



**ORIENT**  
RENTAL MODARABA

Helping  
businesses grow



# THIRD QUARTERLY REPORT

March 31, 2020

FOCUSED ON SOLUTIONS

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## Modaraba Information

Modaraba Company  
Eman Management (Private) Limited

Directors of Modaraba Company  
Mr. Muhammad Saeed  
Chairman

Mr. Giasuddin Khan  
Chief Executive

Mr. Joozer Jiwa Khan  
Non-Executive Independent Director

Mr. Nasim Ahmed  
Non-Executive Director

Mr. Ali Akbar Abdullah  
Non-Executive Director

Chief Financial Officer  
Abid Hussain Awan

Company Secretary  
Jamal Ahmedani

Head of Internal Audit  
Oraiba Shehzad

Audit Committee  
Mr. Joozer Jiwa Khan  
Chairman

Mr. Nasim Ahmed  
Member

Mr. Ali Akbar Abdullah  
Member

Human Resource and Remuneration Committee  
(HR&R Committee)

Mr. Joozer Jiwa Khan  
Chairman

Mr. Nasim Ahmed  
Member

Mr. Giasuddin Khan  
Member

Mr. Muhammad Saeed  
Member

Sharia Advisor  
Mufti Ibrahim Essa

Auditors  
BDO Ebrahim & Co

Bankers / Financial Institutions  
Bank Islami Pakistan  
MCB Islamic Bank Limited  
HBL Islamic Bank  
Bank of Khyber  
Meezan Bank Limited  
National Bank of Pakistan  
Askari Bank Limited  
Faysal Bank Limited

Legal Advisor  
Mr. M Hashim Lodhi

Registered Office  
Plot # 9, Sector 24  
Korangi Industrial Area, Karachi  
Phone: 021 - 111 - 676 - 676

Registrar & Share Registration Office  
Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block B, SMCHS  
Main Shahr-e-Faisal, Karachi

## **Vision:**

To become the outsourcing solution provider of choice in the markets we serve.

## **Mission:**

A dynamic, diverse and growth oriented modaraba delivering competitive outsourcing solutions for our customers through a network of professionals ensuring rewards to our stakeholders while fulfilling our corporate social responsibilities.

## DIRECTOR'S REPORT

The Board of Directors of EMAN Management (Pvt.) Limited ("EMAN"), the Management Company of Orient Rental Modaraba ("Modaraba"), has pleasure in presenting un-audited condensed interim financial statements for the third quarter ended March 31, 2020.

The financial highlights are as follows:

<b>Financial Highlights</b>	<b>Third quarter ended March 31, 2020 (Rupees)</b>	<b>Third quarter ended March 31, 2019 (Rupees)</b>
Revenue	929,041,402	966,362,580
Expenses – net	(904,779,838)	(884,519,671)
Profit before Management Fee	24,261,564	81,842,909
Management Company's Remuneration and other provision	(3,171,956)	(10,700,142)
Profit before & after Taxation	21,089,608	71,142,767
Transfer to Statutory Reserve @ 20% of Profit for the period	(4,217,922)	(14,228,553)
Un appropriated profit brought forward	87,638,831	56,914,214
Profit distribution for the year ended June 30, 2019 @ Rs. 1.00 (June 30, 2018 @ Rs. 0.69) per certificate	(75,000,000)	(51,750,000)
Un appropriated profit carry forward	29,510,517	62,365,063
Earnings per Certificate – Basic and Diluted	0.28	0.95
Breakup value per Certificate	10.91	11.21

## Review of Operations

The nine months under review were very turbulent and had some adverse impact on our business. Some of the factors that affected us negatively were, depreciation of Pak Rupee, increase in KIBOR base rate, high cost of imports, increase in cost of spare parts of generators, resulting in decline in earnings per certificate from Rs. 0.27 to Rs. 0.01 in the current period.

The outbreak of COVID-19, started in the end of 2019 proved the proverbial straw that broke the camel's back. It started from China, as we all know, and soon spread to the rest of the world. Global supply chains and international trade have also been severely affected by the outbreak. Countrywide restrictions and lockdowns have affected almost every person and business.

Although the revenue too declined from Rs. 966 million in the comparative period to Rs. 929 million in the current period but not as much as profit which declined from 19% to 13% in the current period. The reason for this decline was that the cost of business mentioned afore had seen an unprecedented rise whereas market was not willing to absorb the cost.

Every cloud has its silver lining and, in our case, it was our ability to retain most of our clients and also able to diversify our business providing us cushion in these trying times.

The Modaraba intends to distribute at least 90% of its profit, as reduced by transfer to statutory reserves, to its certificate holders and therefore no provision on account of taxation is made in the financial statement.

### **Prospects**

The COVID-19 pandemic has emerged as a major event in global history. For Pakistan, this has come at a time when the country was heading towards economic recovery.

The slowdown has already impacted the export sector as international demand has scaled down significantly. Looking ahead, contraction in the large scale industrial production and the agricultural sector is also expected. On the brighter side, the reduction in international oil prices may slightly mitigate the economic slowdown.

As business of ORM is mainly linked with operations of the corporate sector in Pakistan, we are looking forward to removal of lockdown on corporate sector which we hope will result in reviving the operations of the Modaraba.

Currently ORM is taking all necessary measures to ensure continuity of business in view of the evolving developments emerging from the COVID-19 outbreak. It is our priority to ensure that all staff members are safe and healthy while maintaining our ability to serve our clients. We have retained all our staff despite all the adversatives mentioned above.

Notwithstanding prevailing challenges, ORM is still well positioned, as a progressive Modaraba, and we shall continue working towards quality growth and best return to our investors. Our focused strategy remains towards accomplishment of steady performance under the challenging business environment through expanding quality customer base and outreach.

### **Acknowledgement**

The Board wishes to place on record its sincere appreciation to the Registrar Modaraba, Securities & Exchange Commission of Pakistan and Pakistan Stock Exchange for their cooperation, support and guidance for the smooth functioning of the Modaraba.

The Board also acknowledges and appreciates the contribution and efforts of each and every employee of the Modaraba, who by meeting customer expectation and by providing quality service ensured continued business for the Modaraba.



