar Qureshi - Chairman  
Mr. Rafique Dawood - Member  
Syed Ali Raza - Member
  - b) HR and Remuneration Committee  
  
(Name of members and Chairman)  
Syed Ali Raza - Chairman  
Mr. Rafique Dawood - Member  
Mr. Waqas Anwar Qureshi - Member
  - c) Nomination Committee (NA)
  - d) Risk Management Committee (NA)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.



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

September 30, 2021

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

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**Syed Ali Raza**  
Director

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**Ayaz Dawood**  
Chief Executive Officer

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

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

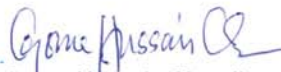
We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by Board of Directors of B.R.R Investment (Private) Limited, the Modaraba Management company of BRR Guardian Modaraba for the year ended June 30, 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2021.



Crowe Hussain Chaudhury Co.  
Chartered Accountants

Karachi,  
Dated: 30 SEP 2021

## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **B.R.R. GUARDIAN MODARABA** ("the Modaraba") as at June 30, 2021 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

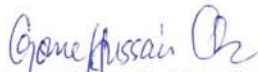
- (a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
  - (i)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

C/KE

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981 in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2021 and of the profit or loss, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under Section 7 of that Ordinance.

#### **Emphasis of Matter**

We draw attention to Note 47 of the financial statements, which describes the Board of Directors' principal approval for the conversion of BRR Guardian Modaraba into a public limited company incorporated under the laws of Pakistan by incorporating a new public limited company. Our opinion is not modified in respect of this matter



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

Place: Karachi

Date: 30 SEP 2021

# Shari'ah Advisor's Report

I have conducted the Shari'ah review of **B.R.R. Guardian Modaraba** managed by B.R.R. Investments Pvt. Limited for the year ended 30<sup>th</sup> June, 2021. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas issued by Security and Exchange Commission of Pakistan via circular # 8 of 2012 dated 3<sup>rd</sup> February, 2012 that except the observation as;

1. All agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
2. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas.
3. However the modaraba without shariah approval from time to time borrowed approximately PKR 49,900,000/ loan from BRR Financial Services Private Limited (BRRFS) –a wholly owned subsidiary of BRR Guardian Modaraba and gave interest in this regard amounting to PKR/ 6,152,046. This transaction has been cancelled. Accordingly, the modaraba has repaid the whole outstanding loan amount to BRRFS and BRRFS has returned all received profit to date to the modaraba.
4. Charity on dividend income has been calculated and PKR/ 90,770 has been transferred to charity account.
5. Shariah non complaint Scripts of Service Industries Limited total/ 64,080 held by the Modaraba should be offloaded and during the period all received dividend will be transferred to charity account.

## **Observations:**

- B.R.R. Guardian Modaraba should operate all business with line of Shariah and should not enter in any loan transaction.

## **Conclusion:**

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



**Mufti Muhammad Aqeel**

Shari'ah Advisor

Dated: August 11, 2021



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

## BALANCE SHEET AS AT JUNE 30, 2021

		2 0 2 1	2 0 2 0
	Note	----- Rupees -----	-----
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	93,366,207	93,450,103
Investment properties	7	942,279,180	982,181,780
Long-term investment	8	55,000,000	55,000,000
Long-term musharaka finances	9	67,308,227	36,575,223
Long-term loans, advances and deposits	10	6,191,123	5,629,675
<b>Total non-current assets</b>		<b>1,164,144,737</b>	1,172,836,781
<b>Current assets</b>			
Short-term investments	11	1,910,046,261	838,559,271
Current portion of musharaka finances	9	25,809,072	21,074,868
Ijarah / lease rental receivable	12	36,934	671,145
Loans, advances and prepayments	13	17,511,532	7,814,581
Accrued profit	14	455,240	1,257,718
Other receivables	15	89,819,830	13,851,751
Taxation	16	19,897,780	24,878,439
Cash and bank balances	17	39,381,695	32,487,352
<b>Total current assets</b>		<b>2,102,958,344</b>	940,595,125
<b>TOTAL ASSETS</b>		<b>3,267,103,081</b>	2,113,431,906
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve</b>			
Authorised capital 140,000,000 (2020: 140,000,000) Modaraba certificates of Rs. 10/- each		1,400,000,000	1,400,000,000
Issued, subscribed and paid-up certificate capital	18	949,984,890	863,622,630
Reserves	19	579,965,705	380,609,428
Surplus on revaluation of investments	20	1,341,185,560	486,928,899
		<b>2,871,136,155</b>	1,731,160,957
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	21	-	20,652,000
Long-term murabaha, musharaka and finance under mark-up arrangements	22	-	-
Long-term security deposits	23	66,182,475	84,784,856
<b>Total non-current liabilities</b>		<b>66,182,475</b>	105,436,856
<b>Current liabilities</b>			
Current portion of long-term loans	21	27,544,684	69,428,684
Current portion of long-term murabaha, musharaka and finance under mark-up arrangements	22	90,000,000	50,000,000
Current portion of security deposits	23	22,495,349	800,590
Creditors, accrued and other liabilities	24	157,649,885	126,164,369
Accrued profit on borrowings	25	83,978	613,854
Profit distribution payable	26	32,010,555	29,826,596
<b>Total current liabilities</b>		<b>329,784,451</b>	276,834,093
<b>Contingencies and commitments</b>			
<b>TOTAL EQUITY AND LIABILITIES</b>	27	<b>3,267,103,081</b>	2,113,431,906

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2021

		2 0 2 1	2 0 2 0
	Note	----- Rupees -----	-----
<b>INCOME</b>			
Rental income	28	<b>233,683,592</b>	211,608,670
Income on musharaka, murabaha		<b>10,054,689</b>	13,232,502
Ijarah rental income - net	29	<b>952,441</b>	5,149,929
Return on investments - net	30	<b>96,466,585</b>	34,345,439
Profit on bank balances		<b>656,360</b>	824,331
Reversal of provision for doubtful receivables	31	<b>2,686,751</b>	23,283,745
Gain on disposal of ijarah assets		<b>374,032</b>	839,797
Other income	32	<b>7,615,267</b>	2,907,474
Reversal of impairment on property	33	-	22,619,675
Unrealised gain on revaluation of FVTPL investment		<b>164,446,397</b>	28,131,073
		<b>516,936,114</b>	342,942,635
<b>EXPENSES</b>			
Administrative expenses	34	<b>149,084,584</b>	126,989,083
Depreciation on investment properties	7.1	<b>41,817,784</b>	33,950,413
Financial charges	35	<b>6,608,810</b>	10,473,550
		<b>197,511,178</b>	171,413,046
		<b>319,424,936</b>	171,529,589
Modaraba Management Company's fee	36	<b>31,942,494</b>	17,152,959
Sales tax on Modaraba Management company's fee		<b>4,152,524</b>	2,229,885
Provision for Sindh Workers' Welfare Fund	37	<b>5,666,598</b>	3,042,935
Profit before taxation		<b>277,663,320</b>	149,103,810
Taxation	38	-	-
Net profit for the year		<b>277,663,320</b>	149,103,810
			<b>(Restated)</b>
Earnings per certificate - basic and diluted	39	<b>3.07</b>	1.70

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

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(Modaraba Management Company)**

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Director

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## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021

	2 0 2 1	2 0 2 0
	----- Rupees -----	-----
Profit for the year	<b>277,663,320</b>	149,103,810
<b>Other comprehensive gain for the year</b>		
Items that will be subsequently reclassified:		
Unrealised gain on revaluation of fair value through OCI investments.	<b>843,312,183</b>	229,038,273
<b>Total comprehensive income for the year</b>	<b><u>1,120,975,503</u></b>	<u>378,142,083</u>

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

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

\_\_\_\_\_  
**Rafique Dawood**  
Chairman

\_\_\_\_\_  
**Ayaz Dawood**  
Chief Executive Officer

\_\_\_\_\_  
**Syed Ali Raza**  
Director

\_\_\_\_\_  
**Syed Tariq Masood**  
Chief Financial Officer



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

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>277,663,320</b>	149,103,810
<b>Adjustment of non-cash and other items:</b>			
Depreciation on owned assets	6.1 & 7.1	<b>54,807,935</b>	44,385,142
Depreciation on ijarah assets	6.2.2	<b>1,923,036</b>	7,085,722
Provision against doubtful receivable - net	31	<b>(2,686,751)</b>	(23,283,745)
Gain on disposal of property and equipment - owned		<b>(628,542)</b>	(757,575)
Gain on disposal of property, plant and equipment - leased / ijarah		<b>(374,032)</b>	(839,797)
Ijarah rental income		<b>(2,875,477)</b>	(12,235,651)
Profit on musharaka, murabaha and finance under mark-up arrangements		<b>(10,054,689)</b>	(13,232,502)
Unrealised (gain)/ loss on revaluation of FVTPL investment		<b>(164,446,397)</b>	(28,131,073)
Impairment of assets		-	(22,619,675)
Financial charges		<b>6,608,810</b>	10,473,550
Return on investments - net		<b>(98,848,888)</b>	(34,954,797)
		<b>(216,574,995)</b>	(74,110,401)
		<b>61,088,325</b>	74,993,409
<b>(Increase) / decrease in current assets</b>			
Ijarah / lease rentals receivable		<b>3,509,688</b>	12,134,754
Loans, advances and prepayments		<b>(10,258,399)</b>	4,223,790
Accrued profit		<b>10,857,167</b>	12,381,741
Other receivables		<b>(75,968,079)</b>	(235,448)
		<b>(71,859,623)</b>	28,504,837
<b>Increase / (decrease) in current liabilities</b>			
Creditors, accrued and other liabilities		<b>27,479,403</b>	11,655,227
Rent received in advance		<b>4,006,113</b>	(24,097,865)
Customers' security deposit		<b>3,092,378</b>	1,951,893
		<b>34,577,894</b>	(10,490,745)
Income tax paid refund / (paid) - net		<b>4,980,659</b>	(6,718,959)
		<b>28,787,255</b>	86,288,542
Net cash generated from operating activities		<b>28,787,255</b>	86,288,542



**B.R.R. Guardian Modaraba**  
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## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0 ----- Rupees -----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property and equipment - owned	6.1	<b>(20,797,990)</b>	(16,202,742)
Addition to investment properties	7.1	<b>(1,372,000)</b>	(4,407,862)
Proceeds from the disposal of property and equipment - owned		<b>687,267</b>	1,493,939
Proceeds from disposal of investment properties		-	138,926
Proceeds from disposal of property, plant and equipment - leased / ijarah		<b>5,740,822</b>	8,546,875
Investments disposed / (purchased) - net		<b>650,050</b>	(19,871,543)
Income received on investments		<b>34,470,428</b>	12,154,675
Musharaka finances		<b>(32,780,457)</b>	25,325,736
Net cash (used in) / generated from investing activities		<b>(13,401,880)</b>	7,178,004
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to certificate holders		<b>(65,178,606)</b>	(20,219,821)
Finance under murabaha, musharaka and finance under mark-up arrangements	22.3	<b>40,000,000</b>	(29,677,418)
Long-term loans	21.3	<b>(62,536,000)</b>	(42,436,000)
Right share subscription money received		<b>86,362,260</b>	-
Financial charges paid		<b>(7,138,686)</b>	(10,673,943)
Net cash used in financing activities		<b>(8,491,032)</b>	(103,007,182)
Net increase / (decrease) in cash and cash equivalents		<b>6,894,343</b>	(9,540,636)
Cash and cash equivalents at the beginning of the year		<b>32,487,352</b>	42,027,988
Cash and cash equivalents at the end of the year	17	<b>39,381,695</b>	32,487,352

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

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Chief Financial Officer



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## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

Description	Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total
		Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss		
----- (Rupees) -----							
<b>Balance as at July 01, 2019</b>	863,622,630	10,532,683	44,902,567	756,012,170	(559,499,004)	258,174,771	1,373,745,817
Profit for the year ended June 30, 2020	-	-	-	-	149,103,810	-	149,103,810
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	229,038,273	229,038,273
Total comprehensive income for the year	-	-	-	-	149,103,810	229,038,273	378,142,083
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	284,145	(284,145)	-
Profit distribution for the year ended June 30, 2019 @ 0.24	-	-	-	-	(20,726,943)	-	(20,726,943)
Transfer to statutory reserve	-	-	-	74,257,700	(74,257,700)	-	-
<b>Balance as at June 30, 2020</b>	863,622,630	10,532,683	44,902,567	830,269,870	(505,095,692)	486,928,899	1,731,160,957
Profit for the year ended June 30, 2021	-	-	-	-	277,663,320	-	277,663,320
Unrealized gain on revaluation of fair value through OCI investments - net	-	-	-	-	-	843,312,183	843,312,183
Total comprehensive income for the year	-	-	-	-	277,663,320	843,312,183	1,120,975,503
Transfer of loss on disposal of fair value through OCI investments	-	-	-	-	(10,944,478)	10,944,478	-
Profit distribution for the year ended June 30, 2020 @ 0.78	-	-	-	-	(67,362,565)	-	(67,362,565)
Issue of right certificates	86,362,260	-	-	-	-	-	86,362,260
Transfer to statutory reserve	-	-	-	138,332,205	(138,332,205)	-	-
<b>Balance as at June 30, 2021</b>	949,984,890	10,532,683	44,902,567	968,602,075	(444,071,620)	1,341,185,560	2,871,136,155

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

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

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

**Rafique Dawood  
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(An Islamic Financial Institution)

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **1. LEGAL STATUS AND NATURE OF THE BUSINESS**

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

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

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

### **2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR**

Following the financial year that ended on June 30, 2020, increase in the COVID positive cases have been observed in the country and worldwide at different time intervals. At balance sheet date of these financial statements and later on, the infection rate is on increase in the country and as a consequence, the government has formally tighten the implementation of COVID related standard operating procedures along with enforcement of some other strict measures. However, there is no alarming indication towards infection spread at large scale leading towards economic and business lockdown in the country.

The Modaraba is closely monitoring the situation and is of the view that adequate controls business continuity plans, remote working capabilities and procedures are in place that ensures the safety and security of the staff and uninterrupted service to the customers. Further, the Modaraba has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Modaraba has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Modaraba.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

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

#### **3.2 Basis of measurement**

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



**B.R.R. Guardian Modaraba**

(An Islamic Financial Institution)

### 3.3 Functional and presentation currency

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

### 3.4 Significant accounting estimates and judgments

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

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

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

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

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

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Modaraba's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

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

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2020 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2021 but are considered not to be relevant or to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements, except for the following:

<b>Standard or Interpretation</b>	<b>"Effective date (Annual periods beginning on or after)"</b>
IAS 1 - Presentation of financial statements	April 01, 2021

#### (a) Classification of liabilities - Amendment to IAS 1

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what



**B.R.R. Guardian Modaraba**  
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IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments

The management has assessed that the impact of this amendment is not expected to be significant.

**(b) Disclosure of accounting policies and definition of accounting estimates - Amendment to IAS 1 and IAS 8**

The IASB amended IAS 1, 'Presentation of Financial Statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The management has assessed that the impact of this amendment is not expected to be significant.

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

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

**Standard or Interpretation**

**Effective date (Annual periods beginning on or after)**

IFRS 14 - Regulatory Deferral Accounts  
IFRS 17 - Insurance Contracts

January 01, 2018  
January 01, 2022

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

**5 SIGNIFICANT ACCOUNTING POLICIES**

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



## **5.1 Property, plant and equipment under ijarah arrangements**

The Modaraba has adopted Islamic Financial Accounting Standard 2 - Ijarah in the year ended June 30, 2009 for all ijarah contracts commencing on or after July 01, 2008.

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

### **5.1.1 Property, plant and equipment under lease arrangements**

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

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

### **5.1.2 Property, plant and equipment under own use**

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

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

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

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

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

## **5.2 Capital work-in-progress**

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

## **5.3 Investment properties**

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

Properties held to earn rentals or for capital appreciation are classified as an investment properties. The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method



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i.e. at cost less any accumulated depreciation and any impairment losses.

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

#### **5.4 Non current assets held for sale**

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

#### **5.5 Financial assets**

The Modaraba classifies its financial assets into following three categories:

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

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

##### **5.5.1 Subsequent measurement**

###### **Debt instruments at FVTOCI**

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

###### **Equity instruments at FVTOCI**

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

###### **Financial assets FVTPL**

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

###### **Financial assets measured at amortised cost**

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



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## **5.6 Provisions for doubtful receivables**

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

## **5.7 Trade date accounting**

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

## **5.8 Impairment**

### **5.8.1 Impairment on Financial assets.**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investment in equity instruments.

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

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

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

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

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

### **5.8.2 Impairment on Non-financial assets**

The Modaraba assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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



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## **5.9 Derecognition of financial instruments**

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

## **5.10 Revenue recognition**

### **5.10.1 Ijarah income / operating lease income**

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

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

### **5.10.2 Murabaha and musharaka transactions**

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

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

### **5.10.3 Rental income**

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

### **5.10.4 Dividend income**

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

### **5.10.5 Gain and losses on sale of investment**

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

### **5.10.6 Income on debt securities**

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

### **5.10.7 Income on balances with banks**

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

### **5.10.8 Unrealised income on non-performing assets**

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



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## **5.11 Taxation**

### **5.11.1 Current**

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

### **5.11.2 Deferred**

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

## **5.12 Staff provident fund**

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

## **5.13 Foreign currencies translation**

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

## **5.14 Financial assets**

Financial assets include lease rentals receivable, investments, musharaka and murabaha finances, deposits and other receivables, excluding taxation. Lease rentals receivable, musharaka, murabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

## **5.15 Financial liabilities**

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

## **5.16 Cash and cash equivalents**

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

## **5.17 Profit distribution and other appropriations of profit**

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



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recognised in the year to which these relate.

**5.18 Offsetting financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also offset.

**5.19 Segment reporting**

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

**5.20 Earnings per certificate**

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

**5.21 Related party transactions**

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

	2 0 2 1	2 0 2 0
Note	(Rupees)	
<b>6 PROPERTY, PLANT AND EQUIPMENT</b>		
Property and equipment - owned	6.1 <b>70,674,581</b>	63,468,651
Property, plant and equipment- leased / ijarah	6.2 <b>22,691,626</b>	29,981,452
	<b>93,366,207</b>	<b>93,450,103</b>

**6.1. Property, plant and equipment - owned**

Particulars	Leasehold land	Building on leasehold land	Office Premises (Ref: 6.1.1)	Lockers	Furniture and fixtures	Vehicles	Office equipment and computers	Total
	(Rupees)							

**Year ended June 30, 2021:**

**Net carrying value basis**

Opening net book value (NBV)	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Additions (at cost)	-	38,000	-	7,196,950	5,000	12,307,860	1,250,180	20,797,990
Transfer from investment property (NBV)	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	(58,723)	(2)	(58,725)
Transfer to investment property (NBV)	-	-	(543,184)	-	-	-	-	(543,184)
Depreciation charge	(50,558)	(155,086)	(2,020,492)	(2,794,418)	(422,572)	(6,119,370)	(1,427,655)	(12,990,151)
<b>Closing net book value</b>	<b>1,036,431</b>	<b>6,636,563</b>	<b>25,722,928</b>	<b>10,239,534</b>	<b>3,416,029</b>	<b>21,434,853</b>	<b>2,188,243</b>	<b>70,674,581</b>



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Particulars	Leasehold land	Building on leasehold land	Office Premises	Lockers	Furniture and fixtures	Vehicles	Office equipment and computers	Total
	----- (Rupees) -----							
<b>Gross carrying value basis</b>								
Cost	2,527,890	26,079,419	46,733,154	31,673,168	5,380,426	42,239,273	21,048,920	175,682,250
Accumulated depreciation	(1,491,459)	(19,442,856)	(18,571,819)	(21,433,634)	(1,964,397)	(20,804,420)	(18,860,677)	(102,569,262)
Accumulated impairment	-	-	(2,438,407)	-	-	-	-	(2,438,407)
<b>Net book value</b>	<b>1,036,431</b>	<b>6,636,563</b>	<b>25,722,928</b>	<b>10,239,534</b>	<b>3,416,029</b>	<b>21,434,853</b>	<b>2,188,243</b>	<b>70,674,581</b>
<b>Year ended June 30, 2020</b>								
<b>Net carrying value basis</b>								
Opening net book value (NBV)	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Additions (at cost)	-	1,417,630	-	616,000	3,574,467	8,135,910	2,458,735	16,202,742
Transfer from investment property (NBV)	-	-	14,299,162	-	-	-	-	14,299,162
Disposals (NBV)	-	-	-	-	-	(1,658,613)	(1)	(1,658,614)
Transfer to investment property (NBV)	-	(61,164,083)	-	-	(4)	-	(284,027)	(61,448,114)
Reversal of impairment	-	-	7,033,581	-	-	-	-	7,033,581
Depreciation charge	(50,558)	(694,952)	(1,538,251)	(593,236)	(269,585)	(6,013,806)	(1,274,341)	(10,434,729)
<b>Closing net book value</b>	<b>1,086,989</b>	<b>6,753,649</b>	<b>28,286,604</b>	<b>5,837,002</b>	<b>3,833,601</b>	<b>15,305,086</b>	<b>2,365,720</b>	<b>63,468,651</b>
<b>Gross carrying value basis</b>								
Cost	2,527,890	26,041,419	51,886,712	24,476,218	5,375,426	35,038,413	20,326,740	165,672,818
Accumulated depreciation	(1,440,901)	(19,287,770)	(21,161,701)	(18,639,216)	(1,541,825)	(19,733,327)	(17,961,020)	(99,765,760)
Accumulated impairment	-	-	(2,438,407)	-	-	-	-	(2,438,407)
<b>Net book value</b>	<b>1,086,989</b>	<b>6,753,649</b>	<b>28,286,604</b>	<b>5,837,002</b>	<b>3,833,601</b>	<b>15,305,086</b>	<b>2,365,720</b>	<b>63,468,651</b>
<b>Depreciation rate % per annum</b>	<b>2%</b>	<b>2-5%</b>	<b>2-5%</b>	<b>10%/5%</b>	<b>10%</b>	<b>20%</b>	<b>33.33%</b>	

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

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
	----- Rupees -----						

**Vehicles**

Suzuki Swift 1300 BDG-478	1,039,000	1,038,999	1	103,900	103,899	Company Policy	Naseem Akhter
Suzuki Mehran 796 BDP-364	683,000	682,999	1	68,300	68,299	Company Policy	Muhammad Hussain
Honda City 1300 BEA-539	1,652,000	1,651,999	1	165,200	165,199	Company Policy	Syed Tariq Masood
Suzuki Cultus 1000 BEZ-171	1,065,000	1,064,999	1	106,500	106,499	Company Policy	Syed Iqbal Hassan
Super Power 70CC KIA-2818	47,000	46,999	1	4,700	4,699	Company Policy	Muhammad Shakir
Super Power 70CC KIA-2821	47,000	46,999	1	4,700	4,699	Company Policy	Sharfat Subhani
Super Power 70CC KIC-1842	47,000	46,999	1	4,700	4,699	Company Policy	Muhammad Asif
Super Power 70CC KIC-1847	47,000	46,999	1	4,700	4,699	Company Policy	Azam Khan
Super Power 70CC KIL-9026	47,500	47,499	1	4,750	4,749	Company Policy	Noor Ali Shah
Super Power 70CC KIL-9030	47,500	47,499	1	4,750	4,749	Company Policy	Tufail Ahmad
Super Power 70CC KIL-9031	47,500	47,499	1	4,750	4,749	Company Policy	Zaheer Ahmad
Super Power 70CC KIL-9035	47,500	47,499	1	4,750	4,749	Company Policy	Jan Mohammad
Super Power 70CC KIL-9037	47,500	47,499	1	4,750	4,749	Company Policy	Jigar Ali Lakani
Habib KGU-6770	43,500	43,499	1	4,350	4,349	Company Policy	Muhammad Iqbal
Super Power 70CC KIA-2824	47,000	46,999	1	4,700	4,699	Company Policy	Rizwan Ansar
Super Power 70CC KIC-1846	47,000	46,999	1	4,700	4,699	Company Policy	Khawaja Nayyer



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Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
	-----Rupees-----						
Unique 70CC KKA-6547	47,500	39,583	7,917	12,667	4,750	Company Policy	Waqas
Unique 70CC KNV-5654	57,500	6,710	50,790	53,500	2,710	Insurance claim	Jubilee General Window Takaful
<b>Office equipment and computers</b>							
P4 - Desktop computer	32,000	31,999	1	900	899	Company Policy	Tanveer Ahmed
4 Ups with dry batteries	496,000	495,999	1	120,000	119,999	Company Policy	Narko Services
<b>June 30, 2021</b>	<u>5,635,000</u>	<u>5,576,275</u>	<u>58,725</u>	<u>687,267</u>	<u>628,542</u>		
<b>June 30, 2020</b>	<u>7,147,816</u>	<u>5,489,202</u>	<u>1,658,614</u>	<u>2,416,189</u>	<u>757,575</u>		

Note **2021** **2020**  
----- (Rupees) -----

**6.2 Property, plant and equipment - leased / ijarah**

Property, plant and equipment - leased	6.2.1 & 6.2.3	<b>19,615,249</b>	19,615,249
Property, plant and equipment - ijarah	6.2.2	<b>3,076,377</b>	10,366,203
		<u><b>22,691,626</b></u>	<u>29,981,452</u>

**6.2.1 Property, plant and equipment - leased**

Particulars	Plant and machinery	Vehicles	Motor boat	Total
	----- (Rupees) -----			

**Year ended June 30, 2021**

**Net carrying value basis**

Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
<b>Closing net book value</b>	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>

**Gross carrying value basis**

Cost	160,851,356	89,144,995	2,694,300	252,690,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(190,991,098)
<b>Net book value</b>	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>

**Year ended June 30, 2020**

**Net carrying value basis**

Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
<b>Closing net book value</b>	<u>14,281,091</u>	<u>5,064,742</u>	<u>269,416</u>	<u>19,615,249</u>



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

**6.2.2 Property, plant and equipment - ijarah**

Particulars	Vehicles	Office equipment	Total
	----- (Rupees) -----		
<b>Year ended June 30, 2021</b>			
<b>Net carrying value basis</b>			
Opening net book value (NBV)	10,366,203	-	10,366,203
Additions (at cost)	-	-	-
Disposals (NBV)	(5,366,790)	-	(5,366,790)
Depreciation charge	(1,923,036)	-	(1,923,036)
<b>Closing net book value</b>	<u>3,076,377</u>	<u>-</u>	<u>3,076,377</u>
<b>Gross carrying value basis</b>			
Cost	12,533,000	-	12,533,000
Accumulated depreciation	(9,456,623)	-	(9,456,623)
<b>Net book value</b>	<u>3,076,377</u>	<u>-</u>	<u>3,076,377</u>
<b>Year ended June 30, 2020</b>			
<b>Net carrying value basis</b>			
Opening net book value (NBV)	24,883,303	275,700	25,159,003
Additions (at cost)	-	-	-
Disposals (NBV)	(7,536,678)	(170,400)	(7,707,078)
Depreciation charge	(6,980,422)	(105,300)	(7,085,722)
<b>Closing net book value</b>	<u>10,366,203</u>	<u>-</u>	<u>10,366,203</u>
<b>Gross carrying value basis</b>			
Cost	27,312,390	-	27,312,390
Accumulated depreciation	(16,946,187)	-	(16,946,187)
<b>Net book value</b>	<u>10,366,203</u>	<u>-</u>	<u>10,366,203</u>
<b>Depreciation rate % per annum</b>	<u>20% - 33%</u>	<u>20% - 33%</u>	

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

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



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		2 0 2 1	2 0 2 0
	Note	(Rupees)	
<b>7 INVESTMENT PROPERTIES</b>			
Investment properties	7.1	<b>933,190,180</b>	973,092,780
Capital work- in-progress	7.2	<b>9,089,000</b>	9,089,000
		<b><u>942,279,180</u></b>	<u>982,181,780</u>

**7.1. Investment properties**

Particulars	Leasehold land	Building on leasehold land	Office premises	Total
	(Rupees)			

**Year ended June 30, 2021**

**Net carrying value basis**

Opening net book value (NBV)	139,524,330	546,471,257	287,097,193	973,092,780
Additions (at cost)	-	1,372,000	-	1,372,000
Transfer from owned asset (NBV)	-	-	543,184	543,184
Depreciation charge	(3,790,222)	(18,352,837)	(19,674,725)	(41,817,784)

**Closing net book value**

	<u>135,734,108</u>	<u>529,490,420</u>	<u>267,965,652</u>	<u>933,190,180</u>
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**Gross carrying value basis**

Cost	189,511,155	675,793,069	567,381,433	1,432,685,657
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(53,777,047)	(146,302,649)	(295,433,349)	(495,513,045)

**Net book value**

	<u>135,734,108</u>	<u>529,490,420</u>	<u>267,965,652</u>	<u>933,190,180</u>
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**Year ended June 30, 2020**

**Net carrying value basis**

Opening net book value (NBV)	143,381,219	493,980,442	297,125,838	934,487,499
Additions (at cost)	-	4,407,862	5,551,712	9,959,574
Transfer from owned asset (NBV)	-	61,448,114	-	61,448,114
Transfer to owned asset (NBV)	-	-	(14,299,162)	(14,299,162)
Disposals (NBV)	-	(138,926)	-	(138,926)
Reversal of impairment	-	-	15,586,094	15,586,094
Depreciation charge	(3,856,889)	(13,226,235)	(16,867,289)	(33,950,413)

**Closing net book value**

	<u>139,524,330</u>	<u>546,471,257</u>	<u>287,097,193</u>	<u>973,092,780</u>
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**Gross carrying value basis**

Cost	189,511,155	674,421,069	562,227,875	1,426,160,099
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(49,986,825)	(127,949,812)	(271,148,250)	(449,084,887)

**Net book value**

	<u>139,524,330</u>	<u>546,471,257</u>	<u>287,097,193</u>	<u>973,092,780</u>
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**Depreciation rate % per annum**

	<u>2%</u>	<u>2-5%</u>	<u>2-5%</u>
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**7.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In prior year, the Modaraba has recorded reversal of impairment in the said property amounting to Rs. 47.709 million. During prior year modaraba has reversed full amount of impairment amounting to Rs. 22.619 million as per IAS 36. This property is in owned use as well as an investment property.



