

Habib Metro Modaraba

(An Islamic Financial Institution)



ANNUAL REPORT 2022

HABIBMETRO

Modaraba Management

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

مَدِينَةُ الْمَدِينِ

VISION

Be a leading Modaraba in providing Shariah compliant financial facilities through innovative products and services.

MISSION

To achieve excellence in our chosen markets in accordance with Islamic principles of finance in a professional manner with high ethical standards supported by state of art services through efficient distribution channels for sustainable growth and better return to our investors.

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Corporate Information

MODARABA MANAGEMENT COMPANY

Habib Metropolitan Modaraba Management Company (Private) Limited

BOARD OF DIRECTORS

Syed Rasheed Akhtar	- Chairman (Non-Executive Independent Director)
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Usman Nurul Abedin	- Non-Executive Director
Mr. Saeed Uddin Khan	- Non-Executive Independent Director
Mr. Mohammad Shams Izhar	- Non-Executive Director
Dr. Irum Saba	- Non-Executive Director

LEGAL ADVISOR

Mohsin Tayebaly & Company

SHARIAH ADVISOR

Alhmd Shariah Advisory Services (Private) Limited

AUDIT COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Muhammad Babar	- Secretary

AUDITOR

BDO Ebrahim & Co.
Chartered Accountants

HUMAN RESOURCE COMMITTEE

Mr. Saeed Uddin Khan	- Chairman
Syed Rasheed Akhtar	- Member
Mr. Mohammad Shams Izhar	- Member
Mr. Muhammad Jehanzeb	- Secretary

BANKERS

Habib Metropolitan Bank Limited (Islamic Banking)
Soneri Bank Limited (Islamic Banking)
Meezan Bank Limited
Dubai Islamic Bank Pakistan Limited

COMPANY SECRETARY

Mr. Tehsin Abbas

REGISTRAR

CDC Share Registrar Services Limited
Share Registrar Department
CDC House, 99-B, Block "B",
S.M.C.H.S
Main Shahrah-e-Faisal,
Karachi,
Pakistan. Tel: 111-111-500

REGISTERED OFFICE

3rd Floor, Al Manzoor Building
Dr. Ziauddin Ahmed Road, Karachi
Tel : 021-32635949-51
UAN : 111-346-346
Web : www.habibmetromodaraba.com
Email : hmm@habibmetromodaraba.com

Chairman's Message

Dear Modaraba Certificate Holders,

I am pleased to present report to our valued Certificate Holders on the affairs of Habib Metro Modaraba (HMM) for the year ended 30th June, 2022.

However, I am glad to note that despite difficult operating environment; HMM has made a reasonable performance during the financial year 2021-22. The size of balance sheet has reached to Rs.371 million as compared to last of Rs.350 million which reflect marginal growth of around 6%. However, Modaraba successfully managed to increase its profitability compared with last year 2021, It's Profit before tax increased from Rs. 16 million to Rs. 25 million for the period ended 30th June, 2022.

Presently, our economy and businesses are passing through difficult time due to high inflation, exorbitant lending rates, currency devaluation, increasing energy prices and high cost of doing businesses. As a result, strong monetary tightening has occurred despite concerns about a slowdown in global growth and even recession risks. Pakistan's macroeconomic imbalances have significantly disturbed and economic recovery which is yet to be materialized. I foresee that current year i.e., 2022-23 will be a challenging year for overall trade and businesses due to stress in economy at local and global level.

In the month of March, 2022, the Board Directors decided to merge Habib Metro Modaraba (HMM) with First Habib Modaraba (FHM). It was a sensible decision keeping in view of withdrawal of income tax exemption on Modaraba sector and other economic challenges particularly high inflation, rising lending rates and increasing motor car prices. Merger would develop good business synergies keeping in view of good customer network and strong business presence of FHM in Pakistan's financial market. The Certificate Holders of HMM will also benefit with sharing good profits in the shape of dividend after association with FHM. I am hopeful that entire merger process will be completed by the end of 2022, Insha'Allah.

In conclusion, I would like to acknowledge continued support, strategic guidance and prudent and invaluable contributions of Board of Directors on regular basis. I would also like to thank each and every member of the Board for their guidance, valuable input and giving their precious time for Board meetings.

I also wish to commend our Chief Executive Officer, Senior Executives and all other staff members of HMM for their hard work, dedication and focused efforts for satisfactory results of HMM. I place my sincere appreciation to our Certificate Holders, business partners and all other valued stakeholders for their conviction and the confidence place in our organization. I take this opportunity to thank Registrar of Modaraba, Securities & Exchange Commission of Pakistan, State Bank of Pakistan, Pakistan Stock Exchange, and other relevant regulatory bodies for their continued guidance and support extended to us.

Syed Rasheed Akhtar

Chairman

Date: September 06, 2022

چیرمین کا پیغام

محترم مضاربہ سرٹیفکیٹ ہولڈرز،

مجھے ۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال کے لئے حبیب میٹرو مضاربہ (ایچ ایم ایم) کے معاملات پر اپنے قابل قدر سرٹیفکیٹ ہولڈرز کو رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

تاہم، مجھے یہ جان کر خوشی ہوئی کہ مشکل آپریٹنگ ماحول کے باوجود: ایچ ایم ایم سال ۲۰۲۱-۲۲ کے دوران معقول کارکردگی دکھائی ہے۔ بیلنس شیٹ کا سائز ۳۵۰ ملین کے آخری کے مقابلے میں ۳۷۱ ملین روپے تک پہنچ گیا ہے جو تقریباً ۶ فیصد کی معمولی نمو کو ظاہر کرتا ہے۔ تاہم، مضاربہ گزشتہ سال ۲۰۲۱ کے مقابلے میں کامیابی کے ساتھ اپنے منافع میں اضافہ کرنے میں کامیاب رہا، جبکہ ۳۰ جون ۲۰۲۲ کو ختم ہونے والی مدت کو ٹیکس سے پہلے اس کا منافع ۱۶ ملین روپے تھا جو بڑھ کر ۲۵ ملین روپے ہو گیا ہے۔

اس وقت ہماری معیشت اور کاروبار بلند افراط زر، قرضے کی حد سے زیادہ شرح، کرنسی کی قدر میں کمی، توانائی کی بڑھتی ہوئی قیمتوں اور کاروبار کرنے کی بلند قیمت کی وجہ سے مشکل وقت سے گزر رہے ہیں۔ نتیجے کے طور پر، عالمی نمونے میں سست روی اور یہاں تک کہ کساد بازاری کے خطرات کے باوجود مضبوط مالیاتی سختی واقع ہوئی ہے۔ پاکستان کے میکرو اکنامک عدم توازن نے معاشی بحالی کو نمایاں طور پر متاثر کیا ہے جو ابھی تک مکمل بحال نہیں ہو سکی ہے۔

مجھے اندازہ ہے کہ موجودہ سال یعنی ۲۰۲۲-۲۳ مقامی اور عالمی سطح پر معیشت میں تناؤ کی وجہ سے مجموعی تجارت اور کاروبار کے لیے ایک چیلنجنگ سال ثابت ہو گا۔

مارچ ۲۰۲۲ کے مہینے میں، بورڈ ڈائریکٹرز نے حبیب میٹرو مضاربہ (HMM) کو فرسٹ حبیب مضاربہ (FHM) کے ساتھ ضم کرنے کا فیصلہ کیا۔ مضاربہ سیلر پر اکٹم ٹیکس کی چھوٹ کو واپس لینے اور دیگر معاشی چیلنجوں بالخصوص بلند افراط زر، قرضے کی بڑھتی ہوئی شرحوں اور موٹر کاروں کی قیمتوں میں اضافے کے پیش نظر یہ ایک سمجھدار فیصلہ تھا۔ پاکستان کی مالیاتی مارکیٹ میں اچھے کسٹرنیٹ ورک اور FHM کی مضبوط کاروباری موجودگی کے پیش نظر انضمام سے اچھی کاروباری ہم آہنگی پیدا ہوگی۔ HMM کے سرٹیفکیٹ ہولڈرز FHM کے ساتھ وابستگی کے بعد منافع کی شکل میں اچھے منافع کو بانٹنے سے بھی فائدہ اٹھائیں گے۔ مجھے امید ہے کہ انضمام کا پورا عمل ۲۰۲۲ کے آخر تک مکمل ہو جائے گا، انشاء اللہ۔

آخر میں، میں اس مشکل وقت میں بورڈ آف ڈائریکٹرز کی مسلسل سپورٹ، اسٹریٹجک رہنمائی اور دانشمندانہ اور بے مثال تعاون کا اعتراف کرنا چاہوں گا۔ میں بورڈ کے ہر رکن کا ان کی رہنمائی، قابل قدر ان پٹ اور بورڈ مینگیٹنگ کے لئے ان کا قیمتی وقت دینے پر شکریہ ادا کرنا چاہوں گا۔

میں اپنے چیف ایگزیکٹو آفیسر، سینئر ایگزیکٹوز اور ایچ ایم ایم کے دیگر تمام سٹاف ممبران کی بھرتوں کے اثرات کو مؤثر طریقے سے سنبھالنے اور اطمینان بخش نتائج پیدا کرنے کے لئے ان کی محنت، لگن اور توجہ مرکوز کو ششوں کی ستائش و شکریہ ادا کرنا چاہتا ہوں۔ میں اپنے سرٹیفکیٹ ہولڈرز، کاروباری شراکت داروں اور دیگر تمام قابل قدر اسٹیک ہولڈرز کو ان کے یقین اور ہماری تنظیم میں اعتماد کی جگہ کے لئے دلی ستائش کرتا ہوں۔ میں اس موقع پر جسٹس آف مضاربہ، سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، اسٹیٹ بینک آف پاکستان، پاکستان اسٹاک ایکسچینج اور دیگر متعلقہ ریگولیٹری اداروں کا شکریہ ادا کرتا ہوں کہ انہوں نے ہماری مسلسل رہنمائی اور معاونت کی۔

سید رشید اختر

چیرمین

تاریخ: ۰۶ ستمبر، ۲۰۲۲

Directors' Report

On behalf of the Board of Directors, we are pleased to present the audited accounts of the Modaraba for the year ended June 30, 2022.

	(Rupees)
Profit before management fee	28,837,222
Modaraba management company's remuneration	2,883,722
Sales Tax on Management Company's Remuneration	374,884
Provision for Sindh Workers' Welfare Fund	511,572
Profit before taxation	<u>25,067,044</u>
Taxation	<u>6,888,172</u>
Profit after taxation	18,178,871
Un-appropriated profit b/f	3,254,023

APPROPRIATIONS

	(Rupees)
Cash Dividend @ 4.5% (RS. 0.45 per certificate of Rs. 10/- each)	13,500,000
Transfer to statutory reserve @ 20% of profit	3,635,774
Un-appropriated profit c/f	4,297,120

Dividend Payment

The Board of Directors are pleased to declare cash dividend of 4.5% i.e. Re. 0.45 per certificate of Rs.10/- each for the period ended 30th June, 2022.

Economic Review

After showing good recovery in last year, Pakistan economy performed well in FY2021-22 and attained GDP growth of 5.97%. Growth in Pakistan's economy remained strong due to the sound monetary and fiscal stimulus measures initiated by the SBP & Government in the preceding year which has ended with a better growth in FY22. However, this high growth created issues of high trade and current account deficit due to high import bill. Till the 3rd quarter of FY22, the economy performed well and surpassed its targets for GDP, agriculture, services and industrial sector.

Recently, the SBP's Monetary Policy Committee (MPC) raised the policy rate by 125 basis points. In a very short period of time the policy rate has been increased significantly. In the last quarter of the calendar year 2021, the policy rate was 7.25% and within nine months, this reached a level of 15%. This unprecedented pace of increase has made the business environment extremely challenging. Pakistan has a long history of boom-and-bust cycles where the economy some time does not sustain after short period of growth. Economic growth mainly supported by import based inputs which create issues of adverse balance payment issues in current account and trade deficit.

The high inflation which has reached to 14 years high level of around 24% in the month of July, 2022 has shaken the cost structure of businesses and tremendously increased cost of doing business. Globally, inflation is at multi-decade highs in most of the countries. As a result, strong monetary tightening has occurred despite concerns about a slowdown in global growth and even recession risks. Pakistan's macroeconomic imbalances have significantly disturbed and economic recovery which is yet to be materialized. The high international prices were still adversely affecting external positions

even in the new fiscal year. Government is taking steps to slow down economic activities and suppress demand to reduce pressure on foreign reserves and inflation at the domestic level.

