



**FIRST  
ELITE  
CAPITAL  
MODARABA**

*Annual Report  
Two Thousand Twenty Three*

Managed by  
**CRESCENT MODARABA MANAGEMENT  
COMPANY LIMITED**



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## **FIRST ELITE CAPITAL MODARABA**

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### **VISION STATEMENT**

To develop into a leading small venture Islamic Financial Institution that will actively participate in the management of projects in addition to the conventional mode of Modaraba activities.

### **MISSION STATEMENT**

Engage in activities that will maximize return on investment through Shariah mode of financing for Certificate holders of the Modaraba.



## FIRST ELITE CAPITAL MODARABA

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### CORPORATE INFORMATION

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#### BOARD OF DIRECTORS OF MODARABA MANAGEMENT COMPANY

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Chief Executive
Dr. Sardar Ahmad Khan	Director
Mr. Ghazanfar Farrokh	Director
Mr. Muhammad Javed Amin	Director
Mrs. Rukhsana Javed Amin	Director
Mrs. Shahana Javed Amin	Director

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#### AUDIT COMMITTEE

Mr. Ghazanfar Farrokh	Chairman
Mr. Muneeb Ahmed Dar	Member
Mrs. Shahana Javed Amin	Member

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#### CFO & COMPANY SECRETARY

Mr. Muhammad Arif Hilal

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#### LEGAL ADVISOR

International Legal Services

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#### SHARIAH ADVISOR

Mufti Muhammad Umar

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## **FIRST ELITE CAPITAL MODARABA**

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### **AUDITORS OF THE MODARABA**

Ilyas Saeed & Co.  
Chartered Accountants  
(Subject to approval of Registrar Modaraba Companies & Modarabas)

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### **HR & R COMMITTEE**

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Member
Mr. Ghazanfar Farrokh	Member

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### **BANKERS OF THE MODARABA**

Bank Alfalah Limited  
Bank Islami Pakistan Limited  
Meezan Bank Limited

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### **PRINCIPAL & REGISTERED OFFICE**

50-A, Garden Block, New Garden Town, Lahore - Pakistan  
Tel: 042-35442735 - 37 Fax: 042-35442738  
E-mail: [info@fecm.com.pk](mailto:info@fecm.com.pk)  
Web: [www.fecm.com.pk](http://www.fecm.com.pk)

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### **SHARE REGISTRAR**

CorpTec Associates (Pvt.) Limited  
503-E, Johar Town, Lahore.  
Tel: 042-35170336-7  
Fax: 042-35170338  
E-mail: [info@corptec.com.pk](mailto:info@corptec.com.pk)

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## FIRST ELITE CAPITAL MODARABA

### CHAIRMAN'S REVIEW REPORT

Dear Modaraba Certificate Holders,

As required under the code of corporate Governance, an annual evaluation of the Board of Directors of Crescent Modaraba Management Company Limited Manager of First Elite Capital Modaraba has been carried out. The objective of this evaluation is to measure the Board's overall performance and effectiveness.

For the Financial year ended June 30, 2023, the Board's overall performance and effectiveness have been assessed as satisfactory. Improvements are an ongoing process leading to an action plan.

The Board of Directors received agendas and supporting papers in a timely manner for its meeting and decisions. All directors fully participated in and made contributions to the decision making process of the Board. The Board has in place policies for all relevant areas of the company's operations.

I would like to thank all the Board members for the cooperation and support.

On behalf of the Board, I take this opportunity to thank Registrar of Modaraba, Securities and Exchange Commission of Pakistan and other relevant regulatory bodies for their continued guidance and support.

**Muneeb Ahmed Dar**  
Chairman

September 28, 2023



## FIRST ELITE CAPITAL MODARABA

### **DIRECTORS' REPORT TO THE CERTIFICATE HOLDERS**

#### **Valued Certificate Holders**

The Board of Directors of **Crescent Modaraba Management Company Limited**, manager of **First Elite Capital Modaraba** presents the 32<sup>nd</sup> annual audited accounts of the Modaraba for the year ended June 30, 2023.

#### **Financial Results**

Financial results for the year ended June 30, 2023 are summarized as below:

	<b>June 30, 2023 Rupees</b>	June 30, 2022 Rupees
Total Income of Modaraba	<b>34,002,932</b>	36,112,715
Depreciation of Assets Leased Out	<b>23,234,210</b>	25,651,050
Administrative & General Expenses	<b>17,017,096</b>	17,096,824
Financial Charges	<b>7,588</b>	18,345
Management Fee	-	-
Taxation	<b>805,064</b>	569,623
Loss after Taxation	<b>7,061,026</b>	7,223,127
Loss per certificate-basic and diluted	<b>(0.62)</b>	(0.64)

#### **Profit Distribution**

Keeping in view the loss for the year, your Modaraba is not in a position to distribute any dividend this year.

#### **Review of Operations**

During the period under review, the Modaraba has made after tax loss of Rs.7,061,026/= as compared to loss of Rs.7,223,127/= in the corresponding period of preceding year. Loss per certificate remained at Re. 0.62 as compared to loss of Re. 0.64 per certificate in the last year.

The business environment during the Financial Year 2023 was generally unfavorable due to political and economic challenges faced by Pakistan, which affected the results of the Modaraba like other industries.

Despite the most challenging economic environment caused by a uncountable factors, your Modaraba earned a gross revenue of Rs.34,002,932/= which was mainly derived from Ijarah/(Lease) and profit on investment in Mutual Funds. It is important to mention that despite the depressing market conditions your Modaraba disbursed Rs.56,695,813/= in fresh Ijarah/Lease financing. Despite high inflation and substantial increase in costs the operational expenses almost remained the same as compared to previous year. The stock market portfolio also suffered during the year due to absence of any positive market indicators.

Regarding the current status of Civil Original Petition filed by one of the certificate holders under the provisions of the Companies Act, 2017 before the honorable Lahore High Court, Lahore, prayer has been made to restrain the Modaraba from selling any Property / Asset of First Elite Capital Modaraba and transfer the control of First Elite Capital Modaraba to any person/ company/ Institution/ Organization. The learned Court, on the first date of hearing of the said petition, ordered that status quo in respect of the land owned by the Modaraba shall be maintained, however, no injunctive order was passed by the learned Court in respect of the transaction relating to the transfer of management of the Crescent Modaraba Management Company, despite a request made by the petitioner. No further date has been fixed by the learned Court so far. Further investment is not possible due to the aforementioned injunctive order of the honorable Court, which could be explored after selling the landed property of the Modaraba. If the status quo in respect of the land owned by the Modaraba is removed by the learned Court, the performance of the Modaraba would improve in future. However, subsequently the Securities and Exchange Commission of Pakistan also deferred the transfer of control of the Modaraba till the court's decision.



## FIRST ELITE CAPITAL MODARABA

### Economy

Pakistan's economy is currently under severe stress with extremely low foreign reserves, a depreciating currency, and high inflation.

Pakistan's economic crisis is an ongoing economic crisis and part of 2022-2023 political unrest in Pakistan. It has caused severe economic challenges for months due to which food, gas and oil prices have risen. Current Pakistan's economic crisis is the biggest crisis since its independence.

Economic activity has fallen with policy tightening, flood impacts, import controls, high borrowing and fuel costs, low confidence, and protracted policy and political uncertainty.

The Government of Pakistan is facing a difficult policy challenges in maintaining progress towards macroeconomic stability. Economic growth is expected to slow down and remain below potential in the medium-term.

### Future outlook

The Management of the Modaraba is reviewing the current economic situation very cautiously and seeing current rising interest rate as positive for the profitability of the Financial Institutions. However, the rising interest rates may increase non-performing loans and can also slowdown the economic activity within the country. Management of the Modaraba continues to make cautious efforts for deployment of available funds in the financing business without compromising on the quality of the portfolio.

### Corporate and Financial Reporting Framework

- The Financial statements, prepared by the management of the Modaraba, present fairly its true state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International financial reporting standards, as applicable to Modaraba in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- The Directors, CEO, CFO, Company Secretary and their spouses and minor children do not hold any interest in the certificates of Modaraba, other than that disclosed in the pattern of certificate holding.
- During the year under review four meetings of the Board of Directors were held. Attendance by each Director is as follows:-

	<b>Name of Director</b>	<b>Number of Meetings Attended</b>
I.	Mr. Aamir Iftikhar Khan	4
II.	Dr. Sardar Ahmad Khan	4
III.	Mr. Ghazanfar Farrokh	4
IV.	Mr. Muhammad Javed Amin	4
V.	Mr. Muneeb Ahmed Dar	4
VI.	Mrs. Rukhsana Javed Amin	4
VII.	Mrs. Shahana Javed Amin	4

- During the year under review four meetings of the Audit Committee were held. Mr. Ghazanfar Farrokh, Chairman Mr. Muneeb Ahmed Dar, Member and Mrs. Shahana Javed Amin, Member attended all the four meetings.



## FIRST ELITE CAPITAL MODARABA

- During the year under review one meeting of the Human Resource and Remuneration Committee was held. Mr. Muneeb Ahmed Dar, Chairman Mr. Ghazanfar Farrokh, Member and Mr. Aamir Iftikhar Khan, Member attended the meeting.

### Pattern of Certificate Holding

A statement reflecting the pattern of holding of the certificates as on June 30, 2023 is annexed to this Report.

### Key Operating & Financial Data

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

### The Board of Directors

The total number of directors are 7 as per the following

- |    |         |   |
|----|---------|---|
| a) | Male:   | 5 |
| b) | Female: | 2 |

The composition of board is as follows:

<b>Name</b>	<b>Category</b>
Mr. Muneeb Ahmed Dar	Non-Executive Director
Mr. Aamir Iftikhar Khan	Executive Director
Dr. Sardar Ahmad Khan	Non-Executive Director
Mr. Ghazanfar Farrokh	Non-Executive Director
Mr. Muhammad Javed Amin	Non-Executive Director
Mrs. Rukhsana Javed Amin	Non-Executive Director
Mrs. Shahana Javed Amin	Non-Executive Director

### Director's Remuneration

Through the Articles of the company, the Board of Directors is authorized to fix remuneration of Non-Executive and independent Directors from time to time. In this regard the board of Directors has developed a Remuneration Policy for Non-Executive and independent Directors of the Company.

### Auditors

The present auditors M/s Naveed Zafar Ashfaq Jaffery & Co. Chartered Accountants are due for retirement and not eligible for reappointment due to compulsory rotation of auditors as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. Therefore, on the recommendation of the audit committee, the Board of Directors has approved the appointment of M/s Ilyas Saeed & Co. Chartered Accountants for the year 2023-2024 subject to approval of the Registrar of Modaraba Companies & Modarabas.

### Acknowledgement

The Board thanks the regulatory authorities for their continuous guidance and co-operation and places on record its appreciation of the services rendered by the staff members for their hard work, dedication and commitment in discharge of their responsibilities in a difficult situation.

On behalf of the Board

**AAMIR IFTIKHAR KHAN**  
CHIEF EXECUTIVE

**MUNEEB AHMED DAR**  
CHAIRMAN

**Date: September 28, 2023**



## FIRST ELITE CAPITAL MODARABA

پٹرین آف سرٹیفکیٹ ہولڈنگ:- (Pattern of Certificate Holding)  
سرٹیفکیٹ ہولڈنگ کی ترتیب جو کہ 30 جون 2023ء کے مطابق ہے اس رپورٹ کے ساتھ منسلک ہے۔  
کلیدی آپریٹنگ اور فنانشل ڈیٹا:- (Key Operating and Financial Data)  
گزشتہ چھ سال کا کلیدی مالیاتی خلاصہ سالانہ رپورٹ کے ساتھ منسلک ہے۔

بورڈ آف ڈائریکٹرز:- (The Board of Directors)

مندرجہ ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات ہے۔

مرد : 5  
عورت : 2

بورڈ کی تشکیل مندرجہ ذیل ہے۔

نام	کیٹیگری
محترم منیب احمد ڈار	نان ایگزیکٹو ڈائریکٹر
محترم عامر افتخار خان	ایگزیکٹو ڈائریکٹر
ڈاکٹر سردار احمد خان	نان ایگزیکٹو ڈائریکٹر
محترم غنیمت فرخ	نان ایگزیکٹو ڈائریکٹر
محترم محمد جاوید امین	نان ایگزیکٹو ڈائریکٹر
محترم مدد خانہ جاوید امین	نان ایگزیکٹو ڈائریکٹر
محترمہ شاہانہ جاوید امین	نان ایگزیکٹو ڈائریکٹر

ڈائریکٹرز کا مشاہرہ:- (Director's Remuneration)

کمپنی کے آرٹیکل کے تحت، بورڈ آف ڈائریکٹرز کو اختیار حاصل ہے کہ وہ وقتاً فوقتاً نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کا مشاہرہ طے کرے۔ اس سلسلے میں بورڈ آف ڈائریکٹرز نے نان ایگزیکٹو اور انڈیپنڈنٹ ڈائریکٹرز کیلئے مشاہرہ پالیسی تیار کی ہے۔

آڈیٹرز:- (Auditors)

موجودہ آڈیٹرز میسرز نوید ظفر اشفاق جعفری اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس اپنی مدت پوری کر چکے ہیں اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے مطابق آڈیٹرز کی لازمی تبدیلی کی وجہ سے دوبارہ تقرری کے اہل نہیں ہیں۔ لہذا آڈٹ کمیٹی کی تجویز پر، بورڈ آف ڈائریکٹرز نے میسرز الیاس سعید اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو بشرط منظوری رجسٹر آف مضاربہ کمپنیز اینڈ مضاربہ بطور آڈیٹرز برائے مالی سال 2023-2024 کے لیے تقرری کی منظوری دی ہے۔

اعتراف:- (Acknowledgement)

بورڈ ریگولیشنز کی حکام کی جانب سے مسلسل رہنمائی اور تعاون کا شکریہ ادا کرتا ہے اور عملے کی جانب سے پیش کی گئی خدمات اور مشکل صورت حال میں پوری ذمہ داری، لگن اور عزم و ہمت کے ساتھ کام کرنے پر ان کو خراج تحسین پیش کرتا ہے۔