Chief Executive Officer



Director

April 29, 2020



**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)  
AS AT MARCH 31, 2020**

	Note	(Un-audited) March 31, 2020 (Rupees)	(Audited) June 30, 2019 (Rupees)
<b>ASSETS</b>			
Non-current assets			
Fixed assets	4	1,242,415,409	1,195,745,908
Intangible assets		-	404,744
Preliminary expenses and floatation costs	5	2,988,921	11,955,684
Long term deposits		4,698,000	4,698,000
		<u>1,250,102,330</u>	<u>1,212,804,336</u>
Current assets			
Stores, spares and loose tools	6	51,761,361	26,632,841
Receivables	7	210,403,455	168,781,263
Loans, advances and other receivables	8	62,447,130	35,629,597
Tax refunds due from Government	9	142,981,518	124,674,355
Cash and bank balances	10	13,264,791	38,865,706
		480,858,255	394,583,762
Non-current assets classified as held for sale	11	123,959,957	-
<b>TOTAL ASSETS</b>		<u>1,854,920,542</u>	<u>1,607,388,098</u>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves			
Authorised capital			
75,000,000 certificates of Rs. 10/- each		750,000,000	750,000,000
Issued, subscribed and paid-up certificate capital	12	750,000,000	750,000,000
Unappropriated profit		29,510,517	87,638,831
Statutory reserve	13	39,065,129	34,847,207
		818,575,646	872,486,038
Non-current liabilities			
Diminishing musharaka financing	14	315,633,664	291,250,000
Lease liability	15	4,640,844	-
		320,274,508	291,250,000
Current liabilities			
Current maturity of diminishing musharaka financing	14	181,002,783	160,000,000
Current portion of lease liability	15	12,559,589	-
Creditors, accrued and other liabilities	16	522,394,253	283,548,799
Dividend payable		113,763	103,261
		716,070,388	443,652,060
<b>TOTAL EQUITY AND LIABILITIES</b>		<u>1,854,920,542</u>	<u>1,607,388,098</u>
<b>CONTINGENCIES AND COMMITMENTS</b>	17		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2020**

	Note	Nine months ended		Quarter Ended	
		March 31, 2020 (Rupees)	March 31, 2019 (Rupees)	March 31, 2020 (Rupees)	March 31, 2019 (Rupees)
Ijarah rentals – net		581,407,940	639,882,124	196,876,271	199,241,792
Operation and maintenance income – net		347,633,462	326,480,456	110,163,676	105,784,332
		<u>929,041,402</u>	<u>966,362,580</u>	<u>307,039,947</u>	<u>305,026,124</u>
Operating expenses		(812,013,743)	(786,695,153)	(272,759,970)	(250,078,249)
Gross profit		<u>117,027,659</u>	<u>179,667,427</u>	<u>34,279,977</u>	<u>54,947,875</u>
Income on deposits with bank		1,485,206	1,711,048	251,307	559,076
Loss on disposal of fixed assets		(12,148)	199,610	(7,404)	199,610
		<u>118,500,717</u>	<u>181,578,085</u>	<u>34,523,880</u>	<u>55,706,561</u>
Administrative expenses		(43,043,139)	(25,999,820)	(13,363,097)	(11,422,752)
Marketing expenses		(616,006)	(3,811,052)	(33,500)	(1,768,297)
Preliminary expenses and floatation costs		(8,966,763)	(8,966,763)	(2,988,921)	(2,988,921)
Finance costs		(44,848,994)	(34,309,974)	(16,923,073)	(14,650,621)
Reversal / (Provision) against potential ijarah losses and operation and maintenance income		3,235,749	(26,647,566)	-	(1,528,575)
		<u>(94,239,153)</u>	<u>(99,735,175)</u>	<u>(33,308,591)</u>	<u>(32,359,166)</u>
		<u>24,261,564</u>	<u>81,842,910</u>	<u>1,215,289</u>	<u>23,347,395</u>
Modaraba Management Company's fee	18	(2,426,156)	(8,184,291)	(121,528)	(2,334,739)
Provision for Sindh Sales tax on Modaraba management fee		(315,400)	(1,063,958)	(15,798)	(303,516)
Provision for Sindh Workers' Welfare Fund	16	(430,400)	(1,451,893)	(21,559)	(414,183)
Profit before taxation		<u>21,089,608</u>	<u>71,142,768</u>	<u>1,056,404</u>	<u>20,294,957</u>
Taxation		-	-	-	-
Profit for the period	19	<u>21,089,608</u>	<u>71,142,768</u>	<u>1,056,404</u>	<u>20,294,957</u>
Earnings per certificate – basic and diluted		<u>0.28</u>	<u>0.95</u>	<u>0.01</u>	<u>0.27</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2020**

		Nine months ended		Quarter Ended	
		March 31,	March 31,	March 31,	March 31,
		2020	2019	2020	2019
	Note	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Profit for the period		21,089,608	71,142,768	1,056,404	20,294,957
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		<u>21,089,608</u>	<u>71,142,768</u>	<u>1,056,404</u>	<u>20,294,957</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2020**

	(Un-audited) March 31, 2020 (Rupees)	(Un-audited) March 31, 2019 (Rupees)
Note		
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	21,089,608	71,142,768
Adjustment for non-cash items:		
Depreciation on fixed assets	131,211,066	88,948,997
Amortisation of intangible assets	404,744	65,686
Preliminary expenses and floatation costs	8,966,763	8,966,763
(Reversal) / Provision against potential ijarah losses and operation and maintenance income	(3,235,749)	26,647,566
Finance costs	44,848,994	34,309,974
Loss on disposal of fixed assets	12,148	(199,610)
Provision for Sindh Workers' Welfare Fund	430,400	1,451,893
Profit on bank deposits	(1,485,206)	(1,711,048)
	181,153,160	158,480,221
Operating profit before working capital changes	202,242,768	229,622,989
(Increase) / decrease in current assets		
Stores, spares and loose tools	(25,128,519)	(6,275,827)
Receivables	(38,386,444)	(43,120,678)
Loans, advances and other receivable	(26,789,862)	5,213,698
Tax refunds due from Government	(18,307,163)	(74,001,743)
	93,630,780	111,438,439
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	236,356,375	50,235,452
	329,987,155	161,673,891
Finance costs paid	(42,790,316)	(30,428,047)
Net cash generated from operating activities	287,196,839	131,245,844
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(276,772,988)	(133,002,838)
Sale proceeds from disposal of fixed assets	160,979	2,764,163
Intangible assets	-	(513,195)
Advances	-	20,360,949
Profit on bank deposits	1,457,536	1,765,390
Net cash used in investing activities	(275,154,473)	(108,625,531)
CASH FLOWS FROM FINANCING ACTIVITIES		
Diminishing musharaka financing received	163,719,783	40,000,000
Repayment of diminishing musharaka financing	(118,333,336)	(10,416,667)
Repayment of lease liability	(8,040,230)	-
Dividend payment	(74,989,498)	(51,645,946)
Net cash used in financing activities	(37,643,281)	(22,062,613)
Net (decrease) in cash and cash equivalents	(25,600,915)	557,700
Cash and bank balances at beginning of period	38,865,706	46,122,049
Cash and bank balances at end of period	13,264,791	46,679,749

