



Allied Rental Modaraba


Managed by: Allied Engineering
Management Company (Private) Limited

Annual Report 2017

Partnerships at work








Working partnerships are about trust and reliability. They are about understanding needs and being ready to augment in getting the task done.

To have a reliable partner who has your back in every situation. One that you turn to knowing that they know their task and are right there by your side.

A close-up photograph of a golden anchor, likely a modern design, resting on a white, braided rope. The anchor is made of a polished, yellow metal, possibly brass or gold-plated steel. It features a curved shank and a fluke. The rope is thick and has a distinct braided texture. The background is a plain, light-colored surface.

The first modern anchor and rope combination is thought to have been invented by a Greek named Eupalamus and later improved by Anacharsis. Before this ships and boats were secured to the bottom, by stones connected to the craft.

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ڈائریکٹرز کی رپورٹ

تشکیل نیابت داری Proxy



Two as One

When individual units, complete in themselves, work in tandem, a greater, a more productive end can be achieved. As one of the leading Rental Modaraba in Pakistan operating for over 10 years, we believe in working closely with our clientele and stakeholders. We have seen growth since our inception, evidence that our partnerships yield results.



Two-needle knitting was developed in circa 13th century in the Middle East

Stronger Together

Our services and financial soundness have been a key to attain and retain a loyal customer base. We stay focused on procedures and practices with a view to continuously improve our efficiency and quality of service and products, as well as our profitability.

Steel strands, though individually strong, when intertwined together in a rope, make the whole greater than the sum of their individual parts.



Secure Together

The requirements of our stakeholders always are top of mind with Allied Rental Modaraba. Our products are constantly reviewed and improved to meet and exceed our customers' expectations and we create customized solutions to fulfill their needs.

The Nut and Bolt appear in the Hellenistic period; the device is a 3rd century BC Greek invention by Archimedes. The expression "nuts and bolts" refers to the idea that something is practical or to an item's essential aspects.





Partnerships
that work

Vision

To be the market leader through innovative and reliable equipment rental solutions of Caterpillar range of products.

Mission

To provide best value to our customers through innovative and reliable power generation, earth moving and material handling equipment rental solutions.

To maintain the market leadership in power generation equipment rental through continuous growth of rental fleet.

To continuously strive for Modaraba certificate holders value by aggressively pursuing growth and profit opportunities that leverage our engineering and financial services expertise.

To pursue profitable growth opportunities in Caterpillar earth moving, material handling and other equipment rental solutions, diversifying our portfolio to other areas of equipment rental solutions.

To provide its countrywide workforce with an environment that stimulates innovation, teamwork, continuous learning and improvement.

Working Partnerships

The hour hand and the minute hand, give relevance in context to the hour at hand.

Core Values

No document Allied Rental Modaraba has published is more important than our Code of Conduct. From time to time we may revise its words to reflect our constantly evolving enterprise, but the code's basic principle OUR INTEGRITY has never changed.

Modaraba's reputation for integrity is our most valuable asset, Integrity encompasses all that defines and sustains us as a Modaraba - the values we believe in, the high ethical standards we live by, our honesty and behavior in dealing with others, and our commitment to deliver on the promises we make to customers, certificate holders and each other.

Business Ethics

As Modaraba employees, we believe in the importance of working and living according to strong ethical values, as a company and as individuals, we hold ourselves to the highest standard of integrity and ethical behavior. We must always tell the truth.

Human Relationship

Modaraba's continued success requires that we continually seek ways to do our jobs and make our products and services better. Using our individual skills and talents, we must each take personal responsibility for meeting our shared goals and keeping our commitments. We must always consider an "enterprise point of view" that promotes the best results for our Modaraba as a whole.

Business Practices

We know that we can achieve long term business success only when everyone involved behaves honestly and responsibly.

We guide our business practices by this principle and expect everyone who does business with us to do the same.

Social Responsibility

Wherever we conduct business or invest our resources, we know that our commitment to financial success must also take into account social, economic, political and environmental priorities. We believe that our success should also contribute to the quality of life and the prosperity of communities where we work and live.

Living by the Code

With the commitment of all Modaraba employees to guide their professional and personal behavior according to our Code of Conduct, its principles become only words. Each of us must accept personal responsibility to read the Code, understand what it means, and apply it consistently.



A close-up, macro photograph of several interlocking brass gears. The gears are made of a polished, golden-brown metal, likely brass, and their teeth are sharply defined. The lighting is warm and directional, coming from the upper right, which creates bright highlights on the surfaces of the gear teeth and deep shadows in the recesses between them. The background is a soft, out-of-focus yellow, matching the overall warm color palette of the image. The composition is a tight shot, focusing on the mechanical precision and texture of the gears.

Working
Together



” Practices that Change Managers into Effective Leaders ”

By Muhammad Azeem Siddiqui

Unless you grew up in a place of worship or had really strong figures in your life that taught you about serving and empowering, you most likely default to management. Why? Because it's what's taught in high school, college and organizational leadership development programs. In many ways, our environment is teaching us to be managers, not leaders, but unfortunately, that's not an excuse. Here are some habits that can help change managers into leaders.

DECENTRALIZE DECISION MAKING:

Most people move into a position of management because they were good at their job. Typically their first actions are to solve all the world's problems and be a major part in every decision facing the team. The problem is the people they are now leading are being treated as followers and have a sense of being in a subordinate position, thus creating more followers, not more leaders. As leadership expert says, "Followers have limited decision making authority and little incentive to give the utmost of their intellect, energy, and passion." Those who take orders usually run at half speed, underutilizing their imagination and initiative.

The key here is to not only be OK with your people making decisions make it a core part of their job.

FOCUS ON YOUR EXAMPLE:

The old adage "do as I say, not as I do" is an awful way to lead and a sure-fire way to erode trust with your team. Leading by example encompasses all your actions, from what time you show up at the office, how much vacation you take, what you wear, to the moral and ethical decisions you make both at work and home.

The choices you make every single day are watched and judged by others, Do your actions exemplify the way you want to be portrayed? One of the most important things you can remember is not allowing your title to effect a positive example you set for your team.

FIND A PURPOSE BEYOND MONEY:

While there is no question that money is important in life, one of the best ways to make a leap towards being a leader is to find a true purpose in your work beyond money. If the only reason you go to work is for money, your people will know and you will never make the leap to serve.

GIVE AND SERVE OUTSIDE OF WORK:

I don't mean to give financially; I mean give your time. Expert said, "We make a living by what we get. We make a life by what we give."

Look for ways to volunteer in your community to start a support group. The point here is if you learn to give up your free time to serve those that you don't know, you most certainly will begin to serve and empower those that you do at work.

STOP MAKING EXCUSES:

If you habitually struggle with saying or thinking on a regular basis "There is never enough hours in the day" or "this quarter is so important," stop reflect on what you are saying. Every quarter is important and every day is important but it shouldn't for a minute stop you from thinking critically about how you are leading other people.

I don't care what the circumstance eliminate your excuses, take responsibility and put in the work.

THE WINDSHIELD MENTALITY:

No matter if you are a manager or a leader, I want you to begin embracing the windshield mentality. All the windshield mentality is, thinking about what's ahead of you instead of behind you. Start thinking and planning how you are going to implement these habits moving forward and never look back!

THINKING YOU HAVE TO BE THE HERO:

Like most professionals, I met my biggest weakness early on. I thought I was the only person who could do things right, and I had to have my hand in every decision. Then someone told me,

"If you want to go fast, go alone. If you want to go far go together."

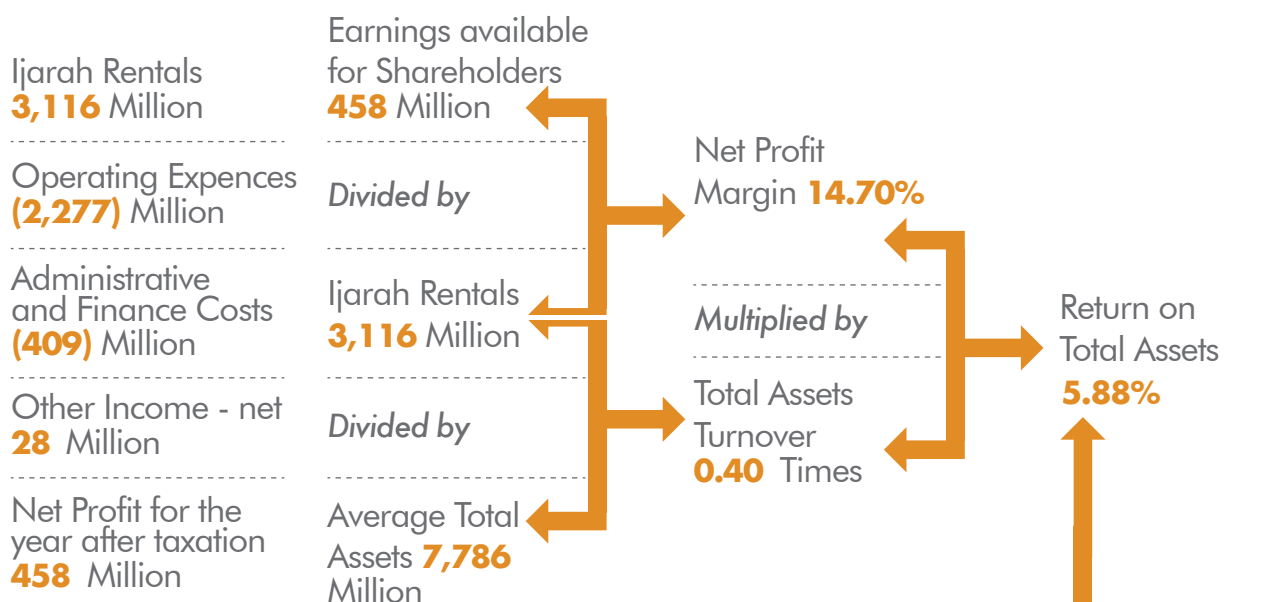
It was exactly what I needed to hear. From then on, I knew I didn't have to be the hero, Now, I surround myself with talented people, ask for help, give more responsibility, and try to listen more than I talk.

A close-up photograph of a textured, golden-brown surface, possibly a piece of ancient pottery or metal. The surface is highly detailed with a rough, pitted texture. A prominent circular hole is visible on the left side, and a spiral pattern is etched into the surface on the right. The lighting is warm and directional, creating strong highlights and deep shadows that emphasize the texture and form.

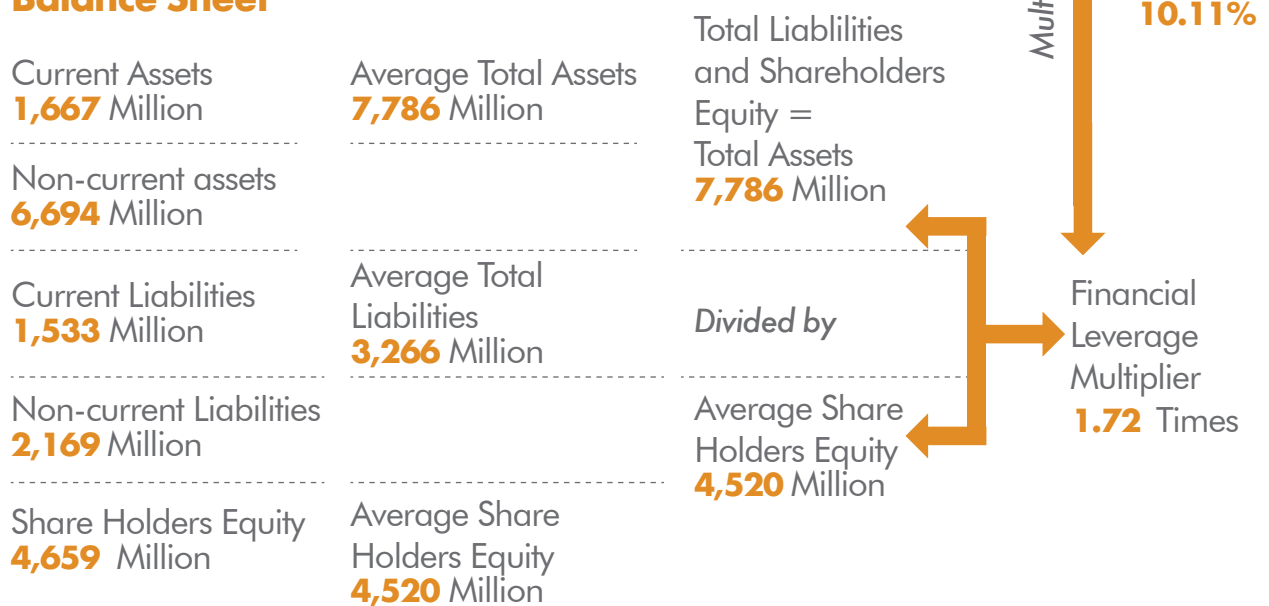
In Tandem

Dupont Analysis

Profit and Loss Account



Balance Sheet



	2017	2016
Return on Equity	10.11%	7.28%
Net Profit Margin	14.70%	10.94%
Asset Turnover	0.40	0.41
Financial Leverage	1.72	1.63

Human Resource at Allied Rental Modaraba

We recognize that the key factor behind our legacy of excellence is our people. Allied Rental Modaraba in line with its commitment to developing its human potential knows that its future depends on finding and discovering talented and determined professionals internally and externally. To stay in the lead we need to target optimum performance and excellence. Our objective is to use our talent in the best possible manner by positioning them where they own responsibility along with delivering value.

PERFORMANCE MANAGEMENT:

Our objective is to collectively align the performance of our teams and individuals towards the



INDUCTING AND RETAINING TALENT:

We strive to retain and develop our employees and ensure that we maintain a pipeline of an engaged talented workforce; which is diverse and rewarded on merit. To move forward on this objective, we have introduced Engineering and Management Trainee programs where potential talent from the top universities of Pakistan were taken through a comprehensive Assessment Centre (consisting of aptitude and personality assessment, group discussions, case studies and structured panel interviews). We have also gone through a rigorous internal talent potential assessment journey to identify high potential employees currently at Allied Rental Modaraba. We believe that the eminence of our business plans has a direct link to the quality of human resource that we hire.



INDUSTRIAL RELATIONS:

We recognize the importance of good industrial relations management and appreciate the hard work of our labor as they are the key force behind the execution of our day-to-day operations. There are dedicated IR managers in the organization, whose principal responsibility is to ensure industrial peace by ensuring fair labor practices, effective and efficient grievance handling and safeguarding labor related compliance with the statutes. The conflict Resolution team and HR department in the Head Office plays a very critical part in harmonizing labor and employee relations. They conciliate and arbitrate all the issues and ensure a win-win situation.

organizational goals. This year we will witness further improvement in our performance management process by introducing effective and result-oriented measures and practices. We designed our systems to deliver transparency and fairness at all levels. Our managers will be introduced to new tools and processes to have fair appraisals which diminish the chances of organizational bias and prejudice. At ARM we believe that for sustainable and consistent growth we need to reward our Employees not only for their performance but also for their behaviors that are aligned with the Organization's core values and the performance management system.



INTERNSHIP PROGRAM:

Allied Rental Modaraba has started an extensive internship program, where it engages with business and engineering students by offering them meaningful training and a learning environment. Emphasis is laid on developing the candidate's professional understanding of the corporate world and helps them in identifying and aligning their careers in the long run. We are proud to facilitate interns from all the leading universities in Pakistan.

Highlights

79% are technical employees (Engineers, BTech, DAE)

15% are having MBA, BBA and Bachelor's Degree

90% Retention rate

More than **150** employees attended training programme

Future

Around **400** students will be tested for emerging talent programme.

CSR & ENGAGEMENT ACTIVITIES:

We have also arranged several CSR & engagement activities for our employees so they remain engaged and help each other for mutual benefit.

SUCCESSION PLANNING:

Allied Rental Modaraba believes in the progress and career development of its employees. With this focus, ARM is planning to formulate a well-defined strategy to identify within the existing talent pool the resources which are high potential and route through a process whereby their intelligence and behavioral patterns can be assessed through comprehensive assessment centre exercises. The outcome of the assessments will be incorporated into the 9 box matrix approach to earmark the best talent available internally and to train them for important strategic positions in the future. New hires will also be routed through this process in order to ensure that human resource intake is appropriate and can fit into future leadership roles.

Modaraba Information

Board of Directors

Mr. Khwaja Asif Rahman
Chairman

Mr. Murtaza Ahmed Ali
Chief Executive

Syed Feisal Ali
Non - Executive Director

Mr. Raees A. Khan
Non - Executive Director

Mr. Ali Akbar
Non - Executive Director

Mr. Hassan Shehzad Abidi
Non - Executive Director

Mr. Abdul Rahim Suriya (Independent)
Non - Executive Director

Audit Committee

Mr. Abdul Rahim Suriya (Independent)
Chairman

Syed Feisal Ali
Member

Mr. Ali Akbar
Member

Chief Financial Officer

Mr. Naveed Shaheen

Company Secretary

Mr. Muhammad Saad

Head of Internal Audit and Secretary to Audit Committee

Mr. Abid Altaf

Human Resource and Remuneration Committee

Mr. Khwaja Asif Rahman
Chairman

Syed Feisal Ali
Member

Mr. Murtaza Ahmed Ali
Member

Mr. Abdul Rahim Suriya (Independent)
Member

Strategic Management

Syed Zulqarnain Jafri
Business Unit Head - Power

Mr. Ali Ahsan
Business Unit Head - Logistics & MHE

Mr. Rashid Jehangiri
Business Unit Head - Machines and Cranes

Mr. Ali Ammar
Business Administrator

Mr. Muhammad Azeem Siddiqui
Head of Human Resource and
Administration

Mr. Muhammad Farooq
Head of Information Technology

Islamic Banks, Islamic Window of Commercial Banks & Lending Institutions

Habib Bank Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Bank Limited

United Bank Limited

Orix Modaraba (Formerly Standard
Chartered Modaraba)

First Habib Modaraba

Meezan Bank Limited

Burj Bank Limited

Auditors

KPMG Taseer Hadi & Co. Chartered
Accountants

Credit Rating Appraiser

JCR - VIS Credit Rating Company Limited

Shari'ah Advisor

Mufti Irshad Ahmad Aijaz

Legal Advisor

Mr. Khalil Ahmed Siddiqui, Advocate

Registered & Head office

21/3 Sector 22, Korangi Industrial Area,
Karachi - 74900 UAN; (021) 111-250-250

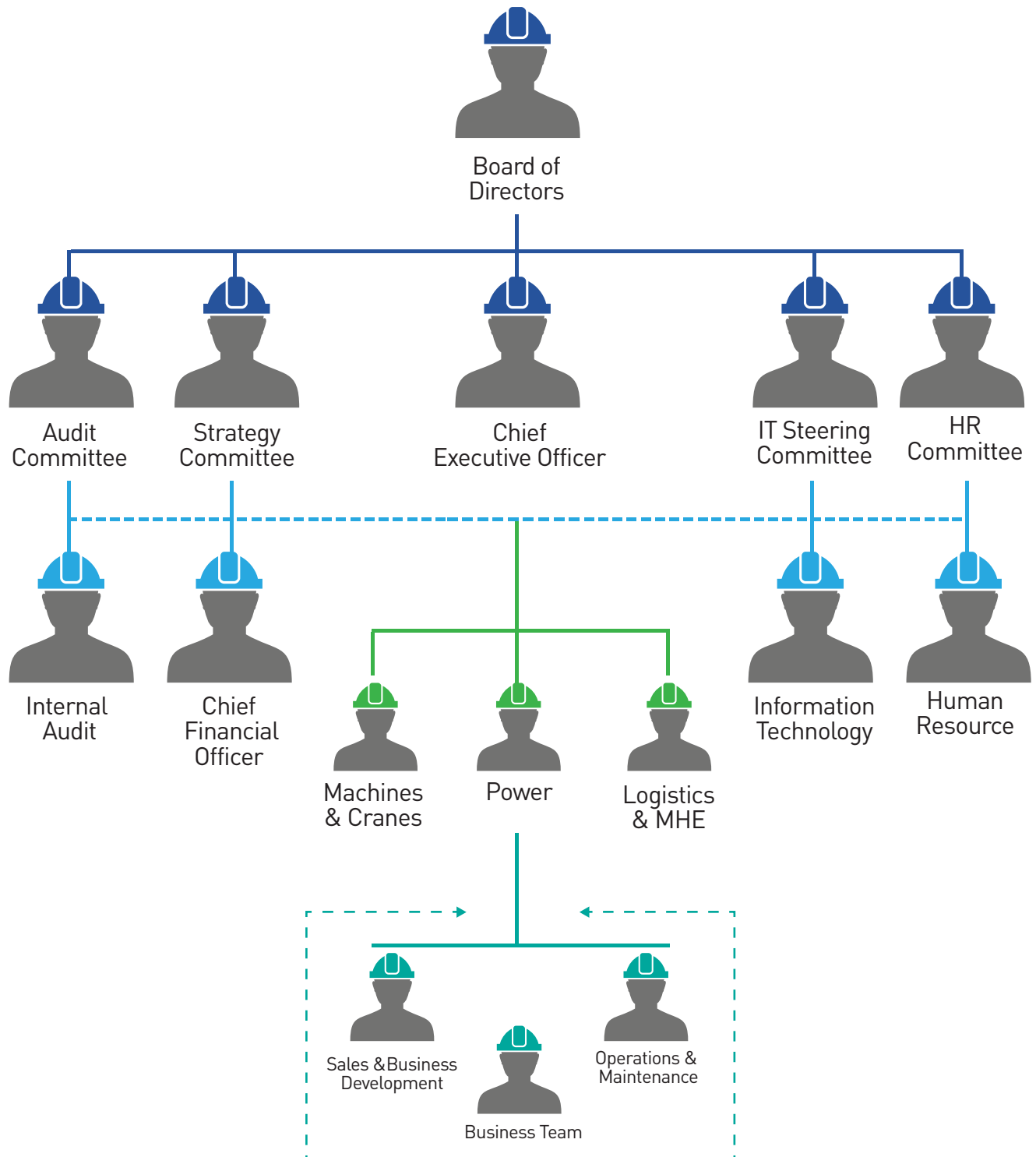
Website: www.arm.com.pk

Registrar & Certificate Transfer Office

JWAFFS Registrar Services (Private) Limited
407-408, Al-Ameera Centre,
Shahrah-e-Iraq, Saddar, Karachi.
Tel: 021-35662023-24
Fax: 021-35221192

Allied Rental Modaraba

organogram



Product Profile

Power Generation Equipment



The lifeblood of any business is reliable electric power. Allied Rental offers a wide range of Caterpillar power generation equipment to meet the most specific power requirements for various types of applications. Our rental fleet comprising both Gas and Diesel fired Generators ranging from 100 – 2450 kVA, offers the widest power range in the industry. Our Generators can be rented on daily, weekly, monthly or yearly basis with flexible pricing options depending on specific requirement of our customers. ARM also offers long term BOT (Build, Operate and Transfer) solutions where equipment is supplied and operated by ARM for a certain period of time and ownership is transferred to the customer at the end of the contract tenure.



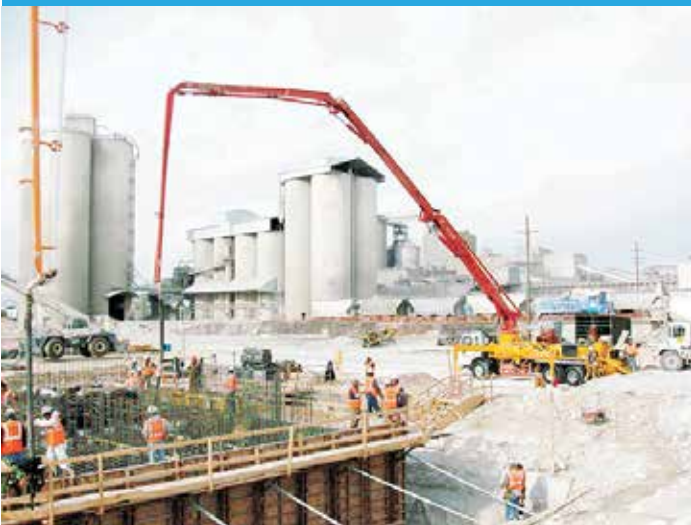
Load Banks

Whether you are commissioning newly installed generators, Performing maintenance testing on equipment, testing your mission critical UPS or you're in need of portable load for testing of your emergency power systems, we provide Load Banks of up to 1050 kW to meet all your load testing requirements

Power House Operation and Maintenance

Besides Power Generation Rental Services, the company also provides unmatched and exclusive CATERPILLAR powerhouse Operation and Maintenance (O&M) services to a large number of clients that include all major national and multinational corporations / organizations in diverse fields as Textile, Spinning, Pharmaceuticals, Oil & Gas, Petrochemical, Process & Chemical plants, Hotels, Institutes, Hospitals, etc. With its professionally trained technical staff having rich experience in CATERPILLAR Generators and effective back up support system of Allied Engineering and Services Limited, ARM offers total powerhouse management including complete Operation and maintenance for the customer owned equipment.





Concrete Pumps

Be it construction of major infrastructure projects like – roads, bridges, railways – or commercial and residential buildings including skyscrapers, hotels, offices, warehouse, shopping complex etc., for round the clock high volume pumping of massive concrete pours, we have got you covered through our world renowned and globally recognized SANY Concrete Pump. High maneuverability, suitability for confined areas, cost/performance value & long reach on high-rise are some of the benefits that make our pumps the most desirable concrete pumping solution in the industry.



Construction Machines

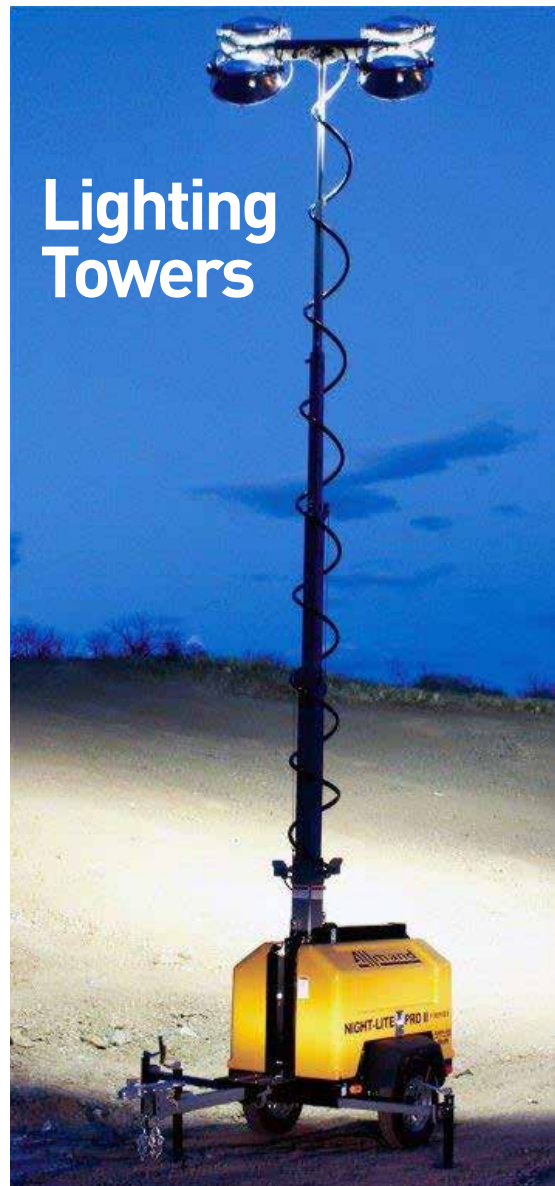
Caterpillar machines are leaders in earth moving applications. CAT equipment is available for the broadest range of industries and applications. Our diversified construction machines fleet comprises of world renowned CAT & SEM Motor Graders, Soil Compactors, Wheel Loaders and Dozers. Added recently in our fleet, CATERPILLAR Hydraulic Excavators, give us the diversity and flexibility to handle multiple natures of jobs with a single machine to deliver top performance, unmatched versatility, and the industry's best fuel efficiency. Robustness, fitness and reliability are the hallmarks of our machines rental services. These are ensured by strict compliance of manufacturer's recommendations regarding operation and maintenance of machines by our technical experts.



Crane Services

Our cranes fleet comprises of diverse equipment to match unique and customized requirement for superior crane services by our customers. Our skilled workforce and brand new cranes of world renowned crane manufacturer, SANY, make us unique and trusted supplier for quality crane rental solutions and a preferred choice for deployment at most critical sites requiring rigorous compliance, safety and quality standards. Our truck cranes fleet consist of equipment ranges from 20 - 75 tons. Our specially designed dual purpose 10 & 12 tons self loading trucks not only lift load, but also transport the load to desired location providing one window solution for both lifting and transportation jobs.

Our lighting towers are a quick fix solution pertaining temporary lighting problems at various sites and situations. The utility of this equipment spans to process industries, event management, construction sites, oil and gas fields, outdoor games, exhibitions, shopping malls, etc. Ease of setup and mobility is a key feature of our plug and play mobile units. The use of Caterpillar engine in these lighting towers ensures reliability, performance and enhanced safety in an environment friendly manner. Solar lighting towers are a new addition to our lighting solutions primarily powered by free renewable energy from the sun thus providing a cost effective operation in an environment friendly manner.



Logistics Business

Inbound and outbound logistics is a vital part of any company's supply chain process. Once a good is produced, it must be transported to its final destination in cost efficient manner. Considering equipment quality issues and huge market potential in local logistics business, ARM has entered into this business segment by introduction of new and quality equipment from world famous brands. The combination of excellent equipment and skilled operators gives us the ability to offer a high level of service. All of our equipment is carefully maintained to manufacturer standards and is third-party inspected on a regular basis to ensure safe and smooth operation.

Inbound Logistics / Material Handling Solutions

The essence of our MHE services solution is "Total Outsourcing Concept" where all aspects of equipment ownership, operation, maintenance and management are handled through one window, keeping in view customer's unique and customized requirement thus relieving the customer to concentrate on his core business activity. The result is the maximum efficiency and peace of mind for our customers for all of their inbound logistics. Our MHE fleet comprises of forklifts, reach trucks, power pallets, telehandlers, skid steer loaders and other material handling equipment with flexibility of diesel, LPG or battery as fuel depending on our customers' unique requirements.



Trucking Logistics Solutions

We offer a wide array of freight services and logistics solutions depending on the specific requirement of our valued customers. ARM offers both Rigid Trucks and Prime Movers with Semi Trailers for Long or Short hauling. Customized design and Vehicle selection is Hallmark of our Logistics business. Our dedicated workforce continuously strives for on-time delivery in the most cost efficient manner. Our professional teams can evaluate logistics requirements and recommend the optimal strategy for business and time frames. All of our trucks have state of the art satellite equipment which allows complete tracking of freight from the time it is loaded until it reaches the final destination. Strict compliance to road laws, regulations and firm adherence to safety standards give us an unrivaled reputation in the market.



Diversified Equipment Range Dynamic Rental Solutions



Rental fleet of
Rupees Ten Billion & Growing!



Allied Rental Modaraba Reaches Ten Billion Mark!



During 2017, Allied Rental Modaraba achieved a major milestone in this journey of growth, progress and prosperity when Modaraba's total Rental Asset base touched the landmark figure of Rs TEN BILLION. The Modaraba has now approximately > 1,300 Units, comprising world renowned brands of Generators, Machines, Forklifts, Cranes and Trucks to service all its customers' rental requirements from Power to Logistics. From the humble beginnings of Rs 300 Million in 2007 comprising mainly of Caterpillar Generators, today the Modaraba has Rs 10 Billion of Rental Asset base and is continuously growing.

To celebrate this momentous accomplishment, an inauguration ceremony was held at our Port Qasim Yard where CEO, Mr. Murtaza Ahmed Ali, inaugurated the induction of "Tenth" Billion Asset, a CAT Brand SEM Wheel Loader, into ARM's Rental Fleet. To share these joyous moments, all senior managers & operations team were present at the yard. While addressing at the occasion, Mr. Murtaza appreciated the efforts of entire Rental team for this feat and emphasized on a more focused and customer centric approach to continue this momentum of growth.