از طرف بورڈ آف ڈائریکٹرز:-

منیب احمد ڈار  
چیئرمین

عامر افتخار خان  
چیف ایگزیکٹو

28 ستمبر 2023ء

☆☆☆☆



## FIRST ELITE CAPITAL MODARABA

### معیشت:۔ (Economy)

پاکستان کی معیشت اس وقت انتہائی کم زور مبادلہ کے ذخائر، کرنسی کی قدر میں کمی اور بلند افراط زر کے باعث شدید دباؤ کا شکار ہے۔ پاکستان کا معاشی بحران ایک جاری معاشی بحران ہے اور پاکستان میں 2022-2023 کی سیاسی بدامنی کا حصہ ہے۔ اس نے مہینوں سے شدید معاشی چیلنجز کا سامنا کیا ہے جس کی وجہ سے خوراک، گیس اور تیل کی قیمتوں میں اضافہ ہوا ہے۔ پاکستان کا موجودہ معاشی بحران اس کی آزادی کے بعد سے سب سے بڑا بحران ہے۔

پالیسی میں سختی، سیلاب کے اثرات، درآمدی کنٹرول، زیادہ قرض لینے اور ایندھن کی لاگت، کم اعتماد، اور طویل پالیسی اور سیاسی غیر یقینی کی وجہ سے اقتصادی سرگرمیاں گر گئی ہیں۔

حکومت پاکستان کو نیکرو اکنامک استحکام کی جانب پیش رفت کو برقرار رکھنے میں مشکل پالیسی چیلنجز کا سامنا ہے۔ درمیانی مدت میں اقتصادی ترقی کی رفتار سست ہونے اور امکانات سے کم رہنے کی توقع ہے۔

### مستقبل کا نقطہ نظر:۔ (Future Outlook)

مضاربہ کی انتظامیہ موجودہ معاشی صورتحال کا بہت احتیاط سے جائزہ لے رہی ہے اور موجودہ بڑھتی ہوئی شرح سود کو مالیاتی اداروں کے منافع کے لیے مثبت سمجھ رہی ہے۔ تاہم، بڑھتی ہوئی شرح سود غیر فعال قرضوں میں اضافہ کر سکتی ہے اور ملک کے اندر اقتصادی سرگرمیوں کو کبھی سست کر سکتی ہے۔ مضاربہ کی انتظامیہ پورٹ فولیو کے معیار پر سمجھوتہ کیے بغیر فنانسنگ کے کاروبار میں دستیاب فنڈز کی تعبیراتی کیلیں چھٹا کوششیں جاری رکھے ہوئے ہے۔

کارپوریٹ اور مالیاتی رپورٹنگ فریم ورک:۔ (Corporate & Financial Reporting Frame Work)

مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے، اسکے تمام امور، آپریٹنگ کے نتائج، نقدی کا بہاؤ اور ایکویٹی میں تبدیلی کو منصفانہ طور پر پیش کیا گیا ہے۔

- مضاربہ کی اکاؤنٹس بکس کو باقاعدہ طور پر برقرار رکھا گیا ہے۔
- مالیاتی جائزوں اور اکاؤنٹنگ اندازوں کی تیاری میں مناسب اور دانشمندانہ فیصلے پر مبنی پالیسیوں کو مسلسل لاگو کیا گیا ہے۔
- مالیاتی گوشواروں (Financial Statements) کی تیاری میں بین الاقوامی رپورٹنگ کے معیار، جو کے پاکستان میں مضاربہ پر لاگو ہیں، کی پیروی کی گئی ہے، اور تمام اخراج کا مناسب طور پر انکشاف اور اسکی وضاحت کی گئی ہے۔
- اندرونی کنٹرول کا نظام اپنی ساخت میں انتہائی مضبوط ہے اور اس پر موثر طریقے سے عمل درآمد اور نگرانی کی جاتی ہے۔
- آئندہ بھی ایک کامیاب کاروبار کے طور پر جاری رہنے کیلئے مضاربہ کی اہلیت میں کوئی نمایاں شبہ نہیں ہے۔
- ڈائریکٹرز، ای سی او، ایف او، کپنی سیکرٹری اور انکے شوہر/ بیوی اور انکے چھوٹے بچے مضاربہ سرٹیفکیٹ میں کوئی دلچسپی (Interest) نہیں رکھتے، ماسوائے اسکے جن کا انکشاف پیٹرن آف سرٹیفکیٹ ہولڈنگ میں موجود ہے۔
- زیر جائزہ سال کے دوران بورڈ آف ڈائریکٹرز کے چار (4) اجلاس منعقد کئے گئے تھے۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
i. محترم عامر افتخار خان	4
ii. ڈاکٹر سردار احمد خان	4
iii. محترم غضنفر فرخ	4
iv. محترم محمد جاوید امین	4
v. محترم منیب احمد ڈار	4
vi. محترم مرخصانہ جاوید امین	4
vii. محترمہ شہانہ جاوید امین	4

زیر جائزہ سال کے دوران آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے جن میں محترم غضنفر فرخ (چیئر مین)، محترم منیب احمد ڈار (ممبر)، محترمہ شہانہ جاوید امین (ممبر) نے چاروں اجلاسوں میں شرکت کی۔

زیر جائزہ سال کے دوران انسانی وسائل اور مشاہرہ (HR & R) کمیٹی کا ایک اجلاس منعقد ہوا جس میں محترم منیب احمد ڈار (چیئر مین)، محترم غضنفر فرخ (ممبر) اور محترم عامر افتخار خان (ممبر) نے شرکت کی۔



## ڈائریکٹرز رپورٹ برائے سرٹیفکیٹ ہولڈرز

معزز سرٹیفکیٹ ہولڈرز:-

فرسٹ ایلٹ کیپیٹل مضاربہ زیر انتظام کریڈٹ مضاربہ بیجمنٹ کمپنی لمیٹڈ کے بورڈ آف ڈائریکٹرز، مضاربہ کے 30 جون 2023ء کو ختم ہونے والے مالی سال کے سالانہ تیسویں (32nd) آڈٹ شدہ اکاؤنٹس پیش کرتے ہیں۔

مالیاتی نتائج:- (Financial Results)

30 جون 2023ء کو ختم ہونے والے سال کے مختصر مالیاتی نتائج درج ذیل ہیں۔

30 جون 2022ء (روپے)	30 جون 2023ء (روپے)	
36,112,715	34,002,932	مضاربہ کی کل آمدن
25,651,050	23,234,210	لیز ڈاؤن اتاؤنٹ کی فرسودگی
17,096,824	17,017,096	انتظامی و عمومی اخراجات
18,345	7,588	مالی اخراجات (فنانس چارجز)
-	-	مضاربہ کمپنی کی انتظامی فیس
569,623	805,064	ٹیکسیشن
7,223,127	7,061,026	خسارہ بعد از ٹیکسیشن
(0.64)	(0.62)	خسارہ فی سرٹیفکیٹ - بنیادی اور تحلیل شدہ

منافع کی تقسیم:- (Profit Distribution)

اس سال نقصان کو پیش نظر رکھتے ہوئے آپ کی مضاربہ کمپنی کوئی بھی منافع تقسیم کرنے کی پوزیشن میں نہیں ہے۔

آپریٹنگ ریکارڈ کا جائزہ:- (Review of Operations)

زیر غور مدت کے دوران مضاربہ کو بعد از ٹیکسیشن - / 7,061,026 روپے کا خسارہ ہوا۔ جبکہ گزشتہ سال اسی مدت کے دوران = / 7,223,127 روپے کا خسارہ تھا۔ فی سرٹیفکیٹ 0.62 روپے کا خسارہ ہوا جبکہ اس کے مقابلہ میں گزشتہ سال فی سرٹیفکیٹ 0.64 روپے کا خسارہ تھا۔

پاکستان کو درپیش سیاسی اور معاشی چیلنجوں کی وجہ سے مالی سال 2023 کے دوران کاروباری ماحول عام طور پر ناسازگار رہا جس نے دیگر صنعتوں کی طرح مضاربہ کے نتائج کو بھی متاثر کیا۔

آپ کے مضاربہ نے بے شمار عوامل کی وجہ سے انتہائی مشکل معاشی ماحول کے باوجود، = / 34,002,932 روپے کی مجموعی آمدنی حاصل کی جو بنیادی طور پر اجارہ (لیز) اور میچل فنڈز میں سرمایہ کاری پر منافع سے حاصل کی گئی۔ یہ بتانا ضروری ہے کہ آپ کے مضاربہ نے مارکیٹ کے مایوس کن حالات کے باوجود = / 56,695,813 روپے کی نئی اجارہ لیز فنڈنگ کی۔ بلند افراط زر اور لاگت میں خاطر خواہ اضافے کے باوجود آپریٹنگ اخراجات تقریباً پچھلے سال کے مقابلے میں وہی رہے۔ سال کے دوران سٹاک مارکیٹ کے پورٹ فولیو کو بھی مارکیٹ کے کسی مثبت اشارے کی عدم موجودگی کی وجہ سے نقصان اٹھانا پڑا۔

کمپنیز ایکٹ 2017ء کی دفعات کے تحت سرٹیفکیٹ ہولڈرز میں سے ایک نے معزز لاہور ہائی کورٹ، لاہور میں ایک سول اور بینچل پٹیشن دائر کی ہے کہ مضاربہ کو فرسٹ ایلٹ کیپیٹل مضاربہ کی کوئی بھی جائیداد/ اثاثہ فروخت کرنے اور فرسٹ ایلٹ کیپیٹل مضاربہ کا کنٹرول کسی بھی شخص/ کمپنی/ ادارے/ تنظیم کو منتقل کرنے سے روکنے کی استدعا کی ہے۔ فاضل عدالت نے مذکورہ درخواست کی سماعت کی پہلی پیشی پر حکم دیا کہ مضاربہ کی ملکیتی اراضی کے سلسلے میں جمود برقرار رکھا جائے، تاہم، عدالت نے درخواست گزار کی جانب سے کی گئی درخواست کے باوجود کریڈٹ مضاربہ بیجمنٹ کمپنی کی انتظامیہ کی منتقلی سے متعلق کوئی حکم امتناعی جاری نہیں کیا۔ فاضل عدالت کی جانب سے اب تک مزید کوئی تاریخ نہیں دی گئی ہے۔ معزز عدالت کے مذکورہ حکم امتناعی کی وجہ سے مزید سرمایہ کاری ممکن نہیں ہے جو کہ مضاربہ کی اراضی کی فروخت کے بعد دریافت کی جاسکتی ہے۔ اگر مضاربہ کی ملکیت والی زمین کے حوالے سے موجود ہے اُسے فاضل عدالت نے ختم کر دیا تو مضاربہ کی کارکردگی مستقبل میں بہتر ہوگی۔ تاہم، بعد ازاں سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے عدالت کے فیصلے تک مضاربہ کے کنٹرول کی منتقلی کو مؤخر کر دیا ہے۔



## FIRST ELITE CAPITAL MODARABA

### AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

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

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

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

- a) in our opinion, proper books of accounts have been kept by the modaraba company in respect of First Elite Capital Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
  - i. the statement of financial position and statement of profit or loss together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied
  - ii. the expenditure incurred during the year was for the purpose of the modaraba's business; and
  - iii. the business conducted, investments made, and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba;
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, statement of comprehensive income, statement of cash flows 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, 2023 and of the loss, comprehensive loss, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Naveed Zafar Ashfaq Jaffery & Co.**

Chartered Accountants

**Engagement Partner:** Shahid Mohsin Shaikh - FCA

**Date:** September 28, 2023

**Place:** Lahore

**UDIN:** AR202310575kxjdpqGV



# FIRST ELITE CAPITAL MODARABA

## STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and bank balances	4	2,398,266	15,851,128
Short term investments	5	8,607,942	9,500,656
Short term investments in Mutual Funds	6	20,239,036	-
Short term finances under musharakah arrangements - Secured	7	-	120,244
Short term finances under murabahah arrangements - Secured	8	16,403	16,403
Ijarah rentals receivable - Secured	9	1,859,248	3,735,129
Profit receivable - Secured	10	-	-
Advances, deposits, prepayments and other receivables	11	5,097,343	25,904,705
Advance income tax	12	722,764	856,910
		<b>38,941,002</b>	55,985,175
<b>NON-CURRENT ASSETS</b>			
Assets leased out under ijarah contracts	13	98,797,049	87,168,666
Property and equipment	14	1,626,196	1,281,734
Investment property	15	23,533,287	23,533,287
		<b>123,956,532</b>	111,983,687
<b>TOTAL ASSETS</b>		<b>162,897,534</b>	167,968,862
<b>LIABILITIES</b>			
<b>CURRENT LIABILITIES</b>			
Accrued and other liabilities	16	1,344,966	1,220,455
Security deposits	17	5,906,805	16,151,702
Unclaimed profit distribution		8,486,021	8,490,014
		<b>15,737,792</b>	25,862,171
<b>NON-CURRENT LIABILITIES</b>			
Security deposits	17	43,326,769	32,153,747
Employees retirement benefits	18	11,291,679	10,669,018
		<b>54,618,448</b>	42,822,765
Contingencies and commitments	19	-	-
<b>TOTAL LIABILITIES</b>		<b>70,356,240</b>	68,684,936
<b>NET ASSETS</b>		<b>92,541,294</b>	99,283,926
<b>REPRESENTED BY</b>			
Authorized certificate capital 20,000,000 (2022: 20,000,000) modaraba certificates of Rs. 10 each		<b>200,000,000</b>	200,000,000
Issued, subscribed and paid-up certificate capital	20	<b>113,400,000</b>	113,400,000
Unappropriated losses		<b>(40,670,452)</b>	(34,958,369)
Other reserves	21	<b>19,811,747</b>	20,842,296
		<b>92,541,294</b>	99,283,926

The annexed notes 1 to 41 form an integral part of these financial statements.