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

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

The fair value of investment property as at June 30, 2021 as per valuation report of independent valuer is Rs. 3,003.351 million (June 30, 2020: Rs. 1,430.988 million).

	<b>Note</b>	<b>2 0 2 1</b> ----- (Rupees) -----	<b>2 0 2 0</b> -----
<b>7.2 Capital work-in-progress</b>			
Advance for office premise -Jofa Tower, Karachi	7.2.1	<b>66,420,000</b>	66,420,000
Less: Provision against advance for office premises		<b>(57,331,000)</b>	(57,331,000)
		<b><u>9,089,000</u></b>	<u>9,089,000</u>

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

## **8 LONG-TERM INVESTMENT**

Un-quoted wholly owned subsidiary company - at cost  
BRR Financial Services (Private) Limited

5,500,000 shares of Rs. 10 each (June 30, 2020:  
5,500,000 shares)

<b>55,000,000</b>	55,000,000
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**8.1** The Modaraba, in accordance with the requirement of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (the Act), the Modaraba has received Trading Right Entitlement Certificate (TREC) against surrender of Stock Exchange Membership Card.

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

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

The net assets of BRR Financial Services (Private) Limited based on latest audited financial statements as at June 30, 2021 amounted to Rs. 67.31 million (June 30, 2020 : 69.97 million).



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		2 0 2 1	2 0 2 0
	Note	----- (Rupees) -----	
<b>9 LONG-TERM MUSHARAKA FINANCES</b>			
Considered good		<b>93,117,299</b>	57,650,091
Considered doubtful		<b>62,104,534</b>	79,948,344
	9.1 & 9.3	<b>155,221,833</b>	137,598,435
Provision for doubtful receivables	9.2	<b>(62,104,534)</b>	(79,948,344)
		<b>93,117,299</b>	57,650,091
Current portion of musharaka finances		<b>(25,809,072)</b>	(21,074,868)
		<b>67,308,227</b>	36,575,223
<b>9.1</b>			
The expected profit receivable on these arrangements ranges from 8.21% to 18.58% (2020: 8.21% to 18.58%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.			
<b>9.2 Movement of provision</b>			
Opening balance		<b>79,948,344</b>	103,568,131
Provision during the year	31	<b>913,265</b>	763,648
Written off during the year		<b>(15,157,059)</b>	-
Reversal during the year	31	<b>(3,600,016)</b>	(24,383,435)
Closing balance		<b>62,104,534</b>	79,948,344
<b>9.3 Ageing of musharaka finances</b>			
Neither past due nor impaired		<b>92,265,587</b>	57,772,056
Past due but not impaired		<b>755,421</b>	820,305
Past due and impaired		<b>62,200,825</b>	79,006,074
		<b>155,221,833</b>	137,598,435
<b>10 LONG TERM LOANS, ADVANCES AND DEPOSITS</b>			
Loans - secured - considered good			
To employees	10.1	<b>2,426,714</b>	1,723,504
Current portion of loans to employees		<b>(420,262)</b>	(396,787)
		<b>2,006,452</b>	1,326,717
To executives	10.1, 10.2 & 10.3	<b>2,939,088</b>	3,051,617
Current portion of loans to executives		<b>(1,791,727)</b>	(1,785,969)
		<b>1,147,361</b>	1,265,648
Deposits		<b>3,037,310</b>	3,037,310
		<b>6,191,123</b>	5,629,675
<b>10.1</b>			
These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2020: 5%) per annum and are secured against the mortgage of properties.			
<b>10.2</b>			
The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 3.052 million (2020: Rs. 3.149 million).			
<b>10.3</b>			
The Modaraba has availed the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive.			



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**2 0 2 1**                      **2 0 2 0**  
 Note                      ----- (Rupees) -----

**11 SHORT-TERM INVESTMENTS**

**Fair value through profit or loss - FVTPL:**

Listed ordinary shares	11.1	<b>446,907,106</b>	187,425,292
Mutual fund units	11.2	<b>24,035,256</b>	23,974,609
Preference Shares	11.3	<b>9,111,355</b>	-
Listed debt securities	11.4	<b>10,752,131</b>	-
		<b>490,805,848</b>	211,399,901

**Fair value through other comprehensive income - FVTOCI:**

Listed ordinary shares / modaraba certificates	11.5	<b>1,331,196,074</b>	536,945,091
Mutual fund units	11.6	<b>8,185,098</b>	8,164,446
Unlisted ordinary shares	11.7	<b>94,835,436</b>	97,026,028
Unlisted debt securities	11.8	<b>1,245,953</b>	1,245,953
		<b>1,435,462,561</b>	643,381,518

Provision for diminution in value of investments	11.8.3	<b>(16,222,148)</b>	(16,222,148)
		<b>1,910,046,261</b>	838,559,271

**11.1 FVTPL: Listed ordinary shares**

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

2 0 2 1	2 0 2 0	Names of investees	2 0 2 1	2 0 2 0
Number of shares / units	Number of shares / units		----- (Rupees) -----	
<b>Glass &amp; ceramics</b>				
<b>96,015</b>	59,300	Ghani Glass Limited	<b>4,627,923</b>	2,440,195
<b>Textile composite</b>				
-	15,149	Kohinoor Textile Mills	-	537,941
<b>43,800</b>	31,300	Nishat Mills Limited	<b>4,086,540</b>	2,441,714
-	3,000	Interloop Limited	-	131,760
<b>Cement</b>				
-	5,283	Bestway Cement Limited	-	574,421
<b>58,896</b>	16,000	D.G. Khan Cement Company Limited	<b>6,945,016</b>	1,365,279
<b>7,400</b>	5,400	Lucky Cement Limited	<b>6,389,456</b>	2,492,532
<b>468,000</b>	129,000	Fauji Cement Company Limited	<b>10,764,000</b>	2,177,519
<b>1,319,668</b>	539,500	Power Cement Limited	<b>12,682,009</b>	3,344,899
<b>67,403</b>	49,000	Maple Leaf Cement Factory Limited	<b>3,166,593</b>	1,273,017



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2021	2020	Names of investees	2021	2020
Number of shares / units			(Rupees)	
<b>Power generation &amp; distribution</b>				
<b>330,746</b>	1,485,246	K-Electric Limited	<b>1,382,518</b>	4,470,590
-	41,000	The Hub Power Company Limited	-	2,972,499
<b>Refinery</b>				
<b>2,698</b>	11,998	Attock Refinery Limited	<b>691,902</b>	1,071,662
<b>50,950</b>	47,050	National Refinery Limited	<b>26,656,531</b>	5,047,524
<b>Fertilizer</b>				
<b>15,931</b>	6,700	Engro Corporation Limited	<b>4,693,432</b>	1,962,563
<b>Oil &amp; gas exploration companies</b>				
<b>2,860</b>	3,200	Mari Petroleum Company Limited	<b>4,359,755</b>	3,957,280
<b>154,060</b>	108,560	Pakistan Petroleum Limited	<b>13,377,030</b>	9,420,836
<b>187,059</b>	44,000	Oil & Gas Development Company Limited	<b>17,776,217</b>	4,796,001
<b>26,317</b>	2,300	Shell Pakistan Limited	<b>4,610,738</b>	419,934
<b>5,000</b>	-	Pakistan Oilfields Limited	<b>1,969,300</b>	-
<b>Oil &amp; gas marketing companies</b>				
<b>57,280</b>	-	Pakistan State Oil Company Limited	<b>12,845,040</b>	-
<b>67,392</b>	32,107	Sui Northern Gas Pipelines Limited	<b>3,273,903</b>	1,753,042
<b>223,500</b>	223,500	Sui Southern Gas Company Limited	<b>2,972,550</b>	2,981,490
-	12,588	Hascol Petroleum Limited	-	171,198
<b>Automobile assembler</b>				
<b>156,710</b>	133,100	Sazgar Engineering Work Limited	<b>26,360,189</b>	16,582,930
<b>4,120</b>	3,635	Millat Tractors Limited	<b>4,447,993</b>	2,566,892
<b>Automobile parts &amp; accessories</b>				
-	12,200	Agriauto Industries Limited	-	2,220,400
-	60,527	Loads Limited	-	841,326
<b>23,943</b>	-	Panther Tyres Limited	<b>1,655,180</b>	-



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2021	2020	Names of investees	2021	2020
Number of shares / units			(Rupees)	
<b>Chemical</b>				
8,447	13,447	ICI Pakistan Limited	7,338,754	9,341,762
101,100	42,100	Ittehad Chemicals Limited	3,846,855	1,109,335
89,500	93,500	Sitara Peroxide Limited	2,531,955	1,908,335
-	1,700	Sitara Chemical Industries Limited	-	471,087
-	65,500	Lotte Chemical Pakistan Limited	-	651,723
44,300	12,404	Pakistan Oxygen Limited	6,866,500	2,061,049
-	2,000	Archroma Pakistan Limited	-	1,178,800
23,625	4,125	Berger Paints Pakistan Limited	2,061,990	256,204
-	22,500	Ghani Global Holdings Limited	-	353,925
<b>Engineering</b>				
-	44,875	Crescent Steel & Allied Products Limited	-	2,041,813
-	6,000	International Steels Limited	-	309,900
-	85,200	Ittefaq Iron Industries Limited	-	588,732
-	18,800	K.S.B Pumps Company Limited	-	2,707,388
-	121,486	Mughal Iron & Steel Industries Limited	-	4,844,860
-	22,500	Amreli Steels Limited	-	734,399
473,500	-	Agha Steel Industries Limited	15,971,155	-
<b>Transport</b>				
5,500	3,200	Pakistan National Shipping Corporation Limited	399,850	241,792
-	100	Pakistan International Container Terminal Limited	-	17,200
<b>Food &amp; personal care products</b>				
36,030	34,800	Al-Tahur Limited	839,499	599,604
-	160,075	Treet Corporation Limited	-	2,858,940
29,250	-	The Organic Meat Company Limited	1,074,645	-
3,800	-	National Foods Limited	870,276	-
25,000	-	Al-Shaheer Corporation Limited	498,250	-
38,350	-	Bunny's Limited	1,581,554	-



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2021	2020	Names of investees	2021	2020
Number of shares / units			(Rupees)	
<b>Technology &amp; communication</b>				
		Pakistan		
<b>196,500</b>	59,500	Telecommunication Company Limited	<b>2,326,560</b>	528,361
<b>195,180</b>	-	Systems Limited	<b>109,343,740</b>	-
<b>Leather &amp; tanneries</b>				
<b>63,680</b>	23,795	Service Industries Limited	<b>37,420,278</b>	19,410,533
<b>68,267</b>	-	Service Global Footwear Limited	<b>3,947,881</b>	-
<b>Pharmaceuticals</b>				
-	2,250	Abbott Laboratories (Pakistan) Limited	-	1,491,750
<b>7,200</b>	-	AGP Limited	<b>844,776</b>	-
<b>2,696</b>	9,746	Highnoon Laboratories Limited	<b>1,617,600</b>	4,885,475
<b>18,260</b>	16,300	Ferozsons Laboratories Limited	<b>6,442,493</b>	4,897,009
<b>102,257</b>	69,370	The Searle Company Limited	<b>24,809,593</b>	13,820,585
<b>132,765</b>	132,765	GlaxoSmithKline Pakistan Limited	<b>21,995,178</b>	23,111,732
<b>12,500</b>	12,500	GlaxoSmithKline Consumer Healthcare Pakistan Limited	<b>3,126,125</b>	3,396,000
<b>Cable &amp; electrical goods</b>				
<b>71,600</b>	76,100	Pak Elektron Limited	<b>2,510,296</b>	1,744,973
<b>249,000</b>	-	Waves Singer Pakistan Limited	<b>6,787,740</b>	-
<b>Modarabas</b>				
-	13,310	First UDL Modaraba	-	93,037
<b>Commercial banks</b>				
<b>60,000</b>	177,000	Bank Islami Pakistan	<b>674,400</b>	1,338,118
<b>5,500</b>	-	Meezan Bank Limited	<b>634,755</b>	-
<b>Paper &amp; board</b>				
-	6,500	Security Paper Limited	-	922,676
<b>94,381</b>	5,000	Roshan Packages Limited	<b>3,108,910</b>	112,100
<b>Woollen</b>				
<b>8,000</b>	18,000	Bannu Woollen Mills Limited	<b>400,640</b>	588,600
<b>Miscellaneous</b>				
<b>1,598</b>	6,363	United Distributors Pakistan	<b>80,300</b>	211,570



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
		<b>Synthetic and rayon</b>		
-	33,500	Image Pakistan Limited	-	234,835
		<b>Vanaspati &amp; Allied Industries</b>		
5,390	31,000	Unity Foods Limited	239,963	345,645
		<b>Real estate investment trust</b>		
89,000	-	Dolmen City REIT	980,780	-
			<b>446,907,106</b>	<b>187,425,292</b>

**11.2 FVTPL: Investment in mutual fund units**

		Open-end mutual funds		
295,981	295,981	786 Smart Fund	24,035,256	23,974,609
			<b>24,035,256</b>	<b>23,974,609</b>

**11.3 FVTPL: Investment in preference shares**

		Cement		
756,990	-	Power Cement Limited - Preference Shares	8,818,934	-
		<b>Chemical</b>		
26,109	-	Engro Polymer & Chemicals Limited - Preference Shares	292,421	-
			<b>9,111,355</b>	<b>-</b>

**11.4 FVTPL: Investment in debt securities**

2021	2020	Sukuk	2021	2020
(Number of units)			----- (Rupees) -----	
2,115	-	K-Electric	10,752,131	-
			<b>10,752,131</b>	<b>-</b>

**11.4.1 Particulars of Sukuk**

Names of the investee	Repayment frequency	Profit rate per annum	Maturity date	Secured / unsecured
K-Electric	Quarterly	3 months KIBOR + 1.70%	December 27, 2026	Secured



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**11.5 FVTOCI: Listed ordinary shares / modaraba certificates**

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

<b>2021</b>	<b>2020</b>	<b>Names of investees</b>	<b>2021</b>	<b>2020</b>
<b>Number of shares / units</b>			<b>----- (Rupees) -----</b>	
<b>Oil &amp; gas exploration companies</b>				
<b>8,190</b>	8,190	Mari Petroleum Company Limited	<b>12,484,754</b>	10,128,164
<b>Oil &amp; gas marketing companies</b>				
-	5,962	Shell Pakistan Limited	-	1,088,541
-	1,160	Sui Northern Gas Pipelines Limited	-	63,336
<b>Leather &amp; tanneries</b>				
<b>400</b>	3,800	Service Industries Limited	<b>235,052</b>	3,099,812
<b>Modarabas</b>				
-	1,000	ORIX Modaraba	-	18,000
<b>Real estate investment trust</b>				
<b>310,500</b>	394,000	Dolmen City REIT	<b>3,421,710</b>	4,290,660
<b>Chemical</b>				
-	17,974	Pakistan Oxygen Limited (formerly Linde(Pakistan) Limited)	-	2,986,561
<b>14,199</b>	14,199	Sitara Chemical Industries Limited	<b>4,998,048</b>	3,934,686
<b>Cement</b>				
-	90	Maple Leaf Cement Factory Limited	-	2,338
-	3,045,168	Power Cement Limited	-	18,880,042
<b>Engineering</b>				
<b>54,000</b>	54,000	KSB Pumps Company Limited	<b>11,980,980</b>	7,776,540
-	11,000	Mughal Iron & Steel Industries Limited	-	438,680
-	2,625	Crescent Steel & Allied Products Limited	-	119,438



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
<b>Transport</b>				
1,000	1,000	Pakistan International Container Terminal Limited	165,040	172,000
5,000	5,000	Pakistan National Shipping Corporation Limited	363,500	377,800
<b>Pharmaceuticals</b>				
36,776	36,776	Abbott Laboratories (Pakistan) Limited	29,139,831	24,382,487
32,165	32,165	GlaxoSmithKline (Pakistan) Limited	5,328,776	5,599,283
30,906	30,906	GlaxoSmithKline Consumer Healthcare (Pakistan) Limited	7,729,283	8,396,543
138	638	Highnoon Laboratories Limited	82,800	319,816
<b>Technology &amp; communication</b>				
2,213,934	2,313,934	Systems Limited - (related party)	1,240,290,105	425,023,397
<b>Automobile parts &amp; accessories</b>				
-	98,400	Loads Limited	-	1,367,760
-	1,000	Millat Tractors Limited	-	706,160
<b>Paper &amp; board</b>				
-	124,381	Roshan Packages Limited	-	2,788,622
<b>Glass &amp; ceramics</b>				
-	200	Ghani Glass Limited	-	8,230
<b>Financial services</b>				
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - (fully provided) (Note: 11.5.1)	4,722,634	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited -(Related party) (fully provided) (Note: 11.5.1)	10,253,561	10,253,561
			<b>1,331,196,074</b>	<b>536,945,091</b>



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

**11.6 FVTOCI: Investment in mutual fund units**

2021	2020	Names of investee(s)	2021	2020
Number of units			----- (Rupees) -----	
<b>Open-end mutual funds</b>				
<b>100,795</b>	100,795	786 Smart Fund	<b>8,185,098</b>	8,164,446
			<b>8,185,098</b>	<b>8,164,446</b>

**11.7 FVTOCI: Investment in unlisted ordinary shares**

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

2021	2020	Names of investees	2021	2020
Number of shares			----- (Rupees) -----	
<b>100,000</b>	100,000	Al Baraka Bank (Pakistan) Limited - (note 11.7.2)	<b>948,300</b>	926,631
<b>7,200,000</b>	7,200,000	Dawood Family Takaful Limited - (note 11.7.3 )	<b>46,080,000</b>	52,128,000
<b>3,034,603</b>	3,034,603	ISE Tower REIT Management Company Limited - (note 11.7.4)	<b>47,807,136</b>	43,971,397
			<b>94,835,436</b>	<b>97,026,028</b>

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

Name of investees	Reference note	Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
-------------------	----------------	--	--	----------

**June 30, 2021**

Al Baraka Bank (Pakistan) Limited	(11.7.2)	948,300	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(11.7.3)	47,174,400	9.60%	Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(11.7.4)	47,807,136	0.83%	Yousuf Adil, Chartered Accountants

**June 30, 2020**

Al Baraka Bank (Pakistan) Limited	(11.7.2)	926,631	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(11.7.3)	39,744,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(11.7.4)	43,971,397	0.83%	BDO Ebrahim & Co., Chartered Accountants



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**11.7.2** The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.948 million (as per latest available audited financial statement dated December 31, 2020) whereas the book value of investment in shares of ABPL is Rs. 0.926 million resulting in revaluation surplus of Rs. 0.022 million during the year.

**11.7.3** The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 47.174 million (as per latest audited accounts dated December 31, 2020) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). During the year, the management has estimated the fair value of this investment based on information of available market transaction at Rs.6.40 per share and has recorded revaluation loss of Rs.6.048 million.

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

The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 47.807 million (as per un-audited financial statement as at March 31, 2021) whereas the book value of investment in shares is Rs. 43.971 million resulting in revaluation surplus of Rs. 3.836 million during the year.

**11.8 FVTOCI: Investment in unlisted debt securities**

2021	2020	Sukuks	2021	2020
Number of shares			----- (Rupees) -----	
1,267	1,267	Eden Housing Limited - (Fully provided)	1,245,953	1,245,953
			<u>1,245,953</u>	<u>1,245,953</u>

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

**11.8.2 Particulars of Sukuk**

Names of the investee	Repayment frequency	Profit rate per annum	Maturity date	Secured / unsecured
Eden Housing Limited	Quarterly	3 months KIBOR + 2.50%	June 29, 2014	Secured

**11.8.3 Provision for diminution in value of investments**

Opening balance	<b>16,222,148</b>	16,222,148
Charge for the year	-	-
Closing balance	<u><b>16,222,148</b></u>	<u>16,222,148</u>



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		<b>2 0 2 1</b>	<b>2 0 2 0</b>
	<b>Note</b>	----- (Rupees) -----	
<b>12 IJARAH / LEASE RENTAL RECEIVABLE</b>			
Considered good		<b>36,934</b>	671,145
Considered doubtful		<b>57,172,431</b>	57,172,431
Lease rental receivables		<b>57,209,365</b>	57,843,576
Provision for doubtful receivables	12.1	<b>(57,172,431)</b>	(57,172,431)
		<b>36,934</b>	671,145
<b>12.1 Provision for doubtful receivables</b>			
Opening		<b>57,172,431</b>	56,836,389
Charge for the year	31	-	366,407
Reversals during the year	31	-	(30,365)
Closing balance		<b>57,172,431</b>	57,172,431
<b>13 LOANS, ADVANCES AND PREPAYMENTS</b>			
Loans and advances - secured - considered good:			
- against salary		<b>1,129,834</b>	465,591
Loans and advances - unsecured - considered good:			
- current portion of loans to employees	10	<b>420,262</b>	396,787
- current portion of loans to executives	10	<b>1,791,727</b>	1,785,969
- against investment		<b>9,700,000</b>	-
- against expenses		<b>3,501,911</b>	4,794,430
- against purchases	27.1	<b>44,922,678</b>	44,922,678
Prepayments:			
- takaful		<b>967,798</b>	371,804
Provision for doubtful receivables	27.1	<b>(44,922,678)</b>	(44,922,678)
		<b>17,511,532</b>	7,814,581
<b>14 ACCRUED PROFIT</b>			
Accrued profit on:			
Debt securities		<b>149,388</b>	-
Musharaka finances		<b>305,852</b>	1,257,718
		<b>455,240</b>	1,257,718



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	2 0 2 1	2 0 2 0
15 OTHER RECEIVABLES	----- (Rupees) -----	-----
Rent receivable - unsecured, considered good	<b>7,002,491</b>	8,891,972
Takaful premium receivable	<b>1,814,792</b>	446,867
Other receivable	<b>18,456,088</b>	4,512,912
Receivable for Settlement of future sale contracts	<b>62,546,459</b>	-
	<b>89,819,830</b>	13,851,751
Receivable from ex-employees - unsecured, considered doubtful	<b>51,274,920</b>	51,274,920
Provision for doubtful receivables	<b>(51,274,920)</b>	(51,274,920)
	-	-
Others	<b>33,810,401</b>	33,810,401
Provision for doubtful debts	<b>(33,810,401)</b>	(33,810,401)
	<b>89,819,830</b>	13,851,751
<b>15.1</b>	This represents balance receivable from certain ex-employees and other parties in respect of embezzlement of funds. The matter is pending before the Special Court, Lahore. As a matter of prudence, full provision in respect of these receivables have been made in these financial statements.	
<b>15.2</b>	This represents finance facility which was partly secured against pledge of stock of jute while some of the stock was misappropriated from the factory premises of the borrower. In prior year, the Modaraba has filed a criminal complaint against the borrower and its owner against misappropriation of pledged stock.	
	A suit was also filed on September 29, 2012 by the Modaraba before the Modaraba Tribunal / Banking Court-II for the recovery of outstanding dues from borrower. The Tribunal passed a judgment order in favour of the Modaraba and directed the defendant (borrower) to pay all outstanding dues along with cost of the suit, however the recovery of the decretal amount is uncertain due to the misappropriation of pledged stock by the borrower. Therefore, in prior year the Modaraba has filed the execution petition for the recovery of decretal amount by attaching the other auctionable assets of the borrower including piece and parcel of land / building of factory situated at 40-More, Lahore Road, Jaranwala and one vehicle. The borrower filed an application in Honorable Lahore High Court against the judgment and pleaded to suspend the judgment and decree in favour of Modaraba. The Modaraba has also filed a reply to the application filed by the borrower which is currently pending consideration.	
	Complete provision has been made against outstanding balance as per Prudential Regulations. The management is confident that the said lawsuit and criminal case will be decided in favour of the Modaraba.	
<b>16 TAXATION</b>		
Advance taxation	<b>19,897,780</b>	24,878,439
<b>17 CASH AND BANK BALANCES</b>		
Cash in hand	<b>212,859</b>	149,259
Cash with State Bank of Pakistan - current account	<b>4,438</b>	4,438
Cash with banks in:		
Savings accounts	<b>39,037,234</b>	32,304,870
Current accounts	<b>127,164</b>	28,785
	<b>39,381,695</b>	32,487,352



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**17.1** These carry profit at rates ranging from 2.75% to 5.50% (June 30, 2020: 3.80% to 6.30%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 39.037 million.