Business Review of (HMM)

Since beginning of last year, the economy of Pakistan remained in positive zone and business sentiments and investors' confidence remained high and encouraging. However, in last quarter of FY 2021-22 few unexpected changes made in last quarter such as political instability, war between Russia & Ukraine, and hefty rise in global petroleum prices. These developments completely changed economic scenario which created unanticipated distress and challenges within economy and businesses. Rising commodity prices in last few months and high current account deficit have inflated the import bill, put the country on the verge of a balance of payments crisis.

Due to stress in economy, high lending rates, high prices of motor vehicles and long que in car delivery by almost every top variant, we could not able to increase size of financing assets portfolio. Our balance sheet size slightly increased to Rs.371 million from Rs.350.0 million. However, on profit front, we have made good increase from Rs.16.259 million to Rs.25.067 million.

Good progress has been made in merger process of Habib Metro Modaraba (HMM) with First Habib Modaraba (FHM). After securing NOC from Securities and Exchange Commission of Pakistan, (SECP) we have filled petition to Honorable Court, and now Court has issued direction to conduct a meeting of Modaraba Certificate Holders which is scheduled to be held on 27th September, 2022. We are confident that entire merger process will be completed by November-December, 2022 Insha'Allah. We are hopeful that said merger will prove to be beneficial for our investors since the acquiring entity i.e., FHM has strong financial position including good revenues and Certificate Holders of HMM will be benefited with good sharing of profit every year by virtue of becoming of Certificate Holders of FHM.

Shariah Compliance and Audit Mechanism

A fundamental requirement of an Islamic financial institution is that its whole business practices and operations are based on Shariah rules and principles. Islamic finance derives its value proposition from the application of Shariah principle in financial transactions that provide for different risks and return profile.

Adherence to Shariah principles under such distinct contract preserves the validity and sanctity of any Islamic financial transactions. As such, HMM committed to upholding these principles via strict observance of the Shariah Governance Framework.

Alhamdulillah, the management of Habib Metro Modaraba continuously focuses on Shariah governance and compliance culture under guidance and supervision of our worthy Shariah advisor. However, continuous efforts have been made for its further improvement.

We feel that Shariah governance is our utmost responsibility and our team is fully committed as their prime objective for its perfection and flawless processes.

A complete Shariah Audit report of Shariah Advisor for the year ended June 30, 2022 is also attached with annual report.

Corporate Social Responsibility

Accordingly, we have aligned our Corporate Social Responsibility (CSR) initiatives to deliver on this commitment, and enhance community empowerment and responsible environmental management in a sustainable manner.

Our business strategies are based on strong ethical foundation and concept of sustainable business to create maximum value for our stakeholders. Translating this believe our sustainability model is surrounding within our People, Organization and the World.

HMM, being a socially responsible corporate entity, has been a regular contributor to the society and communities. It has been our primary concern to ensure that contributing to community development should be continuously carried out.

Since last several years HMM has been donating non-profit organization working for improvement educations, healthcare etc. HMM continues to encourage events and projects which focus on children, health and education in under privileged members of society.

Performance Evaluation

The Modaraba has engaged the Pakistan Institute of Corporate Governance (PICG) as an Independent External Evaluator, who is in process to conduct the performance evaluation of the Board.

Fee to Attend the Directors' Meeting

Chairman, Non-Executive Directors and independent director are entitled only for the fee for attending the meetings from the Modaraba Management Company. The levels of remuneration are appropriate and commensurate with the level of responsibility and expertise to govern the company successfully and with value addition. Further, the Executive director of the Modaraba Management Company does not earn any retention fee against the services provided by him in the capacity of Non-Executive Director from any other entity.

Board Meeting outside Pakistan

During the year, all board meetings have been arranged at Karachi in Management Company's office and none of the meeting conducted outside Pakistan in order to avoid any extra expenses of outside meeting.

Policy for Security Clearance of Foreign Directors

HMM has no foreign Directors on its Board. However, as we remain committed to the well-being of our Board, the modaraba has in place various protocols and procedures to ensure the safety and security of all Directors, including any foreign Directors should there be any in the future.

Foreign Directors

No Foreign directors exist on the Board of Modaraba Management Company.

Pattern of Certificate Holders

A Statement showing pattern of Certificate Holding of the Modaraba and additional information as at June 30, 2022 is included in this report.

Corporate and Financial Reporting Framework

The Directors are pleased to confirm compliance with Corporate and Financial Reporting Framework of the Securities & Exchange Commission Pakistan (SECP) and the Code of Corporate Governance for the following:

- The financial statements, prepared by the management of the modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- International Financial Reporting Standards (IFRS), as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed. Further, the management of the Modaraba appreciates the unreserved compliance of IFRS to the possible extent in order to promote the fair financial reporting.

- Proper books of accounts of the modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements. Accounting estimates used are based on reasonable and prudent judgment.
- The system of internal control is in place and has been effectively implemented. It is being continuously reviewed by internal audit and other such procedures.
- There has been no material departure from the best practices of corporate governance, as detailed in the Listed Companies (Code of Corporate Governance) Regulations 2019, except those mentioned in the statement of compliance with code of corporate governance.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022 except for those disclosed in the financial statements.

Composition of the Board

The composition of the Board of Directors of the Company as on June 30, 2022 is as follows:

1. The total number of Directors are Six as per the following:
 - Male: 5
 - Female: 1
2. The number of Directors under respective categories are as follows:
 - Independent Directors: 2
 - Non-Executive Directors: 2
 - Executive Director: 1
 - Female Director: 1

Directors' attendance

During the year, Six Board meetings, Four Audit Committee meetings and One Human Resource Committee meetings were held. Attendance by each Director was as follows:

Name of Directors	Board of Director	Audit Committee	HR Committee
Syed Rasheed Akhtar	6	4	1
Mr. Muhammad Shoaib Ibrahim	6	NA	NA
Mr. Mohammad Shams Izhar	6	4	1
Mr. Saeed uddin Khan	6	4	1
Mr. Usman Nurul Abedin	6	NA	NA
Ms. Irum Saba	5	NA	NA

Acknowledgment

The Board would like to express its sincere thanks and gratitude for the continued support and guidance provided by Securities & Exchange Commission of Pakistan, Registrar Modaraba Companies, Financial Institutions and State Bank of Pakistan from time to time, customers of the Modaraba for their patronage and business, Certificate holders who have remained committed to Habib Metro Modaraba.

In the end, the Board appreciates dedication, high level of professionalism and hard work of employees of your Modaraba for achieving satisfactory results.

Muhammad Shoaib Ibrahim

Chief Executive Officer

Syed Rasheed Akhtar

Director

Karachi: September 06, 2022

ڈائریکٹرز رپورٹ

بورڈ آف ڈائریکٹرز کی جانب سے ہمیں ۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال کے لئے مضاربہ کے آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے خوشی ہو رہی ہے۔

۲۸،۸۳۷،۲۲۲	مہینجٹ فیس سے قبل منافع
۲،۸۸۳،۷۲۲	مضاربہ مہینجٹ کمپنی کی فیس
۳۷۴،۸۸۴	مہینجٹ کمپنی کے معاوضے پر سروسز سیلز ٹیکس
۵۱۱،۵۷۲	سندھ ورکرز ویلفیئر فنڈ
۲۵،۰۶۷،۰۴۴	منافع قبل از ٹیکس
۶،۸۸۸،۱۷۲	ٹیکس
۱۸،۱۷۸،۸۷۲	سال کا منافع
۳،۲۵۴،۰۲۳	پچھلے سالوں کا غیر منقسم شدہ منافع

قابل تقسیم منافع:

۱۳،۵۰۰،۰۰۰	۴.۵ فیصد کے حساب سے نقد منافع برائے تقسیم (۱۰ روپے کے سرٹیفکیٹ پر ۰.۴۵ روپے کے سرٹیفکیٹ پر ۰.۴۵ روپے کے نقد منافع فی سرٹیفکیٹ)
۳،۶۳۵،۷۷۴	(Statutory Reserve) میں منافع کی ۲۰ فیصد شرح سے منتقلی
۴،۲۹۷،۱۲۰	غیر منقسم شدہ منافع

منافع کی ادائیگی

بورڈ آف ڈائریکٹرز نے ۳۰ جون ۲۰۲۲ کو ختم ہونے والی مدت کے لئے ۴.۵ فیصد یعنی ۰.۴۵ روپے فی سرٹیفکیٹ / ۱۰ روپے کے نقد منافع کا اعلان کرتے ہوئے خوشی کا مظاہرہ کیا ہے۔

اقتصادی جائزہ

گزشتہ سال اچھی ریکوری کے بعد، پاکستان کی معیشت نے مالی سال ۲۰۲۱-۲۲ میں اچھی کارکردگی کا مظاہرہ کیا اور جی ڈی پی کی شرح نمو ۵.۹ فیصد حاصل کی۔ ایس پی پی اور حکومت کی جانب سے پچھلے سال شروع کیے گئے ٹھوس مالیاتی اور مالیاتی محرک اقدامات کی وجہ سے پاکستان کی معیشت میں نمو مضبوط رہی جس کا اختتام مالی سال ۲۲ میں بہتر نمو کے ساتھ ہوا۔ تاہم، اس بہترین نمو نے اعلیٰ درجے کی بلوں کی وجہ سے اعلیٰ تجارتی اور کرنٹ اکاؤنٹ خسارے کے مسائل پیدا کر دیے۔ مالی سال ۲۲ کی تیسری سہ ماہی تک، معیشت نے اچھی کارکردگی کا مظاہرہ کیا اور جی ڈی پی، زراعت، خدمات اور صنعتی شعبے کے اپنے اہداف کو عبور کیا۔

حال ہی میں، SBP کی مانیٹری پالیسی کمیٹی (MPC) نے پالیسی ریٹ میں ۱۲۵ بیس پوائنٹس کا اضافہ کیا۔ بہت کم عرصے میں پالیسی ریٹ میں نمایاں اضافہ ہوا ہے۔ کیلنڈر سال ۲۰۲۱ کی آخری سہ ماہی میں، پالیسی کی شرح ۲۵ فیصد تھی اور نومبر کے اندر، یہ ۱۵ فیصد کی سطح پر پہنچ گئی۔ اضافے کی اس بے مثال رفتار نے کاروباری ماحول کو انتہائی مشکل بنا دیا ہے۔ پاکستان میں بوم اینڈ بسٹ سائیکل کی ایک طویل تاریخ ہے جہاں معیشت بعض اوقات ترقی کے مختصر عرصے کے بعد برقرار نہیں رہتی ہے۔ اقتصادی ترقی کو بنیادی طور پر درآمد پر مبنی آدانوں سے مدد ملتی ہے جو کرنٹ اکاؤنٹ اور تجارتی خسارے میں توازن کی ادائیگی کے منفی مسائل پیدا کرتے ہیں۔

شرح مہنگائی / افراط زر جولائی ۲۰۲۲ کے مہینے میں ۱۴ سال کی بلند ترین سطح ۲۴ فیصد تک پہنچنے والی ہے جس نے کاروبار کرنے کے لاگت اور کاروباری ڈھانچے کو بری طرح سے ہلا کر رکھ دیا اور کاروبار کرنے کی لاگت میں زبردست اضافہ ہوا۔ عالمی سطح پر، زیادہ تر ممالک میں افراط زر کئی دہائیوں کی بلند ترین سطح پر ہے۔ نتیجتاً مضبوط مانیٹری پالیسی اپنائی گئی باوجود یہ کہ عالمی نمویں سست روی اور یہاں تک کہ کساد بازاری کے خطرات موجود ہیں۔ پاکستان کے میکرو اکنامک عدم توازن نے معاشی بحالی کو نمایاں طور پر متاثر کیا ہے جس پر عمل درآمد ہونا باقی ہے۔ عالمی بڑھتی قیمتیں جو ابھی بھی خارجی طور پر ہماری معیشت پر بہت منفی طرح اثر انداز ہو رہی تھیں۔ نئے مالی سال میں گورنمنٹ ایسے اقدامات لینے پر غور کر رہی ہے تاکہ معاشی سرگرمیاں سست ہوں اور ڈیمانڈ کم ہو، تاکہ فارن ریزرو پر دباؤ کم ہو سکے اور ڈومیسٹک سطح پر افراط زر پر قابو پایا جاسکے۔