Annual Get-Together 2016-17



Lahore Annual Get-Together 2016-17





Winners of Allied Premier League 2016-17





Regional Cricket Tournament 2016-17



**Winners of Allied
Badminton Tournament 2016-17**



**Winners of Allied Table
Tennis Championship 2016-17**

Key Financial Data

		2017	2016	2015	2014	2013	2012
Total Assets	Rs. Million	8,361	7,211	5,934	5,357	4,440	2,711
Current Assets	Rs. Million	1,667	1,039	671	477	587	353
Current Liabilities	Rs. Million	1,533	1,631	1,390	1,256	1,353	645
Paid-up capital	Rs. Million	1,755	1,755	1,463	1,219	975	750
Reserves	Rs. Million	2,904	2,627	2,241	1,900	1378	913
Stock holder's equity	Rs. Million	4,659	4,382	3,704	3,119	2,353	1,663
Gross Profit	Rs. Million	839	598	712	873	808	595
Net Profit	Rs. Million	458	294	404	651	632	499
Profit after Tax Ratio	%	15	11	15	26	30	32
Return on Asset	%	6	4	7	13	18	21
Return on Equity	%	10	7	12	24	31	34
Return on Capital employed	%	7	5	9	16	20	24
Expense Ratio	%	81	84	78	70	67	66
Debt / Equity Ratio	times	21 : 79	35 : 65	40 : 60	28 : 72	33 : 67	24 : 76
Current Ratio	times	1.09 : 1	0.64: 1	0.48: 1	0.38: 1	0.43 : 1	0.55 : 1
Price Earning Ratio	times	9.54	13.07	14.15	10.27	7.51	5.87
Earning per certificate - basic and diluted	Rs.	2.61	1.76	2.89	5.52	5.53	5.49
Dividend yield Ratio	%	6	4	5	5	7	9
Dividend Pay out ratio	%	57	57	69	54	54	55
Cash dividend	%	15	10	20	30	30	30
Stock dividend	%	0	0	0	0	5	10
Cash dividend per certificate	Rs.	1.50	1.00	2.00	3.00	3.00	3.00
Book Value per certificate	Rs.	26.54	24.97	25.33	25.59	24.13	22.17
Market Value per certificate	Rs.	24.90	23.00	40.90	56.70	41.53	32.25

Summary of Cash Flows

	2017	2016	2015	2014	2013	2012
	(Rupees in '000)					
Profit for the year	457,859	294,349	403,529	651,455	631,865	498,792
Adjustments for non-cash and other items	891,677	736,102	770,004	605,484	440,837	252,092
Decrease / (increase) in operating assets	(426,768)	(398,121)	(138,503)	(82,320)	(159,074)	(91,255)
Increase / (decrease) in operating liabilities	(91,463)	292,921	(7,185)	(415,136)	386,728	(71,862)
Cash generated from operations	(518,231)	(105,200)	(145,688)	(497,456)	227,654	(163,117)
Cash Flows From Operating Activities	831,305	925,251	1,027,846	759,483	1,300,356	587,767
Cash Flows From Investing Activities	(1,327,805)	(1,625,419)	(1,154,505)	(1,592,817)	(1,913,279)	(696,388)
Cash Flows From Financing Activities	746,586	683,015	153,139	676,312	700,360	164,743
Net Cash increase/ (decrease) during the year	250,086	(17,154)	26,480	(157,022)	87,437	56,122
Cash and cash equivalents at beginning of the year	57,353	74,507	48,027	205,049	117,612	61,490
Cash and cash equivalents at end of the year	307,439	57,353	74,507	48,027	205,049	117,612

Value Added Statement

VALUE ADDED

Revenue from Operation
Less: Operating Expense
Other Income

	2017		2016	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
Revenue from Operation	3,116,267	99%	2,686,893	100%
Less: Operating Expense	(910,800)	-	(754,127)	-
Other Income	37,678	1%	11,069	0%
	2,243,145	100%	1,943,835	100%

VALUE ALLOCATED

To Employees

As Remuneration

724,764 **32%** 631,632 32%

To Providers of Finance

As Ijarah Rentals

85,639 **4%** 158,399 8%

As Profit on Diminishing Musharakah

166,303 **7%** 138,479 7%

To Modarib

As Modaraba Management Fee

10,000 **0.45%** 8,830 0.45%

To Certificate Holders

As Profit on Modaraba Certificates

175,500 **8%** 292,500 15%

To National Exchequer

As Workers' Welfare Fund

0 **0%** 6,007 0.31%

Retained in the Business

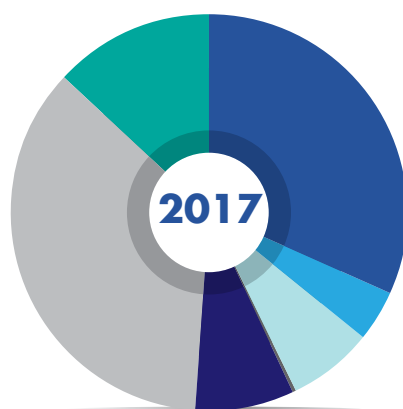
As Depreciation

798,581 **36%** 706,139 36%

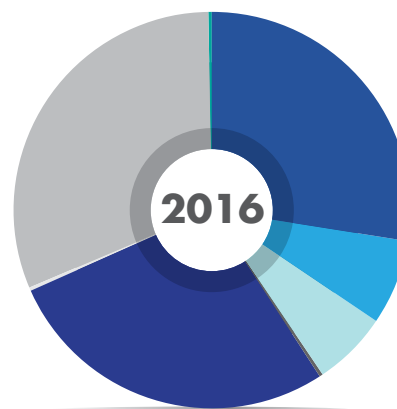
As Reserve and Retained Earnings

282,358 **13%** 1,849 0.09%

2,243,145 **100%** **1,943,835** **100**



Value Allocated

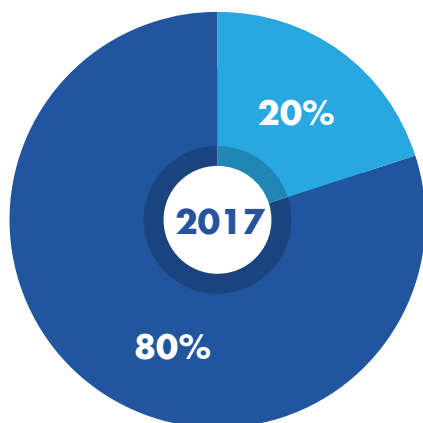


Employees	32%
Providers of Finance - Ijarah Rentals	4%
Providers of Finance - Profit on DM	7%
Modaraba Management Fee	0.45%
Certificate Holders	8%
Workers' Welfare Fund	0%
Retained as Depreciation	36%
Retained as Reserve and Retained Earnings	13%

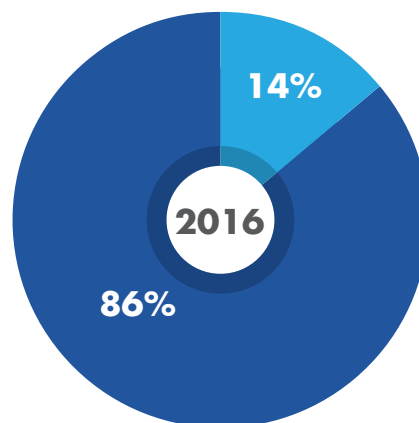
Employees	32%
Providers of Finance - Ijarah Rentals	8%
Providers of Finance - Profit on DM	7%
Modaraba Management Fee	0.45%
Certificate Holders	15%
Workers' Welfare Fund	0.31%
Retained as Depreciation	36%
Retained as Reserve and Retained Earnings	0.09%

Balance Sheet Composition

Assets

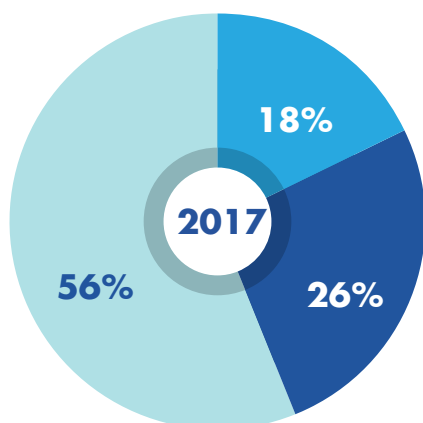


■ Total Current Assets
■ Total Non - Current Assets

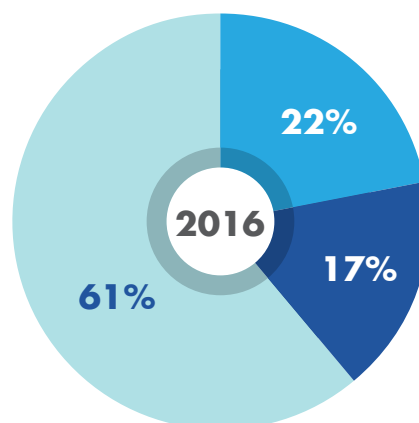


■ Total Current Assets
■ Total Non - Current Assets

Equity & Liabilities



■ Total Current Liabilities
■ Total Long Term Liabilities
■ Certificate Holders' Equity



■ Total Current Liabilities
■ Total Long Term Liabilities
■ Certificate Holders' Equity

Vertical Analysis

BALANCE SHEET

ASSETS

Current assets

Cash and bank balances	4%
Short-term investments	0%
Ijarah rentals receivable	12%
Operation and maintenance income receivable	0%
Advances, deposits, prepayments and other receivable	3%
Spare parts	1%
Current portion of net investment in Ijarah finance	0%
Total	20%

Non-current assets

Net investment in Ijarah finance	0%
Long-term security deposits	0%
Diminishing Musharakah financing - secured	0%
Fixed assets in own use - tangible	1%
Intangible assets in own use	0%
Ijarah assets	72%
Capital work-in-progress	6%
Total	80%

LIABILITIES

Current liabilities

Creditors, accrued and other liabilities	7%
Bai Mu'ajjal - unsecured	1%
Payable to the Modaraba Management Company	0%
Current portion of Diminishing Musharakah financing payable	10%
Current portion of liabilities against assets subject to finance lease	0%
Current portion of security deposits	0%
Total	18%

Non-current liabilities

Diminishing Musharakah financing payable	24%
Liabilities against assets subject to finance lease	0%
Deferred liabilities	1%
Other long-term employee benefits	0%
Security deposits	1%
Total	26%

FINANCED BY : CAPITAL AND RESERVES

Issued, subscribed and paid-up certificate capital	21%
Premium on issue of right certificates	14%
Statutory (mandatory) reserve	17%
Unappropriated profit	4%
Total	56%

PROFIT AND LOSS ACCOUNT

Ijarah rentals	95%
Operation and maintenance income	4%
Profit on Ijarah finance	0%
Other income	1%
Total	100%

Gross Revenue

Operating expenses	72%
Administrative and distribution expenses	6%
Provision against potential Ijarah losses and operation and maintenance income	2%
Finance costs	5%
Workers' welfare fund	0%
Total Expenses	85%

Modaraba Management Company's remuneration	0%
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Sindh Sales Tax on Management Company's remuneration	0%
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Profit Margin

Profit Margin	15%
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	2017	2016	2015	2014	2013	2012
ASSETS						
Current assets						
Cash and bank balances	4%	1%	1%	1%	5%	3%
Short-term investments	0%	0%	0%	0%	0%	1%
Ijarah rentals receivable	12%	10%	8%	6%	7%	6%
Operation and maintenance income receivable	0%	0%	0%	0%	0%	1%
Advances, deposits, prepayments and other receivable	3%	2%	1%	1%	1%	1%
Spare parts	1%	1%	1%	1%	1%	1%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
Total	20%	14%	11%	9%	13%	13%
Non-current assets						
Net investment in Ijarah finance	0%	0%	0%	0%	0%	2%
Long-term security deposits	0%	0%	1%	1%	1%	2%
Diminishing Musharakah financing - secured	0%	0%	0%	0%	0%	0%
Fixed assets in own use - tangible	1%	1%	1%	1%	1%	2%
Intangible assets in own use	0%	0%	0%	0%	0%	0%
Ijarah assets	72%	79%	86%	87%	83%	79%
Capital work-in-progress	6%	5%	1%	2%	2%	3%
Total	80%	86%	89%	91%	87%	87%
Total Assets	100%	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Creditors, accrued and other liabilities	7%	10%	7%	8%	19%	16%
Bai Mu'ajjal - unsecured	1%	1%	0%	0%	0%	0%
Payable to the Modaraba Management Company	0%	0%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	10%	11%	16%	15%	11%	7%
Current portion of liabilities against assets subject to finance lease	0%	0%	0%	0%	0%	0%
Current portion of security deposits	0%	0%	0%	0%	1%	0%
Total	18%	23%	23%	23%	30%	24%
Non-current liabilities						
Diminishing Musharakah financing payable	24%	15%	13%	17%	15%	12%
Liabilities against assets subject to finance lease	0%	0%	0%	0%	0%	0%
Deferred liabilities	1%	1%	1%	0%	0%	1%
Other long-term employee benefits	0%	0%	0%	0%	0%	0%
Security deposits	1%	1%	0%	0%	1%	2%
Total	26%	17%	14%	18%	17%	15%
Total Liabilities	44%	40%	37%	41%	47%	39%
FINANCED BY : CAPITAL AND RESERVES						
Issued, subscribed and paid-up certificate capital	21%	24%	25%	23%	22%	28%
Premium on issue of right certificates	14%	16%	13%	8%	5%	3%
Statutory (mandatory) reserve	17%	18%	20%	20%	18%	21%
Unappropriated profit	4%	3%	5%	7%	8%	10%
Total	56%	61%	62%	58%	53%	61%
Total Capital and Reserves	100%	100%	100%	100%	100%	100%
PROFIT AND LOSS ACCOUNT						
Ijarah rentals	95%	96%	95%	94%	93%	87%
Operation and maintenance income	4%	4%	3%	4%	6%	10%
Profit on Ijarah finance	0%	0%	0%	0%	0%	1%
Other income	1%	0%	1%	3%	2%	2%
Total	100%	100%	100%	100%	100%	100%
Gross Revenue						
Operating expenses	72%	77%	73%	64%	61%	60%
Administrative and distribution expenses	6%	5%	4%	3%	3%	4%
Provision against potential Ijarah losses and operation and maintenance income	2%	1%	0%	1%	1%	0%
Finance costs	5%	5%	8%	6%	4%	3%
Workers' welfare fund	0%	0%	0%	1%	1%	1%
Total Expenses	85%	89%	85%	75%	71%	68%
Modaraba Management Company's remuneration	0%	0%	0%	0%	0%	0%
Sindh Sales Tax on Management Company's remuneration	0%	0%	0%	0%	0%	0%
Total	15%	11%	15%	25%	29%	32%

Horizontal Analysis

BALANCE SHEET

ASSETS

Current assets

Cash and bank balances	436%
Short-term investments	0%
Ijarah rentals receivable	36%
Operation and maintenance income receivable	1%
Advances, deposits, prepayments and other receivable	66%
Spare parts	10%
Current portion of net investment in Ijarah finance	0%
	60%

	2017	2016	2015	2014	2013	2012
Cash and bank balances	436%	-23%	55%	-77%	148%	34%
Short-term investments	0%	0%	0%	0%	0%	100%
Ijarah rentals receivable	36%	50%	58%	5%	93%	33%
Operation and maintenance income receivable	1%	24%	9%	39%	-10%	-3%
Advances, deposits, prepayments and other receivable	66%	227%	-8%	2%	122%	32%
Spare parts	10%	60%	-13%	110%	-36%	192%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	-100%	20%
	60%	55%	41%	-19%	66%	55%
Non-current assets						
Net investment in Ijarah finance	0%	0%	0%	0%	-100%	-12%
Long-term security deposits	-100%	-21%	-54%	34%	17%	148%
Diminishing Musharakah financing - secured	100%					
Fixed assets in own use - tangible	17%	18%	17%	24%	4%	44%
Intangible assets in own use	62%	100%				
Ijarah assets	6%	12%	10%	26%	72%	21%
Capital work-in-progress	58%	517%	-47%	43%	-2%	2491%
	8%	17%	8%	27%	63%	25%
	16%	22%	11%	21%	64%	28%

LIABILITIES

Current liabilities

Creditors, accrued and other liabilities	-16%
Bai Mu'ajjal -secured	0%
Payable to the Modaraba Management Company	15%
Current portion of Diminishing Musharakah financing payable	1%
Current portion of liabilities against assets subject to finance lease	0%
Current portion of security deposits	43%
	-6%

Creditors, accrued and other liabilities	-16%	60%	5%	-49%	87%	-15%
Bai Mu'ajjal -secured	0%	100%	0%	0%	0%	0%
Payable to the Modaraba Management Company	15%	251%	-51%	-4%	60%	-37%
Current portion of Diminishing Musharakah financing payable	1%	-15%	15%	63%	151%	106%
Current portion of liabilities against assets subject to finance lease	0%	0%	0%	0%	0%	-100%
Current portion of security deposits	43%	26%	-21%	7%	100%	0%
	-6%	17%	11%	-7%	110%	-2%

Non-current liabilities

Diminishing Musharakah financing payable	84%
Liabilities against assets subject to finance lease	0%
Deferred liabilities	33%
Other long-term employee benefits	120%
Security deposits	43%
	81%

Diminishing Musharakah financing payable	84%	43%	-16%	37%	105%	240%
Liabilities against assets subject to finance lease	0%	0%	0%	0%	0%	0%
Deferred liabilities	33%	28%	23%	24%	21%	28%
Other long-term employee benefits	120%	-13%	15%	-10%	30%	35%
Security deposits	43%	62%	-4%	-7%	-45%	43%
	81%	43%	-14%	34%	82%	169%

FINANCED BY : CAPITAL AND RESERVES

Issued, subscribed and paid-up certificate capital	0%
Premium on issue of right certificates	0%
Statutory (mandatory) reserve	14%
Unappropriated profit	45%
	6%

Issued, subscribed and paid-up certificate capital	0%	20%	20%	25%	30%	25%
Premium on issue of right certificates	0%	52%	69%	95%	150%	0%
Statutory (mandatory) reserve	14%	9%	9%	35%	43%	22%
Unappropriated profit	45%	-33%	-17%	8%	34%	73%
	6%	18%	19%	32%	42%	28%
	16%	22%	11%	21%	64%	28%

PROFIT AND LOSS ACCOUNT

Ijarah rentals	16%
Operation and maintenance income	13%
Profit on Ijarah finance	0%
Other income	203%
Gross Revenue	17%

Ijarah rentals	16%	-1%	6%	22%	46%	59%
Operation and maintenance income	13%	6%	4%	-26%	-22%	1%
Profit on Ijarah finance	0%	0%	0%	0%	-61%	-9%
Other income	203%	-67%	-49%	126%	17%	67%
Gross Revenue	17%	-1%	5%	20%	38%	50%

Operating expenses	9%
Administrative and distribution expenses	26%
Provision against potential Ijarah losses and operation and maintenance income	226%
Finance costs	20%
Workers' welfare fund	-100%
Total Expenses	12%

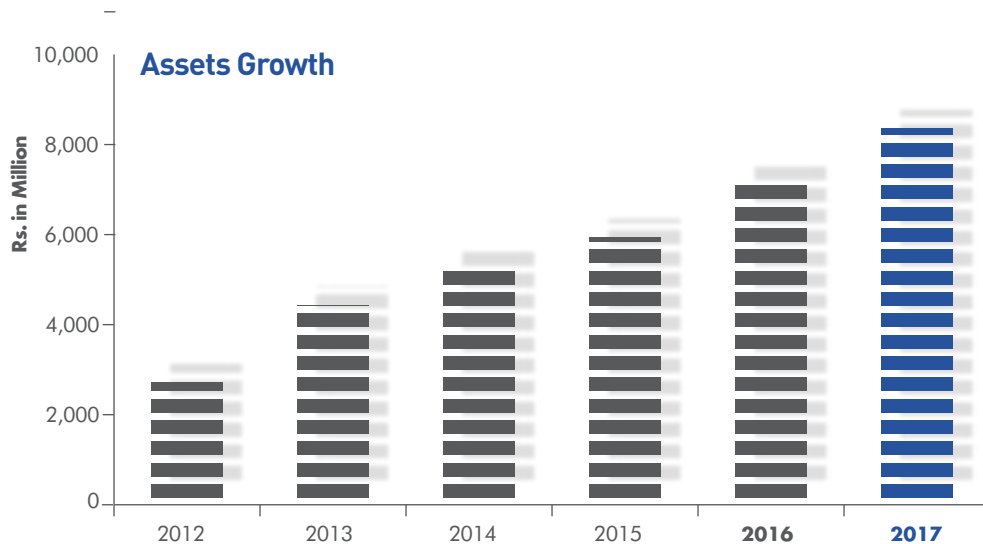
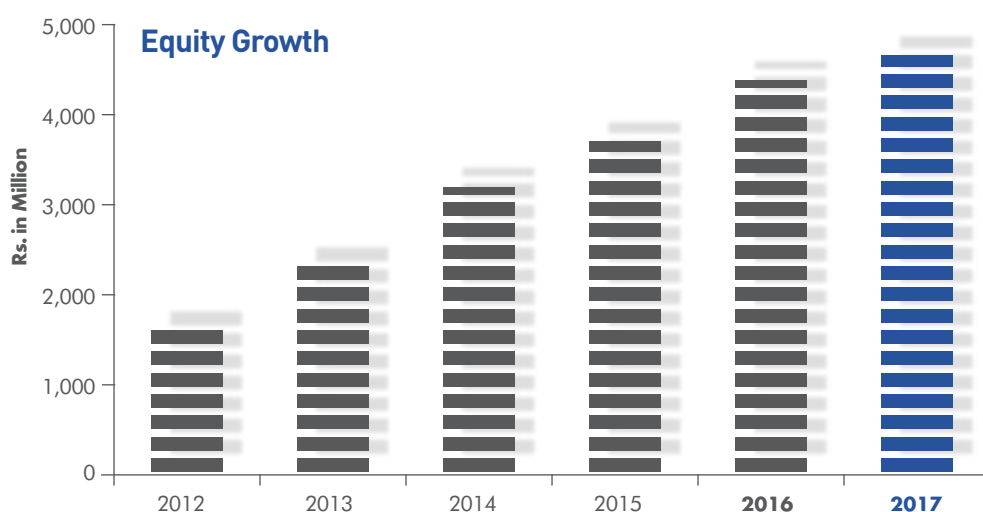
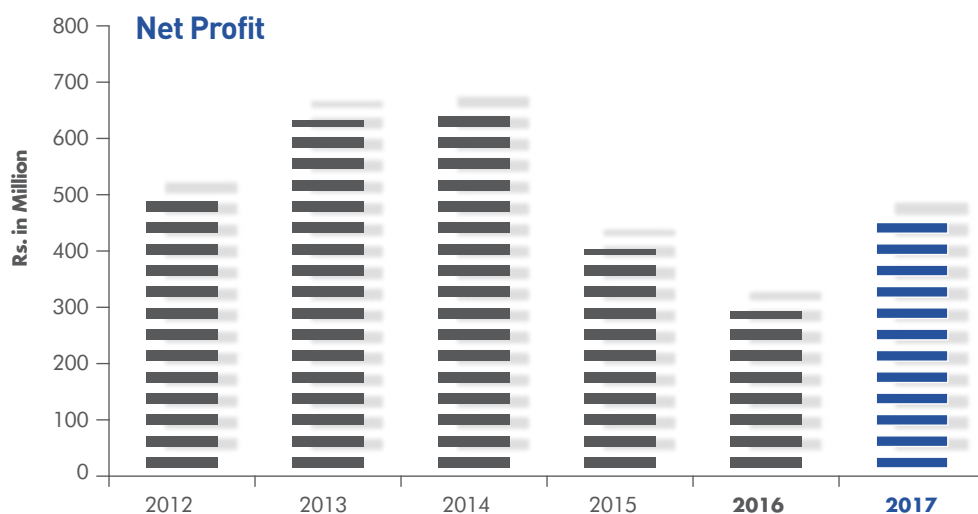
Operating expenses	9%	5%	19%	25%	40%	45%
Administrative and distribution expenses	26%	29%	20%	21%	28%	7%
Provision against potential Ijarah losses and operation and maintenance income	226%	117%	-51%	-2%	322%	2%
Finance costs	20%	-33%	26%	75%	109%	31%
Workers' welfare fund	-100%	-27%	-38%	3%	27%	77%
Total Expenses	12%	3%	19%	28%	44%	41%

Modaraba Management Company's remuneration	13%
Sindh Sales Tax on Management Company's remuneration	-100%
Profit Margin	56%

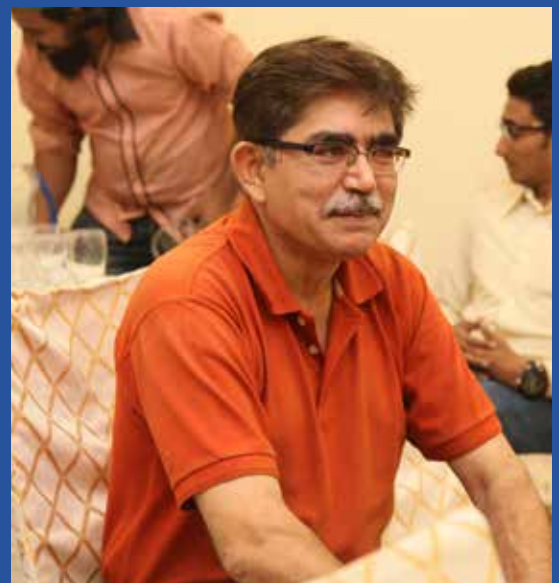
Modaraba Management Company's remuneration	13%	-12%	55%	3%	27%	-33%
Sindh Sales Tax on Management Company's remuneration	-100%	-19%	45%	-3%	90%	100%
Profit Margin	56%	-27%	-38%	3%	27%	73%



Financial Summary at a Glance



Annual Review Meeting 2016



Notice of Annual Review Meeting

Notice is hereby given that the 11th Annual Review Meeting of the Certificate Holders will be held on Friday, October 27, 2017 at 02:30 PM at the Registered Office 21/3, Sector 22, Korangi Industrial Area, Karachi, to review the performance of the Modaraba for the year ended June 30, 2017.

The Certificate Holders whose names appear on the Register of Certificate Holders of Allied Rental Modaraba as on October 20, 2017 will be eligible to attend the Annual Review Meeting.

By order of the Board

Muhammad Saad

Company Secretary

August 28, 2017

Karachi.

Note:

1. The Certificate Transfer Book will remain closed from October 21, 2017 to October 27, 2017 (both days inclusive) for the purpose attending Annual Review Meeting. All transfer received in order up to close of business on October 20, 2017 at our Registrar's office M/s JWAFS Registrar Services (Private) Limited, 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi, will be considered in time.
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.



بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

Shari'ah Review Report

For the year ended June 30, 2017

الحمد لله رب العالمين، والصلاة والسلام على رسوله الكريم، وعلى آله واصحابه اجمعين، وبعد

I have conducted the Shari'ah review of Allied Rental Modaraba managed by Allied engineering Management Company (Pvt.) Ltd. for the year ended 30 June, 2017 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas and report that in my opinion:

1. the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
2. the agreement(s) entered into by the Modaraba are Shari'ah compliant and the financing agreement(s) have been executed in accordance with the formats approved by the Religious Board and all the related conditions have been met;
3. to the best of my knowledge and according to the explanations given to me, the business transactions undertaken by ARM and all other matters incidental thereto are in conformity with the Shariah requirement as well as the requirement of the prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulation for Modarabas.;

Conclusion:

Based on the above mentioned facts I am of the view that the business operations of ARM are Shari'ah compliant up to the best of my knowledge.

I hope the management would continue its endeavors to comply with rulings of Shari'ah in its business operation and future transactions.

وَصَلَّى اللَّهُ عَلَى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّمَ



Irshad Ahmad Aijaz

Dated: 26 August, 2017



Chairmans' Review Report

For the year ended June 30, 2017

I am pleased to present the Annual Report for the year ended June 30, 2017.

This is my first report to the Certificate Holders of the Modaraba, as required under the new Companies Act, 2017. However, I feel that our Certificate holders were always kept well informed through Quarterly and Annual Directors' Reports on the performance of the Modaraba, its future plans and road map developed by the Board for the sustained growth.

Modaraba was initially set up in 2007 with its main focus on single product line, Generators Power Rental business. As the opportunities grew in the market place due to unstable supply and shortage of power in the country, Modaraba took the initiative and made investment in reliable and fuel efficient Caterpillar Generators to fill market demand. During this period, our performance and growth was way ahead than our competition and we established ourselves as the Market Leader with strong brand image and "Competitive Advantage". This leadership position is sustained uptill now due to commitment to our customers and stakeholders. We invested at the right times to develop our fleet of most efficient and reliable CAT Rental Power solution of both Diesel and Gas units to provide customized rental solutions to our growing customer base.

As Rental Power business grew from strength to strength, the Board and the Management felt the need to diversify its business portfolio to other profitable sectors of the Rental business. Accordingly, we initially went into simply renting forklifts, which has now systematically developed to provide complete Inbound Logistics Solutions for the Management of Plant and Warehouses. The next phase of the diversification was Outbound Logistics Solutions. After initial teething and set up issues, this Outbound Logistics segment now comprises of >300 units with Rs 787 Million of Sales.

With availability of Caterpillar range of products, we were present in the Machine rental segment with few machines, waiting for the window of opportunity to expand. This opportunity came with the CPEC and the Modaraba was ready to make investments in the CAT Machine Product range, both new and used, to offer reliable and fuel efficient machine rental solutions to the contractors. Presently this segment is relatively small with Rs. 250 Million of Sales this year but is planned to multiply in the coming years as deployment of our new unit arrivals pick up during 2017-18 and future years. These mostly comprises of Excavators, Motor Graders, Compactors and Wheel Loaders. As we saw these opportunities, the Management saw the opportunity in the Cranes segment

and immediately went into induction of Brand New SANY Cranes. We now offer from 10-75 Tons cranes and have created a combined capacity of 1350 tons.

All the above measures not only added Rental Product Line to both our existing customers, but expanded our customer base from Industrial units to FMCGs, construction companies and contractors. We now have a sustainable diversified business model with > Rs 10 Billion Asset base comprising of > 1,300 units generating > 3 Billion of Sales with our 2017-18 Slogan of **"Rental Fleet of Rupees Ten Billion & Growing"**.

The Board always emphasize Modarabas' complete compliance with the regulatory framework including Shariah compliance. The Board feels that sustainable business growth is always possible through rigorous internal control framework, commitment to our financial lenders with timely payments and inculcating the spirit of strong ethical behavior in all business transaction that we do. The Board feels that development of its Human Capital is the key driver of this growth and the Management is committed to their continuous learning and improvement.

The Board is working as a cohesive unit, providing direction to the Management in line with the Modaraba's Vision and Mission Statement and we commit our adherence, from Chairman and Board to an Operator / Driver to the Core Values, encompassing all facets of the business from providing fair returns to our Certificate Holders to our adherence to social and corporate responsibility.



Khwaja Asif Rahman

Chairman

August 28, 2017

Directors' Report

For the year ended June 30, 2017

The Board of Directors of Allied Engineering Management Company (Pvt.) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with Audited Financial Statements of the Modaraba for the year ended June 30, 2017.

FINANCIAL HIGHLIGHTS

Rs. in '000

Sales Revenue	3,116,267
Profit for the year	457,859
Un-appropriated profit brought forward	36,101
Available for Appropriation	488,019
Transfer to Statutory Reserve @ 40% of profit for the year	180,767
Proposed cash dividend @ 15% (Rs. 1.5 per certificate)	263,250
Un-appropriated profit carried forward	44,002
Net profit margin	14.7%
Return on equity	10.11%
Earning per certificate	Rs. 2.61
Break-up value per Certificate	Rs. 26.51
Price Quoted on Pakistan Stock Exchange on June 30, 2017	Rs. 24.90

BUSINESS REVIEW

The Management is pleased to report the Financial Statements for the year ended June 30, 2017. We are pleased to report that the Sales Revenue of the Modaraba crossed Rs. 3 Billion Mark and Sales for the year closed at Rs 3.116 Billion;16% higher than previous year. This is mainly attributable to our diversification strategies, strong focus on our core rental power segment and investments on new products and technologies, which resulted in growth base of our product range with continued expansion of our product portfolio. We now offer our customers a wide variety of Rental solutions from Rental Power Management to Inbound Warehousing solutions to Outbound Logistics.



DIVERSE EQUIPMENT RANGE / DYNAMIC RENTAL SOLUTIONS

The Management is pleased to report that the another major milestone was achieved during the year, in this journey of growth, progress and prosperity when Modaraba's total Rental Asset base touched the landmark figure of **RUPEES TEN BILLION**. The Modaraba has now approximately > 1,300 Units, comprising of Generators, Forklifts, Cranes and Trucks to service all its customers rental requirements from Power to Logistics. From the beginnings of Rs. 300 Million in 2007 comprising mainly of Caterpillar Generators, today the Modaraba has Rs. 10 Billion of diverse Rental Asset base and is continuously growing.

Continuing to Business Review for the Year, the increase in Sales directly benefited the bottom line and registered a hefty growth rate of 56% with Net Profits for the year went up to Rs 458 Million as compared to Rs 294 Million of the corresponding year. Keeping with its tradition of continued investment, this year also the Modaraba continued with its strategy to invest in all sectors of the economy, which ensured our continued growth momentum with investment of Rs 1,524 Millions in the Rental Assets, out of which 30% investments were made to expand the Rental Assets portfolio to expand its product line for CPEC driven Machines Rental base.

The Power Rental business stayed on its course, though we continue to see lower demands coming from Textiles segment for both our Diesel and Gas units. During the year, demand for our Gas Engine rentals improved due to flow of LNG to the captive power units especially in the northern part of the country. With the availability of LNG, we see renewed growth momentum for Long Term Gas Engine Rental deals, especially for Fuel efficient engines. With better demand levels from Cement and Real Estate sectors, our deployment of both our higher capacity Diesel Engine units and Gas Engine Rentals remained at satisfactory levels during the year. We further see better deployment of these units in the coming year on long term contracts.

Rental sales of both our Inbound and Outbound Logistics segment continued with its robust growth during the year and from the launch of this segment in 2013-14, within three years our Sales for the year recorded at Rs 1,123 Millions, contributing 36% of our total Sales portfolio. Inbound Logistics segment mainly covers deployment of Forklifts, Tractor Trolleys and Reach stackers at Plant sites to handle logistics within plant premises. These are mostly long term contracts with blue chip companies, handling plant and warehouse logistics on 24/365 day basis.

Our Outbound Logistics segment in terms of revenue is now at Rs 787 Million and is the engine of growth in Modaraba's Capital investment and product diversification. We now feel that we are through with our initial teething problems and gestation period of this



business, and see further strong growth prospects, both in terms of development of this segment in the country vis-à-vis its potential with specific reference to CPEC. We are also pleased to report that Modaraba has entered into a major rental contract with a blue chip Oil and Gas Exploration company operating in the country.

CAT Machines and SANY Cranes rental segment also witnessed significant growth due to launch of infrastructure projects under CPEC. This includes machineries for road construction, coal and LNG based power projects and hydel power projects. Demand for these machineries are high and Management is continuously investing by sourcing both good used and

brand new units to cater for the market demand for these units. This includes all sorts of equipment, including Excavators, Motor Graders, Compactors and concreting equipments. The addition of these units significantly enhances the outreach of our Rental base to the Contractors segment of the country. Revenue of this segment registered a growth of 159% with Sales of Rs 345 Million as compared to Rs 133 Million of the previous year. We have placed further orders for more units and we expect our Rental deployment to remain high for this segment in the next few years and sales will continue to grow in coming years.

