

Annual Report 2020

**10**  
**Good Reasons**  
**to Rent from**  
**The Cat® Rental Store**



**Allied Rental Modaraba**

Managed by: Allied Engineering  
Management Company (Private) Limited



## **Ten Good Reasons to Rent from The Cat<sup>®</sup> Rental Store**

At Allied Rental Modaraba we recognize the important relationship between corporate culture, employee commitment, and commercial success.

It takes thousands of individuals; hundreds of business partners and a whole chain of professionals from various walks and fields to flawlessly run a company, to build it up, to support its roots and to see it grow.

At Allied Rental Modaraba we have always endeavoured to be the partner of choice for our valued stakeholders. We strive to make this bond everlasting.



**Allied**  
LOGISTICS

**Allied**  
LOGISTICS

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# Contents

15  
Vision

15  
Mission

17  
Core  
Values

19  
DuPont  
Analysis

20  
Modaraba  
Information

21  
Organogram

22  
Product Profile

26  
Corporate  
Briefing Session

27  
APL 2019-20

28  
Covid-19  
A global  
health  
challenge

34  
Key Financial  
Data

35  
Summary of  
Cash Flows

36  
Value  
Added  
Statement

37  
Balance Sheet  
Composition

38  
Vertical  
Analysis

39  
Horizontal  
Analysis

41  
Financial Summary  
at a Glance

42  
Annual Review  
Meeting 2019

43  
Notice of Annual  
Review Meeting

45  
Shari'ah  
Review Report

46  
Chairman's  
Review Report

47  
Directors'  
Report

57  
Certificate  
Holding Pattern

57  
Information on  
Trading in Certificates

58  
Combined Pattern  
of CDC & Physical  
Shareholdings

59  
Credit Rating

61  
Human Resources  
& Remuneration  
Committee

62  
IT Steering  
Committee

63  
Audit Committee

64  
Statement of  
Compliance

66  
Review Report to  
the Certificate Holders

67  
Auditors' Report to  
the Certificate Holders

# Financials

68  
Statement of  
Financial Position

69  
Statement of  
Profit or Loss Account

70  
Statement of  
Comprehensive  
Income

71  
Statement of  
Cash Flows

72  
Statement of  
Changes in Equity

73  
Notes to and Forming Part  
of the Financial Statements

114  
Offices  
Across Pakistan

115  
سالانہ نظرثانی  
اجلاس کی اطلاع

124  
ڈائریکٹرز کی رپورٹ

Proxy تشکیل نیابت داری





# Minimize **Costly** Breakdowns

Our fleets are loaded with newer, reliable equipment that are put through a rigorous maintenance routine by trained mechanics prior to each rental to assure the most productive and reliable equipment possible reaches your job site.

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# Get **Your** **JOB**

**Completed More Efficiently**

Our fleets are loaded with newer, reliable equipment that are put through a rigorous maintenance routine by trained mechanics prior to each rental to assure the most productive and reliable equipment possible reaches your job site.





# No Maintenance Costs

Now you can eliminate costly service shops, service tooling, spare parts and those cumbersome maintenance records. We do it all for you. Our rental agreements typically cover complete maintenance of the equipment, so you don't have to.

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# Eliminate Storage Costs

No need to maintain a storage yard. Just give us a call for quick pick-up or simply drop off the equipment at the nearest Cat Rental Store when you've finished using it. We'll take care of the equipment storage.





# No Capital Investment

Renting frees up your business' capital. An expense is only incurred for the equipment when it is needed for a particular job. The extra capital you save through renting equipment from The Cat Rental Store can be applied to the other demands within your business so you can grow profitably. Release your business from the costs associated to equipment ownership.

---

# Increase Your Borrowing Power

Renting equipment does not appear as a liability on your business' balance sheet. So renting can actually increase your borrowing power by offering a better ratio of assets to liabilities.





# No Equipment Obsolescence

Have no fear of your equipment getting outdated. You can get your job done with the latest equipment. Just give us a call for quick pick-up or simply drop off the equipment at the nearest Cat Rental store. We'll take care of the rest.

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# Try it Before You Buy it

You may be considering buying a certain model of equipment and would like to operate it on your job to make sure it suits you before making that potential purchase. What better way to thoroughly try out equipment than to rent a similar machine from the large selection of equipment at The Cat Rental Store.





# Supplement Your **Core** **Fleet**

Your job requirements are always changing and you need to stay up with your customers' demands. You may not always have the right equipment to get the job done, but we do. Rely on The Cat Rental Store to quickly supply the equipment you need to get the job done.

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# **Expect** **Responsive** **Service**

Our team can knowledgeably consult you on equipment and applications. We will work to become your trusted rental source and make your job easier. We are only a phone call away.





# Bottom line

The Cat Rental Stores are  
fast, easy, cost-effective  
and there when you need us.

## **Vision**

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

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## **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.





# 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.



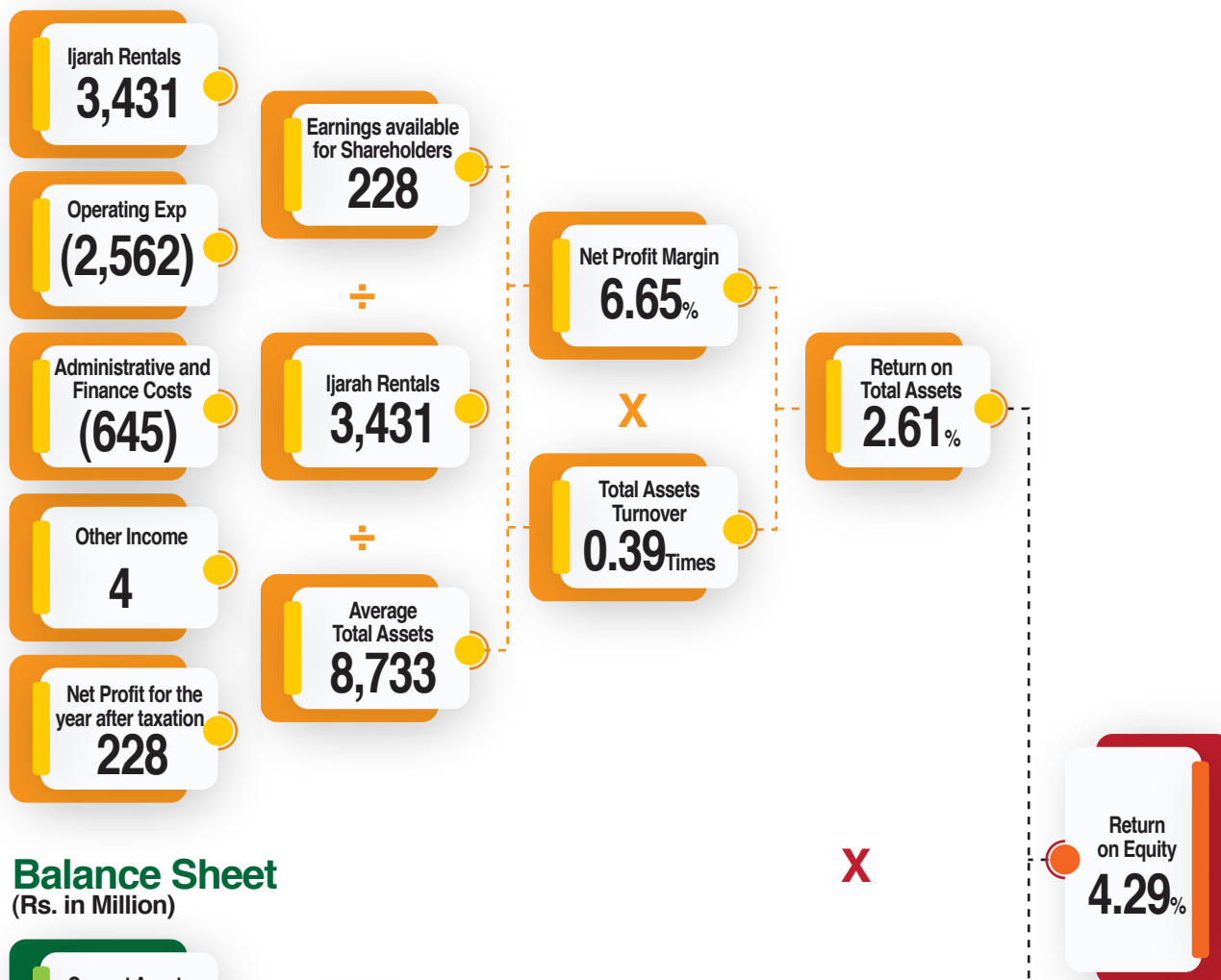


# DuPont Analysis

By Abid Altaf

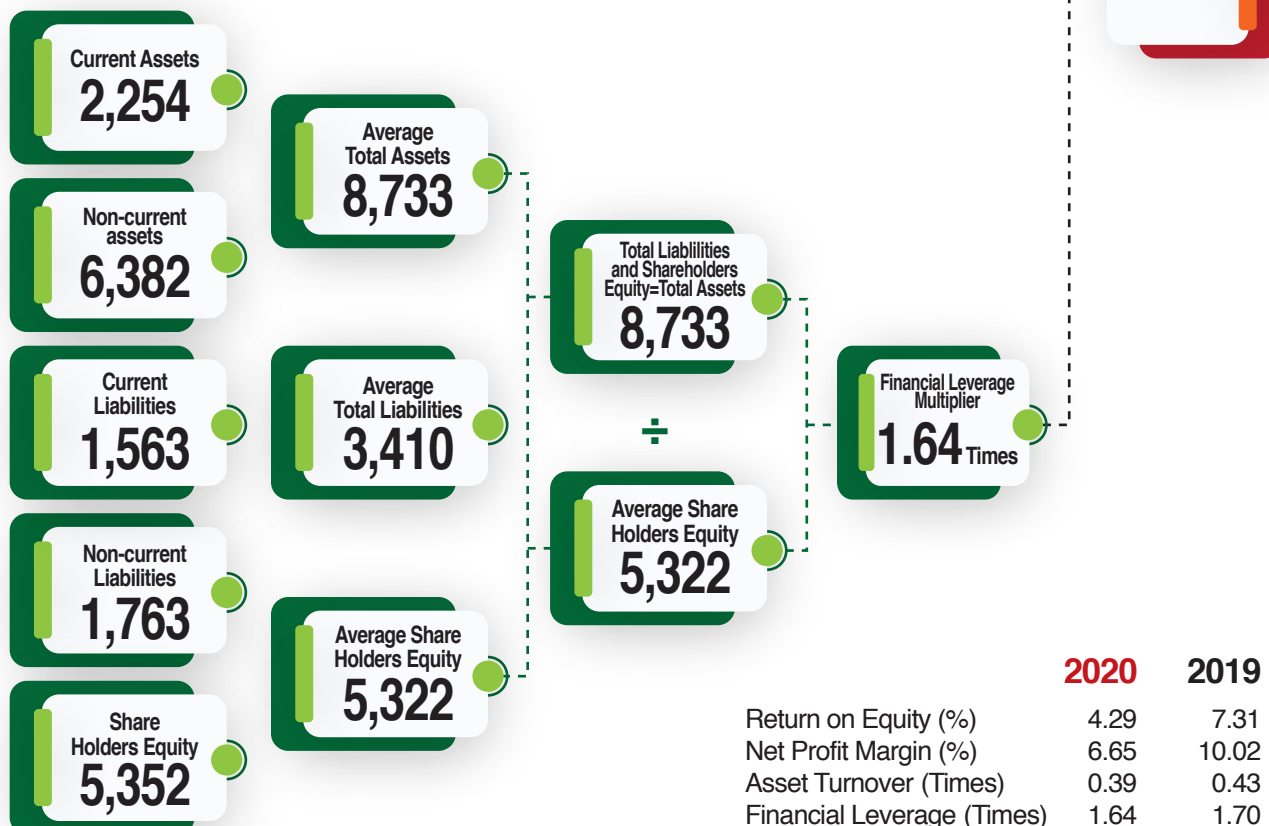
## Profit and Loss Account

(Rs. in Million)



## Balance Sheet

(Rs. in Million)



# Modaraba Information

## Board of Directors

Syed Feisal Ali  
Chairman

Mr. Murtaza Ahmed Ali  
Chief Executive

Mr. Khwaja Ahad Rahman  
Non - Executive Director

Mrs. Saira Nasir (Independent)  
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. Muhammad Saad

## Company Secretary

Mr. Muzzammil Tariq

## Head of Internal Audit and Secretary to Audit Committee

Mr. Abid Altaf

## Human Resource and Remuneration Committee

Mr. Abdul Rahim Suriya (Independent)  
Chairman

Syed Feisal Ali  
Member

Mr. Murtaza Ahmed Ali  
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

Askari Bank Limited

Habib Bank Limited

Bank Alfalah Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Islamic Bank Limited

United Bank Limited

First Habib Modaraba

Meezan Bank Limited

Al Baraka Bank Limited

Dubai Islamic Bank

Bank Al Habib Limited

Allied 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

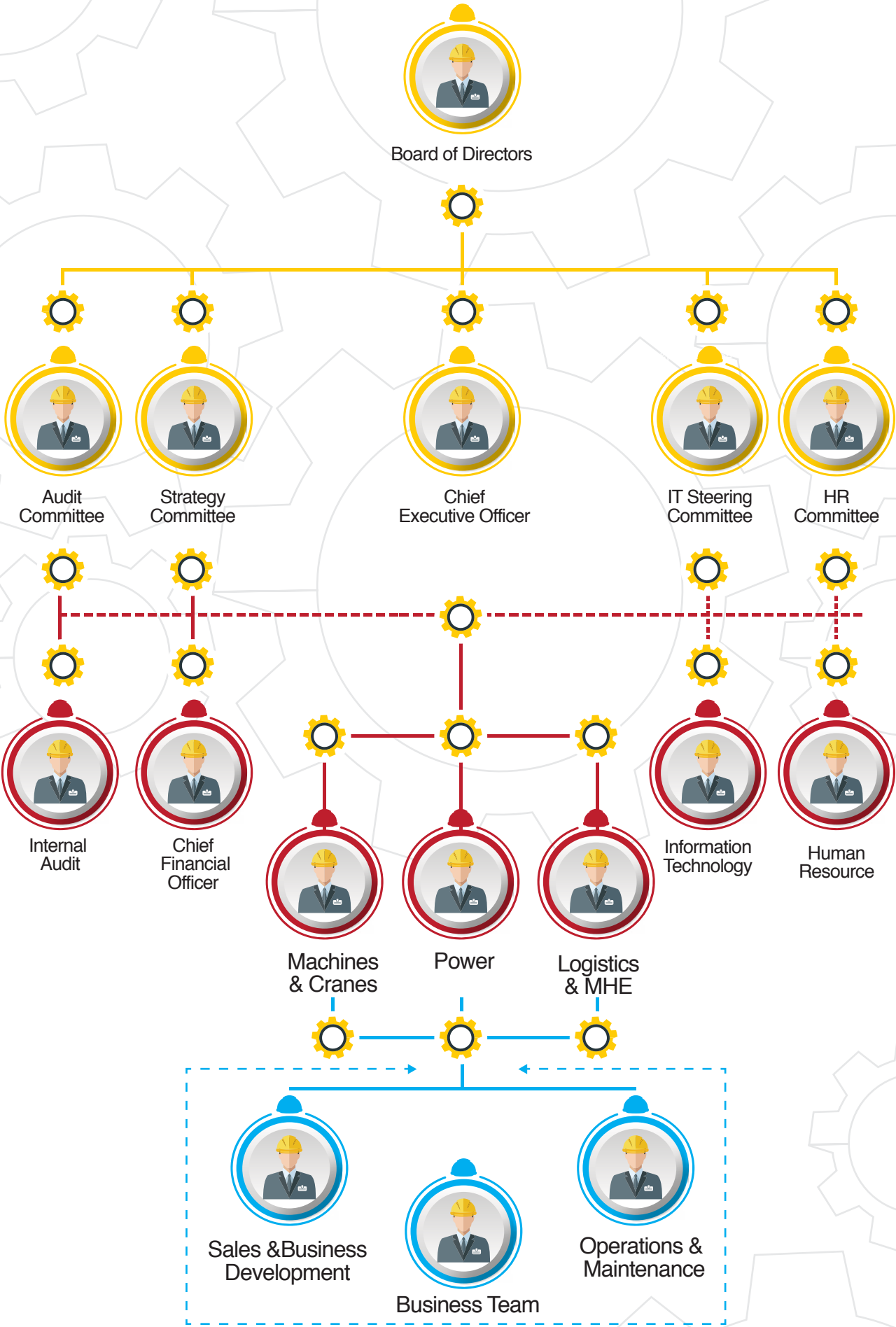
Website: [www.arm.com.pk](http://www.arm.com.pk)

## 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



# Organogram





# Product Profile



## Crane Services

Our cranes fleet comprises of diverse equipment to match unique and customized requirement of 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 - 160 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.

## Lighting Towers

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.



## 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 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.

## 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.





## 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 Solution

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.

## 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 Gas, Diesel and HFO 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 (Private) Limited, ARM offers total powerhouse management including complete Operation and maintenance for the customer owned equipment.



# Corporate Briefing Session

As per Pakistan Stock Exchange (PSX) notice no. PSX/N-92 dated January 28, 2019, all listed companies were advised to hold atleast one corporate briefing program during the financial year for the analyst community and for shareholders to brief about the financial performance and future outlook of the company .

As per the above directive, Corporate Briefing Session (CBS) of Allied Rental Modaraba was held on November 06, 2019 at PSX Auditorium.





# APL 2019-20



Rental Titans-Winners



## Table Tennis Tournament 2019-20





# Covid-19 - A global health challenge

**By Ali Ammar**

Head of Business  
Administration and  
Safety Compliance



The COVID-19 pandemic is one of the biggest public health challenge the world has met in last 100 years. The outbreak has caused devastation and disruption around the globe. The novel coronavirus (SARS-CoV-2), the virus that causes COVID-19, was first identified during late 2019 in China and within no time lethally clutched the entire world in an unprecedented proportion. The disease spread was so rampant that it didn't give any time to react and pull up any counter strategy. The severity of disease can be gauged from the fact that the countries, worst hit by the pandemic were the ones with most advanced health systems and processes and yet struggled to restrain the disease. In addition to the significant human cost, businesses worldwide also took a major toll due to growing number of restrictions on public life, which has direct as well as knock-on effects on business operations.

In Pakistan, first case of Corona was identified in Feb 2020 with gradual build up to the patients tally. In responding to this crisis, immediate government directives about precautionary measures were start circulating at all levels for individuals, corporates, small and large businesses and institutions. The diktats included complete and partial lock downs, stay-at-home mandates and restrictions on all places of public gatherings.



## COVID-19 PREVENTIVE MEASURES AT ALLIED RENTAL MODARABA

As the COVID-19 pandemic reached alarming levels worldwide and cases started to emerge in Pakistan, we at Allied Rental Modaraba, started contemplating over the best possible measures to be taken to face and counter this one off situation. Top management took the leading role by establishing 24/7 communication platform to stay abreast of latest happening and passing on instructions time to time in the light of evolving situation in order to devise best possible safety systems, procedures and protocols. Senior managers were tasked to spearhead the disease prevention efforts in their respective regions. All segment managers and cross functional teams were taken on board for the effective implementation of safety and sanitization measures alongside business continuity. With country's health system under tremendous pressure, limited resources, dwindling supplies of safety related items and associated operational difficulties, the real challenge was to smoothly continue business operations with minimum of disruption amid this deadly outspread while keeping the safety of our employees, customers and surrounding community at top priority.



### Communication for raising awareness level

The first and foremost step as part of safety measure was to create awareness among employees regarding the disease and its prevention for their active and effective role in containment of this deadly contagion. Following arrangements were made as part of ARM's effort to increase the general awareness among the staff members.

- Clear communication to the employees regarding “Zero tolerance policy” for any violation regarding Covid-19 preventive measures.
- Posters and banners display at prominent places promoting hand-washing, respiratory hygiene and other preventive measures.
- Conducting regular trainings and awareness sessions
- Circulation of regular e mails on Covid-19 prevention measures
- Use of all possible mediums for awareness such as company website, WhatsApp groups, SMS portals etc.
- Taking customers/ suppliers/contractors on board for prevention measures taken by the company to ensure uniformity and compliance at all levels.

### Putting Engineering and Administrative controls in practice

As part of Covid-19 prevention efforts, several engineering and administrative control measures were implemented at ARM such as:

- Mandatory wearing of face mask by everyone who enters the facility
- Ban on shaking hands and crowding at work place
- Disablement of Fingerprint feature on attendance devices
- Implementation of daily Temperature check (through temperature guns) at entrance to avoid and prevent any suspicious carrier within the facility
- Prohibition on use of common towels and sharing of prayer mats and other belongings
- Regular surface cleaning especially frequently touched surfaces such as desks, tables, telephones, keyboards, door knobs etc.
- Placement of Hand sanitizers at prominent places within facility





Once government announced the lockdown and directed for closure of offices, staff presence was strictly restricted within the premises and management oversight was completely shifted to remote working. Customer contact was maintained mostly through remote channels. It was ensure to follow all safety measures in-line with government’s prescribed safety protocols while serving the customers who were exempted from lock down as essential services.

Numerous documented procedures as well as complete action plans were developed considering various scenarios and to effectively handle any untoward situation if someone catches the disease or a suspected case. Some of those procedures included:



- **Travel advisory** - Comprehensive guideline for employees travel, precautionary measures and protocols to be adopted before, during and after the travel.
- **Action plan for Covid-19 suspected case** – Outlining immediate measures and follow up steps with additional measures to rule out any further spread
- **Protocol for Covid-19 confirmed case** - Covering detailed procedure on things to be done during the isolation/treatment phase and post recovery.
- **Protocol for handling “Close contacts” of a confirmed covid-19 case** – It defines procedure for contact tracing and accordingly onwards proceedings.
- **Procedures for facility cleaning** - This outlines the method, frequency and type of chemicals to be used for effective disinfection.

**\*CLOSE CONTACT of a confirmed COVID-19 patient**

– Any close contact with Interaction/exposure with confirmed case will be sent back home for home isolation and covid-19 testing.

Covid-19 PCR Testing

<p>In case of a Negative Test Result, a close contact shall still complete 14 days isolation period calculated from day of last exposure to a confirmed Covid-19 case to rule out a 'False Negative'. In case of any symptoms during isolation, further medical advice to be sought.</p>	<p>In case of a Positive Test result, same procedure to be followed as described for a confirmed case.</p>
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**\*Close contact Definition**

**Close Contact**

*Someone who was within 6 feet of an infected person for at least 15 minutes starting from 2 days before illness onset (or, for asymptomatic patients, 2 days prior to specimen collection) until the time the patient is isolated.*

*Centers for Disease Control and Prevention (CDC), USA*

Positive Result : Corona detected  
 Negative Result : Corona not detected

**SNAP SHOT OF CLOSE CONTACT PROTOCOL**



## First confirmed case at Allied Rental

Preventing new cases of COVID-19 requires reducing the opportunity for infected individuals to pass the disease to others. That can be done by identifying and isolating those who have been infected or are at high risk, ensuring physical distance and other safety checks in place, reducing the risk of the encounters that do happen, and reducing case migration from higher-prevalence areas by keeping up with developments on timely basis. First Covid-19 confirmed case of an ARM employee was reported during early May 2020 when an immediate family member of one of our employee contracted the disease. As per protocol, the employee was immediately asked to self-isolate himself at home and get tested for Covid-19. Unfortunately our staff member also tested positive for Corona. Though it was during the lock down period with minimal of staff interaction among themselves, but just to ensure safety of everyone and contain the spread of disease, entire contact tracing was carried out as per defined protocol. Those who were identified as “close contacts” were asked to observe isolation and underwent testing before initiating any contact, both on official and personal level. In addition to this:

- All facilities were thoroughly cleaned and disinfected, ensuring the process is aligned with cleaning procedures set forth by health authorities and respective governing bodies.
- Incidence information was cascaded down at all organizational levels to inform staff members of their duty to stay vigilant and keep following all safety SOPs.
- Covid-19 refresher sessions were conducted with employees through all available communication mediums.
- During this time, all senior managers remained in close contact with our staff member who was tested positive, to keep a check on his health condition and assure him of our full support in this testing time.

By the grace of Allah and owing to firm commitment from the management and engagement of all employees, we have managed to keep the disease spread largely in check. Very few cases have been reported so far and dealt accordingly as per defined procedures which has helped us to curtail the further spread.





## WAY FORWARD

The COVID-19 pandemic has stress-tested countries, economies and political systems like never before. Large economies like USA, India and Brazil have taken a major toll as they are yet to contain the virus with number of infections and death toll keep rising. Other parts of the world are experiencing fresh spikes with virus rebound. Alhamdulillah situation is improving in Pakistan but the danger is far from over yet. The threat to lives and livelihoods still persists. At ARM, we strongly believe that this is in fact the time to beef up preventive measures without letting our guards down and tighten the controls as we have witnessed corona relapse more ferociously at places where complacency sets in. Our travel advisory and meetings restrictions are still in place, confined to the most essential activities, therefore digital interaction and communication are to continue for the time being. We realize our responsibility towards our employees, customers and community thus doing everything possible in alignment with established protocols to ensure safety of all stakeholders. Management is regularly reviewing and closely monitoring the evolving situation. To us controlling the virus has come down to two basic things: To understand what to do and to execute it to near perfection.

We shall be keep playing our part as a responsible business entity by following all safety SOPs and regulations as charted by respective bodies time to time. This includes most basic safety measures such as social distancing in our all interactions, wearing a face mask, Temperature monitoring and frequent hand washing along with other safety instruction and protocols and shall continue till the time threat is evaded completely.



# Key Financial Data

		2020	2019	2018	2017	2016	2015
Total Assets	Rs. Million	8,634	8,829	9,036	8,361	7,211	5,934
Current Assets	Rs. Million	2,254	2,183	2,100	1,667	1,039	671
Current Liabilities	Rs. Million	1,584	1,981	1,704	1,533	1,631	1,390
Paid-up capital	Rs. Million	2,200	2,200	2,000	1,755	1,755	1,463
Reserves	Rs. Million	3,152	3,134	3,151	2,904	2,627	2,241
Stock holder's equity	Rs. Million	5,352	5,334	5,151	4,659	4,382	3,704
Gross Profit	Rs. Million	869	915	938	839	598	712
Net Profit	Rs. Million	228	383	395	458	294	404
Profit after Tax Ratio	%	6.63	10.02	10.69	15	11	15
Return on Asset	%	2.61	4.29	4.54	6	4	7
Return on Equity	%	4.26	7.30	8.06	10	7	12
Return on Capital employed	%	3	6	5	7	5	9
Expense Ratio	%	85	85	83	81	84	78
Debt / Equity Ratio	%	39 : 61	34 : 66	25 : 75	21 : 79	35 : 65	40 : 60
Current Ratio	times	1.42 : 1	1.10 : 1	1.23 : 1	1.09 : 1	0.64 : 1	0.48 : 1
Price Earning Ratio	times	10.73	7.47	9.05	9.54	13.07	14.15
Earning per certificate - basic and diluted	Rs.	1.03	1.74	1.89	2.61	1.76	2.89
Dividend yield Ratio	%	7	8	6	6	4	5
Dividend Pay out ratio	%	73	57	53	57	57	69
Cash dividend	%	7.50	10	10	15	10	20
Stock dividend	%	0	0	10	0	0	0
Cash dividend per certificate	Rs.	0.75	1.00	1.00	1.50	1.00	2.00
Book Value per certificate	Rs.	24.33	24.24	25.75	26.54	24.97	25.33
Market Value per certificate	Rs.	11.05	13.00	17.11	24.90	23.00	40.90

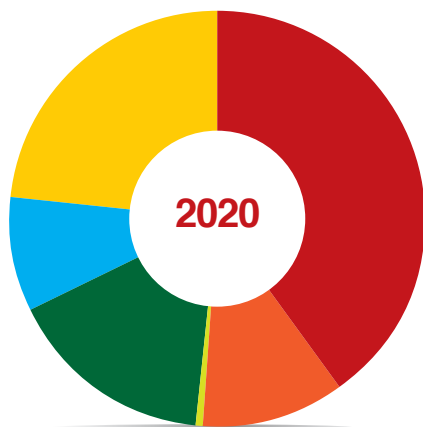
# Summary of Cash Flows

	2020	2019	2018	2017	2016	2015
	(Rupees in '000)					
Profit for the year	227,521	382,854	395,124	457,859	294,349	403,529
Adjustments For Non-Cash And Other Items	663,528	795,578	1,069,877	891,677	736,102	770,004
Decrease / (increase) in operating assets	(125,520)	(225,330)	(734,100)	(426,768)	(398,121)	(138,503)
Increase / (decrease) in operating liabilities	193,161	216,145	56,532	(91,463)	292,921	(7,185)
Cash generated from operations	67,641	(9,185)	(677,568)	(518,231)	(105,200)	(145,688)
Cash Flows From Operating Activities	958,690	1,169,247	787,432	831,305	925,251	1,027,846
Cash Flows From Investing Activities	(212,328)	(379,205)	(1,212,319)	(1,327,805)	(1,625,419)	(1,154,505)
Cash Flows From Financing Activities	(704,091)	(830,628)	208,678	746,586	683,015	153,139
Net Cash increase/ (decrease) during the period	42,272	(40,586)	(216,208)	250,086	(17,154)	26,480
Cash and cash equivalents at beginning of the period	50,645	91,231	307,439	57,353	74,507	48,027
Cash and cash equivalents at end of the period	92,916	50,645	91,231	307,439	57,353	74,507



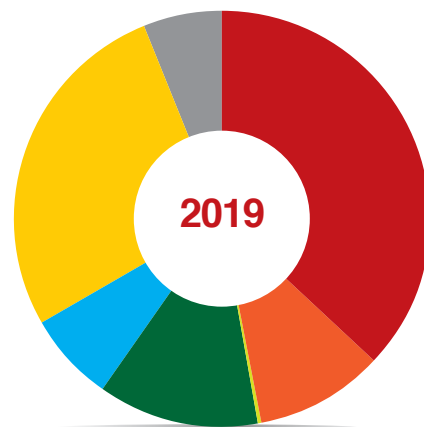
# Value Added Statement

	2020		2019	
	(Rupees in '000)	(%)	(Rupees in '000)	(%)
<b>VALUE ADDED</b>				
Revenue from Operation	3,781,528	99%	4,162,447	98%
Less: Operating Expense	(1,381,903)		(1,446,463)	
Other Income	28,167	1%	104,897	2%
	<b>2,427,792</b>	<b>100%</b>	<b>2,820,881</b>	<b>100%</b>
<b>VALUE ALLOCATED</b>				
To Employees				
As Remuneration	978,870	40%	1,054,903	37%
To Providers of Finance				
As Profit on Diminishing Musharakah	278,983	11%	277,619	10%
To Modarib				
As Modaraba Management Fee	10,000	0.41%	10,000	0.35%
To Government Authorities				
As Taxes, Duties & Welfare funds	380,308	16%	349,804	12%
To Certificate Holders				
As Profit on Modaraba Certificates	220,000	9%	200,000	7%
Retained in the Business				
As Depreciation	558,600	23%	748,918	27%
As Reserve and Retained Earnings	1,031	0%	179,637	6%
	<b>2,427,792</b>	<b>100%</b>	<b>2,820,881</b>	<b>100%</b>



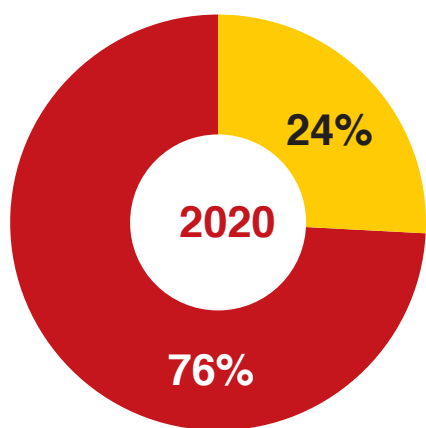
■ Employees	40%
■ Providers of Finance - Profit on DM	11%
■ Modaraba Management Fee	0.41%
■ Government Authorities	16%
■ Certificate Holders	9%
■ Retained as Depreciation	23%
■ Retained as Reserve and Retained Earnings	0%