**For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)**

Chairman

Chief Executive

Director

Chief Financial Officer



## FIRST ELITE CAPITAL MODARABA

### STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>INCOME</b>			
Income from ijarah financing	22	29,665,216	34,449,292
Income from murabahah financing	23	-	3,190
Return on investments	24	2,895,350	401,855
Reversal of provision for doubtful receivables		148,707	39,210
Trading Income	25	-	96,750
Other income	26	1,293,659	1,122,418
		<b>34,002,932</b>	<b>36,112,715</b>
<b>EXPENSES</b>			
Depreciation of assets leased out under ijarah contracts	13	(23,234,210)	(25,651,050)
Administrative and general expenses	27	(17,017,096)	(17,096,824)
Financial charges		(7,588)	(18,345)
		<b>(40,258,894)</b>	<b>(42,766,219)</b>
Management fee	28	(6,255,962)	(6,653,504)
		-	-
<b>Loss before taxation</b>		<b>(6,255,962)</b>	<b>(6,653,504)</b>
<b>Taxation</b>	29	<b>(805,064)</b>	<b>(569,623)</b>
<b>Loss after taxation</b>		<b>(7,061,026)</b>	<b>(7,223,127)</b>
<b>Loss per certificate - basic and diluted</b>	30	<b>(0.62)</b>	<b>(0.64)</b>

The annexed notes 1 to 41 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)

Chairman

Chief Executive

Director

Chief Financial Officer



## FIRST ELITE CAPITAL MODARABA

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>Loss after taxation</b>		<b>(7,061,026)</b>	(7,223,127)
<b>Other comprehensive loss</b>			
Items that may be reclassified subsequently to profit or loss			
Changes in fair value of available for sale investments		<b>(1,030,549)</b>	(3,453,541)
Reclassification adjustments for (gain)/ loss included in profit or loss		-	-
		<b>(1,030,549)</b>	(3,453,541)
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit plan	<b>18.3</b>	<b>1,348,943</b>	(25,826)
<b>Total comprehensive loss</b>		<b>(6,742,632)</b>	(10,702,494)

The annexed notes 1 to 41 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)

  
Chairman

  
Chief Executive

  
Director

  
Chief Financial Officer



## FIRST ELITE CAPITAL MODARABA

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>CASH GENERATED FROM OPERATIONS</b>	<b>31</b>	<b>39,811,069</b>	24,050,899
Receipts/(payments) for:			
Income taxes		(670,918)	(271,300)
Purchase of Ijarah assets		(56,695,813)	(49,810,200)
Transfer of Ijarah assets		22,109,677	29,972,900
Staff retirement benefits paid		-	(53,000)
Profit distribution		(3,993)	(3,091,449)
		<b>(35,261,047)</b>	(23,253,049)
<b>Net cash (used in)/ generated from operating activities</b>		<b>4,550,022</b>	797,850
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Sale Proceed of property and equipment		116,500	1,022,700
Purchase of property and equipment		(637,864)	-
Purchase of investments		(20,380,463)	(5,382,361)
Proceeds from sale of investments		3,953	3,171,560
Dividend received		2,894,990	667,427
<b>Net cash (used in)/ generated from investing activities</b>		<b>(18,002,884)</b>	(520,674)
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
<b>NET (DECREASE) /INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(13,452,862)</b>	277,176
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>15,851,128</b>	15,573,952
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<b>32</b>	<b>2,398,266</b>	15,851,128

The annexed notes 1 to 41 form an integral part of these financial statements.

For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)

Chairman

Chief Executive

Director

Chief Financial Officer



# FIRST ELITE CAPITAL MODARABA

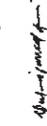
## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

	Note	Reserves					Total equity	
		Paid-up Certificate Capital Rupees	Capital Reserves		Revenue Reserves			Total
			Statutory reserve Rupees	Available for sale financial assets Rupees	Unappropriated losses Rupees	Total Rupees		
Balance as at June 30, 2021		113,400,000	32,870,088	(8,574,251)	(24,307,416)	(11,579)	113,388,420	
Comprehensive loss for the year ended June 30, 2022		-	-	-	(7,223,127)	(7,223,127)	(7,223,127)	
Loss after taxation		-	-	(3,453,541)	(25,826)	(3,479,367)	(3,479,367)	
Other comprehensive loss		-	-	(3,453,541)	(7,248,953)	(10,702,494)	(10,702,494)	
Profit distribution @ 3.00% i.e. Re. 0.30 per certificate		-	-	-	(3,402,000)	(3,402,000)	(3,402,000)	
Balance as at June 30, 2022		113,400,000	32,870,088	(12,027,792)	(34,958,369)	(14,116,073)	99,283,926	
Comprehensive loss for the year ended June 30, 2023		-	-	-	(7,061,026)	(7,061,026)	(7,061,026)	
Loss after taxation		-	-	(1,030,549)	1,348,943	318,394	318,394	
Other comprehensive (loss)/income		-	-	(1,030,549)	(5,712,083)	(6,742,632)	(6,742,632)	
<b>Balance as at June 30, 2023</b>		<b>113,400,000</b>	<b>32,870,088</b>	<b>(13,058,341)</b>	<b>(40,670,452)</b>	<b>(20,858,705)</b>	<b>92,541,294</b>	

The annexed notes 1 to 41 form an integral part of these financial statements.

**For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)**

  
Chairman

  
Director

  
Chief Financial Officer



# FIRST ELITE CAPITAL MODARABA

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

### 1 STATUS AND NATURE OF THE BUSINESS

First Elite Capital Modaraba ("the Modaraba") is a perpetual, multi-purpose and multi-dimensional modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Crescent Modaraba Management Company Limited ("the Management Company"), a company incorporated in Pakistan under the Companies Act, 2017, vide Registration No. L 01630 dated 30th May, 1989. The registered office of the Modaraba is situated at 50-A, Garden Block, New Garden Town, Lahore. The Modaraba was floated on September 26, 1991 and is listed on Pakistan Stock Exchange Limited. The Modaraba is primarily engaged in the business of ijarah, musharakah and murabahah financing, investment in marketable securities, trading of stock and other related businesses.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 ("the Ordinance"), the Modaraba Companies and Modaraba Rules, 1981 ("the Rules"), Prudential Regulations for Modarabas ("the Regulations") and other directives ("the Directives") issued by the Securities and Exchange Commission of Pakistan together with approved accounting standards as applicable in Pakistan to Modarabas. Approved accounting standards comprise of such International Financial Reporting Standards ("IFRS"), the International Accounting Standards ("IAS") and the Islamic Financial Accounting Standards ("IFAS") as notified under the provisions of the Companies Act, 2017 and made applicable to modarabas under the Ordinance, the Rules, the Regulations and the Directives. The requirements of the Ordinance, the Rules, the Regulations or the Directives take precedence wherever they differ from the requirements of approved standards. Further, where the requirements of IFAS differ from the requirements of other approved standards, the IFASs take precedence.

SECP vide its circular no. 10 of 2004 dated 13 February 2004, had deferred, till further orders, the applicability of International Accounting Standard (IAS) 17 "Leases" on Modarabas with effect from 1 July 2003 and advised the management companies of Modarabas that they may continue to prepare the financial statements of the Modarabas without applying the requirements of IAS 17 to the Modarabas. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease entered into by the Modaraba upto 30 June 2008. From 1 July 2008, all new lease transactions (both for assets given and assets obtained) are being accounted for in accordance with the requirements of IFAS 2 as explained hereunder. Islamic Financial Accounting Standard 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the Securities and Exchange Commission of Pakistan ('the SECP') vide SRO 431(1)/ 2007 dated 22 May 2007. During the year ended 30 June 2009, SECP vide its letter no. SC/M/RW/SC/2009 dated 9 March 2009, directed that the management companies of Modarabas may apply the accounting treatment of IFAS 2, only to the leasing (Ijarah) transactions entered on or after 1 July 2008. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mustajir (lessor) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognized as expenses.
- Ijarah income is recognized in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

Consequently, in preparation of these financial statements the Modaraba has accounted for leasing transactions executed before 1 July 2008 as finance leases consistent with prior years and has treated leasing transactions executed on or after 1 July 2008 in accordance with the requirements of IFAS 2.



## FIRST ELITE CAPITAL MODARABA

### 2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for certain financial instruments at fair value/amortized cost and employees retirement benefits at present value. In these financial statements, except for the cash flow statement, all transactions have been accounted for on accrual basis.

### 2.3 Judgments, estimates and assumptions

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions and judgments are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Subsequently, actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Judgements made by management in the application of approved accounting standards that have significant effect on the financial statements and estimates with a risk of material adjustment in subsequent years are as follows:

#### 2.3.1 Recoverable amount and impairment

The Modaraba reviews carrying amounts of its assets for possible impairment and makes formal estimates of recoverable amount if there is any such indication. Investments in marketable securities are tested for impairment by reference to their prices in the active market. An allowance for impairment is made for all investments for which there is an indication of permanent diminution in market values. Musharakah, Murabahah and Ijarah finances, and related other receivables are tested for impairment taking into account the borrowers' payment/credit history, adequacy of security and requirements of Prudential Regulations for Modarabas.

#### 2.3.2 Depreciation method, rates and useful lives of property and equipment

The Modaraba reassesses useful lives, depreciation method and rates for each item of property and equipment annually by considering expected pattern of economic benefits that the Modaraba expects to derive from that item.

#### 2.3.3 Obligation under defined benefit plan

The Modaraba's obligation under the defined benefit plan is based on assumptions of future outcomes, the principal ones being in respect of increases in remuneration, remaining working lives of employees and discount rates to be used to determine present value of defined benefit obligation.

#### 2.3.4 Provisions

Provisions, other than allowances for impairment, are based on best estimate of the expenditure required to settle the present obligation at the reporting date, that is, the amount that the Modaraba would rationally pay to settle the obligation at the reporting date or to transfer it to a third party.

### 2.4 Functional currency

These financial statements are prepared in Pak Rupees which is the Modaraba's functional currency.

### 2.5 NEW AND AMENDED STANDARDS AND INTERPRETATIONS BECOME EFFECTIVE

The Company has adopted the following amendments in accounting standard and interpretation of IFRSs which became effective for the current year:

IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors'; Effective date (annual reporting periods beginning on or after January 31, 2023



## FIRST ELITE CAPITAL MODARABA

IFRS 3 (Amendments) 'Business Combination'; Effective date (annual reporting periods beginning on or after January 31, 2022

IFRS 16 (Amendments) 'Leases'; Effective date (annual reporting periods beginning on or after January 31, 2021

Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures; Effective date (annual reporting periods beginning on or after January 31, 2021

The adoption of the above amendments, and improvements to accounting standards and interpretations did not have any effect on the financial statements.

### 2.6 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO APPROVED ACCOUNTING STANDARDS THAT ARE NOT YET EFFECTIVE

**2.6.1** The following revised standards, amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

#### **Standards, amendments or Interpretation**

IFRS 17 Insurance Contracts

**2.6.2 Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.**

#### **Standards, amendments or Interpretation**

IFRS - 17 Insurance Contracts

The company expects that the adoption of the above standards will have no material effect on the company's financial statements.

### 3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in the financial statements.

#### 3.1 Property and equipment

These comprise operating fixed assets of the Modaraba.

Operating fixed assets are measured at cost less accumulated depreciation and accumulated impairment losses. Cost comprises purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, and includes other costs directly attributable to the acquisition or construction, erection and installation.

Major renewals and improvements to operating fixed assets are recognized in the carrying amount of the item if it is probable that the embodied future economic benefits will flow to the Modaraba and the cost of renewal or improvement can be measured reliably. The cost of the day-to-day servicing of operating fixed assets are recognized in profit or loss as incurred.

The Modaraba recognizes depreciation in profit or loss by applying reducing balance method over the useful life of each operating fixed asset using rates specified in note 14 to the financial statements.

An operating fixed asset is de-recognized when permanently retired from use. Any gain or loss on disposal of operating fixed assets is recognized in profit or loss.

#### 3.2 Assets leased out under ijarah contracts

**3.2.1** Assets leased out are stated at cost less accumulated depreciation. Depreciation of cost of Modaraba is recognized in profit or loss over the period of lease by applying straight line method. In respect of additions and sales / transfers during the year, amortization is charged proportionately to the period of lease.

**3.2.2** Cost of ijarah asset includes net purchasing price incurred by the modaraba.

#### 3.3 Investment property

Investment property is initially measured at cost and subsequently at cost with any change therein recognised in profit or loss. Any gain or loss on disposal of investment property (calculated as the difference between the net proceeds from



## FIRST ELITE CAPITAL MODARABA

disposal and the carrying amount of the item) is recognised in profit or loss.

### 3.4 Certificate capital

Certificate capital is recognized as equity. Incremental costs directly attributable to the issue of certificates are recognized as deduction from the equity.

### 3.5 Employees retirement benefits

#### 3.5.1 Short term employee benefits

The Modaraba recognizes the undiscounted amount of short term employee benefits to be paid in exchange for services rendered by employees as a liability after deducting amount already paid and as an expense in profit or loss. If the amount paid exceeds the undiscounted amount of benefits, the excess is recognized as an asset to the extent that the prepayment would lead to a reduction in future payments or cash refund.

#### 3.5.2 Post employment benefits

The Modaraba operates an unfunded gratuity scheme (defined benefit plan) for all its employees who have completed the minimum qualifying service period. The amount recognized on balance sheet represents the present value of defined benefit obligation. Actuarial gains or loss are recognized immediately in other comprehensive income as required by IAS-19 Employee Benefits. The details of the scheme are referred to in note 18 to the financial statements.

### 3.6 Financial instruments

#### 3.6.1 Recognition

A financial instrument is recognized when the Modaraba becomes a party to the contractual provisions of the instrument.

#### 3.6.2 Classification

The Modaraba classifies its financial instruments into following classes depending on the purpose for which the financial assets and liabilities are acquired or incurred. The Modaraba determines the classification of its financial assets and liabilities at initial recognition.

##### 3.6.2(a) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Assets in this category are presented as current assets except for maturities greater than twelve months from the reporting date, where these are presented as non-current assets.

##### 3.6.2(b) Available for sale financial assets

Available for sale financial assets are non-derivative financial assets that are designated as such on initial recognition or are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Assets in this category are presented as non-current assets unless the management intends to dispose of the asset within twelve months from the reporting date. The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.

##### 3.6.2(c) Financial liabilities at amortized cost

Non-derivative financial liabilities that are not financial liabilities at fair value through profit or loss are classified as financial liabilities at amortized cost. Financial liabilities in this category are presented as current liabilities except for maturities greater than twelve months from the reporting date where these are presented as non-current liabilities.