Operating Expenses went up by 9% during the year to Rs 2,277 Million as compared to Rs 2,088 Million of the previous year. Accordingly, the Gross Margin percentage went up from 22% of the previous year to 27% in the current year, generating additional Gross Margin of approx. Rs 150 Million to take this year's Gross Margin to Rs 839 Million. Salaries and Wages went up by Rs 57 Million from Rs 558 Million in previous year to Rs 615 Million in the current year. This increment remained considerably low as compared to overall wage level increase in the country due to higher demand of both skilled and semi-skilled workforce driven by higher demand levels from Cement and Real Estate sectors and CPEC related projects.

Repairs and Maintenance Expense went up by Rs 70 Million mainly on account of higher utilization levels of our Rental Power segment, due to higher hours on Gas and Diesel units, aging of our Forklift fleet and continuous growth of our rental fleet. Fleet Vehicles running cost went up to Rs 377 Million in line with increase in Rental Sales of our Logistics segment, but significantly lower due to better control on the Fuel cost element. The main component of the Fleet Vehicle running cost is the element of Diesel Fuel, which constitutes almost 57% of the total such costs.

Depreciation was recorded at Rs 786 Million as compared to Rs 695 Million in the last year. It is mainly in line with induction of New Equipment and vis-à-vis higher depreciation charge for the year. Ijarah Rentals are on the continuous declining trend as most of the contracts are now maturing and accordingly Ijarah Rental expense further went down by Rs 72 Million during the year to Rs 86 Million as compared to Rs 158 Million of the previous year.

Despite continuous increase in our asset base, the Takaful / Insurance charge for the year marginally went up by Rs 1.3 million. This was made possible due to negotiation of better rates with Takaful window of Insurance companies.

Administrative and Selling Expenses went up to Rs 177 Million as compared to Rs 140 Million of the preceding year. The major contribution of this increase in the expense was recorded in the Salaries and Wages, which went up by Rs 34 Million. One component for the salaries increase is the effect of increments. And as

Modaraba diversifies its business portfolio to Logistics, Crane, Construction Equipment and other business segments, which now almost contribute 50% of the Sales revenue, it needs to have better focus on the administrative controls, therefore hiring of professionals was required to ensure effective internal control and recordings.

The business segments are now organized on product lines as we target each business segment with specialized and dedicated sales force. The Modaraba is also in the process of implementing the new IT system "Microsoft AX and Sycor Rental" to cater for multiple business units and segments requirements. This required allocation of resources to our IT department during the year. During the year, a proportionate charge of Rs 1.5 Million is made for the Software development.

Legal and Professional costs mainly constitute payment of regulatory fees and charges to PSX, SECP and other regulatory bodies and legal costs incurred for various Income tax and Sales tax issues confronting the Modaraba.

Finance costs for the period went up to Rs 169 Million as compared to the last year charge of Rs 140 Million. Though the mark up rates remained constant or slightly declined compared to previous year, but due to higher Capital investment and resulting increase in the borrowing levels, the mark up for the year went up by Rs 29 Million.

Profits on Savings account and proceeds from disposal of scrap generated Other Income of Rs 7.1 Million and Rs 11.3 Million respectively. During the year, gain of Rs 13 Million was registered on disposal of Fixed Assets as compared to loss of Rs 3.6 Million recorded in the previous year. In line with Rental market practices, the Modaraba disposed off some its old fleet units at the end of their useful economic lives.

Provision as per Prudential Regulations applicable to the Modarabas was made during the year of Rs 63 Million as compared to Rs 19 Million of previous year. This is mainly due to higher levels of Receivables at the end of June 30. Machine rentals takes higher recovery periods and are always subject to release of funds to their contractors from either Provincial or Federal Governments or other such contracting bodies.

Modaraba is contesting the claim raised by the Assistant Commissioner of Inland Revenue for Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @16% of gross receipts of the Modaraba for the tax years 2014 & 2015) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on March 16, 2016. An under protest payment of Rs 50 million was also made by the Modaraba to the FBR in respect of the above.

In the opinion of the management, pursuant to the 18th amendment in the Constitution of Pakistan, the authority

to collect sales tax has been delegated to the provinces. Accordingly, the Modaraba filed Constitutional Petitions with the Honorable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on June 2, 2016 in which the SHC declared the levy of FED on ARM as 'ultra vires' with effect from July 1, 2011 and also quashed any duty recovered by the FBR.

However, in contradiction to the above mentioned judgment by the SHC, the CIR-A through orders dated June 3, 2016 upheld the levy of FED on the Modaraba and consequently directed the Modaraba to pay the alleged amount of FED along with default surcharge and penalty. In response the Modaraba has filed appeals with the Honorable Appellate Tribunal Inland Revenue (ATIR) which is pending hearing.

Modaraba is continuously facing hardship and delays in the getting Tax Exemption Certificates from tax authorities for deduction of tax on both Sales and Import stage, despite the fact that Modaraba is exempt from income tax by virtue of Clause 100 of Second Schedule of the Income Tax Ordinance, 2001. This resulted in unnecessary deduction of Income Tax by our customers



and payment of Income Tax on import of new equipment, creating unnecessary cash flow pressures on funds management. During the year, our cumulative Income tax receivable as mentioned in the accounts went up from Rs 58 Million of previous year to Rs 136 Million as at close of June 30, 2017. Combined with payment of Rs 50 Million of under protest FED payment, the accumulated amount receivable from the tax authorities went up to Rs 186 Million.

Due to diversification, the share of Rental Power in the total business now stands at around 53% to the overall Sales Revenue of the Modaraba. The business has reached its saturation point and we do not expect any significant additions to the fleet in coming years. The Modaraba's overall fleet consists of new technologies offering fuel efficiencies and compliance to better environmental standards. This fuel efficiency gives competitive edge to the Modaraba and generates premium on its price offering to its customers.

As predicted last year, this year saw significant progress on the construction equipment rental business due to investments and projects coming under CPEC. The challenge of the market is to compete with low pricing / low quality investor cum operator unorganized sector and create window of opportunity in this growth market with new, reliable and fuel efficient units. The organizational structure was put in place last year to specifically target this segment. During the year, almost 100 Machines were added to the fleet which included Cranes, Excavators, Motor Graders, Compactors, Lighting Towers and other construction Equipment. This was made possible due to excellent price support for the Equipment from both Caterpillar and SANY.

On the inbound logistics segment, the Modaraba is continuously offering complete 360° solution to its customers, especially in the bottling and packaging industry with efficient and cost effective solutions through its CAT Forklifts. The revenue from this segment is recorded at Rs 336 Million in the current year and we are targeting other blue chip companies in the sector to offer such similar solutions.



The Management feels that logistics is the future potential area of investment and growth for the Modaraba. Pakistan is still in the primitive age when road logistics are concerned. The lack of investment in the sector, roadside engineering practices and overall lack of infrastructure have created many inefficiencies resulting into higher transportation costs. Modaraba has entered into rental agreements for the transportation contracts with leading FMCG brands, which portrays the confidence of our customers on our ability to deliver on our commitments. To qualify as compliant with HSE standards, the Modaraba continuously certifies its Logistics business for Compliance of Responsible Sourcing Audit under the guidelines of SMETA by Bureau Veritas Pakistan. We see huge potential for growth in the sector with some leading FMCG brands, where we have developed our relationship by offering rental solutions to them, both in the Power Rental and Logistics Rental businesses. Another significant window of opportunity is the movement of goods from/to China under the CPEC corridor and the business unit is fully aware of the significant opportunities on this front. With initial hiccups

and teething problems of the business now behind us, we see profitable growth prospects on this segment as our knowledge base of this segment improves. Our investment in the sector now stands at Rs 1,471 Million as at June 30, 2017 and during the year the Sales Revenue went up to Rs 787 Million.

DIVIDEND

The Board is pleased to announce a cash dividend of 15% i.e. Rs. 1.50/=per certificate of Rs. 10/- each.

Rights Issue

The Management is continuously expanding its Rental Fleet in every aspect of its diversified business including Power Generation, Logistics, Machines and Cranes, where it sees potential for investment and growth. This is evident of the investment made of Rs 1.733 Billion in 2015 -16 and Rs 1.524 Billion in 2016 – 17, which works out to almost half of the 2017 Closing Ijarah Rental Fleet. The growth in the previous years was financed from strong internal cash generation by way of profits retention, financing from Islamic Banks, Modarabas and Islamic window of the conventional banks. Rights Issue in the previous year's not only helped in financing the growth in the Rental Assets but in the process also ensured that Debt : Equity Ratio is maintained for continued availability of credit lines from the banks at continuously reduced mark-up rates. This year again the Management projects to invest Rs 1 Billion mainly in some new Projects pertained to CAT – Machines Rental, Logistics Rental Fleet, Power Generation and Forklifts to ensure that Modaraba remains the leader in Rental Power segment and benefits on the opportunity in the logistics business with blue chip companies. Therefore, we feel that there is an opportunity for our Certificate holders to invest in this growth of the Modaraba and accordingly, the Board has decided to issue 13.96% Right Certificates calculating to 24,500,000 certificates at a premium of Rs. 5 per Certificate to bring the Paid-up Capital to Rupees Two billion. The breakup value of the Modaraba after payment of 2017 dividend, works out to Rs. 25.04 per certificate; however the Management has decided to offer certificates @ Rs. 15/- per certificate which works out at a premium of Rs. 5/- per certificate.

The Rights Issue offers excellent opportunity to our Certificate holders to subscribe for the Right Issue as it is lower than the present price at the stock exchange and its breakup value.

CREDIT RATING

The Management of the Modaraba is pleased to inform that JCR-VIS Credit Rating Company Limited has maintained the entity ratings of Allied Rental Modaraba (ARM) at "A +" (Single A Plus) for long term & "A-1" (Single A-One) for short term. This again depicts the confidence of the rating agency on the performance of the Modaraba and its capacity to meet its financial obligations.

IT INFRASTRUCTURE

Considering the continuous growth of the Modaraba in multi-dimensional Rental business portfolio with Asset base reaching PKR 10+ billion, the management decided in 2016 to invest in its IT infrastructure and selected the ERP solution of Microsoft AX Dynamics with an integrated add on German based computer software SYCOR for its rental business needs.

The Licenses for the software have been purchased and implementation process started with the training of the team members. After the initial test runs and training, General Ledger and financial module was implemented during the year. The management and its IT team are fully focused on this project and several milestones were achieved during the year for seamless integration of the system with its day to day operational, financial and regulatory environment.

Through ERP implementation, Modaraba will be benefit in the following ways:

- Unlike point solutions (historically used by small to midsize businesses) that rely on multiple (sometimes duplicating) databases which strain IT resources, ERP solutions standardize the use of one application to run its entire business. This not only increases efficiencies, but also decreases the overall total cost of ownership (TCO), thereby reducing operational costs and improving the Modaraba's profitability.
- Tighter controls for financial as well as Caterpillar Five Star Rental compliance declaration and other statutory forms of compliance reporting.
- The single data source for product and services information - such as information related to suppliers, vendors, customer orders and the products themselves - drive rapid product development and launch cycles which increases a company's overall market share.
- Increased access to valuable corporate data delivers a clear, global view of the business that drives continuous improvement strategies and establishes common performance metrics and measures to gauge the health of the business.
- Effectively managing projects holistically fosters decision making at all critical levels starting from development to all its operational phases.
- Support for streamlined sourcing and procurement processes drive alignment to customer demands, and also deliver a centralized buying model to reduce unauthorized and unnecessary expenses.
- Providing sales and operations planning with access to critical information fosters "closed loop" processes that ensure the business does not overpromise and/or under deliver to its customers.

Automating business processes such as invoicing and sales and purchase orders within one system improves

forecasting accuracy and reduces inefficiencies. Using a single base of information for billing and other customer interactions improves service levels and increases customer retention.

During the year, a charge of Rs 1.4 Million made in the Accounts for the overall amortization of the total investments made till June 30, 2017 on the IT Project.

FUTURE OUTLOOK

The hallmark of the year is the expansion of our Rental Asset base to Rs 10 Billion, generating Sales of Rs 3 billion. We are by far the LEADERS in RENTAL ASSET SEGMENT, with unparalleled growth achieved in this journey from 2007 to 2017. The Modaraba and its team of people from Managers to technicians to Drivers/Operators are all geared to their optimum potential of a COMPLETE RENTAL SOLUTION PROVIDER for all sorts of EQUIPMENTS TO ITS CUSTOMERS from POWER TO LOGISTICS. The strength of Caterpillar brand name and our strategies to continuously invest in new technologies, new products, new markets and new segments perfectly positions us to reap the benefits of new markets and opportunities, emanating from increased demand for Rental Solution and Equipment vis-à-vis CPEC front and we feel confident to achieve our plans for 2017 -18 and beyond. By applying prudent policies and disciplines in our business operations, we are confident that the targets sets for the year will be achieved. We were able to diversify our rental revenues from the Power Rental business to other profitable growth sectors of the economy; and are continuously diversifying revenues with investments made in other business segments of Machines, Cranes and Trucks.



Despite the challenges facing the country, we feel that our country is blessed with resources, all the way from Karakoram Mountains to the hilly areas of Baluchistan. We are a country rich in natural resources, have vast agricultural resource able to grow Cotton, Rice, Wheat, Maize, Potato, Fruits and Vegetables. CPEC is the game changer for the economy of the country and accordingly offers significant business opportunities to us also and we are well positioned to take that advantage. With over

200 Million population, we see our country as big market for all sorts of investment, whether industrial investment for rising Power Generation demand or investment in the logistics sector by partnering with leading FMCG brands or movement of cargo on CPEC front.

We acknowledge our commitment to the country and our customers and shall continue to work with them in all sectors of the economy to meet their Rental products demands. Wherever we see window of opportunity, we must not let these opportunities lapse and continue to make new investments in all sorts of Rental products by offering Islamic Ijarah Rental products and work with our customers for their rental needs.

OUR COMMITMENT TO REGULATOR AND CERTIFICATE HOLDERS

As a responsible corporate entity, we shall continue to conduct our business in a transparent way, working closely with the regulator to ensure compliance in all discipline of our business including complete Shari'ah compliance.

We feel that we must fulfill our promise to our Certificate holders by

- a) complying with Islamic Shari'ah principles in all our business areas;
- b) generate fair returns on their investment through cash dividends and offering of Rights Certificates. However, due to taxation of bonus issue, bonus issue has declined since then; and
- c) develop long term growth and sustainability plans of the Modaraba, keeping in view different segments of its Rental Asset portfolio to ensure optimum mix of its asset base. Rental business is both Capital and Labor intensive as we not only maintain the equipment but continuously operate and maintain them at customer sites. This not only requires continuous review of our asset portfolio on an ongoing basis to ensure optimum utilization of Capital but continuous improvement and review of operational controls to not only maintain asset health and provide quality service to our customers.



GOVERNANCE FRAMEWORK

Our governance framework is designed to ensure that the Modaraba lives up to its core values and principles, institutionalizing excellence in everything we do. Driven by the highest governance standards of integrity, transparency and zeal to protect stakeholders' value, Modaraba has aligned its governance framework to the industry's best practices. The board of directors and senior management place significant emphasis on internal controls, which trickles down to each and every employee of the Modaraba.

The Board of Directors is committed to open, ethical, knowledgeable and comprehensive management and to developing and implementing good Corporate Governance as a means of achieving maximum success and effectiveness. In short, good Corporate Governance is a tool for enhancing the value of the Modaraba and its sustainable growth. The work of developing good Corporate Governance is ongoing, and aims to incorporate standards universally practiced.

CONTROL ACTIVITIES

The Modaraba has determined a number of control activities that accord with the nature of its business operations and assigned responsibilities in such a way that mutual supervision is in effect.

REVIEW

The Board meets at-least once each quarter to consider Modarabas financial performance, financial and operating budgets and forecasts, business growth and development plans, capital expenditure proposals and other key performance indicators. Post completion reviews are performed on all material investment expenditures.

AUDIT

The Head of Internal Audit functionally reports to the Board of Audit Committee. The Internal Audit function carries out reviews of the financial, operational and compliance controls and report's findings to the Board of Audit Committee, Chief Executive and the concerned department heads. The Office of Internal Audit provides assurance to the Audit Committee concerning the adequacy of disclosure, transparency of data, internal controls, and appropriate risk management practices. The emphasis is on preventive, creative investigation and auditing that conforms to international standards and good Corporate Governance. The Board of Audit Committee receives reports on the system of internal controls from internal and external auditors and reviews the process for monitoring the effectiveness of controls. The audit department also remains in close contact with Shari'ah Advisor and seeks guidance on compliance to Shari'ah principles in all areas of its business activities.

WHISTLE BLOWER MECHANISM

The Board has developed the Whistle Blower Mechanism in line with the requirements of the Code of Corporate

Governance. There may sometimes be circumstances in which people feel uncomfortable raising issues directly with their managers. Hence we plan to provide a confidential "whistle blowing" mechanism throughout the Modaraba which the employees will be able to use. The policy encourages open discussion of these issues and no one will be disadvantaged as a result of informing in good faith any concerns about compliance with the Modaraba's Code of Conduct. Under the policy, all disclosures are kept confidential and the identity of the individual making the allegation may be kept confidential so long as it does not hinder or aggravate any investigation. However, the investigation process may reveal the source of the information and the individual making the disclosure may need to provide a statement as part of the evidence required. If an employee needs to make a disclosure he/she should first raise the issue to his/her Department Head (unless he/she is the potential transgressor), in which case he/she can write to the Audit committee in the following format for the purpose of recording and monitoring.

- The background and history of the concern (with relevant dates)
- The reason why they are particularly concerned about the situation.

ALTERNATIVE COMPLAINT METHODS:

INDEPENDENT HOTLINE:

An independent compliance hotline, operated by an external agency gives employees the opportunity to report potential improprieties in financial reporting or other matters. The hotline is available to all and callers can remain anonymous if they wish.

DIRECTORS

THE STRUCTURE OF THE BOARD OF DIRECTORS

The Board of Directors consists of qualified individuals possessing knowledge, experience, and skill in various professions, with the leadership and vision to act in the best interests of the Modaraba and its certificate holders. The Board of Directors has a major role to play in deciding corporate policy, and with senior executives making plans for the short term and long-term operations of the Modaraba.

The Board of Directors presently comprises 7 individuals, composition of which is as follows:

- Five non-executive directors representing Allied Group of companies, the majority stakeholder;
- One executive director being the CEO of the Management Company, managing the affairs of the Modaraba; and
- One Independent Director, Mr. Abdul Rahim Suriya as per the requirements of the Code of Corporate Governance.

Non executive directors are qualified individuals and possess required expertise, knowledge and the skill required by the business and specified by SECP to

effectively provide guidance to the senior management and control the affairs of the Modaraba. The Chairman of the Board is other than the CEO. Meetings of the Board of Directors are held regularly to review the performance and results of business operations and their management and to make decisions concerning the Modaraba's business activities. All the Directors have completed their mandatory certification process as required under Code of Corporate Governance - CCG. Meetings also take place to consider business trends and operational plans of the Modaraba. Various planning scenarios are deliberated on, as well as the Modaraba's annual business plan.

Mr. Abdul Rahim Suriya, as an independent director appointed on the Board is a seasoned professional and gives an independent view to the business and control processes based on his expertise and knowledge, especially with reference to Governance policies and sustainability standards.

Four Board meetings took place during the year. Attendance of each of the director was as follows.

Name of Director	No. of meetings attended
Mr. Khwaja Asif Rahman	3
Mr. Murtaza Ahmed Ali	4
Syed Feisal Ali	4
Mr. Ali Akbar	3
Mr. Raees A. Khan	1
Mr. Abdul Rahim Suriya	4
Mr. Hassan Shahzad Abidi	4

Leave of absence was granted to directors who could not attend the above meetings.

DEVELOPMENT OF DIRECTORS

It is the management policy to encourage directors, executives, and personnel concerned with corporate governance to take part in seminars and courses that could aim them in the performance of their duties and enhance their effectiveness. As of today, all the Directors are qualified individual under the CCG directive.

Newly appointed directors are given induction training that introduces them to their role, duties, and responsibilities, as well as knowledge of the Modaraba, their legal obligations, and the regulations that apply to them as directors of a listed entity. They also go through a rigorous approval mechanism set at SECP with interviews conducted by Registrar Modarabas, especially with reference to their knowledge on Islamic Finance and Shariah compliance standards.

COMPLIANCE WITH CORPORATE GOVERNANCE

The Board of Directors reviews all significant matters of the Modaraba. These include Modaraba's strategic

direction, annual business plans and targets, related party transactions and decisions on long term investments and borrowings. The Board is committed to maintain high standards of Corporate Governance.

THE BOARD OF DIRECTORS IS PLEASED TO REPORT THAT:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- 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 Accounting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
- The system of internal control, which is in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- Summary of key operating and financial data for the last six years is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2017 except for those disclosed in the financial statements.
- During the year no trading in Modaraba certificates were carried out by any of the Directors, CEO, CFO, Company Secretary, their spouses or minor children.
- The value of investments in Employee's Provident Funds based on the audited financial statements of the fund as at December 31, 2016 is Rs. 63,040,026 (2015: Rs. 51,782,867).
- The pattern of holding of certificates by the certificate-holders is included in this annual report
- The Board has formed a Human Resource Committee in compliance with the requirements of the Code of Corporate Governance. The Committee makes recommendations to the Board for maintaining
 - (i) a sound organizational plan of the Company,
 - (ii) an effective employee development program and;
 - (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

The Human Resource Committee met one time during the year with a participation of 100% of its members.

- The Board has formed an Audit Committee in compliance with the requirements of the Code of Corporate Governance. The Committee comprises of three members. The head of the Audit Committee is an Independent Director. The Committee reviews

the periodic financial statements and examines the adequacy of financial policies and practices to ensure that an efficient and strong system of internal control is in place. The Committee also reviews the audit reports issued by the Internal Audit Department. The Audit Committee is also responsible for recommending to the Board of Directors the appointment of external auditors.

- The Board of Audit Committee met four times during the year. Attendance of each of the member was as follows:

Name of Director	No. of meetings attended
Abdul Rahim Suriya	4
Syed Feisal Ali	4
Mr. Ali Akbar	3

AUDITORS

On the recommendation of the Audit Committee, the Board has approved the re-appointment of the Messrs. KPMG & Co. Chartered Accountants as auditors for the year ending June 30, 2018 at a remuneration to be mutually agreed, subject to the approval of Registrar of Modaraba Companies & Modarabas.

SHARI'AH AUDIT REPORT

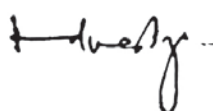
The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Irshad Ahmed Aijaz as and when required to ensure full compliance to Sharia'h Audit mechanism developed in consultation with Registrar Modarabas. The internal audit department has also been trained to handle the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shariah' Audit Report issued for the affairs of the Modaraba for the year ended June 30, 2017 is attached in the Annual Financial Statements.

ACKNOWLEDGEMENT

Our people are the key driver behind the sustained growth of the Modaraba. The Directors acknowledge the contribution and efforts of each and every employee of the Modaraba, who by meeting customer expectation by providing quality service ensured continued business for the Modaraba.

We would also like to express our sincere gratitude to the Registrar Modarabas, Religious Board, financial institutions and our business partners for their continued support and guidance; and our customers for their continued patronage and business. We are also grateful to our certificate holders for their support and confidence in our management.

On behalf of the Board



Murtaza Ahmed Ali
Chief Executive
August 28, 2017

Human Resources & Remuneration Committee: Terms of Reference



I. PURPOSE

The purpose of the Human Resources Committee is to assist the Board in fulfilling its obligations relating to Human Resources Policies and related matters and to establish a plan of continuity and development of Human Resources for Allied Rental Modaraba.

II. COMPOSITION AND OPERATIONS

- A. The Committee shall be composed of the following THREE members,
 - Khwaja Asif Rahman - Chairman
 - Syed Feisal Ali - Member
 - Murtaza Ahmed Ali – Member
- B. The Committee shall meet at least once each calendar year.
- C. The quorum of the committee is three members.
- D. From time to time, as deemed required by the Committee, the Committee shall obtain independent advice regarding Human Resource and Compensation issues.
- E. The Head of Human Resources / Company Secretary shall serve as the Secretary of the Committee.

III. DUTIES AND RESPONSIBILITIES

Subject to the powers and duties delegated by the Board of Directors of the Modaraba. The HR & R Committee will review the following and recommend to the Board for their approval:

- A. Recommending to the board the selection, evaluation, and succession planning across the company.
- B. The objectives, strategies and overall business plans of Human Resources and ensure that they are within the framework of existing laws and regulations.

- C. The Modaraba's compensation and benefits, philosophy, strategy and guidelines and review their compliance with laws and any applicable guidelines established by the Labor Laws of Pakistan, competitiveness with the market and frequency of review accounts for annual country inflation rate and changes in trends in the country.
- D. The Modaraba's strategy, plan and proposal related to annual increments, salary adjustments and performance and profit bonuses of the Modaraba's executives.
- E. The Modaraba's strategy related to Human Capital Management and Planning including:
 - I. Recruitment and Selection strategy is aligned to Business objectives and philosophy;
 - II. Training and Developmental needs of Human Resources are identified, adequately met and aligned to business objectives; and
 - III. Performance Evaluation and Management System is objective, transparent and unbiased.
- F. Review the Human Resources Policies and Procedures of the Modaraba and ensure that they are updated from time to time to keep abreast with market practices.
- G. Review and recommend Core Values to be adopted by the Modaraba.
- H. Review and recommend changes to the Committee's terms of reference, as and when required.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by oral or written report at the Board meeting.



IT Steering Committee: Terms of Reference

I. Mandate

- To provide strategic advice, guidance and direction to the Board of Directors on technology initiatives.
- To develop Board briefings and input on the development of:
 - policy positions which address technology, communications and information management related initiatives;
 - proposed federal and/or provincial legislation that may have broad technology implications, and
 - changes to existing legislation which may have an impact on the Modaraba's ability to perform its duties.
- To explore and make recommendations regarding technology tools and resources that would benefit an employees routing practices.
- To undertake appropriate surveys, dialogues and outreach programs to ensure the committee understands and is representing the Modaraba's concerns

II. Duties and Responsibilities

- To ensure management have the opportunity to provide and demonstrate leadership involving technology initiatives that impact their practices.
- To provide advice and guidance on proposed technology initiatives in which employees has been asked to participate and that affect management and the way in which they provide services.
- To develop and recommend policies, guidelines and standards appropriate to technology initiatives which impact on our employee's ability to practice
- To consult and seek input from the management, other stakeholders and interested parties on matters before the Committee, if required
- To develop a relationship, which provides an opportunity for the IT Steering Committee (ITSC) to influence employees participation and provide leadership on Information Management and Technology initiatives that impact on the Modaraba.
- To recommend priorities for new technology initiatives that benefit the Modaraba.
- To ensure that IT initiatives embody the overall mission and objectives of Modaraba.
- To evaluate the sustainability and governance implications of the technology initiatives we participate in.
- To ensure that the IT Strategic Plan is aligned with the Modaraba Business Plan.
- To submit an annual report on the committee's activities, as part of the Reports to Board of Directors.

- To submit a monthly ITSC update to the Board of Directors on issues, priorities, policy implications, recommendations, activities and actions.

III. SubCommittees/Working Groups

Subcommittees and working groups will be established as the need arises and at the direction of the committee chair. They will be tasked with definitive objectives related to a specific strategic issue.

Subcommittees and working groups will enable the ITSC to seek out the appropriate subject matter expertise from within the Modaraba to assist in the research, analysis and development of policy, guidelines and recommendations to be brought to the ITSC and subsequently to the Board.

A subcommittee or working group will be chaired by a sitting member of the ITSC.

IV. Committee Membership

The IT Steering Committee is comprised of six members including at least one Director. All Committee members will be appointed by the Board of Directors.

The ITSC will strive to be representative of the Modaraba as a whole. Geographic and gender representation will be taken into consideration, as well as varying degrees of computer competencies.

Committee members may be recommended by sitting committee members, the Board of Directors or recruited from lists maintained in the Modaraba data base of members with an expressed interest in information management and technology.

In the event the committee is unable to fill one of the six seats, the committee may invite a member whose term has expired to sit for a one-year extension.

V. Quorum and Voting

A minimum of one half of the voting committee members will comprise a quorum. A motion is passed by a majority vote of the members in attendance. The committee chair is a voting member and will vote on matters requiring a decision. The chair will cast the deciding vote in the event of a tie.

VI. Committee Meeting Schedule & Support

Members may be called upon to participate in telephone and/or online conferences if a matter of urgency occurs between regularly scheduled meetings. Support for rural members will be provided through the use of appropriate technologies. The Committee shall meet atleast once every quarter of the financial year

VII. Accountability

The ITSC is advisory to and accountable to the Board of Directors. Any formal policy or position will require Board approval. Minutes of committee meetings shall be maintained and made available to the Board upon request.

Audit Committee: Terms of Reference

Purpose:

The committee is responsible for assisting the Board of Directors in discharging its responsibilities primarily in terms of:

- evaluating and reporting financial and non-financial information to shareholders;
- reviewing the system of internal controls and risk management; and
- reviewing the business plan and determining that it reconciles with the Modaraba's vision, mission, corporate strategy & objectives. Additionally, the committee has the authority to obtain any information it requires from the management and to meet directly with external auditors.

Meetings and Attendance:

The Audit Committee comprises of three members, all of whom have sufficient financial management expertise. The Head of Internal Audit is the Secretary of the Committee. The Committee held four meetings during the year and held separate meetings with the Chief Financial Officer, Head of Internal Audit and members of Internal Audit Function and External Auditors represented by the Engagement Partner as required by the Code of Corporate Governance. The Audit Committee recommends to the Board, the appointment of external auditors, their removal, audit fees and the provision by the external auditors of any service to the Modaraba in addition to audit of its financial statements. The Board gives due consideration to the recommendations of the Audit Committee in all these matters.

The Chief Financial Officer of the Modaraba regularly attends the Audit Committee meetings to present financial and other information specifically addressed by the Head of Internal Audit.

Responsibilities:

The Board of Directors has determined the terms of reference of the Audit Committee and provides adequate resources and authority to enable the Audit Committee to carry out its responsibilities effectively. Among other responsibilities, the terms of reference of the Audit Committee includes the following:

- (a) determination of appropriate measures to safeguard the Modaraba's assets;
- (b) review of quarterly, half-yearly and annual financial statements of the Modaraba, prior to their approval by the Board of Directors.
- (c) review of preliminary announcements of results prior to publication;
- (d) facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- (e) review of management letter issued by external auditors and management's response thereto;
- (f) ensuring coordination between the internal and external auditors of the Modaraba;
- (g) review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Modaraba ;
- (h) consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- (i) ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- (j) review of the Modaraba's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- (k) instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body; and
- (l) determination of compliance with relevant statutory requirements.

Credit Rating



JCR-VIS Ratings of Allied Rental Modaraba, September 29, 2017, Karachi

Statement of Compliance with the Code of Corporate Governance

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Clause 5.19.24 of the Rule Book (Listing of Companies and Securities Regulations) of the Pakistan Stock Exchange ("PSX"), for the purpose of establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

Allied Engineering Management Company (Private) Limited (the Modaraba Management Company) is not listed. However, Allied Rental Modaraba is listed at Pakistan Stock Exchange. The Board of Directors of the Modaraba Management Company is responsible for managing the affairs of the Modaraba.

Allied Rental Modaraba has applied principles contained in CCG in the following manner:

1. The Management Company encourages representation of non-executive directors and directors representing minority interests on its board of directors. At present, the board includes:

Category	Names
Independent Director	Mr. Abdul Rahim Suriya
Executive Director	Mr. Murtaza Ahmed Ali
Non-Executive Directors	Mr. Khwaja Asif Rahman Syed Feisal Ali Mr. Raees A. Khan Mr. Ali Akbar Mr. Hassan Shahzad Abidi

The independent director meets the criteria of independence under clause 5.19.i(b) of the CCG. All the Director's appointment have been duly approved by the Registrar Modarabas, Securities and Exchange Commission of Pakistan (SECP).

2. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Management Company.
3. All the resident directors of the Modaraba

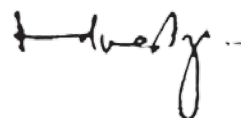
Management Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs or, being a member of a Stock Exchange, has been declared as defaulter by that Stock Exchange.

4. During the year, election of the board of Directors of Allied Engineering Management Company (Private) Limited took place on October 31, 2016 and all the directors were re-elected for a three years term ending on October 31, 2019. Further, during the year, no casual vacancy occurred on the Board of Directors.
5. The Modaraba has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Modaraba along with its supporting policies and procedures.
6. The Board has developed a Vision / Mission Statement, overall corporate strategy and significant policies of the Modaraba. A complete record of the particulars of these significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the Chief Executive Officer of the Modaraba Management Company, other executive and non – executive directors, have been taken by the Board.
8. 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 and the board met at least once in every quarter. Written notices of the board meetings, along with agenda and working papers, were circulated appropriately in advance before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Board has been provided with the Code in order for the directors to properly manage the affairs of the Company. The directors are conversant of the relevant laws applicable to the Company, its policies and provisions of memorandum and articles of association and are aware of their duties and responsibilities. Six

out of seven directors on the Board have duly completed the certification under Director's Training Program from Local Institutions as per clause 5.19.7 of the Rule Book of Pakistan Stock Exchange Limited, whereas, one director meet the criteria of exemption under clause (xi) of the CCG and is accordingly exempted from the director's training program. .

10. The Board has approved the appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment.
11. The directors' Report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Modaraba were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the certificates of the Modaraba other than that disclosed in the pattern of holding of certificates.
14. The Modaraba has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee. It presently comprises of three members all of whom are non-executive directors and the Chairman of the committee is an independent director.
16. The meetings of the audit committee were held at least once every quarter prior to the approval of interim and final results of the Modaraba as required by the CCG. The terms of reference of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration Committee. It comprises of four members of whom three are non-executive directors and the chairman of the committee is a non-executive director.
18. The Board has set up an effective internal audit function whose head is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
19. 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, that they or any of the partners of the firm, their spouses and minor children do not hold certificates of the Modaraba and that the firm and all its 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.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. The Management Company has complied with the requirements relating to maintenance of register of persons having access to inside information by designated senior management officer in a timely manner and maintained proper record including basis for inclusion or exclusion of names of persons from the said list.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board



Murtaza Ahmed Ali
Chief Executive
August 28, 2017



KPMG Taseer Hadi & Co.
Chartered Accountants

Review Report to the Certificate Holders on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance ("the Code") prepared by the Board of Directors of Allied Engineering Management Company (Private) Limited, (the Modaraba Management Company for and on behalf of Allied Rental Modaraba) for the year ended 30 June 2017 to comply with the requirements of listing Regulation No. 5.19.24 Chapter XI of the Pakistan Stock Exchange Limited, where the Modaraba is listed.