کاروباری جائزہ (ایچ ایم ایم)

گزشتہ سال کے آغاز سے پاکستان کی معیشت مثبت زون میں رہی اور کاروباری سرگرمیاں اور سرمایہ کاروں کا اعتماد بلند اور حوصلہ افزا رہا۔ تاہم، مالی سال ۲۰۲۱-۲۲ کی آخری سہ ماہی میں سیاسی عدم استحکام، روس اور یوکرین کے درمیان جنگ، اور عالمی سطح پر پیٹرولیم کی قیمتوں میں بے پناہ اضافہ جیسی چند غیر متوقع تبدیلیاں کی گئیں۔ ان پیش رفت نے معاشی منظر نامے کو مکمل طور پر تبدیل کر دیا تھا جس نے معیشت اور کاروبار کے اندر غیر متوقع پریشانی اور چیلنجز پیدا کر دیے تھے۔ گزشتہ چند مہینوں میں اشیاء کی قیمتوں میں اضافہ اور بڑھے ہوئے مددی بلوں کی وجہ سے بلند کرنٹ اکاؤنٹس نے ملک کو ادا نیگیوں کے توازن کے بحران کے دہانے پر کھڑا کر دیا ہے۔

معیشت میں تناؤ، قرضے کی بلند شرح، موٹر گاڑیوں کی زیادہ قیمتیں، اور تقریباً ہر ٹاپ ویرینٹ کی طرف سے گاڑی کی ترسیل میں لمبی قطار کی وجہ سے، ہم فنانسنگ اثاثوں کے پورٹ فولیو کے سائز میں اضافہ نہیں کر سکے۔ ہماری بیلس شیٹ کا سائز ۳۵۰۰ ملین سے تھوڑا سا بڑھ کر ۳۷۰۰ ملین روپے ہو گیا۔ تاہم، منافع کے محاذ پر، ہم نے ۱۶۲۵۹ ملین روپے سے ۲۵۰۶۷ ملین روپے تک اچھا اضافہ کیا ہے۔

حبیب میٹرو مضاربہ (HMM) کے فرسٹ حبیب مضاربہ (FHM) کے ساتھ انضمام کے عمل میں اچھی پیش رفت ہوئی ہے۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) سے NOC حاصل کرنے کے بعد ہم نے معزز عدالت میں درخواست دائر کی ہے، اور اب عدالت نے مضاربہ سرٹیفکیٹ ہولڈرز کا اجلاس منعقد کرنے کی ہدایات جاری کی ہیں جو ۲۷ ستمبر ۲۰۲۲ کو منعقد ہونا ہے۔ ہمیں یقین ہے کہ انضمام کا پورا عمل نومبر ۲۰۲۲ تک مکمل ہو جائے گا انشاء اللہ۔ ہمیں امید ہے کہ یہ انضمام ہمارے سرمایہ کاروں کے لیے فائدہ مند ثابت ہو گا کیونکہ انضمام ہونے والے ادارے یعنی FHM کی ایک مضبوط مالی پوزیشن ہے جس میں اچھی آمدنی ہے اور HMM کے سرٹیفکیٹ ہولڈرز کو FHM کے حامل سرٹیفکیٹ بننے کی وجہ سے ہر سال منافع کی اچھی تقسیم سے فائدہ پہنچے گا۔

شرعی تعمیل اور آڈٹ کا طریقہ کار

ایک اسلامی مالیاتی ادارے کا ایک بنیادی ضرورت ہوتی ہے جس پر اُس کا کاروباری معاملات اور امور انجام دیئے جاتے ہیں اور وہ ہیں شرعی اصول و ضوابط۔ اسلامک فنانس شرعی معاہدوں کے تحت اُس کی قیمت حاصل کرتی ہے جو کہ فنانشل ٹرانزیکشن کی رسک اور ریٹرن پر وفاق کی صورت میں آتی ہے۔

شرعی اصولوں کی پابندی کرتے ہوئے، اسلامی مالیاتی نظام رسک شیئرنگ کی حوصلہ افزائی کرتا ہے، کاروبار کو فروغ دیتا ہے، قیاس آرائیوں کی حوصلہ شکنی کرتا ہے، اور معاہدوں کے تقدس پر زور دیتا ہے۔

اس طرح کے الگ معاہدے کے تحت شرعی اصولوں کی پابندی کسی بھی اسلامی مالیاتی لین دین کی درستگی اور تقدس کو محفوظ رکھتی ہے۔ اس طرح، HMM شریعہ گورننس فریم ورک کی سختی سے پابندی کرتے ہوئے ان اصولوں کو برقرار رکھنے کے لیے پرعزم ہے۔

الحمد للہ، حبیب میٹرو مضاربہ کی انتظامیہ ہمارے قابل شرعی مشیر کی رہنمائی اور نگرانی میں شرعی حکمرانی اور تعمیل کلچر پر مسلسل توجہ مرکوز کر رہی ہے۔ تاہم اس کی مزید بہتری کے لیے مسلسل کوششیں جاری ہیں۔

ہم محسوس کرتے ہیں کہ شرعی حکمرانی ہماری انتہائی ذمہ داری ہے اور ہماری ٹیم اس کے کمال اور بے عیب عمل کے لیے اپنے بنیادی مقصد کے طور پر پوری طرح پرعزم ہے۔

۳۰ جون ۲۰۲۲ کو ختم ہونے والے سال کے لیے شریعہ ایڈوائزری کی مکمل شریعہ آڈٹ رپورٹ بھی سالانہ رپورٹ کے ساتھ منسلک ہے۔

کارپوریٹ سماجی ذمہ داری

اسی مناسبت سے ہم نے اس عزم کو پورا کرنے اور کمیونٹی کو بااختیار بنانے اور ذمہ دارانہ ماحولیاتی انتظام کو پائیدار طریقے سے بڑھانے کے لئے اپنے کارپوریٹ سماجی ذمہ داری (سی ایس آر) اقدامات کو ہم آہنگ کیا ہے۔

ہماری کاروباری حکمت عملی مضبوط اخلاقی بنیاد اور پائیدار کاروبار کے تصور پر مبنی ہے تاکہ ہمارے اسٹیک ہولڈرز کے لئے زیادہ سے زیادہ قدر پیدا کی جاسکے۔ اس ہی یقین کو ہمارا پائیدار ماڈل ہمارے لوگوں، تنظیم اور دنیا میں منوائے گا۔

ایچ ایم ایم سماجی طور پر ذمہ دار کارپوریٹ ادارہ ہونے کی وجہ سے معاشرے اور برادریوں / کمیونٹیز میں باقاعدہ حصہ دار رہا ہے۔ یہ یقینی بنانا ہماری بنیادی سوچ رہی ہے کہ کمیونٹی کی ترقی میں مسلسل تعاون کیا جانا چاہئے۔

گزشتہ کئی سالوں سے HMM تعلیم، صحت کی بہتری دیکھ بھال وغیرہ کے لئے کام کرنے والی غیر منافع بخش تنظیم کو عطیہ دے رہا ہے۔ ایچ ایم ایم ایسے کاموں اور منصوبوں کی حوصلہ افزائی جاری رکھے ہوئے ہے جو معاشرے کے پسماندہ افراد، بچوں، صحت اور تعلیم پر توجہ مرکوز کرتے ہیں۔

کارکردگی کی تشخیص

مضاربہ نے پاکستان انسٹیٹیوٹ آف کارپوریٹ گورننس (PICG) کو ایک آزاد بیرونی جائزہ کار کے طور پر شامل کیا ہے، جو بورڈ کی کارکردگی کا جائزہ لے رہا ہے۔ ڈائریکٹرز کے اجلاس میں شرکت کے لئے فیس

چیئر مین، نان ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز صرف مضاربہ مینجمنٹ کمپنی سے اجلاسوں میں شرکت کی فیس کے حقدار ہیں۔ معاوضے کمپنی کو کامیابی سے اور ویلیو ایڈیشن کے ساتھ چلانے کی ذمہ داری اور مہارت کے مطابق مناسب اور مطابقت رکھنے کے درجہ کے مطابق ہیں۔ مزید برآں، مضاربہ مینجمنٹ کمپنی کے ایگزیکٹو ڈائریکٹرز کسی بھی دوسرے ادارے سے نان ایگزیکٹو ڈائریکٹرز کی حیثیت سے ان کی فراہم کردہ خدمات کے مقابلے میں کوئی برقراری فیس حاصل نہیں کرتے ہیں۔

پاکستان سے باہر بورڈ میٹنگ

اس سال کے دوران، بورڈ میں تمام بورڈ میٹنگز کا انتظام کراچی میں مینجمنٹ کمپنی کے دفتر میں کیا گیا ہے اور بیرونی اجلاس کے اضافی اخراجات سے بچنے کے لئے کسی بھی اجلاس کا پاکستان سے باہر انعقاد نہیں کیا گیا۔

فارن ڈائریکٹرز کی سکیورٹی کلیئرنس کی پالیسی

ایچ ایم ایم کے بورڈ میں کوئی غیر ملکی ڈائریکٹر نہیں ہے۔ تاہم، جیسا کہ ہم اپنے بورڈ کی فلاح و بہبود کے لئے پر عزم ہیں، مضاربہ نے تمام ڈائریکٹرز بشمول کسی بھی غیر ملکی ڈائریکٹرز کی حفاظت اور تحفظ کو یقینی بنانے کے لئے مختلف پروٹوکول اور طریقہ کار وضع کیے ہیں۔

غیر ملکی ڈائریکٹرز

مضاربہ مینجمنٹ کمپنی کے بورڈ میں کوئی غیر ملکی ڈائریکٹر موجود نہیں ہے۔

سرٹیفکیٹ ہولڈرز کا نمونہ / پیٹرن

۲۰۲۲ء کو مضاربہ کے سرٹیفکیٹ ہولڈنگ کا پیٹرن اور اضافی معلومات کا اسٹیٹمنٹ اس رپورٹ میں شامل ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک

ڈائریکٹرز مسرت کے ساتھ تصدیق کرتے ہیں کہ درج ذیل نکتوں پر سیکیورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP) اور کوڈ برائے کارپوریٹ گورننس پر کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک مشتمل ہے:

- مالیاتی اسٹیٹمنٹ جو کہ مضاربہ منجمنٹ کی طرف سے تیار کی جائے گی، وہ مکمل طور پر اپنی چیزوں شفافیت رکھے گی، جو کہ آپریشن کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی پر ہو۔
- بین الاقوامی مالیاتی رپورٹنگ معیار، پاکستان میں مضاربہ پر لاگو ہو گا، مالیاتی اسٹیٹمنٹ کی تیاری میں کسی بھی چیز کو حذف کرنے کی مناسب وجہ بیان کی جائے گی۔ مزید برآں یہ کہ، مضاربہ کی منجمنٹ کی یہ کوشش رہے گی کہ وہ منجمنٹ کے مالیاتی رپورٹنگ کو IFRS کے معیار کے مطابق کرے گی تاکہ صاف شفاف مالیاتی رپورٹنگ کو ترویج دی جاسکے۔
- مضاربہ کے کھاتوں کا صحیح طور پر حساب کتاب رکھا گیا ہے۔
- مالیاتی اسٹیٹمنٹ کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو لاگو کیا جائے گا۔ کھاتوں کا تخمینہ بہتر تجزیے اور صحیح وجہ کی بنیاد پر لگایا جائے گا۔
- اندرونی انتظام کو موثر طریقے سے نافذ العمل کیا جائے گا۔ اس نظام کو اندرونی احتساب / آڈٹ و دیگر ذرائع کے تحت مسلسل جائزہ لیا جائے گا۔
- کارپوریٹ گورننس کے بہترین طریقہ کار سے کسی قسم کا میٹرل باہر نہیں ہوا ہے جس کی تفصیل فہرست شدہ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن ۲۰۱۹ کے مطابق، سوائے اُس کے جو کہ اسٹیٹمنٹ برائے کارپوریٹ گورننس میں بتائے گئے ہیں۔
- ۳۰ جون ۲۰۲۲ تک کسی بھی قسم کے حکومتی ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز وغیرہ قابل ادا نہیں ہیں سوائے جو کہ رپورٹ میں فراہم کئے گئے ہیں۔