#### 3.6.3 Measurement

The particular measurement methods adopted are disclosed in the individual policy statements associated with each instrument.



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### 3.6.4 De-recognition

Financial assets are de-recognized if the Modaraba's contractual rights to the cash flows from the financial assets expire or if the Modaraba transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are de-recognized if the Modaraba's obligations specified in the contract expire or are discharged or cancelled. Any gain or loss on de-recognition of financial assets and financial liabilities is recognized in profit or loss.

### 3.6.5 Off-setting

A financial asset and a financial liability is offset and the net amount reported in the balance sheet if the Modaraba has legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### 3.6.6 "Regular way" purchases and sales of financial assets

All regular way purchases and sales of financial assets are recognized on trade date. Regular way purchases or sales of financial assets are those contracts which require delivery of assets within the time frame generally established by the regulation or convention in the market.

## 3.7 Investments in listed securities

Investments in listed equity and other securities, which are intended to be held for an indefinite period of time and may be sold in response to need for liquidity or significant changes in equity prices are classified as 'available for sale financial assets'. On initial recognition these are measured at cost, being their fair value on date of acquisition, plus attributable transaction costs. Subsequent to initial recognition, these are measured at fair value. Changes in fair value are recognized as other comprehensive income until the investment is derecognized or impaired. Gains and losses on de-recognition and impairment losses are recognized in profit or loss.

## 3.8 Accrued and other liabilities

### 3.8.1 Financial liabilities

These are classified as 'financial liabilities at amortized cost'. On initial recognition, these are measured at cost, being their fair value at the date the liability is incurred, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

### 3.8.2 Non-financial liabilities

These, both on initial recognition and subsequently, are measured at cost.

## 3.9 Advances and other receivables

### 3.9.1 Financial assets

These are classified as 'loans and receivables'. On initial recognition, these are measured at cost, being their fair value at the date of transaction, less attributable transaction costs. Subsequent to initial recognition, these are measured at amortized cost using the effective interest method, with interest recognized in profit or loss.

### 3.9.2 Non-financial assets

These, on initial recognition and subsequently, are measured at cost.

## 3.10 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and cash at banks. Cash and cash equivalents are carried at cost.

## 3.11 Revenue

International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and



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uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Modaraba has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Modaraba. Accordingly, there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2019.

### **Revenue from different sources is recognized as follows:**

Ijarah rentals are recognized over the period of lease as and when the related rentals become due.

Profit on murabahah finances is recognized on time proportion basis as and when accrued.

Profit on musharakah finances is recognized on time proportion basis as and when accrued.

Trading Income is recognized on time proportion basis as and when accrued.

Return on saving accounts is recognized on time proportion basis as and when accrued.

Dividend income is recognized when right to receive payment is established.

### **3.12 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 holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

### **3.13 Comprehensive income**

Comprehensive income is the change in equity resulting from transactions and other events, other than changes resulting from transactions with shareholders in their capacity as shareholders. Total comprehensive income comprises all components of profit or loss and other comprehensive income. Other comprehensive income comprises items of income and expense, including reclassification adjustments, that are not recognized in profit or loss as required or permitted by approved accounting standards, and is presented in 'statement of profit or loss and other comprehensive income'.

### **3.14 Income tax**

Income tax expense comprises current tax and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case it is recognized in other comprehensive income.

#### **3.14.1 Current taxation**

Current tax is the amount of tax payable on taxable income for the year and any adjustment to the tax payable in respect of previous years. Provision for current tax is based on current rates of taxation in Pakistan after taking into account tax credits, rebates and exemptions available, if any. The amount of unpaid income tax in respect of the current or prior periods is recognized as a liability. Any excess paid over what is due in respect of the current or prior periods is recognized as an asset.

#### **3.14.2 Deferred taxation**

Deferred tax is accounted for using the balance sheet approach providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. In this regard, the effects on deferred taxation of the portion of income that is subject to final tax regime is also considered in accordance



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with the treatment prescribed by the Institute of Chartered Accountants of Pakistan. Deferred tax is measured at rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date. A deferred tax liability is recognized for all taxable temporary differences. A deferred tax asset is recognized for deductible temporary differences to the extent that future taxable profits will be available against which temporary differences can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. However, the Modaraba has not recognised any amount in respect of deferred tax in these financial statements due to tax losses.

### 3.15 Earnings per certificate (EPC)

Basic EPC is calculated by dividing the profit or loss attributable to certificate holders of the Modaraba by the weighted average number of certificates outstanding during the period.

Diluted EPC is calculated by adjusting basic EPC by the weighted average number of certificates that would be issued on conversion of all dilutive potential certificates into certificates and post-tax effect of changes in profit or loss attributable to certificate holders of the Modaraba that would result from conversion of all dilutive potential certificates into certificates.

### 3.16 Impairment

#### 3.16.1 Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of the asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Impairment loss in respect of a financial asset measured at fair value is determined by reference to that fair value. All impairment losses are recognized in profit or loss. Impairment losses in respect of Musharakah, Murabahah and Ijarah finances are determined by reference to the borrowers' payment/ credit history, adequacy of security and requirements of the Prudential Regulations for Modarabas. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the financial asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of amortization, if no impairment loss had been recognized.

#### 3.16.2 Non-financial assets

The carrying amount of the Modaraba's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present values using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit.

An impairment loss is recognized if the carrying amount of the asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of cash generating units are allocated to reduce the carrying amounts of the assets in a unit on a pro rata basis. Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An



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impairment loss is reversed if there has been a change in the estimates used in determine the recoverable amount. An impairment loss is reversed only to that extent that the asset's carrying amount after the reversal does not exceed the carrying amount that would have been determined, net of depreciation and amortization, if no impairment loss had been recognized.

### 3.17 Provisions and contingencies

Provisions are recognized when the Modaraba has a legal and constructive obligation as a result of past events and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provision is recognized at an amount that is the best estimate of the expenditure required to settle the present obligation at the reporting date. Where outflow of resources embodying economic benefits is not probable, a contingent liability is disclosed, unless the possibility of outflow is remote.

### 3.18 Profit distribution to certificate holders

Profit distribution to certificate holders is recognized as a deduction from accumulated profit in statement of changes in equity and as a liability, to the extent it is unclaimed/unpaid, in the Modaraba's financial statements in the year in which the dividends are approved by the Board of Directors of the Management Company.

### 3.19 Stock in trade

Stock in trade is valued at lower of cost and net realizable value. Cost of stock in trade is based on weighted average cost and net realizable value is the estimated selling price in the ordinary course of business less estimated costs necessary to make the sale.

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>4 CASH AND BANK BALANCES</b>			
Cash in hand		39,386	88,861
Cash at bank			
Current accounts		554,772	564,223
Saving / deposit accounts	4.1	1,804,108	15,198,044
		<u>2,358,880</u>	<u>15,762,267</u>
		<u>2,398,266</u>	<u>15,851,128</u>

4.1 Effective rate of return on deposit/saving accounts, for the year, ranges from 6.50% to 10.80% (2022: 2.80% to 6.50%).

### 5 SHORT TERM INVESTMENTS

These represent investments in listed securities and have been classified as available for sale financial assets.

Cost	5.1	25,402,672	25,264,838
Accumulated changes in fair value (trading suspended)		(3,736,390)	(3,736,390)
Accumulated changes in fair value (others)		(13,058,340)	(12,027,792)
	5.1	<u>8,607,942</u>	<u>9,500,656</u>



### 5.1 Particulars of investments

#### **Fertilizer**

Fauji Fertilizer Bin Qasim Limited

#### **Cements**

D.G Khan Cement Company Limited

Fauji Cement Company Limited

Flying Cement Limited

Maple Leaf Cement Factory Limited

#### **Textile Composite**

Sunrise Textiles Limited

Nishat Mills Limited

#### **Technology & Communication**

Callmate Telips Telecom Limited

Pakistan Telecommunication Company Limited

Worldcall Telecom Limited

#### **Cable and Electrical Goods**

Pak Electron Limited

Waves Corporation Limited

Waves Home Appliances Ltd.

#### **Power Generation**

Karachi Electric Limited

Hub Power Company Limited

#### **Oil & Gas marketing Co.**

Sui Northern Gas Pipelines Limited

Pakistan State Oil Company Limited

Pakistan Petroleum Limited

Sui Southern Gas Company Limited

Oil and Gas Development Company Limited

#### **Investment Banks/Co.**

Dadabhoy Leasing Company Limited

Bankers Equity Limited

Javed Omer Vohra & Company Limited

#### **Automobile Assembler**

Ghandhara Industries Limited

#### **Commercial Banks**

Meezan Bank Limited

#### **Modarabas**

First Equity Modaraba

First Treet Manufacturing Modaraba

First Fidelity Leasing Modaraba

Modaraba Al Mali

BRR Guardian Modaraba

Awwal Corporate Restructuring Co. Ltd.

Treet Battery Limited

#### **Chemical |**

Ghani Global Holding Company Limited

#### **Food and personal care**

Quice Food Industries Limited

Unity Foods Limited

#### **TOTAL**

**5.2** Shares of Javed Omer Vohra & Company Limited are in CDC Freeze Account

**5.3** Treet Battery shares has been valued at Rs.10/- based on directors' valuation.



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No. Of Shares/ Certificates		Average Cost		Fair Value	
June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022	June 30, 2023	June 30, 2022
		Rupees		Rupees	
<b>15,000</b>	15,000	<b>826,865</b>	826,865	<b>176,700</b>	303,600
<b>2,200</b>	2,200	<b>198,756</b>	198,756	<b>112,860</b>	137,500
<b>17,437</b>	15,500	<b>350,949</b>	350,949	<b>205,059</b>	219,635
<b>2,050</b>	2,050	<b>32,069</b>	32,069	<b>11,357</b>	14,719
<b>100</b>	100	<b>3,570</b>	3,570	<b>2,833</b>	2,735
<b>153,900</b>	153,900	<b>2,023,076</b>	2,023,076	-	-
<b>1,100</b>	1,100	<b>95,907</b>	95,907	<b>62,447</b>	81,301
<b>5,100</b>	5,100	<b>530,323</b>	530,323	-	-
<b>102,500</b>	102,500	<b>4,384,526</b>	4,384,526	<b>616,025</b>	713,400
<b>4,000</b>	4,000	<b>13,836</b>	13,836	<b>4,360</b>	5,320
<b>32,000</b>	32,000	<b>2,446,492</b>	2,446,492	<b>289,600</b>	508,480
<b>4,000</b>	4,000	<b>65,112</b>	65,112	<b>24,600</b>	50,920
<b>800</b>	-	-	-	<b>3,544</b>	-
<b>2,000</b>	2,000	<b>9,066</b>	9,066	<b>3,440</b>	6,080
<b>800</b>	800	<b>62,472</b>	62,472	<b>55,664</b>	54,536
<b>48,000</b>	45,000	<b>3,734,608</b>	3,624,950	<b>1,889,760</b>	1,539,450
<b>7,687</b>	7,687	<b>1,570,998</b>	1,570,998	<b>853,334</b>	1,320,934
<b>10,030</b>	10,030	<b>1,331,514</b>	1,331,514	<b>593,174</b>	677,125
<b>49,000</b>	49,000	<b>1,036,646</b>	1,036,646	<b>420,910</b>	443,940
<b>36,960</b>	36,960	<b>4,650,201</b>	4,650,201	<b>2,882,880</b>	2,907,643
<b>1,000</b>	1,000	<b>9,000</b>	9,000	-	-
<b>2,000</b>	2,000	<b>26,100</b>	26,100	-	-
<b>8,800</b>	8,800	<b>1,164,611</b>	1,164,611	<b>16,720</b>	16,720
<b>300</b>	100	<b>65,587</b>	33,818	<b>24,162</b>	15,797
<b>445</b>	405	<b>56,121</b>	56,121	<b>38,435</b>	45,757
-	500	-	3,593	-	3,750
<b>500</b>	500	<b>7,547</b>	7,547	<b>1,755</b>	5,390
<b>500</b>	500	<b>2,074</b>	2,074	<b>855</b>	1,325
<b>500</b>	500	<b>11,702</b>	11,702	<b>1,755</b>	3,350
<b>500</b>	500	<b>7,203</b>	7,203	<b>6,070</b>	5,245
<b>1,140</b>	1,000	<b>11,846</b>	11,846	<b>11,400</b>	10,390
<b>499</b>	-	-	-	<b>4,990</b>	-
<b>12,650</b>	11,500	<b>276,058</b>	276,058	<b>124,856</b>	189,865
<b>1,000</b>	1,000	<b>6,264</b>	6,264	<b>3,500</b>	4,010
<b>10,550</b>	10,550	<b>391,573</b>	391,573	<b>164,897</b>	211,739
<b>535,048</b>	<b>527,782</b>	<b>25,402,672</b>	<b>25,264,838</b>	<b>8,607,942</b>	<b>9,500,656</b>



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	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>6 SHORT TERM INVESTMENTS IN MUTUAL FUNDS</b>			
		<b>Units</b>	<b>Rate</b>
Meezan Rozana Amdani Fund		404,780.71	50
		<b>20,239,036</b>	-
		<b>20,239,036</b>	-
<b>7 SHORT TERM FINANCES UNDER MUSHARAKAH ARRANGEMENTS - SECURED</b>			
Considered good		-	-
Considered doubtful		<b>586,744</b>	757,744
		<b>586,744</b>	757,744
Provision for doubtful receivables	<b>7.1</b>	<b>(586,744)</b>	(637,500)
		-	120,244

These represent investments made under musharakah arrangements on profit and loss sharing basis and are secured by specific charge over vehicle. The share of profit of Modaraba is 40% per annum.