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2020**

	<b>Paid-up certificate capital (Rupees)</b>	<b>Statutory reserve * (Rupees)</b>	<b>Unappropriated profit (Rupees)</b>	<b>Total (Rupees)</b>
Balance as at July 01, 2018	750,000,000	14,300,212	57,200,849	821,501,061
Profit for the period	-	-	71,142,768	71,142,768
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	71,142,768	71,142,768
Transfer to statutory reserve	-	14,228,554	(14,228,554)	-
Transaction with owners				
Profit distribution for the year ended June 30, 2018 @ Re. 0.69 per certificate	-	-	(51,750,000)	(51,750,000)
Balance as at March 31, 2019	<u>750,000,000</u>	<u>28,528,766</u>	<u>62,365,063</u>	<u>840,893,829</u>
Balance as at July 01, 2019	750,000,000	34,847,207	87,638,831	872,486,038
Profit for the period	-	-	21,089,608	21,089,608
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	21,089,608	21,089,608
Transfer to statutory reserve	-	4,217,922	(4,217,922)	-
Transaction with owners				
Profit distribution for the year ended June 30, 2019 @ Re. 1.00 per certificate	-	-	(75,000,000)	(75,000,000)
Balance as at March 31, 2020	<u>750,000,000</u>	<u>39,065,129</u>	<u>29,510,517</u>	<u>818,575,646</u>

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

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)  
FOR THE PERIOD AND QUARTER ENDED MARCH 31, 2020**

**1. NATURE AND STATUS OF BUSINESS**

Orient Rental Modaraba (the Modaraba) is a multipurpose and perpetual modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Eman Management (Private) Limited (the Modaraba Management Company). The Modaraba Management Company is incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and is registered with the Registrar of Modaraba Companies and Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The Modaraba was formally listed on November 17, 2017 on Pakistan Stock Exchange Limited. After receiving the certificate of minimum subscription the Modaraba commenced its operations with effect from November 24, 2017. The registered office of the Modaraba is situated at Plot # 9, Sector 24, Korangi Industrial Area, Karachi.

The Modaraba is primarily engaged in the business of ijarah, operation and maintenance services.

**2. BASIS OF PREPARATION**

**2.1 Statement of compliance**

2.1.1 This condensed interim financial information has been prepared in accordance with the accounting and reporting standards as applicable in Pakistan for interim financial reporting. The accounting and reporting standards as applicable in Pakistan for interim financial reporting comprise of International Accounting Standard (IAS) 34 - Interim Financial Reporting, Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP) ['the Modaraba Regulations'].

Wherever the requirements of 'the Modaraba Regulations' differ from the requirements of International Accounting Standard (IAS) 34 - Interim Financial Reporting and Islamic Financial Accounting Standards (IFAS) as notified under the provisions of the Companies Act, 2017 and made applicable to Modarabas, requirements of 'the Modaraba Regulations' have been followed.

2.1.2 The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of IAS 34. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2019.

2.1.3 The comparative balance sheet presented in this condensed interim financial information has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2019, whereas the comparative condensed profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial information for the period ended March 31, 2019.

## 2.2 Basis of measurement

This interim condensed financial information has been prepared under the historical cost convention.

This condensed financial information has been prepared following accrual basis of accounting except for interim cash flow information.

## 2.3 Functional and presentation currency

Items included in this condensed interim financial information of the Modaraba are measured using the currency of the primary economic environment in which the Modaraba operates (the functional currency). This condensed interim financial information is presented in Pak Rupees, which is the Modaraba's functional and presentation currency.

Amounts have been presented and rounded off to the nearest Pak rupees unless otherwise stated.

## 3 SIGNIFICANT ACCOUNTING AND RISK MANAGEMENT POLICIES, ACCOUNTING ESTIMATES, JUDGEMENT AND CHANGES THEREIN

3.1 The accounting policies adopted for the preparation of the condensed interim financial information are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2019 except as explained in notes 3.6, 3.7 and 3.8.

3.2 The preparation of this condensed interim financial information in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

3.3 The significant estimates, judgments and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2019.

3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2019. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on this condensed interim financial information.

3.5 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2019.

### 3.6 Non-current assets held for sale

Non-current assets are classified as held for sale if the carrying amount of the asset is to be recovered principally through a sale transaction rather than through continuing use, the sale is considered highly probable within one year from reporting date and the asset is available for immediate sale in the present condition.

These are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets classified as held for sale are presented separately from the other assets in the condensed interim balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset, but not in excess of any cumulative impairment loss previously recognised.

Assets are not depreciated or amortized while such are classified as held for sale.

### **3.7 IFRS 16 – Leases**

IFRS 16 'Leases' was issued on January 01, 2016. This standard is adopted locally by the Securities and Exchange Commission of Pakistan and is effective for accounting periods beginning on or after January 1, 2019. IFRS 16 replaced IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease' The Company applied IFRS 16 with a date of initial application of July 01, 2019.

IFRS 16 provides a single lessee accounting model, requiring the recognition of assets and liabilities for all leases, together with options to exclude leases where the lease term is 12 months or less, or where the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting in IAS 17, with the distinction between operating leases and finance leases being retained.

At inception of a contract, the Modaraba assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for a consideration.

Previously, the Modaraba classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Modaraba and, therefore, charged leased payments to condensed interim profit or loss account under operating leases.

On adoption of IFRS 16, the Modaraba recognised a right-of-use asset and lease liability for all contracts that are or contain a lease at the commencement date except for short-term leases of 12 months or less and low value. Right-of-use assets are measured at their carrying amounts as if IFRS 16 had been applied since the beginning of current period.

Lease liabilities were measured at the present value of the remaining lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The Modaraba used its incremental borrowing rate as the discount rate as at July 01, 2019.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit and loss account. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are included in fixed assets, the lease liability is shown separately as current and non-current in the condensed interim balance sheet, and interest on the lease liability is included in finance cost in condensed interim profit and loss account.



### Transition method and practical expedients utilized

The Modaraba applied IFRS 16 using the modified retrospective approach, with recognition of transitional adjustments on the date of initial application (July 01, 2019), without restatement of comparative figures.

The Modaraba used the following practical expedients when applying IFRS 16 to leases previously classified as operating leases under IAS 17.

- applied a single discount rate to a portfolio of leases with similar characteristics.
- applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term.
- excluded initial direct costs from measuring the right-of-use asset at the date of initial application.
- used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

On transition to IFRS 16, the Modaraba recognised right-of-use assets and lease liability recognising the difference in retained earnings on the date of initial application as follows;

	July 01, 2019 (Rupees)
Property, plant and equipment	
Right-of-use assets – leasehold land	25,240,663
Lease liabilities	
Non-current	10,917,311
Current	14,323,352
	25,240,663
Retained earnings	-

### 3.8 Implications of CoVid-19 virus on our business

The Covid-19 outbreak has developed rapidly in 2020. Government measures to contain the spread of virus is likely to negatively affect the Modaraba's results.