## Value Allocated

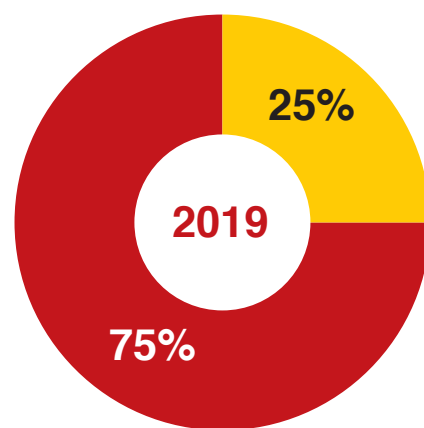


■ Employees	37%
■ Providers of Finance - Profit on DM	10%
■ Modaraba Management Fee	0.35%
■ Government Authorities	12%
■ Certificate Holders	7%
■ Retained as Depreciation	27%
■ Retained as Reserve and Retained Earnings	6%

# Balance Sheet Composition

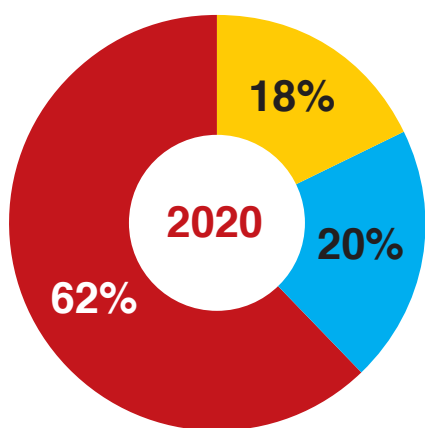


## Assets

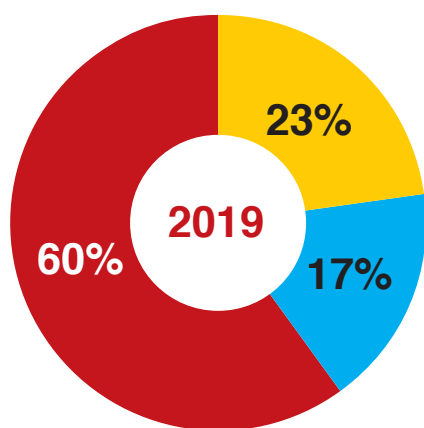


- Total Current Assets
- Total Non - Current Assets

- 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

	2020	2019	2018	2017	2016	2015
<b>ASSETS</b>						
<b>Current assets</b>						
Cash and bank balances	1%	1%	1%	4%	1%	1%
Short-term investments	0%	0%	0%	0%	0%	0%
Ijarah rentals receivable	13%	14%	15%	12%	10%	8%
Operation and maintenance income receivable	0%	0%	0%	0%	0%	0%
Advances, deposits, prepayments and other receivable	10%	8%	6%	3%	2%	1%
Spare parts	2%	2%	1%	1%	1%	1%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
	26%	25%	23%	20%	14%	11%
<b>Non-current assets</b>						
Net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
Long-term security deposits	0%	0%	0%	0%	0%	1%
Diminishing Musharakah financing - secured	0%	0%	0%	0%	0%	0%
Fixed assets in own use - tangible	2%	2%	1%	1%	1%	1%
Intangible assets in own use	0%	0%	0%	0%	0%	0%
Ijarah assets	71%	73%	75%	72%	79%	86%
Capital work-in-progress	1%	1%	1%	6%	5%	1%
	74%	75%	77%	80%	86%	89%
	100%	100%	100%	100%	100%	100%
<b>LIABILITIES</b>						
<b>Current liabilities</b>						
Creditors, accrued and other liabilities	13%	9%	7%	7%	10%	7%
Bai Muajjal - unsecured	0%	0%	0%	1%	1%	0%
Payable to the Modaraba Management Company	0%	0%	0%	0%	0%	0%
Current portion of Long term borrowings	1%	0%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	4%	12%	11%	10%	11%	16%
Current portion of liabilities against right of use assets	0%	0%	0%	0%	0%	0%
Current portion of security deposits	0%	1%	1%	0%	0%	0%
	18%	22%	19%	18%	23%	23%
<b>Non-current liabilities</b>						
Diminishing Musharakah financing payable	16%	16%	23%	24%	15%	13%
Long term borrowings	1%	0%	0%	0%	0%	0%
Deferred liabilities	1%	1%	1%	1%	1%	1%
Other long-term employee benefits	0%	0%	0%	0%	0%	0%
Liabilities against right of use assets	1%	0%	0%	0%	0%	0%
Security deposits	0%	0%	1%	1%	1%	0%
	20%	17%	24%	26%	17%	14%
<b>FINANCED BY : CAPITAL AND RESERVES</b>						
Issued, subscribed and paid-up certificate capital	25%	25%	22%	21%	24%	25%
Premium on issue of right certificates	15%	14%	14%	14%	16%	13%
Statutory (mandatory) reserve	20%	18%	18%	17%	18%	20%
Unappropriated profit	2%	3%	3%	4%	3%	5%
	62%	60%	57%	56%	61%	62%
	100%	100%	100%	100%	100%	100%
<b>PROFIT AND LOSS ACCOUNT</b>						
Ijarah rentals	95%	94%	96%	95%	96%	95%
Operation and maintenance income	4%	3%	3%	4%	4%	3%
Profit on Ijarah finance	0%	0%	0%	0%	0%	0%
Other income	1%	3%	0%	1%	0%	1%
<b>Gross Revenue</b>	100%	100%	100%	100%	100%	100%
Operating expenses	74%	74%	74%	72%	77%	73%
Administrative and distribution expenses	7%	6%	6%	6%	5%	4%
Provision against potential Ijarah losses and operation and maintenance income	3%	3%	3%	2%	1%	0%
Finance costs	9%	7%	7%	5%	5%	8%
Provincial Workers' welfare fund	0%	0%	0%	0%	0%	0%
<b>Total Expenses</b>	93%	90%	89%	85%	89%	85%
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%
<b>Profit Margin</b>	7%	10%	11%	15%	11%	15%

# Horizontal Analysis

## BALANCE SHEET

### ASSETS

#### Current assets

	2020	2019	2018	2017	2016	2015
Cash and bank balances	83%	-44%	-70%	436%	-23%	55%
Short-term investments	0%	0%	0%	0%	0%	0%
Ijarah rentals receivable	-11%	-7%	35%	36%	50%	58%
Operation and maintenance income receivable	35%	-5%	-1%	1%	24%	9%
Advances, deposits, prepayment and other receivable	13%	35%	101%	66%	227%	-8%
Spare parts	44%	30%	44%	10%	60%	-13%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
	3%	4%	26%	60%	55%	41%

#### Non-current assets

Net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
Long-term security deposits	0%	0%	0%	-100%	-21%	-54%
Diminishing Musharakah financing - secured	0%	-100%	-86%	100%	0%	0%
Fixed assets in own use - tangible	48%	7%	25%	17%	18%	17%
Intangible assets in own use	-53%	-31%	-18%	62%	100%	0%
Ijarah assets	-5%	-4%	11%	6%	12%	10%
Capital work-in-progress	-24%	4%	-87%	58%	517%	-47%
	-4%	-4%	4%	8%	17%	8%
	-2%	-2%	8%	16%	22%	11%

### LIABILITIES

#### Current liabilities

Creditors, accrued and other liabilities	32%	31%	6%	-16%	60%	5%
Bai Muajjal -secured	0%	0%	-100%	0%	100%	0%
Payable to the Modaraba Management Company	-53%	98%	-12%	15%	251%	-51%
Current portion of Long term borrowings	100%	0%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	-65%	3%	27%	1%	-15%	15%
Current portion of liabilities against right of use assets	100%	0%	0%	0%	0%	0%
Current portion of security deposits	-74%	68%	65%	43%	26%	-21%
	-20%	16%	11%	-6%	17%	11%

#### Non-current liabilities

Diminishing Musharakah financing payable	2%	-32%	0%	84%	43%	-16%
Long term borrowings	0%	0%	0%	0%	0%	0%
Deferred liabilities	14%	21%	33%	33%	28%	23%
Other long-term employee benefits	7%	43%	17%	120%	-13%	15%
Liabilities against right of use assets	100%	0%	0%	0%	0%	0%
Security deposits	-12%	-53%	0%	43%	62%	-4%
	12%	-31%	1%	81%	43%	-14%

### FINANCED BY : CAPITAL AND RESERVES

Issued, subscribed and paid-up certificate capital	0%	10%	14%	0%	20%	20%
Premium on issue of right certificates	0%	0%	11%	0%	52%	69%
Statutory (mandatory) reserve	4%	-3%	14%	14%	9%	9%
Unappropriated profit	-20%	13%	-24%	45%	-33%	-17%
	0%	4%	11%	6%	18%	19%
	-2%	-2%	8%	16%	22%	11%

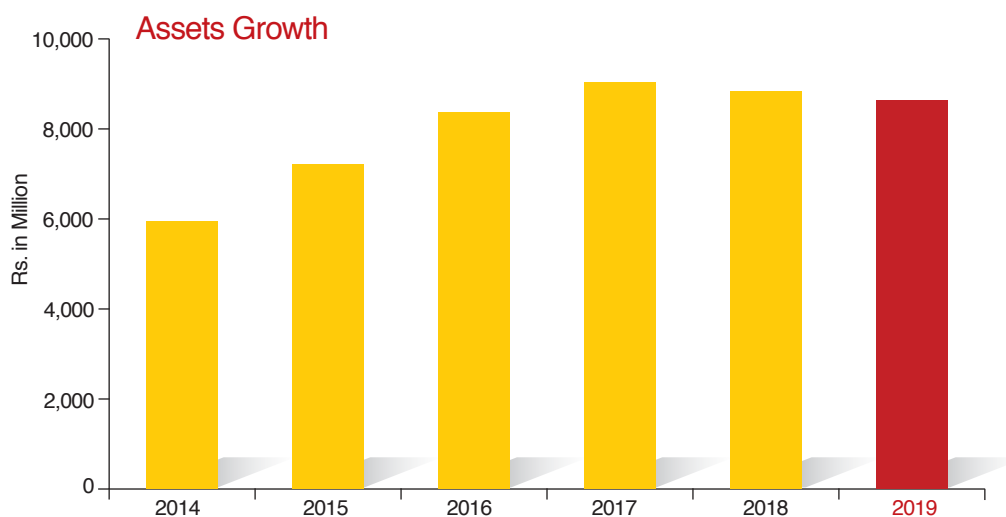
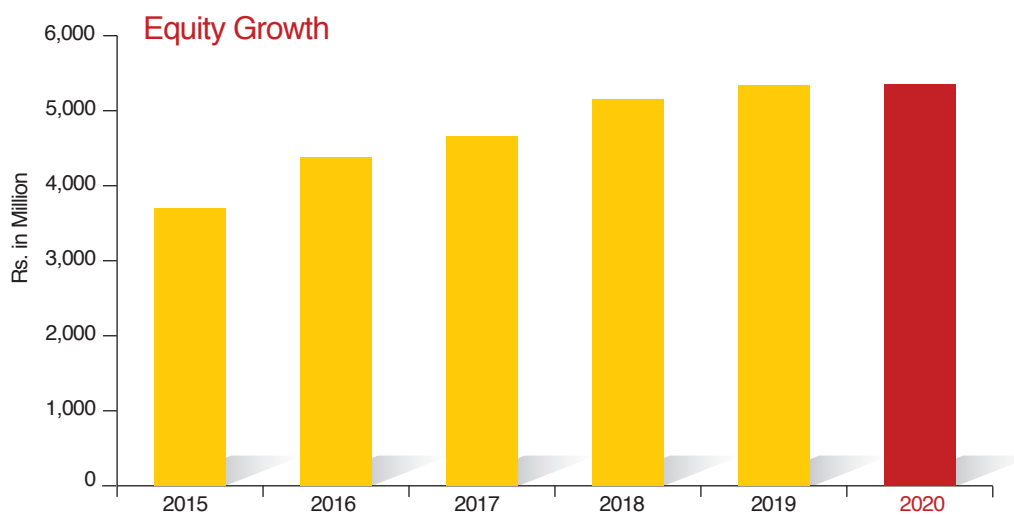
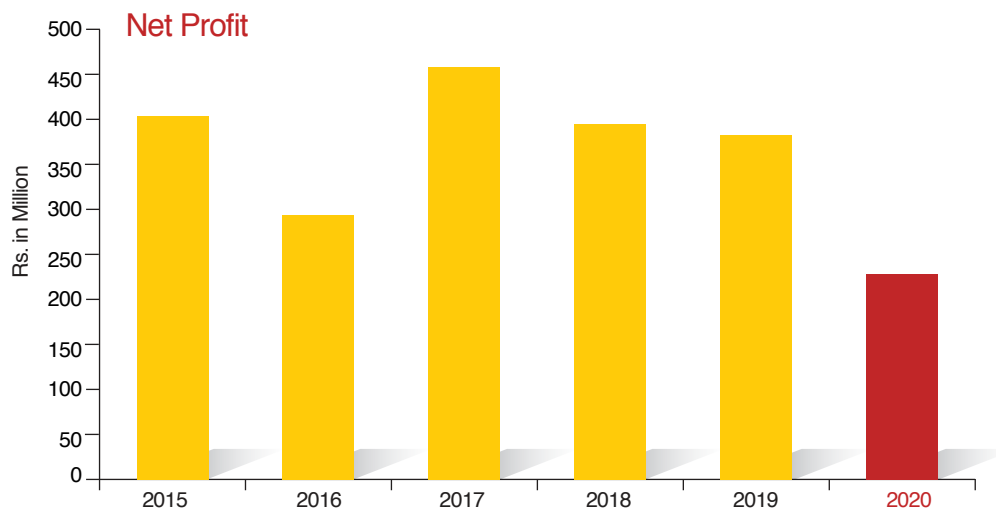
### PROFIT AND LOSS ACCOUNT

Ijarah rentals	-11%	3%	19%	16%	-1%	6%
Operation and maintenance income	4%	4%	6%	13%	6%	4%
Profit on Ijarah finance	0%	0%	0%	0%	0%	0%
Other income	-73%	665%	-64%	203%	-67%	-49%
<b>Gross Revenue</b>	-12%	6%	18%	17%	-1%	5%
Operating expenses	-12%	5%	21%	9%	5%	19%
Administrative and distribution expenses	5%	14%	17%	26%	29%	20%
Provision against potential Ijarah losses and operation and maintenance income	-6%	10%	49%	226%	117%	-51%
Finance costs	4%	17%	46%	20%	-33%	26%
Provincial Workers' welfare fund	100%	0%	0%	-100%	-27%	-38%
Total Expenses	-9%	7%	23%	12%	3%	19%
Modaraba Management Company's remuneration	0%	0%	0%	13%	-12%	55%
Sindh Sales Tax on Management Company's remuneration	0%	0%	0%	-100%	-19%	45%
<b>Profit Margin</b>	-41%	-3%	-14%	56%	-27%	-38%





# Financial Summary at a Glance





# Annual Review Meeting 2019



# Notice of Annual Review Meeting

Notice is hereby given that the 14th Annual Review Meeting of the Certificate Holders will be held on Tuesday, October 27, 2020 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, 2020.

The Certificate Holders whose names appear on the Register of Certificate Holders of Allied Rental Modaraba as on October 20, 2020 will be eligible to attend the Annual Review Meeting.

By order of the Board

Muzzammil Tariq  
Company Secretary  
September 10, 2020  
Karachi.

**Note:**

1. The Certificate Transfer Book will remain closed from October 21, 2020 to October 27, 2020 (both days inclusive) for the purpose attending Annual Review Meeting. All transfer received in order up to close of business on October 20, 2020 at our Registrar's office M/s JWAFFS 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, 2020

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 (Private) Limited for the year ended 30 June, 2020 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: 07 September, 2020



# Chairmans' Review Report

For the year ended June 30, 2020

I am pleased to present the Annual Report for the year 2020.

2019-20 turned out to be a difficult and challenging year for the business on all fronts, overall slowing down of the economy, emergence of COVID-19 and devaluation of the currency making new imports significantly expensive. The outbreak of COVID-19 caused shut downs and disruptions of economic and commercial activities, in line with the world, as the focus shifted from business and growth to health and safety. Timely intervention by SBP to defer loan repayments, gradual reduction of discount rates and subsidized payroll financing helped businesses to ride the COVID19 storm; helping businesses with short term liquidity for long term sustainability.

Despite these challenges, Modaraba Rental Sales stood at Rs 3.4 Billion for the year. The investment in Rental Fleet were recorded at Rs 317 Million during the year, significantly lower than its prior year averages of around Rs 1.3 Billion per annum in last 3-4 years. Modaraba was cautious in its new investment plans, keeping in view the factors mentioned above and significant increase in the discount rates to double digit percentage. Our Asset base now stands at net book value of Rs 6.1 Billion, making us the largest company with diversified asset base of around 1,500 rental units including Generators, Cranes, Construction Equipment, Forklifts and trucks deployed at our varied customer base. This reflects Modarabas strong product portfolio and for long term and sustainable growth of the Modaraba.

Profit for the year fell to Rs 228 Million as compared to Rs 383 million for 2019. Despite that our borrowings went down from previous Rs 2,415 Million to now Rs 1,937 Million (-27%), financial charges for the year went up from Rs 288 Million in 2019 to Rs 300 Million in 2020. However, we expect our financial charges to sharply fall in years to come due to discount rates reduction to single digit. Provision for potential Ijarah Receivables was made of Rs 96 Million as per Prudential Regulations applicable to the Modarabas. The EPS was recorded at Rs 1.03 during the year and the Management is pleased to distribute Cash dividend of 7.5%.

Overall Rs 688 Million of Tax Refunds have accumulated till 2020 accounts, putting severe strain on Modaraba's finances. Government needs to ensure that Tax Refunds are processed immediately as these are Business funds unnecessarily withheld by the Government.

The Board is ably assisted by its Audit, HR and IT Committees. During the course of the financial year 2019-2020, the Board of Directors and its Sub-Committees worked with a marked level of diligence and proficiency to best advice and guide the Company towards achieving its potential in the face of a significantly challenging economic scenario, which has been compounded by the impacts of the COVID-19 pandemic.

The Audit Committee reviews the financial statements and ensures that the accounts fairly represent the financial position of the Modaraba, ensuring effectiveness of internal controls to present a true and fair view of its financial performance and identify risks and opportunities of the rental business to its Certificate holders, especially due to peculiar nature of Pakistan's macro economic factors.

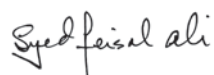
The HR Committee overviews HR policy framework and recommends selection and compensation mechanism of Modaraba staff. Board is aware that the major challenge facing the business and the management is the availability of skilled manpower to ensure proper operation and maintenance of its rental fleet. In this connection, Board has directed the Modaraba management to strive for the development of skill base of its technical team through continuous training, in both technical expertise and as well as HSE compliance.

The IT Committee advises the Board on technology initiatives and to align the IT strategic plan with the overall business plan of the Modaraba. This is specifically important as the Modaraba's business is highly operational intensive from both manpower and maintenance management perspectives.

The Board continued to assist the Management in setting strategic directions of the business, keeping in view the macro economic factors in mind for new investment opportunities for growth of the business, and not to miss the opportunities that the market presents.

As a Modaraba, Board is aware of Shariah Compliance Framework and advises Management to ensures that all transactions are in complete compliance to Shariah rules and principles, as advised by the Shariah advisor.

The Board is committed to the business and shall always endeavor for the continued success and growth of the business in years to come.



**Syed Feisal Ali**  
CHAIRMAN

September 10, 2020



# Directors' Report

For the year ended June 30, 2020

The Board of Directors of Allied Engineering Management Company (Private) 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, 2020.

## FINANCIAL HIGHLIGHTS

Rs in '000

Gross Sales Revenue, inclusive of Provincial Sales Taxes	3,635,361
Net Sales Revenue	3,299,076
Profit for the year	227,521
Un-appropriated profit brought forward	43,439
Available for Appropriation	281,619
Transfer to Statutory Reserve @ 30% of profit for the year	71,454
Proposed cash dividend @ 7.5% (Re. 0.75 per certificate)	165,000
Un-appropriated profit carried forward	45,165
Net profit margin	6.76%
Return on equity	4.51%
Earning per certificate	Rs. 1.03
Break-up value per Certificate	Rs. 24.33
Price Quoted on Pakistan Stock Exchange on June 30, 2020	Rs. 11.05

## BUSINESS REVIEW

The Management is pleased to report the Financial Statements for the year ended June 30, 2020. Pakistan's economy was already going through challenging times and later the emergence of COVID-19 at the end of fiscal year and enforcement of lockdown by the government in Q4 of the FY 2020 caused significant slowdown in economic activity. All these factors combined also affected the results of the Modaraba and consequently the Gross Sales Revenue, inclusive of Provincial Services Sales Tax was recorded at Rs 3,635 Million as against Rs 4,162 Million of last year. Accordingly, Net Profit also went down to Rs 228 Million as compared to Rs 383 Million of previous year, lower by Rs 155 Million.



This is also mainly due to the fact that the drop in domestic demand compounded the strain on the economy which remained under pressure during the year on all fronts, resulting in stagnation of both new contracts as well as price increments.

Due to overall stagnation of the economy, slow down of investments on infrastructure projects and slower growth rate in all sectors of economy, our investment also remained subdued during the year and is recorded at Rs 317 Million as compared to Rs 5,120 Million cumulative for four years from 2016 – 2019 (average of Rs 1,280 Million per annum).

Sales from our Power Rental business contributed Rs. 1.3 Billion during the year. This is mainly due to overall lower deployment and completion of our old long-term BOT projects. Cement and Housing societies sector generated sales for our large engines segment, both Gas and Diesel. LNG availability and its rational tariff structure for the North customers has ensured better utilization of our Gas Engines. All our long-term contracts continued with satisfactory payments made by our customers except for our major HFO customer due to factory closure and resultant of no utilization of the HFO Units. Management is confident of its disposal in the next fiscal year. No new investment is planned at this stage for any segment of the Power Rental business, both Diesel and Gas, as we feel that our present fleet size is able to meet the current market demands.

Better grid availability and lack of industrial investment subdued demand for both our Diesel and Gas Engines segment, with both lower deployment levels, lower time utilization of deployed units resulting in lower variable revenues. We are analyzing rental opportunities for new technology gas engines to ensure our competitive edge with reliable and efficient units to our customer base. Large Diesel engine segment will remain under pressure due to better grid availability, but thankfully we have some long term contracts which will continue to generate Sales for the segment. We are continuously working to further enlarge our customer base and see prospects of deployment of these units on long term contracts.

Rental sales of both our Inbound and Outbound Logistics segment continued with its robust performance during the year with Sales for the year recorded at Rs 1.6 Billion, contributing almost half of our total Sales portfolio. Inbound Logistics segment is continuously growing at steady pace, both in terms of new customers and new fuel efficient units with existing customers for deployment of Forklifts, tractor trollies, Reach stackers and other attachments at Plant Sites to handle logistics within plant premises. Without compromising on the quality of Forklift units required for rental deployment, we have diversified our sourcing from Japanese to Chinese source, with almost 40% lower Capital cost outlay. This should further increase our market reach with better price realization and higher margins. Most of our Inbound segment contracts are long term in nature with blue chip companies, handling plant and warehouse logistics on 24/365-day basis.

Our Outbound Logistics segment once again crossed Rs 1 Billion mark. Our customer base for this segment mainly comprises of blue chip companies in the FMCG sector; Nestle, Engro, Pepsi Riaz Bottlers, Oil and Gas company, Schlumberger and many others. With our strong set up and commitment to HSE guidelines, industry sees us as reliable vendor for their outbound logistics. However, the business is full of challenges in terms of non-availability of skilled and reliable manpower. We are further penetrating in the market with other customers and if the Axle Load Regime is implemented, we 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.



CAT Machines and SANY Cranes rental segment remained stagnated due to lower infrastructure investment, overall slowdown of the economy, COVID-19 impact in the later part of the current year and slowing down of CPEC projects. This includes machineries for road construction, coal and LNG based power projects and hydel power projects. Variety of equipments include Excavators, Wheel Loaders, Motor Graders, Compactors, concreting equipment and other earth moving equipments. Revenue of this segment registered sales of Rs 466 Million as compared to Rs 518 Million of the previous year.

The major challenge of Machine Rental business is the payment cycle of the contractor. Payment by contractor is dependent on the recovery of his bills from the Government. Project delays are routine here, except for CPEC projects where we see timely clearance of Receivables. Though now our major concentration of

these units deployment is mainly with FWO and other ARMY contractors, however, timely payment of receivables will always remain a challenge.



Operating Expenses went down by 12% during the year which is in line with the Sales to Rs 2,562 Million as compared to Rs 2,907 Million of the previous year. Accordingly, the Gross Margin percentage improved from 24 % of the previous year to 25% in the current year, to close at Rs 869 Million. This was mainly due to decrease in depreciation expense from Rs 719 Million to Rs 517 Million during the year as assets reached their Residual Values, lower investment during the year and maturity of some of our long term BOT contracts.

Operating Salaries and Wages went down by Rs 72 Million from Rs 921 Million in previous year to Rs 849 Million in the current year due lower deployment of our assets and stringent control measures adopted by the management.

Pakistan is extremely short in skilled manpower base, with overall quality being very low. This is seen as a major challenge for the development of Cranes and Machine segment, where the wage levels are high, whereas the overall skill base is very low. For our project at Schlumberger, our major challenge since its inception is finding the required drivers, meeting Schlumberger standards of compliance.

Repairs and Maintenance Expense went down by Rs 135 Million to Rs 290 Million in the current year as compared to Rs 425 Million for the previous year due to lower deployment levels and lower consumption of machine hours at customer sites. Fleet Vehicle running expenses went up 13% to Rs 813 Million for multiple factors, including increase in KM travelling and resultant Sales, higher Diesel price, increase in tyres prices due to devaluation of currency with higher import duties and increase in price of lubricants. The main component of the Fleet Vehicle running cost is the element of Diesel Fuel, which constitutes almost 65% of the total such costs.

Takaful / Insurance charge fell to Rs 38 million during the year from Rs 41 million in the previous year reason being better negotiation of rates with insurance companies.

Administrative and Selling Expenses went up to Rs 248 Million as compared to Rs 235 Million of the preceding year. Salaries and wages remained largely unchanged. As Modaraba is continuously growing and diversifies its business portfolio to Logistics, Crane, Construction Equipment and other business segments, we need to have better focus on the administrative controls, therefore



hiring of professionals was required to ensure effective internal control and recordings. Legal and Professional charges stood at Rs 7.8 Million in the current year, comprising of payment for various regulatory and fiscal fees and levies and litigation costs for various issues.

The business segments are now organized on product lines as we target each business segment with specialized and dedicated sales force. The Modaraba is now in its 5th year of new IT system “Microsoft AX and Sycor Rental” to cater for multiple business units and segments requirements.

Despite overall reduction of our borrowings, Finance costs for the period went up to Rs 300 Million as compared to the last year charge of Rs 288 Million. This was mainly due to increase in the average mark up rates.

Profits on Savings account and proceeds from disposal of scrap generated other income of Rs 3.8 Million and Rs 19.4 Million respectively. Profits from the disposal of old units generated gains of Rs 4.4 Million as compared to gain of Rs 80 Million in 2019.

Provision as per Prudential Regulations applicable to the Modarabas was made during the year of Rs 96 Million as compared to Rs 103 Million of previous year. This is mainly due to lower levels of Receivables at the end the 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 838.6 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. 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.

Modaraba is exempt from income tax by virtue of Clause 100 of Second Schedule of the Income Tax Ordinance, 2001. However, in prior years, the Exemption was refused resulting in accumulation of Income tax receivable, which went up from Rs 499 Million of previous year to Rs 638 Million as at close of June 30, 2020. Combined with payment of Rs 50 Million of under protest FED payment, the accumulated amount receivable from the tax authorities went up to Rs 688 Million. This has created a severe impact on our cash flows and liquidity, hampering growth and investment.

Due to diversification, the share of Rental Power in the total business now stands at 40% to the overall Sales Revenue of the Modaraba. The Modaraba shall continue to follow its replacement cycle of power rental fleet, depending on the disposal of its used units. The fuel efficiency and better reliability of the new replaced units gives competitive edge to the Modaraba and generates premium on its price offering to its customers.



As predicted last year, this year saw major challenges on the deployment of construction machines and equipment. This was further aggravated by COVID-19 impact at the end of the current fiscal year. 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 is in place to specifically target this segment. The fleet comprises Cranes, Excavators, Motor Graders, Compactors, wheel loaders, lighting towers and other construction Equipment.

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 Management feels that logistics is the future potential area of investment and growth for the Modaraba. The lack of investment in the sector, roadside engineering practices and overall lack of infrastructure have created many inefficiencies resulting into higher transportation costs. Non implementation of measures mentioned in the Trucking Industry report and NHSO 2000 is another



impeding factor for the sustainable growth of the trucking industry. 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 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 under the CPEC corridor and the business unit is fully aware of the significant opportunities on this front. We see profitable growth prospects on this segment as our knowledge base of this segment improves.

### COVID-19 AND ITS IMPACTS ON THE BUSINESS

Coronavirus (COVID-19) - classified as Pandemic by the World Health Organization on 11 March 2020, hit the world impacting countries globally including Pakistan. In line with international guidelines and warnings, Government of Pakistan immediately took measures to reduce the spread of COVID-19. This includes lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events and many other actions. Obviously, these measures resulted in an overall economic slowdown, disruptions to various businesses and activities from March to June 2020 period of the current fiscal year of July 2019 - June 2020.



SBP realizing the Liquidity issues of the businesses immediately came to the rescue of both the Lenders and Borrowers to save the financial system from collapsing and advised banks to defer the repayment of Principal Loan Amount by one year. In addition, to support the local workforce and save them from retrenchment, SBP introduced a special financing scheme at subsidized mark up rate of 3% to provide funds to the businesses to facilitate timely payment of Salaries for the months of April to June 2020. If this scheme had not been introduced, it would have been difficult for the businesses to service their Salary / Wages payments on time to their workforce. Modaraba also took advantage of both the schemes and partly applied for deferment of its lease liabilities under the SBP Scheme and also opted for subsidized financing to service its Salary / Wage payments.

Worldwide Governments, banks and regulators are supporting the businesses and industries to ride out this Pandemic storm by injecting liquidity into the system. This leads to the classic "liquidity" and "solvency" dilemma. This is to ensure that liquidity is maintained with the businesses during this deferral period, so that they remain afloat and solvent during the next couple of years, until the COVID-19 crises are over and businesses returns to normalcy. The concept is to provide short term liquidity with long term sustainability of the business in mind.

Except for some marginal / temporary loss of Sales and Collections during the COVID-19 period from end of March till end of June 2020, we do not see any significant future impact on our business. For long term / BOT deployments, fixed rentals were charged and duly paid by our customers during the period of lockdown. Furthermore, the management has made assessment of future profitability projection and as per the projections, we feel that the current business profile of the Modaraba will ensure continuation of its profitability in future years. Our Logistics segment continued during the period of lockdown serving our customers and delivering products all across the country to ensure continuity of business operations and to ensure availability of essential products in the country.