بورڈ کی تشکیل

۳۰ جون ۲۰۲۲ء تک کمپنی کے بورڈ آف ڈائریکٹرز کی تشکیل درج ذیل ہے:

۱. ڈائریکٹرز کی کل تعداد درج ذیل کے مطابق چھ ہے:

• مرد: ۵

• عورت: ۱

۲. متعلقہ زمروں / کیٹیگریز کے تحت ڈائریکٹرز کی تعداد درج ذیل ہے:

• آزاد ڈائریکٹرز: ۲

• نان ایگزیکٹو ڈائریکٹرز: ۲

• ایگزیکٹو ڈائریکٹرز: ۱

• خاتون ڈائریکٹرز: ۱

ڈائریکٹرز کی حاضری

گذشتہ سال کے دوران بورڈ کے پانچ اجلاس، آڈٹ کمیٹی کے چار اجلاس اور انسانی وسائل کمیٹی کے ایک اجلاس منعقد ہوئے۔ ہر ڈائریکٹر کی حاضری درج ذیل تھی:

ڈائریکٹر کا نام	بورڈ آف ڈائریکٹرز	آڈٹ کمیٹی	ایچ آر کمیٹی
سید رشید اختر	۶	۴	۱
جناب محمد شعیب ابراہیم	۶	NA	NA
جناب محمد شمس ازہر	۶	۴	۱
جناب سعید الدین خان	۶	۴	۱
جناب عثمان نورالآبیدین	۶	NA	NA
محترمہ ارم صبا	۵	NA	NA

آڈیٹرز

موجودہ آڈیٹر میسرز بی ڈی او ابراہیم اور کمپنی چارٹرڈ اکاؤنٹنٹس، پانچ سال کی خدمات مکمل کر چکے ہیں اور ہو سکتا ہے کہ وہ ۳۰ جون ۲۰۲۳ کو ختم ہونے والے مالی سال کے لیے آڈیٹرز کے طور پر دوبارہ تقرری کے لیے خود کو پیش کرنے کے اہل نہ ہوں، تاہم، انتظامیہ انضمام تک انہی آڈیٹرز کو جاری رکھنے کا امکان دیکھے گی۔ عمل رجسٹر ارمضار بہ آفس سے منظوری سے مشروط ہے۔

اظہار تشکر

بورڈ شکر گزار ہے کہ جو تعاون اور مدد اُسے سیکورٹیز اینڈ ایکسچینج کمیشن پاکستان (SECP)، رجسٹر ارمضار بہ کمپنیز، مالیاتی اداروں اور اسٹیٹ بینک آف پاکستان کا جنہوں نے گاہے بگاہے کی، اس کے علاوہ مضاربہ کے کسٹمرز کی جنہوں نے اپنے کاروبار اور دیگر معاملات میں ہماری رہنمائی کی، سرٹیفکیٹ کنندگان کی جنہوں نے حبیب میٹرو مضاربہ کے ساتھ مسلسل اپنا تعاون جاری رکھا۔

آخر میں، بورڈ مضاربہ کے ملازمین کے بہترین پروفیشنلزم، سخت محنت اور انتھک جذبے کو سراہتا ہے جن کی وجہ سے ہمیں یہ بہترین نتائج حاصل ہوئے ہیں۔

محمد رشید اختر
ڈائریکٹر

محمد شعیب ابراہیم
چیف ایگزیکٹو آفیسر

کراچی: ۰۶ ستمبر ۲۰۲۲

Notice of Annual Review Meeting

Notice is hereby given that the Annual Review Meeting of certificate-holders of Habib Metro Modaraba will be held on October 25, 2022 at 4.00 p.m. at Institute of Cost and Management Accountants of Pakistan (ICMAP) Building, ST-18/C Block-6, Gulshan-e-Iqbal, Karachi, to review the performance of the Modaraba for the year ended June 30, 2022.

The certificate holders whose names appear in the register of certificate holders of HMM as on October 17, 2022 will be eligible to attend the Annual Review Meeting.

By order of the Board

Tehsin Abbas
Company Secretary

Karachi: September 06, 2022

REQUEST TO CERTIFICATE HOLDERS

- The Individual Certificate Holders who have not yet submitted photocopy of their valid Computerized National Identity Card (CNIC) to the Modaraba / Share Registrar, are once again reminded to send the same at the earliest directly to Company's Share Registrar, M/s CDC Share Registrar Services Limited. In case of non-receipt of the copy of a valid CNIC, the Modaraba would be constrained under section 243 (3) of the Companies Act, 2017 to withhold dividend of such certificate holders.
- In accordance with the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, it is mandatory for a listed company to pay cash dividend to its certificate holder only through electronic mode directly into the bank account designated by the entitled certificate holder. Therefore, certificate holders are requested to fill in "Electronic Credit Mandate Form" as reproduced below and send it duly signed along with a copy of valid CNIC/NTN to their respective CDC participant / CDC Investor account services.

- (i) Certificate holder's details
 - Name of the certificate holder (s)
 - Folio # / CDS Account No.(s)
 - CNIC NO. (copy attached)
 - Mobile/Landline no.
- (ii) Certificate holder's Bank detail
 - Title of Bank Account
 - International Bank Account number (IBAN)
 - Bank's Name
 - Branch's name and address

It is stated that the above-mentioned information is correct and in case of any change herein I will immediately intimate the Share Registrar accordingly.

Directors' Profile

Syed Rasheed Akhtar – Chairman Non-Executive Independent Director

Syed Rasheed Akhtar has rich experience in the banking field. His vast banking career spans over 36 years. He possesses masters in statistics degree from University of Karachi. He started his banking career from Habib Bank Limited in the year 1974 and carried diversified experience on very senior positions. He has been associated with Bank Indosuez, Habib Bank AG Zurich, HBZ Bank Limited, South Africa. He also headed an independent Islamic Banking Division of HBZ Bank Limited, South Africa from 2006-2010. He successfully completed Certificate on Islamic Banking arranged by N.I.B.A.F. State Bank of Pakistan. He has also completed Certification of Director Training Program conducted by Institute of Chartered Accountants of Pakistan.

Muhammad Shoaib Ibrahim – Chief Executive Officer

Muhammad Shoaib, is associated with FHM since the inception of modaraba. His extensive working experience in Non-Banking Islamic Financial institutions makes him senior most person with such rich experience of Islamic Finance in Pakistan. This intense exposure gave him the insight into the financial and technical aspects of fund management in Islamic way. He has done Master's in Business Administration (MBA) in Banking and Finance from Institute of Business Administration (IBA). He has completed Post Graduate Diploma (PGD) in Islamic Banking and Finance from Centre of Islamic Economics (Darul Ulum), Karachi, Pakistan. He has also completed Certification of Director Training Program conducted by Institute of Chartered Accountants of Pakistan. On number of occasions he remained as an Executive Member of Modaraba Association of Pakistan.

Mohammad Shams Izhar - Non Executive Director

Mr. Mohammad Shams Izhar is an MBA from Institute of Business Administration (IBA), Karachi backed with a degree in Industrial Technology. He has over 36 years' experience in banking with specialization in Corporate Governance and Risk Management overseeing credit risk, operation risk, market & liquidity risk, information security, business continuity and internal control. He also contributed towards improvement of the country's banking industry's standard as a member of Pakistan Banks Association's sub-committee and SBP working group. He is also a Fellow Institute of Bankers Pakistan and Certified Director by Pakistan Institute of Corporate Governance (PICG)."

Saeed Uddin Khan- Non Executive Independent Director

Mr. Saeed Uddin Khan has extensive 33 years banking experience in Conventional as well as Islamic. He did his MBA from IBA, Karachi. He also holds Diploma in Banking (DAIBP) and PGD as well as NIBAF, SBP Certification in Islamic banking, besides short as well as extensive training within and outside Pakistan. He has a rich knowledge of retail banking, product and brand development, corporate financing, risk management, asset recovery, budgeting, MIS etc. He served HBL in different areas and at senior positions including inter alia CEO of HBL Mudaraba, Head, Islamic Banking, Head, Budgeting & MIS, Head, SME Business etc. Lastly he set up Islamic banking business and launched a new brand by the name of Sa'adat in Sindh Bank, which he left in early 2018. Currently he is the CEO of a Microfinance Institution recently granted banking license by the State Bank of Pakistan.

Usman Nurul Abedin – Non Executive Director

Mr. Usman Nurul Abedin has graduated from University of Karachi he possesses about of 44 years of diversified experience in the field of banking and finance. He has a vast experience in banking particularly in treasury operations international branch banking. He served Habib Metropolitan Bank for about 32 years at senior management positions and also well versed with risk of credit management policy making and administration. Before joining Habib Metropolitan Bank he was associated with Bank of Credit & commerce international (BCCI) for about 12 years and served as Manager international Operations / Overseas Banking / Credit and Marketing.

Dr. Irum Saba – Non Executive Director

Dr. Saba has more than 17 years of progressive regulatory, research, training, and teaching experience with organizations of international repute. She trained more than 6000 employees in Pakistan's financial sector and taught more than 3000 students in Pakistan. She has extensive regulatory experience with specific focus to promote women empowerment, organisational development and Islamic banking and Finance while working in the Islamic Banking Department of SBP. She is a Shari'ah registered financial planner (Shari'ah RFP). She holds the Chartered Islamic Finance Professional (CIFP) credential from INCEIF with distinction and PhD in Islamic Finance from INCEIF. She holds M.Com with distinction and PGD in Islamic Banking and Insurance from Institute of Islamic Banking and Insurance (IIBI), London. Her areas of interest are Political Economy, Management, Shari'ah, Wealth planning and Management, Islamic microfinance, corporate governance, and Islamic finance.

Certificate Holders Information

Registered Office:
3rd Floor, Al Manzoor Building
Dr. Ziauddin Ahmed Road, Karachi
Tel : 021-32635949-51
Fax : 021-32627373
Web www.habibmetromodaraba.com
Email : hmm@habibmetromodaraba.com

CDC Share Registrar Services Limited
Share Registrar Department
CDC House, 99-B, Block "B",
S.M.C.H.S
Main Shahrah-e-Faisal,
Karachi,
Pakistan. Tel: 111-111-500

Listing on Stock Exchange

Modaraba Certificates of Habib Metro Modaraba (HMM) is listed on Pakistan Stock Exchange (PSX).

Investor Service Centre

HMM share department is operated by Central Depository Company of Pakistan Limited - Share registrar department. It also functions as an Investor Service Centre and has been servicing nearly 866 Certificate holders. The Investor Service Centre is managed by a well-experienced team of professionals and is equipped with the necessary infrastructure in terms of computer facilities and comprehensive set of systems and procedures for conducting the Registration function. The team is headed by Mr. Mohsin Rajab Ali at registered office, Central Depository Company of Pakistan Limited - Share registrar department.

HMM share department has online connectivity with Central Depository Company of Pakistan Limited - Operation department. The share department undertakes activities Certificate Transfer and Transmission, issue of duplicate / revalidated dividend warrant, issue of duplicate / replaced share Certificates, change of address and other related matters.

For assistance, Certificate holders may contact either the Registered Office or Share Registrar Office:

Contact Person:

Registrar Office:
Mr. Mohsin Rajab Ali
Manager Share Registrar
CDC Share Registrar Services Limited

Contact Person:

Mr. Tehsin Abbas
Executive Vice President
Habib Metro Modaraba

Dividend Announcement

The Board of Directors of the Management Company has approved cash dividend of 4.5% (Re. 0.45 per Modaraba Certificate of Rs. 10/- each) for the financial year ended 30th June, 2022.

Book Closure Dates

The Certificate Transfer Book of the Modaraba will remain close from 18-10-2022 to 28-10-2022 (both days are inclusive).

Payment of Dividend Electronically (E-mandate)

Pursuant to the provisions of section 242 of the Companies Act, 2017 and Companies (Distribution of Dividend) Regulations, 2017, the dividend will be paid, to those certificate holders whose name appear in the Register of Member of the Modaraba after entertaining all requests for transfer of certificate lodge with the Modaraba before the book closure date, through electronic mode directly into the bank account designated by the entitled certificate holder.