**18 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

Modaraba certificates of Rs. 10 each

<b>2 0 2 1</b> <b>(Number of certificates)</b>	<b>2 0 2 0</b>		<b>2 0 2 1</b> <b>----- (Rupees) -----</b>	<b>2 0 2 0</b> <b>-----</b>
<b>39,359,741</b>	39,359,741	Certificates issued as fully paid in cash	<b>393,597,410</b>	393,597,410
<b>8,833,724</b>	8,833,724	Certificates issued as fully paid bonus certificates	<b>88,337,240</b>	88,337,240
<b>29,852,790</b>	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	<b>298,527,900</b>	298,527,900
<b>8,316,008</b>	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation with CSM	<b>83,160,080</b>	83,160,080
<b>8,636,226</b>	-	Issuance of Right Certificates	<b>86,362,260</b>	-
<b><u>94,998,489</u></b>	<u>86,362,263</u>		<b><u>949,984,890</u></b>	<u>863,622,630</u>

**18.1** The Management Company held 17,720,461 (18.65%) certificates of Rs. 10 each as at June 30, 2021 (June 30, 2020: 14,614,018 (16.92%) certificates).

**18.2** Mr. Ayaz Dawood (CEO) held 11,621,894 (12.23%) certificates of Rs.10 each as at June 30, 2021 (June 30, 2020: 10,441,584 (12.09%) certificates).

**19 RESERVES**

**Capital reserve**

Profit prior to floatation  
Statutory reserve  
Merger reserve

**2 0 2 1**  
**----- (Rupees) -----**

**10,532,683**      10,532,683  
**968,602,075**      830,269,870  
**44,902,567**      44,902,567

**Revenue reserve**

Accumulated loss

**(444,071,620)**      (505,095,692)  
**579,965,705**      380,609,428

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

The Modaraba has credited 49.82% of its profit to this reserve for the year.



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	2 0 2 1	2 0 2 0
20 SURPLUS ON REVALUATION OF INVESTMENTS	Note ----- (Rupees) -----	
Listed ordinary shares	<b>1,307,141,643</b>	450,694,390
Unlisted shares / debt securities	<b>34,043,917</b>	36,234,509
	<b><u>1,341,185,560</u></b>	<u>486,928,899</u>

**21 LONG-TERM LOANS**

National Bank of Pakistan	21.1	<b>27,544,684</b>	55,080,684
B.R.R. Financial Service (Private) Limited	21.2	-	35,000,000
Current portion of long term loans		<b>(27,544,684)</b>	(69,428,684)
		<b><u>-</u></b>	<u>20,652,000</u>

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

	2 0 2 1	2 0 2 0	
21.2 Loan from B.R.R Financial Services (Private) Limited	Note ----- (Rupees) -----		
Opening balance		<b>35,000,000</b>	49,900,000
Received during the year	21.2.2	<b>5,000,000</b>	16,000,000
Payment during the year	21.2.3	<b>(40,000,000)</b>	(30,900,000)
Closing balance	21.2.1	<b>-</b>	<u>35,000,000</u>

**21.2.1** Breakup of loan is as follows :

Current portion of loan	-	35,000,000
Non Current portion of loan	-	-
	<b><u>-</u></b>	<u>35,000,000</u>

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

**21.2.3** During the year, the shariah advisor of the modaraba in his report on BRRFSL recommended to cancel the aforesaid transaction and that BRRFSL should return all received profit from modaraba. Accordingly, during the period, the modaraba has repaid the whole outstanding loan amount to BRRFSL and BRRFSL has returned all received profit to date amounting to Rs. 6.152 million.



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

Note	2 0 2 1 ----- (Rupees) -----	2 0 2 0 -----
Opening balance	<b>90,080,684</b>	132,516,684
Received during the year	<b>5,000,000</b>	16,000,000
Payment during the year	<b>(67,536,000)</b>	(58,436,000)
Current portion	<b>(27,544,684)</b>	(69,428,684)
Closing balance	<u><u>-</u></u>	<u><u>20,652,000</u></u>

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

Musharaka arrangement - Dawood Family Takaful Limited	22.1	<b>35,000,000</b>	-
Musharaka arrangement - First Dawood Investment Bank Limited	22.2	<b>55,000,000</b>	50,000,000
Current portion of musharaka arrangements		<u><b>(90,000,000)</b></u>	<u>(50,000,000)</u>
		<u><u>-</u></u>	<u><u>-</u></u>

**22.1** The Modaraba has entered into various Musharaka agreement with Dawood Family Takaful Limited These Musharaka arrangements are on profit sharing basis and carries profit payment at 1 Month & 6 Month kibar plus 100 basis points.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.2.114 million and made profit payment amounting to Rs.2.030 million.

**22.2** The Modaraba has entered into various musharaka agreement (Musharaka) with First Dawood Investment Limited. These Musharaka arrangements are on profit sharing basis and carries profit payment at 1 Month & 6 Month kibar plus 100 basis points.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.4.367 million and made profit payment amounting to Rs.4.982 million.

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

Opening balance	<b>50,000,000</b>	79,677,418
Received during the year	<b>200,000,000</b>	100,000,000
Payment during the year	<b>(160,000,000)</b>	(129,677,418)
Current portion of loan	<b>(90,000,000)</b>	(50,000,000)
Closing balance	<u><u>-</u></u>	<u><u>-</u></u>

**23 LONG TERM SECURITY DEPOSITS**

Lease / Ijarah	<b>22,495,349</b>	26,400,987
Investment properties	<b>45,813,975</b>	40,365,959
Lockers	<b>20,368,500</b>	18,818,500
	<b>88,677,824</b>	85,585,446
Current portion of security deposits	<u><b>(22,495,349)</b></u>	<u>(800,590)</u>
	<u><b>66,182,475</b></u>	<u>84,784,856</u>



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<b>24 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>	<b>Note</b>	<b>2 0 2 1</b> ----- (Rupees) -----	<b>2 0 2 0</b> -----
Modaraba Management fee payable	36	<b>31,942,494</b>	17,152,959
Sales tax on Modaraba management fee payable	36	<b>4,152,524</b>	2,229,885
Provision for Sindh Workers' Welfare Fund	37	<b>10,523,541</b>	4,856,943
Accrued liabilities		<b>13,324,186</b>	12,665,903
Rentals received in advance:			
Lockers		<b>41,752,061</b>	33,711,404
Investment Properties		<b>31,994,821</b>	39,334,295
Ijarah		<b>140</b>	28,210
Musharaka		<b>3,333,000</b>	
Charity payable	24.1	<b>90,948</b>	30,967
Advance against sale of land	24.2	<b>2,100,000</b>	2,100,000
Others		<b>18,436,170</b>	14,053,803
		<b>157,649,885</b>	126,164,369

**24.1 Charity payable**

Opening balance		<b>30,967</b>	43,616
Accrued during the year		<b>896,271</b>	42,768
Payment	24.1.1	<b>(836,290)</b>	(55,417)
Closing balance		<b>90,948</b>	30,967

24.1.1 This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.215 million (June 30, 2020: 0.055 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.

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

<b>25 ACCRUED PROFIT ON BORROWINGS</b>	<b>Note</b>	<b>2 0 2 1</b> ----- (Rupees) -----	<b>2 0 2 0</b> -----
Finance under musharaka arrangements		<b>83,978</b>	613,854
		<b>83,978</b>	613,854

**26 PROFIT DISTRIBUTION PAYABLE**

Unclaimed profit payable to certificate holders	26.1	<b>32,010,555</b>	29,826,596
---	------	-------------------	------------

26.1 In accordance with the provisions of Section 244 of the Companies Act, 2017.

Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 244, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank.

The deposits in the unpaid dividend account shall only be used for payment of dividend.



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Within period of ninety days of such transfer to the separate account, the modaraba shall place particulars of such unpaid dividend on its website in accordance with the provision of the act.

The modaraba shall make payment to the certificate holder within a period of thirty days from the date of submission of a claim with the modaraba. No claimant shall be entitled to any amount except his unclaimed dividend amount.

The amount of profit generated from the account maintained by the modaraba under this section shall be used by the modaraba for its corporate social responsibility initiatives and specified purposes.

**27 CONTINGENCIES AND COMMITMENTS**

**27.1** The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2020: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements. Further the management has fully provided net amount of Rs 44.9 million receivable from Innovative Investment bank (Refer Note : 13)

**27.2** A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2020: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.

		<b>2 0 2 1</b>	<b>2 0 2 0</b>
	<b>Note</b>	<b>----- (Rupees) -----</b>	<b>-----</b>
<b>28 RENTAL INCOME</b>			
Investment properties	28.1	<b>186,977,188</b>	170,867,643
Lockers and custodial services		<b>46,706,404</b>	40,741,027
		<b><u>233,683,592</u></b>	<u>211,608,670</u>

**28.1** This includes rental income amounting to Rs.5.758 million (2020: Rs.9.707 million) from management company, associated companies and other related parties.

**29 IJARAH RENTAL INCOME -NET**

Ijarah rental income		<b>2,875,477</b>	12,235,651
Less: Amortization on Ijarah assets	6.2.2	<b><u>(1,923,036)</u></b>	<u>(7,085,722)</u>
		<b><u>952,441</u></b>	<u>5,149,929</u>

**30 RETURN ON INVESTMENTS - NET**

Dividend income	30.1	<b>33,615,083</b>	12,361,323
Profit on debt securities		<b>855,345</b>	582,843
Gain on settlement of DFC's		<b>1,894,000</b>	5,437,380
Gain on sale of investments		<b><u>62,484,460</u></b>	<u>16,573,251</u>
		<b><u>98,848,888</u></b>	<u>34,954,797</u>
Less: Commission and brokerage expense		<b><u>(2,382,303)</u></b>	<u>(609,358)</u>
		<b><u>96,466,585</u></b>	<u>34,345,439</u>



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**30.1 Dividend income**

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	
786 Smart Funds	<b>1,690,225</b>	1,810,309
Abbot Laboratories Limited	<b>1,490,679</b>	289,797
AGP Limited	-	9,673
Agriauto Industries Limited	<b>12,139</b>	85,024
Akzo Nobel Pakistan Limited	-	34,365
Al-Ghazi Tractors Limited	-	4,494
Archroma Pakistan Limited	<b>60,000</b>	89,955
At- Tahur Limited	-	6,660
Attock Refinery Limited	-	2,985
B.R.R Financial Services (Private) Limited	<b>14,970,225</b>	-
Berger Paints Pakistan Limited	<b>29,526</b>	5,614
Bestway Cement Limited	<b>16,151</b>	31,319
Cherat Packaging Limited	-	6,975
D.G. Khan Cement Company	-	10,822
Dawood Hercules Corporation Limited	<b>12,020</b>	-
Dolmen City REIT	<b>439,755</b>	540,321
Engro Chemical Pakistan Limited	<b>7,812</b>	-
Engro Corporation Limited	<b>490,901</b>	38,012
Fauji Cement Company Limited	-	53,919
Ferozsons Laboratories Limited	<b>65,167</b>	65,064
General Tyre & Rubber Company Limited	-	1,800
Ghani Glass Limited	<b>181,980</b>	119,000
GlaxoSmithKline (Pakistan) Limited	<b>1,063,254</b>	984,830
Glaxosmithkline Consumer Healthcare (Private) Limited	<b>216,704</b>	216,900
Highnoon Laborites Limited	<b>49,306</b>	132,836
ICI Pakistan Limited	<b>236,016</b>	230,756
Interloop Limited	-	2,999
International Steels Limited	-	13,500
ISE Tower REIT Management Company Limited	<b>1,001,419</b>	728,305
Ittehad Chemicals Limited	<b>235,300</b>	-
Kohinoor Textile Mills Limited	<b>15,216</b>	26,336
KSB Pumps Limited	<b>26,997</b>	110,601
Lucky Cement Limited	-	40,731
Mari Gas Company Limited	-	20,134
Mari Petroleum Company Limited	<b>753,435</b>	44,989
Meezan Bank Limited	<b>108,700</b>	-
Millat Tractors Limited	<b>370,178</b>	256,364
Mughal Iron & Steel Industries Limited	-	158,906
National Foods Limited	<b>31,971</b>	-
Nishat Mills Limited	<b>77,941</b>	5,923
Oil & Gas Development Company Limited	<b>612,251</b>	87,839
Organic Meat Limited	<b>41,500</b>	-
Orix Modaraba	-	2,500
Pakistan International Container Limited	<b>28,179</b>	16,437
Pakistan National Shipping Corporation	<b>18,142</b>	15,820
Pakistan Oxygen (formerly Linde Pakistan Limited)	-	7,495



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	2 0 2 1	2 0 2 0
	----- (Rupees) -----	
Pakistan Petroleum Limited	349,538	148,134
Pakistan State Oil Limited	95,644	-
Pakistan Telecommunication Company Limited	-	17,003
Roshan Packages Limited	105,921	-
Security Papers Limited	55,850	-
Service Industries Limited	502,350	275,950
Shell Pakistan Limited	-	64,174
Sitara Chemical Industries Limited	158,990	158,890
Sui Northern Gas Pipelines Limited	57,802	-
Systems Limited	7,735,396	5,191,253
Thal Limited	-	560
The Searle Company Limited	200,503	190,000
Unity Foods Limited	-	5,050
	<b>33,615,083</b>	<b>12,361,323</b>

**31 REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES**

**Reversal during the year**

Lease rentals / Ijarah  
Musharaka

Note **2 0 2 1** **2 0 2 0**  
----- (Rupees) -----

12.1	-	30,365
9.2	<b>3,600,016</b>	24,383,435
	<b>3,600,016</b>	24,413,800

**Less: Charged during the year**

Lease rentals / Ijarah  
Musharaka

12.1	-	(366,407)
9.2	<b>(913,265)</b>	(763,648)
	<b>(913,265)</b>	(1,130,055)
	<b>2,686,751</b>	23,283,745

**32 OTHER INCOME**

Gain on disposal of property and equipment - owned  
Miscellaneous and other termination charges

	<b>628,542</b>	757,575
	<b>6,986,725</b>	2,149,899
	<b>7,615,267</b>	2,907,474

**33 REVERSAL OF IMPAIRMENT**

Reversal of impairment on office premises:

- Property, plant and equipment - owned  
- Investment properties

6.1	-	7,033,581
7.1	-	15,586,094
	-	<b>22,619,675</b>



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<b>34 ADMINISTRATIVE EXPENSES</b>	<b>Note</b>	<b>2 0 2 1</b> ----- (Rupees) -----	<b>2 0 2 0</b> -----
Salaries and other benefits		<b>52,373,311</b>	51,646,022
Medical		<b>2,068,195</b>	2,110,768
Provident fund contributions	34.2	<b>3,175,430</b>	3,137,618
Bonus		<b>4,987,430</b>	3,606,940
Vehicle running		<b>9,652,633</b>	9,666,209
Leave encashment		<b>239,333</b>	541,900
Employee old age contribution		<b>472,680</b>	473,720
Traveling and conveyance		<b>37,350</b>	21,450
Entertainment		<b>150,439</b>	54,792
Office expense		<b>2,109,466</b>	1,409,396
Electricity, water and gas		<b>10,788,452</b>	8,147,907
Telephone and fax		<b>503,586</b>	377,690
Postage and courier		<b>609,005</b>	133,685
Stationery and printing		<b>1,746,650</b>	1,089,436
Computer expenses		<b>490,241</b>	889,242
Fees and subscriptions		<b>4,235,416</b>	2,907,281
Charity and donation		<b>3,099,755</b>	-
Commission expense		<b>7,081,001</b>	1,562,092
Takaful		<b>4,646,383</b>	5,096,896
Repairs and maintenance		<b>11,117,293</b>	14,300,467
Rent, rates and taxes		<b>4,613,391</b>	2,515,352
Security expenses		<b>1,646,033</b>	1,330,932
Legal and professional charges		<b>4,706,820</b>	1,299,706
Auditor's remuneration	34.1	<b>1,240,850</b>	1,188,250
Depreciation on owned assets	6.1	<b>12,990,151</b>	10,434,729
Others		<b>4,303,290</b>	3,046,603
		<b><u>149,084,584</u></b>	<b><u>126,989,083</u></b>
<b>34.1 Auditor's remuneration</b>			
Audit fee		<b>715,000</b>	715,000
Limited review, special reports, certification and sundry advisory services		<b>428,100</b>	375,500
Out of pocket expenses		<b>97,750</b>	97,750
		<b><u>1,240,850</u></b>	<b><u>1,188,250</u></b>
<b>34.2 Disclosures relating to provident fund</b>			
Size of the fund		<b>207,630,568</b>	168,075,541
Fair value of investments		<b>155,068,626</b>	143,080,476
<b>Break-up of investments</b>			
Government securities		<b>43,000,000</b>	43,000,000
Term finance certificates		<b>18,885,792</b>	18,874,987
Investment in sukuk		<b>6,596,076</b>	4,813,861
Listed securities		<b>61,910,009</b>	37,453,896
Mutual funds		<b>24,676,749</b>	38,937,732



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**% age of size of the fund**

**Break-up of investments**

Government securities	<b>27.73%</b>	30.05%
Term finance certificates	<b>12.18%</b>	13.19%
Investment in sukuk	<b>4.25%</b>	3.36%
Listed securities	<b>39.92%</b>	26.18%
Mutual Funds	<b>15.91%</b>	27.21%

**34.2.1** The figures for 2021 are based on the unaudited financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	-----
<b>35 FINANCIAL CHARGES</b>		
Profit on:		
Finance under musharaka arrangement	<b>6,481,999</b>	8,308,590
Finance under mark-up arrangement	-	2,084,293
Bank charges and commission	<b>126,811</b>	80,667
	<b>6,608,810</b>	<b>10,473,550</b>

**36 MODARABA MANAGEMENT COMPANY'S FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, the modaraba has recognised a liability of Rs. 31.942 million for the year (June 30, 2020 : Rs. 17.152 million). Furthermore during the year, an amount of Rs.4.152 million was charged on account of sales tax on management fee (June 30, 2020 : Rs.2.229 million) levied through Sindh Sales Tax on Services Act, 2011.

**37 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 5.666 million (June 30, 2020: 3.04 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2021 has been recorded and disclosed in the financial statement amounting to Rs. 10.523 million.

**38 TAXATION**

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

However, the Finance Bill, 2021 has validated and given legislative effect to the Tax Law (Second Amendment) Ordinance 2021 enacted on March 22, 2021 with effect from July 01, 2021 whereby Clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the income tax exemption available to Modarabas has been withdrawn. Accordingly, no provision for income tax is required in the annual accounts for year ended June 30, 2021.



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

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

Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2020 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.

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

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	
<b>39 EARNINGS PER CERTIFICATE - BASIC AND DILUTED</b>		
The earnings per certificate as required under IAS 33 "Earnings per share" is given below:		
Profit for the year	<u><b>277,663,320</b></u>	<u>149,103,810</u>
	---- Number of certificates ----	
Weighted average number of certificates outstanding	<u><b>90,569,655</b></u>	<u>87,690,913</u>
		<b>(restated)</b>
Earnings per certificate - Basic and diluted	<u><b>3.07</b></u>	<u>1.70</u>

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2021 and 2020 which have dilutive effect on earnings per certificate.

<b>40 REMUNERATION OF EXECUTIVES</b>		
Remuneration	<u><b>20,717,900</b></u>	21,339,500
Medical expenses	<u><b>359,825</b></u>	407,951
Retirement benefits	<u><b>1,280,760</b></u>	1,310,634
	<u><b>22,358,485</b></u>	<u>23,058,085</u>
Number of officers / executives at the end of the year	<u><b>6</b></u>	<u>6</u>

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



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**2 0 2 1**                      **2 0 2 0**  
----- (Rupees) -----

**41 FUTURE MINIMUM LEASE RENTALS RECEIVABLES**

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2021 are as follows:

Receivable - not later than one year	<b>165,765</b>	2,888,311
Receivable - later than one year and not later than five year	-	562,211
	<b><u>165,765</u></b>	<b><u>3,450,522</u></b>

**42 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

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

**42.1 Market risk**

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

**42.2 Profit rate risk**

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2021 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearly basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2021 approximately 6.19% (2020: 9.65%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.334 million (2020: Rs. 0.925 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

**42.3 Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instruments in foreign currencies and hence is not exposed to such risk.



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#### 42.4 Equity price risk

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

At the balance sheet date, the exposure to listed equity securities is Rs. 1,819.434 million (2020: Rs. 756.509 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 90.972 million (2020: Rs. 37.825 million). However, in practice, the actual results may differ from the sensitivity analysis

#### 42.5 Segment by class of business for investment in equity securities

Sector	2021		2020	
	Rupees	%	Rupees	%
Automobile assembler	<b>30,808,182</b>	<b>1.69%</b>	19,149,822	2.53%
Automobile parts & accessories	<b>1,655,180</b>	<b>0.09%</b>	5,135,646	0.68%
Commercial Banks	<b>1,309,155</b>	<b>0.07%</b>	1,338,118	0.18%
Cable & electrical goods	<b>9,298,036</b>	<b>0.51%</b>	1,744,973	0.23%
Cement	<b>48,766,008</b>	<b>2.68%</b>	30,110,046	3.98%
Chemical	<b>27,936,522</b>	<b>1.54%</b>	24,253,467	3.21%
Engineering	<b>27,952,135</b>	<b>1.54%</b>	19,561,750	2.59%
Fertilizer	-	<b>0.00%</b>	1,962,563	0.26%
Financial services	<b>14,976,196</b>	<b>0.82%</b>	14,976,195	1.98%
Food & personal care products	<b>9,797,619</b>	<b>0.54%</b>	3,458,544	0.46%
Glass & ceramics	<b>4,627,923</b>	<b>0.25%</b>	2,448,425	0.32%
Leather & tanneries	<b>41,603,211</b>	<b>2.29%</b>	22,510,346	2.98%
Miscellaneous	<b>80,300</b>	<b>0.00%</b>	211,570	0.03%
Modarabas	-	<b>0.00%</b>	111,037	0.01%
Oil & gas exploration companies	-	<b>0.00%</b>	28,722,215	3.80%
Oil & gas marketing companies	<b>73,669,288</b>	<b>4.05%</b>	6,057,607	0.80%
Open-end mutual funds	<b>32,220,354</b>	<b>1.77%</b>	32,139,055	4.25%
Paper & board	<b>3,108,910</b>	<b>0.17%</b>	3,823,398	0.51%
Pharmaceuticals	<b>101,116,454</b>	<b>5.56%</b>	90,300,681	11.94%
Power generation & distribution	<b>1,382,518</b>	<b>0.08%</b>	7,443,089	0.98%
Real estate investment trust	<b>4,402,490</b>	<b>0.24%</b>	4,290,660	0.57%
Refinery	<b>27,348,433</b>	<b>1.50%</b>	6,119,186	0.81%
Synthetic and rayon	-	<b>0.00%</b>	234,835	0.03%
Technology & communication	<b>1,351,960,405</b>	<b>74.31%</b>	425,551,758	56.25%
Textile composite	<b>4,086,540</b>	<b>0.22%</b>	3,111,415	0.41%
Transport	<b>928,390</b>	<b>0.05%</b>	808,792	0.11%
Vanaspati & Allied Industries	-	<b>0.00%</b>	345,645	0.05%
Woolen	<b>400,640</b>	<b>0.02%</b>	588,600	0.08%
	<b>1,819,434,889</b>	<b>100%</b>	756,509,438	100%

#### 42.6 Liquidity risk

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

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



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2021	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
----- Rupees -----						
Long term loan	-	13,768,000	13,776,684	-	-	27,544,684
Musharaka, murabaha and finance under mark-up arrangements	6 month / 1 month Kibor + 100 bps	90,000,000	-	-	-	90,000,000
Creditors, accrued and other liabilities	-	-	157,649,885	-	-	157,649,885
Accrued profit on borrowing	-	83,978	-	-	-	83,978
Profit distribution payable	-	32,010,555	-	-	-	32,010,555
<b>Total</b>		<b>135,862,533</b>	<b>171,426,569</b>	-	-	<b>307,289,102</b>

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

#### 42.7 Credit risk

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

	2 0 2 1 ----- (Rupees) -----	2 0 2 0 -----
Musharaka finance	<b>93,117,299</b>	57,650,091
Short-term investments	<b>1,910,046,261</b>	838,559,271
Lease rentals receivables	<b>36,934</b>	671,145
Loans, advances and other receivables	<b>23,702,655</b>	13,444,256
Accrued profit	<b>455,240</b>	1,257,718
Bank balances	<b>39,168,836</b>	32,338,093
	<b>2,066,527,225</b>	943,920,574

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

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



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

Sector	2021		2020	
	Rupees	%	Rupees	%
Oil and gas	1,109,640	4.89%	1,109,640	3.70%
Transport	4,986,087	21.97%	4,986,087	16.63%
Food and confectioneries	600,000	2.64%	600,000	2.00%
Engineering and metals	78,500	0.35%	78,500	0.26%
Power generation & Energy	460,000	2.03%	460,000	1.53%
Miscellaneous	15,457,223	68.12%	22,747,225	75.87%
	<b>22,691,450</b>	<b>100%</b>	<b>29,981,452</b>	<b>100%</b>

**42.7.2 Segment by class of business for musharaka and murabaha finances**

Sector	2021		2020	
	Rupees	%	Rupees	%
Textile industry	9,458,686	6.09%	9,458,686	6.87%
Oil and lubricants	7,237,183	4.66%	8,194,498	5.96%
Chemical and pharmaceutical	9,475,692	6.10%	9,805,393	7.13%
Engineering	56,713,234	36.54%	40,957,459	29.77%
Auto and transportation	966,481	0.62%	2,200,772	1.60%
Hospitality business	9,471,425	6.10%	9,471,425	6.88%
Miscellaneous	61,899,132	39.88%	57,510,202	41.80%
	<b>155,221,833</b>	<b>100%</b>	<b>137,598,435</b>	<b>100%</b>

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

Particulars	2021		2020	
	Rupees	%	Rupees	%
Miscellaneous	1,245,953	100%	1,245,953	100%
	<b>1,245,953</b>	<b>100%</b>	<b>1,245,953</b>	<b>100%</b>

**42.8 Financial instruments by category**

	2 0 2 1	2 0 2 0
	----- (Rupees) -----	
<b>Financial assets</b>		
<b>Amortised cost:</b>		
Long-term deposits	3,037,310	3,037,310
Musharaka finance	93,117,299	57,650,091
Ijarah / lease rental receivable	36,934	671,145
Loans and advances	19,697,547	10,035,142
Accrued profit	455,240	1,257,718
Other receivables	89,819,830	13,851,751
Cash and bank balances	39,381,695	32,487,352
<b>FVTOCI:</b>		
Short-term investments	1,419,240,413	627,159,370
<b>FVTPL:</b>		
Short-term investments	490,805,848	211,399,901
	<b>2,155,592,116</b>	<b>957,549,779</b>



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	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	
<b>Financial liabilities</b>		
<b>Amortised cost:</b>		
Long term loan	<b>27,544,684</b>	90,080,684
Murabaha, musharaka and finance under mark-up arrangements	<b>90,000,000</b>	50,000,000
Creditors, accrued and other liabilities	<b>157,649,885</b>	126,164,369
Accrued profit on borrowings	<b>83,978</b>	613,854
Profit distribution payable	<b>32,010,555</b>	29,826,596
	<b>307,289,102</b>	296,685,503

#### 43 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	<b>2 0 2 1</b>		<b>2 0 2 0</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
<b>Loans and receivables at amortised cost</b>				
Long-term deposits	<b>3,037,310</b>	<b>3,037,310</b>	3,037,310	3,037,310
Musharaka finance	<b>93,117,299</b>	<b>93,117,299</b>	57,650,091	57,650,091
Ijarah / lease rental receivable	<b>36,934</b>	<b>36,934</b>	671,145	671,145
Loans and advances	<b>20,665,345</b>	<b>20,665,345</b>	10,406,946	10,406,946
Accrued profit	<b>455,240</b>	<b>455,240</b>	1,257,718	1,257,718
Other receivables	<b>89,819,830</b>	<b>89,819,830</b>	13,851,751	13,851,751
Cash and bank balances	<b>39,381,695</b>	<b>39,381,695</b>	32,487,352	32,487,352
<b>Fair value through OCI</b>				
Short-term investments	<b>1,339,381,172</b>	<b>1,339,381,172</b>	545,109,537	545,109,537
<b>Fair value through profit and loss</b>				
Short-term investments	<b>480,053,717</b>	<b>480,053,717</b>	211,399,901	211,399,901
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Murabaha, musharaka and finance under mark-up arrangements	<b>90,000,000</b>	<b>90,000,000</b>	50,000,000	50,000,000
Creditors, accrued and other liabilities	<b>157,649,885</b>	<b>157,649,885</b>	126,164,369	126,164,369
Accrued profit on borrowings	<b>83,978</b>	<b>83,978</b>	613,854	613,854
Profit distribution payable	<b>32,010,555</b>	<b>32,010,555</b>	29,826,596	29,826,596



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### 43.1 Fair value hierarchy

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

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

As at June 30, 2021, the Modaraba held the following financial instruments measured at fair value:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	----- Rupees -----			
<b>Investments at FVTPL</b>				
Listed ordinary shares	446,907,106	-	-	<b>446,907,106</b>
Mutual fund units	24,035,256	-	-	<b>24,035,256</b>
Preference Shares	9,111,355	-	-	<b>9,111,355</b>
Listed debt securities	10,752,131	-	-	<b>10,752,131</b>
<b>Investments at FVOCI</b>				
Listed ordinary shares / modaraba certificates	1,331,196,074	-	-	<b>1,331,196,074</b>
Mutual fund units	8,185,098	-	-	<b>8,185,098</b>
Unlisted ordinary shares	-	-	94,835,436	<b>94,835,436</b>
Unlisted debt securities	-	-	1,245,953	<b>1,245,953</b>
	<u>1,830,187,020</u>	<u>-</u>	<u>96,081,389</u>	<u><b>1,926,268,409</b></u>

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

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	----- Rupees -----			
<b>Investments at FVTPL</b>				
Listed ordinary shares	187,425,292	-	-	<b>187,425,292</b>
Mutual fund units	23,974,609	-	-	<b>23,974,609</b>
<b>Investments at FVOCI</b>				
Listed ordinary shares / modaraba certificates	536,945,091	-	-	<b>536,945,091</b>
Mutual fund units	8,164,446	-	-	<b>8,164,446</b>
Unlisted ordinary shares	-	-	97,026,028	<b>97,026,028</b>
Unlisted debt securities	-	1,245,953	-	<b>1,245,953</b>
	<u>756,509,438</u>	<u>1,245,953</u>	<u>97,026,028</u>	<u><b>854,781,419</b></u>



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### Valuation techniques

For Level 2 debt securities held at FVTOCI, the Modaraba values the investments using rates prescribed by MUFAP. For Level 3 debt securities held at FVTOCI, the Modaraba values the investment at breakup value or embedded value of investee which approximates the fair value of the investment.