We also do not feel that there is any significant impact of impairment on either the Ijarah Assets, both presently deployed or idle or any significant impact on our Receivables from our customers. Our Ijarah Assets includes quality branded equipment comprising of Caterpillar Generators and Construction Equipment comprising Excavators, Compactors, Motor Graders and Wheel Loaders, SANY Cranes and Concrete Pumps, Mitsui-CAT Japanese Forklifts, Allamand Lighting Towers, Isuzu and HINO Japanese Prime Movers and Trucks. All these are considered top quality international brands with demand both in the rental segment, as well as Used Equipment market, both locally and internationally. Our Quality Branded Equipment with Average Asset price base places us in a competitive edge compared to our different segment competitors to offer reliable quality equipment at attractive market rates and prices.

Except for some short term delays during the peak COVID-19 months shutdown, we do not foresee any significant impairment of our Receivables. Additional Provision of Rs 97 Million have been made in the Accounts as per Prudential Regulations applicable to the Modarabas.

### DIVIDEND

The Board is pleased to announce a cash dividend of 7.5% i.e. Re. 0.75/- per certificate of Rs. 10/- each.

### 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.

## INFORMATION TECHNOLOGY

Considering the continuous growth of the Modaraba in multi-dimensional Rental business portfolio with Asset base reaching PKR 13+ 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.



Implementation process started with the purchasing of Licenses for software, training of team members and test runs were completed during the previous periods including implementation of financial, rental and sales module.

Through ERP implementation, Modaraba have been benefited 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, Management and ERP team remained focused on the project and several milestones were achieved including implementation of:

### Enhancement of Trip Management System

Entire Fleet Management is done via TMS System which has been developed as a module in AX, this system is fully integrated with our core financial system which helps us in controlling and monitoring our trips more efficiently and provides valuable insight of our logistics business. During the year numerous financial reports, comparison of financial and operational data and analytical reports were added in the system to gauge the expanding business.

### Microsoft Power BI

Power BI Project was started last year with a target kept in mind to enhance our reporting structure and drilling deep down in our datasets. Main Idea was to focus on our segment trends and operational reporting.

#### Key Benefits of using Power BI

##### Integrates seamlessly with existing applications:

Power BI integrates easily with your existing business environment allowing us to adopt analytics and reporting capabilities.

##### Rich personalized dashboards:

The crowning feature of Power BI is the information dashboards, which can be customized to meet the exact need of any enterprise. You can easily embed the dashboards and BI reports in the applications to provide a unified user experience.

##### Publish reports securely:

The tool helps you to setup automatic data refresh and publish reports allowing all the users to avail the latest information.

##### No specialized technical support required:

Power BI provides agile inquiry and analysis without the need for specialized technical support. It supports a powerful natural language interface and the use of intuitive graphical designer tools.

##### Extracting business intelligence rapidly and accurately:

It helps in transforming our enterprise data into rich visuals, thus extracting business intelligence for enhanced decision making.

During the year, a charge of Rs 2.3 Million made in the Accounts for the overall amortization of the total investments made till June 30, 2020 on the IT Project.

## FUTURE OUTLOOK

Various macro-economic factors coupled with Pandemic caused slowdown in economic activity and increased uncertainty. However, it is expected that economy should bounce back in FY 2020-21, with renewed focus on CPEC projects, stimulus package by the Government and lowering of the discount rates.



To spur growth and investment, immediately after the Pandemic, SBP was swift to rise to the challenge of market needs and deferred lease payments and gradually lowered mark up / discount rates. The lowering of the mark up rates will significantly help in the profitability of the Modaraba as we see our financial charges to reduce in coming years. The lower mark up rates should further help the qualifying criteria of our investment into Rental Assets. However, the devaluation of Pak Rupee is still a perennial challenge that continuously pushes up cost of parts and consumables and also the general inflation, without corresponding price increases. The uncertainties of COVID-19, the economy will face another challenging year ahead as competition will be tough due to surplus capacities on one hand and stagnant market size on the other.

The strength of Caterpillar brand name and our strategy of continuous investment in prior years on new technologies, new products, new markets and new segments perfectly position us as the lowest Capital Cost Rental set up in the country for all business segments. This gives us a huge competitive edge in terms of meeting the price challenges of the market and offering effective prices to our customers in this challenging business environment. 2020-21 will remain challenging due to COVID-19 uncertainties, lower economic growth and challenges of funds allocation on infrastructure and development projects. We will have to cautiously review the situation regularly and wait and see the direction of the economy set by the Government before finalizing our Investment Plans. 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. By applying prudent policies and disciplines in our business operations, we are confident that the targets sets for the year will be achieved. The Management is continuously expanding its rental fleet and it is expected that 2020 – 21 investments will mainly be in our Earth moving and Machines segment to cater to the demands of products for infrastructure and big dam projects.

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 220 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 or investment in earth moving equipment and machine segment for dam/infrastructure development projects.

The Management is positive of the rental industry potential, CPEC development and tremendous opportunities it has to date generated for the Modaraba, but will also remain cautious, prudent and selective for its investment on the Rental Power segment. We always strive to keep special emphasis on customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

Going forward, global uncertainty caused by the COVID-19 pandemic will continue to pose a risk to the Company's profitability. It is unclear as to how market dynamics will evolve in the coming year and given this uncertainty the Board of Directors and Management will remain focused on making efforts to improve shareholders' value through internal efficiency enhancement and cost cutting measures while building on the Company's core strengths.

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 Bonus Certificates; 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' values, 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 to develop and implement a 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.

## CORPORATE SOCIAL RESPONSIBILITY:

The Modaraba views corporate social responsibility as a business approach that contributes towards sustainable development through uplifting economic, social and environmental benefits for the community. Being a good corporate citizen is part of the Modaraba's core values.



The Management and those charged with governance are well aware of their responsibility of being a corporate citizen and are very much committed in this regard. The Modaraba is committed to ensure that good practices are maintained in Health, Safety and Environment within its own operations. In addition, supporting causes that focus on social upliftment remain a focus area for the Company through which it supports various communities in Pakistan.

Our areas of interests in this connection include but are not limited to environment protection education, health and social development of the society. Key initiatives supported by the Company included:

### SCHOLARSHIPS

We offer merit scholarships to our employees for professional qualifications to appreciate their talent in the form of monetary contributions that vary with the level of education.

### SPORTS ACTIVITIES

“Health is the thing that makes you feel that now is the best time of the year” – we at Allied believe that mental exertion must be balanced by physical activity; resultantly promotion of sports has always played a vital role in our CSR initiatives. To promote sports activities, we have an in-house sports complex and gymnasium where employees are encouraged to participate in sports and healthy activities on routine basis. Though during the last part of the year, Sports activities remained suspended due to COVID-19.

### EMPLOYEE HEALTH AND SAFETY – COVID 19

Allied Rental Modaraba organized health camps in alliance with a well known Laboratory where free of cost medical tests and advices from physician were offered to the employees at its regional offices in Karachi and Lahore. The campaign helped to spread awareness to live healthy life. In addition, strict rules were enforced at all our office premises to ensure compliance to International and Government guidelines to ensure health and safety of its staff, customers, contractors and visitors and further ensure containment of the spread of COVID-19. Regular sessions were conducted by HSE staff all across the country. A detailed review on our COVID-19 response is separately mentioned in the article by our HSE Department.

### OPPURTUNITY FOR YOUNG TALENT

As a responsible corporate citizen, Modaraba continued to provide management-traineeships and internship experience to students from various academic institutions.

This year, the number of interns increased from the previous years which in addition to willingness of the Modaraba to provide opportunity to young talent to help them learn in a professional environment.

## 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 07 individuals, composition of which is as follows:

Category	Name
Independent Female Director	Mrs. Saira Nasir
Independent Director	Mr. Abdul Rahim Suriya
Executive Director [CEO]	Mr. Murtaza Ahmed Ali
Non-Executive Director (representing Allied Group of Companies)	Syed Feisal Ali [Chairman]
	Mr. Khwaja Ahad Rahman
	Mr. Ali Akbar
	Mr. Hassan Shehzad Abidi

During the year, Mr. Raees Khan resigned from the Board at the end of his tenure and Miss Saira Nasir replaced him as Independent Female Director on the Board. Mrs. Saira’s approval as Director on the board was duly approved by Registrar Modarabas – SECP. Mr Raees remained Director on the Board since its floatation for 13 years and his valuable contribution and advice on the affairs of the Board shall always be remembered. The Board wishes to place its sincere gratitude to the outgoing Director for his contribution throughout the years.

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.

Mrs Saira Nasir was appointed as Independent Female Director on the Board during the year, she is a certified director and fellow member of Institute of Chartered Accountants of Pakistan (ICAP) and Institute of Corporate Secretaries of Pakistan. She has over 30 years of experience in Accounting, Auditing, Finance and Corporate Governance.

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. The remuneration to attend the Board meetings was paid by the Modaraba management Company. Attendance of each of the director was as follows.

Name Of Director	No. Of Meetings Attended
Mr. Khwaja Ahad Rahman	4
Mr. Murtaza Ahmed Ali	4
Syed Feisal Ali	4
Mr. Ali Akbar	4
Mr. Raees A. Khan	2
Mr. Abdul Rahim Suriya	4
Mr. Hassan Shahzad Abidi	4
Mrs. Saira Nasir	2

### 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.

Mrs. Saira Nasir was given induction presentation on the business of the Modaraba, its track record over the years, future prospects and challenges of the business and the 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. Her appointment was duly approved by Registrar Modarabas – SECP.

### 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, 2020 except for those disclosed in the financial statements.
- The trading in certificates carried out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children is reported as annexure to this report.
- The value of investments in Employee's Provident Funds based on the financial statements of the fund as at December 31, 2019 is Rs. 90,962,515 (2018: Rs. 77,462,598).
- 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.
  - a sound organizational plan of the Company,
  - an effective employee development program and;
  - 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.

Following Directors are the Members of the Human Resource Committee:

**Mr. Abdul Rahim Suriya** - Chairman

**Syed Feisal Ali**

**Mr. Murtaza Ahmed Ali**

The Human Resource Committee met once 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 Audit Committee met four times during the year. Attendance of each of the member was as follows:

Name Of Director	No. Of Meetings Attended
Mr. Abdul Rahim Suriya	4
Syed Feisal Ali	4
Mr. Ali Akbar	4



## 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, 2021 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, 2020 is attached in the Annual Financial Statements.



**Murtaza Ahmed Ali**  
Chief Executive

Date: September 10, 2020

## 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 Registrar Modarabas, officials at SECP and SBP 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.



**Ali Akbar**  
Director



# Certificate Holding Pattern

As at June 30, 2020

Categories of Certificate Holders	Number	Certificates Held	Percentage
<b>Associated Companies</b>			
Allied Engineering & Services Limited	1	151,931,073	69%
Allied Engineering Management Company (Private) Limited	1	43,999,997	20%
Allied Engineering & Services Limited - Employees Provident Fund	1	3,734,868	2%
		199,665,938	91%
<b>Directors, CEO &amp; Their Spouses &amp; Minor Children</b>			
Murtaza Ahmed Ali	1	510,629	0.2%
Syed Feisal Ali	1	2,256,650	1%
Ali Akbar	1	82,544	0.0%
Saira Nasir	1	-	0.0%
Hassan Shahzad Abidi	1	7,324	0.0%
Abdul Rahim Suriya	1	46,256	0.0%
Khwaja Ahad Rahman	1	5,973,845	2.7%
		8,877,248	4%
<b>Executives</b>	2	115,844	0.1%
<b>Employee Provident Fund</b>	2	23,502	0.0%
<b>Modaraba</b>	1	16,500	0.0%
<b>Mutual Fund &amp; Others</b>	3	692,050	0.3%
<b>General Public</b>	421	10,608,918	5%
	439	220,000,000	100%

## Information on Trading in Certificates

Name	Designation	Purchase	Bonus	Sale
		Number of Certificates		
Mr. Murtaza Ahmed Ali	Chief Executive Officer	-	-	-
Syed Feisal Ali	Chairman	-	-	-
Mr. Ali Akbar	Non-Executive Director	-	-	-
Mr. Raees A. Khan	Non-Executive Director	-	-	-
Mr. Hassan Shahzad Abidi	Non-Executive Director	-	-	-
Mr. A. R. Suriya	Independent Director	-	-	-
Mrs. Saira Nasir	Independent Director	-	-	-
Mr. Khwaja Ahad Rahman	Non-Executive Director	-	-	-
Mr. Muhammad Saad	Chief Financial Officer	-	-	-
Mr. Muzzammil Tariq	Company Secretary	-	-	-

# Combined Pattern of CDC & Physical Shareholdings

As at June 30, 2020

Categories of Share Holders	Number of Share Holders	Shares Held	Percentage
Individuals	428	19,601,796	8.91%
Investment Companies	-	-	-
Insurance Companies	-	-	-
Joint Stock Companies	1	5,384	0.00%
Financial Institutions	-	-	-
Modaraba Companies	1	16,500	0.01%
Foreign Companies	1	566,810	0.26%
Co-operative Societies	-	-	-
Associates	4	199,665,938	90.76%
Others	4	143,572	0.07%
<b>Totals</b>	<b>439</b>	<b>220,000,000</b>	<b>100.00%</b>

Number Of Share Holders	Share Holding			Total Shares Held
99	1	-	100	1,585
35	101	-	500	10,850
54	501	-	1000	40,122
118	1001	-	5000	284,892
43	5001	-	10000	290,812
18	10001	-	15000	218,898
9	15001	-	20000	152,105
11	20001	-	25000	244,227
9	25001	-	30000	246,971
6	30001	-	35000	187,765
1	35001	-	40000	36,327
3	40001	-	45000	128,073
4	45001	-	50000	182,535
3	60001	-	65000	187,665
2	70001	-	75000	146,560
1	75001	-	80000	76,500
1	80001	-	85000	82,544
1	90001	-	95000	91,759
1	100001	-	105000	100,294
1	115001	-	120000	119,856
1	125001	-	130000	126,795
1	160001	-	165000	160,596
1	185001	-	190000	187,700
1	215001	-	220000	219,998
1	290001	-	295000	291,758
1	315001	-	320000	317,900
1	330001	-	335000	330,530
1	510001	-	515000	510,629
1	565001	-	570000	566,810
1	585001	-	590000	586,666
2	1095001	-	1100000	2,200,000
1	2255001	-	2260000	2,256,650
1	3730001	-	3735000	3,734,868
2	4870001	-	4875000	9,747,690
1	43995001	-	44000000	43,999,997
1	66620001	-	66625000	66,622,274
1	85305001	-	85310000	85,308,799
<b>439</b>				<b>220,000,000</b>



# Credit Rating



**“A-One”  
Short-Term**

**“A+”  
Long-Term**





# 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
  - Abdul Rahim Suriya - Chairman
  - Syed Feisal Ali - Member
  - Murtaza Ahmed Ali - Member
- B. The Committee shall meet at least once each financial 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. Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management.
- C. The objectives, strategies and overall business plans of Human Resources and ensure that they are within the framework of existing laws and regulations.
- D. 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.

- E. Undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging an external independent consultant
- F. The Modaraba's strategy, plan and proposal related to annual increments, salary adjustments and performance and profit bonuses of the Modaraba's executives.
- G. 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.
- H. Review and Recommend the Human Resources Policies and Procedures of the Modaraba to the Board and ensure that they are updated from time to time to keep abreast with market practices.
- I. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- J. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- K. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.
- L. Review and recommend Core Values to be adopted by the Modaraba.
- M. 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 employe'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. Sub-Committees/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.

## 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:

- determination of appropriate measures to safeguard the Modaraba's assets;
- review of quarterly, half-yearly and annual financial statements of the Modaraba, prior to their approval by the Board of Directors.
- review of preliminary announcements of results prior to publication;
- 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;
- review of management letter issued by external auditors and management's response thereto;
- ensuring coordination between the internal and external auditors of the Modaraba;
- review arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- 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;
- consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- 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;
- review of the Modaraba's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- 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
- determination of compliance with relevant statutory requirements.
- monitoring compliance with these regulations and identification of significant violations thereof;
- recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- consideration of any other issue or matter as may be assigned by the board of directors.

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

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, for 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 complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:
  - a. Male: 6
  - b. Female: 1
2. The composition of Board is as follows:

Category	Names
Independent Director	Mr. Abdul Rahim Suriya
Independent Director / Female Director	Mrs. Saira Nasir
Executive Director	Mr. Murtaza Ahmed Ali
Non-Executive Directors	Mr. Khwaja Ahad Rahman
	Syed Feisal Ali
	Mr. Ali Akbar
	Mr. Hassan Shahzad Abidi

Company, currently has two elected independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations under which hereby fulfill the necessary requirements; therefore, not warrant the appointment of a third independent director.

3. The directors have confirmed that none of them is serving as director in more than seven listed companies, including this Management Company.
4. The Modaraba has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were

approved or updated has been maintained by the Modaraba.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board / shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulation.
9. All the directors have duly completed the Directors' Training Program and meet the training requirement under the regulations.
10. No new appointment of CFO, Company Secretary and Head of Internal Audit was made during the year. However, the board has approved their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:
  - a) Audit Committee

#### Name of members

1. Abdul Rahim Suriya (Chairman)  
[Independent Non-executive Director]
  2. Syed Feisal Ali  
[Non-executive Director]
  3. Ali Akbar  
[Non-executive Director]
- b) HR and Remuneration Committee

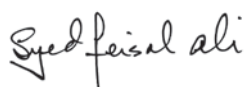
#### Name of members

1. Abdul Rahim Suriya (Chairman)  
[Independent Non-executive Director]
  2. Syed Feisal Ali  
[Non-executive Director]
  3. Murtaza Ahmed Ali  
[Executive Director]
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.



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

On behalf of the Board



**Syed Feisal Ali**  
Chairman

September 10, 2020





**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## **To the Certificate Holders of Allied Rental Modaraba Review Report on Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (“the Regulations”) prepared by the Board of Directors of Allied Engineering Management Company (Private) Limited, the Modaraba Management Company of Allied Rental Modaraba (“the Modaraba”) for the year ended 30 June 2020 in accordance with the requirements of regulation 36 of the Regulations.

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

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

The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out procedures to assess and determine the Modaraba Management Company’s process for identification of related parties and that whether the related party transactions were undertaken at arm’s length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company’s compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2020.

Date: 05 October 2020  
Karachi

KPMG Taseer Hadi  
Chartered Accountants



**KPMG Taseer Hadi & Co.**  
Chartered Accountants

## Auditors' Report to the Certificate Holders

We have audited the annexed statement of financial position of Allied Rental Modaraba as at 30 June 2020 and the related statement of profit and loss account and other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba 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 Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion, proper books of accounts have been kept by the Modaraba Company in respect of Allied Rental Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- b) in our opinion:
  - i) the statement of financial position, statement of profit and loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with the accounting policies consistently applied except for the change as stated in note 3.1 to the financial statements with which we concur;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba.
- c) in our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss account and other comprehensive income, statement of cash flows and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2020 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.

Date: 05 October 2020  
Karachi

KPMG Taseer Hadi & Co.  
Chartered Accountants  
Amyn Pirani



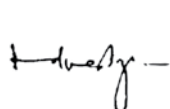
# Statement of Financial Position

As at 30 June 2020

	Note	2020	2019
(Rupees)			
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and bank balances	4	92,916,094	50,644,643
Ijarah rentals receivable	5	1,100,301,006	1,235,580,096
Operation and maintenance income receivable	6	37,513,933	27,781,979
Advances, deposits, prepayments and other receivables	7	826,777,902	732,291,991
Spare parts		196,176,407	136,361,764
		2,253,685,342	2,182,660,473
<b>Non-current assets</b>			
Long term security deposit	8	50,000	50,000
Fixed assets in own use - tangible	9	207,010,534	139,827,871
Intangible asset for own use	10	1,961,154	4,215,005
Ijarah assets	11	6,120,338,820	6,434,721,942
Capital work-in-progress - Ijarah assets	12	51,236,756	67,562,112
		6,380,597,264	6,646,376,930
<b>Total assets</b>		8,634,282,606	8,829,037,403
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Creditors, accrued and other liabilities	13	1,088,108,181	821,622,788
Payable to the Modaraba Management Company	14	11,300,000	24,228,441
Current maturity of diminishing musharaka financing payable - secured	15	365,546,132	1,038,625,290
Current portion of long-term borrowings	16	75,915,791	-
Current portion of security deposits	20	24,524,283	95,810,000
Unclaimed dividend		1,052,715	1,095,066
Current maturity of liability against right of use assets	3.1.1 & 17	18,042,712	-
		1,584,489,814	1,981,381,585
<b>Non-current liabilities</b>			
Diminishing musharaka financing payable - secured	15	1,406,038,650	1,375,976,897
Long-term borrowings	16	89,726,681	-
Deferred liability for staff gratuity	18	95,966,148	84,196,492
Other long-term employee benefit	19	28,632,954	26,820,323
Security deposits	20	24,000,000	27,123,732
Liability against right of use assets	3.1.1 & 17	53,709,940	-
		1,698,074,373	1,514,117,444
<b>Total liabilities</b>		3,282,564,187	3,495,499,029
<b>NET ASSETS</b>		5,351,718,419	5,333,538,374
<b>FINANCED BY: CAPITAL AND RESERVES</b>			
<b>Authorized certificate capital</b>			
250,000,000 (2019: 225,000,000) modaraba certificates of Rs.10 each	21	2,500,000,000	2,250,000,000
<b>Issued, subscribed and paid-up certificate capital</b>			
220,000,000 (2019: 220,000,000) modaraba certificates of Rs.10 each	21	2,200,000,000	2,200,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory (mandatory) reserve	22	1,685,840,464	1,614,386,450
Unappropriated profit		210,165,455	263,439,424
		5,351,718,419	5,333,538,374
<b>CONTINGENCIES AND COMMITMENTS</b>			
	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



**Abdul Rahim Suriya**  
Director



**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer

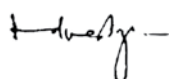
# Statement of Profit and Loss Account

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees)	
Ijarah rentals - net	24	3,299,075,973	3,694,302,280
Operation and maintenance income - net	25	132,304,566	127,364,783
		3,431,380,539	3,821,667,063
Operating expenses	26	(2,562,176,109)	(2,907,073,905)
<b>Gross profit</b>		869,204,430	914,593,158
Administrative and distribution expenses	27	(247,538,683)	(234,951,602)
Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.1	(96,766,366)	(103,312,497)
Finance cost	28	(300,215,794)	(288,372,592)
Other income	29	28,166,539	104,897,396
		(616,354,304)	(521,739,295)
		252,850,126	392,853,863
Modaraba Management Company's remuneration	14.1	(10,000,000)	(10,000,000)
Provincial workers' welfare fund	30	(15,329,213)	-
<b>Profit for the year before taxation</b>		227,520,913	382,853,863
Taxation	31	-	-
<b>Profit for the year</b>		227,520,913	382,853,863
		(Rupees)	
<b>Earnings per certificate - basic and diluted</b>	32	1.03	1.74

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



**Abdul Rahim Suriya**  
Director



**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer

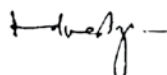
# Statement of Comprehensive Income

For the year ended 30 June 2020

	Note	2020	2019
		(Rupees)	
Profit for the year		227,520,913	382,853,863
Other comprehensive income for the year		-	-
<b>Items that will not be reclassified to profit or loss</b>			
Gain on remeasurement of defined benefit plan obligation	18.6	10,659,132	1,390,253
<b>Total comprehensive income for the year</b>		<b>238,180,045</b>	<b>384,244,116</b>

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



**Abdul Rahim Suriya**  
Director



**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer



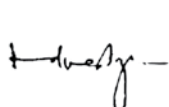
# Cash Flow Statement

For the year ended 30 June 2020

	Note	2020	2019
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxation		227,520,913	382,853,863
<b>Adjustments for</b>			
Depreciation	9.5	558,598,159	747,007,270
Amortization	27	2,253,851	1,911,560
Provision against potential Ijarah losses and operation and maintenance income	5.3 & 6.1	96,766,366	103,312,497
Provision for deferred liabilities - gratuity	18.3	23,540,788	16,192,406
Provision for long term employee benefits		3,321,591	8,554,618
Financial charges excluding bank profit		296,369,030	283,347,330
Gain on disposal of Ijarah assets	29	(3,766,494)	(80,309,171)
Gain on disposal of fixed assets in own use	29	(731,919)	(517,463)
		976,351,372	1,079,499,047
		1,203,872,285	1,462,352,910
<b>(Increase) / Decrease in current assets</b>			
Ijarah rentals receivable		38,512,724	(4,778,125)
Operation and maintenance income receivable		(9,731,954)	1,581,795
Advances, deposits, prepayments and other receivable		(94,485,911)	(191,574,689)
Spare parts		(59,814,643)	(31,526,603)
Diminishing musharaka financing		-	967,729
		(125,519,784)	(225,329,893)
<b>Increase / (Decrease) in operating liabilities</b>			
Creditors, accrued and other liabilities		280,498,744	196,336,764
Payable to the Modaraba Management Company		(12,928,441)	11,962,469
Security deposits		(74,409,449)	7,845,732
		193,160,854	216,144,965
<b>Cash flows from operations</b>	33	1,271,513,355	1,453,167,981
Gratuity paid		(1,112,000)	(101,816)
Compensated absences paid		(1,508,960)	(431,533)
Financial charges paid	36.3	(310,202,625)	(283,388,062)
		(312,823,585)	(283,921,411)
<b>Net cash flows from operating activities</b>		958,689,770	1,169,246,570
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure		(317,481,296)	(536,527,656)
Proceeds from disposal of Ijarah assets		103,612,552	146,110,539
Proceeds from disposal of fixed assets in own use		1,541,100	11,212,579
<b>Net cash flows from investing activities</b>		(212,327,643)	(379,204,538)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Profit distribution to the certificate holders	36.3	(220,042,351)	(200,000,000)
Diminishing Musharaka financing availed	36.3	234,393,756	444,237,986
Long-term borrowing availed	36.3	165,469,809	-
Expenses against issuance of bonus certificates	36.3	-	(1,242,311)
Repayment of lease liability against ROUA asset	36.3	(6,500,727)	-
Repayment of diminishing musharaka financing	36.3	(877,411,161)	(1,073,623,904)
<b>Net cash flows from financing activities</b>		(704,090,674)	(830,628,229)
<b>Net increase in cash and cash equivalents</b>		42,271,451	(40,586,197)
Cash and cash equivalents at the beginning of the year		50,644,643	91,230,840
<b>Cash and cash equivalents at the end of the year</b>	4	92,916,094	50,644,643

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

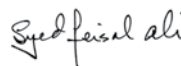
**For Allied Engineering Management Company (Private) Limited  
(Modaraba Management Company)**



**Murtaza Ahmed Ali**  
Chief Executive



**Abdul Rahim Suriya**  
Director



**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer

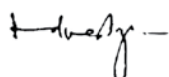
# Statement of Changes in Equity

For the year ended 30 June 2020

	Issued, subscribed and paid-up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un-appropriated profit	Total
(Rupees)					
<b>Balance as at 30 June 2018</b>	2,000,000,000	1,255,712,500	1,660,688,804	234,135,265	5,150,536,569
Total comprehensive income for the year					
Profit for the year	-	-	-	382,853,863	382,853,863
Other comprehensive income for the year					
- Gain on remeasurement of defined benefit plan obligation	-	-	-	1,390,253	1,390,253
Total comprehensive income for the year ended 30 June 2019	-	-	-	384,244,116	384,244,116
Transfer to statutory reserve (at 40% of the profit for the year)	-	-	153,697,646	(153,697,646)	-
Transaction with owners - recorded directly in equity					
10% bonus issue for the year ended June 30, 2018 (i.e. 1 certificate for every 10 certificates held)	200,000,000	-	(200,000,000)	-	-
Expenses against issuance of bonus certificates	-	-	-	(1,242,311)	(1,242,311)
Profit distribution for the year ended 30 June 2018 @ Rs. 1.00 per certificate declared subsequent to the year then ended	-	-	-	(200,000,000)	(200,000,000)
<b>Balance as at 30 June 2019</b>	2,200,000,000	1,255,712,500	1,614,386,450	263,439,424	5,333,538,374
Total comprehensive income for the year					
Profit for the year	-	-	-	227,520,913	227,520,913
Other comprehensive income for the year					
- Gain on remeasurement of defined benefit plan obligation	-	-	-	10,659,132	10,659,132
Total comprehensive income for the year ended 30 June 2020	-	-	-	238,180,045	238,180,045
Transfer to statutory reserve (at 30% of the profit for the year)	-	-	71,454,014	(71,454,014)	-
Transaction with owners - recorded directly in equity					
Profit distribution for the year ended 30 June 2019 @ Rs. 1.00 per certificate declared subsequent to the year then ended	-	-	-	(220,000,000)	(220,000,000)
<b>Balance as at 30 June 2020</b>	2,200,000,000	1,255,712,500	1,685,840,464	210,165,455	5,351,718,419

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

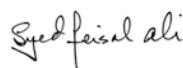
**For Allied Engineering Management Company (Private) Limited  
(Modaraba Management Company)**



**Murtaza Ahmed Ali**  
Chief Executive



**Abdul Rahim Suriya**  
Director



**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer

# Notes to the Financial Statements

For the year ended 30 June 2020

## 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 / Ijarah 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 The JCR-VIS Credit Rating Company Limited has assigned long term A+ rating and short term A-1 rating to the Modaraba.
- 1.3 A novel strain of coronavirus (COVID -19) was classified as a pandemic by the world health organization on 11 March 2020, impacting countries globally including Pakistan. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events etc. These measures had resulted in an overall economic slowdown, disruptions to various businesses. However, currently, the potential impacts from COVID-19 remain uncertain, including, among other things, on economic conditions, businesses and consumers. As per the assessment by the management, the Modaraba is not likely to have an impact as the major business revenues consists of fixed rentals which were being charged to the customers and the economy in general has also opened up and is gradually picking up. Furthermore the management has also made assessment of future profitability projection and as per the projections the company continues to earn adequate profits.

## 2. BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) differ from IFRS, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) have been followed.

The Securities and Exchange Commission of Pakistan has also deferred the applicability of IFRS 9 dealing with Financial Instruments till 30 June 2021. Accordingly, the financial impact of this IFRS 9 have not been considered in the preparation of these financial statements. In addition please refer note 2.4 also.

### 2.2 Basis of measurement

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

### 2.3 Change in accounting standards, interpretations and amendments to published approved accounting standards

- a) Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant



There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2019. However, these do not have any significant impact on the Modaraba's financial reporting and therefore have not been detailed in these financial statements except as disclosed in note 3.1 to these financial statements.

- b) Standards, interpretations and amendments to published approved accounting standards that are not yet effective.

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2020:

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.
- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.
- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallize. The entities may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs.
- IFRS 9 replaces the existing guidance in IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets and new general hedge accounting requirements. It also carries forward the guidance on the recognition and derecognition of financial instruments from IAS 39. The Secretary to the Securities and Exchange Commission of Pakistan vide SRO 321 dated 17 April 2020 deferred the effective date for implementation of IFRS 9 for Modarabas till 30 June 2021. Accordingly, the requirements of IFRS 9 have not been considered in the preparation of these financial statements. The Modaraba is in the process of assessing the full impact of this standard.
- Interest Rate Benchmark Reform which amended IFRS 9, IAS 39 and IFRS 7 is applicable for annual financial periods beginning on or after 1 January 2020. The G20 asked the Financial Stability Board (FSB) to undertake a fundamental review of major interest rate benchmarks. Following the review, the FSB published a report setting out its recommended reforms of some major interest rate benchmarks such as IBORs. Public authorities in many jurisdictions have since taken steps to implement those recommendations. This has in turn led to uncertainty about the long-term viability of some interest rate benchmarks. In these amendments, the term 'interest rate benchmark reform' refers to the market-wide reform of an interest rate benchmark including its replacement with an alternative benchmark rate, such as that resulting from the FSB's recommendations set out in its July 2014 report 'Reforming Major Interest Rate Benchmarks' (the reform). The amendments made provide relief from the potential effects of the uncertainty caused by the reform. A company shall apply the exceptions to all hedging relationships directly affected by interest rate benchmark reform. The amendments are not likely to affect the financial statements of the Modaraba.
- Amendments to IFRS-16- IASB has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects

of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications. Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2021; and there is no substantive change to the other terms and conditions of the lease.
- Classification of liabilities as current or non-current (Amendments to IAS 1) effective for the annual period beginning on or after 1 January 2022. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual period beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc, are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Annual Improvements to IFRS Standards 2018–2020 - the following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022.