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

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors'

statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

The Code requires the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevailed in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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 any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance, in all material respects, with the best practices contained in the Code as applicable to the Modaraba for the year ended 30 June 2017.

Date: August 28, 2017
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of Allied Rental Modaraba as at 30 June 2017 and the related profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Management Company's [Allied Engineering Management Company (Private) Limited] responsibility which 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 Management 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 Management Company in respect of Allied Rental Modaraba as required by the qModaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;

b) in our opinion:

- i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in accordance with the 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 balance sheet, profit or loss, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2017 and of the profit, its cash flows and changes in equity for the year then ended; and
- d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Modaraba for the year ended 30 June 2016 were audited by another firm of Chartered Accountants who vide their audit report dated 30 September 2016 had expressed an unqualified opinion.

Date: August 28, 2017
Karachi

KPMG Taseer Hadi & Co.

Chartered Accountants
Amyr Pirani
Engagement Partner

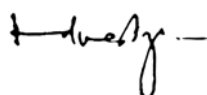
Balance Sheet

As at June 30, 2017

	Note	2017	2016
		(Rupees)	
ASSETS			
Current Assets			
Cash and bank balances	4	307,439,392	57,352,972
Ijarah rentals receivable	5	987,904,537	724,306,336
Operation and maintenance income receivable	6	29,676,680	29,313,561
Advances, deposits, prepayments and other receivables	7	268,981,882	162,212,194
Spare parts		72,886,796	66,052,751
		1,666,889,287	1,039,237,814
Non-current assets			
Long term security deposits	8	50,000	25,438,002
Diminishing musharaka financing - secured	9	6,769,730	-
Fixed assets in own use - tangible	10	104,982,296	89,824,374
Intangible asset for own use	11	7,452,828	4,607,899
Ijarah assets	12	6,059,664,727	5,726,199,177
Capital work-in-progress	13	515,143,800	326,042,732
		6,694,063,381	6,172,112,184
Total assets		8,360,952,668	7,211,349,998
LIABILITIES			
Current Liabilities			
Creditors, accrued and other liabilities	14	590,480,743	705,874,296
Bai Muajjal - secured	15	99,694,340	99,714,147
Payable to the Modaraba Management Company	16	13,982,571	12,126,599
Current maturity of diminishing musharaka financing payable - secured	17	794,791,146	788,787,752
Current portion of security deposits	20	34,423,000	24,000,000
		1,533,371,800	1,630,502,794
Non-current liabilities			
Diminishing musharaka financing payable - secured	17	2,043,013,353	1,111,832,633
Deferred liability for staff gratuity	18	52,067,969	39,081,569
Other long-term employee benefit	19	15,973,327	7,260,216
Security deposits	20	57,935,000	40,500,000
		2,168,989,649	1,198,674,418
Total liabilities		3,702,361,449	2,829,177,212
NET ASSETS		4,658,591,219	4,382,172,786
FINANCED BY: CAPITAL AND RESERVES			
Authorized certificate capital			
225,000,000 (2016: 225,000,000) modaraba certificates of Rs.10 each	21	2,250,000,000	2,250,000,000
Issued, subscribed and paid-up certificate capital			
175,500,000 (2016: 175,500,000) modaraba certificates of Rs.10 each	21	1,755,000,000	1,755,000,000
Premium on issue of certificates		1,133,212,500	1,133,212,500
Statutory (mandatory) reserve	22	1,463,126,925	1,282,359,552
Unappropriated profit		307,251,794	211,600,734
		4,658,591,219	4,382,172,786
CONTINGENCIES AND COMMITMENTS			
	23		

The annexed notes from 1 to 45 form an integral part of these financial statements.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Khwaja Asif Rehman
Chairman



Syed Feisal Ali
Director

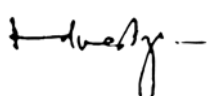
Profit and Loss Account

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees)	
Ijarah rentals - net	24	3,001,022,461	2,585,323,356
Operation and maintenance income - net	25	115,244,854	101,569,871
		3,116,267,315	2,686,893,227
Operating expenses	26	(2,277,014,650)	(2,088,418,631)
Gross profit		839,252,665	598,474,596
Administrative and distribution expenses	27	(176,899,203)	(140,230,948)
Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.2	(62,750,777)	(19,250,059)
Finance cost	28	(169,421,582)	(141,114,652)
Other income	29	37,677,943	12,455,482
		(371,393,619)	(288,140,177)
		467,859,046	310,334,419
Modaraba Management Company's remuneration	16.1	(10,000,000)	(9,978,427)
Workers' welfare fund	31	-	(6,007,120)
Profit for the year before taxation		457,859,046	294,348,872
Taxation	32	-	-
Profit for the year		457,859,046	294,348,872
Earnings per certificate - basic and diluted	33	2.61	1.76

The annexed notes from 1 to 45 form an integral part of these financial statements.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**


Murtaza Ahmed Ali
Chief Executive


Khwaja Asif Rehman
Chairman


Syed Feisal Ali
Director

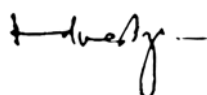
Statement of Comprehensive Income

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees)	
Profit for the year		457,859,046	294,348,872
Other comprehensive income for the year		-	-
Items that will not be reclassified to profit or loss			
Loss on remeasurement of defined benefit plan obligation	18.6	(5,940,613)	(731,105)
Total comprehensive income for the year		451,918,433	293,617,767

The annexed notes from 1 to 45 form an integral part of these financial statements.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Khwaja Asif Rehman
Chairman



Syed Feisal Ali
Director

Cash Flow Statement

For the year ended June 30, 2017

	Note	2017	2016
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		457,859,046	294,348,872
Adjustments for:			
Depreciation	10.4	798,581,299	706,138,648
Amortization		1,433,670	-
Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.2	62,750,777	19,250,059
Provision for deferred liabilities - gratuity	18	9,776,036	8,604,904
Provision for long term employee benefits		9,812,766	-
Financial charges including bank charges		162,641,247	139,728,138
(Profit) / loss on disposal of Ijarah assets	29	(12,971,326)	2,741,654
Loss on disposal of fixed assets in own use	29	191,702	890,116
		1,032,216,171	877,353,519
		1,490,075,217	1,171,702,391
(Increase) / decrease in assets			
Ijarah rentals receivable		(326,712,097)	(263,225,774)
Operation and maintenance income receivable		(5,891,483)	(4,080,242)
Advances, deposits, prepayments and other receivable		(105,948,731)	(112,580,866)
Spare parts		(6,834,045)	(24,844,341)
Long-term security deposit		25,388,002	6,610,064
Diminishing musharaka financing		(6,769,730)	-
		(426,768,084)	(398,121,159)
Increase / (decrease) in operating liabilities			
Creditors, accrued and other liabilities		(121,176,826)	263,753,640
Payable to the Modaraba Management Company		1,855,972	8,667,201
Security deposits		27,858,000	20,500,000
		(91,435,854)	292,920,841
		(971,844,279)	1,066,502,073
Cash generated from operations			
Gratuity paid		(2,730,249)	(710,688)
Compensated absences paid		(1,099,655)	(1,074,160)
Financial charges paid		(136,709,004)	(139,466,763)
		(140,538,908)	(141,251,611)
		831,305,371	925,250,462
Net cash flows from operating activities			
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(1,523,977,103)	(1,733,554,156)
Proceeds from disposal of Ijarah assets	12.5	189,150,055	102,242,511
Proceeds from disposal of fixed assets in own use	10.3	7,022,236	5,892,188
		(1,327,804,812)	(1,625,419,457)
Net cash flows from Investing activities			
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution to the certificate holders		(176,092,541)	(292,500,000)
Proceeds from issue of certificates		-	681,525,000
Diminishing musharaka financing availed		1,858,754,828	1,176,539,654
Expenses against issuance of bonus / right certificates		-	(4,340,008)
Bai Muajjal financing availed		199,384,489	99,714,147
Repayment of diminishing musharaka financing		(936,056,619)	(977,923,671)
Repayment of Bai Muajjal facility		(199,404,296)	-
		746,585,861	683,015,122
		250,086,420	(17,153,873)
Net increase in cash and cash equivalents		57,352,972	74,506,845
Cash and cash equivalents at the beginning of the year		307,439,392	57,352,972
Cash and cash equivalents at the end of the year	4		

The annexed notes from 1 to 45 form an integral part of these financial statements.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**


Murtaza Ahmed Ali
Chief Executive


Khwaja Asif Rehman
Chairman


Syed Feisal Ali
Director

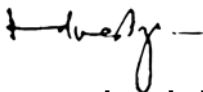
Statement of Changes in Equity

For the year ended June 30, 2017

	Issued, subscribed and paid-up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un-appropriated profit	Total
	(Rupees)				
Balance as on 1 July 2015	1,462,500,000	744,187,500	1,179,593,334	317,589,193	3,703,870,027
Total comprehensive income for the year ended 30 June 2016	-	-	-	293,617,767	293,617,767
Transfer to statutory (mandatory) reserve (at 35% of the profit for the year)	-	-	102,766,218	(102,766,218)	-
Transaction with owners - recorded directly in equity					
20% right issue at a premium of Rs.13.3 per certificate during the year	292,500,000	389,025,000	-	-	681,525,000
Expenses against issuance of right certificates	-	-	-	(4,340,008)	(4,340,008)
Profit distribution for the year ended 30 June 2015 @ Rs. 2.00 per certificate declared subsequent to the year then ended	-	-	-	(292,500,000)	(292,500,000)
Balance as on 30 June 2016	1,755,000,000	1,133,212,500	1,282,359,552	211,600,734	4,382,172,786
Total comprehensive income for the year ended 30 June 2017	-	-	-	451,918,433	451,918,433
Transfer to statutory (mandatory) reserve (at 40% of the profit for the year)	-	-	180,767,373	(180,767,373)	-
Transaction with owners - recorded directly in equity					
Profit distribution for the year ended 30 June 2016 @ Rs. 1.00 per certificate declared subsequent to the year then ended	-	-	-	(175,500,000)	(175,500,000)
Balance as at 30 June 2017	1,755,000,000	1,133,212,500	1,463,126,925	307,251,794	4,658,591,219

The annexed notes from 1 to 45 form an integral part of these financial statements.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**


Murtaza Ahmed Ali
Chief Executive


Khwaja Asif Rehman
Chairman


Syed Feisal Ali
Director

Notes to and forming part of the Financial Statements

For the year ended June 30, 2017

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Allied Rental Modaraba was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Allied Engineering Management Company (Private) Limited (the 'Modaraba Management Company'), which is a wholly owned subsidiary of Allied Engineering and Services (Private) Limited. The Modaraba Management Company is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and is registered with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

The Securities and Exchange Commission of Pakistan (the 'SECP'), vide its certificate No. SC/M/RW/ARM/2006-166 dated 10 May 2006, authorized Allied Engineering Management Company (Private) Limited to float Allied Rental Modaraba (the Modaraba). The Modaraba commenced its operations on 10 January 2007.

The Modaraba is a perpetual Modaraba and is primarily engaged in rental / ljarah and operation and maintenance of Caterpillar and other equipments (i.e. generators, forklifts, compactors, etc.). The registered office of the Modaraba is located at 21/3, Sector 22, Korangi Industrial Area, Karachi. The Modaraba is listed on the Pakistan Stock Exchange Limited.

- 1.2** Effective from 10 January 2007, the Modaraba took over the rental business transactions and the related equipments of Allied Rental Services (Private) Limited (ARSL - an associated undertaking). The assets and liabilities acquired by the Modaraba comprise of certain fixed assets and the related lease liabilities. These were taken over under a prospectus floated by the Modaraba and approved by the SECP.
- 1.3** The JCR-VIS Credit Rating Company Limited has assigned long term A+ rating and short term A-1 rating to the Modaraba.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the repealed Companies Ordinance, 1984, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountant of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) or the directives issued by SECP prevail.

- 2.1.2** The Companies ordinance, 1984 has been repealed after the enactment of Companies Act, 2017. However, the Securities and Exchange Commission of Pakistan through press release and vide circular no. 17 of 2017 dated 20 July 2017 has decided that all the companies whose financial year, including quarterly and other interim period, closes on or before 30 June 2017, shall prepare their financial statements, including interim financial statements, in accordance with the provisions of the repealed Companies Ordinance, 1984. The new requirements of the Companies Act, 2017 shall be applicable to the companies having their financial year closure after 30 June 2017.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 New and amended standards and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards will be effective for accounting periods beginning on or after 1 July 2017.

- Amendments to IAS 12 'Income Taxes' are effective for annual periods beginning on or after 1 January 2017. The amendments clarify that the existence of a deductible temporary difference depends solely on a comparison of the carrying amount of an asset and its tax base at the end of the reporting period, and is not affected by possible future changes in the carrying amount or expected manner of recovery of the asset. The amendments further clarify that when calculating deferred tax asset in respect of insufficient taxable temporary differences, the future taxable profit excludes tax deductions resulting from the reversal of those deductible temporary differences. The amendments are not likely to have an impact on Modaraba's financial statements.
- Amendments to IAS 7 'Statement of Cash Flows' are part of IASB's broader disclosure initiative and are effective for annual periods beginning on or after 1 January 2017. The amendments require disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flow and non-cash changes. The amendments are not likely to have an impact on Modaraba's financial statements.
- Amendments to IFRS 2 - Share-based Payment clarify the accounting for certain types of arrangements and are effective for annual periods beginning on or after 1 January 2018. The amendments cover three accounting areas (a) measurement of cash-settled share-based payments; (b) classification of share-based payments settled net of tax withholdings; and (c) accounting for a modification of a share-based payment from cash-settled to equity-settled. The new requirements could affect the classification and/or measurement of these arrangements and potentially the timing and amount of expense recognized for new and outstanding awards. The amendments are not likely to have an impact on Modaraba's financial statements.
- Transfers of Investment Property (Amendments to IAS 40 'Investment Property' - effective for annual periods beginning on or after 1 January 2018) clarifies that an entity shall transfer a property to, or from, investment property when, and only when there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. In isolation, a change in management's intentions for the use of a property does not provide evidence of a change in use. The amendments are not likely to have an impact on Modaraba's financial statements.
- IFRIC 22 'Foreign Currency Transactions and Advance Consideration' (effective for annual periods beginning on or after 1 January 2018) clarifies which date should be used for translation when a foreign currency transaction involves payment or receipt in advance of the item it relates to. The related item is translated using the exchange rate on the date the advance foreign currency is received or paid and the prepayment or deferred income is recognized. The date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) would remain the date on which receipt of payment from advance consideration was recognized. If there are multiple payments or receipts in advance, the entity shall determine a date of the transaction for each payment or receipt of advance consideration.
- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires uncertainty over tax treatment be reflected in the measurement of current and deferred tax.
- Annual improvements to IFRS standards 2014-2016 cycle. The new cycle of improvements addresses improvements to following approved accounting standards:
- Amendments to IFRS 12 'Disclosure of Interests in Other Entities' (effective for annual periods beginning on or after 1 January 2017) clarify that the requirements of IFRS 12 apply to an entity's interests that are classified as held for sale or discontinued operations in accordance with IFRS 5 - 'Non-current Assets Held for Sale and Discontinued Operations'. The amendments are not likely to have an impact on Modaraba's financial statements.

- Amendments to IAS 28 'Investments in Associates and Joint Ventures' (effective for annual periods beginning on or after 1 January 2018) clarifies that a venture capital organization and other similar entities may elect to measure investments in associates and joint ventures at fair value through profit or loss, for each associate or joint venture separately at the time of initial recognition of investment. Furthermore, similar election is available to non-investment entity that has an interest in an associate or joint venture that is an investment entity, when applying the equity method, to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture. The amendments are not likely to have an impact on Modaraba's financial statements.

The above amendments are not likely to have an impact on Modaraba's financial statements.

The Companies Act, 2017 applicable for financial year beginning on 1 July 2017 requires certain additional significant disclosures / requirements, which are relevant to the Modaraba includes but not limited to: name of associated companies or related parties or undertakings along with the basis of relationship describing common directorship and/or percentage of shareholding; summary of significant transactions and events that have affected the financial position and performance during the year, etc.

2.4 Applicability of International Accounting Standard (IAS) 17 'Leases' and Islamic Financial Accounting Standard (IFAS) 2 'Ijarah'

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:

- Muji'r (lessors) 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 recognised as expenses.
- Ijarah income is recognised 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.

2.5 Functional and presentation currency

These financial information is presented in Pakistani Rupees which is also the Modaraba's functional currency and all financial information presented has been rounded off to the nearest Rupee, unless otherwise stated.

2.6 Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. The management makes estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. Estimates and judgments are continually evaluated and are based on historical experience, including expectation of future events that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affect both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in application of accounting policies are as follows:

- **Estimates of residual values, useful lives and depreciation methods of fixed assets in own use, intangible assets and Ijarah assets (notes 3.7, 3.8, 3.10)**

The Modaraba's management determines the useful lives and related depreciation charge and the residual values of its fixed assets in own use, intangible assets and assets held under Ijarah arrangements on a regular basis.

These are reviewed at the end of each reporting period and if there is a change in the expected pattern of consumption of the future economic benefits embodied in the assets and the residual values, the same is changed to reflect the changed pattern. Such change is accounted for as change in accounting estimate in accordance with International Accounting Standard (IAS) 8 "Accounting Policies, Change in Accounting Estimates and Errors".

- **Provision against non-performing Ijarah rentals receivable, operation and maintenance income receivable and other receivables (note 3.2.1.4)**

The Modaraba reviews its Ijarah rentals receivable, operation and maintenance income receivable and other receivables on each reporting date to assess the amount of non-performing portfolio / balances and provision required there against on a regular basis. Provisions against non-performing facilities of Ijarah contracts and operation and maintenance contracts are recognised on the basis of Prudential Regulation of Modarabas issued by the SECP or based on judgement of management, whichever is higher. Provision against other receivable is recognised based on management judgement regarding the recoverability of balance. Balances considered bad and irrecoverable are written off when identified.

- **Staff retirement benefits (notes 3.15.1 and 18)**

The Modaraba has post retirement benefit obligations, which are determined through actuarial valuations carried out by an independent actuary using various assumptions as disclosed in note 18 to these financial statements. Changes in these assumptions in future years may affect the liability under these schemes in those years.

- **Provision for taxation (notes 3.11 and 32)**

No provision has been made in these financial statements for income taxes (both current and deferred) as the Modaraba expects to distribute at least 90% of its profits (after appropriation to mandatory reserves as required under the Modaraba Ordinance) to the certificate holders in current and future years.

For the above purposes, and also in respect of making an estimate for income tax currently payable by the Modaraba (if so required), the management considers the current income tax laws and the decisions of the appellate authorities on certain issues.

- **Spare parts (note 3.6)**

The Modaraba reviews the net realisable value of spare parts to assess any diminution in the respective carrying values. Any change in the estimates in future years might affect the carrying amounts of spare parts with a corresponding effect on the profit and loss account of those future years.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include cash and balances with banks in current and savings accounts, cash in hand and other short-term highly liquid investments with original maturities of three months or less (if any).

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The management determines the appropriate classification of its financial assets in accordance with the requirements of International Accounting Standard (IAS) 39: 'Financial instruments: Recognition and Measurement', at the time of acquisition of financial assets and re-evaluates this classification on a regular basis. The classification depends upon the purpose for which the financial assets are acquired. The financial assets of the Modaraba are classified in the following categories:

a) Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

b) Held-to-maturity

These are financial assets with fixed or determinable payments and fixed maturity with the Modaraba having positive intent and ability to hold to maturity.

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

Financial assets that are acquired principally for the purpose of generating profit from short-term fluctuations in prices are classified as financial assets 'at fair value through profit or loss' category.

d) Available for sale financial assets

Financial assets intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in equity prices, are classified as 'available for sale'. Available for sale financial instruments are those non-derivative financial assets that are designated as available for sale or are not classified as (a) loans and receivables, (b) held to maturity and (c) financial assets 'at fair value through profit or loss'.

3.2.1.2 Initial recognition and measurement

All financial assets are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument. Regular purchases and sales of financial assets are recognised on the trade date - the date on which the management commits to purchase or sell the assets. Financial assets are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value while the transaction costs associated with these financial assets are taken directly to the profit and loss account.

3.2.1.3 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial asset 'at fair value through profit or loss' and 'available for sale'

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the profit and loss account in the period in which these arise.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) Financial assets classified as 'loans and receivables' and 'held to maturity'

Loans and receivables and held to maturity financial assets are subsequently carried at amortised cost.

3.2.1.4 Impairment (including provision for potential Ijarah losses, operation and maintenance income and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account. For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing Ijarah contracts, operation and maintenance contracts, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the Securities and Exchange Commission of Pakistan (SECP) and is charged to the profit and loss account in the current period. Outstanding balances are written off when there is no realistic prospect of recovery.

3.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. They are initially recognised at fair value and subsequently stated at amortised cost.

3.2.3 Derecognition

Financial assets are derecognised at the time when the Modaraba loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expired. Any gain or loss arising on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.4 Offsetting of financial assets and financial liabilities

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

3.3 Ijarah rentals and operation and maintenance income receivable

These are stated at amount receivable net of provision. The provision is recognised in accordance with the Prudential Regulations for Modarabas issued by the SECP.

3.4 Receivable from terminated / matured contracts

These are stated net of impairment loss. Impairment loss is recognised for doubtful receivables on the basis of Prudential Regulations for Modarabas issued by the SECP or based on the judgment of management, whichever is higher. Bad debts are written off when identified.

3.5 Advances, deposits and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the balance sheet date. Balances considered bad and irrecoverable are written off when identified.

3.6 Spare parts

Spare parts are valued at lower of cost determined on weighted average basis and net realisable value. Cost comprises invoice value and other cost incurred in bringing the inventories to their present location and condition.

Net realisable value comprises of the estimated selling price in the ordinary course of business less costs which are necessarily incurred in order to make the sale.

3.7 Ijarah assets

3.7.1 Owned assets

Assets leased out under Ijarah arrangements on or after 1 July, 2008 are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged to income applying the straight line method whereby the cost of an asset less residual value is written off over the standard hours of usage, which is considered to be the estimated useful life of the asset. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.

3.7.2 Change in accounting estimate

During the year the Modaraba has reviewed the residual values and useful lives of its fixed asset in own use and Ijarah assets as required by International Accounting Standard 16 "Property, Plant and Equipment" . This review has resulted in downward revision of the residual value of certain generators and machines and at the same also increase the useful lives of such machines only. This revision has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard 8, Accounting Policies, Changes in Accounting Estimates and Errors. Accordingly, the effect of this change in accounting estimate has been recognised prospectively in the profit and loss account from the current year. Had there been no change in the accounting estimate, the carrying amount of these assets, profit for the year and equity as at 30 June 2017 would have been lower by Rs. 5.552 million.

3.8 Fixed assets in own use - tangible

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

Depreciation on all fixed assets is charged to income applying the straight-line method over the useful life of the asset as disclosed in note 10 to the financial statements and after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the profit and loss account, in the period in which they arise.

3.9 Capital work-in-progress

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

3.10 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 11 to these financial statements. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account in the period in which these arise.

3.11 Taxation

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

The income of non-trading modarabas is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 are distributed amongst the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing its profit on the above mentioned basis.

3.12 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.

3.13 Compensated absences

The Modaraba also makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated upto the balance sheet date in accordance with the service rules (and accumulated upto a specified limit).

3.14 Provisions

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

3.15 Staff retirement benefits

3.15.1 Unfunded gratuity scheme

The Modaraba operates an unfunded gratuity scheme for all eligible employees who have completed the minimum qualifying period of service. Modaraba's obligation under the scheme is determined through actuarial valuations carried out under "Projected Unit Credit Method". Gratuity is based on last drawn basic salary. Actuarial valuations are conducted annually and the latest valuation was conducted at the balance sheet date. Service costs are recognised in profit and loss in the period in which they occur. Net interest on net defined benefit liability is also recognised in profit and loss. Effect of remeasurement comprising actuarial gain / loss is recognised in other comprehensive income. Amount recognised in the balance sheet represents the present value of defined benefit obligation.

3.15.2 Staff Provident fund - defined contribution plan

The Associated Company operates a recognised provident fund for its permanent employees. Equal monthly contributions are made to the Fund by the Modaraba and the employees in accordance with the rules of the Fund. The Modaraba has no further payment obligation once the contributions have been paid. The contributions made by the Modaraba are recognised as an employee benefit expense when they are due.

3.16 Diminishing musharakah financing payable

Diminishing musharakah financing is recognised initially at cost, less attributable transaction costs. Subsequent to initial recognition, this is stated at original cost less principal repayments.

3.17 Revenue recognition

3.17.1 Ijarah rentals (under IFAS 2)

Ijarah rentals are recognised as income on an accrual basis, as and when rentals become due.

3.17.2 Operation and maintenance services

Revenue from operation and maintenance services is recognised when the related services have been rendered.

3.17.3 Income on savings accounts with banks

Return on savings accounts is recognised on accrual basis at the implicit date of interest.

3.17.4 Revenue recognition on Diminishing Musharaka

Profit on Diminishing Musharaka arrangements is recognized under the effective profit rate method based on the outstanding amount.

3.18 Impairment on non-financial assets

The carrying amounts of the non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount is estimated in order to determine the extent of impairment loss, if any. Impairment losses are recognised as an expense in the profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

3.19 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. All exchange differences arising on translations are included in the profit and loss account currently.

3.20 Segment reporting

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

A business segment is a distinguishable component of the Modaraba that is engaged in providing related products or services and which is subject to risks and rewards that are different from those of other segments. The Modaraba's primary format for segment reporting is based on 'business segments' as the Modaraba conducts its operations only in Pakistan.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have two operating segments. The Modaraba's asset allocation decisions are based on an integrated investment strategy. The Modaraba's performance is evaluated with respect to the two operating segments.

3.21 Earnings per certificate

Earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year.

3.22 Proposed profit distribution to certificate holders

Profit distribution to certificate holders is recognised as a liability in the period in which such distribution is announced.

4. CASH AND BANK BALANCES

	Note	2017	2016
		(Rupees)	
Balances with banks in:			
- current accounts		88,625,767	23,246,592
- deposit accounts	6.1	217,836,263	33,288,630
		306,462,030	56,535,222
Cash in hand		977,362	817,750
		307,439,392	57,352,972

- 4.1** These balances carry profit at rates ranging from 3.86% to 4.34% per annum (2016: 3.8% to 5.8% per annum).

5. IJARAH RENTALS RECEIVABLE

	Note	2017	2016
		(Rupees)	
Considered good		661,452,074	549,646,312
Considered doubtful (classified portfolio)	5.1	404,064,042	212,351,349
		1,065,516,116	761,997,661
Provision against potential Ijarah losses	5.1 & 5.3	(77,611,579)	(37,691,325)
		987,904,537	724,306,336

5.1 Ijarah rentals receivables - considered doubtful (classified portfolio)

	2017		2016	
	Balance outstanding	Provision held	Balance outstanding	Provision held
			(Rupees)	
OAEM (Other Assets Especially Mentioned)	170,591,464	-	74,034,835	-
Substandard	120,110,534	20,188,573	107,268,249	21,453,650
Doubtful	94,878,075	39,939,037	29,621,181	14,810,591
Loss	18,483,969	17,483,969	1,427,084	1,427,084
	404,064,042	77,611,579	212,351,349	37,691,325

Ijarah rental includes exposure which are secured by way of cash deposits of Rs. 92.358 million (2016: Rs. 64 million).

- 5.2** In accordance with the prudential regulations for the Modaraba issued by the Securities and Exchange Commission of Pakistan, the Modaraba during the year decided to take the benefit of cash deposit collaterals held by the Modaraba in respect of its non-performing portfolio. Such collaterals held in case of the non-performing portfolio as at 30 June 2017 amounted to Rs. 92.358 million. Due to the consideration of this benefit available with the Modaraba, profit for the year ended 30 June 2017 and the balance of provisions against the potential Ijarah losses as of the year end is respectively higher and lower by Rs. 12.334 million.

	2017	2016
	(Rupees)	
5.3 Provision against potential Ijarah losses		
Opening balance	37,691,325	30,095,753
Charged during the year	56,202,793	20,903,099
Written off during the year	(16,282,539)	(13,307,527)
Closing balance	77,611,579	37,691,325

6. OPERATION AND MAINTENANCE INCOME RECEIVABLE

	Note	2017	2016
		(Rupees)	
Considered good		14,978,600	23,205,097
Considered doubtful (classified portfolio)	6.1	21,509,249	7,391,269
		36,487,849	30,596,366
Provision against operation and maintenance income receivable	6.1 & 6.2	(6,811,169)	(1,282,805)
		29,676,680	29,313,561

6.1 Operation and maintenance income receivable - (classified portfolio)

	2017		2016	
	Balance outstanding	Provision held	Balance outstanding	Provision held
	(Rupees)			
OAEM (Other Assets Especially Mentioned)	3,497,029	-	2,094,261	-
Substandard	7,316,470	1,463,294	5,017,754	1,003,551
Doubtful	10,695,750	5,347,875	-	-
Loss	-	-	279,254	279,254
	21,509,249	6,811,169	7,391,269	1,282,805

6.2 Provision against operation & maintenance income receivable

	2017	2016
	(Rupees)	
Opening balance	1,282,805	4,801,786
Charged during the year	6,550,014	(1,653,040)
Written off during the year	(1,021,650)	(1,865,941)
Closing balance	6,811,169	1,282,805

7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	2017	2016
		(Rupees)	
Income tax recoverable	7.1	136,015,561	58,183,143
Federal Excise Duty (FED) receivable	23.1.1.2	50,000,000	50,000,000
Advances (unsecured):			
- to contractors		1,682,772	1,519,834
- to suppliers		17,076,281	7,609,796
- to employees against salary		4,815,327	2,127,919
- to employees for expenses	7.2	6,521,034	1,213,779
Ijarah rentals paid in advance		9,449,334	11,902,342
Security deposits	7.3	41,299,030	29,250,935
Prepaid rent		1,200,000	-
Accrued income on profit or loss sharing bank accounts		845,072	36,388
Accrued income on Diminishing Musharaka financing		12,273	-
Insurance claim receivable		62,976	161,238
Others		2,222	206,820
		268,981,882	162,212,194

7.1 This includes tax collected at source at import stage by the collector of customs of Rs 73.120 million and tax deducted of Rs. 57.272 million from various payments made to Modarba.

7.2 This represents advance given to employees for expenses. The maximum amount receivable at the end of any month during the year was Rs. 6.521 million (2016: Rs. 1.958 million).

- 7.3** This includes current portion of long-term security deposits amounting to Rs. 14.480 million (2016: Rs. 6.610 million) paid against Ijarah finance contracts and are refundable / adjustable on the expiry of lease period which is within one year.

This also includes Rs. 12.419 million (2016: Rs. 11.3 million) held by Banks as security for the guarantee of the same amount given by them on behalf of the Modaraba to its suppliers / customers.

8. LONG-TERM SECURITY DEPOSITS

	Note	2017	2016
		(Rupees)	
Security deposits receivable in respect of assets obtained under Ijarah arrangements (IFAS - 2)		14,480,502	31,998,066
Deposit with Central Depository Company of Pakistan Limited		50,000	50,000
Repayable / adjustable within one year	7.3	(14,480,502)	(6,610,064)
		50,000	25,438,002

9. DIMINISHING MUSHARAKA - secured

Auto finance (motor bikes)	9.1	6,769,730	-
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- 9.1** The above facility is secured against a demand promissory note of Rs. 8.97 million in favour of the Modaraba. The balance carries a profit rate at 15 % per annum and is payable by 27 June 2018.