### Transfers during the year

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

The following table presents the movement in level 3 instruments.

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	-----
Opening balance	<b>97,026,028</b>	95,664,656
Redemption / sales during the year	-	-
Unrealized gain / (loss) during the year	<b>(944,639)</b>	1,361,372
Impairment during the year	-	-
Closing balance	<b><u>96,081,389</u></b>	<u>97,026,028</u>

## 44 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

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

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- (Rupees) -----	-----
Debts	<b>117,544,684</b>	140,080,684
Cash and bank balances	<b>(39,381,695)</b>	(32,487,352)
Net debt	<b><u>78,162,989</u></b>	<u>107,593,332</u>
Equity	<b><u>2,871,136,155</u></b>	<u>1,731,160,957</u>
Net debt to equity ratio	<b><u>0.03</u></b>	<u>0.06</u>

## 45 RELATED PARTY TRANSACTIONS

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



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The details of related party transactions and balances as at June 30, 2021 are as follows:

<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>	<b>2 0 2 1</b> ----- (Rupees) -----	<b>2 0 2 0</b> -----
<b>Transactions during the year</b>			
<b>Management Company</b>			
BRR Investment (Private) Limited	Management fee accrued	<b>31,942,494</b>	17,152,959
BRR Investment (Private) Limited	Management fee paid	<b>17,152,959</b>	5,158,795
BRR Investment (Private) Limited	Rent received	<b>120,000</b>	195,000
BRR Investment (Private) Limited	Advance received	<b>4,000,000</b>	-
BRR Investment (Private) Limited	Advance repaid	<b>4,000,000</b>	-
BRR Investment (Private) Limited	Reimbursement of expenses	<b>502</b>	158,317
<b>Subsidiary Company</b>			
BRR Financial Services (Private) Limited	Loan received	<b>5,000,000</b>	16,000,000
BRR Financial Services (Private) Limited	Loan repaid	<b>40,000,000</b>	30,900,000
BRR Financial Services (Private) Limited	Profit paid	<b>473,972</b>	2,501,266
BRR Financial Services (Private) Limited	Profit returned / received	<b>6,152,046</b>	-
BRR Financial Services (Private) Limited	Dividend received	<b>14,970,225</b>	-
<b>Associated companies / other related parties</b>			
Dawood Family Takaful Limited	Rent Received against property	<b>9,010,860</b>	5,474,928
Dawood Family Takaful Limited	Group Life Takaful paid	<b>352,426</b>	322,762
Dawood Family Takaful Limited	Musharaka finance received	<b>195,000,000</b>	50,000,000
Dawood Family Takaful Limited	Musharaka finance paid	<b>160,000,000</b>	100,000,000
Dawood Family Takaful Limited	Profit accrued on Musharaka	<b>2,114,080</b>	-
Dawood Family Takaful Limited	Profit paid on Musharaka	<b>2,030,102</b>	4,100,397
First Dawood Investment Bank Limited	Rent received against property	<b>120,000</b>	352,800
First Dawood Investment Bank Limited	Share of common expenses - net	<b>71,919</b>	141,165
First Dawood Investment Bank Limited	Musharaka finance received - net	<b>5,000,000</b>	50,000,000
First Dawood Investment Bank Limited	Profit accrued on Musharaka finance	<b>4,367,919</b>	-



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<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>	<b>2 0 2 1</b> ----- <b>(Rupees)</b>	<b>2 0 2 0</b> -----
First Dawood Investment Bank Limited	Profit paid on Musharaka finance	<b>4,981,774</b>	3,669,031
First Dawood Employees Provident Fund	Transfer to provident fund	<b>3,175,430</b>	3,137,618
Hydrochina Dawood Power (Private) Limited	Rent received against property	<b>7,404,599</b>	3,769,091
Dawood Global Foundation	Charity paid	<b>215,321</b>	55,417
<b>Relationship with the Modaraba</b>	<b>Nature of balances</b>		
<b>Year end balances</b>			
<b>Management Company</b>			
BRR Investments (Private) Limited	Management fee payable	<b>31,942,495</b>	17,152,959
<b>Subsidiary Company</b>			
BRR Financial Services (Private) Limited	Loan payable	-	35,000,000
<b>Associated companies / other related parties</b>			
First Dawood Investment Bank Limited	Musharaka finance payable	<b>55,000,000</b>	50,000,000
First Dawood Investment Bank Limited	Profit payable	-	613,854
Dawood Family Takaful Limited	Musharaka finance payable	<b>35,000,000</b>	-
Dawood Family Takaful Limited	Profit payable	<b>83,978</b>	-
Dawood Family Takaful Limited	Advance rental against investment property	<b>3,355,332</b>	43,440
Hydrochina Dawood Power (Private) Limited	Advance rental	<b>3,707,170</b>	23,286
<b>Group shared services</b>			

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

## 46 SEGMENT REPORTING

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



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

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

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

#### **47 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in their meeting held on September 30, 2021 have approved profit distribution at the rate of 13.2% i.e. Re. 1.32 per certificate (2020: at the rate of 7.8% i.e. Re. 0.78 per certificate) for the year ended June 30, 2021. These financial statements do not reflect this distribution.

Further, the Board of Directors in their meeting held on September 30, 2021 has resolved and granted in principal approval for conversion of BRR Guardian Modaraba into a public limited company incorporated under the laws of Pakistan, by incorporating a new public limited company i.e. BRR Limited (Proposed) "BRRL" and amalgamating BRRGM with and into BRRL pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of section 279-283 of the Companies Act, 2017, read with SRO 840(1)/2017 dated August 17, 2017, "Scheme of Arrangement (Modaraba)" with the surviving entity being BRRL, which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of BRRGM with and into BRRL. The above proposed decision is subject to the approval of the Registrar of Modarabas, the Securities Exchange Commission of Pakistan, the Honorable High Court, the Certificate holders of BRRGM and other relevant authorities as per Modaraba Companies and Modaraba (Flotation and Control) Ordinance 1980, and the Companies Act, 2017 and other laws for the time being in force.

#### **48 DATE OF AUTHORISATION FOR ISSUE**

These financial statements were authorised for issue on September 30, 2021 by the Board of Directors of B.R.R. Investment (Private) Limited.

#### **49 CORRESPONDING FIGURES**

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

#### **50 NUMBER OF EMPLOYEES**

The number of employees as at year end was 62 (2020: 62) and average number of employees during the year was 62 (2020: 61).

#### **51 GENERAL**

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer

**Consolidated Financial Statements**  
**For The Year Ended**  
**June 30, 2021**



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## DIRECTORS' REPORT

On behalf of the Board of Directors of B.R.R. Investment (Private) Limited ('BRRRI' or 'the company'), manager of B.R.R. Guardian Modaraba ('BRRGM' or 'the Modaraba'), it gives us great pleasure to present to you the Annual Report and Audited Financial Statements for the year ended June 30, 2021.

### MODARABA'S PERFORMANCE:

Summary of the comparative financial performance is given below:

	June 30, 2021	June 30, 2020
	.....Rupees.....	
<b>Rental Income from Investment properties</b>	<b>186,977,188</b>	<b>170,867,643</b>
<b>Rental Income from lockers and custodial services</b>	<b>46,706,404</b>	<b>40,741,027</b>
<b>Profit Before Management Fee &amp; WWF</b>	<b>304,663,356</b>	<b>188,521,466</b>
<b>Management Fee</b>	<b>31,942,494</b>	<b>17,152,959</b>
<b>Sales Tax on Management Fee</b>	<b>4,152,524</b>	<b>2,229,885</b>
<b>Provision for Workers' Welfare Fund</b>	<b>5,666,598</b>	<b>3,042,935</b>
<b>Profit After Management Fee &amp; WWF</b>	<b>262,901,740</b>	<b>166,095,687</b>
<b>Earning per certificate</b>	<b>2.90</b>	<b>1.88</b>

### Dividend:

The Board is pleased to announce Rs. 1.32 per certificate cash dividend for the year ended June 30, 2021 versus Rs.0.78 per certificate last year which is 1.69 times higher than last year.

Further, during the year the right issue of the Modaraba commenced trading on December 30th, 2020 which successfully completed on January 28th, 2021 when full amount was received. These right certificates are also getting full dividends.

### WITHDRAWAL OF TAX EXEMPTION TO THE MODARABAS

The Finance Bill, 2021 has validated and given legislative effect to the Tax Law (Second Amendment) Ordinance 2021 enacted on March 22, 2021 with effect from July 01, 2021 whereby Clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the Income Tax exemption available to Modarabas has been withdrawn. Accordingly, no provision for Income Tax is required in the annual accounts for year ended June 30, 2021. The Modaraba sector will be taxable from July 01st 2021.

### NATURE OF BUSINESS AND MARKET DYNAMICS:

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

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

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

## **ECONOMIC REVIEW**

The economy has witnessed a V-shaped economic recovery with 3.94 percent growth in FY2021 against the negative growth of 0.47 percent last year. It is worth mentioning that after 15 years, the economic growth has surpassed its target. The outgoing fiscal year has witnessed a broad-based growth across all sectors.

## **STRATEGY FOR BUSINESS SUSTAINABILITY**

As our business strategy, we shall remain focused on following areas in FY 2021 -2022:

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

## **RESOURCES, OPPORTUNITIES, BUSINESS RISKS AND MITIGANTS:**

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

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

Your Management Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2021. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report.

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



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

#### **TRADING / DEALING IN CERTIFICATE OF MODARABA:**

During the fiscal year, no trade in the certificate of the Modaraba was carried out except the CEO has purchased 123,775 BRRGM's Certificates

In addition the CEO has been issued 1,056,535 Certificates of the BRRGM due to Right Allotment and the Chairman has been issued 36,380 Certificates of the BRRGM due to Right Allotment and (his spouse) has been issued 2,324 Certificates of the BRRGM due to Right Allotment.

#### **CODE OF CONDUCT:**

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

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

**STAFF RETIREMENT BENEFITS:**

BRR Guardian Modaraba operates a Provident Fund scheme for all permanent employees. The value of investments as at June 30, 2021 is Rs 145.068 million (2020: Rs. 143.080 million).

**POST BALANCE SHEET EVENTS:**

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

**TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES:**

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

**AUDITORS:**

We would also like to apprise the certificate-holders that on recommendation of Audit Committee M/s Horwath Hussain Chaudhury & Co - Chartered Accountants have been re appointed as auditors for the year ended 2021-22.

**KEY OPERATING AND FINANCIAL DATA:**

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

**RISK MANAGEMENT FRAMEWORK:**

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

**Board of Directors Meetings**

The status of Board of Directors Meetings is as follows:

Sr. No	Name	Designation	Attendance
1	Mr. Rafique Dawood	Chairman	5 out of 5
2	Mr. Ayaz Dawood	CEO	5 out of 5
3	Mr. Waqas Anwer Qureshi	Director	5 out of 5
4	Syed Ali Raza	Director	5 out of 5



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## **Audit Committee Meetings**

The status of Board Audit Committee Meetings is as follows:

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

## **INTERNAL CONTROL AND AUDIT FUNCTION:**

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

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

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

## **HUMAN RESOURCE MANAGEMENT POLICIES & SUCCESSION PLANNING:**

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

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

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



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## **SUCCESSION PLAN:**

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

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

## **CORPORATE SUSTAINABILITY:**

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

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

### **Corporate Social Responsibility:**

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

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

### **Health, Safety & Environment**

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

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

## **PATTERN OF CERTIFICATE HOLDING:**

The pattern of certificate holding as on June 30, 2021 along with disclosure as required under the Code of Corporate Governance is annexed.



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### **DIRECTORS' TRAINING PROGRAM:**

All the directors of the board are having more than 16 years of education including Two out of four Directors duly approved PICG and ICMA i.e. 50% and more than 22 years of experience. Further, the directors of the company have been provided with copies of the Code of Corporate Governance, Modaraba Rules, Company's Memorandum and Articles of Association, Modaraba Prospectus and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Modaraba, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities.

### **CONCLUSION / FUTURE PROSPECT:**

In view of the withdrawal of Tax exemption of modaraba, the management has decided to convert your modaraba into a company listed on PSX.

We believe that the cost of regulatory compliance on modaraba is greater than the benefits.

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

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**Syed Ali Raza**  
Director

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**Ayaz Dawood**  
Chief Executive Officer

September 30, 2021  
Karachi.



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## ڈائریکٹرز کی رپورٹ

بی. آر. آر. انویسٹمنٹ (پرائیویٹ) لمیٹڈ ("بی آر آر آئی" یا کمپنی)، بورڈ آف ڈائریکٹرز کی طرف سے، بی آر آر گارجین مڈارباہ (بی آر آر جی ایم) کے مینیجر کی حیثیت سے ہم جون 30، 2021 کو ختم ہونے والے سال کی سالانہ رپورٹ اور آڈٹ کئے گئے مالیاتی گوشوارے پیش کرتے ہوئے بے حد مسرت محسوس کر رہے ہیں۔

## مڈارباہ کی کارکردگی

تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

جون 2020،30	جون 2021،30	
پاکستانی روپے میں		
170,867,643	186,977,188	جائیداد میں سرمایہ کاری سے حاصل کرائے کی آمدن
40,741,027	46,706,404	لاکڑ اور تھوہیلیاتی خدمات سے حاصل کرائے کی آمدن
188,521,466	304,663,356	منافع قبل از انتظامیہ کی فیس اور ڈیلو ڈیلو ایف
17,152,959	31,942,494	انتظامیہ کی فیس
2,229,885	4,152,524	انتظامیہ فیس پر سیلز ٹیکس
3,042,935	5,666,598	ورکرز ویلفیئر فنڈ کی فراہمی
166,095,687	262,901,740	منافع بعد از انتظامیہ کی فیس اور ڈیلو ڈیلو ایف
1.88	2.90	نفع فی سٹیفیکٹ

## ڈیویڈنڈ

بورڈ آف ڈائریکٹرز گزشتہ برس کے 0.78 روپے کے مقابلے میں 30 جون، 2021 کو ختم ہونے والے سال کے لیے فی سٹیفیکٹ 1.32 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہیں جو کہ پچھلے سال سے 1.69 گنا زیادہ ہے۔

مزید یہ کہ سال کے دوران مڈارباہ کے رائٹ اجرائی تجارت کا آغاز 30 دسمبر 2020 کو ہوا جو 28 جنوری 2021 کو کل رقم کی وصولی کے ساتھ کامیابی سے مکمل ہو گیا۔ یہ رائٹ سٹیفیکٹ بھی مکمل ڈیویڈنڈ حاصل کر رہے ہیں۔

## مڈارباہ کو ٹیکس رعایت کی واپسی

فنانس بل، 2021 نے 22 مارچ 2021 کو نافذ کردہ ٹیکس لاء (دوسری ترمیم) آرڈیننس 2021 کی توثیق کر دی ہے اور 01 جولائی 2021 سے اسے قانونی حیثیت دے دی ہے جس کے تحت انکم ٹیکس آرڈیننس 2021 کے دوسرے شیڈول کے حصہ 1 کی شق 100 کو واپس لے لیا گیا ہے جو مڈارباہ کو دستیاب انکم ٹیکس رعایت کے متعلق تھی۔ اس کے مطابق 30 جون 2021 کو ختم ہونے والے سال کے گوشواروں میں انکم ٹیکس کی فراہمی کی کوئی ضرورت نہیں ہے۔ مڈارباہ سیکٹر 01 جولائی 2021 سے قابل ٹیکس ہو گا۔



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## کاروبار کی نوعیت اور مارکیٹ ڈائنامیکس

بی آر آر گارجین مضاربہ پاکستان میں مضاربہ کی داغ بیل ڈالنے والوں میں سے ہے۔ اس کا قیام 1983 میں مستقل مضاربہ کے تصور پر کیا گیا۔ یہ پاکستان کا سب سے قدیم اسلامی مالیاتی ادارہ ہے۔

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

بی. آر. آر. گارجین مضاربہ نے ایک جدید بی. آر. آر. سیکورٹی والٹ بھی تعمیر کیا ہے جس نے جولائی 1989 میں کاروبار کی شروعات کی۔ یہ شارع قائدین پہ بنائی گئی قلعہ نما عمارت اپنے اندر اور گرد اعلیٰ سیکورٹی کے ساتھ خوشگوار اور دوستانہ ماحول کا ایک منفرد امتزاج پیش کرتی ہے۔

## اقتصادی جائزہ

گزشتہ سال کی 0.47 فیصد کی منفی نمو کے مقابلے میں معیشت نے مالی سال 2021 میں 3.94 فیصد نمو کے ساتھ V کی شکل کی معاشی بحالی دیکھی ہے۔ یہ بات قابل ذکر ہے کہ 15 سال کے بعد معاشی نمو اپنے ہدف سے تجاوز کر گئی ہے۔ جانے والے مالی سال نے تمام شعبوں میں وسیع پیمانے پر نمود دیکھی ہے۔

## کاروباری استحکام کے لیے حکمت عملی

مالی سال 2021-22 کے لیے ہم درج ذیل شعبوں پر متوجہ رہیں گے:

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

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

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

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

آپ کی ناظم کمپنی نے جون 30، 2021 کو ختم ہونے والے سال سے متعلقہ کوڈ آف کارپوریٹ گورننس کے احکامات نافذ کردئے ہیں۔ کوڈ آف کارپوریٹ گورننس کے مطابق ایکسٹرنل آڈیٹرز کی جائزہ رپورٹ اس دستاویز سے منسلک ہے۔



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

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

## مضاربہ سرٹیفیکیٹ میں تجارت / لین دین

گزرے ہوئے مالی سال میں مضاربہ کے سرٹیفیکیٹس میں کوئی ٹریڈنگ نہیں ہوئی، سوائے سی ای او کے جنہوں نے 123,775 بی آر آرجی ایم کے سرٹیفیکیٹس خریدے۔ اس کے علاوہ سی ای او کورائٹ الاٹمنٹ کی وجہ سے بی آر آرجی ایم کے 1,056,535 سرٹیفیکیٹس جاری کئے گئے ہیں اور چیئرمین کورائٹ الاٹمنٹ کی وجہ سے بی آر آرجی ایم کے 36,380 سرٹیفیکیٹس جاری کئے گئے ہیں اور (انکی شریک حیات) کورائٹ الاٹمنٹ کی وجہ سے بی آر آرجی ایم کے 2,324 سرٹیفیکیٹس جاری کئے گئے ہیں۔

## ضابطہ اخلاق

بورڈ آف ڈائریکٹرز نے کاروباری معاملات میں تمام مروج اصولوں اور پریکٹس کا خاص خیال رکھا ہے۔ اس حوالے سے ایک ضابطہ اخلاق اپنایا گیا ہے۔ اس سلسلے میں تمام قانونی تقاضوں کا انفرادی طور پر احساس ذمہ داری کے ساتھ خیال رکھا گیا ہے۔

ضابطہ اخلاق اچھے کاروباری رویے کی نشاندہی کرتا ہے اور ایمان داری، شفافیت اور روشن خیالی پر فیشنل طرز فکر و عمل کا پتہ دیتا ہے۔

## نوائے اسٹاف ریٹائرمنٹ

تمام مستقل ملازمین کے لیے پرائیڈنڈ فنڈ موجود ہے۔ جون 30، 2021 تک سرمایہ کاری کی قدر 145.068 ملین روپے رہی جو 2020 میں 143.080 ملین روپے تھی۔



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## واقعات بعد از بیلنس شیٹ

بیلنس شیٹ کے اجراء تک کوئی غیر موافق صورت حال درپیش نہیں ہوئی جس کی رو سے مالیاتی گوشواروں میں ردوبدل کی ضرورت ہو۔

## منسلک افراد / متعلقہ فریقین سے لین دین

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

## آڈیٹرز

ہم سرٹیفکیٹ ہولڈرز کو مطلع کرتے ہیں کہ آڈٹ کمیٹی کی تجویز پر ہو رو تھ حسین چوہدری اینڈ کمپنی کو برائے سال 2021-22 کے لئے آڈیٹر تعینات کیا جا رہا ہے۔

## اہم آپریٹنگ اور مالی اعداد و شمار

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

## رسک مینجمنٹ فریم ورک

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

## بورڈ آف ڈائریکٹرز کا اجلاس

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

نمبر	نام	عہدہ	حاضری
1	جناب رفیق داؤد	چیئرمین	5 میں سے 5
2	جناب ایاز داؤد	سی ای او	5 میں سے 5
3	جناب وقاص انور قریشی	ڈائریکٹر	5 میں سے 5
4	سید علی رضا	ڈائریکٹر	5 میں سے 5



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## آڈٹ کمیٹی کا اجلاس

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

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

## انٹرنل کنٹرول اور آڈٹ

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

1. مروج انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز، اسلامک فنانشل اکاؤنٹنگ اسٹینڈرڈز، مضاربہ کمپنیز اینڈ مضاربہ (فلوٹیشن اینڈ کنٹرول) آرڈیننس مجریہ 1980، مضاربہ کمپنیز رولز مجریہ 1981 اور بورڈ آف ڈائریکٹرز کے طے کردہ طریق کار اور پالیسیوں پر عمل کرنا۔
2. اکاؤنٹنگ اور انٹرنل کنٹرول سسٹم کا جائزہ لینا۔
3. تمام کاروباری معاملات میں کفایت، بہتر کارکردگی اور اثربخوری کا جائزہ لینا۔ کارپوریٹ اصطلاح میں اسے ویلیو فار منی آڈٹس کہا جاتا ہے۔
4. فنانشل اور آپریشنل معاملات کا جائزہ۔
5. اہم خطرات کی تشخیص اور نشاندہی۔

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

## انسانی وسائل کا نظم و نسق اور جانشینی کی منصوبہ بندی

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



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

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

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

## جانشینی کی منصوبہ بندی

ہم باصلاحیت اور پر عزم نوجوانوں کو ورک فورس کا حصہ بنانے تک محدود نہیں رہتے بلکہ انہیں مستقبل میں قائدانہ کردار ادا کرنے کے قابل بنانے پر بھی توجہ دیتے ہیں۔

بی آر جی ایم کا یقین اس بات پر ہے کہ باصلاحیت افراد کو زیادہ سے زیادہ مواقع دیئے جانے چاہئیں تاکہ وہ اپنی صلاحیتوں کو پروان چڑھائیں اور انہیں بروئے کار لا کر اپنے بہتر امکانات پیدا کریں۔ سکسٹھن پلان کارکردگی اور صلاحیت و سکت دونوں پہلوؤں پر نظر رکھتا ہے۔ ایسی صورت میں کسی بھی وقت کسی باصلاحیت ملازم کو ڈھونڈنے میں دشواری پیش نہیں آتی اور یوں اسے موزوں ذمہ داری دے کر بہتر کارکردگی کے قابل بنایا جاسکتا ہے۔

## کاروباری پائیداری

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

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



**B.R.R. Guardian Modaraba**  
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## کارپوریٹ سماجی ذمہ داری

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

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

## صحت، حفاظتی تدابیر اور ماحول

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

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

## سرٹیفکیٹ ہولڈنگ کی طرز

30 جون، 2021 کو ختم ہونے والے مالی سال کے لیے پیٹرن آف سرٹیفکیٹ ہولڈنگ اور کوڈ آف کارپوریٹ گورننس کے تحت مطلوب ڈسکلوژر اس دستاویز سے منسلک ہے۔

## ترقیاتی پروگرام برائے ڈائریکٹرز

بورڈ کے تمام ڈائریکٹرز 16 سال سے زائد تعلیم کے حامل ہیں جن میں سے دو ڈائریکٹرز PICG اور ICMA سے منظور شدہ ہیں جو کہ 50 فیصد بنتا ہے اور 22 سال سے زائد کا تجربہ بھی رکھتے ہیں۔ اس کے علاوہ کمپنی کے ڈائریکٹرز کو کوڈ آف کارپوریٹ گورننس، مضاربہ رولز، کمپنی کے میمورینڈم اور آرٹیکلز آف اسیوشن، مضاربہ پراسیکٹس اور دیگر تمام متعلقہ قواعد و ضوابط کی کاپیاں فراہم کی گئی ہیں جس کی وجہ سے وہ مضاربہ سے متعلق تمام قابل اطلاق قوانین، اس کی پالیسیوں اور طریقہ کار اور میمورینڈم اور آرٹیکلز آف اسیوشن کی شقوں اور اپنے فرائض اور ذمہ داریوں کا مکمل علم رکھتے ہیں۔



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

## اختتامی کلمات / مستقبل کی حکمتِ عملی

مضارہ کی ٹیکس کی رعایت واپس لینے کے پیش نظر، انتظامیہ نے فیصلہ کیا ہے کہ آپ کے مضارہ کو پی ایس ایکس پریسٹڈ کمپنی میں تبدیل کیا جائے۔

ہم سمجھتے ہیں کہ مضارہ پر ریگولیٹری تعمیل کی قیمت فوائد سے زیادہ ہے۔

از طرف بورڈ آف ڈائریکٹرز

بی. آر. آر. انویسٹمنٹ (پرائیوٹ) لمیٹڈ

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ایاز داؤد

چیف ایگزیکٹو آفیسر

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سید علی رضا

ڈائریکٹر

ستمبر 30، 2021

کراچی

**AUDITORS' REPORT TO THE MEMBERS**

We have audited the annexed consolidated financial statements comprising consolidated balance sheet of **B.R.R. GUARDIAN MODARABA** ("the holding company") and its subsidiary company as at June 30, 2021 and the related consolidated profit and loss account, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity together with the notes forming part thereof, for the year then ended. We have also expressed separate opinion on the financial statements of **B.R.R. GUARDIAN MODARABA** except for **BRR Financial Services (Private) Limited** which were audited by another firm of chartered accountants whose reports have been furnished to us and our opinion is so far as it relates to the amount included for such companies is based solely on the report of such other auditor. These financial statements are the responsibility of the holding company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the consolidated financial statements present fairly the financial position of the **B.R.R. GUARDIAN MODARABA** and its subsidiary company as at June 30, 2021 and the results of their operations for the year then ended.