**7.1** Movement in provision for doubtful receivables is as follows:

As at beginning of the year	<b>637,500</b>	637,500
Recognized during the year	-	-
Amount received during the year	<b>(50,756)</b>	-
As at end of the year	<b>586,744</b>	637,500

<b>8 SHORT TERM FINANCES UNDER MURABAHAH ARRANGEMENTS - SECURED</b>			
Considered good		<b>16,403</b>	16,403
Considered doubtful		<b>55,021,968</b>	55,061,178
		<b>55,038,371</b>	55,077,581
Provision for doubtful receivables	<b>8.1</b>	<b>(55,021,968)</b>	(55,061,178)
		<b>16,403</b>	16,403

These represent receivable against murabaha transactions on deferred payment basis at a specified margin. These are secured against mortgage of property, and personal guarantees. Profit margin on murabahah transactions ranges from 13% to 20% (2022: 13% to 20%) per annum receivable on monthly basis.

**8.1** Movement in provision for doubtful receivables is as follows:

As at beginning of the year	55,021,968	55,061,178
Recognized during the year	-	-
Reversed during the year	-	(39,210)
	-	(39,210)
As at end of the year	<b>55,021,968</b>	55,021,968

**8.1.1** The Modaraba has filed Three (2022: Three) execution petitions for claim of Rs. 25,868,727/- (2022: 25,868,727/-) against different parties in Modaraba Tribunal Punjab, Lahore. The management is hotly pursuing its cases in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.

**8.1.2** The Modaraba has filed a claim for Rs.22,063,889/- (2022: Rs. 22,063,889/-) against Sunrise Textiles Limited. The Modaraba has applied to the official liquidators, appointed by the honorable Lahore High Court in C.O.No. 10/1995 for recovery of its dues, however the company has been dissolved.

**8.1.3** The Modaraba has filed Twenty Five (2022: Twenty Five) suits for recovery of receivables amounting to Rs.26,475,820 (2022: Rs.26,475,820/-) against different parties in Banking Court, Lahore. The management is hotly pursuing



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its cases in the Court of law. There are almost no chances of any unfavorable decision(s) against First Elite Capital Modaraba.

- 8.1.4** The Modaraba has filed One (2022: One) criminal complaint under section 20 of the Financial Institutions (Recovery of Finances) Ordinance, 2001. against party in Banking Court, Lahore

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>9 IJARAH RENTALS RECEIVABLE - SECURED</b>			
Considered good		1,859,248	3,735,129
Considered doubtful		6,726,504	5,734,093
		8,585,752	9,469,222
Provision for doubtful receivables	9.1	(6,726,504)	(5,734,093)
		1,859,248	3,735,129

These represent rentals receivable against assets leased out under Ijarah contracts. These are secured against vehicles registered in favor of Modaraba. The details are as follows:

- 9.1** Movement in provision for doubtful receivables is as follows:

As at beginning of the year		5,734,093	6,155,056
Recognized during the year		1,006,411	1,725,276
Reversed during the year		(14,000)	(2,146,239)
	22	992,411	(420,963)
As at end of the year		6,726,504	5,734,093

- 9.1.1** The Modaraba has filed Two (2022: Two) execution petitions for claim of Rs.6,686,020/- (2022: Rs.6,686,020/-) against two parties (Rana Muhammad Ibrahim Noon Rs: 6,476,404 and Atif Saleem Rs. 93,060) in Banking Court, Lahore. The learned Banking Court passed an ex-parte judgement and decree for a sum of Rs. 6,476,404/- in favour of FECM and against the defendants (Rana Muhammad Ibrahim Noon) . The process of auction of the property of the judgment Debtor Rana Muhammad Ibrahim Noon is underway.

- 9.2** Future Ijarah rentals receivable

Not later than one year		36,245,762	24,527,463
Later than one year but not later than five years		43,704,813	15,309,679
Later than five years		-	-
		79,950,575	39,837,142

### 10 PROFIT RECEIVABLE - SECURED

Considered good		-	-
Considered doubtful		21,687,470	21,687,470
		21,687,470	21,687,470
Provision for doubtful receivables	10.1	(21,687,470)	(21,687,470)
		-	-

This represents profit receivable on murabahah and musharikah finance

- 10.1** Movement in provision for doubtful receivables is as follows:

As at beginning of the year		21,687,470	21,690,660
Recognized during the year		-	-
Reversed during the year	23	-	(3,190)
		-	(3,190)
As at end of the year		21,687,470	21,687,470



## FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>11 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>			
Advances to employees - unsecured but considered good			
		<b>591,662</b>	661,187
			against salaries
	<b>11.1</b>	<b>2,894,391</b>	3,221,039
			against retirement benefits
		<b>40,450</b>	60,450
			Security deposits
	<b>11.2</b>	-	5,950,000
		<b>1,396,942</b>	1,421,600
			Advances to supplier
			Prepayments
Other receivables - unsecured			
		<b>173,898</b>	14,590,429
		<b>2,667,990</b>	2,765,941
			Considered good
			Considered doubtful
		<b>2,841,888</b>	17,356,370
		<b>(2,667,990)</b>	(2,765,941)
			Provision for doubtful receivables
		<b>173,898</b>	14,590,429
		<b>5,097,343</b>	25,904,705
<b>11.1</b> These represents advances to officers of the Modaraba.			
<b>11.2</b> This represents amount recoverable from customer Rs.Nil (2022: Rs.5,950,000) in respect of advance given for purchase of vehicle.			
<b>12 ADVANCE INCOME TAX</b>			
		<b>856,910</b>	1,155,233
		<b>670,918</b>	271,300
		<b>(805,064)</b>	(569,623)
		<b>722,764</b>	856,910



# FIRST ELITE CAPITAL MODARABA

## 13 ASSETS LEASED OUT UNDER IJARAH CONTRACTS

Year ended June 30, 2023

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2023
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023	For the year	Adjustment	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Vehicles	130,188,300	56,695,813	60,519,000	126,365,113	21,840,517	39,463,780	29,340,581
Office equipment	1,080,000	-	1,080,000	-	106,665	768,000	-
Machinery	5,990,200	-	1,287,000	4,703,200	1,287,028	821,000	2,930,683
	<b>137,258,500</b>	<b>56,695,813</b>	<b>62,886,000</b>	<b>131,068,313</b>	<b>23,234,210</b>	<b>41,052,780</b>	<b>32,271,264</b>
							<b>98,797,049</b>

Year ended June 30, 2022

PARTICULARS	COST			DEPRECIATION			Carrying Value As at June 30, 2022
	As at July 01, 2021	Additions	Disposals	As at June 30, 2022	For the year	Adjustment	
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Vehicles 148,070,316	148,070,316	46,707,000	64,589,016	130,188,300	23,741,478	35,661,391	46,963,844
Office equipment	1,080,000	-	-	1,080,000	256,000	-	661,335
Machinery	4,904,003	3,103,200	2,017,003	5,990,200	1,653,572	1,389,489	2,464,655
	<b>154,054,319</b>	<b>49,810,200</b>	<b>66,606,019</b>	<b>137,258,500</b>	<b>25,651,050</b>	<b>37,050,880</b>	<b>50,089,834</b>
							<b>87,168,666</b>



# FIRST ELITE CAPITAL MODARABA

## 14 PROPERTY AND EQUIPMENT

Year ended June 30, 2023

PARTICULARS	COST			DEPRECIATION			Net book value as at June 30, 2023			
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023	Rate %age	As at July 01, 2022		For the year	Adjustment	As at June 30, 2023
	Rupees	Rupees	Rupees	Rupees		Rupees		Rupees	Rupees	Rupees
Furniture and fixtures	271,815	-	-	271,815	10	208,047	6,377	-	214,424	57,391
Office equipment	2,191,262	185,464	33,260	2,343,466	10	1,693,960	51,353	21,527	1,723,786	619,680
Vehicles	2,765,865	452,400	220,000	2,998,265	20	2,045,201	186,771	182,832	2,049,140	949,125
	<b>5,228,945</b>	<b>637,864</b>	<b>253,260</b>	<b>5,613,546</b>		<b>3,947,208</b>	<b>244,501</b>	<b>204,359</b>	<b>3,987,350</b>	<b>1,626,196</b>

Year ended June 30, 2022

PARTICULARS	COST			DEPRECIATION			Net book value as at June 30, 2022			
	As at July 01, 2021	Additions	Adjustment	As at June 30, 2022	Rate %age	As at July 01, 2021		For the year	Adjustment	As at June 30, 2022
	Rupees	Rupees	Rupees	Rupees		Rupees		Rupees	Rupees	Rupees
Furniture and fixtures	282,815	-	11,000	271,815	10	205,068	7,679	4,700	208,047	63,768
Office equipment	2,383,264	-	192,002	2,191,262	10	1,757,185	57,225	120,450	1,693,960	497,302
Vehicles	4,682,355	-	1,916,470	2,765,865	20	2,966,142	250,459	1,171,400	2,045,201	720,664
	<b>7,348,414</b>	<b>-</b>	<b>2,119,472</b>	<b>5,228,942</b>		<b>4,928,395</b>	<b>315,363</b>	<b>1,296,550</b>	<b>3,947,208</b>	<b>1,281,734</b>



## FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>15 INVESTMENT PROPERTY</b>			
Balance at July 01, 2022		23,533,287	23,533,287
Balance at June 30, 2023		<u>23,533,287</u>	<u>23,533,287</u>
<b>15.1</b> Investment property is property held for capital appreciation, and is accounted for using the cost model.			
<b>15.2</b> Investment property measuring 11 Marlas and 90 Sft is situated at Sardar Iqbal Road, Gulberg V, Lahore			
<b>15.3</b> The fair value of investment property is estimated by management at Rs.51,585,000/=			
<b>16 ACCRUED AND OTHER LIABILITIES</b>			
Accrued expenses		820,076	673,162
Advance ijarah rentals		410,241	404,731
Withholding tax payable		9,465	11,557
Charity payable		14,457	15,878
Other payables		90,727	115,127
		<u>1,344,966</u>	<u>1,220,455</u>
<b>17 SECURITY DEPOSITS</b>			
Security deposits under ijarah contracts	17.1	49,233,574	48,305,449
Current maturity presented under current liabilities		(5,906,805)	(16,151,702)
Non current liabilities		<u>43,326,769</u>	<u>32,153,747</u>
<b>17.1</b> These are amounts received by Modaraba against Ijarah contracts, these are adjusted against the value of assets at the end of Ijarah contract.			
<b>18 EMPLOYEES RETIREMENT BENEFITS</b>			
The amounts recognized on balance sheet are as follows:			
Present value of defined benefit obligation	18.1	<u>11,291,679</u>	<u>10,669,018</u>
<b>18.1 Movement in present value of defined benefit obligation</b>			
As at beginning of the year		10,669,018	9,277,791
Current service cost	18.2	557,959	493,272
Interest cost on defined benefit obligation	18.2	1,413,645	925,129
Benefit Paid		-	(53,000)
		<u>12,640,622</u>	<u>10,643,192</u>
Remeasurements:			
Actuarial (gains)/losses from changes in demographic assumptions		-	-
Actuarial (gains)/losses from changes in financial assumptions		38,653	49,086
Experience adjustments		(1,387,596)	(23,260)
	18.3	<u>(1,348,943)</u>	<u>25,826</u>
As at the end of the year		<u>11,291,679</u>	<u>10,669,018</u>
<b>18.2 Expenses to be charged to P&amp;L</b>			
Current service cost		557,959	493,272
Interest cost on defined benefit obligation		1,413,645	925,129
		<u>1,971,604</u>	<u>1,418,401</u>



## FIRST ELITE CAPITAL MODARABA

Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>18.3 Remeasurements recognized in other comprehensive income</b>		
Actuarial (gains) / losses from changes in demographic assumptions	-	-
Actuarial (gains) / losses from changes in financial assumptions	<b>38,653</b>	49,086
Experience adjustments	<b>(1,387,596)</b>	(23,260)
	<b>(1,348,943)</b>	25,826

<b>18.4 Significant actuarial assumptions</b>		
Discount rate used for interest cost charged in P&L	<b>13.25%</b>	10.00%
Discount rate used for year end obligation	<b>16.25%</b>	13.25%
Salary increase used for year end obligation		
Salary increase FY 2023	<b>N/A</b>	11.25%
Salary increase FY 2024	<b>14.25%</b>	11.25%
Salary increase FY 2025	<b>14.25%</b>	11.25%
Salary increase FY 2026	<b>14.25%</b>	11.25%
Salary increase FY 2027	<b>14.25%</b>	11.25%
Salary increase FY 2028	<b>14.25%</b>	11.25%
Salary increase FY 2029 onwards	<b>14.25%</b>	11.25%
Next salary is increased at	<b>July 01, 2023</b>	July 01, 2022
Mortality rates	<b>SLIC (2001 - 2005) Setback 1 Year</b>	SLIC (2001 - 2005) Setback 1 Year
Withdrawal rates	<b>Age-based (per Appendix)</b>	Age-based (per appendix)
Retirement assumption	<b>Age 60</b>	Age 60

### 18.5 Historical information

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Historical information					
Present value of defined benefit obligation	Rupees <b>11,291,679</b>	10,669,018	9,277,791	9,066,663	8,458,040
Actuarial adjustment arising during the year	% <b>1.06</b>	1.15	1.02	1.07	2.76

### 18.6 Future expectation

The estimated expenses to be charged to P & L during the year ending June 30, 2023 amounts to Rs.1.971 million. The actual cost will be determined after valuation of the Fund as at June 30, 2024 when the actuarial gains and losses arising during the year ending June 30, 2023 will be available.

### 18.7 Additional disclosure items

#### Year end sensitivity analysis (± 100 bps) on defined benefit obligation

Discount rate + 100 bps	<b>10,982,451</b>	10,306,667
Discount rate - 100 bps	<b>11,627,340</b>	11,062,172
Salary increase + 100 bps	<b>11,637,690</b>	11,074,188
Salary increase - 100 bps	<b>10,967,745</b>	10,289,382
Average duration of the defined benefit obligation	<b>4 years</b>	4 years



## FIRST ELITE CAPITAL MODARABA

### 19 CONTINGENCIES AND COMMITMENTS

#### 19.1 Contingencies

**19.1.1** Annual Income Tax Return for Tax Year 2022 was filed on 31-12-2022 and the same was treated to be an assessment in terms of the provisions of Section 120 of the Income Tax Ordinance 2001 (the Ordinance). No further correspondence has been received from the tax department till date.