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique

The above amendments are effective from annual period beginning on or after 1 January 2020 and are not likely to have an impact on Modaraba's financial statements.

#### **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. 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. Under the above IFAS 2, the 'Ijarah' transactions are accounted for in the following manner:

- Mustajir (lessor) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are 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.

## **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 accounting and reporting standards, as applicable in Pakistan, requires management to make judgements, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates underlying the assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Information about the judgments made by the management in the application of the accounting policies, that have the most significant effect on the amount recognized in these financial statements, assumptions and estimation uncertainties with significant risk of material adjustment to the carrying amount of asset and liabilities in the next year are described as follows:

- Estimates of residual values, useful lives and depreciation methods of fixed assets in own use, intangible assets and Ijarah assets (notes 3.8, 3.9, 3.11)
- Provision against non-performing Ijarah rentals receivable, operation and maintenance income receivable and other receivables (note 3.2.1.4)
- Staff retirement benefits (notes 3.16 and 18)
- Provision for taxation (notes 3.12 and 31)
- Spare parts (note 3.7)

## **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, except as mentioned in note 3.1.1 below and the adoption of an accounting policy mentioned in note 3.1.2 below:

### **3.1 Change in an significant accounting policy / adoption of an accounting policy**

- 3.1.1** On 1 July 2019, the Modaraba adopted IFRS 16 Leases. This IFRS has introduced a single lease accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17 - Leases. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for these two types of leases differently.



The significant judgments in the implementation were determining if a contract contained a lease, and the determination of whether the Modaraba is reasonably certain that it will exercise extension options present in lease contracts. The significant estimates were the determination of incremental borrowing rates. The discount rate applied to lease liabilities on the transition date 1 July 2019 was 14.43 percent.

The impact of IFRS 16 on the Modaraba is primarily where the Modaraba is a lessee in property lease contracts. The Modaraba has elected to adopt simplified approach on transition and has not restated comparative information. On 1 July 2019, the Modaraba recognized a lease liability, being the remaining lease payments, including extension options where renewal is reasonably certain, discounted using the Modaraba's incremental borrowing rate at the date of initial application. The corresponding right-of-use asset recognized is the amount of the lease liability adjusted by prepaid amounts related to those leases. The balance sheet has increased as a result of the recognition of lease liability and right-to-use assets as of 1 July 2019 was Rs 78.253 million with no adjustment to retained earnings. The asset is presented in 'Fixed Assets' and the liability is presented in 'Liability against right of use assets' presented separately on the statement of financial information. Also in relation to those leases under IFRS 16, the Modaraba has recognized depreciation and interest costs, instead of operating lease expenses.

The Modaraba has elected not to recognize right of use assets and lease liabilities for some leases of low value assets. The lease payment associated with these leases are recognized as an expense on a straight-line basis over the lease term. The right of use assets are presented in the same line items as it presents underlying assets of the same nature that it owns.

Upto 30 June 2019, assets held under property leases, not equivalent to ownership rights, were classified as operating leases and were not recognized as asset in the statement of financial position. Payments or accruals under operating leases were recognised in profit and loss on a straight line basis over term of the lease.

The effect of this change in accounting policy as of 30 June 2020 is as follows:

	<b>30 June, 2020</b>
	(Rupees)
<b>Impact on Statement of Financial Position</b>	
Increase in fixed assets - right-of-use assets	62,972,993
	<u>62,972,993</u>
Increase in other liabilities - lease liability against right-of-use assets	*
	<u>(71,752,652)</u>
Decrease in net assets	<u>(8,779,659)</u>
	<u><u>(8,779,659)</u></u>
* Includes current maturity of Rs. 18.042 million.	
<b>Impact on Profit and Loss account</b>	
Increase in mark-up expense - liability against right-of-use assets	(12,128,471)
(Increase) / decrease in administrative expenses:	
- Depreciation on right-of-use assets	(15,280,386)
- Rent expense	18,629,198
Decrease in profit	<u>(8,779,659)</u>
	<u><u>(8,779,659)</u></u>

In view of the application of above IFRS, the Modaraba's accounting policy for right-of-use assets and its related lease liability is as follow:

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Modaraba mainly leases properties for its operations. The Modaraba recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Modaraba's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

### 3.1.2 Government grants and related borrowing and deferred income

- Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Modaraba recognizes government grants when there is reasonable assurance that grants will be received and the Modaraba will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Modaraba will be able to comply with the conditions associated with the grants.

Grants that compensate the Modaraba for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

- The borrowing (from the Government in this case) is initially recognized at the amount received and subsequently measured at fair value under which loans at below-market rates are subsequently measured at their fair value - i.e. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan and the amount received, which is accounted for according to the nature of the grant.

The above adoption of accounting policy is necessitated due to a discounted loan obtained by the Modaraba during the year as disclosed in note 16.

## 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.

### 3.2.1.5 Collateral

Cash collateral provided by the Modaraba is classified as margin cash and is not included as a component of cash and cash equivalents. For collateral other than cash, if the party to whom the collateral is provided has the right by contractor custom to sell or re-pledge the collateral, the Modaraba classifies that asset in its balance sheet separately from other assets and identifies the asset as pledged collateral. Where the party to whom the collateral is provided does not have the right to sell or re-pledge, a disclosure of the collateral provided is made in the notes to the financial statements.

### 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.

### 3.3 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).

### 3.4 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.



### **3.5 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.

### **3.6 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.

### **3.7 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.

### **3.8 Ijarah 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.

### **3.9 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 9 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.

### **3.10 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.

### **3.11 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 10 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.

### **3.12 Taxation**

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.

### **3.13 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.

### **3.14 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).

### **3.15 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.

### **3.16 Staff retirement benefits**

#### **3.16.1 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.

#### **3.16.2 Staff Provident fund - defined contribution plan**

The Modaraba Management 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.

### **3.17 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.

### **3.18 Revenue recognition**

#### **3.18.1 Ijarah rentals (under IFAS 2)**

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

### **3.18.2 Operation and maintenance services**

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

### **3.18.3 Income on savings accounts with banks**

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

### **3.19 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.

### **3.20 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.

### **3.21 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.

### **3.22 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.

### **3.23 Proposed profit distribution to certificate holders and appropriations to statutory reserves**

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

Appropriations to statutory reserves declared / approved subsequent to balance sheet date are considered as adjusting event and are recorded in financial statements of the current year.

### **3.24 Government grants and related borrowing and deferred income**

- Government grants are transfers of resources to an entity by a government entity in return for compliance with certain past or future conditions related to the entity's operating activities - e.g. a government subsidy. The definition of "government" refers to governments, government agencies and similar bodies, whether local, national or international.

The Modaraba recognizes government grants when there is reasonable assurance that grants will be received and the Modaraba will be able to comply with conditions associated with grants.

Government grants are recognized at fair value, as deferred income, when there is reasonable assurance that the grants will be received and the Modaraba will be able to comply with the conditions associated with the grants.



Grants that compensate the Modaraba for expenses incurred, are recognized on a systematic basis in the income for the year in which the related expenses are recognized. Grants that compensate for the cost of an asset are recognized in income on a systematic basis over the expected useful life of the related asset.

- The borrowing (from the Government in this case) is initially recognized at the amount received and subsequently measured at fair value under which loans at below-market rates are subsequently measured at their fair value - e.g. the present value of the expected future cash flows discounted at a market-related interest rate. The benefit that is the government grant is measured as the difference between the fair value of the loan and the amount received, which is accounted for according to the nature of the grant.

The above adoption of accounting policy is restated due to a discounted loan obtained by the Modaraba during the year as disclosed in note 16.

### 3.25 Right of use asset and related liability

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Modaraba mainly leases properties for its operations. The Modaraba recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Modaraba's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

## 4. CASH AND BANK BALANCES

	Note	2020	2019
(Rupees)			
Balances with banks in:			
- current accounts		23,424,894	14,825,228
- deposit accounts	4.1	68,988,523	35,204,677
		92,413,417	50,029,905
Cash in hand		502,677	614,738
		92,916,094	50,644,643

- 4.1 These balances carry profit at rates ranging from 2.75% to 5.52% per annum (2019: 3% to 6.48% per annum).

## 5. IJARAH RENTALS RECEIVABLE

	Note	2020	2019
(Rupees)			
Considered good		228,646,464	704,175,184
Non-performing portfolio (classified portfolio)		1,108,246,806	718,707,236
		1,336,893,270	1,422,882,420
Provision against potential Ijarah losses	5.3	(236,592,264)	(187,302,324)
		1,100,301,006	1,235,580,096

- 5.1 Ijarah rental includes exposure which are secured by way of cash deposits of Rs. 48.367 million (2019: Rs. 94.348 million).

- 5.2 In accordance with the prudential regulations for the Modaraba issued by the Securities and Exchange Commission of Pakistan, the Modaraba has taken 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 2020 amounted to Rs. 5.284 million (2019: 94.348). Had the benefit under the said regulations not been taken by the Modaraba, specific provision against non - performing receivables as of the year end would have been higher by Rs. 1.275 million (2019: Rs. 63.923 million), while the Modaraba's equity would have been lower by the above amount.

5.3	<b>Provision against potential ijarah losses</b>	<b>2020</b>	<b>2019</b>
		(Rupees)	
	Opening balance	187,302,324	125,638,086
	Charged during the year	99,012,922	99,158,073
	Written off during the year	(49,722,982)	(37,493,835)
	Closing balance	<u>236,592,264</u>	<u>187,302,324</u>

**5.4 The related party from whom the debts is due are as under:**

Allied Commercial Enterprises Limited (subsequently cleared)	<u>7,543,942</u>	<u>164,939</u>
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Above entity is a related party / associated undertaking due to common directorship.

**5.4.1** Above balance is mark-up free and unsecured. Aging of above balances at the balance sheet date is as follows:

	Note	<b>2020</b>	<b>2019</b>
		(Rupees)	
Not past due		5,883,839	63,173
Past due 1-180 days		1,618,680	101,766
Past due 181-360 days		41,423	-
		<u>7,543,942</u>	<u>164,939</u>

**6. OPERATION AND MAINTENANCE INCOME RECEIVABLE**

Considered good		3,155,728	14,692,856
Non-performing portfolio (classified portfolio)		39,690,612	20,668,086
		<u>42,846,340</u>	<u>35,360,942</u>
Provision against operation and maintenance income receivable - Non-performing portfolio	6.1	(5,332,407)	(7,578,963)
		<u>37,513,933</u>	<u>27,781,979</u>

**6.1 Provision against operation & maintenance income receivable**

Opening balance	7,578,963	3,424,539
Charged during the year	-	4,154,424
Reversal during the year	(2,246,556)	-
Closing balance	<u>5,332,407</u>	<u>7,578,963</u>

**7. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

Income tax recoverable	7.1	637,881,844	498,890,737
Federal Excise Duty (FED) receivable	23.1.2	50,000,000	50,000,000
Punjab Sales tax refundable		-	51,840,681
Sindh Sales Tax Refundable	23.1.4	4,775,668	4,775,668
Advances (unsecured) :			
- to suppliers for expenses		44,322,063	27,491,306
- to employees against salary (interest free & secured against retirement benefit)		1,354,937	2,965,335
- to employees for expenses	7.2	4,484,986	3,564,345
Prepayments (insurance premium)		25,650,155	27,040,035
Security deposits	7.3	22,551,538	22,446,108
Accrued income on profit or loss sharing bank accounts		128,627	308,384
Insurance claim receivable		54,112	345,877
Others	7.4	35,573,972	42,623,515
		<u>826,777,902</u>	<u>732,291,991</u>

**7.1** This includes tax collected at source at import stage by the collector of customs of Rs 122 million and tax deducted of Rs. 515.87 million from various payments made to Modaraba.

As explained in note 29, the income of the Modaraba is exempt from tax under clause 100 of the Second Schedule of Income Tax Ordinance, 2001. However, withholding of taxes under sections 153 (1)(b), 148 and other sections of the Income Tax Ordinance, 2001 have been made by the withholding agents as earlier exemption certificates for non-deduction of tax at source were then not available with the Modaraba and was not renewed by Commissioner Inland Revenue Large Tax Payer Unit (LTU-II) and an appeal to the Chief Commissioner LTU-II was also not accepted.

The Modaraba is of the view that since its total income is exempt from income tax by virtue of compliance of clause 100 of the Second Schedule, exemption certificate under sections 153 (1)(b) and 148 at least should have been granted by Federal Board of Revenue as the Modaraba has always complied with the requirement of the clause 100 of the Second Schedule.

However, after the orders passed by CIR and Chief Commissioner of turning down the exemption request under sections 148 and 153 (1) (b) of the Modaraba, management had filed a constitutional petition in the Honourable Sindh High Court against the said orders which is pending herein. The Modaraba, in consultation with its tax advisor is of the view that it has a fair chance of succeeding in the above matter.

In September 2019, the Modaraba received an exemption certificate in respect of tax withheld under sections 153(1)(a) and 153(1)(b) (excluding withholding tax on receipt against logistic rentals), which was valid till 31 December 2019 and taxes under other sections of the Income Tax Ordinance, 2001 were still deducted. Furthermore, in 2020 the Modaraba obtained another exemption certificate relating to the non deduction of taxes under sections 153(1)(a), 153(1)(b) (including withholding tax on receipt against logistic rentals), which is valid till 30 June 2020.

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. 0.558 million (2019: Rs. 4.962 million).

7.3 This also includes Rs. 12.4 million (2019: Rs. 12.4 million) held by Banks as security for the guarantees of the same amount given by them on behalf of the Modaraba to its suppliers / customers.

7.4 This includes balance of Rs. 33 million (2019: Rs 40 million) representing fuel inventory held by fuel suppliers on behalf of the Modaraba.

## 8. LONG-TERM SECURITY DEPOSITS

Note	2020	2019
	(Rupees)	
Deposit with Central Depository Company of Pakistan Limited	50,000	50,000

## 9. FIXED ASSETS IN OWN USE - tangible

Fixed assets in own use - tangible (at cost less accumulated depreciation)	9.1	142,272,101	127,205,916
Capital work-in-progress	9.2	1,765,440	12,621,955
Right of use assets	9.3 & 17	62,972,993	-
		<u>207,010,534</u>	<u>139,827,871</u>

### 9.1 Fixed Assets In Own Use - Tangible

	2020			
	Furniture and fixtures	Other Equipment	Vehicles	Total
	(Rupees)			
<b>At 01 July 2019</b>				
Cost	17,510,108	16,756,961	167,088,554	201,355,623
Accumulated depreciation	(4,516,640)	(10,964,136)	(58,668,931)	(74,149,707)
Net book value	12,993,468	5,792,825	108,419,623	127,205,916
Additions	1,900,000	105,301	40,115,044	42,120,345
Disposals				
Cost	-	-	(2,187,500)	(2,187,500)
Accumulated depreciation	-	-	1,378,320	1,378,320
	-	-	(809,180)	(809,180)
Depreciation charge for the year	(1,752,868)	(1,121,150)	(23,370,962)	(26,244,980)
Closing net book value	<u>13,140,600</u>	<u>4,776,976</u>	<u>124,354,525</u>	<u>142,272,101</u>
<b>At 30 June 2020</b>				
Cost	19,410,108	16,862,262	205,016,098	241,288,468
Accumulated depreciation	(6,269,508)	(12,085,286)	(80,661,573)	(99,016,367)
Net book value	<u>13,140,600</u>	<u>4,776,976</u>	<u>124,354,525</u>	<u>142,272,101</u>
Life (years)	8	3 to 8	4 to 8	



	<b>2019</b>			
	<b>Furniture and fixtures</b>	<b>Other Equipment</b>	<b>Vehicles</b>	<b>Total</b>
	(Rupees)			
<b>At 1 July 2018</b>				
Cost	13,446,006	15,529,861	138,580,566	167,556,433
Accumulated depreciation	(2,873,713)	(9,360,473)	(39,403,493)	(51,637,679)
Net book value	10,572,293	6,169,388	99,177,073	115,918,754
Additions	4,064,102	1,227,100	44,637,663	49,928,865
Disposals				
Cost	-	-	(16,129,675)	(16,129,675)
Accumulated depreciation	-	-	5,434,559	5,434,559
	-	-	(10,695,116)	(10,695,116)
Depreciation charge for the year	(1,642,927)	(1,603,663)	(24,699,997)	(27,946,587)
Closing net book value	12,993,468	5,792,825	108,419,623	127,205,916
<b>At 30 June 2019</b>				
Cost	17,510,108	16,756,961	167,088,554	201,355,623
Accumulated depreciation	(4,516,640)	(10,964,136)	(58,668,931)	(74,149,707)
Net book value	12,993,468	5,792,825	108,419,623	127,205,916
Life (years)	8	3 to 8	4 to 8	

9.2 Capital work in progress represents the advance paid for the purchase of vehicles for own use.

9.3 This relates to right-of-use assets amounting to Rs. 62.973 million (30 June 2019: NIL) recognized due to the adoption of IFRS 16 more fully explained in note 3.25. This mostly represent yards on rent for logistic vehicles and generators. Details are as follows:

	(Rupees)
Opening	-
Additions	78,253,379
	78,253,379
Depreciation charge for the year	(15,280,386)
Closing net book value	62,972,993
<b>At 30 June 2020</b>	
Cost	78,253,379
Accumulated depreciation	(15,280,386)
Net book value	62,972,993

9.4 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							
	701,000	543,274	157,726	430,000	272,274	Modaraba's Policy	Mr. Khyber Zaman Khan (employee)
	630,000	225,750	404,250	550,000	145,750	Modaraba's Policy	Mr. Khyber Zaman Khan (employee)
	701,000	560,800	140,200	450,000	309,800	Modaraba's Policy	Mr. Akhtar Zaman (employee)
Motor Bike							
	46,500	22,475	24,025	13,000	(11,025)	Modaraba's Policy	Mr. Fawad (employee)
	109,000	26,020	82,980	98,100	15,120	Insurance Claim	M/s. Adamjee Insurance
<b>2020</b>	2,187,500	1,378,319	809,181	1,541,100	731,919		
<b>2019</b>	16,129,675	5,434,559	10,695,116	11,212,579	517,463		

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

	Note	2020	2019
(Rupees)			
Operating expenses (representing depreciation on ijarah assets - note 11.1)	26	517,072,793	719,060,682
Administrative and distribution expenses representing:	27		
- depreciation on fixed assets in own use - note 9.1		26,244,980	27,946,588
- depreciation on right of use asset - note 3.1.1		15,280,386	-
		41,525,366	27,946,588
		558,598,159	747,007,270

9.6 Above assets include fully depreciated assets of Rs. 57.051 million (2019: Rs. 31.915 million) still in the Modaraba's use.

9.7 Office equipments include computers details of which are as follows:

**At 1 July 2019**

Cost	13,704,246	12,604,140
Accumulated depreciation	(9,446,540)	(8,108,044)
Net book value	4,257,706	4,496,096
Additions during the year	105,295	1,100,106
Depreciation charge for the year	(936,396)	(1,338,496)
Closing net book value	3,426,605	4,257,706

**At 30 June 2020**

Cost	13,809,541	13,704,246
Accumulated depreciation	(10,382,936)	(9,446,540)
Net book value	3,426,605	4,257,706

**10. INTANGIBLE ASSET FOR OWN USE**

Intangible asset for own use (at cost less amortization)	10.1	1,961,154	2,389,449
Advance to the supplier for the software		-	1,825,556
		1,961,154	4,215,005

**10.1 Details of the intangible asset in use are as follows :**

Cost - computer software	9,471,794	7,646,238
Amortization as at the year-end	(7,510,640)	(5,256,789)
Carrying value as at the year-end	1,961,154	2,389,449
Life over which cost of the asset is amortized	4 years	4 years

**11. IJARAH ASSETS**

Ijarah assets (at cost less accumulated depreciation)	11.1	6,120,338,820	6,434,721,942
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**11.1 Ijarah assets - at cost less accumulated depreciation**

	2020			
	Generators and related equipment	Logistics Vehicles	Machines	Total
(Rupees)				
<b>At 1 July 2019</b>				
Cost	7,614,383,636	2,072,511,171	1,282,950,295	10,969,845,102
Accumulated depreciation	(3,609,561,249)	(661,699,280)	(263,862,631)	(4,535,123,160)
Net book value	4,004,822,387	1,410,811,891	1,019,087,664	6,434,721,942
Additions	166,923,230	108,038,498	27,573,997	302,535,725
Disposals				
Cost	(628,590,961)	(29,706,848)	(8,961,600)	(667,259,409)
Accumulated depreciation	548,104,177	12,139,898	7,169,280	567,413,355
	(80,486,784)	(17,566,950)	(1,792,320)	(99,846,054)
Depreciation charge for the year	(312,329,656)	(115,108,861)	(89,634,276)	(517,072,793)
Closing net book value	3,778,929,177	1,386,174,578	955,235,065	6,120,338,820
<b>At 30 June 2020</b>				
Cost	7,152,715,905	2,150,842,821	1,301,562,692	10,605,121,418
Accumulated depreciation	(3,373,786,728)	(764,668,243)	(346,327,627)	(4,484,782,598)
Net book value	3,778,929,177	1,386,174,578	955,235,065	6,120,338,820
Life (Years)	3 to 24	8	8 to 10	

	<b>2019</b>			
	<b>Generators and related equipment</b>	<b>Logistics Vehicles</b>	<b>Machines</b>	<b>Total</b>
<b>At 1 July 2018</b>	(Rupees)			
Cost	7,626,116,124	1,869,776,007	1,231,462,541	10,727,354,671
Accumulated depreciation	(3,364,461,229)	(463,308,573)	(166,649,104)	(3,994,418,905)
Net book value	4,261,654,895	1,406,467,434	1,064,813,437	6,732,935,766
Additions	228,905,165	211,096,471	46,646,590	486,648,226
Disposals				
Cost	(242,586,588)	(1,571,208)	-	(244,157,796)
Accumulated depreciation	178,264,342	92,086	-	178,356,428
	(64,322,246)	(1,479,122)	-	(65,801,368)
Depreciation charge for the period	(421,415,427)	(205,272,893)	(92,372,363)	(719,060,682)
Closing net book value	4,004,822,387	1,410,811,891	1,019,087,664	6,434,721,942
<b>At 30 June 2019</b>				
Cost	7,614,383,636	2,072,511,171	1,282,950,295	10,969,845,102
Accumulated depreciation	(3,609,561,249)	(661,699,280)	(263,862,631)	(4,535,123,160)
Net book value	4,004,822,387	1,410,811,891	1,019,087,664	6,434,721,942
Life (Years)	3 to 24	8	8 to 10	

**11.2** During the year, the Modaraba acquired certain equipments and parts amounting to Rs. 27.643 million (2019: Rs. 76.76 million) and Rs. 10.998 million (2019: Nil) from Allied Engineering and Services (Private) Limited (AESL) and Apex Machinery (Private) Limited, associated companies.

**11.3** Additions to Ijarah assets during the year include assets amounting to Rs. 341.82 million (2019: Rs. 453.456 million) acquired under Diminishing Musharaka. The Modaraba holds title to these assets (till the time the borrowings have been settled).

In total, as of 30 June 2020 Ijarah assets include assets with carrying value of Rs. 2,126 million (2019: Rs. 1,755 million) acquired under the diminishing Musharaka arrangements.

**11.4** 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)							
<b>Gensets</b>	38,677,332	33,677,332	5,000,000	4,273,504	(726,496)	Negotiation	Haji Sh Noor-Ud-Din & Sons
	58,801,319	50,301,319	8,500,000	8,500,000	-	Negotiation	Pakistan Oxygen Limited
	53,241,701	44,741,701	8,500,000	8,500,000	-	Negotiation	Pakistan Oxygen Limited
	53,107,022	44,607,022	8,500,000	8,500,000	-	Negotiation	Pakistan Oxygen Limited
	2,076,801	1,136,801	940,000	905,983	(34,017)	Negotiation	Innovix Enterprises
	12,423,932	5,723,932	6,700,000	3,418,803	(3,281,197)	Negotiation	Smart Power System (Pvt) Ltd.
	3,165,000	1,226,529	1,938,471	1,800,900	(137,571)	Insurance Claim	Adamjee Insurance Co.
	1,244,185	524,185	720,000	940,171	220,171	Negotiation	Muhammad Aslam
	5,135,951	2,502,639	2,633,312	2,495,800	(137,512)	Insurance Claim	Adamjee Insurance Co.
	8,334,135	4,934,135	3,400,000	2,991,453	(408,547)	Negotiation	M.J. Textiles
	1,257,726	687,726	570,000	900,000	330,000	Negotiation	Ebco Super Market
	65,641,723	63,141,723	2,500,000	2,500,000	-	Adjusted against security deposit	Anoud Textile
	65,327,744	62,827,744	2,500,000	2,500,000	-	Adjusted against security deposit	Anoud Textile
	61,240,749	58,740,749	2,500,000	2,500,000	-	Adjusted against security deposit	Anoud Textile
	65,536,976	63,036,976	2,500,000	2,500,000	-	Adjusted against security deposit	Anoud Textile
	64,872,132	62,372,132	2,500,000	2,500,000	-	Adjusted against security deposit	Anoud Textile

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
<b>(Rupees)</b>							
<b>Gensets</b>	4,139,101	2,419,101	1,720,000	1,550,000	(170,000)	Negotiation	Swift Industries Private Limited
	7,147,721	-	7,147,721	7,147,721	-	Transfer	Transfer to stores and spares
	2,363,890	1,330,300	1,033,590	683,761	(349,829)	Negotiation	Iqbal Engineering Works
	2,216,312	1,276,312	940,000	576,923	(363,077)	Negotiation	Iqbal Engineering Works
	2,191,258	1,251,258	940,000	576,923	(363,077)	Negotiation	Iqbal Engineering Works
	24,761,126	24,761,126	-	-	-	Negotiation	Shahi Enterprises
	2,755,448	2,255,448	500,000	500,000	-	Negotiation	Sports Star International (Private) Limited
	3,842,828	3,342,828	500,000	500,000	-	Negotiation	Sports Star International (Private) Limited
	4,139,101	3,639,101	500,000	500,000	-	Negotiation	Sports Star International (Private) Limited
	1,475,561	1,375,561	100,000	100,000	-	Negotiation	Shakeel Enterprises
	1,863,893	1,603,893	260,000	260,000	-	Negotiation	Crescent Star Insurance Limited
<b>Lighting Tower</b>	1,126,655	901,324	225,331	225,331	-	Transfer	Transfer to stores and spares
	1,349,488	1,045,853	303,635	303,635	-	Transfer	Transfer to stores and spares
	1,140,676	769,956	370,720	370,720	-	Transfer	Transfer to stores and spares
<b>Forklifts</b>	166,771	-	166,771	352,594	185,823	Negotiation	Muhammad Gulzar - Scrap Dealer
	788,723	-	788,723	352,594	(436,129)	Negotiation	Muhammad Gulzar - Scrap Dealer
	887,786	-	887,786	352,594	(535,192)	Negotiation	Muhammad Gulzar - Scrap Dealer
	887,786	-	887,786	352,594	(535,192)	Negotiation	Muhammad Gulzar - Scrap Dealer
	887,786	-	887,786	352,594	(535,192)	Negotiation	Muhammad Gulzar - Scrap Dealer
	887,786	-	887,786	352,594	(535,192)	Negotiation	Muhammad Gulzar - Scrap Dealer
	3,486,837	1,949,470	1,537,367	352,594	(1,184,773)	Negotiation	Muhammad Gulzar - Scrap Dealer
<b>Telehandler</b>	8,961,600	7,169,280	1,792,320	352,594	(1,439,726)	Negotiation	Muhammad Gulzar Scrap Trader
<b>Fleet Vehicle</b>	779,584	51,978	727,606	1,392,424	664,818	Insurance Claim	Adamjee Insurance Co.
	7,053,456	281,738	6,771,718	6,287,750	(483,968)	Insurance Claim	Adamjee Insurance Co.
	6,547,153	4,027,890	2,519,263	6,022,500	3,503,237	Negotiation	Mohaib Ullah
	4,949,885	2,527,098	2,422,787	6,022,500	3,599,713	Negotiation	Mohaib Ullah
	5,099,885	2,591,706	2,508,179	6,022,500	3,514,321	Negotiation	Mohaib Ullah
	5,276,885	2,659,485	2,617,400	6,022,500	3,405,100	Negotiation	Mohaib Ullah
<b>2020</b>	<u>667,259,409</u>	<u>567,413,351</u>	<u>99,846,058</u>	<u>103,612,554</u>	<u>3,766,496</u>		
<b>2019</b>	<u>244,157,796</u>	<u>178,356,427</u>	<u>65,801,369</u>	<u>146,110,539</u>	<u>80,309,170</u>		

**11.5** During the year, the management reestimated the residual values of certain Ijarah assets (logistic fleet vehicles) from 20 percent to 40 percent resulting in a decrease of Rs. 81.074 million in depreciation charge for the year (and a resultant increase in the profit for the year by the same amount). This revision the management consider is more appropriate considering the prevailing residual values.



12. CAPITAL WORK-IN-PROGRESS - ijarah assets	Note	2020	2019
		(Rupees)	
Advance for the purchase of equipments and Trucks		51,236,756	67,562,112
<b>13. CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Creditors for goods	13.1	706,551,272	512,888,122
Creditors for expenses		109,315,033	71,241,417
Advances from customers (Contract liability)		53,183,306	62,482,327
Employee car scheme - deductions	13.2	37,888,731	26,684,624
Accrued expenses			
- Accrued commission		2,500,000	2,237,825
- Accrued staff bonus		32,872,803	53,506,052
- Auditor's remuneration		1,082,797	642,897
- Accrued financial charges	13.3	23,626,695	37,640,046
- Accrued Worker's Welfare Fund	28.1	4,545,656	-
- Miscellaneous		7,113,491	4,200,860
		71,741,442	98,227,680
Tax deduction at source from			
- employees		686,703	670,007
- suppliers		2,697,397	526,860
Sales tax payable		106,044,298	48,901,751
		1,088,108,181	821,622,788

**13.1** This includes Rs. 621.019 million (2019: Rs. 457.314 million) and Rs. 14.363 million (2019: 14.525 million) payable to Allied Engineering and Services (Private) Limited and Apex Machinery (Private) Limited (associated companies) for various purchases and services availed by the Modaraba.

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

**13.3** This represents accrual of financial charges of Rs. 23.184 million (2019: Rs. 37.640), 0.443 million (2019: Nil) and 0.177 million (2019: Nil) million in respect of Diminishing Musharaka, Running Musharaka, and SBP Refinancing financing availed by the Modaraba as of the year-end.

14. PAYABLE TO THE MANAGEMENT COMPANY	2020	2019
	(Rupees)	
Remuneration payable to Management Company - net	10,000,000	21,628,441
Sindh Sales Tax payable on remuneration of Management Company	1,300,000	2,600,000
	11,300,000	24,228,441

**14.1** 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 June 2020 has been recognised at 3.986 (2019: 2.541%) of the profit for the year.

15. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured	Note	2020	2019
		(Rupees)	
Musharaka finance	15.1 & 15.3	1,771,584,782	2,414,602,187
Due within one year		(365,546,132)	(1,038,625,290)
		1,406,038,650	1,375,976,897
Financing from banking and financial institutions		1,741,269,224	2,331,460,854
Financing from modarabas		30,315,558	83,141,333
		1,771,584,782	2,414,602,187

**15.2** The total facility from Musharaka finance available from financial institutions and Modarabas amounts to Rs. 1.946 billion and Rs. 30.315 million respectively. These facilities have maturities from July 2020 to October 2024 (2019: July 2019 to February 2024) and are secured against the hypothecation of Ijarah assets amounting to Rs. 5,982.608 million (2019 Rs. 6,259.527 million). Share of profit payable on these facilities is 6.05% to 16.01% per annum (2019: 6.91% to 13.25%) per annum.