**Emphasis of Matter**

We draw attention to Note 46 of the consolidated financial statements, which describes the Board of Directors' principal approval for the conversion of BRR Guardian Modaraba into a public limited company incorporated under the laws of Pakistan by incorporating a new public limited company. Our opinion is not modified in respect of this matter



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

Place: Karachi

Date: 30 SEP 2021

# Shari'ah Advisor's Report

BRRFS.SAR/N.6/2021

I have conducted the Shari'ah review of **B.R.R. Financial Services (Private) Limited** wholly owned subsidiary **B.R.R. Guardian Modaraba** for the year ended 30<sup>th</sup> June, 2021. In accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modaraba that except the observation as reported hereunder. In my opinion:

1. To the best of my information and according to the explanations given to me BRR Financial Services Private Limited- a wholly owned subsidiary of BRR Guardian Modaraba (BRRGM) time to time landed approximately PKR 40,000,000/ loan to BRRGM (the parent company) without shariah approval and earned PKR 473,972 in year ended 2021. However this transaction was not with line of shariah as mentioned in last Advisory Report. This transaction has been cancelled. Accordingly, BRRFS has returned all received profit to date to the modaraba and the modaraba has repaid the whole outstanding loan amount to BRRFS.
2. Without prior Shariah approval future transactions were carried out by BRRFS, and still being done so BRRFS should stop them and all received amount if any on these transactions, shall have to transfer to charity fund. BRRFS should follow shariah mode that was issued in this regard dated 04 Jan 2020 by the Shariah Advisor for BRRGM – the parent company.
3. The dividend income received from July 01, 2020 to June 30, 2021 was purified and charity on dividend income amounting to PKR: 5,960/ have to transfer to charity fund.

## **Observations:**

- **B.R.R. Financial Services (Private) Limited subsidiary of B.R.R. Guardian Modaraba** should operate all business with line of Shari'ah .

## **Conclusion:**

- Based on the above mentioned facts I am of the view that the business operations of **B.R.R. Financial Services (Private) Limited subsidiary of B.R.R. Guardian Modaraba** are Shari'ah Compliant up to the best of my knowledge.



**Mufti Muhammad Aqeel**

Shari'ah Advisor

Date: August 11, 2021



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

## CONSOLIDATED BALANCE SHEET AS AT JUNE 30, 2021

		2 0 2 1	2 0 2 0
	Note	----- Rupees -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6	93,366,207	93,450,103
Investment properties	7	942,279,180	982,181,780
Long-term musharaka finances	8	67,308,227	36,575,223
Long-term loans, advances and deposits	9	6,491,123	5,929,675
<b>Total non-current assets</b>		<b>1,109,444,737</b>	1,118,136,781
<b>Current assets</b>			
Short-term investments	10	1,975,990,073	865,012,982
Current portion of musharaka finances	8	25,809,072	21,074,868
Ijarah / lease rental receivable	11	36,934	671,145
Loans, advances and prepayments	12	17,511,532	7,814,581
Accrued profit	13	455,240	1,257,718
Other receivables	14	90,775,932	14,470,000
Taxation	15	19,548,103	23,815,777
Cash and bank balances	16	40,048,179	41,530,052
<b>Total current assets</b>		<b>2,170,175,065</b>	975,647,123
<b>TOTAL ASSETS</b>		<b>3,279,619,802</b>	2,093,783,904
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserve</b>			
Authorised capital 140,000,000 (2020: 140,000,000) Modaraba certificates of Rs. 10/- each		<b>1,400,000,000</b>	1,400,000,000
Issued, subscribed and paid-up certificate capital	17	949,984,890	863,622,630
Reserves	18	580,082,397	395,579,653
Surplus on revaluation of investments	19	1,353,384,630	486,928,899
		<b>2,883,451,917</b>	1,746,131,182
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Long-term loans	20	-	20,652,000
Long-term murabaha, musharaka and finance under mark-up arrangements	21	-	-
Long-term security deposits	22	66,182,475	84,784,856
<b>Total non-current liabilities</b>		<b>66,182,475</b>	105,436,856
<b>Current liabilities</b>			
Current portion of long-term loans	20	27,544,684	34,428,684
Current portion of long-term murabaha, musharaka and finance under mark-up arrangements	21	90,000,000	50,000,000
Current portion of security deposits	22	22,495,349	800,590
Creditors, accrued and other liabilities	23	157,850,844	126,546,142
Accrued profit on borrowings	24	83,978	613,854
Profit distribution payable	25	32,010,555	29,826,596
<b>Total current liabilities</b>		<b>329,985,410</b>	242,215,866
<b>Contingencies and commitments</b>	26		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,279,619,802</b>	2,093,783,904

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

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

\_\_\_\_\_  
**Rafique Dawood**  
Chairman

\_\_\_\_\_  
**Ayaz Dawood**  
Chief Executive Officer

\_\_\_\_\_  
**Syed Ali Raza**  
Director

\_\_\_\_\_  
**Syed Tariq Masood**  
Chief Financial Officer



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

## CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2021

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0 ----- Rupees -----
<b>INCOME</b>			
Rental income	27	<b>233,683,592</b>	211,608,670
Income on musharaka, murabaha		<b>10,054,689</b>	13,232,502
Ijarah rental income - net	28	<b>952,441</b>	5,149,929
Return on investments - net	29	<b>77,469,151</b>	38,184,664
Profit on bank balances		<b>712,707</b>	887,210
Reversal of provision for doubtful receivables	30	<b>2,686,751</b>	23,283,745
Gain on disposal of ijarah assets		<b>374,032</b>	839,797
Other income	31	<b>1,937,193</b>	2,907,474
Reversal of impairment on property	32	-	22,619,675
Unrealised gain on revaluation of FVTPL investment		<b>175,924,661</b>	39,723,527
		<b>503,795,217</b>	358,437,193
<b>EXPENSES</b>			
Administrative expenses	33	<b>150,704,767</b>	127,575,887
Depreciation on Investment Properties	7.1	<b>41,817,784</b>	33,950,413
Financial charges	34	<b>6,609,310</b>	8,389,427
		<b>199,131,861</b>	169,915,727
		<b>304,663,356</b>	188,521,466
Modaraba management company's fee	35	<b>31,942,494</b>	17,152,959
Sales tax on modaraba management company's fee		<b>4,152,524</b>	2,229,885
Provision for Sindh Workers' Welfare Fund	36	<b>5,666,598</b>	3,042,935
Profit before taxation		<b>262,901,740</b>	166,095,687
Taxation	37	<b>91,953</b>	1,155,757
Net profit for the year		<b>262,809,787</b>	164,939,930
Earnings per certificate - basic and diluted	38	<b>2.90</b>	<b>(Restated)</b> 1.88

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## **CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021**

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- Rupees -----	-----
Profit for the year	<b>262,809,787</b>	164,939,930
<b>Other comprehensive gain for the year</b>		
Items that will be subsequently reclassified :		
Unrealised gain on revaluation of fair value through OCI investments	<b>855,511,253</b>	229,038,273
<b>Total comprehensive income for the year</b>	<b><u>1,118,321,040</u></b>	<u>393,978,203</u>

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

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

**Rafique Dawood**  
Chairman

**Ayaz Dawood**  
Chief Executive Officer

**Syed Ali Raza**  
Director

**Syed Tariq Masood**  
Chief Financial Officer



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

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0 -----
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		<b>262,901,740</b>	166,095,687
<b>Adjustment of non-cash and other items:</b>			
Depreciation	6.1 & 7.1	<b>54,807,935</b>	44,385,142
Amortisation on ijarah assets	6.2.2	<b>1,923,036</b>	7,085,722
Provision against doubtful receivable - net	30	<b>(2,686,751)</b>	(23,283,745)
Gain on disposal of property and equipment - owned		<b>(628,542)</b>	(757,575)
Gain on disposal of property, plant and equipment - leased / ijarah		<b>(374,032)</b>	(839,797)
Ijarah rental income		<b>(2,875,477)</b>	(12,235,651)
Profit on musharaka, murabaha and finance under mark-up arrangements		<b>(10,054,689)</b>	(13,232,502)
Unrealised (gain)/ loss on revaluation of FVTPL investments		<b>(175,924,661)</b>	(39,723,527)
Impairment of assets		-	(22,619,675)
Financial charges		<b>6,609,310</b>	8,389,427
Return on investments - net		<b>(79,996,715)</b>	(38,870,987)
		<b>(209,200,586)</b>	(91,703,168)
		<b>53,701,154</b>	74,392,519
<b>(Increase) / decrease in current assets</b>			
Ijarah / lease rentals receivable		<b>3,509,688</b>	12,134,754
Loans, advances and prepayments		<b>(10,258,399)</b>	4,448,790
Accrued profit		<b>10,857,167</b>	12,381,741
Other receivables		<b>(76,305,932)</b>	(853,697)
		<b>(72,197,476)</b>	28,111,588
<b>(Decrease) / increase in current liabilities</b>			
Creditors, accrued and other liabilities		<b>27,298,589</b>	11,998,189
Rent received in advance		<b>4,006,113</b>	(24,097,865)
Customers' security deposit		<b>3,092,378</b>	1,951,893
		<b>34,397,080</b>	(10,147,783)
Income tax refund / (paid) - net		<b>4,175,720</b>	(7,504,376)
Net cash generated from operating activities		<b>20,076,478</b>	84,851,948



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## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Addition to property and equipment - owned	6.1	<b>(20,797,990)</b>	(16,202,742)
Addition to investment properties	7.1	<b>(1,372,000)</b>	(4,407,862)
Proceeds from the disposal of property and equipment - owned		<b>687,268</b>	1,493,939
Proceeds from disposal of Office Equipments - investment properties		-	138,926
Proceeds from disposal of property, plant and equipment - leased / ijarah		<b>5,740,822</b>	8,546,875
Investments disposed (purchased) / disposed - net		<b>(19,694,424)</b>	(27,747,894)
Income received on investments		<b>20,149,962</b>	12,434,454
Musharaka finances		<b>(32,780,457)</b>	25,325,736
Net cash used in investing activities		<b>(48,066,819)</b>	(418,568)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit paid to certificate holders		<b>(65,178,606)</b>	(20,219,821)
Finance under murabaha, musharaka and finance under mark-up arrangements	21.3	<b>40,000,000</b>	(29,677,418)
Long-term loan	20.2	<b>(27,536,000)</b>	(27,536,000)
Right Share Subscription Money Received		<b>86,362,260</b>	-
Financial charges paid		<b>(7,139,186)</b>	(8,172,847)
Net cash generated / (used in) financing activities		<b>26,508,468</b>	(85,606,086)
Net decrease in cash and cash equivalents		<b>(1,481,873)</b>	(1,172,706)
Cash and cash equivalents at the beginning of the year		<b>41,530,052</b>	42,702,758
Cash and cash equivalents at the end of the year	16	<b>40,048,179</b>	41,530,052

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

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## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021

Description	Issued, subscribed and paid-up certificate capital	Capital reserves			Revenue reserve	Surplus on revaluation of investment	Total
		Profit prior to floatation	Merger reserve	Statutory reserve	Accumulated loss		
----- (Rupees) -----							
<b>Balance as at July 01, 2019</b>	863,622,630	10,532,683	44,902,567	756,012,170	(560,364,899)	258,174,771	1,372,879,922
Profit for the year ended June 30, 2021	-	-	-	-	164,939,930	-	164,939,930
Unrealized loss on revaluation of fair value through OCI investments - net	-	-	-	-	-	229,038,273	229,038,273
Total comprehensive income for the year	-	-	-	-	164,939,930	229,038,273	393,978,203
Transfer of gain on disposal of fair value through OCI investments	-	-	-	-	284,145	(284,145)	-
Profit distribution for the year ended June 30, 2019 @ 0.24	-	-	-	-	(20,726,943)	-	(20,726,943)
Transfer to statutory reserve	-	-	-	74,257,700	(74,257,700)	-	-
<b>Balance as at June 30, 2020</b>	863,622,630	10,532,683	44,902,567	830,269,870	(490,125,467)	486,928,899	1,746,131,182
Profit for the year ended June 30, 2021	-	-	-	-	262,809,787	-	262,809,787
Unrealized gain on revaluation of fair value through OCI investments - net	-	-	-	-	-	855,511,253	855,511,253
Total comprehensive income for the year	-	-	-	-	262,809,787	855,511,253	1,118,321,040
Transfer of loss on disposal of fair value through OCI	-	-	-	-	(10,944,478)	10,944,478	-
Profit distribution for the year ended June 30, 2020 @ 0.78	-	-	-	-	(67,362,565)	-	(67,362,565)
Issue of Right Certificates	86,362,260	-	-	-	-	-	86,362,260
Transfer to statutory reserve	-	-	-	138,332,205	(138,332,205)	-	-
<b>Balance as at June 30, 2021</b>	<b>949,984,890</b>	<b>10,532,683</b>	<b>44,902,567</b>	<b>968,602,075</b>	<b>(443,954,928)</b>	<b>1,353,384,630</b>	<b>2,883,451,917</b>

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

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

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(Modaraba Management Company)**

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Chairman

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## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021**

### **1. LEGAL STATUS AND NATURE OF THE BUSINESS**

These consolidated financial statements consist of the following group companies:

#### **1.1 Holding Company**

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

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

#### **1.2 Subsidiary Company**

The group comprises of the following subsidiary company.

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

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

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

### **2 SUMMARY OF SIGNIFICANT TRANSACTIONS AND EVENTS DURING THE YEAR**

Following the financial year that ended on June 30, 2020, increase in the COVID positive cases have been observed in the country and worldwide at different time intervals. At balance sheet date of these financial statements and later on, the infection rate is on increase in the country and as a consequence, the government has formally tighten the implementation of COVID related standard operating procedures along with enforcement of some other strict measures. However, there is no alarming indication towards infection spread at large scale leading towards economic and business lockdown in the country.

The Modaraba is closely monitoring the situation and is of the view that adequate controls business continuity plans, remote working capabilities and procedures are in place that ensures the safety and security of the staff and uninterrupted service to the customers. Further, the Modaraba has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks.

The Modaraba has made an assessment of COVID-19 on the credit risk and liquidity risk and believes that there is no significant impact on the Modaraba.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

These consolidated financial statements have been prepared in accordance with the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981,



**B.R.R. Guardian Modaraba**  
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Trust Deed and directives issued by the Securities and Exchange Commission of Pakistan (the SECP) ('collectively the applicable Modaraba laws, the Modaraba Regulations') together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under 'the Modaraba Regulations'. Wherever the requirements of the applicable Modaraba laws, the Modaraba Regulations differ with the requirement of IFRSs, the requirement of collectively the applicable Modaraba laws, the Modaraba Regulations and IFAS shall prevail.

### **3.2 Basis of consolidation**

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

### **3.3 Basis of measurement**

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

### **3.4 Functional and presentation currency**

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

### **3.5 Significant accounting estimates and judgments**

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

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

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

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

### **4.1 Standards, amendments and interpretations to the published standards that are effective in current year**

Certain standards, amendments and interpretations to IFRS are effective for accounting periods beginning on July 01, 2020 but are considered not to be relevant or to have any significant effect on the Modaraba's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these financial statements.

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

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2020 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.



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

There are certain standards, amendments to the IFRS and interpretations that are mandatory for companies having accounting periods beginning on or after April 1, 2021 but are considered not to be relevant or to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements, except for the following:

##### **Standard or Interpretation**

##### **Effective Date "(Annual periods beginning on or after)"**

IAS 1 - Presentation of financial statements

April 21, 2021

#### **(a) Classification of liabilities - Amendment to IAS 1**

The IASB issued a narrow-scope amendment to IAS 1, 'Presentation of Financial Statements', to clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability.

In particular, the amendment clarifies that:

- liabilities are classified as non-current if the entity has a substantive right to defer settlement for at least 12 months at the end of the reporting period. The amendment no longer refers to unconditional rights;
- the assessment determines whether a right exists, but it does not consider whether the entity will exercise the right. So, management's expectations do not affect the classification;
- the right to defer only exists if the entity complies with any relevant conditions at the reporting date. A liability is classified as current if a condition is breached at or before the reporting date and a waiver is obtained after the reporting date; and
- Settlement is defined as the extinguishment of a liability with cash, other economic resources or an entity's own equity instruments

The management has assessed that the impact of this amendment is not expected to be significant.

#### **(b) Disclosure of accounting policies and definition of accounting estimates - Amendment to IAS 1 and IAS 8**

The IASB amended IAS 1, 'Presentation of Financial Statements', to require companies to disclose their material accounting policy information rather than their significant accounting policies. The amendment also clarifies that accounting policy information is expected to be material if, without it, the users of the financial statements would be unable to understand other material information in the financial statements. Further, the amendment to IAS 1 clarifies that immaterial accounting policy information need not be disclosed. However, if it is disclosed, it should not obscure material accounting policy information.

The amendment to IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, but changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

The management has assessed that the impact of this amendment is not expected to be significant.



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

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

##### **Standard or Interpretation**

##### **Effective Date "(Annual periods beginning on or after)"**

IFRS 14 - Regulatory Deferral Accounts  
IFRS 17 - Insurance Contracts

January 01, 2018  
January 01, 2022

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

#### **5 SIGNIFICANT ACCOUNTING POLICIES**

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

##### **5.1 Property, plant and equipment under ijarah arrangements**

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

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

##### **5.1.1 Property, plant and equipment under lease arrangements**

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

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

##### **5.1.2 Property, plant and equipment under own use**

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

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

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

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

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



## **5.2 Capital work-in-progress**

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

## **5.3 Investment properties**

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

Properties held to earn rentals or for capital appreciation are classified as an investment properties. The investment properties of the Modaraba comprises of buildings including capital work-in-progress and is valued using the cost method i.e. at cost less any accumulated depreciation and any impairment losses.

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

## **5.4 Non current assets held for sale**

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

## **5.5 Financial assets**

The Modaraba classifies its financial assets into following three categories:

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

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

### **5.5.1 Subsequent measurement**

#### **Debt instruments at FVTOCI**

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

#### **Equity instruments at FVTOCI**

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

#### **Financial assets FVTPL**

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



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## **Financial assets measured at amortised cost**

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

### **5.6 Provisions for doubtful receivables**

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

### **5.7 Trade date accounting**

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

### **5.8 Impairment**

#### **5.8.1 Impairment on Financial assets.**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit loss model, rather than the current incurred loss model, when assessing the impairment of financial asset in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVTOCI, but not to investment in equity instruments.

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

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

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

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

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

#### **5.8.2 Impairment on Non-financial assets**

The Modaraba assesses at each balance sheet date whether there is any indication that assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognised in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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



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## **5.9 Derecognition of financial instruments**

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

## **5.10 Revenue recognition**

### **5.10.1 Ijarah income / operating lease income**

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

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

### **5.10.2 Murabaha and musharaka transactions**

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

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

### **5.10.3 Rental income**

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

### **5.10.4 Dividend income**

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

### **5.10.5 Gain and losses on sale of investment**

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

### **5.10.6 Income on debt securities**

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

### **5.10.7 Income on balances with banks**

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

### **5.10.8 Unrealised income on non-performing assets**

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

## **5.11 Taxation**

### **5.11.1 Current**

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account tax credit and tax rebates realisable, if any. Under clause 100 of Part I of the Second Schedule to the Income Tax



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Ordinance, 2001, the non-trading income of modarabas is exempt from income tax, provided not less than 90% of its profits, after appropriation to statutory reserves as required under Modaraba Regulations, are distributed to the certificate holders of the Modaraba.

#### **5.11.2 Deferred**

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

#### **5.12 Staff provident fund**

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

#### **5.13 Foreign currencies translation**

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

#### **5.14 Financial assets**

Financial assets include lease rentals receivable, investments, musharaka and murabaha finances, deposits and other receivables, excluding taxation. Lease rentals receivable, musharaka, murabaha and other receivables are stated at cost as reduced by appropriate allowances for estimated irrecoverable amounts.

#### **5.15 Financial liabilities**

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

#### **5.16 Cash and cash equivalents**

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

#### **5.17 Profit distribution and other appropriations of profit**

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

#### **5.18 Offsetting financial assets and financial liabilities**

A financial asset and a financial liability is offset and the net amount reported in the balance sheet, if the Modaraba has a legal enforceable right to set off the transaction and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. Corresponding income on the assets and charge on the liability is also offset.



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## 5.19 Segment reporting

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

## 5.20 Earnings per certificate

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

## 5.21 Related party transactions

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

6	PROPERTY, PLANT AND EQUIPMENT	Note	2021	2020
			----- Rupees -----	
	Property and equipment - owned	6.1	<b>70,674,581</b>	63,468,651
	Property, plant and equipment- leased / ijarah	6.2	<b>22,691,626</b>	29,981,452
			<b>93,366,207</b>	<b>93,450,103</b>

### 6.1. Property, plant and equipment - owned

Particulars	Leasehold land	Building on leasehold land	Office Premises (Ref: 6.1.1)	Lockers	Furniture and fixtures	Vehicles	Office equipment and computers	Total
	----- (Rupees) -----							
<b>Year ended June 30, 2021</b>								
<b>Net carrying value basis</b>								
Opening net book value (NBV)	1,086,989	6,753,649	28,286,604	5,837,002	3,833,601	15,305,086	2,365,720	63,468,651
Additions (at cost)	-	38,000	-	7,196,950	5,000	12,307,860	1,250,180	20,797,990
Transfer from investment property (NBV)	-	-	-	-	-	-	-	-
Disposals (NBV)	-	-	-	-	-	(58,723)	(2)	(58,725)
Transfer to investment property (NBV)	-	-	(543,184)	-	-	-	-	(543,184)
Reversal of impairment	-	-	-	-	-	-	-	-
Depreciation charge	(50,558)	(155,086)	(2,020,492)	(2,794,418)	(422,572)	(6,119,370)	(1,427,655)	(12,990,151)
<b>Closing net book value</b>	<b>1,036,431</b>	<b>6,636,563</b>	<b>25,722,928</b>	<b>10,239,534</b>	<b>3,416,029</b>	<b>21,434,853</b>	<b>2,188,243</b>	<b>70,674,581</b>
<b>Gross carrying value basis</b>								
Cost	2,527,890	26,079,419	46,733,154	31,673,168	5,380,426	42,239,273	21,048,920	175,682,250
Accumulated depreciation	(1,491,459)	(19,442,856)	(18,571,819)	(21,433,634)	(1,964,397)	(20,804,420)	(18,860,677)	(102,569,262)
Accumulated impairment	-	-	(2,438,407)	-	-	-	-	(2,438,407)
<b>Net book value</b>	<b>1,036,431</b>	<b>6,636,563</b>	<b>25,722,928</b>	<b>10,239,534</b>	<b>3,416,029</b>	<b>21,434,853</b>	<b>2,188,243</b>	<b>70,674,581</b>
<b>Year ended June 30, 2020</b>								
<b>Net carrying value basis</b>								
Opening net book value (NBV)	1,137,547	67,195,054	8,492,112	5,814,238	528,723	14,841,595	1,465,354	99,474,623
Additions (at cost)	-	1,417,630	-	616,000	3,574,467	8,135,910	2,458,735	16,202,742
Transfer from investment property (NBV)	-	-	14,299,162	-	-	-	-	14,299,162
Disposals (NBV)	-	-	-	-	-	(1,658,613)	(1)	(1,658,614)
Transfer to investment property (NBV)	-	(61,164,083)	-	-	(4)	-	(284,027)	(61,448,114)
Reversal of impairment	-	-	7,033,581	-	-	-	-	7,033,581
Depreciation charge	(50,558)	(694,952)	(1,538,251)	(593,236)	(269,585)	(6,013,806)	(1,274,341)	(10,434,729)
<b>Closing net book value</b>	<b>1,086,989</b>	<b>6,753,649</b>	<b>28,286,604</b>	<b>5,837,002</b>	<b>3,833,601</b>	<b>15,305,086</b>	<b>2,365,720</b>	<b>63,468,651</b>



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Particulars	Leasehold land	Building on leasehold land	Office Premises	Lockers	Furniture and fixtures	Vehicles	Office equipment and computers	Total
	(Rupees)							
<b>Gross carrying value basis</b>								
Cost	2,527,890	26,041,419	51,886,712	24,476,218	5,375,426	35,038,413	20,326,740	165,672,818
Accumulated depreciation	(1,440,901)	(19,287,770)	(21,161,701)	(18,639,216)	(1,541,825)	(19,733,327)	(17,961,020)	(99,765,760)
Accumulated impairment	-	-	(2,438,407)	-	-	-	-	(2,438,407)
<b>Net book value</b>	<u>1,086,989</u>	<u>6,753,649</u>	<u>28,286,604</u>	<u>5,837,002</u>	<u>3,833,601</u>	<u>15,305,086</u>	<u>2,365,720</u>	<u>63,468,651</u>
<b>Depreciation rate % per annum</b>	<b>2%</b>	<b>2-5%</b>	<b>2-5%</b>	<b>10%/5%</b>	<b>10%</b>	<b>20%</b>	<b>33.33%</b>	

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

Property and equipment	Cost	Accumulated depreciation	Net book value	Disposal proceeds	Gain on disposal	Mode of disposal	Particulars of purchaser
	Rupees						