**19.1.2** Proceedings for Tax Year 2021 were initiated by the Deputy Commissioner Inland Revenue (the DCIR), AEOI Zone, Lahore vide notice bearing reference no. AEOI-LHR/RFI/147 dated 20-06-2022 under Section 182(1)(17) of the Ordinance wherein the DCIR intended to impose penalty for late filing of CRS (Common Reporting Standards) Return. The Modaraba through its AR (Authorized Representative) complied the said notice by stating that the CRS Return was filed within due date i.e. 31-03-2021. No further correspondence has been received from the tax department till date.

**19.1.3** Proceedings for Tax Year 2020 were initiated by the Assistant Commissioner Inland Revenue (the ACIR), Audit-III, Range-I, Unit-IV, Corporate Tax Office, (CTO) Lahore vide notice bearing barcode no. 100000093113633 dated 03-03-2021 under Rule 44(4) of Income Tax Rules, 2002 (the Rules). Last reply in this regard was submitted on 08-03-2021. No further correspondence has been received from the tax department till date.

**19.1.4** Proceedings for Tax Year 2019 were initiated by the ACIR, Audit-III, Range-I, Unit-IV, CTO, Lahore vide notice bearing barcode No. 100000093113670 dated 03-03-2021 under Rule 44(4) of the Rules. Last reply in this regard was submitted on 08-03-2021. No further correspondence has been received from the tax department till date.

**19.1.5** Proceedings for Tax Year 2018 were initiated by the ACIR, E&C, Unit-07, Range-02, Zone-06, CRTO, Lahore vide notice bearing barcode No. 100000059200918 dated 25-09-2019 under Section 182(2) of the Ordinance wherein the officer intended to impose penalty for late filing of CRS Return. The Modaraba through its AR complied the said notice by stating that the Return was filed within due date i.e. 31-05-2019. The Learned ACIR passed the Order bearing barcode No. 100000064637626 dated 29-11-2019 and imposed penalty of Rs 1,230,000/-.

Aggrieved from the above Order, the Modaraba preferred appeal before the Commissioner Inland Revenue Appeals, Zone-VI, Lahore (the CIR-A) who after considering our arguments decided the case vide Order No. 237/A-VI dated 22-06-2020 and remanded the case back to ACIR with the directions to recalculate the default days.

Being aggrieved from the aforesaid Order, the Modaraba preferred second appeal before the Honourable Appellate Tribunal Inland Revenue (the ATIR) which is pending adjudication till date.

Subsequently, the DCIR, Enforcement-II, Range-IV, Unit-XV, CTO, Lahore, in compliance to the directions of the CIR-A, re-calculated the default days and passed Order bearing barcode No. 100000125588887 dated 10-06-2022 reducing the penalty to Rs. 712,500/-.

Feeling aggrieved, the Modaraba again preferred appeal before the CIR-A through letter bearing reference No IT/F-05/22/736 dated 01-07-2022. The main appeal was heard on 03-10-2022 and CIR-A after considering the arguments put forth decided the case in favour of the Modaraba vide the Order bearing barcode no. 100000133217775 dated 11-10-2022 by holding that CRS Return was filed within the due date, therefore no calculation of a default was necessary.

**19.1.6** Proceedings under Section 214C of the Ordinance were initiated by Commissioner Inland Revenue vide notice bearing barcode no.100000077933644 for Tax Year 2018 wherein the case of Modaraba was selected for Audit through parametric computer ballot through Audit Policy 2019.

The DCIR Audit-III, Unit-IV, Range-I, CTO, Lahore issued notice bearing barcode no.10000001282399 dated 25-01-2021 under Section 177 of the Ordinance wherein certain documents/details were required for the conduct of Audit proceedings. The Modaraba through its AR duly complied the said notice through reply bearing reference no. IT/F-05/22/21 dated 07-01-2022 and accordingly, DCIR through notice bearing barcode no. 100000116741940 dated 20-01-2022 u/s 177(6) of the Ordinance issued



## FIRST ELITE CAPITAL MODARABA

### Tax Audit Report.

Later, the DCIR issued notice u/s 122(9) of the Ordinance bearing barcode no. 100000117513897 dated 03-02-2022. The Modaraba through its AR, duly complied the said notice by furnishing various replies. Last reply in this regard was submitted on 22-02-2022. Subsequently, the proceedings were concluded through Order bearing barcode no. 100000118566213 dated 28-02-2022 raising tax demand of Rs. 903,195/-.

Feeling aggrieved from the above Order, the Modaraba preferred an appeal before the CIR-A vide letter bearing reference no. IT/F-05/22/340 dated 28-3-2022. The main appeal was heard on 19-10-2022 and the CIR-A after considering the arguments put forth by AR, vide his Order bearing reference no. 100000134129804 dated 21-10-2022 decided the appeal in favour of Modaraba by deleting the demand of Rs. 903,195/- raised through above impugned order. And accordingly, the above proceedings were closed.

**19.1.7** The DCIR, E & C, Unit-VII, Range II, Zone VI, CTO, Lahore issued notice u/s 161(1A) of the Ordinance for Tax Year 2018 bearing barcode no. 100000074325898 dated 08-06-2020. The Modaraba through its AR made compliance of the aforesaid notice by submitting various replies. Last reply in this regard was submitted on 22-12-2020. No further, correspondence has been received from the tax department till date.

**19.1.8** Proceedings for Tax Year 2017 were initiated by the ACIR, Audit-III, Range-I, Unit-IV, CTO, Lahore vide notice bearing barcode No. 100000093113722 dated 03-03-2021 under Rule 44(4) of the Rules. The Modaraba through its AR made compliance of the aforesaid notice by submitting reply bearing reference No. IT/F-05/21/282 dated 08-03-2021.

The DCIR, Audit-III, Unit-II, Range-I, CTO, Lahore issued notice u/s 161(1A) of the Ordinance 2001 bearing barcode no. 100000128628549 dated 17-08-2022. The Modaraba through its AR made partial compliance by submitting reply bearing reference no. IT/F-05/22/901 dated 26-08-2022 and seek adjournment of two weeks for provisioning of remaining data. The DCIR proceeded ex-parte and without curtailing the extension already granted and preferred to pass the Order bearing barcode no. 100000129737546 dated 05-09-2022, raising tax demand of Rs 9,939,972/-.

Being aggrieved from the said Order, the Modaraba preferred an appeal before the CIR-A through letter bearing reference no. IT/F-05/22/1021 dated 04-10-2022. The main appeal was heard on 13-03-2023 and the CIR-A vide Order bearing barcode no. 100000149555102 dated 10-04-2023 annulled the tax imposed under Salary, Travelling, Repair & Maintenance, Printing & Stationery, Insurance and Entertainment and remanded the case back to the DCIR with the directions to proceed afresh after providing reasonable opportunity of being heard to the Appellant. No further correspondence have been received from the tax department till date.

**19.1.9** The DCIR, Enforcement-II, Range-IV, Unit-XV, CTO, Lahore issued notice u/s 221(2) of the Ordinance for the Tax Year 2017 bearing barcode no. 100000134240977 dated 24-10-2022 alleging that the Modaraba has adjusted refunds of Rs 381,575/- in its Annual Income Tax Return for the subject year in violation to the provisions of Section 170(4) of the Ordinance. The Modaraba duly complied the said notice through reply bearing reference no. IT/F-05/22/1108 dated 31-10-2022, however, the DCIR concluded the above proceedings by rejecting the said adjustment vide Order bearing barcode no. 100000135640378 dated 10-11-2022 and raised demand of Rs. 381,575/-.

Being aggrieved from the said Order, the Modaraba preferred an appeal before the CIR-A vide letter bearing reference no. IT/F-05/1204 dated 08-12-2022 which is pending for adjudication till date.

Subsequently, the DCIR, Enforcement-II, Range-IV, Unit-XV, CTO, Lahore vide Orders dated 28-12-2022 passed u/s 170(3) of the Ordinance have duly allowed the said refund adjustment from available refunds of tax years 2014, 2015 & 2020.

**19.1.10** The Modaraba received notice for the Tax Year 2016 bearing reference no. 100000024618950 dated 18-10-2017 issued under Rule 44(4) of the Rules. The Modaraba through its AR made compliance of the aforesaid notice by submitting replies bearing reference no. IT/F-05/18/03 and IT/F-05/18/51 dated 05-01-18 and 19-01-18 respectively.



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The DCIR, E & C, Unit-VII, Range II, Zone VI, CTO, Lahore issued notice u/s 161/205 of the Ordinance 2001 bearing barcode no.100000074325651 dated 08-06-2020. The Modaraba through its AR made compliance of the aforesaid notice by submitting various replies. Last reply in this regard was submitted on 16-02-2022.

The DCIR finalized the above proceedings by passing an Order bearing barcode no. 100000118409893 dated 21-02-2022, raising demand of Rs 1,408,029/-. Being aggrieved from the said Order, the Modaraba preferred an appeal before the CIR-A vide its letter bearing reference no. IT/F-05/22/301 dated 21-03-2022.

The main appeal was heard on 19-10-2022 and the CIR-A vide Order bearing barcode no. 100000137853488 dated 16-12-2022 deleted the impugned demand to the extent of Rs. 156,113/- and remanded the case back to the DCIR with the directions to proceed afresh after providing reasonable opportunity of being heard to the Appellant. No further correspondence have been received from the tax department till date.

- 19.1.11** The Additional Commissioner Inland Revenue (the Adl. CIR) Audit-III, Range-I, CTO, Lahore issued notice u/s 122(5A) of the Ordinance for the Tax Year 2016 bearing barcode no.100000126038673 dated 20-06-2022 alleging that the Modaraba has adjusted refunds amounting to Rs.151,585/- in its Annual Income Tax Return for the subject year in violation to the provisions of Section 170(4) of the Ordinance. The Modaraba duly complied the said notice through reply bearing reference no. IT/F-05/22/695 dated 22-06-2022. Subsequently, the Add. CIR concluded the above proceedings by rejecting the said adjustment vide Order bearing barcode no. 100000126556818 dated 29-06-2022 and raised demand of Rs.151,585/-.

Being aggrieved from the said Order, the Modaraba preferred an appeal before the CIR-A vide letter bearing reference no. IT/F-05/22/797 dated 21-07-2022. The main appeal was heard on 10-10-2022 and the CIR-A decided the appeal by passing the Order bearing barcode no. 1000000137856189 dated 16-12-2022 by confirming the impugned demand.

Subsequently, the DCIR, Enforcement-II, Range-IV, Unit-XV, CTO, Lahore vide Order bearing barcode no. 100000138550496 dated 28-12-2022 passed u/s 170(3) of the Ordinance have duly allowed the said refund adjustment from available refunds of Tax Year 2014.

- 19.1.12** The DCIR, WHT Zone, Unit-V, Range-II, CRTO Lahore issued notice under Section 182(2) of the Ordinance bearing barcode no. 100000010651796 dated 14-03-2016 intending to impose penalty of Rs. 145,000/- for late filing of withholding statement for the month of December 2015.

The DCIR finalized the above proceedings by passing Order bearing barcode No. 100000126589759 dated 30-06-2022 raising demand of Rs 10,000/-. The Modaraba duly deposited the said demand through CPR # IT-20220715-0101-1132417 on 15-07-2022 and accordingly, the above proceedings were closed.

- 19.1.13** Proceedings, under Section 161(1A) of the Ordinance for the Tax Year 2015 were initiated by the DCIR, Unit-VII, Range-II, Zone-VI, CTO, Lahore through its notice bearing barcode no. 100000024618839 dated 18-10-2017.

The Modaraba duly complied the notice by submitting all the relevant reconciliations alongwith documents through various replies. Last reply bearing reference No. IT/F-05/21/258 in this regard was submitted on 02-03-2021. Subsequently, the DCIR concluded the proceedings by passing Order bearing barcode No. 100000098602176 u/s 161/205 of the Ordinance dated 12-06-2021 raising an impugned demand of Rs. 2,538,710/-.

Being aggrieved from the said Order, the Modaraba filed an appeal before CIR-A on 09-07-2021. The main appeal was heard on 03-10-2022 and the CIR-A vide Order bearing barcode no. 100000133217728 dated 11-10-2022 remanded the case back to the DCIR with the directions to proceed afresh after providing reasonable opportunity of being heard to the Appellant. No further correspondence have been received from the tax department till date.