**15.2** The total facility from Musharaka finance available from financial institutions and Modarabas amounts to Rs. 1.946 billion and Rs. 30.315 million respectively. These facilities have maturities from July 2020 to October 2024 (2019: July 2019 to February 2024) and are secured against the hypothecation of Ijarah assets amounting to Rs. 5,982.608 million (2019 Rs. 6,259.527 million). Share of profit payable on these facilities is 6.05% to 16.01% per annum (2019: 6.91% to 13.25%) per annum.

**15.3** During the year, running musharaka financing facility amounting to Rs.100 million was obtained by Modaraba to meet its working capital requirements. The facility is secured against hypothecation of Ijarah assets having realizable value of Rs 198.5 million. The facility carried share of profit payable at the rate of 9.59% per annum and will mature on 31 March 2021. This facility at the year-end had not been utilised.

## 16. LONG-TERM BORROWINGS AND DEFERRED GRANT

**16.1** Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for the payment of salaries and wages at subsidized rate of borrowing. The Modaraba has obtained the said facility of Rs. 170 million from Habib Bank Limited at subsidized rate in two tranches on 19 May 2020 and 30 June 2020 at 3% concessional mark-up rate. The principal amount is payable in eight quarterly installments of Rs. 6.40 million and Rs. 14.28 million commencing from 1 January 2021 which is secured against Hypothecation charge over Machines and Spares. The amount of unavailed facility as on 30 June 2020 was Rs. 4.526 million (2019: Nil). The facility is available to all the eligible borrowers meeting the threshold requirement.

Government grant amounting to Rs. 17.041 million has been recorded during the year ended 30 June 2020 and Rs. 0.422 million has been amortised during the year. In accordance with the terms of the grant, the Modaraba can not lay-off the employees atleast for three months from the period of the grant.

**16.2** Details are as follows:

	2020	2019
	(Rupees)	
SBP Salary refinance scheme	151,581,201	-
Deferred income - government grant	14,061,271	-
Total funds received	165,642,472	-
Current portion of SBP Salary refinance scheme	(66,722,666)	-
Current portion of deferred income - government grant	(9,193,125)	-
	(75,915,791)	-
	89,726,681	-
<b>16.3</b> The break-up of the long term portion is as follows:		
Long term portion of the SBP salary refinance scheme	66,722,666	-
Long term portion of deferred income	4,868,146	-
	71,590,812	-

## 17. LIABILITIES AGAINST RIGHT-OF-USE ASSETS

These represent the present value of the future annual rent of different properties obtained on rent by the Modaraba. Annual rent of the properties carry finance charge at 14.43%. The amount of future payments against the right-of-use assets and the period in which these become due are as follows:

	2020		2019	
	Minimum Lease Payments	Present Value of minimum lease payments	Minimum Lease Payments	Present Value of minimum lease payments
Not later than one year	19,060,749	9,852,432	-	-
Later than one year but not later than five years	74,605,430	60,527,038	-	-
Later than five years	1,558,974	1,373,181	-	-
	95,225,153	71,752,651	-	-
Financial charges allocated to future periods	(23,472,502)	-	-	-
	71,752,651	71,752,651	-	-
Less: Current maturity	(18,042,712)	-	-	-
	53,709,939	71,752,651	-	-

The lease term varies between 60 to 64 months.

**18. DEFERRED LIABILITY**

Note	2020	2019
	(Rupees)	
Deferred liability for staff gratuity	95,966,148	84,196,492

**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 2020 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 2020 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 2020, 366 employees (2019: 471 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 (at basic salaries).

**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 2020. 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:

	2020	2019
	(%)	
Valuation discount rate	9.25	14.5
Salary increase rate	9.25	14.5
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	2020	2019
	(Rupees)	
Present value of defined benefit obligation	95,966,148	84,196,492

**18.3 Movement in amount payable to the defined benefit plan**

Opening balance		84,196,492	69,496,155
Charge for the year	18.5	23,540,788	16,192,406
Benefits paid during the year		(1,112,000)	(101,816)
Remeasurement gain on obligation recognised in other comprehensive income	18.6	(10,659,132)	(1,390,253)
Closing balance		95,966,148	84,196,492

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

	2020	2019
	(Rupees)	
Present value of defined benefit obligation - opening	84,196,492	69,496,155
Current service cost	10,743,455	8,906,077
Mark-up cost	12,797,333	7,286,329
Benefit paid during the year	(1,112,000)	(101,816)
Remeasurement gain on obligation recognised in other comprehensive income	(10,659,132)	(1,390,253)
Present value of defined benefit obligation - closing	95,966,148	84,196,492

**18.4.1 Analysis of present value of defined benefit obligation**

**Split by type of members:**

Active employees	95,966,148	84,196,492
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**Split by vested / non-vested**

(i) Vested benefits	66,385,238	56,161,207
(ii) Non-vested benefits	29,580,910	28,035,285
	95,966,148	84,196,492

**Split by benefits earned to date**

(i) Accumulated benefit obligation	35,616,302	20,541,554
(ii) Amounts attributable to future salary increase	60,349,846	63,654,938
	95,966,148	84,196,492

**Cadre by type of members**

Management staff	95,966,148	84,196,492
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**18.5 Amount charged to the profit and loss account**

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

	Note	2020	2019
		(Rupees)	
Current service cost	18.4	10,743,455	8,906,077
Interest expense	18.4	12,797,333	7,286,329
		23,540,788	16,192,406

**18.6 Remeasurements recognised in other comprehensive income during the year**

	2020	2019
	(Rupees)	
Remeasurement gain on obligation recognised in other comprehensive income	(10,659,132)	(1,390,253)

**18.7 Historic Information**

	2020	2019	2018	2017	2016
	(Rupees)				
Present value of defined benefit obligation	95,966,148	84,196,492	69,496,155	52,067,969	39,081,569
Remeasurement (loss)/ gain on obligation	10,659,132	1,390,253	(5,367,570)	(5,940,613)	(731,105)

**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%		84,996,980	109,000,999
Salary increase rate	1%		108,872,153	84,904,034



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 12.42 years.

**18.10** Based on actuarial advice charge for the year ending 30 June 2021 amounts to Rs. 19.291 million.

**19. OTHER LONG-TERM EMPLOYEE BENEFITS**

2020	2019
(Rupees)	
28,632,954	26,820,323

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 6.656 million (2019: Rs. 7.849 million).

**20. SECURITY DEPOSITS**

Security deposits payable in respect of assets given under Ijarah arrangements (IFAS - 2)  
Repayable / adjustable within one year

2020	2019
(Rupees)	
48,524,283	122,933,732
(24,524,283)	(95,810,000)
24,000,000	27,123,732

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

Authorised certificate capital

2020	2019	Note	2020	2019
(Number of certificates)			(Rupees)	
250,000,000	225,000,000	21.1	2,500,000,000	2,250,000,000

Issued, subscribed and paid-up certificate capital

172,625,000	172,625,000	Modaraba Certificates of Rs. 10 each fully paid in cash	1,726,250,000	1,726,250,000
47,375,000	47,375,000	Modaraba Certificates of Rs. 10 each issued as fully paid bonus certificates	473,750,000	473,750,000
220,000,000	220,000,000		2,200,000,000	2,200,000,000

**21.1** Increase of Rs. 250 million is due to the increase in authorised share capital during the year.

**21.2** Following certificates are held by associated companies of the Modaraba:

	2020		2019	
	Number of certificates	(Rupees)	Number of certificates	(Rupees)
Allied Engineering and Services (Private) Limited	151,931,073	1,519,310,730	151,931,073	1,519,310,730
Allied Engineering Management Company (Private) Limited	43,999,997	439,999,970	43,999,997	439,999,970
	195,931,070	1,959,310,700	195,931,070	1,959,310,700

**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.

During the current year the Modaraba has transferred an amount of Rs. 71.454 million (2019: Rs. 153.697 million) which represents 30% (2019: 40%) of the profit after tax.

## **23. CONTINGENCIES AND COMMITMENTS**

### **23.1 Contingencies**

Contingencies outstanding as at 30 June 2020 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 had 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 had suspended the operation of the impugned order of the Commissioner Appeals - SRB. Subsequently, the Sindh Revenue Board Tribunal was constituted and became functional in June 2015. The Modaraba, on direction of the Honorable High Court of Sindh, filed an appeal to the tribunal.

Tribunal disposed of the appeal in favour of the Modaraba. However, the Commissioner has demanded the said tax dues along with default surcharge. Modaraba has filed an appeal with the Commissioner appeals along with applications for stay of demand which remains undisposed, therefore, Modaraba filed a petition dated 15 May 2018 in the Honourable High Court of Sindh for the stay of demand and the Court granted a stay order till the next date of hearing.

Commissioner Appeal issued an order dated 23 April 2019 against the Modaraba and directed the tax officer to work out the sales tax liability on the 'equipment rental agreements' along with the default surcharge considering it taxable under tariff heading "Commodity or equipment leasing" by also setting aside tax officers' grounds to charge tax under the category of "Contractual execution of work or furnishing supplies".

The Modaraba and the Assistant commissioner had filed appeals against the said order in ATIR. ATIR issued an Order No. AT 56/2019 dated 13 November 2019 setting aside both the order in original no. 457/2018 and order in appeal no. 89/2019 and held that the services of "operation and maintenance" neither fell within the ambit of tariff heading "Contractual execution of work or furnishing supplies" nor "Commodity or equipment leasing". Both the appeals were allowed and the case was remanded to the assessing officer to hear the parties afresh. Tribunal required the assessing officer to first determine the actual nature of services provided or rendered by the tax payer and then to invoke proper tariff heading under which such services falls for the purpose of taxing the services provided or rendered by the tax payer and consider available exemption notifications and allow the benefits of the same to the tax payer if applicable. The officer through the letter dated 24 December 2019, had initiated the remand back proceedings.

During the year, an Order-in-Original No. 34 of 2020 dated February 27, 2020 was passed on an ex-parte basis whilst finalizing the matter remanded back by the ATIR in its Order dated November 13, 2019. In the said order, the Officer changed the earlier stance and now concluded that 'Operating and Maintenance' services provided by the company are taxable under "Others, including the services provided or rendered by non-banking, finance companies, modaraba and musharika companies and other financial institutions" of the Second Schedule to the Sindh Sales Tax on Services Act, 2011.

The Modaraba has filed an appeal before Commissioner (Appeals) and as per the opinion of the tax advisor, Modaraba will obtain a favourable outcome.

### 23.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On 01 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 02 June 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from 01 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 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** On 05 June 2017, the Sindh Revenue Board issued a notification under which an amendment was made in Rule 42E (5) Sindh Sales Tax on Service Act, 2011. The amount of reimbursement of salaries and allowances of the labour and manpower are included in the value of services. Hence such reimbursements is now exposed to Sindh sales tax at 13% under tariff heading 9829.0000 of the Second Schedule of Sindh Sales Tax on Service Act, 2011. Earlier such reimbursements were not exposed to Sindh sales tax. The Honourable Court of Sindh has granted interim stay on aforesaid change on 21 August 2017. The amount involved in respect of this amendment is estimated to be of Rs. 93.645 million as of 30 June 2020. The management, based on a legal advise, believes that the decision will be in its favour.

**23.1.4** The Commissioner had demanded, through assessment order no. 11/30 of 2019 dated 26 April 2019 and order no. 01 of 2018 dated 27 June 2018, sales tax amounting to Rs. 21.47 million and Rs. 26.228 million in respect of disposal of ijarah asset during the year ended 2015 and 2014 against sales value of Rs. 126.28 million and Rs. 154.64 million respectively. Modaraba filed an appeal with Commissioner (Appeal) (which is yet to be fixed) and paid ten percent of the demanded amounts.

The Management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision has been made in these financial statements.

**23.1.5** Deputy Commissioner Inland Revenue (CIR) issued an order D.C. no. 21/03 dated 9 June 2018 in respect of tax audit for the tax year 2012. Order demanded tax amounting to Rs. 8.152 million against the profit on ijarah financing, gain on assets of ijarah assets and management fees which were adjusted against the income tax recoverable for the said tax year. Modaraba has filed an appeal with Commissioner Inland Revenue (Appeal) against the order. The appeal preferred in respect of assets sold in the year 2014 was heard on 1 November 2018 however no order was issued, furthermore the assets sold during the year 2015 is yet to be heard. The Management believes that the outcome of the appeal will be in favour of the Modaraba and hence no provision has been made in these financial statements.

## 23.2 Commitments

### 23.2.1 Contractual rentals receivable on Ijarah contracts

	2020			2019		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	(Rupees)					
Rentals receivable in future	71,802,500	131,715,000	203,517,500	74,884,000	245,004,500	319,888,500

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

23.2.2 Commitments under letter of credit for purchase of Ijarah assets as at 30 June 2020 amounted to Rs. Nil (2019: Rs. Nil).

23.2.3 Commitments for the purchase of Ijarah assets as at 30 June 2020 amounted to Rs. Nil (2019: Rs. 35.895 million)

24. IJARAH RENTALS - net	Note	2020	2019
		(Rupees)	
Ijarah rentals		3,635,360,938	4,020,982,099
Sales tax		(336,284,965)	(326,679,819)
		<u>3,299,075,973</u>	<u>3,694,302,280</u>
<b>25. OPERATION AND MAINTENANCE INCOME - net</b>			
Operation and maintenance income		146,167,205	141,464,797
Sales tax		(13,862,639)	(14,100,014)
		<u>132,304,566</u>	<u>127,364,783</u>
<b>26. OPERATING EXPENSES</b>			
Salaries, wages and other staff benefits	26.1	849,100,159	921,970,936
Depreciation expense	9.5	517,072,793	719,060,682
Repairs and maintenance expenses		289,610,237	424,607,414
Fleet vehicles running expenses		813,476,622	719,351,772
Vehicles running expenses		36,779,864	33,679,037
Insurance expense - equipments		38,448,346	40,638,958
Travelling and conveyance expenses		8,385,238	15,117,607
Rent expense		9,302,850	32,647,499
		<u>2,562,176,109</u>	<u>2,907,073,905</u>

26.1 This includes contribution of Rs. 12.245 million (2019: Rs. 7.536 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 9.341 million (2019: Rs. 4.648 million).

27. ADMINISTRATIVE AND DISTRIBUTION EXPENSES	Note	2020	2019
		(Rupees)	
Salaries, wages and other staff benefits	27.1	137,781,508	138,739,576
Vehicle running costs		13,565,667	13,834,208
Travelling and conveyance		2,596,826	5,887,602
Depreciation expense	9.5	41,525,366	27,946,588
Amortization expense		2,253,851	1,911,560
Legal and professional charges		7,763,785	9,826,228
Auditors' remuneration	27.2	1,345,480	1,276,550
Telephone, postage and fax charges		7,399,029	7,412,915
Advertisement and sales promotion		985,902	940,203
Printing and stationery		5,081,232	5,831,931
Insurance cost - vehicles		2,968,025	2,741,035
Training, meetings and tender participation		1,301,806	1,784,647
Donation	27.3	678,000	700,000
Software development		1,058,415	1,464,729
Entertainment		5,013,497	5,759,703
Utilities		8,867,076	4,020,760
Security		5,826,680	4,160,940
Miscellaneous		1,526,538	712,427
		<u>247,538,683</u>	<u>234,951,602</u>

27.1 This includes contribution of Rs. 3.477 million (2019: Rs. 6.802 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 3.540 million (2019: Rs. 11.544 million).

27.2 Auditors' remuneration	2020	2019
	(Rupees)	
Audit fee	660,000	625,000
Fee for review of half yearly financial statements	315,000	314,600
Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance	105,000	96,800
Other statutory certifications	115,000	102,850
Out of pocket expenses	150,480	136,800
	<u>1,345,480</u>	<u>1,276,050</u>



**27.3 Donations were paid to the following organisations:**

	2020	2019
	(Rupees)	
Burhani Medical Welfare Association	100,000	150,000
Burhani Guards Trust	25,000	-
Koohi Goth Hospital	100,000	100,000
Islamic Educational & Welfare Society	75,000	50,000
Fatimid Foundation (Blood Bank, Haematological Services & Kidney Center)	50,000	50,000
Al-Madad Welfare Society	50,000	50,000
Nigahban Foundation	50,000	-
Health Education Livelihood Promoters	75,000	-
Shadabul Eidiz Zahabi	53,000	-
Umeed Gah Rehabilitation	50,000	-
Healthcare and Social Welfare	50,000	-
Haswa (Healthcare And Social Welfare Association)	-	200,000
Markaz-e-Umeed For Special Children	-	50,000
Kashif Iqbal Thalassaemia Care Center	-	50,000
	678,000	700,000

**27.3.1** None of the directors of the Modaraba Management Company had any interest in the donee fund.

**28. FINANCE COST**

Note

	2020	2019
	(Rupees)	
Financial cost on Diminishing Musharaka financing arrangement	278,983,213	277,619,092
Financial cost on Running Musharaka financing arrangement	5,249,807	-
Financial cost on long term borrowing	555,454	-
Finance cost on liability against right of use assets	12,128,471	-
Bank charges and commission	2,915,489	3,543,769
Exchange loss	383,360	7,209,731
	300,215,794	288,372,592

**29. OTHER INCOME****Income from financial assets**

Profit on deposit accounts with bank	3,846,764	5,025,262
Amortisation of Government Grant	379,440	-
Profit on Short Term Investment	-	53,382

**Income from non financial assets**

Proceeds from disposal of scrap	19,441,919	18,992,118
Gain on disposal of fixed assets and Ijarah - net	9.4 & 11.4 4,498,416	80,826,634
	28,166,539	104,897,396

**30. PROVINCIAL WORKERS' WELFARE FUND**

Current	30.1 & 30.3 4,545,656	-
Prior	30.2 & 30.3 10,783,557	-
	15,329,213	-

**30.1** This represents current year provision for Sindh Workers' Welfare Fund amounting to Rs. 1.741 million and Punjab Workers' Welfare Fund amounting to Rs. 2.805 million.

**30.2** The Sindh Revenue Board (SRB) had written to the Modaraba in February 2016 to register and pay Sindh Workers Welfare Fund (SWWF). The Modaraba was of the view that SWWF 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 was not correct and charging of WWF was ultra vires of the legislative power conferred upon the province of Sindh. As a result, the Modaraba was 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, filed a petition CPD: 935/2017 dated 15 February 2017 in the Sindh High Court. The Sindh High Court granted stay in the above petition.

During the year, vide order dated 16 March 2020 the High Court of Sindh directed the Modaraba to deposit the disputed amount of Sindh Workers' Welfare Fund liability with the Nazir of the Sindh High Court or with SRB. The Modaraba agreed to deposit the said amount from year 2016 to 2019 on prorated profit related to services provided in the province of Sindh (filed in the monthly revenues of Sindh sales tax on services) to the Sindh Revenue Board and consequently being prudent provided the same in these financial statements.

However, the petition on Sindh Workers' Welfare Fund is still under hearing.

**30.3** Up to the previous year provision for the claimed amount mentioned in note 30.2 was not being made by the Modaraba which was as per the advice of the legal advisor. The management still maintaining that it still has a bright prospect of a decision in its favour, and in view of the development mentioned in the said referred note consider it prudent to make the provision for period mentioned, excluding earlier payments made by the Modaraba.

On a similar basis provision for WWF for the current year has also been made including for the province of Punjab whose law enacted in the current year. The management has consulted the legal advisor and still consider and maintains that the eventual decision should be in its favour, although being abundantly prudent has now decided to make the provision for the reasons given above.

### 31. TAXATION

**31.1** 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 44, no provision for taxation has been made in these financial statements.

**31.2** The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2019 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

### 32. EARNINGS PER CERTIFICATE - basic and diluted

Basic earnings per certificate is worked out as under:

Profit for the year

Weighted average number of ordinary certificates outstanding during the year

Earnings per certificate - basic and diluted

	2020	2019
	(Rupees)	
	227,520,913	382,853,863
	(Number of Certificates)	
	220,000,000	220,000,000
	(Rupees)	
	1.03	1.74

**32.1** 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.

### 33. CASH GENERATED FROM OPERATIONS

Note

Profit before taxation

Adjustment for non cash charges and other items:

- Depreciation 9.5
- Amortization 27
- Provision against potential Ijarah losses and operation and maintenance income 5.3 & 6.1
- Provision for deferred liabilities - gratuity 18
- Provision for long term employee benefits
- Financial charges including bank charges
- Loss / (profit) on disposal of Ijarah assets 29
- Loss / (profit) on disposal of fixed assets in own use 29

	2020	2019
	(Rupees)	
	227,520,913	382,853,863
	558,598,159	747,007,270
	2,253,851	1,911,560
	96,766,366	103,312,497
	23,540,788	16,192,406
	3,321,591	8,554,618
	296,369,030	283,347,330
	(3,766,494)	(80,309,171)
	(731,919)	(517,463)
	976,351,372	1,079,499,047

#### 33.1 Working capital changes

(Increase) /decrease in current assets

- Ijarah rentals receivable
- Operation and maintenance income receivable
- Advances, deposits, prepayments and other receivable
- Spare parts
- Diminishing musharaka financing

(Decrease) / increase in current liabilities

- Creditors, accrued and other liabilities
- Payable to the Modaraba Management Company
- Security deposits

	38,512,724	(4,778,125)
	(9,731,954)	1,581,795
	(94,485,911)	(191,574,689)
	(59,814,643)	(31,526,603)
	-	967,729
	(125,519,784)	(225,329,893)
	280,498,744	196,336,764
	(12,928,441)	11,962,469
	(74,409,449)	7,845,732
	193,160,854	216,144,965
	1,271,513,355	1,453,167,981

### 34. REMUNERATION OF EXECUTIVES AND OTHER EMPLOYEES

	2020			2019		
	Executives (Key management personnel)	Other employees	Total	Executives (Key management personnel)	Other employees	Total
	(Rupees)					
Basic salary	44,088,787	103,273,969	147,362,756	48,489,284	104,839,188	153,328,472
Bonus	5,114,133	11,315,051	16,429,184	11,141,432	23,753,335	34,894,767
House rent allowance	19,839,954	46,473,286	66,313,240	21,820,169	47,177,581	68,997,750
Utility allowance	4,408,879	10,327,397	14,736,276	4,848,916	10,483,844	15,332,760
Conveyance allowance	168,000	7,215,908	7,383,908	126,427	8,098,704	8,225,131
Provident fund	4,408,852	10,115,529	14,524,381	4,821,817	9,516,725	14,338,542
Gratuity	4,746,016	4,715,286	9,461,302	6,842,545	5,720,616	12,563,161
Contribution to Employees' Old Age Benefit	248,040	3,296,280	3,544,320	298,740	3,935,100	4,233,840
Medical benefits	5,708,800	13,940,878	19,649,678	6,273,733	14,216,636	20,490,369
	88,731,461	210,673,584	299,405,045	104,663,064	227,741,729	332,404,792

34.1 Certain executives and officers are also provided free use of vehicles maintained by the Modaraba and fuel allowance. Above expenses do not include the remuneration of the Chief Executive Officer.

### 35. FINANCIAL INSTRUMENTS BY CATEGORY

	2020				
	Loans and receivables	Held for trading	Available for sale	Amortised Cost	Total
	(Rupees)				
Bank balances	92,413,417	-	-	-	92,413,417
Ijarah rentals receivable	1,100,301,006	-	-	-	1,100,301,006
Operation and maintenance income receivable	37,513,933	-	-	-	37,513,933
Advances, deposits and other receivables	63,083,917	-	-	-	63,083,917
Long-term security deposits	50,000	-	-	-	50,000
	1,293,362,273	-	-	-	1,293,362,273

#### LIABILITIES

	2020		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	(Rupees)		
Creditors, accrued and other liabilities	-	1,924,374,457	1,924,374,457
Payable to the Modaraba Management Company	-	10,000,000	10,000,000
Diminishing musharakah financing payable - secured	-	1,771,584,782	1,771,584,782
Long-term borrowings	-	165,642,472	165,642,472
Security deposits	-	48,524,283	48,524,283
Liability against right of use assets	-	71,752,652	71,752,652
Unclaimed dividend	-	1,052,715	1,052,715
	-	3,992,931,361	3,992,931,361

	2019				
	Loans and receivables	Held for trading	Available for sale	Amortised Cost	Total
	(Rupees)				
Bank balances	50,029,905	-	-	-	50,029,905
Ijarah rentals receivable	1,235,580,096	-	-	-	1,235,580,096
Operation and maintenance income receivable	27,781,979	-	-	-	27,781,979
Advances, deposits and other receivables	70,499,552	-	-	-	70,499,552
Long-term security deposits	50,000	-	-	-	50,000
	1,383,941,532	-	-	-	1,383,941,532

	2019		
	Liabilities 'at fair value through profit or loss'	Other financial liabilities	Total
	(Rupees)		
Creditors, accrued and other liabilities	-	709,041,843	709,041,843
Payable to the Modaraba Management Company	-	21,628,441	21,628,441
Diminishing musharakah financing payable - secured	-	2,414,602,187	2,414,602,187
Security deposits	-	122,933,732	122,933,732
Unclaimed dividend	-	1,095,066	1,095,066
	-	3,269,301,269	3,269,301,269

## 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) and Euro. At 30 June 2020 the Modaraba's exposure to foreign currency risk in respect of its obligation was USD 645 and Euro 94,000 (2019: USD 645 and Euro 94,000). 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 rate	
	2020	2019	2020	2019
Rupees / US Dollar	168.35	142.26	168.08	160.05
Rupees / Euro	188.84	183.17	188.61	182.32

##### Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against USD and Euro as at 30 June 2020 would have increased / (decreased) equity and profit by Rs. 0.891 million (2019: Rs. 0.933 million) mainly as a result of foreign exchange gains / losses on translation of USD and Euro 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 2019.

#### 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):



## 2020

	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
(Rupees)										
<b>On-balance sheet financial instruments</b>										
<b>Financial assets</b>										
Bank balances	2.75% to 5.52%	68,988,523	-	-	-	-	-	-	23,424,894	92,413,417
ijarah rentals receivable		-	-	-	-	-	-	-	1,100,301,006	1,100,301,006
Operation and maintenance income receivable		-	-	-	-	-	-	-	37,513,933	37,513,933
Advances, deposits and other receivables		-	-	-	-	-	-	-	63,083,917	63,083,917
Long-term security deposits		-	-	-	-	-	-	-	50,000	50,000
<b>Sub total</b>		68,988,523	-	-	-	-	-	-	1,224,373,750	1,293,362,273
<b>Financial liabilities</b>										
Creditors, accrued, and other liabilities		-	-	-	-	-	-	-	1,924,374,457	1,924,374,457
Payable to the Modaraba Management Company		-	-	-	-	-	-	-	10,000,000	10,000,000
Diminishing musharakah financing payable - secured	6.05%-16.01%	5,222,620	50,338,794	37,082,268	272,902,450	1,196,463,207	204,616,117	4,959,326	-	1,771,584,782
Long-term borrowings payable	9.36% to 10.28%	-	-	-	71,059,322	93,902,988	-	-	-	164,962,310
Liability against right of use assets	14.43%	1,326,200	2,879,499	4,214,064	8,011,224	46,375,905	13,027,245	1,592,661	-	77,426,798
Other long-term employee benefit		-	-	-	-	-	-	-	28,632,954	28,632,954
Security deposits		-	-	-	-	-	-	-	48,524,284	48,524,284
Unclaimed dividend		-	-	-	-	-	-	-	1,052,715	1,052,715
<b>Sub total</b>		6,548,820	53,218,293	41,296,332	351,972,996	1,336,742,100	217,643,362	6,551,987	2,012,584,410	4,026,558,299
On-balance sheet gap		62,439,703	(53,218,293)	(41,296,332)	(351,972,996)	(1,336,742,100)	(217,643,362)	(6,551,987)	(788,210,660)	(2,733,196,026)
<b>Off-balance sheet financial instruments</b>										
<b>Financial assets</b>										
Rentals receivable in future		-	-	-	-	-	-	-	203,517,500	203,517,500
<b>Off-balance sheet gap</b>		-	-	-	-	-	-	-	203,517,500	203,517,500
<b>Total interest rate sensitivity gap</b>		62,439,703	(53,218,293)	(41,296,332)	(351,972,996)	(1,336,742,100)	(217,643,362)	(6,551,987)	(584,693,160)	(2,529,678,526)
<b>Cumulative interest rate sensitivity gap</b>		62,439,703	9,221,410	(32,074,922)	(384,047,917)	(1,720,790,018)	(1,938,433,379)	(1,944,985,366)	(2,529,678,526)	

2019

	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
<b>On-balance sheet financial instruments</b>										
Financial assets										
Bank balances	3% to 6.48%	35,204,677	-	-	-	-	-	-	14,825,228	50,029,905
Ijarah rentals receivable		-	-	-	-	-	-	-	1,235,580,096	1,235,580,096
Operation and maintenance income receivable		-	-	-	-	-	-	-	27,781,979	27,781,979
Advances, deposits and other receivables		-	-	-	-	-	-	-	70,499,552	70,499,552
Long-term security deposits		-	-	-	-	-	-	-	50,000	50,000
<b>Sub total</b>		35,204,677	-	-	-	-	-	-	1,348,736,855	1,383,941,532
<b>Financial liabilities</b>										
Creditors, accrued, and other liabilities payable to the Modaraba Management Company		-	-	-	-	-	-	-	709,041,843	709,041,843
Diminishing musharakah financing payable - secured	6.91%-13.25%	56,895,166	240,723,197	257,691,379	483,315,548	1,137,985,366	237,991,531	-	-	2,414,602,187
Other long-term employee benefit Security deposits		-	-	-	-	-	-	-	26,820,323	26,820,323
Unclaimed dividend		-	-	-	-	-	-	-	122,933,732	122,933,732
<b>Sub total</b>		56,895,166	240,723,197	257,691,379	483,315,548	1,137,985,366	237,991,531	-	881,519,405	3,296,121,592
On-balance sheet gap		(21,690,489)	(240,723,197)	(257,691,379)	(483,315,548)	(1,137,985,366)	(237,991,531)	-	467,217,449	(1,912,180,061)
<b>Off-balance sheet financial instruments</b>										
Financial assets										
Rentals receivable in future		-	-	-	-	-	-	-	319,888,500	319,888,500
<b>Off-balance sheet gap</b>		-	-	-	-	-	-	-	319,888,500	319,888,500
<b>Total interest rate sensitivity gap</b>		(21,690,489)	(240,723,197)	(257,691,379)	(483,315,548)	(1,137,985,366)	(237,991,531)	-	787,105,949	(1,592,291,561)
<b>Cumulative interest rate sensitivity gap</b>		(21,690,489)	(262,413,686)	(520,105,065)	(1,003,420,613)	(2,141,405,979)	(2,379,397,510)	(2,379,397,510)	(1,592,291,561)	(1,592,291,561)

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:

	Note	Carrying amount	
		2020	2019
(Rupees)			
<b>Variable rate instruments</b>			
<b>Financial assets</b>			
Saving accounts with banks	4	68,988,523	35,204,677
<b>Financial liabilities</b>			
Diminishing Musharakah financing payable - secured	15	(1,771,584,782)	(2,414,602,187)
Long-term borrowings	16	(165,642,472)	-
Liability against right of use assets	17	(71,752,652)	-
		<u>(1,939,991,383)</u>	<u>(2,379,397,510)</u>