**Vehicles**

Suzuki Swift 1300 BDG-478	1,039,000	1,038,999	1	103,900	103,899	Company Policy	Naseem Akhter
Suzuki Mehran 796 BDP-364	683,000	682,999	1	68,300	68,299	Company Policy	Muhammad Hussain
Honda City 1300 BEA-539	1,652,000	1,651,999	1	165,200	165,199	Company Policy	Syed Tariq Masood
Suzuki Cultus 1000 BEZ-171	1,065,000	1,064,999	1	106,500	106,499	Company Policy	Syed Iqbal Hassan
Super Power 70CC KIA-2818	47,000	46,999	1	4,700	4,699	Company Policy	Muhammad Shakir
Super Power 70CC KIA-2821	47,000	46,999	1	4,700	4,699	Company Policy	Sharfat Subhani
Super Power 70CC KIC-1842	47,000	46,999	1	4,700	4,699	Company Policy	Muhammad Asif
Super Power 70CC KIC-1847	47,000	46,999	1	4,700	4,699	Company Policy	Azam Khan
Super Power 70CC KIL-9026	47,500	47,499	1	4,750	4,749	Company Policy	Noor Ali Shah
Super Power 70CC KIL-9030	47,500	47,499	1	4,750	4,749	Company Policy	Tufail Ahmad
Super Power 70CC KIL-9031	47,500	47,499	1	4,750	4,749	Company Policy	Zaheer Ahmad
Super Power 70CC KIL-9035	47,500	47,499	1	4,750	4,749	Company Policy	Jan Mohammad
Super Power 70CC KIL-9037	47,500	47,499	1	4,750	4,749	Company Policy	Jigar Ali Lakani
Habib KGU-6770	43,500	43,499	1	4,350	4,349	Company Policy	Muhammad Iqbal
Super Power 70CC KIA-2824	47,000	46,999	1	4,700	4,699	Company Policy	Rizwan Ansar
Super Power 70CC KIC-1846	47,000	46,999	1	4,700	4,699	Company Policy	Khawaja Nayyer
Unique 70CC KKA-6547	47,500	39,583	7,917	12,667	4,750	Company Policy	Waqas
Unique 70CC KNV-5654	57,500	6,710	50,790	53,500	2,710	Insurance Claim	Jubilee General Window Takaful

**Office equipment and computers**

P4 - Desktop computer	32,000	31,999	1	900	899	Company Policy	Tanveer Ahmed
4 Ups with dry batteries	496,000	495,999	1	120,000	119,999	Company Policy	Narko Services

<b>June 30, 2021</b>	<b>5,635,000</b>	<b>5,576,275</b>	<b>58,725</b>	<b>687,267</b>	<b>628,542</b>		
<b>June 30, 2020</b>	<u>7,147,816</u>	<u>5,489,202</u>	<u>1,658,614</u>	<u>2,416,189</u>	<u>757,575</u>		

**Note**      **2 0 2 1**      **2 0 2 0**  
----- Rupees -----

**6.2 Property, plant and equipment - leased / ijarah**

Property, plant and equipment - leased	6.2.1 & 6.2.3	<b>19,615,249</b>	19,615,249
Property, plant and equipment - ijarah	6.2.2	<b>3,076,377</b>	10,366,203
		<u><b>22,691,626</b></u>	<u>29,981,452</u>



### 6.2.1 Property, plant and equipment - leased

Particulars	Plant and machinery	Vehicles	Motor boat	Total
	----- (Rupees) -----			

#### Year ended June 30, 2021

##### Net carrying value basis

Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
<b>Closing net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>

##### Gross carrying value basis

Cost	160,851,356	89,144,995	2,694,300	252,690,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(190,991,098)
<b>Net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>

#### Year ended June 30, 2020

##### Net carrying value basis

Opening net book value (NBV)	14,281,091	5,064,742	269,416	19,615,249
Additions (at cost)	-	-	-	-
Disposals (NBV)	-	-	-	-
Impairment	-	-	-	-
Depreciation charge	-	-	-	-
<b>Closing net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>

##### Gross carrying value basis

Cost	160,851,356	89,144,995	2,694,300	253,290,651
Accumulated impairment	(424,719)	(41,659,585)	-	(42,084,304)
Accumulated depreciation	(146,145,546)	(42,420,668)	(2,424,884)	(191,591,098)
<b>Net book value</b>	<b>14,281,091</b>	<b>5,064,742</b>	<b>269,416</b>	<b>19,615,249</b>

**Depreciation rate % per annum**      **11% - 25%**      **20% - 33%**      **20%**

### 6.2.2 Property, plant and equipment - ijarah

Particulars	Vehicles	Office equipment	Total
	----- (Rupees) -----		

#### Year ended June 30, 2021

##### Net carrying value basis

Opening net book value (NBV)	10,366,203	-	10,366,203
Additions (at cost)	-	-	-
Disposals (NBV)	(5,366,790)	-	(5,366,790)
Depreciation charge	(1,923,036)	-	(1,923,036)
<b>Closing net book value</b>	<b>3,076,377</b>	<b>-</b>	<b>3,076,377</b>



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Particulars	Vehicles	Office equipment	Total
	----- (Rupees) -----		
<b>Gross carrying value basis</b>			
Cost	12,533,000	-	12,533,000
Accumulated depreciation	(9,456,623)	-	(9,456,623)
<b>Net book value</b>	<u>3,076,377</u>	<u>-</u>	<u>3,076,377</u>
<b>Year ended June 30, 2020</b>			
<b>Net carrying value basis</b>			
Opening net book value (NBV)	24,883,303	275,700	25,159,003
Additions (at cost)	-	-	-
Disposals (NBV)	(7,536,678)	(170,400)	(7,707,078)
Depreciation charge	(6,980,422)	(105,300)	(7,085,722)
<b>Closing net book value</b>	<u>10,366,203</u>	<u>-</u>	<u>10,366,203</u>
<b>Gross carrying value basis</b>			
Cost	27,312,390	-	27,312,390
Accumulated depreciation	(16,946,187)	-	(16,946,187)
<b>Net book value</b>	<u>10,366,203</u>	<u>-</u>	<u>10,366,203</u>
<b>Depreciation rate % per annum</b>	<b>20% - 33%</b>	<b>20% - 33%</b>	

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

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

7	INVESTMENT PROPERTIES	Note	2021	2020
			----- Rupees -----	----- Rupees -----
	Investment properties	7.1	<b>933,190,180</b>	973,092,780
	Capital work- in-progress	7.2	<b>9,089,000</b>	9,089,000
			<u><b>942,279,180</b></u>	<u>982,181,780</u>

**7.1. Investment properties**

Particulars	Leasehold land	Building on leasehold land	Office premises	Total
	----- (Rupees) -----			
<b>Year ended June 30, 2021</b>				
<b>Net carrying value basis</b>				
Opening net book value (NBV)	139,524,330	546,471,257	287,097,193	973,092,780
Additions (at cost)	-	1,372,000	-	1,372,000
Transfer from owned asset (NBV)	-	-	543,184	543,184
Transfer to owned asset (NBV)	-	-	-	-
Disposals (NBV)	-	-	-	-
Reversal of impairment	-	-	-	-
Depreciation charge	(3,790,222)	(18,352,837)	(19,674,725)	(41,817,784)
<b>Closing net book value</b>	<u>135,734,108</u>	<u>529,490,420</u>	<u>267,965,652</u>	<u>933,190,180</u>



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Particulars	Leasehold land	Building on leasehold land	Office premises	Total
	----- (Rupees) -----			
<b>Gross carrying value basis</b>				
Cost	189,511,155	675,793,069	567,381,433	1,432,685,657
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(53,777,047)	(146,302,649)	(295,433,349)	(495,513,045)
<b>Net book value</b>	<u>135,734,108</u>	<u>529,490,420</u>	<u>267,965,652</u>	<u>933,190,180</u>

**Year ended June 30, 2020**

**Net carrying value basis**

Opening net book value (NBV)	143,381,219	493,980,442	297,125,838	934,487,499
Additions (at cost)	-	4,407,862	5,551,712	9,959,574
Transfer from owned asset (NBV)	-	61,448,114	-	61,448,114
Disposals (NBV)	-	(138,926)	-	(138,926)
Transfer to owned asset (NBV)	-	-	(14,299,162)	(14,299,162)
Reversal of impairment	-	-	15,586,094	15,586,094
Depreciation charge	(3,856,889)	(13,226,235)	(16,867,289)	(33,950,413)
<b>Closing net book value</b>	<u>139,524,330</u>	<u>546,471,257</u>	<u>287,097,193</u>	<u>973,092,780</u>

**Gross carrying value basis**

Cost	189,511,155	674,421,069	562,227,875	1,426,160,099
Accumulated impairment	-	-	(3,982,432)	(3,982,432)
Accumulated depreciation	(49,986,825)	(127,949,812)	(271,148,250)	(449,084,887)
<b>Net book value</b>	<u>139,524,330</u>	<u>546,471,257</u>	<u>287,097,193</u>	<u>973,092,780</u>

**Depreciation rate % per annum**

**2%**

**2-5%**

**2-5%**

**7.1.1** This includes an office premises costing Rs. 70 million, which was swapped by Modaraba in March 2012 from First Dawood Investment Bank Limited (FDIBL), an associated undertaking. The said property was earlier acquired by FDIBL from its borrower against the settlement of liabilities who had also defaulted in its obligation with commercial bank. The said commercial bank has obtained a stay order against the property due to which execution of the sale deed and transfer of title in the name of Modaraba are in abeyance. In prior year Modaraba has recorded impairment in the said property amounting to Rs. 47.709 million. During the year ended June 30, 2018 and June 30, 2020 Modaraba has carried out revaluation of said property that resulted in reversal of impairment amounting to Rs. 11.865 million and Rs. 6.804 million respectively. During prior year modaraba has reversed full amount of impairment amounting to Rs. 22.619 million as per IAS 36. This property is in owned use as well as an investment property.

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

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

The fair value of investment property as at June 30, 2021 as per valuation report of independent valuer is Rs. 3,003.351 million (June 30, 2020: Rs. 1,430.988 million).

**7.2 Capital work-in-progress**

	Note	2021	2020
		----- Rupees -----	
Advance for office premise -Jofa Tower, Karachi	7.2.1	<b>66,420,000</b>	66,420,000
Less: Provision against advance for office premises		<b>(57,331,000)</b>	(57,331,000)
		<u><b>9,089,000</b></u>	<u>9,089,000</u>



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

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0
<b>8 LONG-TERM MUSHARAKA FINANCES</b>			
Considered good		<b>93,117,299</b>	57,650,091
Considered doubtful		<b>62,104,534</b>	79,948,344
	8.1 & 8.3	<b>155,221,833</b>	137,598,435
Provision for doubtful receivables	8.2	<b>(62,104,534)</b>	(79,948,344)
		<b>93,117,299</b>	57,650,091
Current portion of musharaka finances		<b>(25,809,072)</b>	(21,074,868)
		<b>67,308,227</b>	36,575,223
<b>8.1</b> The expected profit receivable on these arrangements ranges from 8.21% to 18.58% (2020: 8.21% to 18.58%) per annum. The arrangements are secured by way of hypothecation of stock, mortgage of property and equipment and pledge of shares. These finances are receivable on various dates up to June 24, 2039.			
<b>8.2 Movement of provision</b>			
Opening balance		<b>79,948,344</b>	103,568,131
Provision during the year		<b>913,265</b>	763,648
Written off during the year		<b>(15,157,059)</b>	-
Reversal during the year	30	<b>(3,600,016)</b>	(24,383,435)
Closing balance		<b>62,104,534</b>	79,948,344
<b>8.3 Ageing of musharaka finances</b>			
Neither past due nor impaired		<b>92,265,587</b>	57,772,056
Past due but not impaired		<b>755,421</b>	820,305
Past due and impaired		<b>62,200,825</b>	79,006,074
		<b>155,221,833</b>	137,598,435
<b>9 LONG TERM LOANS, ADVANCES AND DEPOSITS</b>			
Loans - secured - considered good			
To employees	9.1	<b>2,426,714</b>	1,723,504
Current portion of loans to employees		<b>(420,262)</b>	(396,787)
		<b>2,006,452</b>	1,326,717
To executives	9.1, 9.2 & 9.3	<b>2,939,088</b>	3,051,617
Current portion of loans to executives		<b>(1,791,727)</b>	(1,785,969)
		<b>1,147,361</b>	1,265,648
Deposits		<b>3,337,310</b>	3,037,310
		<b>6,491,123</b>	5,629,675

**9.1** These represent diminishing musharaka house loans disbursed to employees and executives under the terms of employment. These loans carry mark-up at the rate of 5% (June 30, 2020: 5%) per annum and are secured against the mortgage of properties.

**9.2** The maximum amount of loans and advances due from executives at the end of any month during the year was Rs. 3.052 million (2020: Rs. 3.149 million).



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**9.3** The Modaraba has availed the benefit of forced sale value of the collateral amounting to Rs. 1.673 million against a loan to an executive.

	Note	2 0 2 1 ----- (Rupees) -----	2 0 2 0
<b>10 SHORT-TERM INVESTMENTS</b>			
<b>Fair value through profit or loss - FVTPL</b>			
Listed ordinary shares	10.1	<b>475,858,631</b>	211,555,336
Mutual fund units	10.2	<b>26,468,798</b>	26,298,276
Preference Shares	10.3	<b>9,111,355</b>	-
Listed debt securities	10.4	<b>10,752,131</b>	-
Derivative financial instruments		-	-
		<b>522,190,915</b>	237,853,612
<b>Fair value through other comprehensive income - FVTOCI</b>			
Listed ordinary shares / modaraba certificates	10.5	<b>1,365,754,819</b>	536,945,091
Mutual fund units	10.6	<b>8,185,098</b>	8,164,446
Unlisted ordinary shares	10.7	<b>94,835,436</b>	97,026,028
Unlisted debt securities	10.8	<b>1,245,953</b>	1,245,953
		<b>1,470,021,306</b>	643,381,518
Provision for diminution in value of investments	10.8.3	<b>(16,222,148)</b>	(16,222,148)
		<b>1,975,990,073</b>	865,012,982

**10.1 FVTPL: Listed ordinary shares**

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

2 0 2 1	2 0 2 0	Names of investees	2 0 2 1	2 0 2 0
Number of shares / units			----- (Rupees) -----	
<b>Glass &amp; ceramics</b>				
<b>100,505</b>	62,550	Ghani Glass Limited	<b>4,844,341</b>	2,573,933
<b>Textile composite</b>				
<b>25,500</b>	40,649	Kohinoor Textile Mills	<b>1,917,600</b>	1,443,446
<b>48,800</b>	36,300	Nishat Mills	<b>4,553,040</b>	2,831,764
-	3,000	Interloop Limited	-	131,760
<b>Cement</b>				
<b>5,400</b>	5,283	Bestway Cement Limited	<b>872,208</b>	574,421
<b>58,896</b>	16,000	D.G. Khan Cement	<b>6,945,016</b>	1,365,279
<b>7,400</b>	5,400	Lucky Cement Limited	<b>6,389,456</b>	2,492,532
<b>468,000</b>	129,000	Fauji Cement Company Limited	<b>10,764,000</b>	2,177,519
<b>1,319,668</b>	539,500	Power Cement Limited	<b>12,682,009</b>	3,344,899
<b>67,403</b>	49,000	Maple Leaf Cement Factory Limited	<b>3,166,593</b>	1,273,017



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
<b>Power generation &amp; distribution</b>				
<b>613,246</b>	1,682,746	K-Electric Limited	<b>2,563,368</b>	5,065,065
<b>10,500</b>	51,500	The Hub Power Company Limited	<b>836,535</b>	3,733,749
<b>Refinery</b>				
<b>2,698</b>	11,998	Attock Refinery Limited	<b>691,902</b>	1,071,662
<b>50,950</b>	47,050	National Refinery Limited	<b>26,656,531</b>	5,047,524
<b>Fertilizer</b>				
<b>15,931</b>	6,700	Engro Corporation Limited	<b>4,693,432</b>	1,962,563
<b>Oil &amp; gas exploration companies</b>				
<b>2,860</b>	3,200	Mari Petroleum Company Limited	<b>4,359,755</b>	3,957,280
<b>154,060</b>	108,560	Pakistan Petroleum Limited	<b>13,377,030</b>	9,420,836
<b>187,059</b>	44,000	Oil & Gas Development Company Limited	<b>17,776,217</b>	4,796,001
<b>29,917</b>	2,300	Shell Pakistan Limited	<b>5,241,458</b>	419,934
<b>5,000</b>	-	Pakistan Oilfields Limited	<b>1,969,300</b>	-
<b>Oil &amp; gas marketing companies</b>				
<b>57,280</b>	-	Pakistan State Oil Company Limited	<b>12,845,040</b>	-
<b>67,392</b>	32,107	Sui Northern Gas Pipelines Limited	<b>3,273,903</b>	1,753,042
<b>223,500</b>	223,500	Sui Southern Gas Company Limited	<b>2,972,550</b>	2,981,490
-	12,588	Hascol Petroleum Limited	-	171,198
<b>Automobile assembler</b>				
<b>161,210</b>	294,100	Sazgar Engineering Work Limited	<b>27,117,134</b>	36,641,921
<b>4,120</b>	3,635	Millat Tractors Limited	<b>4,447,993</b>	2,566,892
<b>Automobile parts &amp; accessories</b>				
<b>12,200</b>	12,200	Agriauto Industries Limited	<b>3,347,558</b>	2,220,400
-	76,502	Loads Limited	-	1,063,378
<b>23,943</b>	-	Panther Tyres Limited	<b>1,655,180</b>	-



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
<b>Chemical</b>				
13,447	13,447	ICI Pakistan Limited	11,682,754	9,341,762
101,100	42,100	Ittehad Chemicals Limited	3,846,855	1,109,335
189,500	93,500	Sitara Peroxide Limited	5,360,955	1,908,335
1,700	1,700	Sitara Chemical Industries Limited	598,400	471,087
-	65,500	Lotte Chemical Pakistan Limited	-	651,723
44,300	12,404	Pakistan Oxygen Limited	6,866,500	2,061,049
2,000	2,000	Archroma Pakistan Limited	1,145,000	1,178,800
23,625	4,125	Berger Paints Pakistan Limited	2,061,990	256,204
-	22,500	Ghani Global Holdings Limited	-	353,925
<b>Engineering</b>				
-	46,875	Crescent Steel & Allied Products Limited	-	2,132,813
-	6,000	International Steels Limited	-	309,900
5,500	90,700	Ittefaq Iron Industries Limited	104,225	626,737
8,800	18,800	K.S.B Pumps Company Limited	1,952,456	2,707,388
-	121,486	Mughal Iron & Steel Industries Limited	-	4,844,860
-	22,500	Amreli Steels Limited	-	734,399
473,500	-	Agha Steel Industries Limited	15,971,155	-
-	7,500	Dost Steel Limited	-	22,875
<b>Transport</b>				
5,500	3,200	Pakistan National Shipping Corporation Limited	399,850	241,792
-	100	Pakistan International Container Terminal Limited	-	17,200
-	-	Pakistan International Bulk Terminal Limited	-	-
-	-	Al-Ghazi Tractor Limited	-	-



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
<b>Food &amp; personal care products</b>				
36,030	34,800	Al-Tahur Limited	839,499	599,604
-	160,075	Treet Corporation Limited	-	2,858,940
29,250	-	The Organic Meat Company Limited	1,074,645	-
3,800	-	National Foods Limited	870,276	-
25,000	-	Al-Shaheer Corporation Limited	498,250	-
38,350	-	Bunny's Limited	1,581,554	-
<b>Technology &amp; communication</b>				
196,500	59,500	Pakistan Telecommunication Company Limited	2,326,560	528,361
195,180	-	Systems Limited	109,343,740	-
<b>Leather &amp; tanneries</b>				
63,680	23,795	Service Industries Limited	37,420,278	19,410,534
68,267	-	Service GlobalFootwear Limited	3,947,881	-
<b>Pharmaceuticals</b>				
1,550	2,250	Abbott Laboratories (Pakistan) Limited	1,228,159	1,491,750
7,200	-	AGP Limited	844,776	-
10,286	9,746	Highnoon Laboratories Limited	6,171,600	4,885,475
19,460	17,300	Ferozsons Laboratories Limited	6,865,877	5,197,439
102,257	69,370	The Searle Company Limited	24,809,593	13,820,585
132,765	132,765	GlaxoSmithKline Pakistan Limited	21,995,178	23,111,732
14,500	14,500	GlaxoSmithKline Consumer Healthcare Pakistan Limited	3,626,305	3,939,360
<b>Cable &amp; electrical goods</b>				
72,600	76,100	Pak Elektron Limited	2,545,356	1,744,973
249,000	-	Waves Singer Pakistan Limited	6,787,740	-
-	68	Johson And Phillips (Pak) Limited	-	2,638



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2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
-	13,310	<b>Modarabas</b> First UDL Modaraba	-	93,037
<b>62,500</b>	182,000	<b>Commercial banks</b> Bank Islami Pakistan Limited	<b>702,500</b>	1,375,918
<b>5,500</b>	-	Meezan Bank Limited	<b>634,755</b>	-
<b>6,500</b>	6,500	<b>Paper &amp; board</b> Security Paper Limited	<b>939,705</b>	922,676
<b>94,381</b>	5,000	Roshan Packages Limited	<b>3,108,910</b>	112,100
<b>8,000</b>	18,000	<b>Woollen</b> Bannu Woollen Mills Limited	<b>400,640</b>	588,600
<b>1,598</b>	6,363	<b>Miscellaneous</b> United Distributors Pakistan Limited	<b>80,300</b>	211,570
-	33,500	<b>Synthetic and rayon</b> Image Pakistan Limited	-	234,835
<b>6,390</b>	33,500	<b>Vanaspati &amp; Allied Industries</b> Unity Foods Limited	<b>284,485</b>	373,520
<b>89,000</b>		<b>Real estate investment trust</b> Dolmen City REIT	<b>980,780</b>	-
			<b>475,858,631</b>	<b>211,555,336</b>

**10.2 FVTPL: Investment in mutual fund units**

2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
<b>325,949</b>	28,687	<b>Open-end mutual funds</b> 786 Smart Fund	<b>26,468,798</b>	26,298,276
			<b>26,468,798</b>	<b>26,298,276</b>



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**10.3 FVTPL: Investment in preference shares**

2021	2020	Names of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
		<b>Cement</b>		
756,990		Power Cement Limited - Preference Shares	8,818,934	-
		<b>Chemical</b>		
26,109		Engro Polymer & Chemicals Limited - Preference Shares	292,421	-
			<b>9,111,355</b>	-

**10.4 FVTPL: Investment in debt securities**

2021	2020	Sukuks	2021	2020
Number of shares / units			----- (Rupees) -----	
2,115		K-Electric	10,752,131	-
			<b>10,752,131</b>	-

**10.4.1 Particulars of Sukuk**

Names of the investees	Profit		Maturity date	Secured / Unsecured
	Repayment frequency	Rate per annum		
K-Electric	Quarterly	3 months KIBOR + 1.70%	December 27, 2026	Secured

**10.5 FVTOCI: Listed ordinary shares / modaraba certificates**

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

2021	2020	Name of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
		<b>Oil &amp; gas exploration companies</b>		
8,190	8,190	Mari Petroleum Company Limited	12,484,754	10,128,164
		<b>Oil &amp; gas marketing companies</b>		
-	5,962	Shell Pakistan Limited	-	1,088,541
-	1,160	Sui Northern Gas Pipelines Limited	-	63,336
		<b>Leather &amp; tanneries</b>		
400	3,800	Service Industries Limited	235,052	3,099,812



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2 0 2 1	2 0 2 0	Name of investees	2 0 2 1	2 0 2 0
Number of shares / units			----- (Rupees) -----	
		<b>Modarabas</b>		
-	1,000	ORIX Modaraba	-	18,000
		<b>Real estate investment trust</b>		
<b>310,500</b>	394,000	Dolmen City REIT	<b>3,421,710</b>	4,290,660
		<b>Chemical</b>		
-	17,974	Pakistan Oxygen Limited (formerly Linde (Pakistan) Limited)	-	2,986,561
<b>14,199</b>	14,199	Sitara Chemical Industries Limited	<b>4,998,048</b>	3,934,686
		<b>Cement</b>		
-	90	Maple Leaf Cement Factory Limited	-	2,338
-	3,045,168	Power Cement Limited	-	18,880,041
		<b>Engineering</b>		
<b>54,000</b>	54,000	KSB Pumps Company Limited	<b>11,980,980</b>	7,776,540
-	11,000	Mughal Iron & Steel Industries Limited	-	438,680
-	2,625	Crescent Steel & Allied Products Limited	-	119,438
		<b>Transport</b>		
<b>1,000</b>	1,000	Pakistan International Container Terminal Limited	<b>165,040</b>	172,000
<b>5,000</b>	5,000	Pakistan National Shipping Corporation Limited	<b>363,500</b>	377,800
		<b>Pharmaceuticals</b>		
<b>36,776</b>	36,776	Abbott Laboratories (Pakistan) Limited	<b>29,139,831</b>	24,382,487
<b>32,165</b>	32,165	GlaxoSmithKline (Pakistan) Limited GlaxoSmithKline	<b>5,328,776</b>	5,599,284
<b>30,906</b>	30,906	Consumer Healthcare (Pakistan) Limited	<b>7,729,282</b>	8,396,543
<b>138</b>	638	Highnoon Laboratories Limited	<b>82,800</b>	319,816



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2021	2020	Name of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
		<b>Technology &amp; communication</b>		
2,213,934	2,313,934	Systems Limited - (related party)	1,240,290,105	425,023,397
		<b>Automobile parts &amp; accessories</b>		
-	98,400	Loads Limited	-	1,367,760
-	1,000	Millat Tractors Limited	-	706,160
		<b>Automobile assembler</b>		
205,450	-	Sazgar Engineering Work Limited	34,558,745	Note -
		<b>Paper &amp; board</b>		
-	124,381	Roshan Packages Limited	-	2,788,622
		<b>Glass &amp; ceramics</b>		
-	200	Ghani Glass Limited	-	8,230
		<b>Financial services</b>		
1,935,506	1,935,506	786 Investments Limited (Formerly Dawood Capital Management Limited) - (fully provided) (Note: 10.5.1)	4,722,635	4,722,634
3,339,922	3,339,922	First Dawood Investment Bank Limited - (Related party) (fully provided) (Note:10.5.1)	10,253,561	10,253,561
			<b>1,365,754,819</b>	<b>536,945,091</b>

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

**10.6 FVTOCI: Investment in mutual fund units**

2021	2020	Name of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
		<b>Open-end mutual funds</b>		
100,795	100,795	786 Smart Fund	8,185,098	8,164,446
			<b>8,185,098</b>	<b>8,164,446</b>



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## 10.7 FVTOCI: Investment in unlisted ordinary shares

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

2021	2020	Name of investees	2021	2020
Number of shares / units			----- (Rupees) -----	
100,000	100,000	Al Baraka Bank (Pakistan) Limited - (note 10.7.2)	948,300	926,631
7,200,000	7,200,000	Dawood Family Takaful Limited - (note 10.7.3)	46,080,000	52,128,000
3,034,603	3,034,603	ISE Tower REIT Management Company Limited - (note 10.7.4)	47,807,136	43,971,397
			<b>94,835,436</b>	<b>97,026,028</b>

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

Name of investee	Reference note	Break-up value as per latest available audited financial statements (Rupees)	% of holding of the investee's paid-up capital	Auditors
------------------	----------------	--	--	----------

#### June 30, 2021

Al Baraka Bank (Pakistan) Limited	(10.7.2)	948,300	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.7.3)	47,174,400	9.60%	Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.7.4)	47,807,136	0.83%	Yousuf Adil, Chartered Accountants

#### June 30, 2020

Al Baraka Bank (Pakistan) Limited	(10.7.2)	926,631	0.01%	EY Ford Rhodes, Chartered Accountants
Dawood Family Takaful Limited	(10.7.3)	39,744,000	9.60%	Deloitte Yousuf Adil, Chartered Accountants
ISE Tower REIT Management Company Limited	(10.7.4)	43,971,397	0.83%	BDO Ebrahim & Co., Chartered Accountants

**10.7.2** The break-up value of investment in shares of Al Baraka (Pakistan) Limited (ABPL) is Rs. 0.948 million (as per latest available audited financial statement dated December 31, 2019) whereas the book value of investment in shares of ABPL is Rs. 0.926 million resulting in revaluation surplus of Rs. 0.022 million during the year.