The impact of Covid-19 virus depends upon market sentiments and length of disruption of macroeconomic activity. The longer the disruption occurs, higher would be losses suffered by Modaraba including significant pressure on liquidity. The impact of Covid-19 virus on the Modaraba results is under consideration.

Management seeks to obtain the best possible information to enable to assess these risks and implement appropriate measures to minimize the effects of the Covid-19 virus including:

- safety and health measures for staff (social distancing and work from home etc.); and
- in-depth contract reviews; and
- sourcing and requirement of additional finance to support continuity of operations; and
- communications with lenders, key suppliers and other key stakeholders.

Based on the facts and circumstances known at this moment and the possible scenarios about how the Covid-19 virus and resulting measures could evolve, management has determined that use of going concern assumption is still appropriate. Therefore, this condensed interim financial information is prepared on the assumption that the Modaraba is a going concern.

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
<b>4. FIXED ASSETS</b>			
Operating fixed assets	4.1 & 4.2	1,212,211,863	1,187,432,747
Capital work in progress	4.3	14,049,526	8,313,161
Right-of-use assets – leasehold land	4.4	16,154,020	-
		<u>1,242,415,409</u>	<u>1,195,745,908</u>
4.1	It includes generators and related equipment's acquired during the period by the Modaraba amounting to Rs. 26.198 million (June 30, 2019: Rs. 101.889 million) from Orient Energy Systems (Private) Limited, an associated company.		

4.2 Following is the statement of fixed assets:

	I/JARAH				OWN - USE						Total
	Generators	Accessories	Machinery & Equipment	Sub-total	Electronic Appliances	Motor Vehicle	Furniture and Fixtures	Generators	Leasehold Improvements	Sub-total	
(Rupees)											
Period end balances											
Net carrying value basis											
Opening net book value	1,047,923,367	65,167,951	21,564,221	1,134,655,539	8,985,646	14,243,526	2,992,884	1,530,054	25,025,098	52,777,208	1,187,432,747
Additions	163,436,292	30,102,827	51,643,021	245,182,140	3,118,074	6,934,460	739,998	-	15,061,951	25,854,483	271,036,623
Disposals - net	-	-	-	-	-	(173,127)	-	-	-	(173,127)	(173,127)
Transfer to non-current asset classified as held for sale	(123,959,957)	-	-	(123,959,957)	-	-	-	-	-	-	(123,959,957)
Depreciation	(85,493,090)	(18,179,654)	(4,696,302)	(108,369,046)	(3,452,946)	(1,847,597)	(683,392)	(196,722)	(7,574,720)	(13,755,377)	(122,124,423)
Balance as at March 31, 2020	1,001,906,612	77,091,124	68,510,940	1,147,508,676	8,650,774	19,157,262	3,049,490	1,333,332	32,512,329	64,703,187	1,212,211,863
Period end balances											
Gross carrying value basis											
Cost	1,267,931,654	109,757,352	74,971,834	1,452,660,840	14,943,382	23,475,796	3,859,163	1,639,344	42,270,157	86,187,842	1,538,848,682
Accumulated depreciation	(266,025,042)	(32,666,228)	(6,460,894)	(305,152,164)	(6,292,608)	(4,318,534)	(809,673)	(306,012)	(9,757,828)	(21,484,655)	(326,636,819)
Balance as at March 31, 2020	1,001,906,612	77,091,124	68,510,940	1,147,508,676	8,650,774	19,157,262	3,049,490	1,333,332	32,512,329	64,703,187	1,212,211,863
Year end balances											
Net carrying value basis											
Opening net book value	1,056,501,422	52,194,683	-	1,108,696,105	2,321,715	13,537,825	-	-	-	15,859,540	1,124,555,645
Additions	98,264,438	23,965,616	23,328,813	145,558,867	9,259,593	2,870,900	3,119,165	1,639,344	27,208,206	44,097,208	189,656,075
Disposals - net	(256,453)	-	-	(256,453)	-	-	-	-	-	-	(256,453)
Depreciation	(104,277,940)	(10,992,348)	(1,764,592)	(117,034,880)	(2,595,662)	(2,165,199)	(126,281)	(109,290)	(2,183,108)	(7,179,540)	(124,214,420)
Balance as at June 30, 2019	1,047,923,367	65,167,951	21,564,221	1,134,655,539	8,985,646	14,243,526	2,992,884	1,530,054	25,025,098	52,777,208	1,187,432,747
Year end balances											
Gross carrying value basis											
Cost	1,228,455,319	79,654,525	23,328,813	1,331,438,657	11,825,308	16,738,342	3,119,165	1,639,344	27,208,206	60,530,365	1,391,969,022
Accumulated depreciation	(180,531,952)	(14,486,574)	(1,764,592)	(196,783,118)	(2,839,662)	(2,494,816)	(126,281)	(109,290)	(2,183,108)	(7,753,157)	(204,536,275)
Balance as at June 30, 2019	1,047,923,367	65,167,951	21,564,221	1,134,655,539	8,985,646	14,243,526	2,992,884	1,530,054	25,025,098	52,777,208	1,187,432,747

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
4.3 Capital work-in-progress			
Generators under overhauling		14,049,526	4,399,874
Civil works		-	3,913,287
		<u>14,049,526</u>	<u>8,313,161</u>

	Civil works	Generators under overhauling	Motor Vehicles	Generators	Total
Period ended March 31, 2020					
Opening balance	3,913,287	4,399,874	-	-	8,313,161
Additions (at cost)	9,945,517	13,905,650	6,456,500	108,465,000	138,772,667
Transferred to operating fixed assets	(13,858,804)	(4,255,998)	(6,456,500)	(108,465,000)	(133,036,302)
	<u>-</u>	<u>14,049,526</u>	<u>-</u>	<u>-</u>	<u>14,049,526</u>
Year ended June 30, 2019					
Closing balance	<u>3,913,287</u>	<u>4,399,874</u>	<u>-</u>	<u>-</u>	<u>8,313,161</u>

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
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#### 4.4 Right-of-use assets – leasehold land

The recognized right-of-use assets relate to the following types of asset:

Leasehold land	<u>16,154,020</u>	<u>-</u>
Balance as at July 01, 2019	25,240,663	-
Depreciation charge during the period / year	<u>(9,086,643)</u>	<u>-</u>
	<u>16,154,020</u>	<u>-</u>

## 5 PRELIMINARY EXPENSES AND FLOATATION COSTS

Balance as at July 01, 2019	11,955,684	23,911,368
Depreciation charge during the period / year	<u>(8,966,763)</u>	<u>(8,966,764)</u>
	<u>2,988,921</u>	<u>11,955,684</u>

- 5.1 Preliminary expenses and floatation costs are being amortised over the period of 3 years as per Third Schedule of Modaraba Companies and Modaraba Rules, 1981.