10. FIXED ASSETS IN OWN USE - TANGIBLE

	Note	2017	2016
		(Rupees)	
Fixed assets in own use - tangible (at cost less accumulated depreciation)	10.1	83,156,510	89,824,374
Capital work-in-progress	10.2	21,825,786	-
		104,982,296	89,824,374

10.1 Fixed Assets In Own Use - Tangible

	Year ended June 30, 2017		
	Furniture, fixtures and office equipment	Vehicles	Total
	(Rupees)		
At 1 July 2016			
Cost	17,729,596	104,966,567	122,696,163
Accumulated depreciation	(7,098,236)	(25,773,553)	(32,871,789)
Net book value	10,631,360	79,193,014	89,824,374
Additions	4,529,956	8,433,620	12,963,576
Disposals			
Cost	(22,000)	(12,393,786)	(12,415,786)
Accumulated depreciation	3,911	5,197,937	5,201,848
	(18,089)	(7,195,849)	(7,213,938)
Depreciation charge for the year	(2,418,972)	(9,998,530)	(12,417,502)
Closing net book value	12,724,255	70,432,255	83,156,510
At 30 June 2017			
Cost	22,237,552	101,006,401	123,243,953
Accumulated depreciation	(9,513,297)	(30,574,146)	(40,087,443)
Net book value	12,724,255	70,432,255	83,156,510
Life (years)	3 to 8	8	

	Year ended June 30, 2016		
	Furniture, fixtures and office equipment	Vehicles	Total
	(Rupees)		
At 1 July 2015			
Cost	10,637,445	90,526,706	101,164,151
Accumulated depreciation	(5,144,131)	(19,944,362)	(25,088,493)
Net book value	<u>5,493,314</u>	<u>70,582,344</u>	<u>76,075,658</u>
Additions	7,118,151	24,818,861	31,937,012
Disposals			
Cost	(26,000)	(10,379,000)	(10,405,000)
Accumulated depreciation	20,800	3,601,896	3,622,696
	(5,200)	(6,777,104)	(6,782,304)
Depreciation charge for the year	(1,974,905)	(9,431,087)	(11,405,992)
Closing net book value	<u>10,631,360</u>	<u>79,193,014</u>	<u>89,824,374</u>
At 30 June 2016			
Cost	17,729,596	104,966,567	122,696,163
Accumulated depreciation	(7,098,236)	(25,773,553)	(32,871,789)
Net book value	<u>10,631,360</u>	<u>79,193,014</u>	<u>89,824,374</u>
Life (years)	<u>3 to 8</u>	<u>8</u>	

10.2 This represents the advance paid for the purchase of vehicles for own use.

10.3 Details of disposal of fixed assets in own use are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
			(Rupees)				
Motor vehicles / bikes							
	704,800	176,340	528,460	688,001	159,541	Insurance claim	Adamjee Insurance Company Limited
	1,685,310	999,275	686,035	951,500	265,465	Negotiation	Mr. Haseeb Zafar
	1,600,000	786,667	813,333	920,000	106,667	Negotiation	Mr. Muhamamd Akram
	35,000	28,000	7,000	298,070	291,070	Negotiation	Mr. Abid Hussain (employee)
	692,000	449,800	242,200	255,024	12,824	Negotiation	Mr. Khuawaja Imran Afzal (employee)
	748,000	442,567	305,433	322,301	16,868	Negotiation	Mr. Afnan Arshad (employee)
	47,300	23,650	23,650	17,424	(6,226)	Company's policy	Mr. Abdul Hameed Khan (employee)
	47,300	23,650	23,650	17,424	(6,226)	Company's policy	Mr. Khurram Shahzad (employee)
	47,300	23,650	23,650	17,424	(6,226)	Company's policy	Mr. Shafiq ur Rehman (employee)
	47,300	23,650	23,650	17,424	(6,226)	Company's policy	Mr. Majid Ghulam Akbar (employee)
	44,000	21,633	22,367	16,214	(6,153)	Company's policy	Mr. Muhammad Owais Javeed (employee)
	783,500	384,943	398,557	283,450	(115,107)	Company's policy	Mr. Muhammad Saleem (employee)
	67,500	30,938	36,562	24,864	(11,698)	Company's policy	Mr. Khalid Mehmood (employee)

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
			(Rupees)				
	51,000	22,525	28,475	18,794	(9,681)	Company's policy	Mr. Syed Rizwan Mubeen (employee)
	800,000	313,333	486,667	264,100	(222,567)	Company's policy	Mr. Rizwan Ahmed (employee)
	696,476	277,378	419,098	235,488	(183,610)	Company's policy	Mr. Khuawaja Imran Afzal (employee)
	1,039,000	129,875	909,125	720,368	(188,757)	Company's policy	Mr. Awais Shahid (employee)
	2,320,500	290,063	2,030,437	1,287,366	(743,071)	Company's policy	Mr. Hammad Iftikhar (employee)
	476,500	381,200	95,300	411,000	315,700	Negotiation	Mr. Muhammad Waqas
	461,000	368,800	92,200	250,000	157,800	Negotiation	Mr. Noor Habib
Computer							
	22,000	3,911	18,089	6,000	(12,089)	Negotiation	Mr. Munaf Ahmed(Employee)
2017	12,415,786	5,201,848	7,213,938	7,022,236	(191,702)		
2016	10,405,000	3,622,696	6,782,304	5,892,188	(890,116)		

10.4 The depreciation charge for the year has been allocated as under:

	Note	2017	2016
		(Rupees)	
Operating expenses (representing depreciation on ijarah assets - note 12.1)	26	786,163,797	694,732,656
Administrative and distribution expenses (representing depreciation on fixed assets in own use - note 10.1)	27	12,417,502 798,581,299	11,405,992 706,138,648

11. INTANGIBLE ASSET FOR OWN USE

Intangible asset for own use (at cost less amortization)	11.1	6,212,568	-
Capital work-in-progress (advance to the supplier for the software)	11.2	1,240,260 7,452,828	4,607,899 4,607,899
11.1 Cost - computer software (addition during the year)		7,646,238	-
Amortization during the year	27	1,433,670	-
Carrying value as at the year-end		6,212,568	-
Life over which cost of the asset is amortized		4 years	-

11.2 Capital work in progress figure given above for the previous year was earlier separately presented in the Balance Sheet. This however has been reclassified and included in intangible asset to reflect the substance of the balance.

12. IJARAH ASSETS

	Note	2017	2016
		(Rupees)	
Ijarah assets (at cost less accumulated depreciation)	12.1	6,059,664,727 6,059,664,727	5,726,199,177 5,726,199,177

12.1 Ijarah assets - at cost less accumulated depreciation

	Year ended June 30, 2017		
	Generators, material handling / transportation vehicles and related equipment	Machines	Total
	(Rupees)		
At 1 July 2016			
Cost	8,147,104,314	363,400,318	8,510,504,632
Accumulated depreciation	(2,724,722,965)	(59,582,490)	(2,784,305,455)
Net book value	5,422,381,349	303,817,828	5,726,199,177
Additions	824,976,605	470,831,471	1,295,808,076
Disposals			
Cost	(400,496,277)	(16,251,562)	(416,747,839)
Accumulated depreciation	234,648,840	5,920,269	240,569,109
	(165,847,437)	(10,331,293)	(176,178,730)
Depreciation charge for the year	(746,174,360)	(39,989,436)	(786,163,796)
Closing net book value	5,335,336,157	724,328,570	6,059,664,727
At 30 June 2017			
Cost	8,571,584,642	817,980,227	9,389,564,869
Accumulated depreciation	(3,236,248,485)	(93,651,657)	(3,329,900,142)
Net book value	5,335,336,157	724,328,570	6,059,664,727
Life (Years)	1 to 28	7 to 10	
	Year ended June 30, 2016		
	Generators, material handling / transportation vehicles and related equipment	Machines	Total
	(Rupees)		
At 1 July 2015			
Cost	6,984,318,113	289,098,132	7,273,416,245
Accumulated depreciation	(2,107,576,117)	(63,698,141)	(2,171,274,258)
Net book value	4,876,741,996	225,399,991	5,102,141,987
Additions	1,292,283,495	131,490,516	1,423,774,011
Disposals			
Cost	(129,497,294)	(57,188,330)	(186,685,624)
Accumulated depreciation	63,534,064	18,167,395	81,701,459
	(65,963,230)	(39,020,935)	(104,984,165)
Depreciation charge for the period	(680,680,912)	(14,051,744)	(694,732,656)
Closing net book value	5,422,381,349	303,817,828	5,726,199,177
At 30 June 2016			
Cost	8,147,104,314	363,400,318	8,510,504,632
Accumulated depreciation	(2,724,722,965)	(59,582,490)	(2,784,305,455)
Net book value	5,422,381,349	303,817,828	5,726,199,177
Life (Years)	1 to 9	4 to 10	

- 12.2** During the year, the Modaraba acquired certain equipments and parts amounting to Rs. 103.285 (2016: Rs. 68.015 million) from Allied Engineering and Services (Private) Limited (AESL), an associated company.
- 12.3** Additions to Ijarah assets during the year include assets amounting to Rs. 1,033.78 million (2016: Rs. 1,399.898 million) acquired under Diminishing Musharaka. The Modaraba holds title to these assets.
- 12.4** As at 30 June 2017, cost of total assets acquired from banks and financial institutions under Ijarah arrangements amounts to Rs. 149.3 million (2016: Rs. 308.936 million) which do not form part of the assets of the Modaraba in accordance with the requirements of IFAS - 2. These assets have been sub-let by the Modaraba under Ijarah arrangements.

During the year, assets acquired under Ijarah arrangements amounting to Rs. 17.517 million (2016: Rs. 18.720 million) have been transferred / sold to the Modaraba after expiry of the respective Ijarah agreement and are included in additions during the year.

12.5 Details of disposal of ijarah assets are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
(Rupees)							
Gensets							
	6,953,000	2,153,000	4,800,000	2,500,000	(2,300,000)	Negotiation	Mr. Najam-Us-Saqib
	15,596,217	8,872,796	6,723,421	3,500,000	(3,223,421)	Negotiation	Mr. Najam-Us-Saqib
	5,086,984	3,886,984	1,200,000	1,350,000	150,000	Negotiation	Machinery Management Services (Private) Limited
	4,637,050	2,874,550	1,762,500	1,775,000	12,500	Negotiation	Machinery Management Services (Private) Limited
	6,304,348	2,304,348	4,000,000	6,500,000	2,500,000	Negotiation	National Tiles and Ceramics Limited
	6,304,348	2,304,348	4,000,000	5,000,000	1,000,000	Negotiation	Khayaban-E-Iqbal (Private) Limited
	3,397,058	1,141,426	2,255,632	1,000,000	(1,255,632)	Negotiation	Jeo Feeds and Chiks
	5,928,746	392,888	5,535,858	4,000,000	(1,535,858)	Negotiation	U.S Denim (Private) Limited
	3,225,920	913,209	2,312,711	2,350,000	37,289	Negotiation	Machinery Management Services (Private) Limited
	3,877,515	1,537,515	2,340,000	2,200,000	(140,000)	Negotiation	Machinery Management Services (Private) Limited
	3,441,691	1,101,691	2,340,000	2,350,000	10,000	Negotiation	Machinery Management Services (Private) Limited
	233,637	-	233,637	325,000	91,363	Negotiation	Machinery Management Services (Private) Limited

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
			(Rupees)				
	4,424,388	1,992,261	2,432,127	2,500,000	67,873	Negotiation	Mr. Asghar Ali
	4,467,388	1,984,192	2,483,196	2,350,000	(133,196)	Negotiation	Machinery Management Services (Private) Limited
	5,915,912	3,732,475	2,183,437	2,200,000	16,563	Negotiation	Machinery Management Services (Private) Limited
	8,623,225	889,295	7,733,930	3,500,000	(4,233,930)	Negotiation	Machinery Management Services (Private) Limited
	745,875	-	745,875	3,500,000	2,754,125	Negotiation	Sindh Institute of Urology and Transplantation
	738,224	440,224	298,000	450,000	152,000	Negotiation	Machinery Management Services (Private) Limited
	907,514	557,514	350,000	500,000	150,000	Negotiation	Machinery Management Services (Private) Limited
	5,513,352	-	5,513,352	4,000,000	(1,513,352)	Negotiation	U.S Denim (Private) Limited
	3,626,127	-	3,626,127	10,000,000	6,373,873	Negotiation	Ahmed Textiles and General Mills
	66,819,819	38,919,819	27,900,000	33,364,000	5,464,000	Negotiation	Zephyre Textile Limited
	61,732,603	33,832,603	27,900,000	36,023,992	8,123,992	Negotiation	Zephyre Textile Limited
	41,595,918	33,745,918	7,850,000	7,850,000	-	Negotiation	Pakitex Boards (Private) Limited
	42,131,823	34,281,823	7,850,000	7,850,000	-	Negotiation	Pakitex Boards (Private) Limited
	1,526,981	721,944	805,037	688,000	(117,037)	Negotiation	Machinery Management Services (Private) Limited
	1,115,014	661,014	454,000	600,000	146,000	Negotiation	M.J Textiles Mills
	1,144,264	690,264	454,000	500,000	46,000	Negotiation	Machinery Management Services (Private) Limited
	27,053,395	22,053,395	5,000,000	5,000,000	-	Negotiation	Sukkar Beverages (Private) Limited
	27,053,395	22,053,395	5,000,000	5,000,000	-	Negotiation	Machinery Management Services (Private) Limited
	8,256,149	3,153,035	5,103,114	3,000,000	(2,103,114)	Negotiation	Sindh Institute of Urology and Transplantation
Canopies							
	222,000	177,600	44,400	1	(44,399)	Negotiation	Mr. Najam-Ul-Saqib
	146,000	116,800	29,200	1	(29,199)	Negotiation	Machinery Management Services (Private) Limited
	278,000	222,400	55,600	1	(55,599)	Negotiation	Machinery Management Services (Private) Limited
	315,520	252,416	63,104	1	(63,103)	Negotiation	Machinery Management Services (Private) Limited
	348,000	275,500	72,500	1	(72,499)	Negotiation	Machinery Management Services (Private) Limited

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
			(Rupees)				
	117,000	89,700	27,300	1	(27,299)	Negotiation	Machinery Management Services (Private) Limited
	374,400	280,800	93,600	1	(93,599)	Negotiation	Machinery Management Services (Private) Limited
	608,400	446,160	162,240	1	(162,239)	Negotiation	Machinery Management Services (Private) Limited
	1,287,000	782,925	504,075	1	(504,074)	Negotiation	Machinery Management Services (Private) Limited
	77,000	40,425	36,575	1	(36,574)	Negotiation	Machinery Management Services (Private) Limited
	145,000	71,708	73,292	1	(73,291)	Negotiation	Machinery Management Services (Private) Limited
	100,620	30,186	70,434	1	(70,433)	Negotiation	Machinery Management Services (Private) Limited
	72,540	22,367	50,173	1	(50,172)	Negotiation	Machinery Management Services (Private) Limited
Forklifts	460,680	-	460,680	450,000	(10,680)	Negotiation	Shakarganj Limited
	460,608	-	460,608	450,000	(10,608)	Negotiation	Faizan Akhtar Traders
	2,035,000	887,620	1,147,380	1,200,000	52,620	Negotiation	M.J Textiles Mills
Trucks	4,857,500	765,226	4,092,274	3,540,000	(552,274)	Insurance claim	Adamjee Insurance Company Limited
	2,230,000	409,510	1,820,490	1,994,050	173,560	Insurance claim	Adamjee Insurance Company Limited
	2,320,602	960,052	1,360,550	5,890,000	4,529,450	Insurance claim	Adamjee Insurance Company Limited
	2,951,230	992,883	1,958,347	5,800,000	3,841,653	Insurance claim	Adamjee Insurance Company Limited
	2,711,297	632,636	2,078,661	1,200,000	(878,661)	Negotiation	Packages Limited
Machines	6,772,102	2,572,102	4,200,000	3,900,000	(300,000)	Negotiation	Mr. Rahim Shah
	9,479,460	3,348,167	6,131,293	3,000,000	(3,131,293)	Negotiation	Yaseen Trading Company
2017	416,747,839	240,569,109	176,178,730	189,150,055	12,971,326		
2016	186,685,624	81,701,459	104,984,165	102,242,511	(2,741,654)		

13. CAPITAL WORK-IN-PROGRESS - ijarah assets

	2017	2016
	(Rupees)	
Generators under installation	355,888,320	306,184,993
Advance for purchase of equipments and Trucks	159,255,480	19,857,739
	515,143,800	326,042,732

14. CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2017	2016
		(Rupees)	
Creditors for goods	14.1	343,023,185	373,720,791
Creditors for expenses		54,855,954	55,466,805
Advances from customers		60,419,272	103,964,649
Security deposit	14.2	200,000	200,000
Employee car scheme - deductions	14.3	18,604,636	14,640,492
Dividend payable		712,887	1,305,428
Accrued expenses			
- Accrued commission		3,938,254	-
- Accrued staff bonus		23,765,097	17,430,128
- Auditor's remuneration		662,157	602,887
- Accrued financial charges	14.4	53,664,869	26,923,942
- Miscellaneous		49,814	2,028,192
		82,080,191	46,985,149
Tax deduction at source from			
- employees		476,630	201,015
- suppliers		1,958,850	2,944,045
Sindh sales tax	14.5	21,551,639	7,137,759
Punjab sales tax	14.6	6,597,499	87,244,820
Ijarah rental payable		-	6,056,223
Workers' Welfare Fund payable	31	-	6,007,120
		590,480,743	705,874,296

14.1 This includes Rs. 268.889 million (2016: Rs. 227.630 million) payable to Allied Engineering and Services (Private) Limited (an associated company) for various purchases and services availed by the Modaraba.

14.2 This represents amount received as security deposit from contractors providing contractual staff to the Modaraba.

14.3 This represents amount received from employees against the Modaraba's employee car scheme policy.

14.4 This represents accrual of financial charges of Rs. 50.791 million and Rs. 2.874 million respectively in respect of Diminishing Musharaka and Bai Muajjal financing activities availed by the Modaraba.

14.5 The Modaraba is charging Sindh Sales Tax at the rate of 10% and 13% on its operation and maintenance and intercity transportation income in accordance with the Sindh Sales Tax Act 2011 and notifications issued thereunder.

14.6 The Modaraba is charging Punjab Sales Tax at the rate of 16% on its operations in Punjab in accordance with the Punjab Sales Tax on Services Act 2012.

	2017	2016
	(Rupees)	
15. BAI MUAJJAL - secured	99,694,340	99,714,147

This represents Bai Muajjal arrangement from a bank carrying profit at the rate of 7.11% per annum (2016: 7.47%) per annum and matured on 2 August 2017 (2016: 12 July 2016). It is secured by way of hypothecation charge over generators amounting to Rs. 167 millions (2016: Rs. 167 million).

16. PAYABLE TO THE MANAGEMENT COMPANY

	2017	2016
	(Rupees)	
Remuneration payable to Management Company - net	10,445,075	8,589,103
Sindh Sales Tax payable on remuneration of Management Company	3,537,496	3,537,496
	13,982,571	12,126,599

- 16.1** The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended 30 June 2017 has been recognised at 2.137% (2016: 3%) of profit for the year.

17. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured

	Note	2017	2016
		(Rupees)	
Musharaka finance	17.1 & 17.3	2,837,804,499	1,900,620,385
Due within one year		(794,791,146)	(788,787,752)
		2,043,013,353	1,111,832,633
17.1 Financing from banking and financial institutions		2,654,054,352	1,873,512,801
Financing from modarabas		183,750,147	27,107,584
		2,837,804,499	1,900,620,385

- 17.2** The total facility from Musharaka finance available from financial institutions and Modarabas amounts to Rs. 4,893 million and Rs. 254 million respectively. These facilities have maturities from July 2017 to November 2021 (2016: July 2016 to January 2021) and are secured against hypothecation of Ijarah assets amounting to Rs. 5,593.936 million (2016 Rs: 6,035.868 million). Share of profit payable on these facilities ranges from 6.62% to 8.23% per annum (2016: 6.55% to 8%) per annum.

- 17.3** This includes advance for diminishing musharaka amounting to Rs. 474.271 million (2016: Rs 279.912 million) which will be converted subsequent to the year end into diminishing musharaka facility when assets will be available for its intended use. Share of profit payable on this balance ranging from 6.66% to 7.16% per annum (2016: ranging from 6.55% to 8% per annum).

18. DEFERRED LIABILITY

	Note	2017	2016
		(Rupees)	
Deferred liability for staff gratuity	18.2	52,067,969	39,081,569

18.1 Defined benefit plan - gratuity

18.1.1 Salient Features

The Modaraba operates an unfunded scheme to provide gratuity to the permanent employees on retirement. The latest actuarial valuation of this scheme was carried out as at 30 June 2017 using the Projected Unit Credit Method by an independent actuary. Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2017 are given in note 18.1.2. Gratuity is payable to the employees in case of death, retirement or resignation, excluding dismissal due to disciplinary issues. Normal retirement age is 60 years. As at 30 June 2017, 387 employees (2016: 378 employees) were covered under the scheme.

Under the service rules, eligible employees are entitled to gratuity after ten years of service and the amount depending on the number of years of service completed by them and at different entitlement rates.

18.1.2 The Gratuity scheme exposes the Modaraba to the following risks:

Mortality risks

The risk that the actual mortality experience is different. The effect depends on the beneficiaries' service / age distribution and the benefit.

Final salary risks

The risk that the final salary at the time of cessation of service is higher than what we assumed. Since the benefit is calculated on the final salary, the benefit amount increases similarly.

Withdrawal risks

The risk of higher or lower withdrawal experience than assumed. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit.

Valuation results

Actuarial valuation is carried out once every year. The latest valuation was carried out as at 30 June 2017. The information provided in notes 18.2 to 18.10 has been obtained from the latest actuarial valuation report. The following significant assumptions have been used for valuation of this scheme:

	2017	2016
	%	
Valuation discount rate	9.25	9
Salary increase rate	9.25-10	9 - 10
Rate of employee turnover	moderate	moderate

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the adjusted SLIC 2001 - 2005 mortality tables with one year age set back.

18.2 Amount recognised in the balance sheet

	Note	2017	2016
		(Rupees)	
Present value of defined benefit obligation	18.4	52,067,969	39,081,569

18.3 Movement in amount payable to the defined benefit plan

Opening balance		39,081,569	30,456,248
Charge for the year	18.5	9,776,036	8,604,904
Benefits paid during the year		(2,730,249)	(710,688)
Remeasurement loss on obligation recognised in other comprehensive income	18.6	5,940,613	731,105
Closing balance		52,067,969	39,081,569

18.4 Movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligation - opening		39,081,569	30,456,248
Current service cost		6,036,878	5,178,136
Mark-up cost		3,739,158	3,426,768
Benefit paid during the year		(2,730,249)	(710,688)
Remeasurement loss on obligation recognised in other comprehensive income		5,940,613	731,105
Present value of defined benefit obligation - closing		52,067,969	39,081,569

18.4.1 Analysis of present value of defined benefit obligation

	2017	2016
	(Rupees)	
Split by type of members:		
Active employees	52,067,969	39,081,569
Split by vested / non-vested		
(i) Vested benefits	32,951,708	21,880,311
(ii) Non-vested benefits	19,116,261	17,201,258
	52,067,969	39,081,569
Split by benefits earned to date		
(i) Accumulated benefit obligation	18,139,995	13,321,010
(ii) Amounts attributable to future salary increase	33,927,974	25,760,559
	52,067,969	39,081,569
Cadre by type of members		
Management staff	52,067,969	39,081,569

18.5 Amount charged to the profit and loss account

The following amounts have been charged to the profit and loss account during the current year in respect of this scheme:

	2017	2016
	(Rupees)	
Current service cost	6,036,878	5,178,136
Interest expense	3,739,158	3,426,768
	9,776,036	8,604,904

18.6 Remeasurements recognised in other comprehensive income during the year

	2017	2016
	(Rupees)	
Remeasurement loss on obligation recognised in other comprehensive income	5,940,613	731,105

18.7 Historic Information

	2017	2016	2015	2014	2013
	(Rupees)				
Present value of defined benefit obligation	52,067,969	39,081,569	30,456,248	24,730,674	19,902,817
Remeasurement (loss) / gain on obligation	(5,940,613)	(731,105)	1,321,654	(2,682,375)	(795,728)

18.8 The defined benefit obligations are based in Pakistan

The sensitivities of the defined benefit obligation to changes in the weighted principal assumptions are as under:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		(Rupees)	
Discount rate	1%	45,725,241	59,333,425
Salary increase rate	1%	59,679,959	45,882,238

The above sensitivities analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the statement of financial position.

18.9 The weighted average duration of the defined benefit obligation is 13.30 years.

18.10 Based on actuarial advice, the Modaraba intends to charge an amount of Rs. 12.206 million in the financial statements for the year ended 30 June 2018.

	2017	2016
	(Rupees)	
19. OTHER LONG-TERM EMPLOYEE BENEFITS	15,973,327	7,260,216

This includes accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 5.544 million (2016: Rs. 0.588 million).

20. SECURITY DEPOSITS

	2017	2016
	(Rupees)	
Security deposits payable in respect of assets given under Ijarah arrangements (IFAS - 2)	92,358,000	64,500,000
Repayable / adjustable within one year	(34,423,000)	(24,000,000)
	57,935,000	40,500,000

21. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Authorised certificate capital

2017	2016		2017	2016
Number of certificates			(Rupees)	
225,000,000	225,000,000	Modaraba Certificates of Rs. 10 each	2,250,000,000	2,250,000,000

Issued, subscribed and paid-up certificate capital

148,125,000	148,125,000	Modaraba Certificates of Rs. 10 each fully paid in cash	1,481,250,000	1,481,250,000
27,375,000	27,375,000	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	273,750,000	273,750,000
175,500,000	175,500,000		1,755,000,000	1,755,000,000

21.1 Following certificates are held by associated companies of the Modaraba:

	2017		2016	
	Number of certificates	Rupees	Number of certificates	Rupees
Allied Engineering and Services (Private) Limited	85,146,412	851,464,120	85,146,412	851,464,120
Allied Engineering Management Company (Private) Limited	35,100,000	351,000,000	35,100,000	351,000,000
	120,246,412	1,202,464,120	120,246,412	1,202,464,120

22. STATUTORY (MANDATORY) RESERVE

Statutory reserve represents profits set aside to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require a 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. 180.767 million (2016: Rs. 102.766 million) which represents 40% (2016: 35%) of the profit after tax.

23. CONTINGENCIES AND COMMITMENTS

23.1 Contingencies

Contingencies outstanding as at 30 June 2017 are as follows:

23.1.1 Sindh Sales Tax on operations and maintenance services of the Modaraba

During the year ended 30 June 2014, the Assistant Commissioner - Sindh Revenue Board (SRB) issued an order no. 160 of 2013 dated 12 July 2013 demanding Sindh Sales Tax of Rs. 25.633 million at 16% on total Operation and Maintenance income of the Modaraba of Rs. 160.204 million for the year ended 30 June 2012.

Considering the nature of Operation and Maintenance Services, their geographical limitations and method of computation relating to levy of provincial Sales Tax on services as envisaged in the Sindh Sales Tax on Services Act 2011, the Modaraba filed an appeal with the Commissioner Appeals - Sindh Revenue Board (SRB). Simultaneously, the Modaraba also filed a Constitutional petition in the Honorable High Court of Sindh relating to the levy of Sindh Sales Tax by virtue of which the Honorable High Court of Sindh kindly stayed the demand of Sindh Sales Tax vide its order dated 11 October 2013. However, subsequently the Honorable High Court of Sindh issued a judgment dated 27 January 2014 directing SRB not to take any coercive action against Allied Rental Modaraba, till the decision has been reached in Appeal which was pending before the Commissioner Appeals - Sindh Revenue Board (SRB).

The Commissioner Appeals- Sindh Revenue Board (SRB) vide his order in appeal number 16/2014 dated 25 February 2014 reduced the demand of Sindh Sales Tax from Rs. 25.633 million to Rs. 12.238 million stating that the differential amount of Rs. 13.395 million pertains to the services rendered outside the province of Sindh.

The Modaraba has filed a Constitutional Petition CP No. D-1190 in the Honorable High Court of Sindh against the order of the Commissioner Appeals - Sindh Revenue Board (SRB) by virtue of which the Honorable High Court of Sindh vide its order dated 11 March 2014 has suspended the operation of the impugned order of the Commissioner Appeals - SRB. Subsequently, the Sindh Revenue Board Tribunal has been constituted and has become functional in June 2015. The Modaraba, on direction of the Honorable High Court of Sindh, has filed an appeal to the tribunal, the outcome of which is pending. The Management believes that the outcome of the appeal will be in favor of the Modaraba and hence no provision has been made in these financial statements.

23.1.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On 1 March 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @ 16% of gross receipts of the Modaraba for the above mentioned tax years) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on 16 March 2016. An under protest payment of Rs 50 million was also made by the Modaraba to the Federal Board of Revenue in respect of the above.

In the opinion of the management pursuant to the 18th amendment in the Constitution of Pakistan, the authority to collect sales tax has been delegated to the provinces. Accordingly, the Modaraba filed Constitutional Petitions with the Honorable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on 2 June 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from 1 July 2011 and also quashed any duty recovered by the FBR.

However, in contradiction to the above mentioned judgment by the SHC, the CIR-A through orders dated 3 June 2016 upheld the levy of FED on the Modaraba and consequently directed the Modaraba to pay the alleged amount of FED along with default surcharge and penalty. In response the Modaraba has filed appeals with the Honorable Appellate Tribunal Inland Revenue (ATIR) which is pending hearing.

Subsequently, appeals have been filed in the Honorable Supreme Court of Pakistan by the counter parties aggrieved by the above mentioned order of SHC which is pending hearing.

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and Supreme Court of Pakistan will be in favour of the Modaraba. Accordingly, no provision in respect of FED has been made in these financial statements. Further, the under protest payment of Rs 50 million made to the FBR has been shown as a refundable balance in note 7 to these financial statements.

23.1.3 Please refer note 7.3 also regarding certain guarantees given on behalf of the Modaraba and note 30 and 31 regarding Sindh Sales Tax on management's remuneration and workers welfare fund respectively.

23.2 Commitments

23.2.1 Contractual rentals receivable on Ijarah contracts

	June 30, 2017				June 30, 2016			
	Due within one year	Due after one year but within five years	Due after five years	Total	Due within one year	Due after one year but within five years	Due after five years	Total
(Rupees)								
Rentals receivable in future	96,561,512	59,353,086	-	155,914,598	156,190,000	-	-	156,190,000

This represents the rentals receivable by the Modaraba in future periods in respect of Ijarah assets given under long-term arrangements.

23.2.2 Contractual rentals payable on Ijarah contracts

This represents amount payable against Ijarah arrangements with various financial institutions. Details of these amounts payable are as follows:

	June 30, 2017			June 30, 2016		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
(Rupees)						
Rentals payable in future	831,846	-	831,846	91,777,625	852,375	92,630,000

Assets acquired under the above arrangements have been further sub-let under Ijarah arrangements. During the year, an expense of Rs. 85.639 million (2016: Rs. 158.399 million) and income of Rs. 109.558 million (2016: Rs. 220.834 million) was recognized under the above Ijarah arrangements and as at the year end Rs. Nil (2016: Rs. 6.056 million) was due under these arrangements. The cost of assets acquired under Ijarah arrangements as at 30 June 2017 is Rs. 149.3 million (30 June 2016: Rs. 308.936 million) (refer note: 12.4).

23.2.3 Commitments under letter of credit for purchase of Ijarah assets as at 30 June 2017 amounted to Rs. 148.545 million (2016: Nil).

23.2.4 Commitments under capital expenditure amounting to Rs. Nil million (2016: 39.806 million).

24. IJARAH RENTALS - net

Note	2017	2016
	(Rupees)	
Ijarah rentals	3,240,558,190	2,750,786,213
Less: Punjab sales tax	(209,051,642)	(155,466,216)
Less: Sindh sales tax	(30,484,087)	(9,996,641)
	3,001,022,461	2,585,323,356

25. OPERATION AND MAINTENANCE INCOME - net

Operation and maintenance income	124,368,972	111,115,476
Less: Sindh sales tax	(9,124,118)	(9,545,605)
	115,244,854	101,569,871

26. OPERATING EXPENSES

Salaries, wages and other staff benefits	26.1	615,057,296	557,937,547
Depreciation expense	10.4	786,163,797	694,732,656
Repairs and maintenance expenses	26.2	329,531,875	259,281,582
Ijarah rentals		85,639,188	158,399,060
Fleet vehicles running expenses		376,815,014	328,982,966
Vehicles running expenses		16,197,228	23,611,437
Insurance expense - equipments		30,147,571	28,828,793
Travelling and conveyance expenses		12,437,084	26,642,501
Rent expense		25,025,597	10,002,089
		2,277,014,650	2,088,418,631

26.1 This includes contribution of Rs. 6.014 million (2016: Rs. 6.461 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 7.55 million (2016: Rs. 5.937 million).

26.2 This includes expenses of Rs. 273.530 million (2016: Rs. 247.036 million) for parts purchased and services availed from Allied Engineering and Services (Private) Limited, an associated company.

27. ADMINISTRATIVE AND DISTRIBUTION EXPENSES

Note	2017	2016
	(Rupees)	
27.1	109,707,176	73,695,047
	8,096,700	8,584,677
	6,814,087	5,951,556
10.4	12,417,502	11,405,992
11.1	1,433,670	-
	10,062,795	9,335,977
27.2	1,055,000	1,055,000
	4,851,546	3,449,312
	700,576	1,953,957
	5,367,938	3,756,541
	1,948,367	1,970,962
	1,113,668	4,086,983
27.3	700,000	1,095,000
	1,454,655	-
	5,973,820	4,650,938
	3,115,647	4,260,508
	1,961,050	1,825,566
	125,006	3,152,932
	176,899,203	140,230,948

27.1 This includes contribution of Rs. 3.668 million (2016: Rs.1.896 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 2.225 million (2016: Rs. 2.667 million).

27.2 Auditors' remuneration

	KPMG Taseer Hadi & Co. Chartered Accountants	A.F.Ferguson & Co. Chartered Accountants
	2017	2016
	(Rupees)	
Audit fee	550,000	550,000
Fee for review of half yearly financial statements	260,000	260,000
Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance	80,000	80,000
Other certifications	85,000	85,000
Out of pocket expenses	80,000	80,000
	1,055,000	1,055,000

27.3 Donation was paid to the following individuals / organisations:

Islamic Educational & Welfare Society	100,000	50,000
Burhani Medical Welfare Association	120,000	175,000
Markaz-e-Umeed For Special Children	50,000	25,000
Fatimid Foundation		
(Blood Bank, Haematological Services & Kidney Center)	155,000	170,000
Haswa (Healthcare And Social Welfare Association)	25,000	25,000
Koohi Goth Hospital	150,000	75,000
Al-Madad Welfare Society	50,000	25,000
National Institute of Child Health Trust	50,000	-
Mother & Child Welfare Donation	-	50,000
The Layton Rahmatulla Benevolent Trust	-	150,000
Taraqee Foundation	-	100,000
The Citizens Foundation	-	100,000
Aman Foundation	-	100,000
Family Education Services Foundation	-	50,000
	700,000	1,095,000

27.3.1 None of the directors and employees of the Modaraba Management Company had any interest in the donation.

28. FINANCE COST

	Note	2017	2016
		(Rupees)	
Financial cost on Diminishing Musharaka financing arrangement		159,645,820	134,999,584
Financial cost on Bai Muajjal financing arrangement		6,656,969	3,479,544
Bank charges and commission		2,133,250	2,635,524
Exchange loss		985,543	-
		169,421,582	141,114,652

29. OTHER INCOME - net

Income from financial assets			
Profit on deposit accounts with bank		6,780,335	7,175,317
Profit on term deposit placement with bank		384,247	-
Income from Diminishing Musharka arrangements	9	371,054	-
Exchange gain		-	1,386,514
Income from non financial assets			
Proceeds for disposal of scrap		11,355,562	7,525,421
Gain / (loss) on disposal of fixed assets and Ijarah - net		12,779,625	(3,631,770)
Reversal of provision of WWF	31	6,007,120	-
		37,677,943	12,455,482

30. SINDH SALES TAX ON MANAGEMENT COMPANY'S REMUNERATION

The Sindh Revenue Board (SRB) has imposed Sindh Sales Tax on the Modaraba Management Company's remuneration with effective from 1 November 2011. In view of the fact that the remuneration is profit sharing rather than a fixed fee against rendering of management services by the Modaraba Management Company, the NBFC and Modaraba Association, on behalf of a number of Modarabas filed a constitutional petition in the Honourable High Court of Sindh against which the Honourable High Court of Sindh kindly granted an interim stay order.