Withholding of Tax & Zakat on Dividend

Currently Section 150 of the income Tax Ordinance, 2001 prescribed following tax rates for deduction of withholding tax on the amount of dividend paid by the modarabas, unless the Certificate Holder's income is tax-exempted:

- | | | |
|----|---|-----|
| 1. | Rate of tax deduction for filer of income tax return. | 15% |
| 2. | Rate of tax deduction for non-filer of income tax return. | 30% |

The status of deduction of withholding tax will be determined as per Active Taxpayer List (ATL)" available on FBR website.

Further, in the light of clarification from Federal Board of Revenue, all the shareholders who intend to seek exemption from withholding of taxes on payment of dividend under clause 47B of Part – IV of the Second Schedule of the Income Tax Ordinance, 2001, are requested to provide the valid Exemption Certificate under section 159(1) of the Income Tax Ordinance, 2001 duly issued by the concerned Commissioner of Inland Revenue in order to claim the said exemption.

Zakat is also deductible at source from the dividend at the rate of 2.5% of face value of the share, other than the corporate holders or the individuals who provide the undertaking for non-deduction of Zakat.

Categories of Certificate Holders

As of June 30, 2022

Categories of Certificate Holders	Certificate Holders	Certificate Held	Percentage%
Directors, Chief Executive Officer and their spouse(s) and minor children	-	-	-
Associated Companies, undertakings and related parties			
HABIB METROPOLITAN BANK LIMITED	1	18,000,000	60.00
HABIB METROPOLITAN MODARABA MANAGEMENT COMPANY (PVT.) LTD	1	3,000,000	10.00
NIT and ICP	-	-	-
Banks Development Financial Institutions	-	-	-
Insurance Companies	-	-	-
Modarabas and Mutual Funds	1	500	0.00
General Public			
a. Local	858	2,996,259	9.99
b. Foreign	2	1,500	0.01
Foreign Companies	-	-	-
OTHERS	3	6,001,741	20.01
Totals	866	30,000,000	100.00

Certificate holders holding 5% or more	Certificate Held	Percentage%
Habib Metropolitan Bank Limited	18,000,000	60.00
Habib Management (Private) Limited	3,000,000	10.00
Habib Metropolitan Modaraba Management Company (Pvt.) Ltd	5,872,741	19.58

PATTERN OF CERTIFICATE HOLDING REPORT

As of June 30, 2022

Number of Certificate holders	Certificate Holdings			Total Certificate Held
34	1	to	100	161
455	101	to	500	226,609
161	501	to	1000	160,824
172	1001	to	5000	415,510
10	5001	to	10000	74,893
5	10001	to	15000	68,286
5	15001	to	20000	93,398
7	20001	to	25000	173,035
2	25001	to	30000	55,148
2	30001	to	35000	65,567
1	35001	to	40000	37,000
2	40001	to	50000	98,828
1	50001	to	75000	72,000
1	75001	to	100000	100,000
1	100001	to	125000	120,000
1	125001	to	175000	160,500
1	175001	to	200000	200,000
1	200001	to	350000	343,000
1	350001	to	550000	534,500
1	2995001	to	3000000	3,000,000
1	3000001	to	6100000	6,000,741
1	17995001	to	18000000	18,000,000
866				30,000,000

Statement of Compliance with Code of Corporate Governance of Habib Metro Modaraba for the year ended June 30, 2022

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

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

Male	5
Female	1

2. The composition of board is as follows:

Executive Director	Mr. Muhammad Shoaib Ibrahim
Chairman (Non-Executive Independent Director)	Mr. Syed Rasheed Akhtar
Non-Executive Director	Mr. Mohammad Shams Izhar
Non-Executive Independent Director	Mr. Saeed Uddin Khan
Non-Executive Director	Mr. Usman Nurul Abedin
Non-Executive Director	Ms. Dr. Irum Saba

3. The directors have confirmed that none of them is serving as a director on more than Seven listed companies, including this company;
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the 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 boards of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. All the directors, are compliant with necessary requirements of Directors Training Certificate at The Institute of Chartered Accountants of Pakistan (ICAP), The Institute of Cost and Management Accountants of Pakistan (ICMAP) and Institute of Business Administration (IBA) except one, who has subsequently acquired the necessary certification from ICMAP.

Directors status of compliance with necessary requirements of Directors Training program are as follows:

Mr. Muhammad Shoaib Ibrahim	Certified from ICAP
Mr. Mohammad Shams Izhar	Certified from PICG
Syed Rasheed Akhtar	Certified from ICAP
Mr. Saeed ud din Khan	Certified from ICMAP
Dr. Irum Saba	Certified from IBA
Mr. Usman Nurul Abedin	Certification from ICMAP in progress

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. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:

Audit Committee

Chairman	Mr. Saeed Uddin Khan
Member	Mr. Syed Rasheed Akhtar
Member	Mr. Mohammad Shams Izhar

HR and Remuneration Committee

Chairman	Mr. Saeed Uddin Khan
Member	Mr. Syed Rasheed Akhtar
Member	Mr. Mohammad Shams Izhar

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly / half yearly / yearly) of the committee were as per following:

Audit Committee	Four quarterly meetings
HR and Remuneration Committee	One annual meeting

15. The board has set up an effective internal audit function containing individuals who are 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 regulations 3, 6, 7, 8, 24, 27, 32, 33 and 36 of the Regulations have been complied with

Muhammad Shoaib Ibrahim

Chief Executive Officer

Syed Rasheed Akhtar

Chairman

Karachi: September 06, 2022

Independent Auditor's Review Report to the Certificate Holders of Habib Metro Modaraba on the Statement of Compliance contained in Listed Companies (Code Of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company) for and on behalf of Habib Metro Modaraba (the Modaraba) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba 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'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 transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. 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. We have not carried out procedures to assess and determine the Modaraba Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

KARACHI

DATED: SEPTEMBER 20, 2022

UDNIN: CR202210166Jp1VuRD4Y

BDO Ebrahim & Co.

CHARTERED ACCOUNTANTS

Engagement Partner: Tariq Feroz Khan

Shariah Advisor's Profile

Alhamd Shariah Advisory Services (ASAS) is a Shariah Advisory company providing Shariah Advisory services, training and product development to Islamic Banks, Modarabas, Islamic Mutual Funds, Takaful companies etc.

The following Shariah Scholars are associated with ASAS and have the experience and affiliation for the advisory of the renowned institution in the country mostly in the financial sector:

1. Mufti Ibrahim Essa
2. Mufti Ubid ur Rahman
3. Mufti Uzair Tariq Bilwani
4. Mufti Tahir Mehmood
5. Mufti Hassain Ahmad
6. Dr. Mufti Adnan Aziz

The certificate of Incorporation was issued from SECP on March 05, 2018. ASAS is certified Shariah Advisory Company of SECP and the registration number in SECP is SECP/IFD/SA/046 dated May 07, 2019.

Shariah Advisor's Review Report

We have conducted the Shari'ah review of Habib Metro Modaraba (HMM) managed by Habib Metropolitan Modaraba Management Company (Pvt.) Limited for the financial year ended on June 30, 2022 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and in our opinion:

- i. the mechanism adopted by HMM has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by HMM are in line with the Shari'ah principles;
- ii. the agreement(s) entered into by HMM are Shari'ah Compliant and the financing agreement(s) have been executed on the approved formats and all the related conditions have been met;
- iii. to the best of our information and according to the explanations given to us, the business transactions undertaken by HMM and all other matters incidental thereto are in conformity with the Shari'ah requirements;
- iv. Charity account was reviewed and found in line with the direction of rules and regulations.

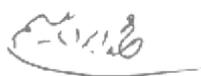
Observations:

During the Shariah Review, some issues were found, therefore, the management is recommended to implement the guidelines given in this regard by the Shariah Advisor.

Conclusion:

Based on the extensive reviews of sample cases of Residual Value car financing, related documentation, processes, and management's representation made in this regard, it is our candid opinion that, the affairs, activities and transactions, performed by the Modaraba during the year are in compliance with the rules & principles of Shari'ah and in light of the guidelines issued by the Registrar Modaraba, Securities & Exchange Commission of Pakistan.

May Allah bless HMM with the best Tawfeeq to accomplish His cherished tasks, all good deeds are from Allah and weaknesses are from our side that needs to be forgiven.



Mufti Muhammad Ibrahim Essa
For and on behalf of
Alhamd Shariah Advisory Services Private Limited



Mufti Uzair Bilwani
For and on behalf of
Alhamd Shariah Advisory Services Private Limited

Dated: August 10, 2022



Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of HABIB METRO MODARABA ("the Modaraba") as at June 30, 2022 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 ended June 30, 2022 and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

These financial statements are the Modaraba Company's [Habib Metropolitan Modaraba Management Company (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 account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), 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 account and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the period was for the purpose of the Modaraba 's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the period were in accordance with the objects, terms and conditions of the Modaraba;
- 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, 2022 and of the profit, its comprehensive income, its cash flows and changes in equity for the period then ended; and
- d) 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.

Without qualifying our opinion, we draw attention to

Note 1.2 to the financial statements which provide details regarding scheme of arrangement (scheme of merger) between the Modaraba Management Company of Habib Metro Modaraba (HMM) and First Habib Modaraba (FHM). As a consequence of the scheme of merger, FHM shall take over the assets, liabilities, business, functions, contracts, policies, proceedings, undertakings, etc. of the Madaraba at a specific date subject to approval of Registrar of Modaraba.

The engagement partner on the audit resulting in this independent auditor's report is Tariq Feroz Khan.

KARACHI

DATED: September 12, 2022

UDIN: AR202210166yweRstMSu

BDO Ebrahim & Co.

Chartered Accountants

BALANCE SHEET

AS AT JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
ASSETS			
NON CURRENT ASSETS			
Fixed assets in own use	5	1,125,555	2,251,810
Diminishing musharaka financing	7	201,813,420	166,663,132
Deferred tax asset	22	381,271	-
Preliminary expenses and floatation costs	8	-	2,626,807
		<u>203,320,246</u>	<u>171,541,749</u>
CURRENT ASSETS			
Short term investment	9	-	40,000,000
Current portion of diminishing musharaka financing	7	85,898,911	118,329,824
Short term prepayments and other receivables	10	2,250,065	781,621
Accrued profit	11	664,839	379,769
Taxation - net	12	4,092,515	7,766,305
Cash and cash equivalent	13	74,337,470	10,879,709
		<u>167,243,800</u>	<u>178,137,228</u>
		<u>370,564,046</u>	<u>349,678,977</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorized capital			
30,000,000 modaraba certificates of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid-up certificate capital	14	300,000,000	300,000,000
Statutory reserve	15	15,511,779	11,876,005
Unappropriated profit	15	17,797,120	15,254,023
		<u>333,308,899</u>	<u>327,130,028</u>
CURRENT LIABILITIES			
Creditors, accrued and other liabilities	16	37,133,901	22,439,990
Unclaimed profit distribution		121,246	108,959
		<u>37,255,147</u>	<u>22,548,949</u>
		<u>370,564,046</u>	<u>349,678,977</u>
TOTAL EQUITY AND LIABILITIES			
CONTINGENCIES AND COMMITMENTS			
	17		

The annexed notes from 1 to 37 form an integral part of these financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

STATEMENT OF PROFIT AND LOSS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
INCOME			
Income from diminishing musharaka financing		40,948,472	28,004,770
Profit on Islamic Term Deposit Receipts (TDR)		-	5,288,966
Profit on Modaraba's deposit accounts		4,569,064	1,318,838
Other finance income		-	440,000
Other income	18	2,756,472	1,709,480
		48,274,008	36,762,054
EXPENSES			
Amortization of preliminary expenses and floatation costs	8	2,626,807	2,623,881
Provision in respect of diminishing musharaka financing	2.5	33,169	-
Administrative expenses	19	16,619,165	15,289,132
Financial charges	20	157,645	144,344
		19,436,786	18,057,357
Modaraba Management Company's remuneration	21	28,837,222	18,704,697
Sales tax on Management Company's remuneration	21	2,883,722	1,870,470
Provision for Sindh Workers' Welfare Fund	16.1	511,572	331,821
Profit before taxation		25,067,044	16,259,245
Taxation	22	(6,888,172)	-
Net profit for the year		18,178,871	16,259,245
Earnings per certificate - basic and diluted	23	0.61	0.54