		<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
	<b>Note</b>		
<b>6</b>	<b>STORES, SPARES AND LOOSE TOOLS</b>		
	Stores, spares and loose tools	51,761,361	26,632,841
6.1	Spare parts and loose tools consists of items related to generators and machines.		
<b>7</b>	<b>RECEIVABLES</b>		
	(Unsecured)		
	Ijarah rental receivables	128,852,276	116,755,041
	Operation and maintenance receivables	81,551,179	52,026,222
		<u>210,403,455</u>	<u>168,781,263</u>
7.1	Ijarah rental receivables		
	Considered good	107,673,471	89,513,124
	Non-performing portfolio (classified portfolio)	40,418,942	50,114,170
	Less: Provision against potential ijarah losses	(19,240,137)	(22,872,253)
		<u>21,178,805</u>	<u>27,241,917</u>
		<u>128,852,276</u>	<u>116,755,041</u>
7.1.1	Provision against potential ijarah losses		
	Opening balance	22,872,253	9,959,104
	Charged during the period / year	-	19,349,051
	Reversed during the period / year	(3,632,116)	(6,435,902)
	Closing balance	<u>19,240,137</u>	<u>22,872,253</u>
7.2	Operation and maintenance receivables		
	Considered good	75,586,246	50,988,253
	Non-performing portfolio (classified portfolio)	29,990,445	24,667,114
	Less: Provision against potential loss on operation and maintenance income receivable	(24,025,512)	(23,629,145)
		<u>5,964,933</u>	<u>1,037,969</u>
		<u>81,551,179</u>	<u>52,026,222</u>

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
7.2.1 Provision against potential loss on operation and maintenance income receivable			
Opening balance		23,629,145	11,449,050
Charged during the period / year		396,367	21,539,145
Reversed during the period / year		-	(9,359,050)
Closing balance		<u>24,025,512</u>	<u>23,629,145</u>

## **8 LOANS, ADVANCES AND OTHER RECEIVABLE**

Loans and advances to staff	8.1	3,914,575	5,647,938
Advances and prepayments	8.2	9,929,045	9,435,584
Sales tax adjustable	8.3	42,695,276	14,532,622
Earnest money		1,913,766	2,548,935
Security deposits		1,109,500	787,422
Takaful claim receivable		1,566,053	2,606,759
Profit receivable from bank deposits		98,007	70,337
Others		<u>1,220,908</u>	<u>-</u>
		<u>62,447,130</u>	<u>35,629,597</u>

8.1 This includes an amount of Rs. 1.869 million (June 30, 2019: Rs. 1.650 million) related to advance against expenses and Rs. 2.045 million (June 30, 2019: Rs. 3.574 million) related to loan to staff which is secured against staff provident fund.

8.2 This includes Rs. 0.516 million (June 30, 2019: Rs. 0.88 million) receivable from Eman Management (Private) Limited, an associated company.

8.3 This amount includes sales tax input adjustable on account of purchase of fixed assets.

## **9 TAX REFUNDS DUE FROM GOVERNMENT**

Tax refund due from Government	<u>142,981,518</u>	<u>124,674,355</u>
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The income of the Modaraba is exempt from tax under clause 99 of Part I of the Second Schedule of the Income Tax Ordinance 2001 (ITO 2001). Furthermore, the Modaraba is exempt under clause 47(b) of part IV of Second Schedule of ITO 2001 from withholding of tax under sections 151 and 153 of ITO 2001 and also the Modaraba is exempt under section 236Q from withholding tax from payment by way of advance to a resident person for use or right to use industrial, commercial and scientific equipment.



The Federal Board of Revenue through a circular "C.No.1 (43) DG (WHT)/ 2008-Vol.II- 66417-R" dated May 12, 2015, made it mandatory to obtain exemption certificates under section 159 (1) of the ITO 2001 from Commissioner Inland Revenue (CIR). During the year, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under sections 151 and 153 of ITO 2001. The management is in the process of submitting application for refund.

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
<b>10 CASH AND BANK BALANCES</b>			
Cash in hand		617,616	37,905
Cash at banks			
- in current account		1,111,820	3,697,052
- in savings account		11,535,355	35,130,749
		<u>13,264,791</u>	<u>38,865,706</u>
10.1	These balances carry profit at rates ranging from 3.50% to 5.00% (June 30, 2019: 4.15% to 4.69%) per annum.		
<b>11 NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Generators		<u>123,959,957</u>	<u>-</u>
11.1	During the period, the Modaraba has earmarked two generators for disposal. The management is in final stages of negotiation of the terms with the buyer and is confident that the sale of generators is likely to occur in next six months.		
<b>12 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL</b>			
		<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
		<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
		<u>75,000,000</u>	<u>75,000,000</u>
	Modaraba certificates of Rs. 10 each fully paid up	<u>750,000,000</u>	<u>750,000,000</u>
12.1	Eman Management (Private) Limited (the Management Company) held 7,500,000 (10%) certificates of Rs. 10 each as at March 31, 2020 (June 30, 2019: 7,500,000).		

### 13 STATUTORY RESERVE

Statutory reserve represents profits set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan. These regulations require a Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid-up capital.

Thereafter, a sum not less than 5% of after tax profit is to be transferred. During the current period, the Modaraba has transferred an amount of Rs. 4.218 million (June 30, 2019: Rs. 20.547 million) which represents 20% (June 2019: 20%) of the profit after tax.

	<b>Note</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
<b>14 DIMINISHING MUSHARAKA FINANCING</b>			
(Secured)			
Diminishing musharaka financing	14.1	496,636,447	451,250,000
Due within one year		(181,002,783)	(160,000,000)
		<u>315,633,664</u>	<u>291,250,000</u>

14.1 The total facility from Musharaka finance available from financial institutions and Modaraba amounts to Rs. 700 million and Rs. 12.913 million respectively. These facilities have maturities from March 2019 to December 2024 (June 30, 2019: March 2019 to October 2022) and are secured against the hypothecation of Ijarah assets. Share of profit payable on these facilities is 12.80% to 15.25% per annum (June 30, 2019: 8.00% to 11.14% per annum).