Subsequently, the Honourable High Court of Sindh, in its judgment dated 27 April 2015, directed the aggrieved parties to seek remedy in accordance with the law, on the basis of which the Assistant Commissioner - SRB issued a letter to the Modaraba Management Company mentioning the amount of sales tax liability and its payment thereof to the SRB. The matter is being pleaded by the Modaraba Management Company with the SRB asking for appropriate legal procedures to be followed by the SRB in accordance with the Sindh Sales Tax Act, 2011 for the determination of sales tax liability.

The matter is pending at the SRB for adjudication and hearing. However, without pre-judice to its rights, provision of Rs. 3.537 million is being held by the Modaraba on the remuneration up to 30 June 2016. Provision for the current year amounting to Rs.1.3 million has not been made in these financial statements.

31. WORKERS' WELFARE FUND

The Supreme Court of Pakistan passed a judgment on 10 November 2016, which upheld the view of Lahore High Court, declaring the insertion of amendments introduced in the Finance Acts 2006 and 2008 pertaining to Workers Welfare Fund (WWF) as unlawful and thereby striking down the amendments introduced through these Finance Acts. The Federal Board of Revenue has filed a review petition against the above judgment. These petitions are currently pending with the Supreme Court of Pakistan.

The provision against Federal Workers Welfare Fund for the year ended 30 June 2016 has been reversed, based on the above Supreme Court's Judgment.

Furthermore, the Sindh Revenue Board (SRB) had written to Modaraba in February 2016 to register and pay Sindh Workers Welfare Fund (SWWF). The Modaraba is of the view that Sindh WWF Act is limited to the province of Sindh and the definition of total income as provided for in the SWWF encompasses the total income of an assessee for whole of the country i.e. for all provinces, thus in lieu of the definition of the total income under SWWF, 2% contribution is to be paid is not limited to the province of Sindh. The Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces. Thus for this reason the definition of total income as provided in SWWF is not correct and charging of WWF is ultra vires of the legislative power conferred upon the province of Sindh. As a result, the Modaraba is of the view that unless there is a mechanism of apportionment of the total income relevant to the province of Sindh, SRB has no legal authority to demand and/or collect SWWF from the Modaraba.

Therefore, based on above grounds the Modaraba, has filed a petition CPD: 935/2017 dated 15 February 2017 in the Sindh High Court. The Management of the Modaraba is hopeful of a favourable outcome of its appeal. Nonetheless, the amount involved is not considered to be material.

32. TAXATION

- 32.1** As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that not less than ninety percent of their profits for the year as reduced by the amount transferred to statutory (mandatory) reserves are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 42, no provision for taxation has been made in these financial statements.
- 32.2** The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2016 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

33. EARNINGS PER CERTIFICATE - basic and diluted

Basic earnings per certificate is worked out as under:

	2017	2016
	(Rupees)	
Profit for the year	457,859,046	294,348,872
Weighted average number of ordinary certificates outstanding during the year	175,500,000	167,388,978
Earnings per certificate - basic and diluted	2.61	1.76

- 33.1** No figure for diluted earnings per certificate has been presented as the Modaraba has not issued any instrument which would have an impact on basic earnings per certificate when exercised.

34. REMUNERATION OF EXECUTIVES AND OTHER EMPLOYEES

	2017			2016		
	Executives (Key management personnel)	Other employees	Total	Executives (Key management personnel)	Other employees	Total
	(Rupees)					
Basic salary	38,013,978	73,009,075	111,023,053	25,558,918	61,987,393	87,546,311
Bonus	9,084,600	17,816,200	26,900,800	4,915,115	12,515,013	17,430,128
House rent allowance	17,106,290	32,854,084	49,960,374	11,501,513	27,894,327	39,395,840
Utility allowance	3,801,398	7,300,908	11,102,306	212,879	5,333,861	5,546,740
Conveyance allowance	231,030	5,952,398	6,183,428	2,555,892	6,198,739	8,754,631
Provident fund	3,728,202	6,827,164	10,555,366	2,427,712	5,929,697	8,357,409
Gratuity	3,205,856	6,570,180	9,776,036	2,426,494	6,178,410	8,604,904
Contribution to Employees' Old Age Benefit	1,053,375	2,158,821	3,212,196	617,498	1,572,293	2,189,791
Medical benefits	4,273,122	8,757,469	13,030,591	3,278,545	8,347,931	11,626,476
	80,497,851	161,246,299	241,744,150	53,494,566	135,957,664	189,452,230
Number of persons	29	358	387	20	358	378

- 34.1** Certain executives and officers are also provided free use of vehicles maintained by the Modaraba and fuel allowance.

35. FINANCIAL INSTRUMENTS BY CATEGORY

	2017				
	Loans and receivables	Assets at fair value through profit & loss	Available for sale	Held-to-maturity	Total
	(Rupees)				
Assets					
Cash and bank balances	307,439,392	-	-	-	307,439,392
Ijarah rentals receivable	987,904,537	-	-	-	987,904,537
Operation and maintenance income receivable	29,676,680	-	-	-	29,676,680
Advances, deposits and other receivables	42,221,573	-	-	-	42,221,573
Long-term security deposits	50,000	-	-	-	50,000
Diminishing Musharka Financing	6,769,730	-	-	-	6,769,730
	1,374,061,912	-	-	-	1,374,061,912

	2017		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities (Rupees)	Total
Liabilities			
Creditors, accrued and other liabilities	-	499,476,853	499,476,853
Bai Muajjal - secured	-	99,694,340	99,694,340
Payable to the Modaraba Management Company	-	10,445,075	10,445,075
Diminishing musharakah financing payable - secured	-	2,837,804,499	2,837,804,499
Other long-term employee benefit	-	15,973,327	15,973,327
Security deposits	-	92,358,000	92,358,000
	-	3,555,752,094	3,555,752,094

	2016				
	Loans and receiv- ables	Assets at fair value through profit & loss	Available for sale	Held-to- maturity	Total
Assets					
Cash and bank balances	57,352,972	-	-	-	57,352,972
Ijarah rentals receivable	724,306,336	-	-	-	724,306,336
Operation and maintenance income receivable	29,313,561	-	-	-	29,313,561
Advances, deposits and other receivables	29,655,381	-	-	-	29,655,381
Long-term security deposits	25,438,002	-	-	-	25,438,002
	866,066,252	-	-	-	866,066,252

	2016		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities (Rupees)	Total
Liabilities			
Creditors, accrued and other liabilities	-	601,034,109	601,034,109
Bai Muajjal - secured	-	99,714,147	99,714,147
Payable to the Modaraba Management Company	-	12,126,599	12,126,599
Diminishing musharakah financing payable - secured	-	1,900,620,385	1,900,620,385
Other long-term employee benefit	-	7,260,216	7,260,216
Security deposits	-	64,500,000	64,500,000
	-	2,685,255,456	2,685,255,456

36. FINANCIAL RISK MANAGEMENT

Risk management framework

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, the Modaraba's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Modaraba as well as the level of the risk that the Modaraba is willing to accept. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

36.1 Market risk

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of the changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk comprise of three types of risks : currency risk, interest rate risk and price risk.

Management of market risks

The Management Company manages market risk by monitoring its financial instruments as per the internal risk management policies and investment guidelines approved by the Board of Directors of the Management Company.

The Modaraba is exposed to currency risk and interest rate risk only.

36.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign currency exchange rates. The Modaraba primarily has foreign currency exposure in US Dollars (USD). At 30 June 2017 the Modaraba's exposure to foreign currency risk in respect of its obligation was USD 341,273 (2016: USD 811,000). Net exposure is payable by the Modaraba in Rupees at the rate on which these are settled by the Modaraba.

The following significant exchange rates were applied during the year:

	Average rates		Balance sheet date rates	
	2017	2016	2017	2016
Rupees / US Dollar	104.90	104.37	104.98	104.83

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against USD as at 30 June 2017 would have increased / (decreased) equity and profit by Rs. 1.791 million (2015: Rs. 4.246 million) mainly as a result of foreign exchange gains / losses on translation of USD denominated bills payable. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis as for 2016.

36.1.2 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. At the reporting date, the interest rate profile of the Modaraba's interest bearing financial instruments and the periods in which these will mature are as follows (based on the earlier of repricing and contractual maturity):

2017

	Effective yield / profit rate	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Not exposed to yield / profit	Total carrying
On-balance sheet financial instruments										
Financial assets										
Cash and bank balances	3.86%-4.34%	217,836,263	-	-	-	-	-	-	89,603,129	307,439,392
Ijarah rentals receivable		-	-	-	-	-	-	-	987,904,537	987,904,537
Operation and maintenance income receivable		-	-	-	-	-	-	-	29,676,680	29,676,680
Advances, deposits and other receivables		-	-	-	-	-	-	-	42,221,573	42,221,573
Long-term security deposits		-	-	-	-	-	-	-	50,000	50,000
Diminishing musharakah financing	15%	832,796	853,741	1,321,039	2,794,428	967,725	-	-	-	6,769,729
Sub total		218,669,059	853,741	1,321,039	2,794,428	967,725	-	-	1,149,455,919	1,374,061,911
Financial liabilities										
Creditors, accrued, and other liabilities		-	-	-	-	-	-	-	499,476,853	499,476,853
Bai Muqajjal - secured	7.11%	99,694,340	-	-	-	-	-	-	-	99,694,340
Payable to the Modaraba Management Company		-	-	-	-	-	-	-	13,982,571	13,982,571
Diminishing musharakah financing payable - secured	6.62%-8.23%	69,853,307	167,486,789	161,520,860	395,930,164	1,309,839,696	258,902,357	-	474,271,326	2,837,804,499
Other long-term employee benefit		-	-	-	-	-	-	-	15,973,327	15,973,327
Security deposits		-	-	-	-	-	-	-	92,358,000	92,358,000
Sub total		169,547,647	167,486,789	161,520,860	395,930,164	1,309,839,696	258,902,357	-	1,096,062,077	3,559,289,590
On-balance sheet gap		49,121,412	(166,633,048)	(160,199,821)	(393,135,736)	(1,308,871,971)	(258,902,357)	-	53,393,842	(2,185,227,679)
Off-balance sheet financial instruments										
Financial assets										
Rentals receivable in future		-	-	-	-	-	-	-	155,914,598	155,914,598
Financial liabilities										
Future ijarah rentals payable		-	852,375	-	-	-	-	-	-	852,375
Commitments in respect of outstanding letter of credits and registered import contracts		-	-	-	-	-	-	-	148,545,002	148,545,002
Off-balance sheet gap		-	(852,375)	-	-	-	-	-	7,369,596	6,517,221
Total interest rate sensitivity gap		49,121,412	(167,485,423)	(160,199,821)	(393,135,736)	(1,308,871,971)	(258,902,357)	-	60,763,438	(2,178,710,458)
Cumulative interest rate sensitivity gap		49,121,412	(118,364,011)	(278,563,832)	(671,699,568)	(1,980,571,539)	(2,239,473,896)	(2,239,473,896)	(2,178,710,458)	

2016

	Effective yield / profit rate	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Not exposed to yield / profit	Total carrying
On-balance sheet financial instruments										
Financial assets										
Cash and bank balances	3.8%-5.8%	33,288,630	-	-	-	-	-	-	24,064,342	57,352,972
Ijarah rentals receivable		-	-	-	-	-	-	-	724,306,336	724,306,336
Operation and maintenance income receivable		-	-	-	-	-	-	-	29,313,561	29,313,561
Advances, deposits and other receivables		-	-	-	-	-	-	-	29,655,381	29,655,381
Long-term security deposits		-	-	-	-	-	-	-	25,438,002	25,438,002
Sub total		33,288,630	-	-	-	-	-	-	832,777,622	866,066,252
Financial liabilities										
Creditors, accrued, and other liabilities		-	-	-	-	-	-	-	498,374,888	498,374,888
Bai Muajjal - secured	7.47%	99,714,147	-	-	-	-	-	-	-	99,714,147
Payable to the Modaraba Management Company		-	-	-	-	-	-	-	12,126,599	12,126,599
Diminishing musharakah financing payable - secured	6.55%-8%	141,468,807	122,881,597	205,280,021	319,157,327	476,352,614	91,567,237	-	543,912,782	1,900,620,385
Other long-term employee benefit Security deposits		-	-	-	-	-	-	-	7,260,216	7,260,216
Sub total		241,182,954	122,881,597	205,280,021	319,157,327	476,352,614	91,567,237	-	1,126,174,485	2,582,596,235
On-balance sheet gap		(207,894,324)	(122,881,597)	(205,280,021)	(319,157,327)	(476,352,614)	(91,567,237)	-	(293,396,863)	(1,716,529,983)
Off-balance sheet financial instruments										
Financial assets										
Rentals receivable in future		-	-	-	-	-	-	-	156,190,000	156,190,000
Financial liabilities										
Future ijarah rentals payable		-	32,583,187	22,240,157	36,954,281	852,375	-	-	-	92,630,000
Off-balance sheet gap		-	(32,583,187)	(22,240,157)	(36,954,281)	(852,375)	-	-	156,190,000	63,560,000
Total interest rate sensitivity gap		(207,894,324)	(155,464,784)	(227,520,178)	(356,111,608)	(477,204,989)	(91,567,237)	-	(137,206,863)	(1,652,969,983)
Cumulative interest rate sensitivity gap		(207,894,324)	(363,359,108)	(590,879,286)	(946,990,894)	(1,424,195,883)	(1,515,763,120)	(1,515,763,120)	(1,652,969,983)	

The Modaraba's interest rate exposure arises on saving accounts with banks, and Diminishing Musharakah Financing payable. At the balance sheet date the interest rate profile of the Modaraba's interest-bearing financial instrument was as follows:

		Carrying amount	
	Note	2017	2016
		(Rupees)	
Fixed rate instruments			
Financial assets			
Diminishing Musharaka	9	6,769,730	-
Financial liabilities			
Bai Muajjal	15	(99,694,340)	(99,714,147)
		(92,924,610)	(99,714,147)
Variable rate instruments			
Financial assets			
Saving accounts with banks	4	217,836,263	33,288,630
Financial liabilities			
Diminishing Musharakah financing payable - secured	17	(2,837,804,499)	(1,900,620,385)
		(2,619,968,236)	(1,867,331,755)

Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not have any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at the end of the reporting period would not affect profit or loss.

Cash flow sensitivity for variable interest rate instruments

In case of 100 basis points increase / decrease in KIBOR on the last repricing date of variable rate instruments, (other than savings accounts) with all other variables held constant, the profit and loss and equity of the Modaraba would be higher / lower by Rs. 3.784 million (2016: Rs. 1.445 million). The sensitivity of savings account has not been presented as the impact would not be material.

36.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest 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 traded in the market. The modaraba is not exposed to price risk.

36.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Modaraba, resulting in a financial loss to the Modaraba. At the year end it arises principally from Ijarah rental receivable, operational and maintenance income receivable, bank balances, deposits and other receivables.

Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with its internal risk management policies and the requirements of the Prudential Regulations for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of leasing / Ijarah activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. Cash is held only with reputable banks with high quality credit worthiness.

Exposure to credit risk

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

	Note	2017	2016
		(Rupees)	
Bank balances	4	306,462,030	56,535,222
Ijarah rentals receivable		987,904,537	724,306,336
Operation and maintenance income receivable		29,676,680	29,313,561
Long-term security deposits		50,000	25,438,002
Advances, deposits and other receivables		42,221,573	29,655,381
Diminishing musharaka financing - secured	9	6,769,730	-
Total carrying value (and maximum exposure to credit risk)		1,373,084,550	865,248,502

36.2.1 Credit risk ratings and collaterals held

36.2.1.1 Credit risk rating of the banks and their respective balances are given below:

	2017	2016
	(Rupees)	
Rating		
A1	19,823,543	3,656,989
A1 +	286,638,487	52,878,233
	306,462,030	56,535,222

36.2.1.2 Collaterals

The Modaraba does not hold any collateral from the counter parties against balances with banks and these are unsecured. The assets leased out by the Modaraba under ijarah arrangements are secured as the title to the asset is held by the Modaraba. An amount of Rs. 92.358 million (2016: Rs. 64.5 million) is also kept as security deposits against these arrangements.

36.2.2 Impairment losses and past due balances

The age analysis of the rental receivable (ijarah rentals and operation and maintenance income receivable) on the date of reporting is as follows:

	2017		2016	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
	(Rupees)			
Not past due	443,067,107	-	297,137,687	-
Past due 1-90 days	236,860,596	-	275,713,722	-
Past due 91 days to 180 days	170,591,464	-	76,129,096	-
Past due 181 days to one year	127,427,004	21,651,867	112,286,003	22,457,201
Past due one year to two years	105,573,825	45,286,912	29,621,181	14,810,591
More than two years	18,483,969	17,483,969	1,706,338	1,706,338
Total	1,102,003,965	84,422,748	792,594,027	38,974,130

Impairment is recognised by the Modaraba on the basis of the provisioning requirements of the Prudential Regulations for Modarabas issued by the SECP which includes subjective evaluation of its ijarah rentals and operation and maintenance income receivable portfolio carried out by the Modaraba on an on going basis (and consideration of forced sales value of properties, wherever considered necessary and available, in accordance with the Prudential Regulations). Based on the past experience, consideration of financial position, past track records and recoveries, the Modaraba believes that additional provision against past due balances is not required.

36.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

Details of the Modaraba's concentration of credit risk of financial instruments by industrial distributions are as follows:

	2017		2016	
	(Rupees)	%	(Rupees)	%
Automobiles	8,785,834	0.64%	2,787,196	0.32%
Banks and Financial Institutions	349,736,851	25.47%	118,339,344	13.68%
Cement	7,624,662	0.56%	3,271,166	0.38%
Chemicals And Pharmaceuticals	31,621,784	2.30%	31,525,857	3.64%
Construction	97,390,755	7.09%	55,305,552	6.39%
Sugar	805,190	0.06%	799,851	0.09%
Edible Oil	18,591,107	1.35%	379,160	0.04%
Education	2,203,528	0.16%	2,936,964	0.34%
Electrical	3,713,490	0.27%	293,533	0.03%
Energy, Oil And Gas	81,293,027	5.92%	33,643,089	3.89%
Engineering	62,845,226	4.58%	69,918,318	8.08%
Event Management	2,707,745	0.20%	739,466	0.09%
Fast Moving Consumer Goods (Fmcg)	52,436,825	3.82%	126,169,571	14.58%
Fertilizers	-	0.00%	88,448	0.01%
Food & Beverages	160,295,387	11.67%	96,449,814	11.15%
Glass & Ceramics	2,540,679	0.19%	3,273,656	0.38%
Healthcare	15,959,456	1.16%	7,191,690	0.83%
Hotel	2,275,529	0.17%	4,974,422	0.57%
Information Technology And Communication	16,392,107	1.19%	3,207,108	0.37%
Logistics	40,998,373	2.99%	16,141,812	1.87%
Manufacturing	4,796,876	0.35%	3,995,106	0.46%
Media	2,473,338	0.18%	20,763,131	2.40%
Mining	4,367,680	0.32%	950,080	0.11%
Non Profitable Organizations	1,386,000	0.10%	138,600	0.02%
Packaging	43,185,722	3.15%	30,132,857	3.48%
Paper & Board	17,866,491	1.30%	14,125,189	1.63%
Plastic & Fiber	1,749,197	0.13%	8,822,079	1.02%
Poultry Feeds	-	0.00%	520,000	0.06%
Printing	2,087,386	0.15%	1,554,337	0.18%
Rice	1,656,802	0.12%	544,922	0.06%
Sugar	5,530,702	0.40%	23,974,547	2.77%
Tannery	2,778,588	0.20%	582,628	0.07%
Telecommunication	-	0.00%	2,376,935	0.27%
Textile And Cotton	318,915,869	23.23%	161,324,790	18.64%
Transport	-	0.00%	519,152	0.06%
Warehousing	404,440	0.03%	1,431,444	0.17%
Water Filtration Plant	-	0.00%	93,000	0.01%
Embassy	54,000	0.00%	-	0.00%
Others	7,613,904	0.55%	15,963,688	1.84%
	1,373,084,550	100%	865,248,502	100%

36.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations arising from its financial liabilities that are settled by delivering cash or another financial assets, or that such obligations will have to be settled in a manner disadvantageous to the Modaraba. Liquidity risk arises because of the possibility that the Modaraba could be required to pay its liabilities earlier than expected.

Management of liquidity risk

The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. In an urgent situation, the Modaraba may also opt for borrowing funds from its related parties and even from other banks.

Maturity analysis of financial liabilities

The table below analysis the Modaraba's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to maturity date and represents the undiscounted cash flows. The amounts in the table are the gross nominal undiscounted cash flows.

2017					
	Carrying Amount	Contractual cash flows	Six months or less (Rupees)	Six to twelve months	One to five years
Non-derivative financial liabilities					
Creditors, accrued and other liabilities	499,476,853	499,476,853	475,711,756	23,765,097	-
Bai Muajjal - secured	99,694,340	103,228,084	103,228,084	-	-
Payable to the Modaraba Management Company	13,982,571	13,982,571	13,982,571	-	-
Diminishing musharakah financing payable - secured	2,837,804,499	3,019,004,863	413,668,669	410,629,071	2,194,707,122
Other long-term employee benefit - compensated absences	15,973,327	15,973,327	15,973,327	-	-
Security deposits	92,358,000	92,358,000	-	15,423,000	57,935,000
	3,559,289,590	3,744,023,698	1,022,564,407	449,817,168	2,252,642,122
2016					
	Carrying Amount	Contractual cash flows	Six months or less (Rupees)	Six to twelve months	One to five years
Non-derivative financial liabilities					
Creditors, accrued and other liabilities	601,034,109	601,034,109	583,603,981	17,430,128	-
Bai Muajjal - secured	99,714,147	103,428,267	103,428,267	-	-
Payable to the Modaraba Management Company	8,589,103	8,589,103	8,589,103	-	-
Diminishing musharakah financing payable - secured	1,900,620,385	2,012,457,703	487,065,455	331,006,043	1,194,386,206
Other long-term employee benefit - compensated absences	7,260,216	7,260,216	-	-	7,260,216
Security deposits	64,500,000	64,500,000	-	24,000,000	40,500,000
	2,681,717,960	2,797,269,398	1,182,686,805	372,436,171	1,242,146,422

The contractual cash flows relating to the above financial liabilities have been determined on the basis of mark-up rates effective as at the year end (and includes both principal and profit payable thereon). The rates of mark-up have been disclosed in note 36.1.2 to these financial statements.

37. OPERATIONAL RISKS

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

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

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

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

38. CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard the Modaraba's ability to continue as a going concern so that it can continue to provide optimum returns to its certificate holders' and benefits of other stake holders and to maintain a strong capital base to support the sustained development of its businesses.

The Modaraba manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of profit paid to certificate holders or issue new certificates.

The Modaraba is not subject to externally imposed capital requirements.

39. RELATED PARTY TRANSACTIONS

The related parties comprise of major certificate holders and their close family members, directors of the management company and their close family members, key management personnel of the Management Company and their close family members, the provident fund trust and the entities with common directors or under common management and control.

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

39.1 Detail of transactions with related parties during the year are as follows:

Allied Engineering Management Company (Private) Limited (Modaraba Management Company)	Note	2017	2016
		(Rupees)	
Modaraba Management Company's remuneration	16.1	10,000,000	8,830,466
Payment made to the Modaraba Management Company (including Management Fee) during the year		8,144,028	3,088,226
Sindh sale tax on management company's remuneration charged during the year		-	1,147,961
Amount received from the Modaraba Management Company during the year		-	1,777,000
Amount received against subscription of right certificates		-	136,305,000
Dividend paid during the year		35,100,000	58,500,000

Allied Engineering and Services (Private) Limited (holding company of the Modaraba Management Company) Note

		2017	2016
		(Rupees)	
Purchase of assets	12.2	103,285,202	68,014,866
Purchase of parts and services	26.2	273,530,141	247,035,505
Income from ijarah assets		6,804,592	9,880,100
Issue of Right certificates (2016: 10,857,735) (including premium of Rs. 13.3 per certificate) during the year		-	252,985,226
Reimbursement of expenses		10,913,912	7,925,224
Dividend paid		85,146,412	108,577,354

Allied Engineering and Services (Private) Limited - Staff Provident Fund

Contribution to the staff provident fund during the year		9,682,947	8,357,409
Issue of Right certificates (2016: 587,611) (including premium of Rs. 13.3 per certificate) during the year		-	13,691,336
Dividend paid		2,979,407	4,783,592

Key management personnel

Remuneration of key management personnel during the year		80,497,851	53,494,566
Issue of Right certificates (2016: 38,577) (including premium of Rs. 13.3 per certificate) during the year		-	898,844
Dividend paid during the year		173,848	445,480
Contribution to the staff provident fund during the year		3,728,202	2,427,712
Charge for staff gratuity scheme during the year		3,205,856	2,426,494
Loss on sale of vehicles under employee car scheme (Sale proceeds: 3,097,190 (2016: 834,229))		932,877	659,771

Directors of Management Company

Dividend paid		2,783,937	5,567,874
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39.2 Details of balances with related parties as at period end are as follows:

Allied Engineering Management Company (Private) Limited (Modaraba Management Company)

Outstanding certificates 35,100,000 (2016: 35,100,000)	21.1	351,000,000	351,000,000
Payable to the Modaraba Management Company (including sales tax on Management Company remuneration)	16	13,982,571	12,126,599

Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)

		2017	2016
		(Rupees)	
Outstanding certificates 85,146,412 (2016: 85,146,412)	21.1	851,464,120	851,464,120
Payable against purchase of parts and services	14.1	268,889,781	227,630,129

Allied Engineering and Services (Private) Limited - Staff Provident Fund

Outstanding certificates 2,979,407 (2016: 2,979,407)	29,794,070	29,794,070
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Key Management Personnel

Outstanding certificates 184,604 (2016: 241,049)	1,846,040	2,410,490
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Directors of Management Company

Outstanding certificates 2,783,937 (2016: 2,783,937)	27,839,370	27,839,370
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- 39.3** The status and details of outstanding balances with associated undertakings / related parties as at 30 June 2017 are included in the respective notes to the financial statements.

40. SEGMENTAL INFORMATION

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

The Modaraba has determined the operating segments based on the reports reviewed by the Chief Executive Officer, which are used to make strategic decisions.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have two operating segments. The Modaraba's asset allocation decisions are based on an integrated investment strategy. The Modaraba's performance is evaluated on the basis of two operating segments.

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

The Modaraba's operating segments consists of rental business (operating and finance lease) and maintenance business (operation and maintenance income). There were no changes in the reportable segments during the year.

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

The Modaraba has a diversified product portfolio whereby resources have been allocated.

40.1 Details of segment revenues, costs, profit, assets and liabilities are as follows:

	2017	2016	2017	2016	2017	2016
	Operating and Finance Ijarah Rentals		Operation and maintenance income		Total	
	(Rupees)					
Segment revenues / profits						
Revenue	3,001,022,461	2,585,323,356	115,244,854	101,569,871	3,116,267,315	2,686,893,227
Costs	(2,589,351,094)	(2,318,033,991)	(96,735,118)	(85,579,332)	(2,686,086,212)	(2,403,613,323)
Reportable segment profit	411,671,367	267,289,365	18,509,736	15,990,539	430,181,103	283,279,904
	2017	2016	2017	2016	2017	2016
	(Rupees)					
Segment assets and liabilities						
Reportable segment assets						
Rentals receivable	987,904,537	724,306,336	29,676,680	29,313,561	1,017,581,217	753,619,897
Advances, deposits, prepayments and other receivables	154,567,812	73,799,649	-	-	154,567,812	73,799,649
Spare parts	72,886,796	66,052,751	-	-	72,886,796	66,052,751
Security deposits	-	31,998,066	-	-	-	31,998,066
Ijarah assets	6,059,664,727	5,726,199,177	-	-	6,059,664,727	5,726,199,177
Capital work-in-progress	515,143,800	326,042,732	-	-	515,143,800	326,042,732
	7,790,167,672	6,948,398,711	29,676,680	29,313,561	7,819,844,352	6,977,712,272
Reportable segment liabilities						
Creditors, accrued and other liabilities	465,663,675	496,889,821	-	-	465,663,675	496,889,821
Bai Mu'ajjal - secured	99,694,340	99,714,147	-	-	99,694,340	99,714,147
Diminishing Musharaka	2,837,804,499	1,900,620,385	-	-	2,837,804,499	1,900,620,385
Security deposits	92,358,000	64,500,000	-	-	92,358,000	64,500,000
	3,495,520,514	2,561,724,353	-	-	3,495,520,514	2,561,724,353

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

	Note	2017	2016
		(Rupees)	
Revenues			
Total revenue for reportable segments	24	3,116,267,315	2,686,893,227
Other income	29	37,677,943	11,068,968
Income from Diminishing Musharaka		-	-
		3,153,945,258	2,697,962,195
Profit			
Total profit for reportable segments		430,181,103	283,279,904
Other income		37,677,943	11,068,968
Modaraba Management Company's Remuneration		(10,000,000)	-
		457,859,046	294,348,872
Assets			
Total assets for reportable segments		7,819,844,352	6,977,712,272
Cash and bank balances		307,439,392	57,352,972
Advances and other receivables		114,414,070	88,412,545
Security deposits		50,000	50,000
Diminishing musharaka financing - secured		6,769,730	-
Fixed assets in own use - tangible		104,982,296	89,824,374
Intangible asset for own use		7,452,828	4,607,899
		8,360,952,668	7,217,960,062

	2017	2016
	(Rupees)	
Liabilities		
Total liabilities for reportable segments	3,495,520,514	2,561,724,353
Creditors, accrued and other liabilities	124,817,068	208,984,475
Payable to the Modaraba Management Company	13,982,571	12,126,599
Deferred liability for staff gratuity	52,067,969	39,081,569
Other long-term employee benefit	15,973,327	7,260,216
	3,702,361,449	2,829,177,212

40.3 The above mentioned segments do not necessarily match with the organisational structure of the Modaraba.

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and
- inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at 30 June 2017 and 30 June 2016, there were no financial instruments which were measured at fair values in the financial statements.

41.1 The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized.

		2017						
		Carrying Value			Fair Value			
Note		Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees)						
Financial assets not measured at fair value	41.2							
Cash and bank balances		307,439,392	-	-	307,439,392	-	-	-
Ijarah rentals receivable		987,904,537	-	-	987,904,537	-	-	-
Operation and maintenance income receivable		29,676,680	-	-	29,676,680	-	-	-
Advances, deposits and other receivables		42,221,573	-	-	42,221,573	-	-	-
Diminishing musharaka		6,769,730	-	-	6,769,730	-	-	-
Long term security deposit		50,000	-	-	50,000	-	-	-
		1,374,061,912	-	-	1,374,061,912	-	-	-
Financial liabilities not measured at fair value	41.2							
Creditors, accrued and other liabilities		-	-	499,476,853	499,476,853	-	-	-
Bai Muajjal - secured		-	-	99,694,340	99,694,340	-	-	-
Payable to the Modaraba Management Company		-	-	10,445,075	10,445,075	-	-	-
Diminishing musharaka		-	-	2,837,804,499	2,837,804,499	-	-	-
Security deposits		-	-	92,358,000	92,358,000	-	-	-
		-	-	3,539,778,767	3,539,778,767	-	-	-

		2016							
		Carrying Value			Fair Value				
Note		Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
(Rupees)									
Financial assets not measured at fair value	41.2								
Cash and bank balances		57,352,972	-	-	57,352,972	-	-	-	-
Ijarah rentals receivable		724,306,336	-	-	724,306,336	-	-	-	-
Operation and maintenance income receivable		29,313,561	-	-	29,313,561	-	-	-	-
Advances, deposits and other receivables		37,125,579	-	-	37,125,579	-	-	-	-
Long term security deposit		25,438,002	-	-	25,438,002	-	-	-	-
		873,536,450	-	-	873,536,450	-	-	-	-
Financial liabilities not measured at fair value	41.2								
Creditors, accrued and other liabilities		-	-	481,706,204	481,706,204	-	-	-	-
Bai Muajjal - secured		-	-	99,714,147	99,714,147	-	-	-	-
Payable to the Modaraba Management Company		-	-	8,589,103	8,589,103	-	-	-	-
Diminishing musharaka		-	-	1,900,620,385	1,900,620,385	-	-	-	-
Security deposits		-	-	64,500,000	64,500,000	-	-	-	-
Total		-	-	2,555,129,839	2,555,129,839	-	-	-	-

41.2 The Modaraba has not disclosed the fair values for these financial assets and financial liabilities, as these are either short term in nature or repriced periodically. Therefore, their fair value is not significantly different from their carrying amounts.

42. NUMBER OF EMPLOYEES

The total number of employees as at year end were 387 (2016: 378) and average number of employees were 383 (2016: 366).

43. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of Rs. 1.50 per certificate (2016: Re. 1 per certificate) for the year ended 30 June 2017, resulting in a total distribution of profit amounting to Rs. 263.250 million (2016: Rs. 175.5 million), in its meeting held on 28 August 2017 which is more than 90% of the net profit for the year ended 30 June, 2017, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending 30 June 2018.

44. CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of better presentation and comparison. There have been no significant rearrangements or reclassifications in these financial statements.

45. GENERAL

DATE OF AUTHORISATION

These financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on 28 August 2017.

**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**


Murtaza Ahmed Ali
Chief Executive


Khwaja Asif Rehman
Chairman


Syed Feisal Ali
Director

Certificate Holding Pattern

As at June 30, 2017

No. of Certificate holders	Certificate Holding			Total Certificates Held
	From		To	
104	1	-	100	1,772
50	101	-	500	19,876
43	501	-	1000	34,629
118	1001	-	5000	312,213
33	5001	-	10000	260,276
13	10001	-	15000	173,036
10	15001	-	20000	176,063
12	20001	-	25000	268,401
4	25001	-	30000	112,855
3	30001	-	35000	96,684
2	35001	-	40000	73,680
3	40001	-	45000	122,746
2	45001	-	50000	94,230
2	55001	-	60000	116,550
2	60001	-	65000	125,848
1	65001	-	70000	67,274
2	70001	-	75000	143,980
1	80001	-	85000	80,008
1	90001	-	95000	90,300
1	95001	-	100000	100,000
1	125001	-	130000	128,113
1	130001	-	135000	130,240
1	170001	-	175000	172,000
1	175001	-	180000	175,500
1	230001	-	235000	232,744
1	250001	-	255000	253,500
2	395001	-	455000	859,504
1	455001	-	470000	468,000
1	1795001	-	1800000	1,800,000
1	2975001	-	2980000	2,979,407
2	3885001	-	3890000	7,776,000
1	35095001	-	35100000	35,100,000
1	37805001	-	37810000	37,808,159
1	85146401	-	86000000	85,146,412
423				175,500,000

Categories of Certificate holders	Number	Certificate Held	Percentage
Individuals	416	14,404,062	8.21%
Joint Stock Cpmpanies*	2	122,954,571	70.06%
Modaraba / Modaraba Managemnt Cmpny**	3	35,159,967	20.03%
Employees Provident Fund***	2	2,981,400	1.70%
Total	423	175,500,000	100.00%

* Includes Allied Engineering & Services (Private) Limited. (85,146,412 certificates)

** Includes Allied Engineering Management Company (Private) Limited. (35,100,000 certificates)

*** Includes Allied Engineering & Services (Private) Limited - Employees Provident Fund (2,979,407 certificates)

Certificate Holding Pattern

As at June 30, 2017

Additional Information

Categories of Certificate holders	Number	Certificate Held	Percentage
Associated Companies			
Allied Engineering & Services Limited	1	85,146,412	49%
Allied Engineering Management Company (Private) Limited	1	35,100,000	20%
Allied Engineering & Services Limited - Employees Provident Fund	1	2,979,407	2%
		123,225,819	70%
Deiretors, CEO & their Spouses & Minor Children			
Murtaza Ahmed Ali	1	407,344	0.2%
Syed Feisal Ali	1	1,800,000	1%
Ali Akbar	1	65,849	0.0%
Raees A. Khan	1	468,000	0.3%
Hassan Shahzad Abidi	1	5,844	0.0%
Abdul Rahim Suriya	1	36,900	0.0%
		2,783,937	2%
Executives	4	135,110	0.1%
Employee Provident Fund	2	18,993	0.0%
Modaraba	1	10,000	0.0%
Mutual Fund & Others	3	561,660	0.3%
Certificate holding five percent or more certificates in the Modaraba			
Magenta International Limited	1	37,808,159	22%
General Public	403	10,956,322	6%
	423	175,500,000	100%

Offices Across Pakistan



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37511618-23
Fax : +9242 - 37511617
Email : rental_lahore@aesl.com.pk

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Email : pesh@aesl.com.pk

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Fax: +9241 - 8784643
Email: faisalabad@aesl.com.pk

سالانہ نظر ثانی اجلاس کی اطلاع

اطلاع دی جاتی ہے کہ حاملانِ سرٹیفکیٹ کا گیارواں نظر ثانی اجلاس جمعہ، 27 اکتوبر 2017ء بوقت 2:30 سہ پہر بمقام (رجسٹرڈ پتہ) 21/3 سیکٹر 22 کورنگی انڈسٹریل ایریا، کراچی میں منعقد کیا جا رہا ہے۔ جس کا مقصد اختتام شدہ سال 30 جون 2017ء کے دوران مضاربہ کی کارکردگی پر نظر ثانی ہے۔

حاملانِ سرٹیفکیٹ جن کا نام 20 اکتوبر 2017ء تک الائیڈ رینٹل مضاربہ کے حاملانِ سرٹیفکیٹ کے رجسٹر میں درج ہے۔ اس سالانہ نظر ثانی اجلاس میں شمولیت کے حقدار ہیں۔

بحکم بورڈ

محمد سعد

کمپنی سیکریٹری

28 اگست 2017ء

کراچی

نوٹ:

1۔ سرٹیفکیٹ ٹرانسفر کی کتاب سالانہ نظر ثانی اجلاس میں شمولیت کے مقصد کے تحت 21 اکتوبر 2017ء سے 27 اکتوبر 2016ء تک بند رہے گی (دونوں دن شامل ہیں)۔ ہر طرح سے مکمل ٹرانسفر جو 20 اکتوبر 2017ء کے دن اختتام کار تک ہمارے رجسٹرار آفس میسرز JWAFS رجسٹرار سرسبز (پرائیویٹ) لمیٹڈ، 407-408، المیر سینٹر، شارع عراق، صدر، کراچی میں موصول ہوں وہ بروقت تصور ہوں گے۔

2۔ CDC حاملانِ سرٹیفکیٹ جو اجلاس میں شمولیت کے خواہاں ہوں ان سے التماس ہے کہ وہ اپنے اصل CNIC، اکاؤنٹ اور پارٹنیشن آئی۔ ڈی، شناخت کی غرض سے ساتھ لائیں۔

• اس سال آڈٹ کمیٹی کے بورڈ کے چار اجلاس منعقد ہوئے۔ ان میں ہر ممبر کی حاضری کی تفصیل درج ذیل ہے:

اجلاس کی تعداد جن میں شرکت کی

ڈائریکٹر کا نام

4	جناب عبدالرحیم سوریا
4	سید فیصل علی
3	جناب علی اکبر

آڈیٹرز

آڈٹ کمیٹی کی سفارشات کے مطابق بورڈ نے میسرز کے پی ایم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو سال مختتمہ 30 جون 2018 کیلئے رجسٹر آف مضاربہ کمپنیز اینڈ مضاربہ جات کی منظوری سے مشروط آڈیٹ مقرر کرنے کی منظوری دے دی ہے۔

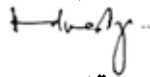
شرعیہ آڈٹ رپورٹ

مضاربہ اپنے شرعیہ آڈٹ ایڈوائزر مفتی ارشاد احمد اعجاز سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے تاکہ رجسٹر ارمضاربہ کی مشاورت سے تشکیل کردہ شرعیہ آڈٹ طریقہ کار پر عمل درآمد کو یقینی بنایا جاسکے۔ شرعیہ پالیسیز اور ضوابط پر مکمل عمل درآمد کو یقینی بنانے کیلئے اندرونی آڈٹ ڈپارٹمنٹ کو بھی مضاربہ کے روزمرہ کے امور کی دیکھ بھال کیلئے تربیت دی گئی ہے۔ مضاربہ کے امور پر جاری کردہ شرعیہ آڈٹ رپورٹ برائے سال مختتمہ 30 جون 2017 سالانہ مالیات گوشواروں کے ساتھ منسلک ہے۔

اعتراف

مضاربہ کی پائیدار ترقی کے بنیادی عوامل ہمارے اپنے لوگ ہیں۔ مضاربہ کے ڈائریکٹرز ہر فرد کی کاوشوں کو سراہتے ہیں جنہوں نے صارفین کو ان کی توقعات سے بڑھ کر اعلیٰ ترین خدمات پیش کیں اور مضاربہ کیلئے مستقل کاروبار کو یقینی بنایا۔ ہم خلوص دل سے رجسٹر ارمضاربہ، مذہبی بورڈ، مالیاتی اداروں اور اپنے کاروباری شرکاء کے مسلسل تعاون اور رہنمائی کیلئے شکرگزار ہیں۔ اس کے ساتھ ہی ہم کاروبار میں تسلسل برقرار رکھنے پر اپنے صارفین کے بھی ممنون ہیں۔ ہم اپنے سرٹیفکیٹ ہولڈرز کے تعاون اور ہماری انتظامیہ پر اعتماد کیلئے ان کا شکریہ ادا کرتے ہیں۔

منجانب بورڈ



مرتضیٰ احمد علی

چیف ایگزیکٹو

28 اگست 2017

- گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات اختصار کے ساتھ منسلک کی گئی ہیں۔
- آپ کی کمپنی کے ذمہ 30 جون 2017 پر ٹیکس، ڈیوٹیز، محصولات اور چارجز کی مد میں کوئی واجبات نہیں ہیں سوائے ان کے جو اس سالانہ رپورٹ میں درج ہیں۔
- سال کے دوران میں کسی ڈائریکٹر، سی ای او، سی ایف او، کمپنی سیکرٹری ان کے شریک حیات یا نابالغ بچوں میں سے کسی نے مضاربہ سرٹیفکیٹ کی کوئی تجارت نہیں کی۔
- فنڈ کے آڈٹ شدہ مالیاتی گوشواروں پر مبنی ایمپلائز پراویڈنٹ فنڈ میں سرمایہ کاری کی قدر بمطابق 31 دسمبر 2016 :- 63,040,026/- روپے ہے۔
- (2015 :- 51,782,867/- روپے)۔
- سرٹیفکیٹ ہولڈرز کیلئے سرٹیفکیٹ کی ہولڈنگ کا طرز اس سالانہ رپورٹ میں شامل ہے۔

- i. بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ایک ہیومن ریسورس کمیٹی تشکیل دی ہے۔ کمیٹی بورڈ کو درج ذیل امور کیلئے اپنی سفارشات پیش کرتی ہے۔ کمپنی کا ایک مضبوط انتظامی منصوبہ تیار کیا جائے۔
- ii. ملازمین کے ارتقائی عمل کا موثر پروگرام بنایا جائے۔
- iii. معاوضے اور فوائد کے مضبوط منصوبہ جات، پالیسیاں اور طرز عمل تشکیل دیئے جائیں جو اعلیٰ صلاحیت کے عملے کیلئے پرکشش ہوں اور ان کو روکے رکھیں تاکہ وہ کاروبار کا موثر انتظام کریں اور اس کے ساتھ مقررہ اہداف حاصل ہوں۔

ہیومن ریسورس کمیٹی کا اجلاس سال میں ایک بار منعقد ہوا جس میں سو فیصد ممبران حاضر رہے۔

بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی تین ممبران پر مشتمل ہے۔ آڈٹ کمیٹی کے سربراہ ایک خود مختار ڈائریکٹر ہیں۔ کمیٹی مدت وار مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیوں اور موجودہ طرز عمل کے اطمینان بخش ہونے کی جانچ کرتی ہے تاکہ ایک مستعد اور مضبوط اندرونی کنٹرول قائم رہے۔ کمیٹی اندرونی آڈٹ ڈپارٹمنٹ کی جاری کردہ رپورٹس کا بھی جائزہ لیتی ہے۔ کمیٹی بیرونی آڈیٹرز کے تقرر کیلئے بورڈ آف ڈائریکٹرز کو سفارشات پیش کرنے کی بھی ذمہ دار ہے۔

اس وقت بورڈ آف ڈائریکٹرز 7 افراد پر مشتمل ہے جن کی تفصیل درج ذیل ہے:

- پانچ نان ایگزیکٹو ڈائریکٹرز جو الائیڈ گروپ آف کمپنی کی نمائندگی کرتے ہیں اور یہ گروپ سب سے بڑا اسٹیک ہولڈر ہے۔
- ایک ایگزیکٹو ڈائریکٹر، جو مینجمنٹ کمپنی کے CEO ہیں، مضاربہ کے امور کے انتظامات کرتے ہیں۔
- ایک خود مختار ڈائریکٹر، جناب عبدالرحیم سوریہ، جن کا تقرر کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق کیا گیا ہے۔

نان ایگزیکٹو ڈائریکٹرز قابل افراد ہیں اور مطلوبہ مہارت، علم اور صلاحیتوں کے حامل ہیں اور سینئر مینجمنٹ کو موثر رہنمائی فراہم کرتے ہیں جو SECP کے مطلوبہ معیار کے مطابق ہیں۔ بورڈ کا چیئرمین CEO کے علاوہ ہے۔ بورڈ کا اجلاس باقاعدگی سے منعقد ہوتا ہے جس میں کاروباری آپریشنز کے نتائج اور ان کے انتظامات پر غور و خوض کیا جاتا ہے اور مضاربہ کی کاروباری سرگرمیوں سے متعلق فیصلے کئے جاتے ہیں۔

تمام ڈائریکٹرز کوڈ آف کارپوریٹ گورننس-CCG کے تحت مطلوبہ لازمی سرٹیفیکیشن کا عمل مکمل کر چکے ہیں۔ کاروباری رجحانات اور مضاربہ کے آپریشنل منصوبوں پر بھی غور کیلئے اجلاس منعقد کئے جاتے ہیں۔ مضاربہ کے سالانہ کاروباری منصوبہ کے علاوہ مختلف منصوبوں کے منظر نامے پر بھی صلاح مشورہ کیا جاتا ہے۔

بورڈ میں شامل خود مختار ڈائریکٹر جناب عبدالرحیم سوریہ ایک منجھے ہوئے پیشہ ور شخص ہیں اور کاروبار کا آزادانہ جائزہ پیش کرتے ہیں اور اپنی مہارت اور علم کی بناء پر خصوصاً گورننس کی پالیسیوں اور پائیدار معیارات کے حوالے سے طریقہ کار کو کنٹرول کرتے ہیں۔ اس سال بورڈ کے چار اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

اجلاس کی تعداد جن میں حاضر رہے

جناب خواجہ آصف رحمن	3
جناب مرتضیٰ احمد علی	4
سید فیصل علی	4
جناب علی اکبر	3
جناب رئیس اے خان	1
جناب عبدالرحیم سوریہ	4
جناب حسن شہزاد عابدی	4

جو ڈائریکٹر صاحبان درج بالا اجلاسوں میں شرکت نہ کر سکے، ان کو غیر حاضری پر چھٹی عنایت کی گئی۔

ڈائریکٹرز کیلئے ارتقائی عمل

انتظامیہ کی پالیسی ہے کہ وہ ڈائریکٹرز، ایگزیکٹوز اور کارپوریٹ گورننس سے متعلق عملہ کی سیمینارز اور کورسز میں شرکت کی حوصلہ افزائی کریں جس کے باعث وہ اپنی کارکردگی کو نکھار سکیں۔ موجودہ ڈائریکٹرز CCG کی ہدایات کے مطابق مطلوبہ اہلیت کے حامل ہیں۔

نئے مقرر کئے جانے والے ڈائریکٹرز کو تربیت کے عمل سے گزارا جاتا ہے جس میں ان کے کردار، فرائض اور ذمہ داریوں کے بارے میں آگاہ کیا جاتا ہے اور اس کے علاوہ مضاربہ کے بارے میں معلومات فراہم کی جاتی ہیں۔ نیز ان کی قانونی ذمہ داریوں اور ایک لٹڈ اکائی کے ڈائریکٹر ہونے کی حیثیت سے اور ان پر لاگو ضوابط کی وضاحت کی جاتی ہے۔ ان کو SECP کے متعین کردہ منظوری کے طریقہ کار سے بھی گزرنا پڑتا ہے جس میں رجسٹرڈ مضاربہ ان کا انٹرویو کرتے ہیں اور ان کے علم خصوصاً اسلامک فنانس اور شریعہ پر مبنی معیارات کے بارے میں پوچھا جاتا ہے۔

کارپوریٹ گورننس پر عمل درآمد

بورڈ آف ڈائریکٹرز کمپنی کے تمام نمایاں اور اہم معاملات کا جائزہ لیتا ہے۔ ان میں کمپنی کی حکمت عملی کا رخ، سالانہ کاروباری منصوبے اور اہداف، متعلقہ پارٹیوں سے لین دین اور طویل مدت کی سرمایہ کاری اور قرضوں کا حصول شامل ہیں۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار برقرار رکھنے پر کاربند ہے۔

بورڈ آف ڈائریکٹرز بمسرت مطلع کرتے ہیں کہ

- مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی تفصیلات (Financial Statements) میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد رقومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- مضاربہ کے حساب کتاب اور کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ اور حسابات کے تخمینہ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے، اور حسابات کے تخمینوں میں معقولیت اور دانائی پر مبنی فیصلے کئے گئے ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں مضاربہ پر لاگو اور بین الاقوامی مالیاتی معیارات کی بنیاد پر تیار کئے گئے ہیں۔
- داخلی کنٹرول کا نظام ڈیزائن کے اعتبار سے محفوظ ہے اور اس کے نفاذ اور نگرانی کا کام موثر طریقے سے کیا گیا ہے۔
- مضاربہ کے موجودہ صلاحیت میں کام جاری رکھنے میں کسی روکاؤٹ کا کوئی شبہ نہیں ہے۔

گورننس فریم ورک

وسل بلور (Whistle Blower) کا نظام

بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق Whistle Blower کا نظام تشکیل دیا ہے۔ کئی مواقع ایسے ہوتے ہیں جب لوگ اپنی شکایات براہ راست اپنے منیجرز کو پیش کرنے میں جھجک محسوس کرتے ہیں۔ لہذا ہم نے پورے مضاربہ میں Whistle Blower کا ایک خفیہ نظام فراہم کرنے کا منصوبہ بنایا ہے جسے ہر ملازم استعمال کر سکے گا۔ اس پالیسی کا مقصد مسائل پر کھلی گفتگو کی حوصلہ افزائی کرنا ہے۔ مضاربہ کے ضابطہ اخلاق پر عمل درآمد کے سلسلے میں نیک نیکی سے اطلاع دینے کے نتیجے کے طور پر کسی کو بھی نقصان کا خدشہ نہیں ہوگا۔ اس پالیسی کے تحت تمام اطلاع دینے والوں کو خفیہ رکھا جائے گا اور ان کی شناخت بھی خفیہ رہے گی سوائے اس کے جب کسی تحقیق میں رکاوٹ یا پیش رفت کیلئے ضروری نہ ہو۔ تاہم تحقیقاتی طریقہ کار میں معلومات کے ذریعہ کو ظاہر کرنے اور مطلع کرنے والے فرد کو گواہی کیلئے بیان دینے کی ضرورت پیش آسکتی ہے۔

اگر کوئی ملازم کسی بات کی اطلاع دینا چاہتا ہے تو اسے سب سے پہلے اپنے شعبہ کے سربراہ کے سامنے مسئلہ پیش کرنا چاہیے (اگر اسی شخص کے بارے میں شکایت نہ ہو تو) اور ایسی صورت میں آڈٹ کمیٹی کو ریکارڈ رکھنے اور نگرانی کیلئے درج ذیل طریقہ کے مطابق تحریری اطلاع دینی چاہیے:

- مسئلہ کا عام اور تاریخی پس منظر اور (مع متعلقہ توازن)
- وجہ، کہ اس مسئلہ سے ان کا کیا تعلق ہے

شکایت کے متبادل طریقے:

آزاد ہاٹ لائن:

ایک بیرونی ایجنسی ہاٹ لائن آپریٹ کر رہی ہے، جس کے ذریعے ملازمین کو یہ موقع حاصل ہے کہ مالیاتی رپورٹنگ یا دوسرے معاملات میں ممکنہ غیر قانونی عمل کے بارے میں اطلاع دے سکیں۔ یہ ہاٹ لائن ہر ایک کیلئے دستیاب ہے اور اگر وہ چاہیں تو ان کی شناخت کو خفیہ رکھا جائے گا۔

ڈائریکٹر

بورڈ آف ڈائریکٹرز کا اسٹریکچر

بورڈ آف ڈائریکٹرز باصلاحیت افراد پر مشتمل ہے جو مختلف شعبوں میں علم، تجربہ اور مہارت رکھتے ہیں اور لیڈر شپ اور وٹن کے حامل ہیں جو مضاربہ اور اس کے شوقیلیٹ ہولڈرز کے بہترین مفاد میں کام کرنے کیلئے ضروری ہے۔ بورڈ آف ڈائریکٹرز کمپنی کی کارپوریٹ پالیسی کے فیصلے کرنے میں اہم کردار ادا کرتا ہے اور مضاربہ کے قلیل المدت اور طویل مدت آپریشنز کی منصوبہ بندی میں سینئر ایگزیکٹو کے ساتھ کام کرتے ہیں۔

گورننس فریم ورک کو اس طرح تشکیل دیا گیا ہے کہ مضاربہ کی بنیادی اقدار اور اصولوں کو برقرار رکھتے ہوئے ہر کام میں مہارت کو شامل کر لیا جائے۔ دیانت داری، شفافیت کے اعلیٰ ترین گورننس کے معیار اور اسٹیک ہولڈرز کی قدر کے تحفظ کے جذبہ کے ساتھ مضاربہ نے اپنے گورننس فریم ورک کو صنعت کے بہترین مروجہ طرز عمل کے مطابق بنادیا ہے۔ بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ اندرونی کنٹرول پر خصوصی توجہ دیتی ہے جس پر عمل کرنا مضاربہ کے ہر درجہ کے ملازم کیلئے لازمی ہے۔

بورڈ آف ڈائریکٹرز ایک کھلے ذہن، اخلاقیات، سمجھداری اور جامعیت پر مبنی انتظامیہ فراہم کرنے اور اس کو کامیاب اور موثر بنانے کیلئے بہترین کارپوریٹ گورننس کی تشکیل اور اس پر عمل درآمد کا ذمہ دار ہے۔ مختصر یہ کہ بہترین کارپوریٹ گورننس کمپنی کی قدر بڑھانے اور اس کی پائیدار ترقی کا اہم ذریعہ ہے۔ کارپوریٹ گورننس کو بہتر سے بہتر بنانے کا عمل جاری ہے اور ہم اس کو بین الاقوامی مروجہ طریقہ کار کے معیار کے ہم پلہ بنانے کا عزم رکھتے ہیں۔

کنٹرول کی سرگرمیاں

مضاربہ نے کاروباری آپریشنز کی نوعیت کے لحاظ سے کنٹرول کی کئی طرح کی سرگرمیوں کا تعین کیا ہے اور ہر شعبہ کو ذمہ داری سونپ دی گئی ہے کہ وہ اس کی موثر طور پر نگرانی کرے۔

جائزہ:

ہر سہ ماہی میں کم از کم ایک بار بورڈ کا اجلاس ہوتا ہے جس میں مضاربہ کی مالیاتی کارکردگی، مالیاتی اور آپریشن کے بجٹ اور اندازے، کاروبار میں اضافہ اور اس کی ترقی کے منصوبوں، سرمایہ کے اخراجات کی تجاویز اور کارکردگی کے دوسرے بنیادی اشارات پر غور کیا جاتا ہے۔ تمام مادی اخراجات پر بعد از تکمیل کا جائزہ لیا جاتا ہے۔

آڈٹ:

اندرونی آڈٹ کا سربراہ بورڈ آف آڈٹ کمیٹی کو رپورٹ پیش کرتا ہے۔ اندرونی آڈٹ کے کاموں میں مالیاتی، آپریشنل اور عمل درآمد پر کنٹرول اور رپورٹ کے نتائج بورڈ آف آڈٹ کمیٹی، چیف ایگزیکٹو اور متعلقہ شعبوں کے سربراہوں کو بھیجتا ہے۔ اندرونی آڈٹ کا دفتر اظہار کی درستگی، معلومات کی شفافیت، اندرونی کنٹرول اور رسک مینجمنٹ کے مناسب مروجہ طریقہ کار کے بارے میں آڈٹ کمیٹی کو یقین دہانی کراتا ہے۔ اس میں محتاط، تخلیقی تحقیق اور آڈٹ پر زور دیا جاتا ہے جو اچھی کارپوریٹ گورننس کے بین الاقوامی معیارات کے مطابق ہوں۔ بورڈ آف آڈٹ کمیٹی اندرونی اور بیرونی آڈیٹرز سے اندرونی کنٹرول کے بارے میں رپورٹس وصول کرتا ہے اور کنٹرول کے موثر ہونے کی نگرانی کیلئے طریقہ کار کا جائزہ لیتا ہے۔ آڈٹ ڈپارٹمنٹ شریعہ ایڈوائزر سے بھی قریبی رابطے میں رہتا ہے اور تمام کاروباری سرگرمیوں میں شریعہ اصولوں پر عمل درآمد کیلئے رہنمائی حاصل کرتا ہے۔

مستقبل کے امکانات

اس سال کا نمایاں امتیاز ہمارے رینٹل اثاثہ کی بنیاد میں 10 بلین روپے تک کی توسیع تھا جس سے سیلز کی 3 بلین روپے آمدنی حاصل ہوئی۔ ہم اب تک رینٹل ایسیٹ کے شعبہ میں قائدانہ حیثیت کے حامل ہیں جنہوں نے 2007 سے 2017 تک بے مثال ترقی حاصل کی ہے۔ مضاربہ اور ٹیم میں شامل فیچرز سے ٹیکنیشنز اور ڈرائیورز/آپریٹرز تک تمام افراد اپنے صارفین کو پاور سے لاجسٹکس تک ہر طرح کے آلات کیلئے مکمل رینٹل پاور سلوشن فراہم کرنے میں سرگرم عمل ہیں۔ کیئر پلر برانڈ کے نام کی قوت اور نئی ٹیکنالوجیز، نئی پروڈکٹس، نئی مارکیٹس اور نئے شعبہ میں ہماری مسلسل سرمایہ کاری کی حکمت عملی نے ہمیں نئی مارکیٹس اور مواقع سے بھرپور فوائد حاصل کرنے کے قابل کیا ہے جو رینٹل سلوشن کے سامان کے ساتھ ساتھ سی پیک کے فرنٹ پر بڑھتی ہوئی طلب کے باعث ہم 18-2017 اور اس سے آگے کے منصوبوں کے حصول کیلئے ہم پر اعتماد ہیں۔ اپنے کاروباری آپریشنز میں دانشمندانہ پالیسیز اور شعبہ جات کے باعث ہمیں بھروسہ ہے کہ ہم اس سال کے لئے مقرر کردہ اہداف حاصل کر لیں گے۔ ہم اپنے رینٹل کی آمدنی کے ذرائع کو پاور رینٹل کے کاروبار سے معیشت کے دیگر منافع بخش شعبہ جات تک تنوع دینے کے اہل ہیں؛ اور مشینوں، کرینوں اور ٹرکس کے مختلف شعبوں میں سرمایہ کاری کے ذریعہ آمدنی کے مختلف النوع ذرائع اختیار کر رہے ہیں۔

اس کے باوجود کہ ہمارے ملک کو کئی طرح کے چیلنجز کا سامنا ہے پھر بھی ہم سمجھتے ہیں کہ قراقرم کے پہاڑی سلسلے سے بلوچستان کے پہاڑی علاقوں تک ہمارا ملک قدرتی وسائل سے مالا مال ہے۔ ہمارے ملک میں بھرپور قدرتی وسائل موجود ہیں اور وسیع زریعی زمین کے مالک ہونے کی بناء پر ہم کپاس، چاول، گندم، مکئی، آلو، پھل اور سبزیاں اگانے کے قابل ہیں۔ سی پیک ملکی معیشت میں بڑی تبدیلی لانے کا منصوبہ ہے اور اس کے مطابق یہ ہمیں بھی کاروبار کے نمایاں مواقع پیش کرتا ہے اور ہم اس موقع سے فائدہ اٹھانے کیلئے پوری طرح تیار ہیں۔ 200 ملین کی آبادی کے ساتھ ہمارا ملک ہر طرح کی سرمایہ کاری کیلئے ایک بڑی مارکیٹ ہے، چاہے وہ توانائی پیدا کرنے کی بڑھتی ہوئی مانگ میں صنعتی سرمایہ کاری ہو یا مشہور FMCG برانڈز کے ساتھ پارٹنرشپ سے لاجسٹک کے شعبہ میں سرمایہ کاری کرنا ہو یا سی پیک کے فرنٹ پر کارگو کی نقل و حمل کا معاملہ ہو۔

ہمیں اپنے ملک اور صارفین کے ساتھ اپنے عہد کا پورا احساس ہے اور ہم معیشت کے ہر شعبہ میں کام کرتے رہیں گے اور ان کی رینٹل پروڈکٹس کی ضروریات پوری کرنے میں مصروف عمل رہیں گے۔ ہمیں جہاں بھی موقع نظر آئے گا ہم اسے ضائع نہیں ہونے دیں گے اور ہر طرح کے رینٹل پروڈکٹس میں نئی سرمایہ کاری کرتے رہیں گے۔ ہم اسلامک اجارہ رینٹل پروڈکٹس بھی پیش کر رہے ہیں اور اپنے صارفین کی ضروریات پوری کرنے کیلئے دن رات سرگرم عمل ہیں۔

ریگولیٹرز اور سرٹیفکیٹ ہولڈرز کیلئے ہمارا عہد

ایک ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے ہم اپنے کاروبار کو شفاف طریقے سے جاری رکھیں گے اور ریگولیٹرز کے ساتھ قریبی رابطے کے ذریعہ اپنے تمام کاروباروں میں ضابطوں کے ساتھ ساتھ مکمل شریعہ کے طریقہ کار پر عمل درآمد کو یقینی بنائیں گے۔ ہم اپنے سرٹیفکیٹ ہولڈرز کے ساتھ کئے گئے وعدوں کو نبھانے کیلئے:

- ۱۔ اپنے کاروبار کے تمام شعبہ جات میں اسلامی شریعہ کے اصولوں پر کاربند رہیں گے۔
- ۲۔ ان کی سرمایہ کاری پر نقد ڈیویڈنڈ اور انٹرنسٹ سرٹیفکیٹ کے ذریعے ان کو شفاف آمدنی فراہم کریں گے۔ تاہم بونس پر ٹیکس کا مسئلہ کے سبب بونس کا اجرا نہیں کیا جا رہا۔
- ۳۔ اپنے رینٹل اثاثہ کے پورٹ فولیو کے مختلف شعبہ جات کیلئے مضاربہ کے طویل المدت ترقی اور پائیداری کے منصوبے تیار کریں گے۔ رینٹل کے کاروبار



میں سرمایہ اور مزدوروں کی نہایت اہم ہیں کیونکہ ہم صرف آلات کی دیکھ بھال ہی نہیں کرتے بلکہ صارفین کی سائٹ پر ان کو مسلسل آپریٹ کرنے اور دیکھ بھال کی خدمات بھی انجام دیتے ہیں۔ اس کی بناء پر ہمیں اپنے اثاثہ جات کا باقاعدہ جائزہ لینے کی ضرورت ہوتی ہے تاکہ ہم اپنے سرمائے کا بھرپور استعمال کر سکیں اور اس کے ساتھ ساتھ آپریشنل کنٹرول کا بھی باقاعدگی سے جائزہ لینے اور اس کو بہتر بنانے پر توجہ رکھنی ہوتی ہے۔ یہ نہ صرف اثاثہ جات کی قدر بحال رکھنے کیلئے بلکہ صارفین کو معیاری خدمات فراہم کرنے کیلئے بھی ضروری ہے۔



ERP پر عمل درآمد سے مضاربہ کو درج ذیل فوائد حاصل ہوں گے:

- پوائنٹ سلوشن کے برخلاف (جو ماضی میں چھوٹے اور درمیانہ درجہ کے کاروبار میں استعمال ہوتا تھا) اور متعدد (بعض اوقات ڈپلیکیٹ) پر انحصار کرنا پڑتا جس سے آئی ٹی کے ذرائع پر دباؤ پڑتا ہے، ERP سلوشن پورے کاروبار کو چلانے کیلئے صرف ایک اپلیکیشن کے استعمال کا معیار حل پیش کرتا ہے۔ اس سے نہ صرف استعداد بڑھتی ہے بلکہ ملکیت کی مجموعی قیمت (TCO) بھی کم پڑتی ہے، جس کا مطلب ہے آپریشن کے اخراجات کم اور مضاربہ کا منافع زیادہ۔
- سخت مالیاتی کنٹرول کے ساتھ کیئر پلر فائینانسیاں رینٹل پر عمل درآمد کا ڈکٹریشن اور عمل درآمد کیلئے دیگر قانونی فارمز۔
- پروڈکٹ اور خدمات کی معلومات مثلاً سپلائرز، کسٹمرز کے آرڈرز اور پروڈکٹ کی تفصیلات صرف ایک ڈیٹا کے ذریعے حاصل ہوتی ہیں۔ پروڈکٹ کے ترقیاتی عمل میں تیزی اور ان کے تعارف کو بار بار پیش کرنا، جس سے کمپنی کے مجموعی مارکیٹ شیئر میں اضافہ ہوتا ہے۔
- اہم مجموعی معلومات تک رسائی میں اضافہ سے کاروبار کا مجموعی سطح پر واضح منظر نامہ سامنے آتا ہے جس سے حکمت عملی میں مسلسل بہتری اور کارکردگی کے عام پیمانے اور ذرائع قائم کر کے کاروبار کی صورتحال کا اندازہ کیا جاسکتا ہے۔
- منصوبوں کی موثر طور پر تنظیم اور ترقیاتی عمل سے لے کر آپریشن کے تمام مراحل تک ہر اہم سطح پر مکمل فیصلہ سازی کرنا آسان۔
- ذرائع اور خریداری کے مرتب طریقہ کار سے پروڈکٹ کے صارفین کی طلب سے ہم آہنگ ہونے میں مدد ملتی ہے اور ایک خریداری کا مرکزی ماڈل ناجائز اور غیر ضروری اخراجات کو کم کرتا ہے۔
- سیلز اور آپریشنز کی منصوبہ بندی کے ساتھ اہم معلومات تک رسائی فراہم کرنے سے "Closed loop" کے طریقہ کار کو فروغ حاصل ہوتا ہے جو اس بات کو یقینی بناتا ہے کہ کاروبار میں نہ تو اصل سے زیادہ کا وعدہ کیا گیا ہے اور نہ ہی صارفین کو اصل سے کم فراہم کیا جا رہا ہے۔