#### 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. 2.821 million (2019: Rs. 2.434 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	2020	2019
		(Rupees)	
Bank balances	4	92,413,417	50,029,905
Ijarah rentals receivable		1,100,301,006	1,235,580,096
Operation and maintenance income receivable		37,513,933	27,781,979
Long-term security deposits		50,000	50,000
Advances, deposits and other receivables		63,083,917	70,499,552
Total carrying value (and maximum exposure to credit risk)		<u>1,293,362,273</u>	<u>1,383,941,532</u>

### 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:

Rating	2020	2019
	(Rupees)	
A1+	88,722,479	32,284,305
A1	3,683,450	17,745,600
	<u>92,405,929</u>	<u>50,029,905</u>

#### 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. 50.384 million (2019: Rs. 122.934 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:

	2020		2019	
	Gross	Impairment loss recognised	Gross	Impairment loss recognised
(Rupees)				
Not past due	564,252,646	-	15,903,769	-
Past due 1-90 days	360,539,533	-	88,995,986	-
Past due 91 days to 180 days	139,050,498	-	577,851,334	-
Past due 181 days to one year	135,911,589	119,194,753	404,716,205	22,581,627
Past due one year to two years	110,645,371	42,865,061	118,206,517	70,337,203
More than two years	69,339,973	79,864,855	252,569,552	101,962,457
Total	<u>1,379,739,610</u>	<u>241,924,669</u>	<u>1,458,243,364</u>	<u>194,881,287</u>

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:



	2020		2019	
	(Rupees)	%	(Rupees)	%
Food And Beverages	195,978,908	15.15%	108,065,909	7.81%
Energy, Oil and Gas	275,371,765	21.29%	231,309,223	16.71%
Construction	147,667,691	11.42%	244,209,677	17.65%
Textile and Cotton	92,276,466	7.13%	214,882,649	15.53%
Fast Moving Consumer Goods (Fmcg)	79,107,507	6.12%	122,778,456	8.87%
Chemicals and Pharmaceuticals	43,208,944	3.34%	57,493,787	4.15%
Bank	95,344,621	7.37%	2,198,223	0.16%
Engineering	40,716,074	3.15%	87,062,940	6.29%
Packaging	43,570,978	3.37%	49,316,313	3.56%
Logistics	93,545,755	7.23%	48,094,201	3.48%
Paper and Board	9,906,213	0.77%	35,796,419	2.59%
Cement	6,481,551	0.50%	8,031,312	0.58%
Media	10,399,637	0.80%	17,098,639	1.24%
Healthcare	34,420,245	2.66%	45,224,338	3.27%
Warehousing	169,597	0.01%	657,521	0.05%
Manufacturing	4,343,101	0.34%	12,841,714	0.93%
Electrical	2,651,906	0.21%	5,381,115	0.39%
Edible Oil	1,387,810	0.11%	3,645,818	0.26%
Sugar	1,911,874	0.15%	7,871,336	0.57%
Mining	3,381,309	0.26%	1,165,515	0.08%
Information Technology and Communication	3,791,826	0.29%	7,988,607	0.58%
Education	2,506,111	0.19%	6,550,054	0.47%
Sports	8,343,491	0.65%	1,094,447	0.08%
Automobiles	1,050,669	0.08%	8,935,860	0.65%
Glass and Ceramics	-	0.00%	3,087,764	0.22%
Dairy & Poultry	132,000	0.01%	223,592	0.02%
Rice	41,000	0.00%	2,682,463	0.19%
Hotel	3,054,656	0.24%	3,781,819	0.27%
Event Management	262,960	0.02%	1,389,391	0.10%
Plastic Industries	938,312	0.07%	1,719,775	0.12%
Printing	-	0.00%	937,159	0.07%
Insurance	54,112	0.00%	102,970	0.01%
Fertilizer	8,145	0.00%	-	0.00%
Hospital	3,620,837	0.28%	-	0.00%
Industry	2,115,248	0.16%	-	0.00%
Other	85,600,954	6.62%	42,322,524	3.06%
	<b>1,293,362,273</b>	<b>100%</b>	<b>1,383,941,530</b>	<b>100%</b>

### 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.

**Maturities of assets and liabilities - Based on contractual maturity of the assets and liabilities of the Modaraba.**

	2020					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	Over five years
(Rupees)						
<b>Non-derivative financial assets</b>						
Cash and bank balances	92,916,094	92,916,094	92,916,094	-	-	-
Ijarah rentals receivable	1,100,301,006	1,100,301,006	1,100,301,006	-	-	-
Operation and maintenance income receivable	37,513,933	37,513,933	37,513,933	-	-	-
Advances, deposits and other receivables	826,777,902	826,777,902	826,777,902	-	-	-
Long term security deposits	50,000	50,000	50,000	-	-	-
	2,057,558,935	2,057,558,935	2,057,558,935	-	-	-
<b>Non-derivative financial liabilities</b>						
Creditors, accrued and other liabilities	1,088,108,181	1,088,108,181	1,088,108,181	-	-	-
Payable to the Modaraba Management Company	11,300,000	11,300,000	11,300,000	-	-	-
Diminishing musharakah financing payable - secured	1,771,584,782	1,771,584,782	92,643,682	272,902,450	1,401,079,324	4,959,326
Long term borrowings	165,642,472	164,962,310	-	71,059,322	93,902,988	-
Security deposits	48,524,283	48,524,283	-	24,524,283	24,000,000	-
Lease Liability against right of use assets	71,752,652	77,426,798	8,419,763	8,011,224	59,403,150	1,592,661
Unclaimed dividend	1,052,715	1,052,715	1,052,715	-	-	-
	3,157,965,085	3,162,959,069	1,201,524,341	376,497,279	1,578,385,462	6,551,987
<b>On-balance sheet gap</b>	(1,100,406,150)	(1,105,400,135)	856,034,594	(376,497,279)	(1,578,385,462)	(6,551,987)

	2019					
	Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	Over five years
(Rupees)						
<b>Non-derivative financial assets</b>						
Cash and bank balances	50,644,643	50,644,643	50,644,643	-	-	-
Ijarah rentals receivable	1,235,580,096	1,235,580,096	1,235,580,096	-	-	-
Operation and maintenance income receivable	27,781,979	27,781,979	27,781,979	-	-	-
Advances, deposits and other receivables	732,291,991	732,291,991	732,291,991	-	-	-
Long term security deposits	50,000	50,000	50,000	-	-	-
	2,046,348,709	2,046,348,709	2,046,348,709	-	-	-
<b>Non-derivative financial liabilities</b>						
Creditors, accrued and other liabilities	821,622,788	821,622,788	821,622,788	-	-	-
Payable to the Modaraba Management Company	24,228,441	24,228,441	24,228,441	-	-	-
Diminishing musharakah financing payable - secured	2,414,602,187	2,414,602,187	555,309,742	483,315,548	1,375,976,897	-
Security deposits	122,933,732	122,933,732	-	95,810,000	27,123,732	-
Lease Liability against right of use assets	-	-	-	-	-	-
Unclaimed dividend	1,095,066	1,095,066	1,095,066	-	-	-
	3,384,482,214	3,384,482,214	1,402,256,037	579,125,548	1,403,100,629	-
<b>On-balance sheet gap</b>	(1,338,133,505)	(1,338,133,505)	644,092,672	(579,125,548)	(1,403,100,629)	-

The above maturity profile has been prepared in accordance with International Financial Reporting Standard 7, Financial Instruments: Disclosures, based on contractual maturities. Consequently, all demand assets and liabilities such as current accounts and saving accounts are shown as having a maturity upto six months. However, based on historical behaviour, management is of the opinion that the possibility of these inflows / outflows actually occurring entirely within six months is remote, as these flows normally occur over a longer period of time.

### 37. RECONCILIATION OF MOVEMENTS OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	2020					Total
	Issued, subscribed and paid up certificate capital	Premium on issue of certificates	Unappropriated profit	Diminishing musharakah financing availed	Long term borrowings	
	(Rupees)					
<b>Balance as at 1 July 2019</b>	2,200,000,000	1,255,712,500	263,439,424	2,452,242,233	-	6,171,394,157
Changes from financing cash flows						
Repayment of Diminishing musharakah	-	-	-	(877,411,161)	-	(877,411,161)
Proceeds from Diminishing musharakah	-	-	-	234,393,756	-	234,393,756
Proceeds from Long term borrowings	-	-	-	-	165,469,809	165,469,809
Profit distribution to the certificate holders	-	-	(220,042,351)	-	-	(220,042,351)
Repayment of lease liability against ROUA asset	-	-	(6,500,727)	-	-	(6,500,727)
Expenses against issuance of bonus / right certificates	-	-	-	-	-	-
Total changes from financing activities	-	-	(226,543,078)	(643,017,405)	165,469,809	(704,090,674)
<b>Other changes</b>						
Finance Cost	-	-	-	296,369,030	555,454	296,924,484
Finance Cost paid	-	-	-	(310,202,625)	-	(310,202,625)
Total comprehensive income for the year ended	-	-	238,180,045	-	-	238,180,045
Transfer to statutory reserve (at 30% of the profit)	-	-	(71,454,014)	-	-	(71,454,014)
Total equity related other changes	-	-	166,726,032	(13,833,595)	555,454	153,447,891
<b>Balance as at 30 June 2020</b>	<u>2,200,000,000</u>	<u>1,255,712,500</u>	<u>203,622,377</u>	<u>1,795,391,233</u>	<u>166,025,263</u>	<u>5,620,751,373</u>

### 38. 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.

### 39. 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 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.

#### 40. RELATED PARTIES 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.

##### 40.1 Details of transactions and balances with related parties during the year / as at the year-end, other than those which has been disclosed else where in these financial statements, are as follows:

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Note	2020	2019
				(Rupees)	
Allied Engineering Management Company (Private) Limited (Modaraba Management Company)	Associated Company	Modaraba Management Company's remuneration	14.1	10,000,000	10,000,000
		Payment made to the Modaraba Management Company (including Management Fee) during the year		170,328,442	41,363,910
		Amount received from the Modaraba Management Company during the year		146,100,000	-
		Dividend paid during the year		43,999,997	39,999,998
		Issue of bonus certificates Nil (2019: 3,999,999)		-	39,999,990
		Outstanding certificates 43,999,997 (2019: 43,999,997)		439,999,970	439,999,970
		Payable to the Modaraba Management Company (including sales tax on Management Company remuneration)		11,300,000	24,228,441
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)	Associated Company	Purchase of assets	11.2	27,643,265	76,764,460
		Purchase of parts and services		301,774,563	388,370,670
		Income from ijarah assets		1,987,733	11,848,441
		Reimbursement of expenses		13,371,621	11,318,571
		Receipt of payment from customer deposited with AESL		330,000	-
		Dividend paid		151,931,073	138,119,158
		Issue of bonus certificates Nil (2019: 13,811,915)		-	138,119,150
		Outstanding certificates 151,931,073 (2019 : 151,931,073)		1,519,310,730	1,519,310,730
		Payable against purchase of parts and services		621,019,184	457,313,790
Apex Machinery (Private) Limited	Associated Company	Purchase of parts		18,423,677	98,410,148
		Payable against purchase of parts		14,166,639	14,525,269
		Purchase of assets		12,519,000	-
		Commission payable to Apex for sales		1,106,684	-
Allied Commercial Enterprises (Private) Limited	Associated Company	Income from ijarah assets		86,304,616	60,205,915
		Ijarah rental receivable		12,194,513	164,939
		Advance received		-	5,794,469
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident Fund	Contribution to the staff provident fund during the year		15,722,675	14,338,542
		Dividend paid		3,734,868	3,395,335
		Issue of bonus certificates Nil (2019: 339,533)		-	3,395,330
		Outstanding certificates 3,734,868 (2019 : 3,734,868)		37,348,680	37,348,680
Key Management Personnel	Key Management Personnel	Remuneration of key management personnel during the year		68,505,600	104,663,064
		Dividend paid during the year		115,844	105,314
		Contribution to the staff provident fund during the year		4,408,852	4,821,817
		Charge for staff gratuity scheme during the year		4,746,016	6,842,545
		(Gain) / loss on sale of vehicles under employee car scheme (Sale proceeds: Nil (2019: 1,441,166))		-	(138,721)
		Issue of bonus certificates Nil (2019: 10,530)		-	105,300
		Outstanding certificates 115,844 (2019: 115,844)		1,158,440	1,158,440
Directors	Directors of Management Company	Dividend paid		8,877,248	8,603,561
		Issue of bonus certificates Nil (2019: 860,353)		-	8,603,530
		Outstanding certificates 8,877,248 (2019: 9,463,914)		88,772,480	94,639,140



40.2 The status and details of outstanding balances with associated undertakings / related parties as at 30 June 2020 are included in the respective notes to the financial statements.

#### 41. 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.

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

	Operating and Finance Ijarah Rentals		Operation and Maintenance Income		Total	
	2020	2019	2020	2019	2020	2019
	(Rupees)					
<b>Segment revenues / profits</b>						
Revenue	3,299,075,973	3,694,302,280	132,304,566	127,364,783	3,431,380,539	3,821,667,063
Costs	(3,121,595,951)	(3,071,582,338)	(100,430,215)	(70,443,168)	(3,222,026,165)	(3,533,710,595)
Reportable segment profit	177,480,022	622,719,942	31,874,351	56,921,615	209,354,374	287,956,468
<b>Segment assets and liabilities</b>						
	(Rupees)					
<b>Reportable segment assets</b>						
Rentals receivable	1,100,301,006	1,235,580,096	37,513,933	27,781,979	1,137,814,939	1,263,362,075
Advances, deposits, prepayments and other receivables	704,755,445	575,868,187	-	-	704,755,445	575,868,187
Spare parts	196,176,407	136,361,764	-	-	196,176,407	136,361,764
Ijarah assets	6,120,338,820	6,434,721,942	-	-	6,120,338,820	6,434,721,942
Ijara assets - Capital work-in-progress	51,236,756	67,562,112	-	-	51,236,756	67,562,112
	8,172,808,434	8,450,094,101	37,513,933	27,781,979	8,210,322,367	8,477,876,080
<b>Reportable segment liabilities</b>						
Creditors, accrued and other liabilities	896,648,624	662,439,106	-	-	896,648,624	662,439,106
Diminishing Musharaka	1,771,584,782	2,414,602,187	-	-	1,771,584,782	2,414,602,187
Long-term borrowings	165,642,472	-	-	-	165,642,472	-
Security deposits	48,524,283	122,933,732	-	-	48,524,283	122,933,732
	2,882,400,161	3,199,975,025	-	-	2,882,400,161	3,199,975,025

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

	Note	2020	2019
(Rupees)			
<b>Revenues</b>			
Total revenue for reportable segments	24 & 25	3,431,380,539	3,821,667,063
Other income	29	28,166,539	104,897,396
		<u>3,459,547,078</u>	<u>3,926,564,459</u>
<b>Profit</b>			
Total profit for reportable segments		209,354,374	287,956,468
Other income		28,166,539	104,897,396
Modaraba Management Company's Remuneration		(10,000,000)	(10,000,000)
		<u>227,520,913</u>	<u>382,853,864</u>
<b>Assets</b>			
Total assets for reportable segments		8,210,322,367	8,477,876,080
Unallocated assets			
- Cash and bank balances		92,916,094	50,644,643
- Advances and other receivables		122,022,457	156,423,804
- Security deposits		50,000	50,000
- Fixed assets in own use - tangible		207,010,534	139,827,871
- Intangible asset for own use		1,961,154	4,215,005
		<u>8,634,282,606</u>	<u>8,829,037,403</u>
<b>Liabilities</b>			
Total liabilities for reportable segments		2,882,400,161	3,199,975,025
Unallocated liabilities			
- Creditors, accrued and other liabilities		191,459,557	159,183,682
- Liability against right of use assets and finance lease		71,752,652	-
- Payable to the Modaraba Management Company		11,300,000	24,228,441
- Deferred liability for staff gratuity		95,966,148	84,196,492
- Other long-term employee benefit		28,632,954	26,820,323
- Unclaimed dividend		1,052,715	1,095,066
		<u>3,282,564,187</u>	<u>3,495,499,028</u>

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

**42. 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 2020 and 30 June 2019, there were no financial instruments which were measured at fair values in the financial statements.

42.1 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.

As at 30 June 2020								
Note	Carrying Value				Fair Value			
	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 2	Total
(Rupees)								
<b>Financial assets not measured at fair value</b>	42.2							
Cash and bank balances		92,916,094	-	-	92,916,094	-	-	-
Ijarah rentals receivable		1,100,301,006	-	-	1,100,301,006	-	-	-
Operation and maintenance income receivable		37,513,933	-	-	37,513,933	-	-	-
Advances, deposits and other receivables		63,083,917	-	-	63,083,917	-	-	-
Long term security deposit		50,000	-	-	50,000	-	-	-
		<u>1,293,864,950</u>	<u>-</u>	<u>-</u>	<u>1,293,864,950</u>			
<b>Financial liabilities not measured at fair value</b>	42.2							
Creditors, accrued and other liabilities		-	-	1,924,374,457	1,924,374,457	-	-	-
Payable to the Modaraba Management Company		-	-	10,000,000	10,000,000	-	-	-
Diminishing musharaka		-	-	1,771,584,782	1,771,584,782	-	-	-
Long-term borrowings		-	-	165,642,472	165,642,472	-	-	-
Security deposits		-	-	48,524,283	48,524,283	-	-	-
Unclaimed dividend		-	-	1,052,715	1,052,715	-	-	-
		<u>-</u>	<u>-</u>	<u>3,921,178,709</u>	<u>3,921,178,709</u>			
As at 30 June 2019								
Note	Carrying Value				Fair Value			
	Loans and receivables	Other financial assets	Other financial liabilities	Total	Level 1	Level 2	Level 2	Total
(Rupees)								
<b>Financial assets not measured at fair value</b>	42.2							
Cash and bank balances		50,644,643	-	-	50,644,643	-	-	-
Ijarah rentals receivable		1,235,580,096	-	-	1,235,580,096	-	-	-
Operation and maintenance income receivable		27,781,979	-	-	27,781,979	-	-	-
Advances, deposits and other receivables		70,499,552	-	-	70,499,552	-	-	-
Long term security deposit		50,000	-	-	50,000	-	-	-
		<u>1,384,556,270</u>	<u>-</u>	<u>-</u>	<u>1,384,556,270</u>			
<b>Financial liabilities not measured at fair value</b>	42.2							
Creditors, accrued and other liabilities		-	-	709,041,843	709,041,843	-	-	-
Payable to the Modaraba Management Company		-	-	21,628,441	21,628,441	-	-	-
Diminishing musharaka		-	-	2,414,602,187	2,414,602,187	-	-	-
Security deposits		-	-	122,933,732	122,933,732	-	-	-
Unclaimed dividend		-	-	1,095,066	1,095,066	-	-	-
		<u>-</u>	<u>-</u>	<u>3,269,301,269</u>	<u>3,269,301,269</u>			

**42.2** 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.

**43. NUMBER OF EMPLOYEES**

The total number of employees as at year end were 366 (2019: 471) and average number of employees were 419 (2019: 443).

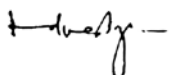
**44. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD**

**44.1** The Board of Directors of the Management Company has approved dividend at the rate of Rs. 0.75 per certificate (2019: Rs.1.0 per certificate) for the year ended 30 June 2020, resulting in a total distribution of profit amounting to Rs. 165 million (2019: Rs. 220 million), in its meeting held on 10 September 2020 which is more than 90% of the net profit for the year ended 30 June, 2020, 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 2021.

**45. GENERAL**

**45.1 Date of authorisation**

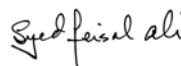
These financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on 10 September 2020.



**Murtaza Ahmed Ali**  
Chief Executive



**Abdul Rahim Suriya**  
Director



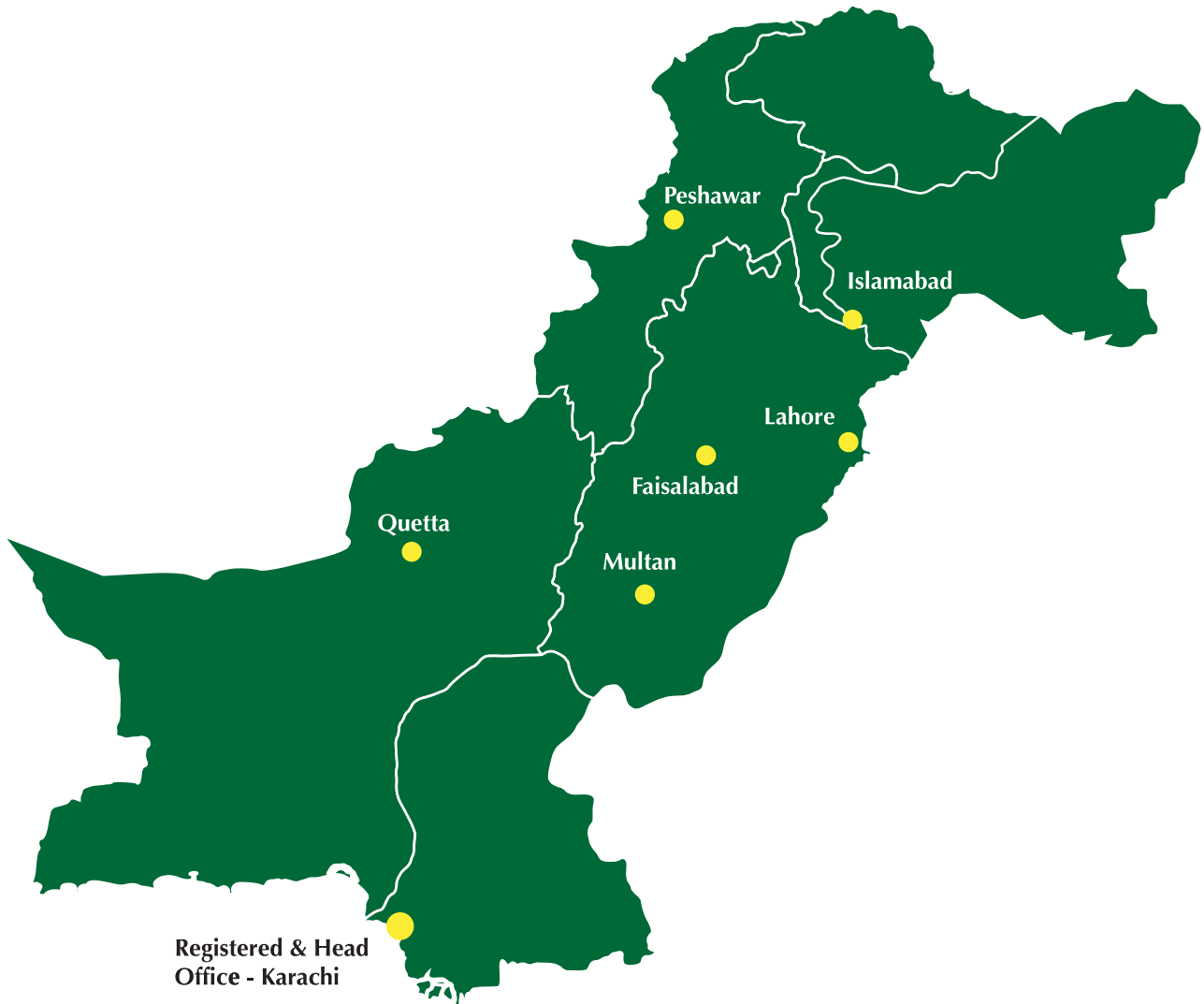
**Syed Feisal Ali**  
Director



**Muhammad Saad**  
Chief Financial Officer



# Offices Across Pakistan



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# سالانہ نظر ثانی اجلاس کی اطلاع

اطلاع دی جاتی ہے کہ حاملانِ سرٹیفیکیٹ کا چودھواں نظر ثانی اجلاس منگل، 27 اکتوبر 2020ء بوقت 2:30 سے 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 2020ء کے دوران مضاربہ کی کارکردگی پر نظر ثانی ہے۔

حاملانِ سرٹیفیکیٹ جن کا نام 20 اکتوبر 2020ء تک الائیڈ ریٹیل مضاربہ کے حاملانِ سرٹیفیکیٹ کے رجسٹر میں درج ہے۔ اس سالانہ نظر ثانی اجلاس میں شمولیت کے حقدار ہیں۔

بحکم بورڈ

مزل طارق

کمپنی سیکریٹری

10 ستمبر 2020ء

کراچی

**نوٹ:**

1۔ سرٹیفیکیٹ ٹرانسفر کی کتاب سالانہ نظر ثانی اجلاس میں شمولیت کے مقصد کے تحت 21 اکتوبر 2020ء سے 27 اکتوبر 2020ء تک بند رہے گی (دونوں دن شامل ہیں)۔ ہر طرح سے مکمل ٹرانسفر جو 20 اکتوبر 2020ء کے دن اختتام کار تک ہمارے رجسٹرار آفس میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، 407-408، المیر سینٹر، شارع عراق، صدر، کراچی میں موصول ہوں وہ بروقت تصور ہوں گے۔

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

- سال کے دوران میں بورڈ آڈٹ کمیٹی کے 4 اجلاس ہوئے۔ ہر ممبر کی حاضری درج ذیل رہی:

ڈائریکٹر کا نام	اجلاسوں میں حاضری
عبدالرحیم سوریا	4
سید فیصل علی	4
جناب علی اکبر	4

#### آڈیٹرز:

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز کے پی ایم جی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس کالجیٹور آڈیٹرز سال مختتمہ مورخہ 30 جون 2021 تک باہمی رضامندی سے طے شدہ مشاہرے پر دوبارہ تقرری کی منظوری دی ہے جو مضار کمپنیز اور مضاربوں کے رجسٹرار کی منظوری سے مشروط ہے۔

#### شریحہ آڈٹ رپورٹ

مضاربہ اپنے شریعہ ایڈوائزر مفتی ارشاد احمد اعجاز سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے تاکہ رجسٹرار مضاربہ کی مشاورت سے تشکیل کردہ شریعہ آڈٹ طریقہ کار پر عمل درآمد کو یقینی بنایا جاسکے۔ شریعہ 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 شریعہ آڈٹ رپورٹ برائے سال مختتمہ 30 جون 2020، سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے۔

#### اعتراف

ہمارے لوگ مضاربہ کی پائیدار ترقی کے بنیادی عوامل ہیں۔ ڈائریکٹرز مضاربہ کے ہر ملازم کے کاموں اور 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 رجسٹرار مضاربہ، SECP اور SBP کے عہدیداروں، مذہبی بورڈ، مالیاتی اداروں اور اپنے کاروباری شرکاء کے مسلسل تعاون اور رہنمائی کیلئے خلوص دل سے ان کے شکر گزار ہیں۔ نیز ہم کاروبار کی مستقل سرپرستی پر اپنے صارفین کے بھی ممنون ہیں۔ ہم اپنے سرٹیفکیٹ ہولڈرز کے تعاون اور ہماری انتظامیہ پر اعتماد کیلئے ان کا بھی شکریہ ادا کرتے ہیں۔



علی اکبر  
ڈائریکٹر

- گزشتہ چھ سال کی بنیادی آپریٹنگ اور مالیاتی معلومات مختصراً اس سالانہ رپورٹ کے ساتھ منسلک کی گئی ہیں۔
- آپ کی کمپنی کے ذمے 30 جون 2020 تک ٹیکس، ڈیوٹیز، محصولات اور چارجز کی مد میں کوئی واجبات نہیں ہیں سوائے ان کے جو اس سالانہ رپورٹ میں درج ہیں۔
- ڈائریکٹر، ہی ای او، ایف او، کمپنی سیکرٹری، ان کے شریک حیات یا نابالغ بچوں کی جانب سے سرٹیفکیٹ کی تجارت کے بارے میں معلومات اس رپورٹ کے annexure میں درج ہیں۔
- فنڈ کے مالیاتی گوشواروں پر مبنی ایمپلائز پراویڈنٹ فنڈ میں سرمایہ کاری کی قدر بمطابق 31 دسمبر 2019: 2019, 962, 515 روپے ہے۔
- (31 دسمبر 2018: 77,462,598 روپے)
- سرٹیفکیٹ ہولڈرز کی جانب سے سرٹیفکیٹ کی ہولڈنگ کا طرز اس سالانہ رپورٹ میں شامل ہے۔
- بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ایک ہیومن ریورس کمیٹی تشکیل دی ہے۔

کمیٹی نے بورڈ کو درج ذیل امور کی انجام دہی کے لئے اپنی سفارشات پیش کرتی ہے:

- کمپنی کے مضبوط انتظامی منصوبہ کی تیاری
- ملازمین کے ارتقائی عمل کا موثر پروگرام اور
- معاوضے اور فوائد کے مضبوط منصوبہ جات، پالیسیاں اور طرز عمل تشکیل دینا جو اعلیٰ صلاحیت کے حامل عملے کے لئے پرکشش ہوں اور ان کو روکے رکھیں تاکہ وہ کاروبار کا موثر انتظام کریں اور اس کے ساتھ مقررہ اہداف حاصل ہوں۔

درج ذیل ڈائریکٹرز افرادی وسائل کمیٹی کے ممبران ہیں:

جناب عبدالرحیم سوریا چیئرمین

سید فیصل علی

جناب مرتضیٰ احمد علی

افرادی وسائل کمیٹی کی سال میں ایک مرتبہ میٹنگ ہوئی جس میں سو فیصد ممبرز حاضر ہوئے۔

- بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط پر عمل درآمد کرتے ہوئے آڈٹ کمیٹی تشکیل دی۔ کمیٹی تین ممبرز پر مشتمل ہے۔
- آڈٹ کمیٹی کے سربراہ ایک آزاد ڈائریکٹر ہیں۔ کمیٹی وقتاً فوقتاً فنانشل سٹیٹمنٹس کا جائزہ لیتی ہے اور فنانشل پالیسیز اور معمولات کی درستگی کی جانچ کرتی ہے تاکہ اس بات کو یقینی بنایا جاسکے کہ اندرونی کنٹرول کا مستعد اور مضبوط نظام قائم ہے۔ کمیٹی اندرونی آڈٹ ڈپارٹمنٹ کی جاری کردہ رپورٹس کا بھی جائزہ لیتی ہے۔ نیز آڈٹ کمیٹی بیرونی آڈیٹرز کے تقرر کیلئے بورڈ آف ڈائریکٹرز کو سفارشات پیش کرنے کی بھی ذمہ دار ہے۔

منجانب بورڈ



مرتضیٰ احمد علی

چیف ایگزیکٹو

10 ستمبر 2020

## ڈائریکٹرز

### بورڈ آف ڈائریکٹرز کا ڈھانچہ

ہر ڈائریکٹر کی حاضری درج ذیل کے مطابق رہی:-

ڈائریکٹرز کے نام	اجلاسوں میں حاضری کی تعداد
جناب خواجہ احدرلمن	4
جناب مرتضیٰ احمد علی	4
سید فیصل علی	4
جناب علی اکبر	4
جناب رئیس اے خان	2
جناب عبدالرحیم سوریا	4
جناب حسن شہزاد عابدی	4
مسز سائرہ ناصر	2

جو ڈائریکٹر حضرات اجلاسوں میں حاضر نہ ہو سکے ان کی رخصت کی درخواست منظور کی گئی۔

### ڈائریکٹرز کے لئے 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 اپنے فرائض کی ادائیگی اور موثر ہونے میں اضافہ کر سکیں۔ موجودہ تمام ڈائریکٹرز CCG کی ہدایات کے مطابق مطلوبہ اہلیت کے حامل ہیں۔

مسز سائرہ ناصر کو مضاربہ کے کاروبار، سالوں میں اس کے ٹریک ریکارڈ، مستقبل کے امکانات اور کاروبار کے چیلنج کے بارے میں ابتدائی پریزنٹیشن دی گئی۔ نیز ان کے کردار، فرائض اور ذمے داریوں کے بارے میں آگاہ کیا گیا اور اس کے علاوہ مضاربہ کے بارے میں معلومات، ان کی قانونی ذمہ داریوں اور ایک لٹریچر اکائی کے ڈائریکٹر ہونے کی حیثیت سے اور ان پر لاگو ضوابط کی وضاحت کی گئی۔