### 15 LEASE LIABILITY

Lease liability	14.1	17,200,433	-
Due within one year		(12,559,589)	-
		<u>4,640,844</u>	<u>-</u>

Maturity analysis of contractual cash undiscounted cash flow:

Less than one year	14,074,620	-
One to five year	4,767,210	-
More than five years	-	-
Total undiscounted cash flow	<u>18,841,830</u>	<u>-</u>

		<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
	<b>Note</b>		
<b>16 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>			
Remuneration payable to Modaraba Management Company		12,244,827	11,818,671
Creditors for spare parts and fixed assets	16.1	253,174,846	133,168,666
Ijarah rental payable		23,103,792	23,103,792
Advances / deposits from customers		17,544,414	19,643,030
Advance against disposal of fixed assets	16.2	120,000,000	-
Withholding income and sales tax payable		11,569,438	8,624,014
Accrued liabilities		19,567,387	25,218,185
Payable to Provident Fund	16.3	4,552,673	3,849,443
Accrued profit on diminishing musharaka financing		10,299,101	8,240,423
Provision for Sindh Workers' Welfare Fund		3,580,637	3,555,837
Provision for indirect taxes	16.4	3,036,143	2,605,743
Provision for bonus		43,720,995	43,720,995
		<u>522,394,253</u>	<u>283,548,799</u>
16.1	This amount includes Rs. 217.950 million (June 30, 2019: Rs. 106.489 million) in respect of purchase of spare parts and loose tools and service and maintenance charges and overhauling / purchase of generators, accessories and equipment payable to Orient Energy Systems (Private) Limited, an associated company.		
16.2	This represents as an advance with respect to non-current asset classified held for sale detailed disclosed in note 11.		
16.3	The Modaraba operates defined contribution provident fund (the Fund) maintained for its permanent employees. Registration of the fund is in progress. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Modaraba and the employees.		
	The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.		
16.4	As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs. 500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF. The Modaraba is of the view that Sindh WWF Act is limited to the province of Sindh and the definition of total income as provided for in the SWWF encompasses the total income of an assessee for whole of the country i.e. for all provinces, thus in lieu of the definition of the total income under SWWF, 2% contribution to be paid is not limited to the province of Sindh. The Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces. Thus, for this reason the definition of total income as provided in SWWF is not correct and charging of WWF is ultra vires of the legislative power conferred upon the province of Sindh.		

As a result, the Modaraba is of the view that unless there is a mechanism of apportionment of the total income relevant to the province of Sindh, SRB has no legal authority to demand and/or collect SWWF from the Modaraba. However, the Modaraba as a matter of abundant precaution has recognized provision for SWWF amounting to Rs. 3.581 million in this condensed interim financial information.

## 17 CONTINGENCIES AND COMMITMENTS

### 17.1 Contingencies

The Assistant Commissioner – Sindh Revenue Board (SRB) issued an order 408 of 2019 demanding Sindh Sales Tax of Rs. 51.4 million including penalty amounting to Rs. 2.5 million for Ijarah Rental income of the Modaraba without considering that the Modaraba are operating in other provinces where Sindh Sales Tax Act, 2011 is not applicable and without considering that Sindh government has inserted renting of machinery, equipment, appliances and other tangible goods in Second Schedule of Sindh Sales Tax on Services Act, 2011 at the rate of 13% by Finance Act 2019-20. Further by notification number SRB-3-4/21/2019 dated July 01, 2019 the Sindh government has also introduced reduced rate 5% on above-mentioned services; however, input adjustment will not be allowed. Further, subsequent to the period end the Modaraba has lodged appeal number 306/2019 with Commissioner Appeal dated January 01, 2020 and simultaneously the Modaraba has lodged constitutional petition number D-352 of 2020 with High Court for pursuing case legally and High Court has provided stay against SRB for taking any coercive action against Modaraba via its order number 1521, 22, 23 / 2020 dated January 01, 2020.

The legal advisor of the Modaraba believes that the outcomes of the appeal will be in favor of the Modaraba and hence no provision has been made in this condensed interim financial information.

### 17.2 Commitments

#### 17.2.1 Contractual rentals receivable on Ijarah contracts

Future minimum ijarah receivables on the basis of ijarah agreements executed up to March 31, 2020 (June 30, 2019) are as follows:

	<b>Un-audited March 31, 2020</b>	<b>Audited June 30, 2019</b>
<b>Ijarah rental receivables (Rupees)</b>	<b>Ijarah rental receivables (Rupees)</b>	
Receivables not later than one year	363,109,300	316,834,646
Receivables later than one year but not later than five years	5,575,000	8,030,000
	<u>368,684,300</u>	<u>324,864,646</u>
<b>Operation and maintenance income receivables (Rupees)</b>	<b>Operation and maintenance income receivables (Rupees)</b>	
Receivables not later than one year	124,537,709	80,231,058
Receivables later than one year but not later than five years	4,379,928	-
	<u>128,917,637</u>	<u>80,231,058</u>

## 17.2.2 Contractual rentals payable on Ijarah contracts

The Modaraba has obtained 69 generators on Ijarah from ORIX Leasing Pakistan Limited (OLP) for a period of three years with quarterly rental installment of Rs. 46.087 million. M/s Orient Energy Systems (Private) Limited has provided bank (performance) guarantee to ORIX Leasing Pakistan Limited amounting to Rs. 55.74 million on behalf of the Modaraba. Future minimum ijarah payables on the basis of ijarah agreements executed up to March 31, 2020 (June 30, 2019) are as follows:

	<b>Un-audited March 31, 2020</b>	<b>Audited June 30, 2019</b>
	<b>Ijarah rental payables (Rupees)</b>	<b>Ijarah rental payables (Rupees)</b>
Receivables not later than one year	133,794,301	184,350,504
Receivables later than one year but not later than five years	-	92,175,252
	<u>133,794,301</u>	<u>276,525,756</u>

## 18 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba has accrued management fee at the rate of 10% of profits during the period which is payable to the Modaraba Management Company amounting to Rs. 2.426 million (March 31, 2019 Rs. 8.184 million). Furthermore, during the current period, an amount of Rs. 0.315 million (March 31, 2019 Rs. 1.063 million) at the rate of 13% was charged on account of sales tax on management fee levied under Sindh Sales Tax on Services Act, 2011.

## 19 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, any income, not being income from manufacturing or trading activity of a Modaraba registered under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance 1980, is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation to statutory reserves. The Modaraba intends to avail this exemption by distributing 90% of its profit to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2020. Accordingly, no provision in respect of current and deferred taxation has been made in these condensed interim financial information.

## 20 FAIR VALUE OF FINANCIAL INSTRUMENTS

- 20.1 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 March 31, 2020 and June 30, 2019, there were no financial instruments which were measured at fair values.