خود کار کاروباری نظام، جیسے ایک نظام کے تحت انوائس جمع کرانا اور خرید و فروخت کے آرڈر دینا، پیشگی اندازوں کے درست ہونے میں بہتری اور ناقص کارکردگی میں کمی کی آتی ہے۔ اسی طرح بلنگ اور صارفین سے دیگر باہمی رابطوں کی معلومات، صرف ایک عمل سے حاصل ہونے سے خدمات کا معیار بہتر ہوتا ہے اور صارفین کی وابستگی برقرار رہتی ہے۔

اس سال کے دوران میں آئی ٹی پروجیکٹ میں 30 جون 2017 تک کی گئی مجموعی سرمایہ کاری کیلئے اکاؤنٹس میں حاصل کردہ 1.4 ملین روپے کا چارج کیا گیا۔

سالوں میں رائٹ ایٹو سے نہ صرف رینٹل اثاثہ جات میں اضافہ کیلئے فنانسنگ میں مدد ملی بلکہ اس طریقہ کار میں بینکوں سے مسلسل کم مارک اپ ریٹس پر قرضہ کی مستقل دستیابی سے قرضہ: ایکویٹی کی شرح بھی برقرار رہی۔ اس سال بھی انتظامیہ کے منصوبوں میں دوبارہ ایک بلین روپے کی سرمایہ کاری کرنا شامل ہے جس میں CAT - مشین رینٹل، لاجسٹک رینٹل بیڑوں، پاور جنریشن اور فورک لفٹ سے متعلق کچھ نئے منصوبے شامل ہیں تاکہ مضاربہ رینٹل پاور کے شعبہ میں اپنی قائدانہ حیثیت برقرار رکھے اور بیوچپس کمپنیوں کے ساتھ لاجسٹکس کے کاروبار کے موقع سے فوائد حاصل کرے۔ لہذا اہم نے یہ محسوس کیا کہ یہ ہمارے سرٹیفکیٹ ہولڈرز کیلئے بھی اچھا موقع ہے کہ وہ مضاربہ کے فروغ میں سرمایہ کاری کریں اور اس لحاظ سے بورڈ نے 13.96% رائٹ سرٹیفکیٹ جاری کرنے کا فیصلہ کیا ہے جن کی تعداد 24,500,000 ہوگی جو کہ 5/ روپے فی سرٹیفکیٹ کے پریمیم کے ساتھ جاری کیا جائے گا جس سے Paid-up Capital دو بلین تک پہنچ جائے گا۔ 2017 کے ڈیویڈنڈ کی ادائیگی کے بعد بریک اپ ویلیو 25.04 روپے فی سرٹیفکیٹ ہوگی، تاہم انتظامیہ نے 15/ روپے فی سرٹیفکیٹ پیش کرنے کا فیصلہ کیا ہے جس کا پریمیم 5/ روپے فی سرٹیفکیٹ ہوگا۔

کریڈٹ رینٹنگ

مضاربہ کی انتظامیہ یہ اطلاع دیتے ہوئے خوشی محسوس کرتی ہے کہ JCR-VIS کریڈٹ رینٹنگ کمپنی لمیٹڈ نے الائیڈ رینٹل مضاربہ (ARM) کی "A+" (سنگل A) برائے طویل مدت اور "A-1" (سنگل A-1) برائے قلیل مدت برقرار رکھی ہے۔ یہ دوبارہ اس بات کی عکاسی ہے کہ رینٹنگ ایجنسی کو مضاربہ کی کارکردگی اور اپنی مالیاتی ذمہ داریاں پوری کرنے کی صلاحیت پر اعتماد ہے۔

آئی ٹی انفراسٹرکچر

مضاربہ نے اپنے کثیرالجہتی رینٹل کاروبار کے پورٹ فولیو میں ترقی کے تسلسل اور اثاثہ جات کی بنیاد 10 بلین روپے سے زیادہ تک پہنچنے کو مد نظر رکھتے ہوئے انتظامیہ نے 2016 میں اپنے آئی ٹی انفراسٹرکچر میں سرمایہ کاری کا فیصلہ کیا اور اپنے رینٹل کاروبار کی ضروریات کے ERP حل کیلئے مائکروسافٹ AX ڈائنامکس مع انکریڈٹڈ ایڈ آن جرنل بس کمپیوٹر سافٹ ویئر SYCOR کا انتخاب کیا ہے۔

سافٹ ویئر کیلئے لائسنس خرید لئے گئے ہیں اور ٹیم ممبرز کی تربیت سے اس پر عمل درآمد کا مرحلہ شروع ہو گیا ہے۔ ابتدائی ٹیسٹ اور تربیت کے بعد سال کے دوران میں جنرل لیجر اور فنانشل موڈیول پر عمل درآمد شروع ہو گیا ہے۔

انتظامیہ اور اس کی آئی ٹی ٹیم اس منصوبہ پر بھرپور توجہ دے رہی ہے اور اپنے روزمرہ کے آپریشن، فنانشل اور ریگولیٹری ماحول میں سسٹم کے بلا تعلق جاری رکھنے کیلئے کئی مرحلے کامیابی سے طے کر لئے ہیں۔

مضاربہ کو مسلسل مشکلات اور تاخیر کا سامنا ہے اور سبز اور درآمد دونوں کے مرحلے میں ٹیکس کی کٹوتی کیلئے ٹیکس اتھارٹیز سے ٹیکس سے استثنیٰ کا سرٹیفکیٹ حاصل کرنے میں بھی تاخیر ہو رہی ہے۔ باوجود اس کے کہ انکم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کی شق نمبر 100 کی رو سے مضاربہ کو ٹیکس سے استثنیٰ قرار دیا گیا ہے۔ اس کے نتیجے میں ہمارے صارفین کی جانب سے ٹیکس میں غیر ضروری کٹوتی اور نئے آلات کی درآمد پر انکم ٹیکس سے فنڈ منجمنٹ میں غیر ضروری کیش کے بہاؤ پر دباؤ پڑا ہے۔ سال کے دوران میں ہمارا قابل وصول انکم ٹیکس، جیسا کہ کھاتوں میں درج ہے، گزشتہ سال کے 58 ملین روپے سے بڑھ کر 30 جون 2017 کے اختتام پر 136 ملین روپے تک جا پہنچا۔ یہ رقم اور اس کے ساتھ بطور احتجاج 50 ملین روپے کی FED کی ادائیگی کو ملا کر انکم ٹیکس اتھارٹی سے قابل وصول رقم 186 ملین روپے تک جا پہنچی ہے۔

مختلف انواع کی وجہ سے پاور رینٹل کا حصہ کم ہو رہا ہے لیکن ابھی بھی یہ مضاربہ کے مجموعی سبز ریونیو میں 53% کے قریب حصہ ملا رہا ہے۔ کاروبار اپنی حدود کی انتہا کو پہنچ گیا ہے اور ہم آنے والے سالوں میں بیڑے میں کسی بڑے اضافہ کی توقع نہیں رکھتے۔ مضاربہ کا مجموعی بیڑا بنی ٹیکنالوجیز پر مشتمل ہے جو ایندھن میں کفایت اور دوسرے بہتر ماحول کے مطابق ہے۔

ایندھن میں کفایت کی بناء پر مضاربہ کو دوسروں پر فوقیت حاصل ہے اور صارفین کیلئے اس کی پیش کردہ قیمت منافع کا سبب ہے۔



جیسا کہ گزشتہ سال پیش گوئی کی گئی تھی، اس سال سی پیک کے تحت سرمایہ کاری اور دیگر منصوبوں کی بناء پر تعمیراتی سامان کے رینٹل کاروبار میں نمایاں اضافہ ہوا۔ مارکیٹ میں کم قیمت / کم معیار کے سرمایہ کار کے ساتھ آپریٹرز کے غیر منظم شعبہ کی موجودگی ایک چیلنج ہے۔ جبکہ نئے قابل اعتماد اور با کفایت ایندھن والے یونٹس سے اُن کا مقابلہ بھی ایک مستقل چیلنج ہے۔ گزشتہ سال تنظیمی ڈھانچہ قائم کر دیا گیا تھا جس کا خاص مقصد اس شعبہ کو ہدف بنانا تھا۔ سال کے دوران میں تقریباً 100 مشینیں بیڑے میں شامل کی گئیں جن میں کرین، ایکسکاوٹر، موٹر گرڈرز، کمپیکٹر ز، روشنی کے ٹاورز اور دوسرے تعمیراتی سامان شامل تھا اس کی وجہ کیئر پلر اور سینی (SANY) کی جانب سے بہترین قیمت کی بناء پر یہ ممکن ہو سکا۔

داخلی لاجسٹک کے شعبہ میں مضاربہ اپنے صارفین کو مکمل 360 ڈگری حل پیش کر رہا ہے۔ جس میں خاص طور پر بوتلوں اور پیکیجنگ کی صنعت کو فوڈک لفٹ کے ذریعے موثر اور با کفایت حل پیش کرتا ہے۔ موجودہ سال میں اس شعبہ کی آمدنی 336 ملین روپے ریکارڈ کی گئی اور ہمارا ہدف اس شعبہ میں دوسری اعلیٰ درجہ کی کمپنیوں کو ایسی طرح کا حل پیش کرنا ہے۔

منجمنٹ محسوس کرتی ہے کہ مضاربہ کیلئے مستقبل میں سرمایہ کاری اور ترقی کا بہترین ذریعہ لاجسٹک ہی ہے۔ جہاں تک سڑکوں کی لاجسٹک کا تعلق ہے، پاکستان ابھی اس کے ابتدائی دور میں ہے۔ اس شعبہ میں سرمایہ، روڈ سائیز انجنیئرنگ کے طریقوں اور مجموعی بنیادی ڈھانچہ کی عدم دستیابی سے کئی طرح کی خرابیاں پیدا ہوئیں جس کا نتیجہ ٹرانسپورٹ کی لاگت میں اضافہ ہے۔ مضاربہ FMCG کے بڑے برانڈز کے ساتھ ٹرانسپورٹیشن کیلئے رینٹل معاہدے کر چکا ہے جو ہمارے اس کاروبار میں نیا ہونے کے باوجود اس بات کی عکاسی کرتا ہے کہ ہمارے صارفین کو ہمارے وعدوں کی تکمیل پر اعتماد ہے۔

HSE کے معیار کے تعمیل کنندہ کا اہل ہونے کیلئے مضاربہ اپنے لاجسٹک کے کاروبار کو Bureau Veritas پاکستان کے SMETA کے فراہم کردہ رہنما اصولوں کے تحت بطور ایک ذمہ دار تعمیل کنندہ کے سورسنگ آڈٹ کی مسلسل تصدیق کرواتا ہے۔ ہم اس شعبہ میں FMCG کے بعض بڑے برانڈز کے ساتھ ترقی کے بہت زیادہ امکانات دیکھ رہے ہیں جن کو پاور رینٹل اور لاجسٹک رینٹل کے کاروبار کیلئے رینٹل کے حل پیش کر کے روابط قائم کئے ہیں۔ اس سلسلے میں کاروبار کا ایک اہم امکان سی پیک رابداری کے ذریعہ چین کو سامان کی ترسیل ہے اور کاروباری یونٹ اس نمایاں موقع سے مکمل طور پر آگاہ ہے۔ جیسے کہ ہم اس کاروبار کے ابتدائی مسائل سے آگے نکل آئے ہیں اور ہم شعبہ میں منافع بخش ترقی کے امکانات دیکھ رہے ہیں۔ 30 جون 2017 کو اس شعبہ میں ہماری سرمایہ کاری 1471 ملین روپے ہے اور اس سال کے دوران میں سبز کی آمدنی 787 ملین روپے ہو گئی۔

ڈیویڈنڈ

بورڈ ہر -10 روپے کے سرٹیفکیٹ پر 15% یعنی 1.50 روپے فی شیئر کے حساب سے کیش ڈیویڈنڈ پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

رائٹ ایٹ

منجمنٹ اپنے مختلف النوع کاروبار بشمول پاور جنریشن، لاجسٹکس، مشینوں اور کرینوں میں، جہاں سرمایہ کاری اور ترقی کی گنجائش دیکھتی ہے وہاں اپنے رینٹل بیڑے کو مسلسل توسیع دے رہی ہے۔ اس کا اندازہ 2015-16 میں کی گئی 1.733 بلین روپے اور 2016-17 میں کی گئی 1.524 بلین روپے کی سرمایہ کاری ہے جو 2017 کے کلوزنگ اجارہ رینٹل بیڑے کا تقریباً نصف ہے۔ گزشتہ سالوں میں ہونے والی ترقی، اسلامک بینک، منافع کی رقوم، مضاربہ جات اور روایتی بینکوں کے اسلامی شعبہ میں فنانسنگ سے حاصل شدہ رقوم سے اندرونی طور پر فنانسنگ کی وجہ سے ہوئی۔ گزشتہ

30 جون کو سال کے اختتام پر قابل وصول رقم زیادہ تھی۔ مشینری کے رینٹل کی وصولی میں زیادہ عرصہ لگتا ہے کیونکہ کنٹریکٹرز کو صوبائی یا وفاقی حکومت یا دیگر کنٹریکٹ کے اداروں سے فنڈز ریلیز ہوتے ہیں۔

اسسٹنٹ کمشنر آف ان لینڈ ریوینیو برائے فیڈرل ایکسائز ڈیوٹی (FED) نے 838.662 ملین روپے (سال 2014-2015) کیلئے مجموعی وصولیوں پر بحساب (16%) اور متعلقہ نادہنگی کا سرچارج اور لاگو جرمانہ عائد کیا تھا۔ مضاربہ نے اس کے جواب میں 16 مارچ 2016ء کمشنران لینڈ ریوینیو۔ ایپلز (CIR-A) کے پاس اپیل جمع کرائی اور درج بالا معاملے پر احتجاج کے طور پر مضاربہ نے 50 ملین روپے کی رقم ایف بی آر کو ادا کر دی۔

پاکستان کے آئین میں 18 ویں ترمیم سے سیلز ٹیکس وصول کرنے کا اختیار صوبوں کو سونپ دیا گیا ہے۔ اس کے مطابق مضاربہ نے معزز سندھ ہائی کورٹ (SHC) میں ایک آئینی درخواست جمع کرا دی ہے جس کے جواب میں SHC نے مضاربہ کو عبوری مدت کیلئے حکم نامہ جاری کر دیا۔ SHC نے 2 جون 2016ء کو اپیل پر فیصلہ صادر کر دیا۔ SHC نے یکم جولائی 2011ء سے FED کے نفاذ کو قانون سے تجاوز قرار دیا اور ایف بی آر کی جانب سے وصول کردہ کسی بھی ڈیوٹی کو کالعدم قرار دیا۔

تاہم SHC کے درج بالا فیصلے کے خلاف CIR-A نے 3 جون 2016ء کے احکامات کی رو سے مضاربہ پر FED کے جرمانہ کو قائم رکھا اور مضاربہ کو ہدایت کی کہ وہ FED کی متعلقہ رقم مع ڈیفالٹ، سرچارج اور جرمانہ کے فوری ادائیگی کر دے۔ اس کے جواب میں مضاربہ نے معزز ایپیلیٹ ٹریبیونل ان لینڈ ریوینیو (ATIR) میں اپیل دائر کی ہے جو ابھی شنوائی کیلئے التوا میں ہے۔



ہمارے اثاثہ جات کی بنیاد میں مستقل کمی کے باوجود ٹیکس کیلکولیشن کے چارجز میں نمایاں طور پر 1.3 ملین روپے کا اضافہ ہوا جو کہ بیمہ کمپنیوں کے ساتھ ٹیکس وینڈو میں بہتر ریٹس کیلئے گفت و شنید کے بعد حاصل ہوا۔

انتظامی اور فروخت کے اخراجات گزشتہ سال کے 140 ملین روپے سے بڑھ کر 177 ملین روپے ہوئے۔ اس اضافہ میں بڑا حصہ تنخواہوں اور اجرتوں کا تھا جو بڑھ کر 34 ملین روپے ہو گیا۔ تنخواہوں میں اضافے کی خاص وجہ سالانہ انکریمنٹ تھا۔ مضاربہ کا کاروبار مختلف النوع ہے جس میں لاجسٹکس، کرین، تعمیراتی سامان اور دوسرے کاروباری شعبہ جات شامل ہیں جو ہمارے سیلز کی آمدنی کا تقریباً 50% فراہم کرتے ہیں۔ اس وقت انتظامی کنٹرول پر بہتر فوکس کرنے کی ضرورت محسوس کی جا رہی ہے لہذا موثر اندرونی کنٹرول اور ریکارڈ رکھنے کیلئے ضروری ہے کہ پیشہ ور افراد کی خدمات حاصل کی جائیں۔

کاروباری شعبہ جات پر وڈ کٹ لائن کو اب زیادہ منظم کر رہے ہیں اور کاروباری شعبہ کیلئے مخصوص اور ماہرین پر مبنی سیلز فورس مقرر کی جا رہی ہے۔ مضاربہ میں آئی ٹی کے نئے نظام "Microsoft AX and Sycor Rental" کی تنصیب کا کام جاری ہے جو کئی طرح کے کاروباری پونٹس اور شعبوں کی ضروریات پوری کرے گا۔ اس سال اس کام کے لئے آئی ٹی ڈیپارٹمنٹ کو وسائل فراہم کرنے کی ضرورت رہی۔ اس سال سافٹ ویئر ڈیولپمنٹ کے لئے 1.5 ملین روپے کی رقم رکھی گئی ہے۔

قانونی اور پروفیشنل معاملات کے سلسلے میں ریگولیٹری فیس، P S X کے چارجز، SECP اور دیگر ریگولیٹری باڈیز اور قانونی معاملات کے اخراجات کی ادائیگی کے علاوہ مضاربہ کے خلاف انکم ٹیکس اور سیلز ٹیکس کے مختلف مسائل کے اخراجات بھی شامل ہیں۔

اس سال مالیاتی لاگت گزشتہ سال کے 140 ملین روپے سے بڑھ کر 169 ملین روپے ہو گئی۔ اگرچہ گزشتہ سال کے مقابلے میں اس سال مارک اپ کی شرح برقرار رہی یا معمولی سی کم ہوئی لیکن زیادہ کمپنیز کی سرمایہ کاری اور اس کے نتیجے میں قرضہ جات کے حصول میں اضافہ سے اس سال مارک اپ 29 ملین روپے کی حد کو پہنچ گیا۔

بچت کے کھاتوں کے منافع اور اسکرپ کی فروخت سے بالترتیب 7.1 ملین روپے اور 11.3 ملین روپے حاصل ہوئے۔ اس سال کے دوران میں متعین اثاثہ جات کی فروخت سے 13 ملین روپے کی رقم حاصل ہوئی جب کہ گزشتہ سال اس مدت میں 3.6 ملین روپے کا نقصان اٹھانا پڑا تھا۔ رینٹل مارکیٹ کے مروجہ طریقہ کار کے مطابق مضاربہ نے بعض پرانے پونٹس کو فروخت کر دیا کہ وہ اپنے استعمال کی مدت پوری کر چکے تھے۔

مضاربہ پر لاگو پروڈیٹیل ریگولیشنز کے مطابق سال کے دوران میں 63 ملین روپے کا پروویژن رکھا گیا جب کہ اس کے مقابلے میں گزشتہ سال 19 ملین روپے تھا۔ اس کی وجہ

سی پیک کے تحت انفراسٹرکچر منصوبوں کے آغاز سے CAT مشینوں اور SANY کرین کے رینٹل کے شعبہ میں بھی نمایاں اضافہ ہوا ہے۔ جن میں سرک بنانے والی مشینیں، کولر اور ایل این جی پمپنی پاور پروڈیکشن اور ہائیڈرو پاور پروڈیکشن شامل ہیں۔ ان مشینوں کی طلب میں بہت زیادہ اضافہ ہوا ہے اور ان یونٹس کی مارکیٹ کی مانگ پوری کرنے کیلئے منجھٹ اچھی استعمال شدہ اور برانڈ نیو یونٹس کی خریداری کیلئے مستقل سرمایہ کاری کر رہی ہے۔ اس میں ہر طرح کا سامان شامل ہے جیسے ایکسکویٹر، موٹر گریڈرز، کمپیکٹر ز اور کنکریٹ بنانے والے آلات شامل ہیں۔ ان یونٹس کے اضافہ سے ہمیں ملک کے کنٹرکٹرز تک رینٹل کی سہولت پہنچانے میں نمایاں اضافہ ہوگا۔ اس شعبہ کی آمدنی میں اس سال 159% اضافہ ہوا جو 345 ملین روپے کی سیلز سے ہوا جب کہ گزشتہ سال یہ رقم 133 ملین روپے تھی۔ ہم نے مزید یونٹس کے لئے آرڈرز دے دیئے ہیں اور توقع ہے کہ آئندہ چند سالوں میں ہماری رینٹل فلیٹ میں مزید اضافہ ہوگا اور آنے والے سالوں میں سیلز میں بھی اضافہ ہوگا۔

اس سال آپریٹنگ کے اخراجات 9% اضافہ کے ساتھ 2,277 ملین روپے ہوئے جب کہ گزشتہ سال 2,088 ملین روپے تھے۔ اسی طرح خام مارجن کی شرح بھی گزشتہ سال کی 22% سے بڑھ کر 27% ہو گئی جو کہ اس سال تقریباً 150 ملین روپے کے اضافی خام مارجن پیدا ہونے سے اس سال کا خام مارجن 839 ملین روپے ہو گیا۔ تنخواہوں اور اجرتوں میں 57 ملین روپے کا اضافہ ہوا جو گزشتہ سال کے 558 ملین روپے کی رقم سے بڑھ کر اس سال 615 ملین روپے ہو گئی۔ اس مرتبہ تنخواہوں میں مجموعی اضافہ مجموعی اجرتوں کی سطح سے کم رہا جس کی وجہ سے سیمنٹ اور رینل اسٹیٹ کے شعبوں کے علاوہ سی پیک سے متعلق منصوبوں میں ہنرمند اور غیر ہنرمند افرادی قوت کی طلب میں اضافہ تھا۔

اس سال مرمت اور دیکھ بھال کے اخراجات بڑھ کر 70 ملین روپے ہو گئے جس کی بڑی وجہ ہمارے رینٹل پاور کے شعبہ کا زیادہ استعمال، گیس اور ڈیزل یونٹس کا زیادہ دیر تک استعمال، ہمارے فورک لفٹ فلیٹ کا زیادہ پرانا ہونا اور ہمارے رینٹل فلیٹ میں مسلسل اضافہ تھی۔ ہمارے لاجسٹکس کے شعبہ کی رینٹل سیلز میں اضافہ کے سبب فلیٹ کی گاڑیوں کی رنگ کی لاگت 377 ملین روپے رہی جو کہ فیول کی مد میں بہتر کنٹرول کے باعث کافی کم ہے۔ فلیٹ کی گاڑیوں پر اخراجات میں سب سے بڑا عنصر ڈیزل فیول کا ہے جس پر کل لاگت کا 57% خرچ ہوتا ہے۔

فرسودگی کا خسارہ گزشتہ سال کے 695 ملین روپے کے مقابلے میں اس سال 786 ملین روپے ہوا۔ اس کی بڑی وجہ نئے سامان کی شمولیت اور فرسودگی کے اخراجات میں اضافہ تھی۔ اجارہ رینٹل میں مستقل طور پر کمی کا رجحان ہے کیونکہ ہمارے اکثر معاہدے تکمیل کی مدت کو پہنچ رہے ہیں اور اجارہ رینٹل کے اخراجات گزشتہ سال کے 158 ملین روپے کے مقابلے میں 72 ملین روپے کی کمی کے ساتھ اس سال 86 ملین روپے ہوئے۔

ٹیکسٹائل کے شعبہ سے ڈیزل اور گیس یونٹس دونوں کی طلب میں کمی کے باوجود پاور رینٹل کا کاروبار بھی اپنی مطلوبہ رفتار سے جاری ہے۔ سال کے دوران میں گیس انجن رینٹل کی مانگ میں بہتری آئی جس کی وجہ خاص طور پر ملک کے شمالی علاقہ جات میں محدود پاور یونٹس کو LNG فراہم کرنا تھی۔ LNG کی دستیابی کی بدولت ہمیں خاص طور پر پاکستانیت ایندھن والے انجنوں کیلئے گیس انجن رینٹل کے طویل المدت معاہدوں میں اضافہ کی امید ہے۔ ادھر سیمنٹ اور رینل اسٹیٹ کے شعبوں کی جانب سے بہتر طلب کے باعث، اس سال ہمارے زیادہ گنجائش والے ڈیزل انجن یونٹس اور گیس انجن رینٹل، دونوں کی فراہمی اطمینان بخش سطح تک رہی۔ آئندہ سال کیلئے ہمیں ان یونٹس کے تعین کیلئے طویل المدت معاہدوں کی توقع ہے۔

اس سال داخلی اور خارجی دونوں طرح کے لاجسٹکس کیلئے رینٹل سیلز میں بھرپور اضافہ جاری رہا اور 2013-14 میں اس شعبہ کے آغاز سے اب تک تین سالوں میں 1,123 ملین روپے کا اضافہ ریکارڈ کیا گیا جس سے ہمارے سیلز کے پورٹ فولیوں میں 36% فیصد اضافہ ہوا۔ داخلی لاجسٹکس کے شعبہ میں پلانٹ سائٹس پر پلانٹ کی حدود میں سامان کی نقل و حمل کیلئے عموماً فورک لفٹس، ٹریکٹر ٹرالیاں اور ریج اسٹیکرز کے تعین کی ضرورت ہوتی ہے۔ اس کیلئے عام طور پر بڑی بڑی کمپنیوں کے ساتھ طویل المدت معاہدے ہوتے ہیں جن میں پلانٹ اور ویرہاؤس میں 24/365 دن کی بنیاد پر نقل و حمل کا کام جاری رہتا ہے۔

ہمارے خارجی لاجسٹکس کے شعبہ سے حاصل ہونے والی آمدنی 787 ملین روپے ہو گئی ہے اور یہ مضاربہ کی کیپٹل سرمایہ کاری اور پروڈکٹ کی تنوع میں اضافہ کا سب سے بڑا ذریعہ ہے۔ ہمیں اب توقع ہے کہ ہم کاروبار میں ابتدائی مشکلات اور مسائل کے دور سے نکل آئے ہیں اور ایک خوشحالی کے دور میں داخل ہو رہے ہیں جو ملک میں اس شعبہ کے فروغ کے ساتھ ساتھ خاص طور پر سی پیک کے تحت اس میں اضافہ کا باعث ہوگا۔ ہمیں یہ بتاتے ہوئے بھی خوشی محسوس ہو رہی ہے کہ مضاربہ نے ملک میں کام کرنے والی ایک بڑی آئل اور گیس کی دریافت کی کمپنی کے ساتھ رینٹل کا بڑا معاہدہ طے پایا ہے۔



ڈائریکٹرز کی رپورٹ

برائے سال ختمہ 30 جون 2017

الائیڈ انجیرنگ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو الائیڈ رینٹل مضاربہ کی منظمہ کمپنی ہے، کے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بمسرت ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ مالیاتی گوشوارے برائے سال ختمہ 30 جون 2017 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

نمایاں مالیاتی نکات

000 روپے میں

3,116,267

457,859

36,101

488,019

180,767

263,250

44,002

14.7%

10.11%

Rs. 2.61

Rs. 26.51

Rs. 24.90

سیلز کی آمدنی

منافع برائے سال

گزشتہ سے منتقل شدہ غیر مختص منافع

مختص کرنے کیلئے دستیاب رقم

قانونی خزانہ میں منتقل شدہ 40% منافع برائے سال

مجوزہ نقد ڈیویڈنڈ بشرح 15% (1.5 روپے فی سرٹیفکیٹ)

غیر مختص منافع، جو آگے منتقل ہوا

خالص منافع کے فرق کی شرح

ایکویٹی پر منافع کی شرح

فی سرٹیفکیٹ آمدنی

فی سرٹیفکیٹ بریک اپ کی قدر

30 جون 2017 کو پاکستان اسٹاک ایکسچینج میں فی سرٹیفکیٹ قیمت

مختلف النوع سامان کی رینٹل کی شاندار سہولتیں

منیجمنٹ یہ اطلاع دیتے ہوئے خوشی محسوس کر رہی ہے کہ اس سال کے دوران میں ہم نے ایک اور بڑا سنگ میل طے کر لیا ہے۔ پیش قدمی، ترقی اور خوشحالی کی راہ پر مضاربہ کے کل رینٹل اثاثہ کا حجم دس ملین روپے کی حد کو پہنچ گیا۔ مضاربہ کے پاس اب جزیئر، فوکر، لفٹس، کریینوں اور ٹرکوں کی تعداد کم و بیش 1,300 یونٹس ہو گئی ہے جو اپنے صارفین کیلئے پاور سے لے کر نقل و حمل تک رینٹل کی تمام ضروریات با آسانی پوری کرنے کیلئے کافی ہے۔ 2007 میں 300 ملین روپے سے کیئر پلر جزیئر کے آغاز سے آج مضاربہ 10 ملین روپے کے مختلف نوعیت کے رینٹل اثاثوں پر مبنی ہے اور اس میں مسلسل اضافہ ہو رہا ہے۔

سال کے کاروباری جائزے کا تسلسل

سیلز میں اضافہ کا براہ راست فائدہ بنیادی سطح تک پہنچا اور سال میں 56% کا شاندار اضافہ ہوا اور 458 ملین روپے کا خالص منافع حاصل ہوا جب کہ گزشتہ سال اسی مدت میں 294 ملین روپے کا منافع ہوا تھا۔ مضاربہ نے اپنی سرمایہ کاری کی روایت کو برقرار رکھتے ہوئے اس سال بھی معیشت کے تمام شعبوں میں سرمایہ کاری کی حکمت عملی جاری رکھی جس کے نتیجے میں ترقی کی رفتار بھی قائم رہی۔ اس سال رینٹل اثاثوں کیلئے 1,524 ملین روپے کی سرمایہ کاری کی گئی جس کا 30% سی پیک کے سلسلے میں مشینری کی رینٹل کی طلب پوری کرنے کیلئے استعمال کیا گیا۔

کاروبار کا جائزہ

منیجمنٹ بمسرت مالیاتی گوشوارے برائے سال ختمہ 30 جون 2017 پیش کرتی ہے۔ ہم بمسرت اطلاع دیتے ہیں کہ مضاربہ کی فروخت کی آمدنی 3 بلین روپے کی حد سے بھی بڑھ گئی ہے اور سال کے اختتام پر یہ رقم 3,116 بلین روپے تھی جو گزشتہ سال کے مقابلے میں 16% زیادہ ہے۔ اس کی بڑی وجہ ہماری تنوع اپنانے کی حکمت عملی، اپنے بنیادی رینٹل پاور کے شعبہ پر گہری توجہ مرکوز رکھنا اور نئی پروڈکٹس اور ٹیکنالوجی میں سرمایہ کاری تھی جس کے نتیجے میں ہماری پروڈکٹ رینج میں اضافہ ہوا اور پروڈکٹ پورٹ فولیو میں توسیع کا سلسلہ جاری رہا۔ اب ہم اپنے صارفین کو کئی طرح کے رینٹل کی خدمات پیش کرتے ہیں جو رینٹل پاور منیجمنٹ سے لے کر داخلی و بیرونی سہولت اور خارجی لاجسٹکس شامل ہیں۔












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Proxy Form

Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

I / We _____
of _____
being a member of Allied Rental Modaraba and holder of _____ Certificates as per Certificate
Register Folio No. _____ and / or CDC Participant ID No. _____ and Sub Account No. _____
hereby appoint _____
of _____ or failing him / her of _____

As my proxy to represent me and on my behalf at the 11th Annual Review Meeting of the Modaraba to be held on
27th day of October 2017 and at any adjournment there of.

Signed this _____ day of _____ 2017

WITNESSES:

1 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

2 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

Signature

Revenue
Stamp
Rs. 5 /-

(Signature should agree with specimen
signature registered with the Modaraba)

Note: Proxies in order to be effective must be received by the Modaraba not less than 48 hours before the meeting.
A proxy must be a certificate holder of the Modaraba. CDC Certificate holders and their proxies are each requested
to submit attested photocopy of their Computerized National Identity Card or Passport with this proxy form.

تشکیل نیابت داری

میں / ہم _____

ساکن _____ بحیثیت الائیڈ رینٹل مضاربہ _____ کے

رکن و حامل _____ سرفٹیکٹ بمطابق سرفٹیکٹ رجسٹرڈ فوئیو نمبر _____

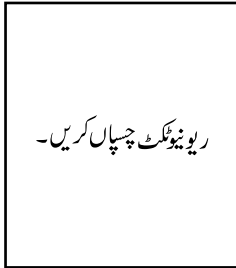
اور / یا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____

محترم / محترمہ _____ ساکن _____

یا بصورت دیگر محترم / محترمہ _____ ساکن _____

کو اپنی جگہ مورخہ 27 اکتوبر، 2017 کو منعقد یا ملتوی ہونے والے گیارواں سالانہ نظر ثانی اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:



(دستخط کمپنی میں پہلے سے موجود نمونہ کے مطابق ہونے چاہئے)

دستخط

1 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

2 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

نوٹ: پراسیزر کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل مضاربہ کو موصول ہو جائے۔

سی ڈی سی شیئر سرفٹیکٹ ہولڈرز اور ان کے پراسیزر سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی مضاربہ کو پیش کرنے سے قبل اس پراسیزر کے ساتھ منسلک کریں۔

Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

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