رجسٹرڈ مضاربہ - SECP نے مسز سائرہ ناصر کی بورڈ میں بطور ڈائریکٹر باقاعدہ منظور دی۔

### کارپوریٹ گورننس پر عمل درآمد

بورڈ آف ڈائریکٹرز کمپنی کے تمام 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 کے حصول پر فیصلے شامل ہیں۔ بورڈ کارپوریٹ گورننس کے اعلیٰ ترین معیار برقرار رکھنے پر کاربند ہے۔

### بورڈ آف ڈائریکٹرز ہمسرت مطلع کرتے ہیں کہ

- مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی تفصیلات (Financial Statements) میں کمپنی کے معاملات، آپریشنز کے نتائج، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلیوں کو شفاف طور پر پیش کیا گیا ہے۔
- مضاربہ کے حساب کتاب کے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- مالیاتی اسٹیٹمنٹ اور حسابات کی تیاری میں درست اکاؤنٹنگ پالیسیز کا مربوط طور پر اطلاق کیا گیا ہے اور اکاؤنٹس کے تخمینے معقولیت اور دانائی پڑتی ہیں۔
- مالیاتی اسٹیٹمنٹ، پاکستان میں مضاربہ پر لاگو بین الاقوامی مالیاتی معیارات کی بنیاد پر تیار کئے گئے ہیں۔
- داخلی کنٹرول کے موجود نظام کا اندرونی آڈٹ اور دیگر ایسے طریقوں کے تحت مستقل طور پر جائزہ لیا جاتا ہے۔ طریقہ کار کے جائزے کا عمل جاری رہے گا اور کنٹرولز میں کسی بھی قسم کی کمزوری کو دور کیا جائے گا۔
- مضاربہ کے موجودہ صلاحیت کے ساتھ کام جاری رکھنے میں کسی رکاوٹ کا کوئی شبہ نہیں ہے۔

بورڈ آف ڈائریکٹرز قابل تجربہ کار اور مختلف شعبہ جات کے ماہرین پر مشتمل ہے جو قائدانہ صلاحیت اور وژن کے ساتھ مضاربہ اور اسکے سٹیکہولڈرز کے بہترین مفاد میں کام کرتے ہیں۔ بورڈ آف ڈائریکٹرز کا کارپوریٹ پالیسی کی فیصلہ سازی میں اور سینئر ایگزیکٹوز کے ساتھ مل کر مضاربہ کے قلیل المدت اور طویل المدت آپریشنز کیلئے منصوبہ بندی میں اہم کردار ہے۔

اس وقت بورڈ آف ڈائریکٹرز 17 افراد پر مشتمل ہے، جس کی تشکیل درج ذیل ہے:

کینگری	نام
خود مختار خاتون ڈائریکٹر	مسز سائرہ ناصر
خود مختار ڈائریکٹر	جناب عبدالرحیم سوریا
ایگزیکٹو ڈائریکٹر (سی ای او)	جناب مرتضیٰ احمد علی
نان ایگزیکٹو ڈائریکٹرز	سید فیصل علی (چیئر مین)
(الائیڈڈ گروپ آف کمپنی کی نمائندگی کر رہے ہیں)	جناب خواجہ احدرلمن
	جناب علی اکبر
	جناب حسن شہزاد عابدی

رواں سال جناب رئیس احمد خان اپنی مدت مکمل کر کے بورڈ سے مستعفی ہو گئے اور مسز سائرہ ناصر کو ان کی جگہ بورڈ میں خود مختار خاتون ڈائریکٹر مقرر کر دیا گیا۔ رجسٹرڈ مضاربہ - SECP نے مسز سائرہ ناصر کی بورڈ میں بطور ڈائریکٹر باقاعدہ منظوری دی۔ جناب رئیس احمد خان آغاز سے 13 سال تک بورڈ میں ڈائریکٹر رہے اور ان کی بورڈ کے معاملات میں قابل قدر خدمات اور مشورے ہمیشہ یاد رکھے جائیں گے۔ بورڈ رخصت ہونے والے ڈائریکٹروں کی سالوں پر مبنی خدمات پر ان کا شکریہ ادا ہے۔

نان ایگزیکٹو ڈائریکٹرز قابل افراد ہیں اور بزنس کے لئے SECP کی مخصوص مطلوبہ مہارت، علم اور صلاحیت رکھتے ہیں جو سینئر انتظامیہ کو موثر رہنمائی فراہم کرتے ہیں اور مضاربہ کے معاملات کو کنٹرول کرتے ہیں۔ بورڈ کا چیئر مین سی ای او کے علاوہ ہوتا ہے۔ بورڈ آف ڈائریکٹرز کی مینٹنگ کارکردگی اور بزنس آپریشنز کے نتائج کا جائزہ لینے کیلئے باقاعدگی سے منعقد ہوتی ہیں اور مضاربہ کی کاروباری سرگرمیوں سے متعلق فیصلہ سازی کی جاتی ہے۔ تمام ڈائریکٹرز نے کوڈ آف کارپوریٹ گورننس - CCG کے تحت مطلوبہ لازمی سرٹیفیکیشن پروسیس مکمل کر لیا ہے۔ مینٹنگ میں کاروبار کے رجحانات اور مضاربہ کے آپریشنل پلانز پر بھی غور کیا جاتا ہے۔ مختلف پلاننگ کے منظر ناموں اور مضاربہ کے سالانہ بزنس پلان پر بھی غور و خوض کیا جاتا ہے۔

سال کے دوران میں مسز سائرہ ناصر کا بورڈ میں بطور خود مختار خاتون ڈائریکٹر تقرر کیا گیا۔ آپ ایک سرٹیفائیڈ ڈائریکٹر ہیں اور اسٹیٹ ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (ICAP) اور اسٹیٹ ٹیوٹ آف کارپوریٹ سیکرٹریز آف پاکستان کی فیلو ممبر ہیں۔ آپ کو اکاؤنٹنگ، آڈیٹنگ، فنانش اور کارپوریٹ گورننس کا 30 سال تجربہ حاصل ہے۔

جناب عبدالرحیم سوریا کو بورڈ میں خود مختار ڈائریکٹر مقرر کیا گیا ہے۔ آپ ایک منجھے ہوئے پروفیشنل ہیں اور خاص طور پر گورننس پالیسیز اور پائیداری کے معیار سے متعلق اپنی مہارت اور علم پڑتی بزنس اور کنٹرول پروسیس پر آزادانہ رائے دیتے ہیں۔

رواں سال بورڈ کے چار اجلاس منعقد ہوئے۔ بورڈ کے اجلاس میں شرکت کے اخراجات مضاربہ بجٹ کمپنی نے ادا کئے۔



## جائزہ

میں اطلاع دے سکیں۔ یہ ہاٹ لائن ہر ایک کے لئے دستیاب ہے اور کال کرنے والا چاہے تو اس کی شناخت کو خفیہ رکھا جائے گا۔

## اجتماعی سماجی ذمہ داری

مضاربہ اجتماعی سماجی ذمہ داری کو کاروبار کا حصہ تصور کرتا ہے جس کے ذریعہ کمیونٹی میں معاشی، سماجی اور ماحولیاتی بہتری پیدا کر کے ایک پائیدار ترقی کی راہ ہموار ہوتی ہے۔ ایک اچھا کارپوریٹ شہری ہونا مضاربہ کی بنیادی اقدار میں شامل ہے۔



انتظامیہ اور اس گورننس کے تحت کام کرنے والے افراد اپنے اجتماعی شہری ہونے کی ذمہ داری کو اچھی طرح جانتے ہیں اور وہ اس سلسلے میں بہت زیادہ پرعزم ہیں۔ مضاربہ اپنے آپریشنز میں صحت، تحفظ اور ماحولیات کے اچھے اصولوں کو قائم رکھنے کی پابندی کرتا ہے۔ اس کے علاوہ سماجی بہتری کے مقاصد کیلئے تعاون کے سلسلے میں آپ کی کمیونٹی پاکستان میں مختلف کمیونٹیز کو تعاون پیش کرتی ہے۔

اس سلسلے میں ہماری دلچسپی کے شعبہ جات میں معاشرے میں ماحول کا تحفظ، تعلیم، صحت اور سماجی ترقی کے علاوہ دیگر شعبے بھی شامل ہیں۔ کمپنی نے درج ذیل اقدامات میں تعاون پیش کیا:

## سکارلشپس

ہم اپنے ملازمین کی صلاحیتوں کے اعتراف میں ان میں پیشہ ورانہ اہلیت اجاگر کرنے کیلئے میرٹ کی بنیاد پر اسکارلشپس پیش کرتے ہیں جو مالی تعاون کی صورت میں ان کے تعلیمی درجے کی مناسبت سے فراہم کیا جاتا ہے۔

## کھیلوں کی سرگرمیاں

"صحت آپ کے اندر یہ احساس پیدا کرتی ہے کہ یہ سال کا بہترین وقت ہے۔" - الائیڈ میڈ ہم سمجھتے ہیں کہ ذہنی تھکاوٹ کو متوازن رکھنے کیلئے جسمانی سرگرمی لازمی ہے جس کے تحت کھیلوں کا فروغ ہماری سی آر سرگرمیوں میں انتہائی اہم حیثیت رکھتا ہے۔ کھیلوں کی سرگرمیوں کے فروغ کیلئے ہمارا ان ہاؤس اسپورٹس کمپلیکس اور جمنازیم موجود ہے جہاں ملازمین کو کھیلوں اور صحت کی سرگرمیوں کو اپنے معمول کا حصہ بنانے کی حوصلہ افزائی کی جاتی ہے۔

## ملازمین کی صحت اور تحفظ COVID-19

الائیڈ رینٹل مضاربہ نے معروف لیبارٹریز کے اشتراک سے ایک صحت کیمرپ کا انتظام کیا جہاں کراچی اور لاہور کے علاقائی دفاتر کے ملازمین کے مفت میڈیکل ٹیسٹ کئے گئے اور فزیشنز نے ملازمین کو مشورے دیئے۔ اس مہم کے ذریعہ صحت مند زندگی کی آگاہی دینے میں مدد ملی۔ اس کے علاوہ اپنے تمام دفاتر کی حدود میں سخت ضابطے نافذ کئے گئے جن کے مطابق اسٹاف، کسٹمرز، کنٹریکٹرز اور مہمانوں کی صحت اور تحفظ کو یقینی بنانے کیلئے بین الاقوامی اور حکومت کی جانب سے فراہم کردہ رہنما ہدایات پر عمل نیر COVID-19 کے پھیلاؤ کو روکنے کو یقینی بنایا گیا۔

ہر سہ ماہی میں کم از کم ایک بار بورڈ کا اجلاس ہوتا ہے جس میں مضاربہ کی مالیاتی کارکردگی، مالیاتی آپریشن کے بجٹ اور اندازے، کاروبار میں اضافہ اور اس کی ترقی کے منصوبوں، سرمایہ کاری کے اخراجات کی تجویز اور کارکردگی کے دوسرے بنیادی اشارات پر غور کیا جاتا ہے۔ تمام مادی سرمایہ کاری کے اخراجات کا بعد از تکمیل 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 کا جائزہ 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 مناسب اظہار، 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 آڈٹرز سے اندرونی کنٹرول کے بارے میں رپورٹس وصول کرتا ہے اور کنٹرول کے موثر ہونے کی نگرانی کے لئے طریقہ کار کا جائزہ لیتا ہے۔ آڈٹ ڈپارٹمنٹ شریعہ ایڈوائزر سے بھی قریبی رابطے میں رہتا ہے اور تمام کاروباری سرگرمیوں پر عمل درآمد کے لئے رہنمائی حاصل کرتا ہے۔

## وسل بلور (Whistle Blower) کا طریقہ کار

بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق Whistle Blower کا نظام تشکیل دیا ہے۔ کئی مواقع ایسے ہوتے ہیں جب لوگ براہ راست اپنے منیجر کو شکایات 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 جو ملازمین استعمال کر سکیں گے۔

یہ پالیسی مسائل پر کھلی گفتگو کی حوصلہ افزائی کرتی ہے اور مضاربہ کے ضابطہ اخلاق پر عمل درآمد کے حوالے سے نیک نیتی کے ساتھ کسی مسئلے کی اطلاع دینے والے کو کسی نقصان کا خدشہ نہیں ہوگا۔ اس پالیسی کے تحت تمام اطلاعات کو خفیہ رکھا جائے گا اور الزام لگانے والے فرد کی شناخت بھی خفیہ رہے گی تا وقتیکہ کسی تحقیق میں رکاوٹ یا پیش رفت کے لئے ظاہر کرنا ضروری نہ ہو۔ تاہم تفتیش کے طریقہ کار میں معلومات کا ذریعہ ظاہر کرنے اور مطلع کرنے والے فرد کو گواہی کے لئے 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 چاہئے (اگر اسی شخص کے بارے میں شکایت نہ ہو) اور ایسی صورت میں آڈٹ کمیٹی کو ریکارڈ رکھنے اور نگرانی کے لئے درج ذیل طریقہ کار کے مطابق تحریری اطلاع دینی چاہئے۔



- معاملے کی تاریخ اور پس منظر اور (مع متعلقہ تواریخ)
- وجہ کہ اس مسئلہ سے ان کا کیا تعلق ہے۔

## شکایت کے متبادل طریقے

آزاد ہاٹ لائن:

ایک بیرونی ایجنسی کے تحت کام کرنے والی خود مختار کمپلائنس ہاٹ لائن کے ذریعے ملازمین کو یہ موقع حاصل ہے کہ مالیاتی رپورٹنگ یا دوسرے معاملات میں ممکنہ بے ضابطگی کے بارے

## 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 مضابطوں 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 کے لئے:

- 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 بونس سرٹیفکیٹ پیش کر کے ان کو شفاف آمدنی فراہم کریں گے۔
- ۳۔ اپنے ریٹیل اثاثہ جات کے پورٹ فولیو کے مختلف شعبہ جات کے لئے مضاربہ کے طویل المدت ترقی اور پائیداری کے منصوبے تیار کریں گے۔ ریٹیل کے کاروبار میں سرمایہ اور مزدور دونوں ہی 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 کرنے 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 آپریٹنگ 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 کے لئے بلکہ صارفین کو معیاری خدمات فراہم کرنے کے لئے بھی ضروری ہے۔

## گورننس فریم ورک

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 طرز عمل کے مطابق بنا دیا ہے۔



بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ اندرونی کنٹرول پر خصوصی توجہ دیتے ہیں جس پر عمل کرنا مضاربہ کے ہر ملازم کیلئے لازمی ہے۔

بورڈ آف ڈائریکٹرز ایک کھلے ذہن، اخلاقیات، سمجھداری اور جامعیت پر مبنی منجمنٹ فراہم کرنے اور اس کو کامیاب اور موثر بنانے کے لئے بہترین کارپوریٹ گورننس کی تشکیل اور اس پر عمل درآمد کا ذمہ دار ہے۔ مختصر یہ کہ بہترین کارپوریٹ گورننس مضاربہ کی قدر بڑھانے اور اس کی پائیدار ترقی کا اہم ذریعہ ہے۔ کارپوریٹ گورننس کو بہتر سے بہتر بنانے کا عمل جاری ہے اور اس کا مقصد بین الاقوامی مروجہ طریقہ کار کے معیار کو اپنانا ہے۔

## کنٹرول کی سرگرمیاں

مضاربہ نے کاروباری آپریٹنگ 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 باہمی طور پر مل کر اس کو موثر بنایا جائے۔

کیٹر پلر برانڈ کے نام کی قوت اور گزشتہ سالوں میں نئی ٹیکنالوجیز، نئی پروڈکٹس، نئی مارکیٹس اور نئے شعبہ جات میں ہماری مسلسل سرمایہ کاری کی حکمت عملی کے سبب ہمیں ملک میں تمام شعبہ جات میں سب سے کم کیپٹل کی لاگت کے ریٹیل سیٹ اپ میں بہترین پوزیشن حاصل ہوئی ہے۔ اس سے ہمیں مارکیٹ میں قیمتوں کے چیلنج کا مقابلہ کرنے کیلئے مسابقتی برتری حاصل ہوئی ہے اور اس چیلنج والے کاروباری ماحول میں ہم صارفین کو موثر قیمتیں پیش کر رہے ہیں۔ COVID-19 کی غیر یقینی کیفیت، معاشی ترقی کی کمی اور انفراسٹرکچر اور ڈیولپمنٹ پر ڈیجیٹل کے لئے فنڈز کی تقویض کے سبب 2020-21 میں بھی چیلنج موجود رہے گا۔ ہمیں صورتحال کا باقاعدگی کے ساتھ محتاط طور پر جائزہ لینا ہوگا اور اپنی سرمایہ کاری کے منصوبوں کو حتمی شکل دینے سے پہلے حکومت کی جانب سے معیشت کے رخ کے تعین کا انتظار کرنا اور دیکھنا ہوگا۔ ہماری مضاربہ کی ٹیم کے تمام لوگ بشمول نیچرے ٹیکسٹیشن اور ڈرائیورز آپریٹرز اپنے صارفین کو پاور سے لائسنس تک ہر قسم کے سامان کیلئے مکمل ریٹیل سلوشن پیش کرنے میں مستعد ہیں۔ اپنے کاروباری آپریٹنگ میں دانشمندانہ پالیسیز اور منظم ہونے کی بناء پر ہم کو بھرپور سہہ کے آنے والے سال میں ہم اپنے اہداف حاصل کرنے میں کامیاب ہوں گے۔ انتظامیہ اپنے ریٹیل فلیٹ میں مسلسل اضافہ کر رہی ہے اور توقع ہے کہ 2020-21 میں ہماری سرمایہ کاری انفراسٹرکچر اور بڑے ڈیم کے پروڈکٹس کیلئے پروڈکٹس کی طلب پورا کرنے کیلئے زیادہ ترزیعی حرکت کرنے والی اور ڈیٹیلز کے شعبہ جات پر ہوگی۔

اس کے باوجود کہ ہمارے ملک کو کئی طرح کے چیلنجز کا سامنا ہے پھر بھی ہم سمجھتے ہیں کہ ہمارا ملک قدرتی وسائل سے مالا مال ہے جو قراقرم کے پہاڑی سلسلے سے بلوچستان کے پہاڑی علاقوں تک ہمارا ملک قدرتی نعمتوں سے مالا مال ہے۔ ہمارے ملک میں بھرپور قدرتی وسائل موجود ہیں اور وسیع زرعی 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 کے لئے پوری طرح تیار ہیں۔ 220 ملین کی آبادی کے ساتھ ہمارا ملک ہر طرح کی سرمایہ کاری کے لئے ایک بڑی مارکیٹ ہے، چاہے وہ توانائی پیدا کرنے کی بڑھتی ہوئی مانگ میں صنعتی سرمایہ کاری ہو یا مشہور FMCG برانڈز کے ساتھ پائرنٹس سے لے کر جینس کے شعبہ میں سرمایہ کاری کرنا ہو یا سی پیک کے فرنٹ پر کارگو کی نقل و حمل کا معاملہ ہو یا ڈیم/انفراسٹرکچر ڈیولپمنٹ پروڈکٹس کیلئے زمین پر حرکت کرنے والے سامان اور مشین کا شعبہ ہو۔

انتظامیہ ریٹیل انڈسٹری کی گنجائش، سی پیک کی ڈیولپمنٹ اور مضاربہ کیلئے بے شمار مواقع پیدا ہونے کیلئے پرامید ہے لیکن اس کے ساتھ ریٹیل پاور کے شعبہ کیلئے بہت محتاط اور دانشمندانہ طریقے سے انتخاب کرے گی۔ ہم ہمیشہ صارفین کے اطمینان کو اولین ترجیح دیتے ہیں اور یقین دلاتے ہیں کہ ہم اپنے کاروباری امور میں اسلامی شریعہ کے اصولوں کی پاسداری کرتے ہیں۔

مزید COVID-19 وبا کی غیر یقینی صورتحال کمپنی کی منفعت کیلئے ایک مستقل خدشہ ہے۔ ابھی یہ واضح نہیں ہے کہ اگلے سال مارکیٹ کے حالات کیسے ہوں گے اور اس غیر یقینی کے مطابق بورڈ آف ڈائریکٹرز اور انتظامیہ اندرونی استعداد اور قیمتوں میں کوئی کے ذریعہ شیبز ہولڈرز کی اقدار کو بہتر بنانے کی کوششوں پر توجہ جاری رکھے گی جو کمپنی کی بنیادی قوت ہیں۔

ہمیں اپنے ملک اور صارفین کے ساتھ اپنے عہد کا پورا احساس ہے اور ہم معیشت کے ہر شعبہ میں ان کے ساتھ کام کرتے رہیں گے اور ان کی ریٹیل 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 ریٹیل پروڈکٹس میں نئی سرمایہ کاری کرتے رہیں گے۔ ہم اسلامک اجارہ ریٹیل پروڈکٹس بھی پیش کر رہے ہیں اور اپنے صارفین کی ضروریات پوری کرنے کے لئے دن رات سرگرم عمل ہیں۔

ERP پر عمل درآمد سے مضاربہ کو درج ذیل فوائد حاصل ہوئے ہیں:

**بھری پورڈاتی ڈیش بورڈز**  
پاور BI کی امتیازی خصوصیت معلوماتی ڈیش بورڈز ہیں جو کسی بھی ادارے کی حقیقی ضرورت پوری کرنے کیلئے منتخب ہوتے ہیں۔ آپ ایک منفرد استعمال کنندہ کے تجربے کیلئے ایپلی کیشنز میں ڈیش بورڈز اور BI رپورٹس کو آسانی کے ساتھ شامل کر سکتے ہیں۔

### رپورٹس کو بحفاظت شائع کریں

یہ ذریعہ (Tool) آپ کو خود کارڈیٹاری فریش سیٹ اپ کرنے اور رپورٹس کو شائع کرنے میں مدد دیتا ہے جو تمام استعمال کرنے والوں کو جدید ترین معلومات فراہم کریں۔

### کسی خصوصی ٹیکنیکل سپورٹ کی ضرورت نہیں

پاور BI بغیر کسی خصوصی ٹیکنیکل سپورٹ کے تیز تر انکوائری اور تجزیہ فراہم کرتا ہے۔ یہ طاقتور قدرتی زبان کے رخ کو سپورٹ کرتا ہے اور فطری گرافیکل ڈیزائن ٹولز کا استعمال کرتا ہے۔

### کاروباری دانشمندی کو تیزی سے اور درستی کے ساتھ کشید کرتا ہے

یہ ہمارے انٹرنیٹ کے ڈیٹا کو بھرپور ویڈیو کلیمز میں تبدیل کرتا ہے اور اس طرح بہتر فیصلہ سازی کیلئے کاروباری دانشمندی کو کشید کرتا ہے۔

اس سال کے دوران میں آئی ٹی پروجیکٹ پر 30 جون 2020 تک کی گئی کل سرمایہ کاری کی قسط وار ادائیگی کے لئے اکاؤنٹس میں حاصل کردہ 2.3 بلین روپے چارج کئے گئے۔

### مستقبل کے امکانات

مختلف میکرو اکنامک کے عوامل کے ساتھ وبا کے پھیلاؤ نے معاشی سرگرمی کو سست کر دیا اور غیر یقینی کیفیت میں اضافہ کر دیا۔ تاہم توقع کی جاتی ہے کہ سی پیک پروجیکٹس پر از سر نو توجہ، حکومت کی جانب سے ترقیاتی پیننج اور ڈسکاؤنٹ ریٹس میں کمی سے مالی سال 2020-21 میں معیشت پھر تیزی سے آگے بڑھے گی۔



ترقی اور سرمایہ کاری کی حوصلہ افزائی کیلئے SBP نے وبا کے فوراً بعد مارکیٹ کی ضروریات کو بڑھانے کے پیننج سے مقابلے کیلئے فوری طور پر لیز کی ادائیگیوں کو موخر کرنے اور مارک اپ اڈسکاؤنٹ ریٹس میں رفتہ رفتہ کمی کی۔ مارک اپ ریٹس میں کمی سے مضاربہ کی منفعت کو نمایاں مدد ملے گی کیونکہ ہمارا اندازہ ہے کہ آنے والے سالوں میں ہمارے مالیاتی چارجز میں کمی آئے گی۔ کم مارک اپ سے ریٹیل اثاثہ جات میں ہماری سرمایہ کاری کی اہلیت کے معیار کو بھی مدد حاصل ہوگی۔ تاہم پاکستانی روپے کی قدر میں کمی ایک دائمی چیلنج ہے جو پارٹس اور استعمال ہونے والی اشیاء کی قیمتوں میں مسلسل اضافے کا سبب ہے۔ اور عام افراط زر کا باعث ہے جو قیمتوں کے اضافے سے ہم آہنگ نہیں ہے۔

COVID-19 کی غیر یقینی کیفیت سے آنے والے سال میں معیشت کیلئے ایک اور چیلنج کا سامنا ہوگا کیونکہ ایک طرف اضافی گنجائش اور دوسری جانب مارکیٹ کے جمود سے مقابلہ سخت ہوگا۔

- پوائنٹ سلوشن کے برخلاف (جو ماضی میں چھوٹے اور درمیانے درجے کے کاروبار میں استعمال ہوتا تھا) اور متعدد (بعض اوقات ڈپلی کیٹنگ) معلومات پر انحصار کرنا پڑتا جس سے آئی ٹی کے ذرائع پر دباؤ پڑتا ہے، ERP سلوشن پورے کاروبار کو چلانے کیلئے صرف ایک ایپلیکیشن کے استعمال کا معیاری حل پیش کرتا ہے۔ اس سے نہ صرف استعداد بڑھتی ہے بلکہ ملکیت کا مجموعی خرچہ (TCO) بھی کم پڑتا ہے، جس کا مطلب ہے آپریشن کے اخراجات کم اور مضاربہ کی منفعت میں اضافہ۔
- مالیاتی امور پر زیادہ سخت کنٹرول کے ساتھ کیئر فیلر فائینانس رائٹل عمل درآمد ڈیکلین اور عمل درآمد کی رپورٹنگ کے قانونی طریقے
- پروڈکٹ اور خدمات کی معلومات مثلاً سپلائرز، وینڈرز اور کسٹمرز کے آرڈرز اور پروڈکٹ کی تفصیلات صرف ایک ڈیٹا کے ذریعے حاصل ہوتی ہیں۔ پروڈکٹ کی ڈیولپمنٹ اور اس کے پیش کرنے سے متعلق تیزی سے معلومات فراہم کرنے سے کمپنی کے مجموعی مارکیٹ شیئر میں اضافہ ہوتا ہے۔
- اہم مجموعی معلومات تک رسائی میں اضافے سے کاروبار کا واضح عالمی سطح کا منظر نامہ سامنے آتا ہے، جس سے مسلسل بہتری کی حکمت عملی سامنے آتی ہے اور کارکردگی کے عام پیمانے اور اقدامات وضع کر کے کاروبار کی صورتحال کا اندازہ کیا جاسکتا ہے۔
- منصوبوں کو موثر طور پر مرتب کرنے سے ترقیاتی عمل سے لے کر آپریشن کے تمام مراحل میں ہر اہم سطح پر مکمل فیصلہ سازی آسان۔
- ذرائع اور خریداری کے مرتب طریقہ کار سے پروڈکٹ کو صارفین کی طلب سے ہم آہنگ کرنے 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 طریقہ کار، جیسے ایک ہی سسٹم کے ذریعہ انوائس کرنا اور سیلز اور خریداری کے آرڈر دینا جس سے آئندہ کیلئے اندازے زیادہ درست ہوتے ہیں اور ناخوشگوار کارکردگی کے امکان کم سے کم ہوتے ہیں۔ اسی طرح بلنگ اور صارفین سے دیگر باہمی رابطوں کی معلومات صرف ایک عمل کے ذریعہ حاصل ہونے سے خدمات کا معیار بہتر ہوتا ہے اور صارفین کی وابستگی برقرار رہتی ہے۔

### ٹریپ منجمنٹ سسٹم میں اضافہ

فلٹیٹ کی مکمل منجمنٹ TMS سسٹم کے ذریعہ کی جاتی ہے جو AX میں موڈیول کے طور پر تیار کیا گیا ہے، یہ نظام ہمارے بنیادی مالیاتی نظام کے ساتھ مکمل طور پر جڑا ہوا ہے جس سے ہمیں اپنے ٹریپس کو زیادہ مستعدی کے ساتھ کنٹرول اور مانیٹر کرنے میں مدد ملتی ہے اور یہ ہمارے لائسنس کے کاروبار کی گہری اندرونی صورتحال فراہم کرتا ہے۔ سال کے دوران میں متعدد مالیاتی رپورٹس، مالیاتی اور آپریشنل معلومات کا موازنہ اور تجزیاتی رپورٹس کو سسٹم میں شامل کیا گیا تاکہ کاروبار کی وسعت کی پیمائش کی جائے۔

### مانکرو سافٹ پاور BI

پاور BI گزشتہ سال شروع کیا گیا تھا جس کا مقصد ہمارے رپورٹنگ کے اسٹریکچر کو اعلیٰ بنانا اور اپنے ڈیٹا میں کو ممکنہ گہرائی تک بجانا تھا۔

بڑا آئیڈیا اپنے شعبہ کے رجحانات اور آپریشنل رپورٹنگ پر توجہ مرکوز رکھنا تھا۔

پاور BI استعمال کرنے کے فائدے

موجودہ ایپلی کیشنز کے ساتھ مضبوط رابطہ رکھتا ہے۔

پاور BI آپ کے موجودہ کاروباری ماحول کے ساتھ آسانی سے جڑ جاتا ہے اور ہمیں تجزیاتی اور رپورٹنگ کی صلاحیت اختیار کرنے میں مدد دیتا ہے۔



الاقوامی براٹرز مانے جاتے ہیں جن کی طلب ریٹیل کے شعبہ کے ساتھ استعمال شدہ ایکویپمنٹ مارکیٹ دونوں میں مقامی اور بین الاقوامی طلب موجود ہے۔ ہمارا معیاری سامان اوسط اثاثہ کی قیمت کی بناء پر اپنے مسابقتی اداروں کے مقابلے میں بھروسہ مند کوالٹی کے سامان کی پرکشش مارکیٹ ریٹس اور قیمت پر دستیابی کے لحاظ سے ہم کو امتیازی حیثیت حاصل ہے۔

سی بی کے کوریڈور کے تحت چین کو اسے سامان کی نقل و حمل شروع ہونے سے ایک اور بڑا موقع حاصل ہوا ہے اور ہمارا کاروبار کا شعبہ اس محاذ پر اس سنبھری موقع سے پوری طرح آگاہ ہے۔ اس سلسلے میں کاروبار کی ابتدا میں کئی مشکلات اور ٹخن مرحلوں سے نکل کر اب ہم اس شعبہ کے بارے میں بہتر معلومات حاصل کر کے منافع بخش ترقی کی راہ پر آچکے ہیں۔

### COVID-19 اور کاروبار پر اس کے اثرات

COVID-19 کے عروج کے مہینوں میں بندش کے باعث کچھ عرصے کی تاخیر کے علاوہ ہم کو اپنی قابل وصولی و قوم کیلئے کوئی نمایاں رکاوٹ پیش نہیں آئی۔ مضاربہ پر پروڈکشن ریگولیشنز کے اطلاق سے ہمارے اکاؤنٹس میں 97 ملین روپے کا اضافی پروویژن حاصل ہوا۔