The table below analyses financial instruments measured at the end of the reporting period:

	As at March 31, 2020		As at June 30, 2019	
	Carrying Amount (Rupees)	Total (Rupees)	Carrying Amount (Rupees)	Total (Rupees)
Financial assets at amortised cost				
Long term deposit	4,698,000	4,698,000	4,698,000	4,698,000
Receivables	210,403,455	210,403,455	168,781,263	168,781,263
Advances and other receivables	9,822,810	9,822,810	11,238,750	11,238,750
Cash and bank balances	13,264,791	13,264,791	38,865,706	38,865,706
	<u>238,189,056</u>	<u>238,189,056</u>	<u>223,583,719</u>	<u>223,583,719</u>
Financial liabilities at amortised cost				
Diminishing musharaka financing	496,636,447	496,636,447	451,250,000	451,250,000
Creditors, accrued and other liabilities	303,375,239	303,375,239	213,588,593	213,588,593
Dividend payable	113,763	113,763	103,261	103,261
	<u>800,125,449</u>	<u>800,125,449</u>	<u>664,941,854</u>	<u>664,941,854</u>

- 20.2 These financial assets and liabilities are for short term or repriced over short term. Therefore their carrying amounts are reasonable approximation of fair value.

## 21 UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING

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



	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
Proceeds realized	750,000,000	750,000,000
Purchase of fixed assets (inclusive of sales tax)	750,000,000	750,000,000
Held for working capital, purchase of additional assets and reimbursement of preliminary expenses	-	-
	750,000,000	750,000,000

## 22 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a Subsidiary Company, Modaraba Management Company, Associated Companies with or without common directors, retirement benefit funds, directors, and key management personnel.

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

The detail of transactions with related parties and balances with them is given below:

<b>Relationship with Modaraba</b>	<b>Nature of transactions</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Un-audited March 31, 2019 (Rupees)</b>
22.1	Transactions during the period		
Associated company Orient Energy System (Private) Limited	Purchase / overhauling of:		
	- generators	26,198,167	61,630,515
	- accessories	11,106,387	7,339,278
	- plant and machinery	-	17,042,000
	- stores, spares and loose tools	78,551,180	43,439,069
	- service and maintenance charges	1,117,221	29,602,106
	Advance rent from customers and staff	-	1,754,302
	Rental of generators	6,917,000	36,871,953

	<b>Relationship with Modaraba</b>	<b>Nature of transactions</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Un-audited March 31, 2019 (Rupees)</b>
22.1	Transactions during the period (Cont'd)			
	Associated company			
	Eman Management	Management fees	2,426,156	8,184,291
	(Private) Limited	Reimbursement of expenses	428,686	158,160
	Key Management	Remuneration	22,446,185	17,523,367
	Personnel	Contribution to Provident Fund	1,220,292	933,081
	Employees' Provident Fund		17,554,235	7,808,293
	<b>Relationship with Modaraba</b>	<b>Nature of transactions</b>	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
22.2	Period end balances			
	Associated company			
	Orient Energy System	Payable against purchases of fixed		
	(Private) Limited	assets, spare parts & loose tools	217,949,880	106,489,788
		and service & maintenance charges	2,351,734	5,554,734
		Receivable against services rendered		
	Eman Management	Management fee payable	12,244,827	11,818,671
	(Private) Limited	Outstanding certificates		
		7,500,000 (June 30, 2019: 7,500,000)	75,000,000	75,000,000
		Receivable against PSO fleet charges	516,799	88,113
	Directors	Outstanding certificates		
		12,500,000 (June 30, 2019: 12,500,000)	125,000,000	125,000,000
	Key Management	Outstanding certificates		
	Personnel	10,008 (June 30, 2019: 10,008)	100,080	100,080

## 23 SEGMENT 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 lease) and maintenance business (operation and maintenance income). There were no changes in the reportable segments during the period. The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from entities incorporated in Pakistan.

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

	<b>Ijarah rentals</b>	<b>Operation and</b>	<b>Total</b>
	<b>(Rupees)</b>	<b>maintenance</b>	<b>(Rupees)</b>
	<u>(Rupees)</u>	<u>(Rupees)</u>	<u>(Rupees)</u>
<b>23.1 Segment revenue / profit</b>			
For the period ended March 31, 2020			
Revenue	581,407,940	347,633,462	929,041,402
Costs	(641,705,056)	(264,547,840)	(906,252,896)
Reporting segment profit – net	<u>(60,297,116)</u>	<u>83,085,622</u>	<u>22,788,506</u>
For the period ended March 31, 2020			
Revenue	639,882,124	326,480,456	966,362,580
Costs	(572,570,930)	(313,859,398)	(886,430,328)
Reporting segment profit – net	<u>67,311,194</u>	<u>12,621,058</u>	<u>79,932,252</u>

Reconciliation of segment results with profit after tax is as under:

	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Un-audited March 31, 2019 (Rupees)</b>
Total results for reportable segments	22,788,506	79,932,252
Other non-operating income	1,473,058	1,910,658
Other non-operating expenses	(3,171,956)	(10,700,142)
Profit after taxation	<u>21,089,608</u>	<u>71,142,768</u>

	<b>Ijarah rentals (Rupees)</b>	<b>Operation and maintenance (Rupees)</b>	<b>Total (Rupees)</b>
<b>23.2 Segment assets and liabilities</b>			
As at March 31, 2020			
Segment assets	<u>1,501,443,660</u>	<u>127,337,322</u>	<u>1,628,780,982</u>
Segment liabilities	<u>736,538,605</u>	<u>-</u>	<u>736,538,605</u>
As at June 30, 2019			
Segment assets	<u>1,334,894,879</u>	<u>94,277,946</u>	<u>1,429,172,825</u>
Segment liabilities	<u>526,767,041</u>	<u>-</u>	<u>526,767,041</u>

Reconciliation of segment assets and liabilities with total assets and liabilities in the Balance Sheet is as under:

	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
Total for reportable segment assets	1,628,780,982	1,429,172,825
Unallocated assets	<u>226,139,560</u>	<u>178,215,273</u>
Total assets as per balance sheet	<u>1,854,920,542</u>	<u>1,607,388,098</u>
Total for reportable segment liabilities	736,538,605	526,767,041
Unallocated liabilities	<u>299,806,291</u>	<u>208,135,019</u>
Total liabilities as per balance sheet	<u>1,036,344,896</u>	<u>734,902,060</u>

## 24 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation. Significant reclassification has been made during the period is as follows:

Balance Remuneration payable to Modaraba management Company and Sindh sales tax payable on remuneration of Management Company, earlier reflected under "Payable to Modaraba Management Company", has now been reclassified under "Creditors, accrued and others liabilities" for better presentation. The impact of reclassification at different prior period dates is as follows:

	<b>Un-audited March 31, 2020 (Rupees)</b>	<b>Audited June 30, 2019 (Rupees)</b>
Remuneration payable to Modaraba management Company	12,244,827	12,244,827
Sindh sales tax payable on remuneration of Management Company	3,036,143	3,036,143

## 25 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on April 29, 2020 by the Board of Directors of Eman Management (Private) Limited.