**10.7.3** The break-up value of investment in shares of Dawood Family Takaful (DFTL) is Rs. 47.174 million (as per latest audited accounts dated December 31, 2020) where as the cost of investment in shares of DFTL is Rs. 72 million. Upto June 30, 2017, management has recorded total impairment of Rs. 19.872 million based on embedded value of investment as at June 30, 2016 amounting to Rs. 52.128 million (Rs. 8.27 per share). During the year, the management has estimated the fair value of this investment based on information of available market transaction at Rs.6.40 per share and has recorded revaluation loss of Rs.6.048 million.

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



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The breakup value of the investment in shares of ISE Tower REIT Management Company Limited amounted to Rs. 47.807 million (as per un-audited financial statement as at March 31, 2021) whereas the book value of investment in shares is Rs. 43.971 million resulting in revaluation surplus of Rs. 3.836 million during the year.

**10.8 FVTOCI: Investment in unlisted debt securities**

2 0 2 1	2 0 2 0	Sukuks	2 0 2 1	2 0 2 0
Number of shares / units			----- (Rupees) -----	
1,267	1,267	Eden Housing Limited - (Fully provided)	1,245,953	1,245,953
			<u>1,245,953</u>	<u>1,245,953</u>

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

**10.8.2 Particulars of Sukuk**

Names of the investees	Profit		Maturity date	Secured / Unsecured
	Repayment frequency	Rate per annum		
Eden Housing Limited	Quarterly	3 months KIBOR + 2.50%	June 29, 2014	Secured

**10.8.3 Provision for diminution in value of investments**

Opening balance	16,222,148	16,222,148
Charge for the year	-	-
Closing balance	<u>16,222,148</u>	<u>16,222,148</u>

**11 IJARAH / LEASE RENTAL RECEIVABLE**

Considered good	36,934	671,145
Considered doubtful	57,172,431	57,172,431
Lease rental receivables	57,209,365	57,843,576
Provision for doubtful receivables	11.1 (57,172,431)	(57,172,431)
	<u>36,934</u>	<u>671,145</u>

**11.1 Provision for doubtful receivables**

Opening	57,172,431	56,836,389
Charge for the year	30 -	366,407
Reversals during the year	30 -	(30,365)
Written off during the year	-	-
Closing balance	<u>57,172,431</u>	<u>57,172,431</u>



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		2021	2020
	Note	----- Rupees -----	-----
<b>12 LOANS, ADVANCES AND PREPAYMENTS</b>			
Loans and advances - secured - considered good			
- against salary		<b>1,129,834</b>	465,591
Loans and advances - unsecured - considered good			
- current portion of loans to employees	9	<b>420,262</b>	396,787
- current portion of loans to executives	9	<b>1,791,727</b>	1,785,969
- against investment		<b>9,700,000</b>	-
- against expenses		<b>3,501,911</b>	4,794,430
- against purchases	26.1	<b>44,922,678</b>	44,922,678
Prepayments			
- takaful		<b>967,798</b>	371,804
Provision for doubtful receivables	26.1	<b>(44,922,678)</b>	(44,922,678)
		<b>17,511,532</b>	7,814,581
<b>13 ACCRUED PROFIT</b>			
Accrued profit on:			
Debt securities		<b>149,388</b>	-
Musharaka finances		<b>305,852</b>	1,257,718
		<b>455,240</b>	1,257,718
<b>14 OTHER RECEIVABLES</b>			
Rent receivable - unsecured, considered good		<b>7,002,491</b>	8,891,972
Takaful premium receivable		<b>1,814,792</b>	446,867
Other receivable		<b>19,412,190</b>	5,131,161
Receivable for Settlement of future sale contracts		<b>62,546,459</b>	-
		<b>90,775,932</b>	14,470,000
Receivable from ex-employees - unsecured, considered doubtful	14.1	<b>51,274,920</b>	51,274,920
Provision for doubtful receivables		<b>(51,274,920)</b>	(51,274,920)
		-	-
Others	14.2	<b>33,810,401</b>	33,810,401
Provision for doubtful debts		<b>(33,810,401)</b>	(33,810,401)
		<b>90,775,932</b>	14,470,000

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

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

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



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

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

	Note	2021 ----- Rupees -----	2020 ----- Rupees -----
<b>15 TAXATION</b>			
Advance taxation		<b>19,640,056</b>	24,971,534
Less: provision for taxation - BRRFS		<b>(91,953)</b>	(1,155,757)
		<b>19,548,103</b>	23,815,777
<b>16 CASH AND BANK BALANCES</b>			
Cash in hand		<b>222,859</b>	157,179
Cash with State Bank of Pakistan - current account		<b>4,438</b>	4,438
Cash with banks in:			
Savings accounts	16.1	<b>39,693,718</b>	41,339,650
Current accounts		<b>127,164</b>	28,785
		<b>40,048,179</b>	41,530,052

**16.1** These carry profit at rates ranging from 2.75% to 5.50% (June 30, 2020: 3.80% to 6.30%) per annum. Saving accounts includes balances placed under arrangements permissible under shariah amounting to Rs. 39.693 million.

**17 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL**

Modaraba certificates of Rs. 10 each

2021	2020		2021 ----- (Rupees) -----	2020 ----- Rupees -----
Number of certificates				
<b>39,359,741</b>	39,359,741	Certificates issued as fully paid in cash	<b>393,597,410</b>	393,597,410
<b>8,833,724</b>	8,833,724	Certificates issued as fully paid bonus certificates	<b>88,337,240</b>	88,337,240
<b>29,852,790</b>	29,852,790	Certificates issued to certificate holders of Guardian Modaraba under the Scheme of Amalgamation	<b>298,527,900</b>	298,527,900
<b>8,316,008</b>	8,316,008	Certificates issued to certificate holders of BRR Guardian Modaraba under the Scheme of Amalgamation with CSM	<b>83,160,080</b>	83,160,080
<b>8,636,226</b>	-	Issuance of Right Shares	<b>86,362,260</b>	-
<b>94,998,489</b>	86,362,263		<b>949,984,890</b>	863,622,630



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- 17.1** The Management Company held 17,720,461 (18.65%) certificates of Rs. 10 each as at June 30, 2021 (June 30, 2020: 14,614,018 (16.92%) certificates).
- 17.2** Mr. Ayaz Dawood (CEO) held 11,621,894 (12.23%) certificates of Rs.10 each as at June 30, 2021 (June 30, 2020 : 10,441,584 (12.09%) certificates).

	Note	2 0 2 1 ----- Rupees -----	2 0 2 0
<b>18 RESERVES</b>			
<b>Capital reserve</b>			
Profit prior to floatation		<b>10,532,683</b>	10,532,683
Statutory reserve		<b>968,602,075</b>	830,269,870
Merger reserve		<b>44,902,567</b>	44,902,567
<b>Revenue reserve</b>			
Accumulated loss		<b>(443,954,928)</b>	(490,125,467)
		<b>580,082,397</b>	395,579,653

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

The Modaraba has credited 49.82 % of its profit to this reserve for the year.

**19 SURPLUS ON REVALUATION OF INVESTMENTS**

Listed ordinary shares	<b>1,319,340,713</b>	450,694,390
Unlisted shares/debt securities	<b>34,043,917</b>	36,234,509
	<b>1,353,384,630</b>	486,928,899

**20 LONG-TERM LOANS**

National Bank of Pakistan	20.1	<b>27,544,684</b>	55,080,684
Current portion of long term loans		<b>(27,544,684)</b>	(34,428,684)
		-	20,652,000

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

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

Opening balance	<b>55,080,684</b>	82,616,684
Received during the year	-	-
Payment during the year	<b>(27,536,000)</b>	(27,536,000)
Current portion	<b>(27,544,684)</b>	(34,428,684)
Closing balance	-	20,652,000



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	Note	2 0 2 1 ----- Rupees -----	2 0 2 0 -----
<b>21 LONG-TERM MURABAHA, MUSHARAKA AND FINANCE UNDER MARK-UP ARRANGEMENTS</b>			
Musharaka arrangement - Dawood Family Takaful Limited	21.1	<b>35,000,000</b>	-
Musharaka arrangement - First Dawood Investment Bank Limited	21.2	<b>55,000,000</b>	50,000,000
Current portion of musharaka arrangements		<b>(90,000,000)</b>	(50,000,000)
		<u>-</u>	<u>-</u>

**21.1** The Modaraba has entered into various Musharaka agreement with Dawood Family Takaful Limited These Musharaka arrangements are on profit sharing basis and carries profit payment at 1 Month & 6 Month kibar plus 100 basis points.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.2.114 million and made profit payment amounting to Rs.2.030 million.

**21.2** The Modaraba has entered into various musharaka agreement (Musharaka) with First Dawood Investment Limited. These Musharaka arrangements are on profit sharing basis and carries profit payment at 1 Month & 6 Month kibar plus 100 basis points.

During the period, the Modaraba has recorded profit on these musharaka arrangements amounting to Rs.4.367 million and made profit payment amounting to Rs.4.982 million.

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

Opening balance	<b>50,000,000</b>	79,677,418
Received during the year	<b>200,000,000</b>	100,000,000
Payment during the year	<b>(160,000,000)</b>	(129,677,418)
Current portion of loan	<b>(90,000,000)</b>	(50,000,000)
Closing balance	<u>-</u>	<u>-</u>

**22 LONG TERM SECURITY DEPOSITS**

Lease / ijarah	<b>22,495,349</b>	26,400,987
Investment properties	<b>45,813,975</b>	40,365,959
Lockers	<b>20,368,500</b>	18,818,500
	<b>88,677,824</b>	85,585,446
Current portion of security deposits	<b>(22,495,349)</b>	(800,590)
	<u><b>66,182,475</b></u>	<u>84,784,856</u>



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	Note	2021 ----- Rupees -----	2020 -----
<b>23 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Modaraba management fee payable	35	<b>31,942,494</b>	17,152,959
Sales tax on Modaraba management fee payable	35	<b>4,152,524</b>	2,229,885
Provision for Sindh Workers' Welfare Fund	36	<b>10,523,541</b>	4,856,943
Accrued liabilities		<b>13,399,186</b>	12,700,903
Rentals received in advance			
Lockers		<b>41,752,061</b>	33,711,404
Investment Properties		<b>31,994,821</b>	39,334,295
Ijarah		<b>140</b>	28,210
Musharaka		<b>3,333,000</b>	-
Charity payable	23.1	<b>96,907</b>	30,967
Advance against sale of land	23.2	<b>2,100,000</b>	2,100,000
Others		<b>18,556,170</b>	14,400,576
		<b>157,850,844</b>	126,546,142

**23.1 Charity payable**

Opening balance		<b>30,967</b>	43,616
Accrued during the year		<b>902,230</b>	42,768
Payment	23.1.1	<b>(836,290)</b>	(55,417)
Closing balance		<b>96,907</b>	30,967

**23.1.1** This amount includes charity paid to Dawood Global Foundation amounting to Rs. 0.215 million (June 30, 2020: 0.055 million). Chief Executive and the Chairman of the Board of the Mobaraba are members of the Management Committee of Dawood Global Foundation.

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

**24 ACCRUED PROFIT ON BORROWINGS**

Finance under musharaka arrangements		<b>83,978</b>	613,854
		<b>83,978</b>	613,854

**25 PROFIT DISTRIBUTION PAYABLE**

Unclaimed profit payable to certificate holders	25.1	<b>32,010,555</b>	29,826,596
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**25.1** In accordance with the provisions of Section 244 of the Companies Act, 2017.

Where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under Section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank.

The deposits in the unpaid dividend account shall only be used for payment of dividend.



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Within period of ninety days of such transfer to the separate account, the modaraba shall place particulars of such unpaid dividend on its website in accordance with the provision of the act.

The modaraba shall make payment to the certificate holder within a period of thirty days from the date of submission of a claim with the modaraba. No claimant shall be entitled to any amount except his unclaimed dividend amount.

The amount of profit generated from the account maintained by the modaraba under this section shall be used by the modaraba for its corporate social responsibility initiatives and specified purposes"

## 26 CONTINGENCIES AND COMMITMENTS

**26.1** The Modaraba had received a legal notice from Innovative Investment Bank Limited (formerly: Crescent Standard Investment Bank Limited) which was addressed to previous Management Company (Financial Link Limited) of the Modaraba, wherein they had asked Modaraba to settle an outstanding balance of short-term borrowing amounting to Rs. 171.143 million (June 30, 2020: Rs. 171.143 million) along with the mark-up thereon on or before February 10, 2007. The management and the legal advisor of the Modaraba is confident that the matter will be decided in the favour of the Modaraba and, accordingly, no liability in respect of the above has been recognised in the financial statements. Further the management has fully provided net amount of Rs 44.9 million receivable from Innovative Investment bank (Refer Note: 12)

**26.2** A commercial bank has lodged a claim of Rs. 1.090 million on account of excess mark-up paid to the Modaraba during previous years which is not accepted by the Modaraba. The Modaraba has also lodged a claim before the banking tribunal against the said commercial bank for short payment of mark-up to the Modaraba to the extent of Rs. 2.498 million (June 30, 2020: Rs. 2.498 million). The proceedings under both cases are pending to date. As a matter of abundant caution, full provision in respect of the said claim of commercial bank had been made by the Modaraba in 2015. During the prior year, bank balances have been written off against provision amounting to Rs. 1.090 million.

	<b>Note</b>	<b>2 0 2 1</b> ----- Rupees -----	<b>2 0 2 0</b> -----
<b>27 RENTAL INCOME</b>			
Investment properties	27.1	<b>186,977,188</b>	170,867,643
Lockers and custodial services		<b>46,706,404</b>	40,741,027
		<b><u>233,683,592</u></b>	<u>211,608,670</u>
<b>27.1</b> This includes rental income amounting to Rs.5.758 million (2020: Rs.9.707 million) from management company, associated companies and other related parties.			
<b>28 IJARAH RENTAL INCOME -NET</b>			
Ijarah rental income		<b>2,875,477</b>	12,235,651
Less: Amortization on Ijarah Assets	6.2.2	<b>(1,923,036)</b>	(7,085,722)
		<b><u>952,441</u></b>	<u>5,149,929</u>
<b>29 RETURN ON INVESTMENTS - NET</b>			
Dividend income	29.1	<b>19,294,617</b>	12,641,102
Profit on debt securities		<b>855,345</b>	582,843
Gain on Settlement of DFC's		<b>1,894,000</b>	5,437,380
Gain on sale of investments		<b>57,952,753</b>	20,209,662
		<b><u>79,996,715</u></b>	<u>38,870,987</u>
Less: Commission and brokerage expense		<b>(2,527,564)</b>	(686,323)
		<b><u>77,469,151</u></b>	<u>38,184,664</u>



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	2021	2020
Note	----- Rupees -----	
<b>29.1 Dividend income</b>		
786 Smart Funds	<b>1,812,429</b>	2,024,945
Abbot Laboratories Limited	<b>1,529,429</b>	289,797
AGP Limited	-	9,673
Agriauto Industries Limited	<b>73,139</b>	85,024
Akzo Nobel	-	34,365
Al-Ghazi Tractors Limited	-	4,494
Archroma Pakistan Limited	<b>60,000</b>	89,955
At- Tahir	-	6,660
Attock Refinery Limited	-	2,985
Berger Paints	<b>29,526</b>	5,614
Bestway Cement Limited	<b>53,951</b>	31,319
Cherat Packaging Limited	-	6,975
D.G. Khan Cement Company	-	10,822
Dawood Hercules Corporation	<b>12,020</b>	
Dolmen City REIT	<b>439,755</b>	540,321
Engro Chemical Pakistan Limited	<b>7,812</b>	
Engro Corporation Limited	<b>490,901</b>	38,012
Fauji Cement Company Limited	-	53,919
Ferozsons Laboratories Limited	<b>69,167</b>	69,064
General Tyre & Rubber Company Limited	-	1,800
Ghani Glass Limited	<b>205,585</b>	125,500
GlaxoSmithKline (Pakistan) Limited	<b>1,063,254</b>	984,830
Glaxosmithkline Consumer Healthcare (Private) Limited	<b>226,704</b>	226,900
Hub Power Company Limited	<b>73,500</b>	-
Highnoon Laborites Limited	<b>152,806</b>	132,854
ICI Pakistan Limited	<b>336,016</b>	230,756
Interloop Limited	-	2,999
International Steels Limited	-	13,500
ISE Tower REIT Management Company Limited	<b>1,001,419</b>	728,305
Ittehad Chemicals Limited	<b>235,300</b>	-
Kohinoor Textile Mills Limited	<b>66,216</b>	70,961
KSB Pumps Limited	<b>31,397</b>	110,601
Lucky Cement Limited	-	40,731
Mari Gas Company Limited	-	20,134
Mari Petroleum Company Limited	<b>753,435</b>	44,989
Meezan Bank Limited	<b>108,700</b>	-
Millat Tractors Limited	<b>370,178</b>	256,364
Mughal Iron & Steel Industries Limited	-	158,906
National Foods Limited	<b>31,971</b>	-
Nishat Mills Limited	<b>97,941</b>	5,923
Oil & Gas Development Company Limited	<b>612,251</b>	87,839
Organic Meat Limited	<b>41,500</b>	-
Orix Modaraba	-	2,500
Pakistan International Container Limited	<b>28,179</b>	16,437
Pakistan National Shipping Corporation	<b>18,142</b>	15,820
Pakistan Oxygen (formerly Linde Pakistan Limited)	-	7,495
Pakistan Petroleum Limited	<b>349,538</b>	148,134



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	Note	2 0 2 1 ----- Rupees -----	2 0 2 0 ----- Rupees -----
Pakistan State Oil Limited		95,644	-
Pakistan Telecommunication Company Limited		-	17,003
Roshan Packages Limited		105,921	-
Security Papers Limited		55,850	-
Service Industries Limited		502,350	275,950
Shell Pakistan Limited		-	64,174
Sitara Chemical Industries Limited		158,990	158,890
Sui Northern Gas Pipelines Limited		57,802	-
Systems Limited		7,735,396	5,191,253
Thal Limited		-	560
The Searle Company Limited		200,503	190,000
Unity Foods Limited		-	5,050
		<u>19,294,617</u>	<u>12,641,102</u>
<b>30 REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES</b>			
<b>Reversal during the year</b>			
Lease rentals / Ijarah	11.1	-	30,365
Musharaka	8.2	3,600,016	24,383,435
		<b>3,600,016</b>	24,413,800
<b>Less: Charged during the year</b>			
Lease rentals / Ijarah	11.1	-	(366,407)
Musharaka	8.2	(913,265)	(763,648)
		<b>(913,265)</b>	(1,130,055)
		<u>2,686,751</u>	<u>23,283,745</u>
<b>31 OTHER INCOME</b>			
Gain on disposal of property and equipment - owned		628,542	757,575
Miscellaneous and other termination charges		1,308,651	2,149,899
		<u>1,937,193</u>	<u>2,907,474</u>
<b>32 REVERSAL OF IMPAIRMENT</b>			
Reversal of impairment on office premises			
- Propert, plant and equipment - Owned	6.1	-	7,033,581
- Investment properties	7.1	-	15,586,094
		<u>-</u>	<u>22,619,675</u>



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	2 0 2 1	2 0 2 0
Note	----- Rupees -----	----- Rupees -----
<b>33 ADMINISTRATIVE EXPENSES</b>		
Salaries and other benefits	<b>52,373,311</b>	51,646,022
Medical	<b>2,068,195</b>	2,110,768
Provident fund contributions	<b>3,175,430</b>	3,137,618
Bonus	<b>4,987,430</b>	3,606,940
Vehical Running	<b>9,652,633</b>	9,666,209
Leave encashment	<b>239,333</b>	541,900
Employee old age contribution	<b>472,680</b>	473,720
Traveling and conveyance	<b>40,850</b>	21,450
Entertainment	<b>150,439</b>	54,792
Office expense	<b>2,109,466</b>	1,409,396
Electricity, water and gas	<b>10,788,452</b>	8,147,907
Telephone and fax	<b>503,586</b>	377,690
Postage and courier	<b>609,005</b>	133,685
Stationery and printing	<b>1,746,650</b>	1,090,131
Computer expenses	<b>490,241</b>	889,242
Fees and subscriptions	<b>4,668,091</b>	3,068,386
Charity and donation	<b>4,147,833</b>	-
Commission expense	<b>7,081,001</b>	1,562,092
Takaful	<b>4,646,383</b>	5,096,896
Repairs and maintenance	<b>11,117,293</b>	14,300,817
Rent, rates and taxes	<b>4,616,191</b>	2,515,352
Security expenses	<b>1,646,033</b>	1,330,932
Legal and professional charges	<b>4,706,820</b>	2,548,086
Auditor's remuneration	<b>1,320,850</b>	1,228,750
Depreciation on owned assets	<b>12,990,151</b>	10,434,729
Others	<b>4,356,420</b>	2,182,377
	<b><u>150,704,767</u></b>	<b><u>127,575,887</u></b>
<b>33.1 Auditor's remuneration</b>		
Audit fee	<b>790,000</b>	750,000
Limited review, special reports, certification and sundry advisory services	<b>428,100</b>	375,500
Out of pocket expenses	<b>102,750</b>	103,250
	<b><u>1,320,850</u></b>	<b><u>1,228,750</u></b>
<b>33.2 Disclosures relating to provident fund</b>		
Size of the fund	<b>207,630,568</b>	168,075,541
Fair value of investments	<b>155,068,626</b>	143,080,476
<b>Break-up of investments</b>		
Government securities	<b>43,000,000</b>	43,000,000
Term finance certificates	<b>18,885,792</b>	18,874,987
Investment in sukuk	<b>6,596,076</b>	4,813,861
Listed securities	<b>61,910,009</b>	37,453,896
Mutual funds	<b>24,676,749</b>	38,937,732



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	2 0 2 1	2 0 2 0
	----- Rupees -----	
	% age of size of the fund	
<b>Break-up of investments</b>		
Government securities	<b>27.73%</b>	<b>30.05%</b>
Term finance certificates	<b>12.18%</b>	<b>13.19%</b>
Investment in sukuk	<b>4.25%</b>	<b>3.36%</b>
Listed securities	<b>39.92%</b>	<b>26.18%</b>
Mutual Funds	<b>15.91%</b>	<b>27.21%</b>

**34.2.1** The figures for 2021 are based on the unaudited financial statements of the provident fund. Investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

**34 FINANCIAL CHARGES**

Profit on:

Finance under musharaka arrangement	<b>6,481,999</b>	8,308,590
Finance under mark-up arrangement	-	-
Bank charges and commission	<b>127,311</b>	80,837
	<b><u>6,609,310</u></b>	<b><u>8,389,427</u></b>

**35 MODARABA MANAGEMENT COMPANY'S FEE**

In accordance with the Modaraba Companies and Modaraba Rules, 1981, a management fee at the rate of 10% of annual profits is payable to the Management Company. Accordingly, modaraba has recognised a liability of Rs. 31.942 million for the year (June 30, 2020: Rs. 17.152 million). Furthermore during the year, an amount of Rs.4.152 million was charged on account of sales tax on management fee (June 30, 2020: Rs. 2.229 million) levied through Sindh Sales Tax on Services Act, 2011.

**36 PROVISION FOR SINDH WORKERS' WELFARE FUND**

The Finance Act, 2008 made certain changes to the Workers' Welfare Fund Ordinance, 1971. As a result of these amendments, Workers' Welfare Fund (WWF) is payable at the rate of 2% of the profit before taxation as per the financial statements or taxable income as per the return of income, whichever is higher. The Sindh Assembly, on June 04, 2015, passed The Sindh Workers Welfare Fund Act, 2014 (the SWWF Act). As per Section 5(1) of the WWF Act, contributions are payable with effect from the date of closing of account on or after December 31, 2013, that corresponds to Modaraba's accounting year ended on June 30, 2014. During the year, the management has made a provision of Rs. 5.666 million (June 30, 2020: 3.042 million) in respect of this liability. Moreover, liability in respect of WWF under the repealed WWF Ordinance and the SWWF Act up to June 30, 2021 has been recorded and disclosed in the financial statement amounting to Rs. 10.523 million.

**37 TAXATION**

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

However, the Finance Bill 2021 has validated and given legislative effect to the Tax Law (Second Amendment) Ordinance 2021 enacted on March 22, 2021 with effect from July 01, 2021 whereby Clause 100 of the Part 1 of Second Schedule of the Income Tax Ordinance, 2001 relating to the Income Tax exemption available to Modarabas has been withdrawn. Accordingly, no provision for Income Tax is required in the annual accounts for year ended June 30, 2021 in respect of profit earned by the Modaraba.



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

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

Assessment for the Tax Year 2012 was selected for audit by Deputy Commissioner (IR), Audit Unit-IV, under section 122(5)(A). The Deputy Commissioner (IR) vide order dated June 30, 2020 has amended the assessment for the Tax Year 2012 thereby creating a demand of Rs. 5,908,802. The Modaraba has filed an appeal before the Commissioner Appeals against the said demand which is pending adjudication. The Commissioner Appeals has remanded back the order setting aside the demand by Deputy Commissioner (IR). Appeal effect order under section 122 / section 125 is still pending.

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

### 38 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

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

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- Rupees -----	
Profit for the year	<b>262,809,787</b>	164,939,930
	---- Number of certificates ----	
Weighted average number of certificates outstanding	<b>90,569,655</b>	87,690,913
Earnings per certificate - Basic and diluted	<b>2.90</b>	(Restated) 1.88

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2021 and 2020 which have dilutive effect on earnings per certificate.