کورونا وائرس (COVID-19) کو عالمی صحت کے ادارے نے 11 مارچ 2020 کو عالمی وبا قرار دیا جس نے پاکستان سمیت دنیا بھر کے ملکوں کو متاثر کیا۔ بین الاقوامی رہنما ہدایات اور تہنہات کے مطابق حکومت پاکستان نے COVID-19 کے پھیلاؤ کو روکنے کیلئے فوری اقدامات کئے۔ ان میں کاروبار کا لاک ڈاؤن، پروازوں کی معطلی، شہروں کے درمیان نقل و حمل کی پابندی، بڑی تقریبات کی منسوخی وغیرہ شامل ہیں۔ لامحالہ ان اقدامات کے نتیجے میں مجموعی معیشت سست روی کا شکار ہو گئی اور موجودہ مالی سال 2019-2020 میں مارچ سے جون 2020 تک کی مدت میں کئی کاروبار اور معاشی سرگرمیاں معطل ہو کر رہ گئیں۔

### منافع منقسمہ:

بورڈ ہمسرت %7.5 فیصد نقد منافع منقسمہ یعنی ہر 10 روپے کے سرٹیفکیٹ پر 0.75 روپے کا اعلان کرتا ہے۔

### کریڈٹ ریٹنگ:

مضاربہ کی انتظامیہ ہمسرت مطلع کرتی ہے کہ JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ نے الا بیڈ ریٹل مضاربہ (ARM) کے ادارے کی ریٹنگ کو طویل المدت کے لئے "A+" (Single A Plus) اور قلیل المدت کے لئے "A-1 (Single A One)" کی کیٹیگری میں برقرار رکھا یعنی ایک مرتبہ پھر ریٹنگ ایجنسی نے مضاربہ کی کارکردگی اور مالیاتی ذمہ داریاں پوری کرنے کی صلاحیت پر اعتماد کا اظہار کیا۔

### انفارمیشن ٹیکنالوجی

مضاربہ کے کثیرالجہتی ریٹیل کاروبار کے پورٹ فولیو میں ترقی کے تسلسل اور اثاثہ جات کی بنیاد 13 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 ریٹیل کاروبار کی ضروریات کیلئے مائیکروسافٹ AX ڈائنامکس کو انگریڈڈ add on جرمن ٹیس کمپیوٹر سافٹ ویئر SYCOR کے ERP حل کا انتخاب کیا ہے۔



مارچ کے آخر سے جون 2020 تک COVID-19 کی مدت میں سیلز اور کلکیشن کے معمولی/عارضی نقصانات کے علاوہ ہمارے کاروبار کے مستقبل پر کوئی نمایاں اثر نہیں پڑا۔ ہم محسوس کرتے ہیں کہ موجودہ جاری اور غیر فعال، دونوں طرح کے اجارہ اثاثہ جات پر بھی کوئی زیادہ برا اثر مرتب نہیں ہوا اور نہ ہی ہمیں اپنے صارفین کی جانب سے قابل وصولی رقومات میں کوئی خلل واقع ہوا۔ اس کے علاوہ لاک ڈاؤن کے دوران میں ہمارے صارفین نے طویل مدت کی تعینات، فیکسڈ ریٹیلز کے اخراجات باقاعدگی کے ساتھ ادا کئے۔ نیز ہماری انتظامیہ نے مستقبل میں منفعیت کے حصول کیلئے بھی تیاری کی ہے اور اس تیاری کے مطابق کمپنی کو مناسب منافع کے حصول کا سلسلہ جاری رہے گا۔ لاک ڈاؤن کے دوران میں ہمارے لاجسٹکس کے شعبہ کا کام بھی جاری رہا اور ہم اپنے صارفین کی خدمت کرتے رہے اور ملک بھر میں ان کو اپنی پروڈکشن فراہم کرتے رہے تاکہ کاروبار کا تسلسل جاری رہے اور ملک میں ضروری پروڈکشن کی دستیابی کو یقینی بنایا جاسکے۔

ہمیں یہ بھی محسوس نہیں ہوا کہ موجودہ جاری اور غیر فعال، دونوں طرح کے اجارہ اثاثہ جات پر بھی کوئی زیادہ برا اثر مرتب نہیں ہوا اور نہ ہی ہمیں اپنے صارفین کی جانب سے قابل وصولی رقومات میں کوئی خلل واقع ہوا۔ ہمارے اجارہ اثاثہ جات میں معیاری براٹرز ایکویپمنٹ جو کٹر پلر جزیرے اور تعمیراتی سامان میں ایکسکوپیٹر، کمپیکٹر، موٹر گریڈرز اور ڈیمبل لوڈرز، SANY کرییز اور کنکر بیٹ پمپس Mitsui-CAT، جاپانی فورک لفٹس، آئلڈ لائیونگ ٹاورز، اسوزہ اور بیٹو جاپانی پرائم موورز اور ٹرکس شامل ہیں۔ یہ سب اعلیٰ معیار کے بین

گزشتہ مدت میں طریقہ کار پر عمل درآمد کا آغاز سافٹ ویئر کیلئے لائسنس کی خریداری، ٹیم ممبرز کی تربیت سے ہو گیا ہے اور مشق مکمل کرنے کے بعد مالیاتی، ریٹیل اور سیلز موڈیول پر عمل درآمد شروع ہو گیا ہے۔

ERP پر عمل درآمد سے مضاربہ کو درج ذیل فوائد حاصل ہوئے ہیں:



نیز احتجاج کے طور پر FBR میں جمع کرائے گئے 50 ملین روپے کو ملا کر ٹیکس اتھارٹیز سے مجموعی قابل وصولی رقم 688 ملین روپے ہوگئی۔ جب کہ حقیقت یہ ہے کہ اس کے نتیجے میں صارفین سے غیر ضروری طور پر ٹیکس کی کوٹنی اور نئے آلات کی درآمد پر اکٹم ٹیکس کی ادائیگی سے فنڈ منجمنٹ میں کیش فلو پر غیر ضروری دباؤ پڑ رہا ہے۔ سال کے دوران میں ہمارے اکاؤنٹس کے اندراج کے مطابق 30 جون 2019 کو ہماری مجموعی قابل وصولی اکٹم ٹیکس کی رقم گزشتہ سال کے 279 ملین روپے سے بڑھ کر 499 ملین روپے ہوگئی۔ اس سے ہمارے کیش فلو اور لیکویڈیٹی پر شدید اثر پڑا ہے اور ترقی اور سرمایہ کاری کے عمل کو بھی نقصان پہنچا ہے۔



ہمارے کاروبار میں تنوع ہونے کے باعث مضاربہ کی سیکرز کی آمدنی میں اب ریٹیل پاور کے کاروبار کا کل حصہ 40% ہے۔ نئی ٹیکنالوجیز کے استعمال سے ایندھن کی بچت اور بہتر معیاری ماحول فراہم ہوتا ہے۔ مضاربہ نے پاور ریٹیل فلیٹ میں متبادل ذرائع کا سلسلہ جاری رکھا ہے۔ فیول کی بچت کی بناء پر مضاربہ کو مسابقتی برتری حاصل ہے اور اپنے صارفین کو بہتر قیمت پیش کر کے زیادہ فائدہ حاصل کرتا ہے۔ گزشتہ سال کی پیش گوئی کے مطابق اس سال تعمیراتی مشینوں اور سامان کے تعین کیلئے بڑے چیلنج سامنے آئے ہیں۔ اس وقت مارکیٹ میں کم قیمت / کم معیار، انویسٹر اور آپریٹرز کے غیر منظم شعبے سے مقابلہ کے ساتھ ساتھ مارکیٹ میں نئے، قابل بھروسہ اور ایندھن کی بچت والے پمپس کیلئے مواقع تلاش کرنے کا چیلنج بھی ہے۔ خصوصی طور پر اسی شعبے کے ہدف کیلئے ایک منظم ڈھانچہ قائم کر دیا گیا ہے۔ فلیٹ کریئرز، ایکسکوپیٹرز، موٹر گریڈرز، مچینکٹرز، ڈبیل لوڈرز، لائٹنگ ٹاورز اور دیگر تعمیراتی سامان پر مشتمل ہے۔

داخلی لاجسٹکس کے شعبہ میں مضاربہ اپنے صارفین، خاص طور پر بولنگ اور پیکجنگ کی صنعت کو CAT فورک لفٹس کے ذریعہ مستقل طور پر مستعد اور با کفایت مکمل 360° حل پیش کر رہا ہے۔

انتظامیہ محسوس کرتی ہے کہ مضاربہ کیلئے مستقبل میں لاجسٹکس کے شعبہ میں سرمایہ کاری اور ترقی کی بڑی گنجائش موجود ہے۔ اس شعبہ میں سرمایہ کاری نہ ہونے، عام سطح کی انجینئرنگ کے استعمال اور مجموعی طور پر انفراسٹرکچر کی غیر موجودگی کے باعث کئی کمزوریاں پیدا ہوئیں جس کے نتیجے میں نقل و حمل کے اخراجات بہت زیادہ ہو گئے۔ ٹراننگ کی صنعت کی رپورٹ میں درج اقدامات اور NHSO 2000 پر عمل درآمد نہ ہونا ٹراننگ کی صنعت کی پائیدار ترقی میں رکاوٹ کا ایک اور بڑا سبب ہے۔ مضاربہ صف اول کے FMCG برانڈز کے ساتھ نقل و حمل کے کٹریٹ کیلئے ریٹیل معاہدے طے کر چکا ہے جس سے ہمارے صارفین کا ہمارے وعدے پورے کرنے کی صلاحیت پر مکمل اعتماد ظاہر ہوتا ہے۔ HSE کے معیارات کا پاسداری ہونے کی اہلیت کے حصول کیلئے مضاربہ SMETA کی رہنما ہدایات کے تحت Responsible Sources Audit پر عمل درآمد کیلئے Bureau Vaeritas Pakistan سے اپنے لاجسٹکس کے کاروبار کی باقاعدگی کے ساتھ تصدیق کرواتا رہتا ہے۔ ہم کو اس شعبہ میں معروف FMCG برانڈز کے ساتھ ترقی کی بڑی گنجائش نظر آ رہی ہے، کیونکہ ہم نے ان کو پاور ریٹیل اور لاجسٹکس ریٹیل دونوں کے کاروبار میں ریٹیل سلوشنز کی خدمات پیش کر کے اچھے تعلقات قائم کئے ہیں۔

کاروبار کے شعبہ جات کو پروڈکٹ کی بنیاد پر منظم کر دیا گیا ہے کیونکہ ہم ہر کاروباری شعبہ کے اہداف مخصوص اور پر عزم سیکرز فورس کے ذریعہ حاصل کرتے ہیں۔ مضاربہ میں بھی نیا آئی ٹی سسٹم "ماکنر و سافٹ AX اور Sycor Rental" شامل کر دیا گیا ہے تاکہ کئی طرح کے کاروباری پونٹس اور شعبہ جات کی ضرورتوں کو پورا کیا جاسکے۔

ہمارے مجموعی قرضہ جات میں کمی کے باوجود موجودہ مدت میں مالیاتی لاگت 300 ملین روپے تک بڑھ گئی جو کہ گزشتہ سال 288 ملین روپے تھی۔ اس کی وجہ اوسط مارک اپ ریٹس میں اضافہ تھی۔

سیونگ اکاؤنٹ کے منافع اور اسکرپ کی فروخت سے بالترتیب 3.8 ملین روپے اور 19.4 ملین روپے کی آمدنی ہوئی۔ پرانے پونٹس کی فروخت سے 4.4 ملین روپے حاصل ہوئے جبکہ 2019 میں 80 ملین روپے کا فائدہ ہوا تھا۔

مضاربہ پر لاگو پروڈنٹیل ریگولیشنز کی مدت میں اس سال 96 ملین روپے ادا کئے گئے جبکہ گزشتہ سال 103 ملین روپے ادا کئے گئے تھے۔ اس کی وجہ 30 جون کے اختتام پر قابل وصولی رقم کا کم ہونا تھی۔ مشین ریٹیلر میں وصولی کی مدت زیادہ ہوتی ہے اور ایسا ہمیشہ کٹریٹرز کو وفاقی یا صوبائی حکومتوں یا ایسی دیگر کٹریٹس سے متعلق اداروں سے فنڈز کی تاخیر سے ریلیز کی بناء پر ہوتا ہے۔

اسسٹنٹ کمشنر آف ان لینڈ ریونیو کی جانب سے فیڈرل ایکسائز ڈیوٹی (FED) کی مد میں مجموعی رقم 838.6 ملین روپے (مضاربہ کی کل رسیدوں پر بحساب 16% برائے ٹیکس کے سال 2014 اور 2015) مع متعلقہ ڈیفالٹ سرچارج اور لاگو جرمانہ کے دعوے کے خلاف مضاربہ مقدمہ لڑ رہا ہے۔ اس سلسلے میں مضاربہ نے کمشنر ان لینڈ ریونیو - ایبیلز (سرکل اے) میں 16 مارچ 2016 کو اپیل دائر کی تھی۔ نیز احتجاج کے طور پر مضاربہ نے درج بالا مدت میں FBR کو 50 ملین روپے کی رقم جمع کرائی تھی۔

انتظامیہ کے خیال میں پاکستان کے آئین میں 18 ویں ترمیم کے مطابق سیکرز جمع کرنے کی ذمہ داری صوبوں کو دے دی گئی ہے۔ اس لحاظ سے مضاربہ نے معزز عدالت عالیہ سندھ (SHC) میں آئینی درخواست جمع کرائی تھی جس کے جواب میں SHC نے مضاربہ کو ایک عبوری حکم نامہ جاری کیا تھا۔ SHC نے 2 جون 2016 کو درخواستوں پر فیصلہ سنایا جس میں SHC نے FED AR M کو 'قانونی اختیارات سے باہر' (Ultra vires) قرار دیا جو یکم جولائی 2011 سے موثر ہے اور تمبیہ کی کہ FBR کی جانب سے اگر کوئی ڈیوٹی وصول کی گئی ہو تو وہ واپس کر دی جائے۔

اس سلسلے میں حریف پارٹی نے درج بالا عدالتی حکم نامے کے خلاف معزز عدالت عظمیٰ پاکستان میں اپیلیں دائر کیں تھیں جن کی سماعت التوا میں ہے۔



مضاربہ کو اکٹم ٹیکس آرڈیننس 2001 کے سینڈ شیڈول کی شق 100 کی رو سے مضاربہ کو ٹیکس سے استثنیٰ حاصل ہے۔ تاہم گزشتہ سالوں کے دوران میں استثنیٰ کو تسلیم نہیں کیا گیا تھا اور اس کے نتیجے میں اکٹم ٹیکس سے قابل وصولی رقم گزشتہ سالوں کے 499 ملین روپے سے بڑھ کر 30 جون 2019 کے اختتام پر 638 ملین روپے ہوگئی۔

دیگر ARMY کنٹریکٹرز کے ساتھ تعین پر ہے، تاہم پورے سال میں قابل وصول رقومات کی بروقت ادائیگی ایک چیلنج رہی۔

سال کے دوران میں کاروباری عمل جاری رکھنے کے اخراجات 12% کمی کے ساتھ سیکلر کے لحاظ سے 2,502 ملین روپے ہو گئے جب کہ گزشتہ سال یہ اخراجات 2,907 ملین روپے تھے۔

اس کے مطابق مجموعی مارجن کی شرح فیصد گزشتہ سال کی 24% سے بڑھ کر موجودہ سال میں



25% ہو گئی جو تقریباً 869 ملین روپے ہے۔ اس کی بڑی وجہ سال کے دوران میں فرسودگی کے اخراجات کا 719 ملین روپے سے کم ہو کر 517 ملین روپے ہونا تھی کیونکہ اثاثہ جات اپنی بقایا قیمت کو پہنچ گئے تھے اور سال کے دوران میں سرمایہ کاری کم ہوئی اور ہمارے بعض طویل مدت کے BOT کنٹریکٹ اپنی تکمیل کی مدت کو پہنچ گئے تھے۔

کاروباری عمل کی تنخواہیں اور اجرتیں گزشتہ سال کے 921 ملین روپے سے 84 ملین روپے کی کمی کے ساتھ اس سال 837 ملین روپے ہوئے جس کی وجہ ہمارے اثاثہ جات کی کم تعین اور انتظامیہ کی جانب سے سخت کنٹرول کرنا تھی۔

پاکستان میں ہنرمند افراد کی شدید کمی ہے اور مجموعی طور پر ان کا معیار بھی کم ہے۔ اس بناء پر مشینز اور کیریئر کے شعبہ کی ترقی کو بڑا چیلنج درپیش ہے کیونکہ اجرتیں زیادہ ہیں اور مجموعی طور پر ہنرمند افراد کی تعداد بہت کم دستیاب ہے۔ اس سال ہم اپنے پروجیکٹ Schlumberger Schlumberger کے معیار کی صلاحیت کے ڈرائیور کی تلاش ہمارے لئے بڑا چیلنج رہا۔

موجودہ سال میں مرمت اور دیکھ بھال کے اخراجات 135 ملین روپے کی کمی کے ساتھ 290 ملین روپے ہوئے جب کہ گزشتہ سال کے اخراجات کی رقم 425 ملین روپے تھی۔ اس کی وجہ انتظامیہ کے لاگت پر سخت کنٹرول کے اقدامات کرنا تھی۔ فلیٹ کی گاڑیوں کے چلنے کے اخراجات مختلف عوامل کی بناء پر 13% اضافے کے ساتھ 811 ملین روپے ہو گئے جن میں Km سفر میں اضافہ اور اس کے نتیجے میں سیکلر میں اضافہ، ڈیزل کی قیمت میں اضافہ کرنسی کی قدر میں کمی اور درآمدی ڈیوٹی میں اضافے کے ساتھ لبریکنٹ کی قیمت میں اضافے کے باعث ٹائروں کی قیمت میں اضافہ شامل ہے۔ فلیٹ کی گاڑیوں کے چلنے کے اخراجات کا بڑا حصہ ڈیزل فیول کا ہے جو کل اخراجات کا تقریباً 65% ہے۔

اس سال کے دوران میں نکافل انشورنس چارجز گزشتہ سال کے 41 ملین روپے سے کم ہو کر 38 ملین روپے ہوئے جس کی وجہ انشورنس کمپنی کے ساتھ ریٹس پر بہتر گفت و شنید تھی۔

انتظامی امور اور فروخت کے اخراجات گزشتہ سال کے 235 ملین روپے کے مقابلے میں بڑھ کر 248 ملین روپے ہو گئے۔ تنخواہوں اور اجرتوں میں عموماً کوئی تبدیلی نہیں ہوئی۔ مضارے میں مسلسل اضافہ ہو رہا ہے اور ہم اپنے کاروبار کے پورٹ فولیو لائسنس، کریں، تعمیراتی سامان اور دوسرے کاروباری شعبہ جات میں اضافہ کر رہے ہیں۔ جس کیلئے انتظامی کنٹرول پر زیادہ توجہ دینے کی ضرورت محسوس کی گئی اور موثر اندرونی کنٹرول اور ریکارڈ سازی کیلئے ماہرین کی خدمات حاصل کی جا رہی ہیں۔ موجودہ سال میں قانونی اور پیشہ ورانہ چارجز 7.8 ملین روپے ہوئے، جو مختلف ریگولیٹری اور مالیاتی فیوسوں کی ادائیگی، محصولات اور مختلف مسائل کے سلسلے میں مقدمات کے اخراجات کی مدد میں خرچ ہوئے۔

انجن کیلئے رینٹل کے مواقع کا تجزیہ کر رہے ہیں تاکہ اپنے کسٹمرز کو بھروسہ مند اور مستعد پونٹس کی فراہمی سے اپنا مسابقتی امتیاز قائم رکھیں۔ گزشتہ سال کی بہتر دستیابی کے سبب بڑے ڈیزل انجن کا شعبہ دباؤ کی حالت میں رہے گا لیکن شکر ہے کہ ہمارے کچھ طویل مدت کے معاہدے جاری ہیں جو اس شعبہ میں سیکلر برقرار رکھنے کا باعث ہوں گے۔ ہم اپنے کسٹمرز کی بنیاد کو مزید وسیع کرنے کیلئے مسلسل سرگرم عمل ہیں اور ہمیں ان پونٹس کے طویل مدت کے لئے تعین کے امکانات تلاش کر رہے ہیں۔

اس سال کے دوران میں ہمارے داخلی اور خارجی نقل و حمل (لاجسٹکس) کے شعبہ کی زبردست کارکردگی جاری رہی اور فروخت کے سلسلے میں 1.6 بلین روپے کی ریکارڈ آمدنی حاصل ہوئی جو ہماری کل سیکلر کے پورٹ فولیو کا تقریباً نصف ہے۔

داخلی نقل و حمل کے شعبہ میں نئے صارفین اور نئے باکفایت پونٹس اور موجودہ صارفین کیلئے فورک لفٹس، ٹریکٹر، ایلیز اور پلانٹ سائٹ پر پلانٹ کی حدود میں نقل و حمل کو سنبھالنے کیلئے رینج ٹرکس کی تعیناتی کے سبب یکساں رفتار سے ترقی کا عمل جاری رہا۔ معیار پر سمجھوتہ کئے بغیر رینٹل تعین کیلئے مطلوب فورک لفٹ پونٹس کیلئے ہم نے اپنے ذرائع جاپان سے چین کی طرف منتقل کر دیئے جس کیلئے درکار کپٹل میں تقریباً 40% کمی آئی۔ اس طرح بہتر قیمت اور زیادہ مارجن کے ساتھ ہماری مارکیٹ میں پہنچنے میں مزید اضافہ ہوگا۔ داخلی شعبہ میں ہمارے بلیو چیس کمپنیوں کے ساتھ کئی طویل المدت معاہدے ہیں جو پلانٹ اور ویرہاؤس میں نقل و حمل کیلئے 24/365 کی بنیاد پر کئے گئے ہیں۔

ہمارے خارجی نقل و حمل کے شعبہ کی آمدنی ایک بار پھر 1 بلین روپے کی حد پار کر گئی۔ ہمارے صارفین کی بڑی تعداد کا تعلق FMCG کے شعبہ کی بلیو چیس کمپنی کے ساتھ ہے جن میں نیسلے، اینگرو، بیپسی ریاض، بولٹرز اور آئل اینڈ گیس کمپنی شلمبرجر (Schlumberger) شامل ہیں۔ ہمارے مضبوط سیٹ اپ اور HSE کی رہنمادایات کی پابندی کے باعث کاروباری صنعت میں ان کی خارجی نقل و حمل کیلئے ہماری کمپنی کو ایک قابل اعتماد وینڈر کی حیثیت حاصل ہے۔ تاہم ہنرمند اور بھروسہ مند افرادی قوت کی عدم دستیابی کے سبب اس کاروبار میں کئی چیلنجز کا سامنا ہے۔ ہم مارکیٹ میں دیگر صارفین کے ساتھ مارکیٹ میں مزید جگہ بنا رہے ہیں اور اگر Axle Load Regime کا نفاذ ہو گیا تو ہم کو ملک میں اس شعبہ کی ڈیولپمنٹ کے علاوہ سی پیک کے حوالے سے بھرپور ترقی کے امکانات نظر آ رہے ہیں۔



CAT مشینز اور SANY کیریئر کے رینٹل کے شعبہ میں جمود جاری ہے جس کی وجہ انفراسٹرکچر میں سرمایہ کاری میں کمی، مجموعی طور پر معیشت کی سست روی، موجودہ سال کے آخر میں COVID-19 کے اثرات اور سی پیک کے منصوبوں کی سست روی ہے۔ ان میں سڑکوں کی تعمیر کیلئے مشینز، کولے اور ایل این جی پر مبنی پاور پروجیکٹس اور ہائیڈرو پاور پروجیکٹس شامل ہیں۔ اس میں ہر قسم کا سامان بشمول ایکسکویٹرز، موٹر گریڈرز، کمپیکٹر ز اور ٹینکر ٹینگ کا سامان اور دیگر ذرائع نقل و حرکت کا سامان شامل ہے۔ اس شعبہ میں 466 ملین روپے کی سیل رجسٹر ہوئی جبکہ گزشتہ سال 518 ملین روپے کی سیل ہوئی تھی۔

اس کاروبار کا ایک اور بڑا چیلنج کنٹریکٹرز کے ادائیگی کے تاثر کا ہے۔ کنٹریکٹرز کی ادائیگی حکومت کی جانب سے اس کے بلوں کی رقم وصول ہونے پر مبنی ہے۔ خاص طور پر جب حکومت بدلتی ہے تو ہر قسم کی ادائیگیاں روک دی جاتی ہیں جس کے نتیجے میں قابل وصول رقومات جمع ہوتی جاتی ہیں۔ اگرچہ اب ہماری بڑی توجہ ان پونٹس کے F W O اور



# ڈائریکٹرز کی رپورٹ

برائے مدتِ مختتمہ 30 جون 2020

الائیڈ رینٹل مضاربہ کی منظمہ کمپنی الائیڈ انجینئرنگ مینجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ مالیاتی گوشوارے برائے سالِ مختتمہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کرتا ہے۔

000 روپے میں

3,635,361

3,299,076

227,521

43,439

281,619

71,454

165,000

45,165

6.76%

4.51%

Rs. 1.03

Rs. 24.33

Rs. 11.05

مالیاتی جھلکیاں

سیلز کی کل آمدنی

سیلز کی خالص آمدنی

منافع برائے سال

غیر مخصوص منافع، گزشتہ سے پیوستہ

مختص کرنے کیلئے دستیاب

سال کے منافع سے 30% کی شرح سے قانونی طور پر محفوظ رقم میں منتقلی

مجوزہ نقد منافع منقسمہ بحساب %7.5 (0.75 فی سرٹیفکیٹ)

غیر مختص شدہ منافع، نئے حساب میں شامل کیا گیا

خالص منافع کا مارجن

ایکویٹی پر آمدنی

آمدنی فی سرٹیفکیٹ

فی سرٹیفکیٹ بریک اپ ویلیو

پاکستان اسٹاک ایکسچینج کو 30 جون 2020 کو پیش کی گئی قیمت

## کاروباری عمل کا جائزہ

انتظامیہ مالیاتی گوشوارے برائے سالِ مختتمہ 30 جون 2020 پیش کرتے ہوئے خوشی محسوس کرتی ہے۔ پاکستان کی معیشت کو پہلے ہی بہت سے چیلنجز کا سامنا تھا اور COVID-19 کی وبا چھوٹ پڑنے اور اس کے بعد مالی سال 2020 کی چوتھی سہ ماہی میں حکومت کی جانب سے لاک ڈاؤن کے نفاذ سے معاشی سرگرمیاں اور بھی سست روی کا شکار ہو گئیں۔

اس کی بڑی وجہ یہ حقیقت تھی کہ مقامی طلب میں نمایاں کمی ہونے کے ساتھ ساتھ معیشت پر بھی دباؤ پڑا جو تمام محاذوں پر پورے سال جاری رہا جس کے نتیجے میں نئے معاہدوں پر جمود طاری ہونے کے علاوہ قیمتوں میں بھی اضافہ ہو گیا۔

معیشت کے ایک ہی جگہ جھے رہنے کی وجہ سے انفراسٹرکچر پروجیکٹس میں سرمایہ کاری کی رفتار بھی سست رہی اور معیشت کے تمام شعبہ جات میں گروتھ ریٹ بھی کم رہا۔ سال کے دوران میں ہماری سرمایہ کاری بھی کم رہی جو کہ 317 ملین روپے ریکارڈ ہوئی جب کہ اس کے مقابلے میں 2016-2019 کے چار سال میں مجموعی سرمایہ کاری 5,120 روپے تھی۔ (اوسطاً 1,280 ملین روپے سالانہ)۔

سال کے دوران میں پاور رینٹل کاروبار سے 1,300 ملین روپے حاصل ہوئے۔ اس کی وجہ مجموعی طور پر تعین کی تعداد میں کمی اور ہمارے پرانے طویل المدت BOT پروجیکٹس کی تکمیل ہونا بھی۔ سینٹ اور ہاؤسنگ سوسائٹیز کے شعبہ جات کی بناء پر ہمارے ڈیزل اور گیس دونوں کے بڑے انجنوں کے شعبہ جات کی سیلز نمایاں رہی۔ LNG کی دستیابی اور اس کے نرخ کے مناسب ڈھانچے کے سبب ہمارے ناتھ کے کسٹمز کیلئے گیس انجنوں کے استعمال میں بہتری آئی۔ ہمارے طویل المدت معاہدے ہمارے صارفین کی جانب سے تسلی بخش ادائیگی کے ساتھ جاری ہیں سوائے ہمارے ایک بڑے HFO صارف کے، جہاں فیکٹری کی بندش کے نتیجے میں HFO پمپس کا کوئی استعمال نہیں ہوا۔ انتظامیہ کو یقین ہے کہ اگلے مالی سال میں اس کا ڈسپوزل ہو جائے گا۔ اس مرحلے پر پاور رینٹل کے ڈیزل اور گیس دونوں شعبہ جات میں نئی سرمایہ کاری کا کوئی منصوبہ نہیں ہے کیونکہ ہمیں معلوم ہے کہ مارکیٹ کی موجودہ ضروریات پوری کرنے کیلئے ہمارا موجودہ فلیٹ سائز کافی ہے۔

گرڈ کی بہتر دستیابی اور صنعتی سرمایہ کاری نہ ہونے سے ڈیزل اور گیس انجن دونوں کے شعبہ جات میں طلب میں کمی آئی اور دونوں میں تعین کا درجہ کم رہا، تعین کئے گئے پمپس کے استعمال کا وقت بھی کم ہوا جس کے نتیجے میں آمدنی میں کم اتار چڑھاؤ ہوا۔ ہم نئی ٹیکنالوجی کے گیس










ان تمام عوامل نے مل کر مضاربہ کے نتائج پر بھی اثر ڈالا اور اس کے باعث سیلز کی مجموعی آمدنی بشمول صوبائی سرومز سیلز ٹیکس 3,635,361 روپے حاصل ہوئی جو کہ گزشتہ سال 4,162,162 روپے تھی۔ اسی لحاظ سے خالص منافع بھی گزشتہ سال کے 383 ملین روپے میں 146 ملین روپے کی کمی کے ساتھ 228 ملین روپے رہا۔



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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 14th Annual Review Meeting of the Modaraba to be held on 27th day of October 2020 and at any adjournment there of.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2020

### WITNESSES:

1 Signature: \_\_\_\_\_

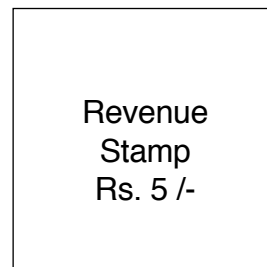
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

CNIC / or: \_\_\_\_\_

Passport No.: \_\_\_\_\_

Signature



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

2 Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

CNIC / or: \_\_\_\_\_

Passport No.: \_\_\_\_\_

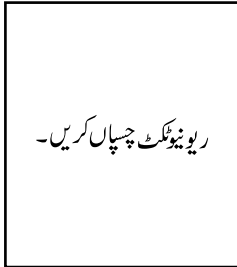
**Note:** Proxies in order to be effective must be received by the Modaraba not less than 48 hours before the meeting. A proxy must be a certificate holder of the Modaraba. CDC Certificate holders and their proxies are each requested to submit attested photocopy of their Computerized National Identity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

# تشکیل نیابت داری

میں اہم \_\_\_\_\_  
ساکن \_\_\_\_\_ بحیثیت الائیڈ رینٹل مضاربہ \_\_\_\_\_ کے  
رکن وحال \_\_\_\_\_ سرٹیفکیٹ بمطابق سرٹیفکیٹ رجسٹرڈ فولیو نمبر \_\_\_\_\_  
اور ایسی 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، 2020 کو منعقد یا ملتوی ہونے والے چودھواں 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: پراسیز 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 سرٹیفکیٹ ہولڈرز اور ان کے پراسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی مضاربہ کو پیش کرنے سے قبل اس پراسیز کے ساتھ منسلک کریں۔



## **Allied Rental Modaraba**

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Management Company (Private) Limited

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Industrial Area, Karachi -74900

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