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	June 30, 2023	June 30, 2022
Note	Rupees	Rupees
<b>19.2</b> Commitments	Nil	Nil
<b>20 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL</b>		
Modaraba certificates of Rs. 10 each 10,000,000 (2022: 10,000,000) certificates issued for cash	<b>100,000,000</b>	100,000,000
1,340,000 (2022: 1,340,000) certificates issued as full paid bonus certificates	<b>13,400,000</b>	13,400,000
	<b>113,400,000</b>	113,400,000
<b>21 OTHER RESERVES</b>		
Statutory reserve	<b>21.1 32,870,088</b>	32,870,088
Unrealized loss on Available for sale financial assets	<b>(13,058,341)</b>	(12,027,792)
	<b>19,811,747</b>	20,842,296
<b>21.1</b> These include statutory reserves which represent profits set aside by the Modaraba to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred. During the current year, the Modaraba has transferred an amount of Rs. Nil (2022: Rs. Nil) which represents Rs.Nil (2022: Rs.Nil) of the profit/loss after taxation for the year.		
<b>22 INCOME FROM IJARAH FINANCING</b>		
Income from ijarah rental	<b>30,479,120</b>	33,610,568
Ijarah income (suspended) / recovered - net	<b>9.1 &amp; 22.1 (992,411)</b>	420,963
	<b>29,486,709</b>	34,031,531
Gain on disposal of ijarah assets	<b>178,507</b>	417,761
	<b>29,665,216</b>	34,449,292
<b>22.1</b> This represents ijarah income recovered/(suspended) in accordance with the prudential regulations applicable to the Modaraba.		
<b>23 INCOME FROM MURABAHAH FINANCING</b>		
Murabahah income recovered	<b>23.1 -</b>	3,190
	<b>-</b>	3,190
<b>23.1</b> This represents murabahah income recovered in accordance with the prudential regulations applicable to the Modaraba.		
<b>24 RETURN ON INVESTMENTS</b>		
Dividend income-gross	<b>2,894,990</b>	667,427
(Loss) / gain on sale of investments-net	<b>360</b>	(265,572)
	<b>2,895,350</b>	401,855
<b>25 TRADING INCOME</b>		
Sales	-	3,108,209
Less: Cost of sales	-	(3,011,459)
	-	96,750
<b>26 OTHER INCOME</b>		
Return on bank deposits	<b>1,194,648</b>	903,545
Gain on sale of fixed assets	<b>67,599</b>	199,778
Misc. income	<b>31,412</b>	19,095
	<b>1,293,659</b>	1,122,418



## FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>27 ADMINISTRATIVE AND GENERAL EXPENSES</b>			
Salaries and benefits	27.1	10,296,078	9,334,098
Rent, rates and taxes		136,200	484,050
Utilities		595,258	575,325
Repair and maintenance		445,410	601,095
Printing and stationery		486,134	384,343
Communication		214,269	226,656
Postage		112,113	139,674
Travelling and conveyance		633,716	662,742
Insurance/Takaful		189,718	386,809
Advertisement		19,661	38,402
Fee and subscription		676,452	765,279
Newspapers, books and periodicals		5,760	5,285
Entertainment		44,148	127,136
Auditors' remuneration	27.2	490,000	410,000
Legal and professional charges		1,594,741	1,623,052
Shariah Advisor		235,200	235,200
Registrar services		310,068	353,974
Muccadam charges		-	184,200
Depreciation	14	244,501	315,363
Zakat and charity		14,568	15,979
Others		273,101	228,162
		<u>17,017,096</u>	<u>17,096,824</u>
<b>27.1</b>	These include charge in respect of employees retirement benefits amounting to Rs. 1,971,604/= (2022: Rs.1,418,401)		
<b>27.2 Auditors' remuneration</b>			
Annual statutory Audit		300,000	270,000
Half yearly review		90,000	65,000
Review report under Code of Corporate Governance		75,000	55,000
Out of pocket expenses		25,000	20,000
		<u>490,000</u>	<u>410,000</u>
<b>28 MANAGEMENT FEE</b>			
The Modaraba Management Company is entitled to a fee for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba.			
<b>29 TAXATION</b>		-	-
Current taxation			
For the year		(805,064)	(569,623)
		<u>(805,064)</u>	<u>(569,623)</u>
<b>30 LOSS PER CERTIFICATE - BASIC AND DILUTED</b>			
Loss attributable to certificate holders	Rupees	(7,061,026)	(7,223,127)
Weighted average number of certificates outstanding during the year	No. of certificates	11,340,000	11,340,000
Loss per certificate	Rupees	(0.62)	(0.64)
There is no diluting effect on the basic earnings per certificate of the Modaraba			



## FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>31 CASH GENERATED FROM OPERATIONS</b>			
<b>Loss before taxation</b>		<b>(6,255,962)</b>	(6,653,504)
<b>Adjustments for non-cash and other items</b>			
Depreciation of assets under own use		244,501	315,363
Depreciation of assets leased out under ijarah contracts		23,234,210	25,651,050
Gain on sale of investments		(360)	265,572
Dividend income		(2,894,990)	(667,427)
Gain on transfer of assets leased out		(178,507)	(417,761)
Gain on sale of property and equipment		(67,599)	(199,778)
Provision for employees retirement benefits		1,971,604	1,418,401
Reversal of provision for doubtful murabahah receivables		(148,707)	(39,210)
		<b>22,160,152</b>	26,326,210
<b>Operating profit before changes in working capital</b>		<b>15,904,190</b>	19,672,706
<b>Changes in working capital</b>			
Finances under murabahah arrangements		-	39,210
Finances under musharakah arrangements		171,000	152,000
Ijarah rentals receivable		1,875,881	(1,342,394)
Profit receivable		-	-
Advances, deposits, prepayments and other receivables		20,807,362	10,126,009
Stock in Trade		-	848,000
Security deposits		928,125	(5,074,966)
Accrued and other liabilities		124,511	(369,666)
		<b>23,906,879</b>	4,378,193
<b>Cash generated from operations</b>		<b>39,811,069</b>	24,050,899
<b>32 CASH AND CASH EQUIVALENTS</b>			
Cash and bank balances	4	<b>2,398,266</b>	15,851,128

### 33 TRANSACTIONS AND BALANCES WITH RELATED PARTIES

The related party of the Modaraba comprise of the modaraba management company, directors and key management personnel. Transactions with related parties are disclosed below.

#### 33.1 Transaction with related party during the year

Name	Nature of relationship	Nature of transaction	June 30, 2023 Rupees	June 30, 2022 Rupees
Crescent Modaraba Management Company Limited	Management Company	Dividend paid	-	340,200
Crescent Modaraba Management Company Limited	Management Company	Sale of asset	22,500	-
Progressive Clothing Company (Pvt) Ltd.	Associated Company	Sale of asset	16,000	-
			<b>38,500</b>	340,200

#### 33.2 Payable to related parties

Name	Nature of relationship	Accounts Balances	June 30, 2023 Rupees	June 30, 2022 Rupees
Crescent Modaraba Management Company Limited	Management Company	Management fee payable	-	-



# FIRST ELITE CAPITAL MODARABA

Note	2023		2022	
	Loans and receivables Rupees	Available for sale financial assets Rupees	Loans and receivables Rupees	Available for sale financial assets Rupees

## 34 FINANCIAL INSTRUMENTS

### 34.1 Financial instruments by class and category

#### Financial assets

Cash and bank balances	4	2,398,266	-	15,851,128	-
Short term investments	5	-	8,607,942	-	9,500,656
Short term investments in Mutual Funds		-	20,239,036	-	-
Finances under musharakah arrangements		-	-	120,244	-
Finances under murabahah arrangements		16,403	-	16,403	-
Ijarah rentals receivable		1,859,248	-	3,735,129	-
Profit receivable		-	-	-	-
Advances to employees		3,486,053	-	661,187	-
Security deposits		40,450	-	60,450	-
Other receivables		173,898	-	14,590,429	-
		<b>7,974,318</b>	<b>28,846,978</b>	<b>35,034,970</b>	<b>9,500,656</b>

Note	2023 Financial liabilities at Amortized cost Rupees	2022 Financial liabilities at amortized cost Rupees
------	--	--

#### Financial liabilities

Accrued expenses	16	820,076	673,162
Management fee payable	16	-	-
Charity payable	16	14,457	15,878
Other payables	16	90,727	115,127
		<b>925,260</b>	<b>804,167</b>

### 34.2 Fair values of financial instruments

Fair value is the amount for which an asset could be exchanged or liability be settled between knowledgeable willing parties in an arm's length transaction. As at the reporting date, fair values of all financial instruments are considered to approximate their carrying amounts.

#### 34.2.1 Methods of determining fair values

Fair values of financial instruments for which prices are available from the active market are measured by reference to those market prices. Fair values of financial assets and liabilities with no active market are determined in accordance with generally accepted pricing models based on discounted cash flow analysis based on inputs from other than observable market.

#### 34.2.2 Discount/interest rates used for determining fair values

The interest rates used to discount estimated cash flows, when applicable, are based on the government yield curve as at the reporting date plus an adequate credit spread.

## 35 FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Modaraba's objective in managing risks is 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 and monitoring subject to risk limits and other controls. The process of risk management is critical to Modaraba's continuing profitability. The Modaraba is exposed to credit risk, liquidity risk and market risk arising from the financial instruments it holds.

The Modaraba primarily invests in ijarah assets, musharakah, murabahah and diversified portfolio of listed securities. These are subject to varying degrees of risks. The way these risks affect revenues, expenses, assets, liabilities and forecast transactions of the Modaraba and the manner in which these risks are managed is as follows:

### 35.1 Credit risk

Credit risk is the risk of financial loss to the Modaraba, if the counterparty to a financial instrument fails to meet its obligations.

#### 35.1.1 Maximum exposure to credit risk

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



## FIRST ELITE CAPITAL MODARABA

	Note	June 30, 2023 Rupees	June 30, 2022 Rupees
<b>Loans and receivables</b>			
Cash at bank	4	2,398,266	15,851,128
Finances under musharakah arrangements	7	-	120,244
Finances under murabahah arrangements	8	16,403	16,403
Ijarah rentals receivable	9	1,859,248	3,735,129
Profit receivable	10	-	-
Other receivables	11	173,898	14,590,429
		<b>4,447,815</b>	<b>34,313,333</b>

### 35.1.2 Concentration of credit risk

The Modaraba identifies concentrations of credit risk by reference to type of counter party and balances with customers are further analyzed by reference to industry distribution. Maximum exposure to credit risk by type of counterparty is as follows:

Customers and other parties	2,049,549	18,462,205
Banking companies and financial institutions	2,398,266	15,851,128
	<b>4,447,815</b>	<b>34,313,333</b>

Concentration of credit risk in respect of balances with customers and other parties by industrial distribution is as follows:

	2023					
	Ijarah rentals Receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	-	-	-	533,301	173,898	707,199
Textile	-	23,728,130	-	14,288,302	476,036	38,492,468
Transport	-	-	586,744	923,610	503,804	2,014,158
Electrical and engineering	-	-	-	255,647	-	255,647
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	8,585,752	28,129,622	-	2,672,746	1,555,222	40,943,342
	<b>8,585,752</b>	<b>55,038,371</b>	<b>586,744</b>	<b>21,687,470</b>	<b>2,841,888</b>	<b>88,740,225</b>
	2022					
	Ijarah rentals Receivable	Finances under Murabahah arrangements	Finances under Musharakah arrangements	Profit receivables	Others receivables	Total
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Services	-	-	-	533,301	142,371	741,172
Textile	-	23,728,130	-	14,288,302	476,036	38,492,468
Transport	-	-	757,744	923,610	509,804	2,191,158
Electrical and engineering	-	-	-	255,647	-	255,647
Packaging	-	3,180,619	-	3,013,864	132,928	6,327,411
Individuals	9,469,222	28,129,626	-	2,672,746	1,555,222	41,826,816
	<b>9,469,222</b>	<b>55,038,375</b>	<b>757,744</b>	<b>21,687,470</b>	<b>2,816,361</b>	<b>89,834,672</b>

### 35.1.3 Credit quality and impairment

Credit quality of financial assets is assessed by reference to external credit ratings, except for balances with customers where credit quality is assessed by reference to historical information about counterparty default rates and present ages.

#### 35.1.3(a) Counterparties with external credit ratings

These include banking companies, which are counterparties to cash deposits. These counterparties have reasonably high credit ratings as determined by various credit rating agencies



## FIRST ELITE CAPITAL MODARABA

and management does not expect non-performance by these counterparties on their obligations to the Modaraba.

### 35.1.3(b) Counterparties without external credit ratings

These include customers which are counter parties to finances under murabahah, musharakah and ijarah arrangements, profit receivable thereon and other receivable from parties. The Modaraba is exposed to credit risk in respect of these balances. These analysis of ages of customer balances as at the reporting date is as follows:

	2023		2022	
	Gross Carrying Amount	Accumulated Impairment	Gross carrying Amount	Accumulated Impairment
	Rupees	Rupees	Rupees	Rupees
Neither past due nor impaired	173,898	-	50,420	-
Past due by upto 90 days	1,085,657	1,085,657	4,166,448	431,319
Past due by 90 to 180 days	1,266,326	1,266,326	431,319	431,319
Past due by 180 days to 1 year	1,376,315	1,376,315	903,727	903,727
Past due by 1 to 2 years	903,726	903,726	2,074,028	2,074,028
Past due by 2 to 3 years	2,060,028	2,060,028	1,725,503	1,725,503
Past due by 3 years or more	1,725,503	1,725,503	80,249,530	80,112,880
5 year or more	80,148,772	80,132,364	168,197	168,197
	<b>88,740,225</b>	<b>88,549,919</b>	89,769,172	85,846,973

The Management believes that the existing impairment allowance is adequate and no further allowance is necessary.

### 35.1.4 Collateral held

The Modaraba's investments in ijarah assets are secured by registration of title to the underlying assets in the name of Modaraba. Particulars of collateral held against financing under musharakah and murabahah arrangements and profit receivable thereon is referred to in relevant notes to the financial statements.

### 35.1.5 Credit risk management

The Modaraba's portfolio of loans and receivables is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. The Modaraba does not have significant concentration of credit risk with a single counterparty. Formal policies and procedures of credit management and administration of receivables are established and executed. In monitoring customer credit risk, the ageing profile of total receivable balances and individually significant balances, along with collection activities are reported Management Company on a monthly basis. High risk customers are identified and restrictions are placed on future financing and credit period extensions.

### 35.2 Liquidity risk

Liquidity risk is the risk that the Modaraba will not be able to meet its financial obligations as they fall due. Given the nature of Modaraba's operations and existing financial liabilities, the Modaraba's exposure to liquidity risk is very limited and liquidity risk management is limited to ensuring that it has sufficient cash on demand to meet expected operational cash flows.

### 35.3 Market risk

#### 35.3.1 Currency risk

The Modaraba is not exposed to currency risk.

#### 35.3.2 Profit rate risk

Profit rate risk is the risk that fair values or future cash flows of a financial instrument will fluctuate because of changes in profit rates. The Modaraba's exposure to profit rate risk is limited as all of its investments in ijarah assets, musharakah, murabahah are fixed rate instruments.

#### 35.3.3 Price risk

Price risk represents the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market prices, other than those arising from profit rate risk or currency risk, whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments.

The Modaraba is exposed to unfavorable changes in the fair value of the investments in listed equity securities as a result of the changes in the equity prices. The particulars of investments exposed to price risk as at the reporting date are referred to note 5 to the financial statements.



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### 36 CAPITAL MANAGEMENT

The Modaraba's policy is to maintain a strong capital base so as to maintain investor confidence and to sustain future development of the business. The Management Company monitors the return on assets of the Modaraba, including finances under ijarah, murabahah and musharakah arrangements and investments in capital market which are managed through appropriate risk management policies. For major aspects of capital management, the Modaraba adheres to the requirements of the Ordinance, Rules and Regulations including the requirements of statutory reserve. The level of profit distribution to certificate holders is kept at the required level in order to avail the tax exemption. There were no changes in the Modaraba's approach to capital management during the year.