### 39 REMUNERATION OF EXECUTIVES

Remuneration	<b>20,717,900</b>	21,339,500
Medical expenses	<b>359,825</b>	407,951
Retirement benefits	<b>1,280,760</b>	1,310,634
	<b>22,358,485</b>	23,058,085
Number of officers / executives at the end of the year	<b>6</b>	6

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



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#### 40 FUTURE MINIMUM LEASE RENTALS RECEIVABLES

Future minimum lease rentals receivable on the basis of lease agreements executed up to June 30, 2021 are as follows:

	2 0 2 1	2 0 2 0
	----- Rupees -----	
Receivable - not later than one year	165,765	2,888,311
Receivable - later than one year and not later than five year	-	562,211
	<u>165,765</u>	<u>3,450,522</u>

#### 41 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

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

##### 41.1 Market risk

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

##### 41.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. As of June 30, 2021 the Modaraba's exposure to the risk of changes in market interest rates relates primarily to bank balances in saving accounts, musharaka and murabaha agreements and debt securities. The bank balances in saving accounts are subject to profit rates as declared by the respective banks on yearly basis while, the musharaka and murabaha agreements and debt securities are subject to floating profit rates. As at June 30, 2021 approximately 6.03% (2020: 9.65%) of the Modaraba's financial assets are subject to floating profit rates. The management of the Modaraba estimates that an increase of 100 basis points in the market profit rate, with all other factors remaining constant, would increase the Modaraba's income by Rs. 1.340 million (2020: Rs. 0.925 million) and a decrease of 100 basis points would result in a decrease in the Modaraba's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

##### 41.3 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Modaraba does not have any financial instruments in foreign currencies and hence is not exposed to such risk.

##### 41.4 Equity price risk

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



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At the balance sheet date, the exposure to listed equity securities is Rs. 1,882.945 million (2020: Rs. 756.509 million). Management of the Modaraba estimates that 5% increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Modaraba's net assets by Rs. 94.268 million (2020: Rs. 37.825 million). However, in practice, the actual results may differ from the sensitivity analysis.

**41.5 Segment by class of business for investment in equity securities**

Sector	2021		2020	
	Rupees	%	Rupees	%
Automobile assembler	<b>66,123,872</b>	<b>3.51%</b>	39,208,813	5.01%
Automobile parts & accessories	<b>5,002,738</b>	<b>0.27%</b>	5,357,698	0.68%
Commercial Banks	<b>1,337,255</b>	<b>0.07%</b>	1,375,918	0.18%
Cable & electrical goods	<b>9,333,096</b>	<b>0.50%</b>	1,747,611	0.22%
Cement	<b>49,638,216</b>	<b>2.63%</b>	30,110,046	3.85%
Chemical	<b>36,852,922</b>	<b>1.95%</b>	24,253,467	3.10%
Engineering	<b>30,008,816</b>	<b>1.59%</b>	19,713,630	2.52%
Fertilizer	-	<b>0.00%</b>	1,962,563	0.25%
Financial services	<b>14,976,195</b>	<b>0.79%</b>	14,976,195	1.91%
Food & personal care products	<b>9,842,139</b>	<b>0.52%</b>	3,458,544	0.44%
Glass & ceramics	<b>4,844,341</b>	<b>0.26%</b>	2,582,163	0.33%
Leather & tanneries	<b>41,603,211</b>	<b>2.21%</b>	22,510,346	2.88%
Miscellaneous	<b>80,300</b>	<b>0.00%</b>	211,570	0.03%
Modarabas	-	<b>0.00%</b>	2,434,704	0.31%
Oil & gas exploration companies	-	<b>0.00%</b>	28,722,215	3.67%
Oil & gas marketing companies	<b>74,300,008</b>	<b>3.94%</b>	6,057,607	0.77%
Open-end mutual funds	<b>34,653,900</b>	<b>1.84%</b>	32,139,055	4.10%
Paper & board	<b>4,048,615</b>	<b>0.21%</b>	3,823,398	0.49%
Pharmaceuticals	<b>107,822,176</b>	<b>5.72%</b>	91,144,471	11.64%
Power generation & distribution	<b>3,399,903</b>	<b>0.18%</b>	8,798,814	1.12%
Real estate investment trust	<b>4,402,490</b>	<b>0.23%</b>	4,290,660	0.55%
Refinery	<b>27,348,433</b>	<b>1.45%</b>	6,119,186	0.78%
Synthetic and rayon	-	<b>0.00%</b>	234,835	0.03%
Technology & communication	<b>1,351,960,405</b>	<b>71.71%</b>	425,551,758	54.35%
Textile composite	<b>6,470,640</b>	<b>0.34%</b>	4,406,970	0.56%
Transport	<b>928,390</b>	<b>0.05%</b>	808,792	0.10%
Vanaspatri & Allied Industries	-	<b>0.00%</b>	373,520	0.05%
Woollen	<b>400,640</b>	<b>0.02%</b>	588,600	0.08%
	<b>1,885,378,701</b>	<b>100%</b>	<b>782,963,149</b>	<b>100%</b>

**41.6 Liquidity risk**

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

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



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2021	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
----- Rupees -----						
Long term loan	-	13,768,000	13,776,684	-	-	27,544,684
Musharaka, murabaha and finance under mark-up arrangements	6 month/ 1 month Kibor + 100 bps	90,000,000	-	-	-	-
Creditors, accrued and other liabilities	-	-	157,850,844	-	-	157,850,844
Accrued profit on borrowing	-	83,978	-	-	-	83,978
Profit distribution payable	-	32,010,555	-	-	-	32,010,555
<b>Total</b>		<b>135,862,533</b>	<b>171,627,528</b>	<b>-</b>	<b>-</b>	<b>217,490,061</b>

2020	Profit rate	Six months or less	Six to Twelve months	One to five years	Over five years	Total contractual cash flows
----- Rupees -----						
Long term loan	-	48,768,000	20,660,684	20,652,000	-	90,080,684
Musharaka, murabaha and finance under mark-up arrangements	6 month Kibor + 100bps	50,000,000	-	-	-	-
Creditors, accrued and other liabilities	-	-	126,164,369	-	-	126,164,369
Accrued profit on borrowing	-	613,854	-	-	-	613,854
Profit distribution payable	-	29,826,596	-	-	-	29,826,596
<b>Total</b>		<b>129,208,450</b>	<b>146,825,053</b>	<b>20,652,000</b>	<b>-</b>	<b>246,685,503</b>

#### 41.7 Credit risk

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

	2 0 2 1	2 0 2 0
	----- Rupees -----	
Musharaka finance	<b>93,117,299</b>	57,650,091
Short-term investments	<b>1,975,990,073</b>	865,012,982
Lease rentals receivables	<b>36,934</b>	671,145
Loans, advances and other receivables	<b>24,002,655</b>	13,744,256
Accrued profit	<b>455,240</b>	1,257,718
Bank balances	<b>39,825,320</b>	41,372,873
	<b>2,133,427,521</b>	979,709,065

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

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



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

Sector	2 0 2 1		2 0 2 0	
	Rupees	%	Rupees	%
Oil and gas	<b>1,109,640</b>	<b>4.89%</b>	1,109,640	3.70%
Transport	<b>4,986,087</b>	<b>21.97%</b>	4,986,087	16.63%
Food and confectioneries	<b>600,000</b>	<b>2.64%</b>	600,000	2.00%
Engineering and metals	<b>78,500</b>	<b>0.35%</b>	78,500	0.26%
Power generation & Energy	<b>460,000</b>	<b>2.03%</b>	460,000	1.53%
Miscellaneous	<b>15,457,223</b>	<b>68.12%</b>	22,747,225	75.87%
	<b>22,691,450</b>	<b>100%</b>	29,981,452	100%

**41.7.2** Segment by class of business for musharaka and murabaha finances

Sector	2 0 2 1		2 0 2 0	
	Rupees	%	Rupees	%
Textile industry	<b>9,458,686</b>	<b>6.09%</b>	9,458,686	6.87%
Oil and lubricants	<b>7,237,183</b>	<b>4.66%</b>	8,194,498	5.96%
Chemical and pharmaceutical	<b>9,475,692</b>	<b>6.10%</b>	9,805,393	7.13%
Engineering	<b>56,713,234</b>	<b>36.54%</b>	40,957,459	29.77%
Auto and transportation	<b>966,481</b>	<b>0.62%</b>	2,200,772	1.60%
Hospitality business	<b>9,471,425</b>	<b>6.10%</b>	9,471,425	6.88%
Miscellaneous	<b>61,899,132</b>	<b>39.88%</b>	57,510,202	41.80%
	<b>155,221,833</b>	<b>100%</b>	137,598,435	100%

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

Particulars	2 0 2 1		2 0 2 0	
	Rupees	%	Rupees	%
Miscellaneous	<b>1,245,953</b>	<b>100%</b>	1,245,953	100%
	<b>1,245,953</b>	<b>100%</b>	<b>1,245,953</b>	<b>100%</b>

**41.8 Financial instruments by category**

	2 0 2 1	2 0 2 0
	----- Rupees -----	----- Rupees -----
<b>Financial assets</b>		
<b>Amortised cost</b>		
Long-term deposits	<b>3,337,310</b>	3,037,310
Musharaka finance	<b>93,117,299</b>	57,650,091
Ijarah / lease rental receivable	<b>36,934</b>	671,145
Loans and advances	<b>19,697,547</b>	10,335,142
Accrued profit	<b>455,240</b>	1,257,718
Other receivables	<b>90,775,932</b>	14,470,000
Cash and bank balances	<b>40,048,179</b>	41,530,052
<b>FVTOCI</b>		
Short-term investments	<b>1,453,799,158</b>	627,159,370
<b>FVTPL</b>		
Short-term investments	<b>522,190,915</b>	237,853,612
	<b>2,223,458,514</b>	993,964,439



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	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- Rupees -----	
<b>Financial liabilities</b>		
<b>Amortised cost</b>		
Long term loan	<b>27,544,684</b>	55,080,684
Murabaha, musharaka and finance under mark-up arrangements	<b>90,000,000</b>	50,000,000
Creditors, accrued and other liabilities	<b>157,850,844</b>	126,546,142
Accrued profit on borrowings	<b>83,978</b>	613,854
Profit distribution payable	<b>32,010,555</b>	29,826,596
	<b>307,490,061</b>	262,067,276

#### 42 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

	<b>2 0 2 1</b>		<b>2 0 2 0</b>	
	<b>Carrying amount</b>	<b>Fair value</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets</b>				
<b>Loans and receivables at amortised cost</b>				
Long-term deposits	<b>3,337,310</b>	<b>3,337,310</b>	3,037,310	3,037,310
Musharaka finance	<b>93,117,299</b>	<b>93,117,299</b>	57,650,091	57,650,091
Ijarah / lease rental receivable	<b>36,934</b>	<b>36,934</b>	671,145	671,145
Loans and advances	<b>20,665,345</b>	<b>20,665,345</b>	10,406,946	10,706,946
Accrued profit	<b>455,240</b>	<b>455,240</b>	1,257,718	1,257,718
Other receivables	<b>90,775,932</b>	<b>90,775,932</b>	14,470,000	14,470,000
Cash and bank balances	<b>40,048,179</b>	<b>40,048,179</b>	41,530,052	41,530,052
<b>Fair value through OCI</b>				
Short-term investments	<b>1,373,939,917</b>	<b>1,373,939,917</b>	545,109,537	545,109,537
<b>Fair value through profit and loss</b>				
Short-term investments	<b>511,438,784</b>	<b>511,438,784</b>	237,853,612	237,853,612
<b>Financial liabilities</b>				
<b>Financial liabilities at amortised cost</b>				
Murabaha, musharaka and finance under mark-up arrangements	<b>90,000,000</b>	<b>90,000,000</b>	50,000,000	50,000,000
Creditors, accrued and other liabilities	<b>157,850,844</b>	<b>157,850,844</b>	126,546,142	126,546,142
Accrued profit on borrowings	<b>83,978</b>	<b>83,978</b>	613,854	613,854
Profit distribution payable	<b>32,010,555</b>	<b>32,010,555</b>	29,826,596	29,826,596



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#### 42.1 Fair value hierarchy

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

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

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

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

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

As at June 30, 2021, the Modaraba held the following financial instruments measured at fair value:

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>Investments at FVTPL</b>				
Listed ordinary shares	475,858,631	-	-	<b>475,858,631</b>
Mutual fund units	26,468,798	-	-	<b>26,468,798</b>
Preference Shares	9,111,355	-	-	<b>9,111,355</b>
Listed debt securities	10,752,131	-	-	<b>10,752,131</b>
<b>Investments at FVOCI</b>				
Listed ordinary shares	1,365,754,819	-	-	<b>1,365,754,819</b>
Mutual fund units	8,185,098	-	-	<b>8,185,098</b>
Unlisted ordinary shares	-	-	94,835,436	<b>94,835,436</b>
Unlisted debt securities	-	1,245,953	-	<b>1,245,953</b>
	<u>1,896,130,832</u>	<u>1,245,953</u>	<u>94,835,436</u>	<u><b>1,992,212,221</b></u>

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

	Level 1	Level 2	Level 3	Total
	----- Rupees -----			
<b>Investments at FVTPL</b>				
Listed ordinary shares	211,555,336	-	-	<b>211,555,336</b>
Mutual fund units	26,298,276	-	-	<b>26,298,276</b>
Preference Shares	-	-	-	-
Listed debt securities	-	-	-	-
Derivative financial instruments	-	-	-	-
<b>Investments at FVOCI</b>				
Listed ordinary shares	536,945,091	-	-	<b>536,945,091</b>
Mutual fund units	8,164,446	-	-	<b>8,164,446</b>
Unlisted ordinary shares	-	-	97,026,028	<b>97,026,028</b>
Unlisted debt securities	-	1,245,953	-	<b>1,245,953</b>
	<u>782,963,149</u>	<u>1,245,953</u>	<u>97,026,028</u>	<u><b>881,235,130</b></u>



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### Valuation techniques

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

### Transfers during the year

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

The following table presents the movement in level 3 instruments.

	<b>2 0 2 1</b>	<b>2 0 2 0</b>
	----- Rupees -----	
Opening balance	<b>97,026,028</b>	95,664,656
Redemption / sales during the year	-	-
Unrealized gain / (loss) during the year	<b>(2,190,592)</b>	1,361,372
Impairment during the year	-	-
Closing balance	<b><u>94,835,436</u></b>	<u>97,026,028</u>

### 43 CAPITAL RISK MANAGEMENT

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

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit distributed to certificate-holders, issue new certificates or sell assets to reduce debt.

The Modaraba's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Diminishing Musharaka Term Finance Certificates and borrowings less cash and bank balances.

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

Debts	<b>117,544,684</b>	105,080,684
Cash and bank balances	<b>(40,048,179)</b>	(41,530,052)
Net debt	<b><u>77,496,505</u></b>	<u>63,550,632</u>
Equity	<b><u>2,883,451,917</u></b>	<u>1,746,131,182</u>
Net debt to equity ratio	<b><u>0.03</u></b>	<u>0.04</u>

### 44 RELATED PARTY TRANSACTIONS

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



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The details of related party transactions and balances as at June 30, 2021 are as follows:

<b>Relationship with the Modaraba</b>	<b>Nature of transactions</b>	<b>2 0 2 1</b>	<b>2 0 2 0</b>
		----- Rupees -----	
<b>Transactions during the year</b>			
<b>Management Company</b>			
BRR Investment (Private) Limited	Management fee accrued	<b>31,942,494</b>	17,152,959
BRR Investment (Private) Limited	Management fee paid	<b>17,152,959</b>	5,158,795
BRR Investment (Private) Limited	Rent received	<b>120,000</b>	195,000
BRR Investment (Private) Limited	Advance received	<b>4,000,000</b>	-
BRR Investment (Private) Limited	Advance repaid	<b>4,000,000</b>	-
BRR Investment (Private) Limited	Reimbursement of expenses	<b>502</b>	158,317
<b>Associated companies / other related parties</b>			
Dawood Family Takaful Limited	Rent Received against property	<b>9,010,860</b>	5,474,928
Dawood Family Takaful Limited	Group Life Takaful paid	<b>352,426</b>	322,762
Dawood Family Takaful Limited	Musharaka finance received	<b>195,000,000</b>	50,000,000
Dawood Family Takaful Limited	Musharaka finance paid	<b>160,000,000</b>	100,000,000
Dawood Family Takaful Limited	Profit accrued on Musharaka	<b>2,114,080</b>	
Dawood Family Takaful Limited	Profit paid on Musharaka	<b>2,030,102</b>	4,100,397
First Dawood Investment Bank Limited	Rent received against property	<b>120,000</b>	352,800
First Dawood Investment Bank Limited	Share of common expenses - net	<b>71,919</b>	141,165
First Dawood Investment Bank Limited	Musharaka finance received - net	<b>5,000,000</b>	50,000,000
First Dawood Investment Bank Limited	Profit accrued on Musharaka finance	<b>4,367,919</b>	-
First Dawood Investment Bank Limited	Profit paid on Musharaka finance	<b>4,981,774</b>	3,669,031
First Dawood Employees Provident Fund	Transfer to provident fund	<b>3,175,430</b>	3,137,618
Hydrochina Dawood Power (Private) Limited	Rent received against property	<b>7,404,599</b>	3,769,091
Dawood Global Foundation	Charity paid	<b>215,321</b>	55,417



**B.R.R. Guardian Modaraba**  
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<b>Relationship with the Modaraba</b>	<b>Nature of balances</b>	<b>2 0 2 1</b>	<b>2 0 2 0</b>
		----- Rupees -----	
<b>Year end balances</b>			
<b>Management Company</b>			
BRR Investments (Private) Limited	Management fee payable	<b>31,942,495</b>	17,152,959
<b>Associated companies / other related parties</b>			
First Dawood Investment Bank	Musharaka finance payable	<b>55,000,000</b>	50,000,000
First Dawood Investment Bank	Profit payable	-	613,854
Dawood Family Takaful Limited	Musharaka finance payable	<b>35,000,000</b>	-
Dawood Family Takaful Limited	Profit payable	<b>83,978</b>	-
Dawood Family Takaful Limited	Advance rental against investment property	<b>3,355,332</b>	43,440
Hydrochina Dawood Power (Private) Limited	Advance rental	<b>3,707,170</b>	23,286

**Group shared services**

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

**45 SEGMENT REPORTING**

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

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

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

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

**46 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE**

The Board of Directors of the Management Company in their meeting held on September 30, 2021 have approved profit distribution at the rate of 13.2% i.e Re. 1.32 per certificate (2020: at the rate of 7.8% i.e. Re. 0.78 per certificate) for the year ended June 30, 2021. These financial statements do not reflect this distribution.

Further, the Board of Directors in their meeting held on September 30, 2021 has resolved and granted in principal approval for conversion of BRR Guardian Modaraba into a public limited company incorporated under the laws of Pakistan, by incorporating a new public limited company i.e. BRR Limited (Proposed) "BRRL" and amalgamating BRRGM with and into BRRL pursuant to a Scheme of Arrangement to be filed under a petition for sanction by the High Court of Sindh at Karachi in terms of section 279-283 of the Companies Act, 2017, read with SRO 840(1)/2017 dated August 17, 2017, "Scheme of Arrangement (Modaraba)" with the surviving entity being BRRL, which will be procured to be listed on PSX under a direct listing process in lieu of amalgamation of BRRGM with and into BRRL. The above proposed decision is subject to



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the approval of the Registrar of Modarabas, the Securities Exchange Commission of Pakistan, the Honorable High Court, the Certificate holders of BRRGM and other relevant authorities as per Modaraba Companies and Modaraba (Flotation and Control) Ordinance 1980, and the Companies Act, 2017 and other laws for the time being in force.

**47 DATE OF AUTHORISATION FOR ISSUE**

These consolidated financial statements were authorised for issue on September 30, 2021 by the Board of Directors of B.R.R. Investment (Private) Limited.

**48 CORRESPONDING FIGURES**

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

**49 NUMBER OF EMPLOYEES**

The number of employees as at year end was 62 (2020: 62) and average number of employees during the year was 62 (2020: 61).

**50 GENERAL**

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

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

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**Rafique Dawood**  
Chairman

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**Ayaz Dawood**  
Chief Executive Officer

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**Syed Ali Raza**  
Director

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**Syed Tariq Masood**  
Chief Financial Officer



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**B.R.R. GUARDIAN MODARBA  
PATTERN OF CERTIFICATE HOLDING - FORM "34"  
CERTIFICATE HOLDERS STATISTICS AS AT JUNE 30, 2021**

<b>Number of Certificate Holders</b>	<b>From</b>	<b>Certificate Holding</b>	<b>To</b>	<b>Certificate Held</b>
1690	1	-	100	76,285
2370	101	-	500	576,593
2414	501	-	1000	1,634,886
757	1001	-	5000	1,685,468
140	5001	-	10000	1,044,625
43	10001	-	15000	520,980
21	15001	-	20000	373,083
18	20001	-	25000	414,250
24	25001	-	30000	685,796
9	30001	-	35000	289,792
3	35001	-	40000	111,999
4	40001	-	45000	171,500
4	45001	-	50000	193,813
6	50001	-	55000	321,070
6	55001	-	60000	350,897
2	60001	-	65000	125,124
6	65001	-	70000	405,271
6	70001	-	75000	445,250
1	75001	-	80000	80,000
1	80001	-	85000	83,130
2	85001	-	90000	179,760
1	90001	-	95000	93,500
1	105001	-	110000	110,000
2	110001	-	115000	227,184
2	115001	-	120000	236,983
1	120001	-	125000	123,114
1	135001	-	140000	140,000
1	140001	-	145000	141,000
2	155001	-	160000	315,672
1	160001	-	165000	161,500
1	170001	-	175000	175,000
1	230001	-	235000	235,000
1	235001	-	240000	235,950
1	240001	-	245000	242,000
1	265001	-	270000	268,583
1	280001	-	285000	282,500
1	300001	-	305000	305,000
1	335001	-	340000	335,116



**B.R.R. Guardian Modaraba**  
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<b>Number of Certificate Holders</b>	<b>From</b>	<b>Certificate Holding</b>	<b>To</b>	<b>Certificate Held</b>
1	345001	-	350000	345,800
1	365001	-	370000	367,941
1	410001	-	415000	410,300
1	425001	-	430000	425,904
1	430001	-	435000	430,222
2	435001	-	440000	876,150
2	440001	-	445000	886,474
1	465001	-	470000	465,500
1	490001	-	495000	493,529
1	520001	-	525000	520,300
1	535001	-	540000	539,550
1	595001	-	600000	598,193
1	630001	-	635000	631,826
1	675001	-	680000	678,003
1	770001	-	775000	770,808
1	785001	-	790000	786,526
1	820001	-	825000	823,184
1	840001	-	845000	844,143
1	930001	-	935000	930,333
1	940001	-	945000	944,350
1	980001	-	985000	980,100
1	1040001	-	1045000	1,041,500
1	1045001	-	1050000	1,047,000
1	1230001	-	1235000	1,231,923
1	1235001	-	1240000	1,236,000
1	2030001	-	2035000	2,031,657
1	2155001	-	2160000	2,156,141
1	2275001	-	2280000	2,276,563
1	2400001	-	2405000	2,400,140
1	2630001	-	2635000	2,631,900
1	2780001	-	2785000	2,780,086
1	2795001	-	2800000	2,796,091
1	3005001	-	3010000	3,007,122
1	3220001	-	3225000	3,224,547
1	4775001	-	4780000	4,776,405
1	7265001	-	7270000	7,266,943
1	7435001	-	7440000	7,439,678
1	8795001	-	8800000	8,795,850
1	11710001	-	11715000	11,712,133
<b>7588</b>				<b>94,998,489</b>



**B.R.R. Guardian Modaraba**  
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## ADDITIONAL INFORMATION AS ON JUNE 30, 2021

S. No.	Categories of Certificate holders	Number	Certificates Held	% Age
<b>1</b>	<b>Associated Companies</b>	<b>3</b>	<b>28,396,338</b>	<b>29.89</b>
	B.R.R. Investment (Pvt.) Ltd.		17,720,461	18.65
	Equity International (Pvt) Ltd.		1,812,308	1.91
	Dawood Family Takaful Limited		8,863,569	9.33
<b>2</b>	<b>NIT / ICP</b>	<b>2</b>	<b>2,814,473</b>	<b>2.96</b>
	CDC - Trustee National Investmet (Unit) Trust		2,780,086	2.93
	Investment Corporation of Pakistan		34,387	0.04
<b>3</b>	<b>Directors, CEO their Spouse &amp; Minor Children</b>	<b>2</b>	<b>12,022,074</b>	<b>12.66</b>
	Rafique Dawood		400,180	0.42
	Ayaz Dawood		11,621,894	12.23
<b>4</b>	<b>Banks, DFIs, NBFIs, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others</b>	<b>70</b>	<b>14,332,109</b>	<b>15.09</b>
<b>5</b>	<b>General Public</b>	<b>7,511</b>	<b>37,433,495</b>	<b>39.40</b>
	<b>Total</b>	<b>7,588</b>	<b>94,998,489</b>	<b>100.00</b>

### Certificate holders holding Ten percent or more Certificates

<b>Paid up Capital</b>	<b>94,998,489</b>	
B.R.R. Investment (Pvt.) Ltd.	17,720,461	18.65
Ayaz Dawood	11,621,894	12.23



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

## SIX YEARS' FINANCIAL SUMMARY

2021	2020	2019	2018	2017	2016
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### Key Financial Figures

#### Profit & Loss Account

----- (Rs. In million) -----

Operating income	507.40	347.12	244.41	254.01	313.62	243.01
Other income	7.62	2.91	8.60	11.65	148.43	29.41
Amortization on ijarah assets	1.92	7.09	25.40	39.68	22.22	30.27
Financial charges	6.61	10.47	26.42	11.84	24.78	37.31
Administrative expenses	149.08	126.99	116.45	139.45	155.60	138.08
Provision/(Reversal) for doubtful debts/receivables	(2.69)	(23.28)	(51.90)	(38.18)	16.55	(5.06)
Unrealized loss / (gain) on revaluation of held-for-trading investment	(164.45)	(28.13)	79.60	60.85	(43.43)	(0.09)
Net Profit	277.66	149.10	44.84	64.92	169.67	46.72
Dividend	125.40	67.36	20.73	29.36	78.05	21.07

#### Balance Sheet

Paid-up Capital	949.98	863.62	863.62	863.62	780.46	780.46
Reserves	1,921.15	867.54	510.12	528.28	483.98	276.14
Certificate Holders Equity	2,871.14	1,731.16	1,373.75	1,391.90	1,264.44	1,056.60
Borrowings	117.54	140.08	212.19	350.60	408.35	588.64
Lease portfolio	22.69	29.98	44.77	79.79	50.73	94.35
Morabaha & Musharaka Portfolio	93.12	57.65	59.36	48.57	19.80	36.88

#### Performance Indicators

Earnings / (Loss) per certificate (Rs.)	3.07	1.73	0.52	0.75	2.17	0.60
Profit paid per certificate (Rs.)	1.32	0.78	0.24	0.34	1.000	0.270
Profit paid per certificate (%)	13.20%	7.80%	2.40%	3.40%	10.00%	2.70%
Profit payout (after statutory reserves) (%)	90.00%	90.00%	90.00%	90.00%	90.02%	90.21%
Break-up value per certificate (Rs.)	30.22	20.05	15.91	16.12	16.20	13.54
Market value per certificate (Rs.)	13.23	8.69	8.12	8.74	9.43	6.95
Price Earnings ratio	4.31	5.02	15.62	11.65	4.35	11.58
Income/Expense ratio	2.62	2.00	1.29	1.39	1.73	1.24
Financial Charges/Total Expenses (%)	3.35%	6.11%	15.01%	6.20%	9.29%	17.00%



# B.R.R. SECURITY VAULT

## CUSTODIAL & REPOSITORY SERVICE

A DIVISION OF B.R.R. GUARDIAN MODARABA



Country's premier safe deposit locker service offers a unique and effective solution

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