The annexed notes from 1 to 37 form an integral part of these financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
Net profit for the year	18,178,871	16,259,245
Other comprehensive income	-	-
Total comprehensive income for the year	<u>18,178,871</u>	<u>16,259,245</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated / (used) in operations	32	28,065,802	(59,048,058)
Diminishing musharaka financing		(35,150,288)	(36,210,050)
Income tax paid - net		(3,595,652)	(2,235,700)
Financial charges paid		(157,646)	(144,344)
Net cash used in operating activities		<u>(10,837,784)</u>	<u>(97,638,152)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Addition to fixed asset in use		(249,210)	(99,200)
Disposal of fixed asset in use		1,300,002	13,997
Investment-net		40,000,000	60,000,000
Income received on diminishing musharaka financing		40,948,472	28,004,770
Profit on Islamic Term Deposit Receipts (TDR)		-	5,623,716
Profit received on Modaraba's deposits accounts		4,283,994	1,364,986
Net cash flows from investing activities		<u>86,283,258</u>	<u>94,908,269</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distributed		(11,987,713)	(20,913,017)
Net cash used in financing activities		<u>(11,987,713)</u>	<u>(20,913,017)</u>
Increase / (decrease) in cash and cash equivalents during the year		<u>63,457,761</u>	<u>(23,642,900)</u>
Cash and cash equivalent at the beginning of the year		<u>10,879,709</u>	<u>34,522,609</u>
Cash and cash equivalent at the end of the year		<u><u>74,337,470</u></u>	<u><u>10,879,709</u></u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	Issued, subscribed and paid-up	*Statutory reserve	Unappropriated profit	Total
-----Rupees-----				
Balance as on July 01, 2020	300,000,000	8,624,156	23,246,627	331,870,783
Transaction with the owners				
Profit distribution for the period ended June 30, 2020 @ Rs 0.7 per certificate	-	-	(21,000,000)	(21,000,000)
Profit for the year	-	-	16,259,245	16,259,245
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	16,259,245	16,259,245
Transfer to statutory reserve	-	3,251,849	(3,251,849)	-
Balance as at June 30, 2021	300,000,000	11,876,005	15,254,023	327,130,028
Transaction with the owners				
Profit distribution for the year ended June 30, 2021 @ Rs 0.4 per certificate	-	-	(12,000,000)	(12,000,000)
Profit for the year	-	-	18,178,871	18,178,871
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	18,178,871	18,178,871
Transfer to statutory reserve	-	3,635,774	(3,635,774)	-
Balance as at June 30, 2022	300,000,000	15,511,779	17,797,120	351,487,770

*Statutory reserve represents profit set aside to comply with the Modaraba Regulation, 2021 issued by Securities and Exchange Commission of Pakistan.

The annexed notes from 1 to 37 form an integral part of these financial statements.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

1 NATURE AND STATUS OF BUSINESS

1.1 Habib Metro Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from October 06, 2017. The address of registered office is 3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited. The Modaraba is engaged in residual value car financing model on diminishing musharaka basis, providing financing for solar power equipment and other related business.

At the reporting date, sixty percent and ten percent modaraba certificates are held by Habib Metropolitan Bank Limited (the Holding Company) and Habib Metropolitan Modaraba Management Company (Private) Limited (the Management Company), respectively.

1.2 The Board of Directors of the Management Company, being the modaraba management company of Habib Metro Modaraba ("HMM"), in their meeting held on June 06, 2022 principally approved the draft Scheme for Arrangement (scheme for merger) under Sections 279 to 282 Companies Act, 2017, to be entered into between the Modaraba Management Company, HMM and First Habib Modaraba ("FHM") subject to necessary approvals along with any such changes, modifications as may be required or advised by legal counsel and / or accounting consultants.

SECP has given approval on July 22, 2022 to the Management Company to proceed further with the proposed merger subject to approval of draft Scheme of Merger from the High Court of Sindh. As a consequence of the scheme of merger (the scheme), First Habib Modaraba (FHM) shall take over the assets, liabilities, business, functions, contracts, policies, proceedings, undertakings, etc. of the Modaraba at a specific date as mentioned in the scheme subject to approval of Registrar of Modaraba. Since all the assets and liabilities will be transferred to FHM, at book values therefore, as per the scheme, no adjustment is expected to the carrying amounts of assets and liabilities of the Modaraba. Modaraba is in the process of filing the petition in the Honourable High Court of Sindh alongwith the draft scheme of merger subject to changes, modifications as may be required or advised by legal counsel. Legal and other formalities to effect the proposed merger are in process.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

Wherever provision of and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation, 2021, IFASs, the Companies Act, 2017 and directives issued by the SECP differ from the IFRS Standards, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulation, 2021, IFASs, the Companies Act, 2017 or directives issued by the SECP under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

2.2 Basis of measurement

These financial statements have been prepared on the historical cost basis except for the measurement at fair value of certain financial instruments unless stated otherwise.

"Permissible Islamic financial products including Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed profit thereon.

2.3 Functional and presentation currency

These financial statements have been presented in Pakistani Rupees ('Rs.'), which is the functional and presentation currency of the Modaraba.

2.4 Significant accounting estimates and judgments

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

Useful lives, pattern of flow of economic benefits and impairment

Estimates with respect to residual values and depreciable lives and pattern of flow of economic benefits are based on the analysis by the management of the Modaraba. Further, the Modaraba reviews the value of the assets for possible impairment on an annual basis and any change in the estimates in the future might affect the carrying amount of respective item of property and equipment, with a corresponding effect on the depreciation charge and impairment.

Provisions against non performing financing (Suspense income)

The Modaraba reviews its overdue diminishing musharka at each reporting date to assess whether provision should be recorded in the statement of profit or loss, in addition to the mandatory provisions required in accordance with the Modaraba Regulation, 2021 issued by the Securities and Exchange Commission of Pakistan. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are based on assumptions regarding a number of factors and actual results may differ, resulting in future changes to the provisions.

2.5 Change in accounting policy

In respect of IFRS 9, that is applicable for reporting period / year ending on or after June 30, 2022, the classification, measurement and impairment requirements have been adopted under modified retrospective approach with an option not to restate comparatives. The Modaraba decided that adjustment, if any, due to re-classification, re-measurement or adjustment arising from new impairment requirements to be recognized in the opening unappropriated profit, as described below.

The following table shows the classification and measurement of financial assets at the reporting date:

July 1, 2021	IFRS 9	
	Classification	Measurement
Diminishing musharaka	Amortized cost	287,712,331
Cash and bank balances	Amortized cost	74,337,469
Other receivables	Amortized cost	1,282,767
Accrued profit	Amortized cost	664,839

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The adopted ECL model under IFRS 9 has an impact on the financial assets of the Modaraba which are exposed to credit risk. Previously, the provision for diminishing musharika was determined in accordance with the requirements of the Prudential Regulations (now Modaraba Regulations, 2021) issued by the SECP. Upon adoption of ECL model under IFRS 9, the Modaraba while recognising provision for impaired assets has considered the amount which is higher of (on a customer basis):

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

The impact of applying ECL approach on the opening and current year balances in the retained earnings is as follow:

	Retained Earnings Rupees
Closing balance at June 30, 2021 as reported	15,254,023
Impact on recognition of ECL on diminishing musharaka financing: ECL under IFRS 9 for diminishing musharaka financing at amortized cost	(16,505)
Impact on reclassification and remeasurement: Remeasurement of financial asset at amortized cost	-
Total transition adjustment on adoption of IFRS 9 as at July 01, 2021	<u>(16,505)</u>
Adjusted opening balance as at July 01, 2021	<u><u>15,237,518</u></u>

The Modaraba applies the IFRS 9 general approach to measure ECL for diminishing musharika. A lifetime ECL is recorded on diminishing musharika in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired at the reporting date. 12 months ECL is recorded for diminishing musharika which do not meet the criteria for SICR or "credit impaired" at the reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition. The Modaraba also considers reasonable and supportable forwarding-looking information in determination of ECL.

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

3.1 Standards, amendments and interpretations that are effective in current year and are relevant to the Modaraba

The following standards, amendments and interpretations are effective for the year ended June 30, 2022. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have material impact on the financial statements other than certain additional disclosures:

	Effective date (annual periods beginning on or after)
Interest Rate Benchmark Reform - Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	January 01, 2021
Amendments to IFRS 16 'Leases' - Extended practical relief regarding Covid - 19 related rent concessions	April 01, 2021

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

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have material impact on the Modaraba's financial statements other than certain additional disclosures.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Amendments to IFRS 3 'Business Combinations' - Reference to the conceptual framework	January 01, 2022
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	January 01, 2023
Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of Accounting Policies	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before intended use	January 01, 2022
Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts - Cost of fulfilling a contract	January 01, 2022

Certain annual improvements have also been made to a number of IFRSs.

The following new standards and interpretations have been issued by the International Accounting Standards Board (IASB), which have not been adopted locally by the Securities and Exchange Commission of Pakistan (SECP):

IFRS 1	First Time Adoption of International Financial Reporting Standards, and
IFRS 17	Insurance Contracts.

The Modaraba expects that the adoption of the other amendments and interpretations of the standards will not have any material impact and therefore will not affect the Modaraba's financial statements in the period of initial application.

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all years presented.

4.1 Fixed asset in use

"These are stated at cost less accumulated depreciation less impairment loss (if any). Depreciation is charged to the statement of profit or loss 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 reporting period, depreciation is charged on monthly basis on those assets which are purchased and disposed on or before 15th day of any month.

Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalized if the recognition criteria are met.

"The assets' residual values, useful lives and depreciation methods are reviewed and adjusted if appropriate, at the end of each reporting period.

Gain or loss on disposal of assets, if any, is recognized as and when incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

The Modaraba assesses at each reporting 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 amounts. Where the carrying value exceeds the recoverable amount, assets are written down to the recoverable amount and the difference is charged to the statement of profit or loss.

4.2 Intangible assets

Intangible assets, which are stated at cost less accumulated amortisation and impairment losses, if any, represent the cost of computer software licenses.

Costs associated with maintaining these assets are charged to the statement of profit or loss as and when incurred. However, costs that are directly attributable to the identifiable asset and have probable economic benefits exceeding one year, are recognised as intangible asset.

All intangible assets are estimated to have definite useful lives and are amortised using the straight line method over a period of three years. Amortisation on addition is charged from the date on which asset is available for use while no amortisation is charged up to the date the asset is disposed-off.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. The effect of any adjustment to residual values and useful lives is recognised prospectively as a change in accounting estimate.

4.3 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Modaraba and revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable. Revenue from different sources is recognised on the following basis:

Income on diminishing musharaka financing is recognized on accrual basis.

Profit on investments is recognized on accrual basis.

4.4 Financial instruments

4.4.1 Financial assets

4.4.1.1 Classification and subsequent measurement

During the year ended June 30, 2020, the SECP extended the applicability of IFRS 9 for Modarabas for period / year ending on or after June 30, 2021. According to SRO 800(I)/2021 dated June 22, 2021 issued by the SECP, the application of IFRS 9 has been further extended for reporting period / year ending on or after June 30, 2022 with an option of earlier adoption. Accordingly, the Modaraba has adopted all the requirements of IFRS 9 in the current year as per SRO 800(I)/2021 dated June 22, 2021, issued by the SECP.

Accordingly, the Modaraba classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.4.1.2.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Fair value through other comprehensive income (FVOCI)

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI).

Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 4.4.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit or loss.

Fair value through profit or loss (FVPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss.

4.4.1.2 Impairment

The Modaraba assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The Modaraba recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The Modaraba applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for diminishing musharika. A lifetime ECL is recorded on diminishing musharika in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired at the reporting date. 12 months ECL is recorded for diminishing musharika which do not meet the criteria for SICR or "credit impaired" at the reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset at the reporting date with the risk of default at the date of initial recognition. The Modaraba also considers reasonable and supportable forwarding-looking information in determination of ECL. The allowance is increased by provisions charged to the statement of profit or loss and the statement of other comprehensive income and is decreased by charge-offs, net of recoveries.