### 37 REMUNERATION OF OFFICERS AND OTHER EMPLOYEES

The aggregate amount charged to profit or loss account and statement of comprehensive income in respect of all officers and other employees on account of managerial remuneration, allowances and perquisites, post employment benefits and the number of such executives and employees is as follows:

	2021		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	2,575,200	2,130,167	4,705,367
Allowances and perquisites	2,115,046	1,504,061	3,619,107
Post employment benefits	1,261,827	709,777	1,971,604
	<u>5,952,073</u>	<u>4,344,005</u>	<u>10,296,078</u>
Number of employees at year end	<u>3</u>	<u>10</u>	<u>13</u>
Average no. of employees during the year	<u>3</u>	<u>10</u>	<u>13</u>
	2022		
	Officers	Other Employees	Total
	Rupees	Rupees	Rupees
Managerial remuneration	2,507,400	1,979,105	4,486,505
Allowances and perquisites	2,099,708	1,329,484	3,429,192
Post employment benefits	893,593	524,808	1,418,401
	<u>5,500,701</u>	<u>3,833,397</u>	<u>9,334,098</u>
Number of employees at year end	<u>3</u>	<u>9</u>	<u>12</u>
Average no. of employees during the year	<u>3</u>	<u>10</u>	<u>13</u>

### 38 IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

#### 38.1 SECP defers the effective date of IFRS 9 for NBFCs

As stated in SECP SRO. 1827 (I)2022 dated September 29, 2022 that in line with international best practice, Securities and Exchange Commission of Pakistan has decided to extend the implementation of IFRS-9 in Non-Banking Finance Companies and Modarabas as "Reporting period/year ending on or after June 30, 2024. Accordingly IFRS-9 has not been implemented in these financial statements.

### 39 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue by the Board of Directors of the Management Company on September 28, 2023.

### 40 RECOVERABLE AMOUNTS AND IMPAIRMENT

Impairment on ijarah, murabahah and musharakah finances, and profit receivable thereon is recognized in accordance with the requirements of Prudential Regulations for Modarabas pertaining to classification and provisioning. In the opinion of the management, no further impairment, in addition to that already recognized in accordance with Prudential Regulations, is necessary. Further, the recoverable amounts of all other assets/cash generating units are equal to or exceed their carrying amounts, unless stated otherwise in these financial statements.

### 41 GENERAL

Figures have been rounded off to the nearest rupee.

Comparative figures have been rearranged and reclassified, where necessary, for the purpose of comparison.

**For Crescent Modaraba Management Company Limited  
(Management Company of First Elite Capital Modaraba)**



Chairman



Chief Executive



Director



Chief Financial Officer



## FIRST ELITE CAPITAL MODARABA

### Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019 Year ended June 30, 2023

The Crescent Modaraba Management Company Limited ("The Management Company") is a Public Limited Company and is not listed on Stock Exchange. However, the First Elite Capital Modaraba ("the Modaraba") is listed on Pakistan Stock Exchange Limited. The Board of Directors ("the Board") of Crescent Modaraba Management Company Limited is responsible for the management of the affairs of the Modaraba.

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

1. The total number of directors are 7 as per the following,
  - a. Male : 5
  - b. Female : 2
2. The composition of the board is as follows:

NAME	CATEGORY
Mr. Muneeb Ahmed Dar	Non-Executive Director
Mr. Aamir Iftikhar Khan	Executive Director
Dr. Sardar Ahmad Khan	Non-Executive Director
Mr. Ghazanfar Farrokh	Non-Executive Director
Mr. Muhammad Javed Amin	Non-Executive Director
Mrs. Rukhsana Javed Amin	Non-Executive Director
Mrs. Shahana Javed Amin	Non-Executive Director

  - 2.1. Currently there are no independent directors but the company intends to appoint/elect the independent directors in due course of time.
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 Management Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management 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 the board of directors of the Management Company/certificate holders of the Modaraba, (where ever applicable), as empowered by the relevant provisions of the Companies Act, 2017 (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 the board;
8. The board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training program for the following:
  - a) Mr. Muneeb Ahmed Dar
  - b) Mr. Ghazanfar Farrokh
  - c) Mrs. Shahana Javed Amin
  - d) Mr. Aamir Iftikhar Khan
  - e) Mr. Muhammad Javed Amin
10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board;
12. The board has formed committees comprising of members given below.
  - a) **Audit Committee**

Mr. Ghazanfar Farrokh	Chairman
Mr. Muneeb Ahmed Dar	Member
Mrs. Shahana Javed Amin	Member
  - b) **HR and Remuneration Committee**

Mr. Muneeb Ahmed Dar	Chairman
Mr. Aamir Iftikhar Khan	Member
Mr. Ghazanfar Farrokh	Member
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 of the committee were as per following,-
  - a) Audit Committee Quarterly
  - b) HR and Remuneration Committee Annually
15. The board has outsourced the internal audit function to M/S Rahman Sarfaraz Rahim Iqbal Rafiq Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company;
16. The statutory auditors of the Modaraba 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 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, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; Currently there are no independent directors but the company intends to appoint/elect the independent directors in due course of time.
19. We confirm that all other requirements of the Regulations have been complied with except for the requirement that the position of Chief Financial officer and Company Secretary has been held by the same person, as the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("Regulations") allowed the Companies to either comply or explain the reason otherwise. Therefore, the Modaraba has adopted explanation approach as the management is of the view, that the current CFO and Company Secretary is suitably qualified and professionally capable to act and fulfill the duties and responsibilities of both the roles. In addition, it is also a cost-effective measure that is in the better interest of the certificate holders of the Modaraba, therefore hiring a separate person for both position is not feasible.

**MUNEEB AHMED DAR**  
CHAIRMAN

Date: September 28, 2023



## FIRST ELITE CAPITAL MODARABA

### PATTERN OF CERTIFICATE HOLDERS AS AT JUNE 30, 2023

NUMBER OF CERTIFICATE HOLDERS	CERTIFICATE HOLDINGS FROM	TO	TOTAL CERTIFICATE HELD
2,309	1	100	110,412
414	101	500	136,128
1,134	501	1,000	672,884
302	1,001	5,000	697,520
68	5,001	10,000	515,532
28	10,001	15,000	339,432
19	15,001	20,000	324,455
7	20,001	25,000	163,511
14	25,001	30,000	391,995
2	30,001	35,000	69,718
4	35,001	40,000	153,987
3	40,001	45,000	128,050
5	45,001	50,000	243,500
1	50,001	55,000	54,626
2	55,001	60,000	114,200
1	70,001	75,000	73,088
1	75,001	80,000	80,000
1	80,001	85,000	84,624
2	95,001	100,000	196,803
1	100,001	105,000	101,000
1	120,001	125,000	123,000
1	125,001	130,000	129,500
1	145,001	150,000	150,000
1	225,001	230,000	226,500
1	295,001	300,000	300,000
1	390,001	395,000	392,620
1	530,001	535,000	531,972
1	665,001	670,000	666,443
1	1,130,001	1,135,000	1,134,000
1	3,030,001	3,035,000	3,034,500
<b>4,328</b>			<b>11,340,000</b>



## FIRST ELITE CAPITAL MODARABA

### CATEGORIES OF CERTIFICATE HOLDING AS AT JUNE 30, 2023

CATEGORIES OF CERTIFICATE HOLDERS	NUMBERS	CERTIFICATE HELD	PERCENTAGE
<b>ASSOCIATED COMPANIES, UNDERTAKINGS AND RELATED PARTIES</b>			
Crescent Modaraba Management Co. Ltd.	1	1,134,000	10.00
<b>NIT</b>			
CDC-Trustee National Investment (Unit) Trust	1	392,620	3.46
<b>DIRECTORS, CEO AND THEIR SPOUSES AND MINOR CHILDREN</b>			
	<b>4</b>	<b>819,585</b>	<b>7.23</b>
Mr. Muhammad Javed Amin		666,443	
Mrs. Shahana Javed Amin		129,500	
Mrs. Rukhsana Javed Amin		8,700	
Mr. Ghazanfar Farrokh		14,942	
<b>EXECUTIVE</b>			
		-	-
<b>PUBLIC SECTOR COMPANIES AND CORPORATIONS</b>			
State Life Insurance Corporation of Pakistan	1	531,972	4.69
<b>BANKS, DEVELOPMENT FINANCE INSTITUTIONS, NON BANKING FINANCE COMPANIES, INSURANCE COMPANIES, TAKAFUL, MODARABAS</b>			
	9	84,616	0.75
<b>JOINT STOCK COMPANIES</b>			
	19	198,795	1.75
<b>INDIVIDUALS</b>			
	4,293	8,178,412	72.12
<b>TOTAL</b>	<b>4,328</b>	<b>11,340,000</b>	<b>100.00</b>

### CERTIFICATES HOLDERS HOLDING FIVE PERCENTAGE OR MORE INTEREST IN THE LISTED COMPANY.

Crescent Modaraba Management Company Limited	1,134,000	10.00
Mr. Nauman Rathore	3,034,500	26.76



## FIRST ELITE CAPITAL MODARABA

### KEY OPERATING AND FINANCIAL DATA

YEAR	2023	2022	2021	2020	2019	2018
	Rupees in million					
Revenues	<b>34.00</b>	36.11	48.22	38.37	45.42	69.31
Profit/(Loss) after Management Fee & Taxation	<b>(7.06)</b>	(7.22)	4.26	(5.27)	(4.37)	4.72
Paid up Capital	<b>113.40</b>	113.40	113.40	113.40	113.40	113.40
Certificate Holder's Equity	<b>92.54</b>	99.28	113.39	106.90	113.25	127.95
Current Liabilities	<b>15.74</b>	25.86	28.06	17.45	16.44	15.94
Fixed Assets	<b>123.96</b>	111.98	118.52	134.71	145.61	141.88
Current Assets	<b>38.94</b>	55.99	67.30	46.39	36.66	48.93
Dividend (%)	-	-	3.00	-	-	3.00
Earning/(Loss) per Certificate	<b>(0.62)</b>	(0.64)	0.38	(0.46)	(0.39)	0.42
Break up Value	<b>8.16</b>	8.76	10.00	9.43	9.99	11.28



## FIRST ELITE CAPITAL MODARABA

### INDEPENDENT AUDITORS' REVIEW REPORT

#### To the Certificate Holders of First Elite Capital Modaraba

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Crescent Modaraba Management Company Limited**, the management company of **First Elite Capital Modaraba** for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company'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 Company's personnel and review of various documents prepared by the 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 Company's corporate governance procedures and risks.

The Regulations require the 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 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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2023.

**Naveed Zafar Ashfaq Jaffery & Co.**

Chartered Accountants

**Engagement Partner:** Shahid Mohsin Shaikh - FCA

**Date:** September 28, 2023

**Place:** Lahore



### Shariah Advisor's Report

I have conducted the Shariah review of **First Elite Capital Modaraba** managed by **Crescent Modaraba Management Company Limited** for the year ended June 30, 2023 in accordance with the requirements of the **Shariah Compliance and Shariah Audit Mechanism for Modarabas**. Based on my review I report that in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
- ii. I confirm that the financing agreement(s) entered into by the Modaraba are Shariah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board and all the related conditions have been met;
- iii. During the year, the Shariah Advisor has been visiting the premises regularly to provide Shariah guidance in concerned cases.
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- v. The Modaraba does not offer any deposit raising products and therefore no review has been done in respect to profit sharing ratio.
- vi. The Charity amounts have been credited to charity account.
- vii. In the previous report of Shariah Advisor, Fauji Fertilizers Bin Qasim Limited shares have been reported as Non Shariah compliant shares. In the latest recomposition of PSX KMI all share Islamic index of Pakistan, the shares of Fauji Fertilizers Bin Qasim Limited have been declared as shariah compliant shares. No dividend has been declared by the Company during the financial Year.



## FIRST ELITE CAPITAL MODARABA

### Recommendation(s)

- A few remaining Non Shariah Non Tradable equity instruments will be disposed off when they would be tradable equity instruments.
- The management should maintain its efforts to comply with rulings of Shariah in its business operations and future transactions.

### Conclusion

Alhamdulillah, after introduction of Shariah Compliance and Shariah Audit Mechanism for Modarabas by Securities & Exchange Commission of Pakistan (SECP), the Management of First Elite Capital Modaraba has effectively shown its sincerity to comply with Shariah Rulings. According to my best knowledge the business operations of First Elite Capital Modaraba are Shariah compliant.

May Allah bless us with the best Tawfeeq to accomplish his cherished tasks, make us successful in this world and in the hereafter, and forgive our mistakes.

**Mufti Muhammad Umar**  
**Shariah Advisor**

**Date: September 28, 2023**



## FIRST ELITE CAPITAL MODARABA

### NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that 24<sup>th</sup> Annual Review Meeting of certificate holders of First EliteCapital Modaraba will be held on Thursday, October 26, 2023 at 2:30 p.m. at 50-A, Garden Block, New Garden Town, Lahore to review the performance of the Modaraba for the year ended June 30, 2023. The Certificate Holders whose names appear on the Register of Certificate Holders of the Modaraba as on October 19, 2023 will be eligible to attend the Meeting.

#### Muhammad Arif Hilal

Company Secretary

#### Crescent Modaraba Management Company Limited

Manager of First Elite Capital Modaraba

**Date: October 05, 2023**

**Place: LAHORE**

#### Note:

1. The Certificate Transfer Books shall remain closed from October 20, 2023 to October 26, 2023 (both days inclusive.) Transfers received in order at the office of our Registrar M/s Corptec Associates (Pvt.) Limited, 503-E, Johar Town, Lahore, before the close of business on October 19, 2023 will be treated in time for the purpose of eligibility to attend the Annual Review Meeting.
2. CDC certificate holders desiring to attend the meeting are requested to bring their original CNIC, Account and participant's ID number for identification purpose.

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IF UNDELIVERED PLEASE RETURN TO

**FIRST ELITE CAPITAL MODARABA**

Managed By  
Crescent Modaraba Management Company Limited

**PRINCIPAL & REGISTERED OFFICE**  
**50-A, Garden Block,**  
**New Garden Town, Lahore - Pakistan**  
**Tel: 35442735-37**  
**Fax: 35442738**  
**E-mail: [info@fecm.com.pk](mailto:info@fecm.com.pk)**  
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