In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies.

The Modaraba Regulations, 2021 specifies a criteria for classification and provisioning of impaired assets. The Modaraba while recognising provision for impaired assets has considered the amount which is higher of (on a customer basis):

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

4.4.1.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- the Modaraba transfers substantially all the risks and rewards of ownership; or

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- the Modaraba neither transfers nor retains substantially all the risk and rewards of ownership and the Modaraba has not retained control.

The Modaraba enters into transaction whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.4.1.4 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Modaraba commits to purchase or sell the asset.

4.4.2 Financial liabilities

Financial liabilities are classified as subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

4.4.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial liabilities is taken to the statement of profit or loss.

4.4.3 Initial recognition

Financial assets and financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the statement of profit or loss.

4.4.4 Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.4.5 Write-offs

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, Modaraba makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

4.5 Vehicle available for Diminishing Musharaka Financing

Vehicles purchased but not financed to the prospective customers under diminishing musharaka at the reporting date are recorded as non-current assets available for diminishing musharaka financing. The Modaraba values its vehicles available for available for diminishing musharaka financing at cost less impairment, if any. Cost of vehicles represent the actual purchase price paid by the Modaraba.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

4.6 Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash in hand, balances at banks in current and deposit accounts and stamps in hand. Investment normally qualifies as a cash equivalent only when it has a short maturity of, say, three months or less from the date of acquisition.

Trade and other payables

Trade and other payables are carried at cost which is the fair value of the consideration to be paid in the future for the goods and services received whether or not billed to the Modaraba.

4.7 Diminishing musharaka financing

Diminishing musharaka financing is a form of partnership in which the Modaraba and the customer create co-ownership in the asset by purchasing it jointly. The Modaraba then rents out its share of the asset to the customer. Besides the payment of rentals, customer also purchases the asset from the Modaraba in installments. Hence at the end of the tenure, customer becomes sole owner of the asset. Diminishing musharaka financing are stated net of provision and suspense income. Provision is recognized for diminishing musharaka financing installments receivable, in accordance with the Modaraba Regulation, 2021.

4.8 Staff retirement benefit

The Modaraba provides provident fund benefits to its eligible employees. Equal monthly contributions are made, both by the Modaraba and the employees, at the rate of 10% of basic salary and same is charged to the statement of profit or loss when they become due.

4.9 Creditors, accrued and other liabilities

Creditors, accrued and other liabilities are recognised at amortised costs.

4.10 Impairment of non-financial assets

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

4.11 Taxation

4.11.1 Current tax

Under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001, the non-trading income of modarabas was 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. The tax clause which provides for such exemption has been omitted through Tax Laws (Second amendments), 2021 which was subsequently adopted in Finance Act, 2021. Through Finance Act, 2021 a new section 242 was added in the Income Tax Ordinance, 2001, which allowed the continued exemption till the thirtieth day of June, 2021. Accordingly, provision for taxation has been recognised with effect from July 01, 2021 in these financial statements.

4.11.2 Deferred tax

Deferred income tax is provided using the balance sheet method for all temporary differences at the reporting date between tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Deferred tax liability is generally recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that it is probable that taxable profit will be available against which such deductible temporary differences and tax losses can be utilized.

4.12 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

4.13 Foreign currencies translation

Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rates of exchange approximating to those prevalent at the reporting date. Foreign currency transactions are recognised into Pakistani Rupees at the rate of exchange prevailing on the date of transactions. Exchange gains and losses on translation are recognized in the statement of profit or loss.

4.14 Profit distribution and other appropriations of profit

Profit distributions to the certificate holders and other appropriations of profit are recognized 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 recognized in the period to which these relate.

4.15 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 reporting period. 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 (if any).

4.16 Related party transactions

All transactions with the related parties are priced on agreed terms and approved by the Board of Directors of Modaraba Management Company.

4.17 Preliminary expenses and floatation costs

Preliminary expenses and floatation costs represent expenses incurred in respect of issue of modaraba certificates to the public inclusive of cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of this prospectus, underwriting expenses, commission to the bankers to the issue and brokerage etc. This cost shall be amortized on prorata basis i.e. for the period of five years till the financial year end i.e. June 30, 2022 which is as required by Third Schedule of Modaraba Companies and Modaraba Rules, 1981.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

5 FIXED ASSETS IN OWN USE

	Leasehold improvements	Furniture and fixtures	Office equipment	Vehicle	Total
-----Rupees-----					
Net carrying value basis					
Year ended June 30, 2022					
Opening net book value	1,295,762	71,140	171,513	713,395	2,251,810
Additions	34,575	-	214,635	-	249,210
Deletion	-	-	-	(523,284)	(523,284)
Depreciation charge	(504,189)	(52,574)	(147,412)	(148,006)	(852,181)
Closing net book value	826,148	18,566	238,736	42,105	1,125,555
Gross carrying value basis					
Year ended June 30, 2022					
Cost	3,042,445	262,871	1,379,455	2,051,200	6,735,971
Accumulated depreciation	(2,216,297)	(244,305)	(1,140,719)	(2,009,095)	(5,610,416)
Net book value	826,148	18,566	238,736	42,105	1,125,555
Net carrying value basis					
Year ended June 30, 2021					
Opening net book value	1,797,071	123,714	370,782	1,031,567	3,323,134
Additions	-	-	42,000	57,200	99,200
Deletion	-	-	-	(31,039)	(31,039)
Depreciation charge	(501,309)	(52,574)	(241,269)	(344,333)	(1,139,485)
Closing net book value	1,295,762	71,140	171,513	713,395	2,251,810
Gross carrying value basis					
Year ended June 30, 2021					
Cost	3,007,870	262,871	1,164,820	2,051,200	6,486,761
Accumulated depreciation	(1,712,108)	(191,731)	(993,307)	(1,337,805)	(4,234,951)
Net book value	1,295,762	71,140	171,513	713,395	2,251,810
Annual rate of depreciation (% per annum)	16.67	20	25 - 33.33	16.67	

6 INTANGIBLE ASSETS

6.1 Net carrying value basis

	2022 Rupees	2021 Rupees
Opening net book value	-	67,002
Amortization charge	-	(67,002)
Closing net book value	-	-
Gross carrying value basis		
Cost	344,565	344,565
Accumulated amortization	(344,565)	(344,565)
Net book value	-	-
Amortization rate % per annum	33%	33%

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
7 DIMINISHING MUSHARAKA FINANCING			
Secured			
Diminishing musharaka financing	7.1	259,153,845	230,126,231
Less: Current portion of diminishing musharaka financing		(85,898,911)	(118,329,824)
		<u>173,254,934</u>	<u>111,796,407</u>
Less: Provision in respect of diminishing musharaka	2.5	(33,169)	-
		<u>173,221,765</u>	<u>111,796,407</u>
Advance against diminishing musharaka financing	7.2	28,591,655	54,866,725
		<u>201,813,420</u>	<u>166,663,132</u>

7.1 This represents diminishing musharaka financing for a term of three to five years in order to provide residual value car financing on diminishing musharaka basis.

7.2 This represents amount paid to supplier for booking of vehicle for diminishing musharaka financing.

	Note	2022 Rupees	2021 Rupees
8 PRELIMINARY EXPENSES AND FLOATATION COSTS			
Preliminary expenses and floatation costs	8.1	2,626,807	5,250,688
Amortization during the year		(2,626,807)	(2,623,881)
		<u>-</u>	<u>2,626,807</u>

8.1 This represents expenses incurred in respect of issue of the Modaraba certificates to the public and includes cost of organization and floatation of the Modaraba, cost of printing, publication and distribution of the prospectus, underwriting expenses, commission to the bankers to the issue and brokerage and other ancillary cost. Preliminary expenses and floatation costs are being amortized on prorata basis over the period of five years as required by Third Schedule of Modaraba Companies and Modaraba Rules, 1981. These have been fully amortized during the current year.

	Note	2022 Rupees	2021 Rupees
9 SHORT TERM INVESTMENT			
Islamic Term Deposit Receipts (TDR)	9.1 & 9.2	-	40,000,000

9.1 This represents term deposit receipts (TDR) in Soneri Bank Limited having a tenure of six months and carry floating profit rate ranging from 6.4% to 8% per annum (2021: 6.4% to 6.45% per annum).

	2022 Rupees	2021 Rupees
9.2 Movement in Islamic Term Deposit Receipt (TDR)		
Opening balance	40,000,000	40,000,000
Add: Additions during the year	120,000,000	10,000,000
Less: Matured during the year	(160,000,000)	(180,000,000)
Closing balance	<u>-</u>	<u>40,000,000</u>

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

- 14.1** Habib Metropolitan Modaraba Management Company (Private) Limited (the Management Company) held 3,000,000 (10%) certificates of Rs. 10 each at June 30, 2022 (2021: 3,000,000; 10%).
- 14.2** Habib Metropolitan Bank Limited (the Holding Company), held 18,000,000 (60%) certificates of Rs.10 each at June 30, 2022 (2021: 18,000,000: 60%).

15 RESERVE	Note	2022 Rupees	2021 Rupees
Capital reserve:			
Statutory reserve	15.1	15,511,779	11,876,005
Revenue reserve:			
Unappropriated profit		17,797,120	15,254,023
		33,308,899	27,130,028
15.1 Modarabas Regulations, 2021 issued by Securities and Exchange Commission of Pakistan (SECP) requires creation of reserve fund to which shall be credited.			
a) an amount not less than 20% and not more than 50% of its after tax profits till such time the reserve fund equals the amount of paid-up capital; and			
b) a sum not less than 5% and not more than 20% of its after tax profits, thereafter.			

16 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	2022 Rupees	2021 Rupees
Provision for Sindh Workers' Welfare Fund	16.1	674,289	430,784
Adjustable against diminishing musharaka financing	16.2	9,222,500	6,272,500
Accrued expenses		2,244,650	135,691
Management fee payable		2,883,722	1,870,470
Sales tax on management fee payable		1,037,000	662,116
Residual Value received in advance		2,758,290	3,781,107
Other liabilities	16.3	17,813,450	8,841,376
Audit fee payable		500,000	445,946
		37,133,901	22,439,990

- 16.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015, the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.5 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income, to the Sindh Revenue Board (SRB). As per SWWF Act, Workers' Welfare Fund (WWF) levy is required to be paid on total income accruing after December 31, 2013.

The matter was taken up by the Modaraba Association of Pakistan (MAP) with SRB collectively on behalf of various modaraba management companies (including the Management Company of the Modaraba) whereby it was contested that modarabas should be excluded from the ambit of the SWWF Act as these were not industrial establishments due to their nature of business. The SRB held that modarabas are included in the definition of financial institutions as per the Financial Institution (Recovery of Finances) Ordinance, 2001 and were, hence, required to register and pay SWWF under the SWWF Act.

During 2019, the Modaraba received a notice vide letter no. SRB /AC-37/2019-20/80 dated August 19, 2019, wherein, SRB advised the Modaraba to pay off all its liabilities falling due under SWWF Act. As the Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces but the management understands that the SWWF

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to the province of Sindh, no WWF liability to SRB can be paid out.

On these grounds and foreseeing the expected WWF demand along with penal actions from SRB, the Modaraba filed an appeal with the Honorable Sindh High Court (SHC). However, as per the order of Honourable SHC dated March 16, 2020 the Modaraba deposited an amount of Rs. 1.049 million for the period from October 06, 2017 to June 30, 2021 to SSWF based on the income pertaining to the Province of Sindh.

- 16.2** This relates to withholding tax deposited pertaining to vehicles purchased for diminishing musharaka financing. The amounts are adjustable against diminishing musharaka financing upon receipt of refunds from tax authorities.
- 16.3** It includes insurance / takaful premium payable, maintenance service charges and sundry creditors amounting to Rs. 4.12 million, Rs. 5.94 million and Rs. 3.60 million (June 30, 2021: Rs. 0.24 million, Rs. 3.96 million and Rs. 2.19 million) respectively.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

There were no other contingencies as at June 30, 2022 (2021: none).

17.2 Commitments

Commitments in respect of financing transactions amounted to Rs. 10.55 million as at June 30, 2022 (2021: Rs. 1.3 million).

18 OTHER INCOME

This represents income earned in relation to pre-mature termination of diminishing musharaka financing agreements and gain on disposal of fixed assets during the year of an amount of Rs. 1.164 million (2021: 1.057 million) and Rs. 0.776 million (2021: Nil) respectively.

	Note	2022 Rupees	2021 Rupees
19 ADMINISTRATIVE EXPENSES			
Salaries, allowances and other benefits	19.1	5,859,158	8,281,127
Repairs and maintenance		437,397	386,634
Legal and professional charges		3,403,622	1,243,868
Fees and subscription		2,103,148	1,831,147
Printing and stationery		251,163	248,522
Utilities expenses		991,544	456,398
Takaful premium		79,416	92,340
Depreciation	5	852,181	1,139,485
Amortisation	6	-	67,002
Auditor's remuneration	19.2	1,224,449	750,646
Advertisement expense		257,515	272,182
IT related expenses		293,185	86,881
Loss on disposal of fixed asset in use		-	17,042
Others		866,387	415,858
		16,619,165	15,289,132

- 19.1** Salaries, allowances and other benefits include Rs. 0.088 million (2021: Rs. 0.105 million) in respect of retirement and other service benefits.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	2022 Rupees	2021 Rupees
19.2 Auditor's remuneration		
Annual fee	333,000	317,625
Half yearly review fee	133,000	127,050
Special reports and certification	621,149	224,532
Out of pocket expenses	46,600	42,468
Sales tax	90,700	38,971
	<u>1,224,449</u>	<u>750,646</u>
20 FINANCIAL CHARGES		
Bank charges	<u>157,645</u>	<u>144,344</u>

21 MODARABA MANAGEMENT COMPANY'S REMUNERATION

As per section 18 of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the remuneration of the Modaraba Company in respect of the Modaraba floated by it shall be a fixed percentage of the net annual profits of the Modaraba and shall not exceed ten percent of the net profits as prescribed.

In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba Management Company has charged 10% of profits during the year amounting to Rs. 2.883 million (2021: 1.87 million) which is payable to the Modaraba Management Company. Furthermore, during the current year, an amount of Rs. 0.375 million (2021: 0.243 million) at the rate of 13% was charged on account of sales tax on management fee levied under Sindh Sales Tax on Services Act, 2011.

	2022 Rupees	2021 Rupees
22 TAXATION		
Current tax expense	7,269,443	-
Deferred tax credit	(381,271)	-
	<u>6,888,172</u>	<u>-</u>

The tax exemption by virtue of Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001 had been withdrawn through Tax Laws (Second amendment), 2021 dated March 21, 2021 which was subsequently adopted in Finance Act, 2021. Accordingly, provision is recognized in these financial statements.

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any.

As a result of withdrawal of earlier mentioned tax exemption, there are implications of deferred tax which have been assessed by the management as at June 30, 2022 and as the Modaraba would be chargeable to tax for the first time in the tax year 2022, potential differences may arise in practice hence recognised in these financial statements.

	2022 Rupees	2021 Rupees
23 EARNINGS PER CERTIFICATE - BASIC AND DILUTED		
The earnings per certificate as required under IAS 33 "Earnings per share" is given below:		
Profit for the year (Rupees)	18,178,871	16,259,245
Weighted average number of certificates outstanding	30,000,000	30,000,000
Earnings per certificate - Basic and diluted (Rupees)	0.61	0.54

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

There were no convertible dilutive potential ordinary certificates outstanding as on June 30, 2022 (2021: none) which have dilutive effect on earnings per certificate.

	2022	2021
	Rupees	Rupees
24 REMUNERATION OF EXECUTIVES		
Remuneration (Rupees)	1,705,000	4,092,000
Number of executives at the end of the year (Number)	-	1

25 FINANCIAL RISK MANAGEMENT

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 a process of ongoing identification, measurement, monitoring and controlling activities which are primarily setup to be performed, based on limits established by the Modaraba Management Company, The 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, other market risk and currency risk), credit risk and liquidity risk. The Board of Directors of the Modaraba Management Company has overall responsibility for the establishment and over sight 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 diminishing musharaka, and Islamic Investment Instruments. 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.

25.1 Market risk

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

25.2 Profit rate risk

Profit rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market profit rates.

25.3 Foreign currency risk

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

25.4 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 stress 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Six to Twelve months	One to five years	Over five years	Above five years	Total contractual cash flows
Rupees					
As at June 30, 2022					
Creditors, accrued and other liabilities	29,780,600	-	-	-	29,780,600
Unclaimed profit distribution	121,246	-	-	-	121,246
Total	29,901,846	-	-	-	29,901,846

	Six to Twelve months	One to five years	Over five years	Above five years	Total contractual cash flows
Rupees					
As at June 30, 2021					
Creditors, accrued and other liabilities	15,695,513	-	-	-	15,695,513
Unclaimed profit distribution	108,959	-	-	-	108,959
Total	15,804,472	-	-	-	15,804,472

25.5 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:

	2022 Rupees	2021 Rupees
Diminishing musharaka finance	287,712,331	284,992,956
Other receivables	1,282,767	228,062
Accrued profit	664,839	379,769
Short term investments	-	40,000,000
Cash and bank balances	74,336,270	10,838,509
	363,996,207	336,439,296

The Modaraba is potentially exposed to credit risk from its financial assets measured at amortised cost. Based on the assessment made in respect of ECL (IFRS-9) impication during the current year, a provision of an amount of Rs. 16,664 in respect of diminishing musharaka financing (DMF) has been recognised in these financial statements.

An extensive assessment is made by the Modaraba Management Company in respect of ECL model under IFRS-9. The Modaraba estimated probability of default (PD) of its portfolio of DMF and applied respective loss given default (LGD) to exposure of DMF. The Modaraba's model has been constructed and calibrated using historical trends, and forward looking economic factors. The implications of this assessment has resulted in decrease of total assets, unappropriated profit, profit after taxation and increase of cash generated from operations by an amount Rs. 16,664 during the current year.

"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 Modaraba maintains balances with banks having reasonably high credit ratings ranging from AA+ to A1+. The Modaraba limits its credit risk with regard to bank balances by dealing with reputable banks with good credit ratings. While bank balances are also subject to the impairment requirements of IFRS 9, the identified impairment loss is immaterial.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

26 SEGMENT BY CLASS OF BUSINESS FOR MUSHARAKA FINANCES

	2022		2021	
	Rupees	%	Rupees	%
Individuals	117,033,818	41%	62,736,434	22%
Corporate	170,711,682	59%	222,256,522	78%
	<u>287,745,500</u>		<u>284,992,956</u>	

27 FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets

Financial assets at amortised cost

Diminishing musharaka finance	287,712,331	284,992,956
Other receivables	1,282,767	228,062
Accrued profit	664,839	379,769
Cash and bank balances	74,336,270	10,838,509
Short term investments	-	40,000,000
	<u>363,996,207</u>	<u>336,439,296</u>

Financial liabilities

Financial liabilities at amortised cost

Creditors, accrued and other liabilities	29,780,600	15,695,513
Unclaimed profit distribution	121,246	108,959
	<u>29,901,846</u>	<u>15,804,472</u>

28 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 amounts 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. More details are given in note 1 to these financial statements.

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

The carrying amounts 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 reporting date.

28.1 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).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

29 CAPITAL MANAGEMENT

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

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

30 RELATED PARTY TRANSACTIONS

"Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

The Modaraba has related party relationship with its Holding Company, Management Company, Employee Benefit Plans, and its Key Management Personnel.

During the reporting period, a number of transactions are entered into with related parties in the normal course of business. These transactions include financings, investments and sharing of common expenses.

The detail of transactions with related parties and balances with them, apart from compensation to executives as disclosed in note 24, is given below:

Relationship with the Modaraba	Nature of transactions	2022 Rupees	2021 Rupees
Holding Company			
Habib Metropolitan Bank Limited	Profit on Modaraba's deposits accounts and Islamic term deposit receipts	3,600,781	1,318,554
Habib Metropolitan Bank Limited	Dividend paid	7,200,000	12,600,000
Habib Metropolitan Bank Limited	Bank charges	157,645	144,344
Habib Metropolitan Bank Limited	Reimbursement of expenses	799,224	624,025
Associate Company			
Habib Metro Modaraba Employee Provident Fund	Provident Fund Contribution	88,457	105,023
Management Company			
Habib Metropolitan Modaraba Management Company (Private) Limited	Dividend paid	12,000,000	21,000,000
	Management fees expense	2,883,722	1,870,470
	Management fees paid	1,870,470	3,222,729

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

Relationship with the Modaraba	Nature of transactions	2022 Rupees	2021 Rupees
30.1 Year end balances			
Holding Company			
Habib Metropolitan Bank Limited	Bank balances	74,093,033	9,802,068
Habib Metropolitan Bank Limited	Accrued profit on bank accounts and Islamic term deposit certification	664,839	165,187
Habib Metropolitan Bank Limited	Prepaid expenses	799,223	345,242
Management Company			
Habib Metropolitan Modaraba Management Company (Private) Limited	Accrued expense	2,883,722	1,870,470

30.2 Group level shared services and costs

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

31 UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING

The break-up of utilization of proceeds of initial public offering is being presented under the requirements of Regulation 16(i) of Chapter VIII of Public Offering Regulations, 2017. The Modaraba has utilized the proceeds from initial public offering as follows:

	2022 Rupees	2021 Rupees
Proceeds realized	300,000,000	300,000,000
Purchase of fixed asset in use	6,636,755	6,537,555
Purchase of intangible assets	344,565	344,565
Preliminary expenses and floatation cost	12,422,100	12,422,100
Vehicles available for diminishing musharaka financing	200,393,688	200,393,688
Held for working capital, purchase of additional assets / investments etc.	80,202,892	80,302,092
	300,000,000	300,000,000

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
32 CASH GENERATED FROM / (USED IN) OPERATIONS			
Profit before taxation		25,067,044	16,259,245
Adjustment of non-cash and other items:			
Depreciation		852,181	1,139,485
Amortization of preliminary expenses and floatation costs		2,626,807	2,623,881
Amortization of intangible asset		-	67,002
Financial charges		157,645	144,344
Profit on Islamic Certificate		-	-
Income from diminishing musharaka financing		(40,948,472)	(28,004,770)
Profit on Islamic Term Deposit Receipts (TDR)		-	(5,288,966)
Profit on Modaraba's deposit accounts		(4,569,064)	(1,318,838)
(Gain)/loss on disposal of fixed asset in use		(776,718)	17,042
Movement in other current assets and liabilities	32.1	45,656,380	(44,686,483)
		<u>28,065,802</u>	<u>(59,048,058)</u>
32.1 Movement in other current assets and liabilities			
(Decrease) / increase in current assets:			
Short term prepayments and other receivables		(1,468,444)	469,551
Current portion of diminishing musharaka financing		32,430,913	(53,571,543)
Increase in current liabilities:		30,962,469	(53,101,992)
Creditors, accrued and other liabilities		14,693,911	8,415,509
		<u>45,656,380</u>	<u>(44,686,483)</u>
33 CASH AND CASH EQUIVALENTS			
Cash and cash equivalents included in the cash flow statement comprise of the following amounts appearing on the statement of Financial position:			
Cash and bank balances		74,337,470	10,879,709

34 NON-ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors of the Modaraba Management Company in their meeting held on September 06, 2022 have approved profit distribution at the rate of Rs. 0.45 per certificate for the year ended June 30, 2022. These financial statements do not reflect this distribution.

35 DATE OF AUTHORIZATION FOR ISSUE

These financial statements was authorized for issue on September 06, 2022 by the Board of Directors of the Habib Metropolitan Modaraba Management Company (Private) Limited.

35 CORRESPONDING FIGURES

Corresponding figures have been re-arranged and re-classified, wherever necessary, for the purpose of comparison and for better presentation. However no material reclassification has been made during the reporting period.

36 NUMBER OF EMPLOYEES

The number of employees as at year end was 4 (2021: 8) and average number of employees during the year was 6 (2021: 8).

37 GENERAL

Amounts have been presented and rounded off to the nearest Pakistani Rupees unless otherwise stated.

**For Habib Metropolitan Modaraba Management Company (Private) Limited
(Modaraba Management Company)**

Chief Executive Officer

Chief Financial Officer

Director

Director