For Eman Management (Private) Limited  
(Modaraba Management Company)

  
Chief Executive Officer

  
Director

  
Director

  
Chief Financial Officer

اگرچہ محصولات 966 ملین سے کم ہو کر 929 ملین رہ گئی لیکن منافع 19% سے کم ہو کر 13% رہ گئی جسکی بنیادی وجہ کاروبار کی بڑھتی ہوئی لاگت ہے جبکہ مارکیٹ اس اضافی لاگت کو جذب کرنے پر رضامند نہیں تھی۔

ہر مشکل حالات کا مثبت پہلو ہوتا ہے اور اپنے زیادہ تر گاہکوں کو ان مشکل وقت میں بھی برقرار رکھتے ہوئے کاروبار کو مستوع کرنا اس بات کی دلیل ہے۔

مضارب بعد از فتونوی ریزرو میں منتقلی اپنے سرٹیفیکیٹ ہولڈرز کو منافع کا کم از کم 90% حصہ تقسیم کرنے کا ارادہ رکھتا ہے جس کے سبب مالیاتی حسابات میں ٹیکس کی مدد میں کوئی رستم شامل نہیں۔

## امکانات

کردنا (کوویڈ-19) عالمی تاریخ کا ایک اہم باب بن کر ابھرا ہے جناس طور سے جب ملک کی اقتصادی صورتحال بحالی کی جانب گامزن تھی۔ بین الاقوامی طلب میں نمایاں کمی نے برآمدی شعبے کو شدید متاثر کیا ہے جس سے مستقبل میں بڑے پیمانے پر صنعتی اور زرعی شعبے میں پیداوار میں کمی متوقع ہے۔ اس مشکل گھڑی میں تیل کی بین الاقوامی قیمتوں میں کمی ایک مثبت پہلو ہے۔

چونکہ او آر ایم کاروبار بنیادی طور پر پاکستان میں کارپوریٹ سیکٹر سے منسلک ہے لہذا لاک ڈاون کے خاتمے کے پیش نظر کاروباری سرگرمیوں کی بحالی سے مضارب کی بحالی کی امید ہے۔

او آر ایم اس وبائی بیماری سے ابھرتے ہوئے صورتحال کے پیش نظر کاروبار کے تسلسل کو یقینی بنانے کیلئے تمام ضروری اقدامات کر رہا ہے۔ ہماری اولین ترجیح اپنے عملے کی حفاظت کو مقدم رکھتے ہوئے اپنے گاہکوں کی خدمت سرانجام دینا ہے۔ مذکور بالا تمام پریشانیوں کے باوجود ہم نے اپنے تمام عملے کو برقرار رکھا ہے۔

موجودہ چیلنجوں کے باوجود او آر ایم کو ترقی پسند مضارب کی حیثیت حاصل ہے اور ہم اپنے کاروبار کی ترقی اور بہترین منافع کیلئے کام کرتے رہیں گے۔ ہماری ترجیح اس مشکل حالات میں بھی معیاری حکمت عملی، کسٹمر بیس اور رسد کو بڑھانے پر مرکوز ہے۔

## اعتراف

بورڈ، رجسٹرار مضارب، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان اور پاکستان اسٹاک ایکسچینج کا شکریہ ادا کرتا ہے جنہوں نے مضارب کے کاروباری عمل کو احسن طریقے سے جاری رکھنے میں تعاون، مدد اور رہنمائی فراہم کی۔

بورڈ اپنے ہر ملازم کی محنت اور کاوشوں کا بھی معترف اور شکر گزار ہے جنہوں نے صارفین کی توقع کے مطابق معیاری خدمات فراہم کی اور مضارب کے کاروبار کی ترقی کو یقینی بنایا۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

29 اپریل 2020ء



## ڈائریکٹرز کی رپورٹ

اورینٹ رینٹل مضاربہ (مضاربہ) کی منیجمنٹ کمپنی، ایمان منیجمنٹ (پرائیویٹ) لمیٹڈ (ایمان) کارپورڈ آف ڈائریکٹرز بمسرت تیسری سہ ماہی ختمہ 31 مارچ 2020 کے غیر آڈٹ شدہ مختصر عبوری مالیاتی حسابات پیش کرتا ہے۔

اس کی مالیاتی جھلکیاں درج ذیل ہیں:

31 مارچ 2019	31 مارچ 2020	
روپے	روپے	
966,362,580	929,041,402	آمدنی
(884,519,671)	(904,779,838)	اخراجات - حوالہ
81,842,909	24,261,564	منافع قبل از منیجمنٹ فیس
(10,700,142)	(3,171,956)	منیجمنٹ کمپنی کے معاوضے اور دیگر اخراجات
71,142,767	21,089,608	قبل و بعد از ٹیکس منافع
(14,228,553)	(4,217,922)	قانونی ریزرو میں مدت کے منافع سے ۲۰٪ منتقلی
56,914,214	87,638,831	غیر تقسیم شدہ منافع، گزشتہ سے پیوستہ
(51,750,000)	(75,000,000)	منافع کی تقسیم برائے سال 30 جون 2019 بحساب 1 روپیہ (30 جون 2018 بحساب 0.69 روپیہ) فی سٹیفیکٹ
62,365,063	29,510,517	غیر مخصوص شدہ منافع کی اگلے حساب میں منتقلی
0.95	0.28	فی سٹیفیکٹ آمدنی - بنیادی اور تحلیل شدہ
11.21	10.91	فی سٹیفیکٹ - بریک اپ ویلیو

## کاروباری عمل کا جائزہ

زیر جائزہ نو ماہ انتہائی دشوار گزار رہے جن کے کاروبار پر منفی اثرات مرتب ہوئے۔ ان میں پاکستانی روپے کی قدر میں کمی، شرح سود میں اضافہ، درآمد کی لاگت میں اضافہ، جنریٹر کے ایئر پارٹس کی لاگت میں اضافہ جیسے عوامل شامل ہیں جس کے نتیجے میں فی سٹیفیکٹ آمدنی 0.27 سے کم ہو کر 0.01 رہ گئی۔








کورونا (کوویڈ-19) کے آخر میں چین میں پھیلتا شروع ہوا اور پھر جیسا کہ آپ جانتے ہیں ایک وبائی صورت اختیار کر گیا جس نے تمام عالم کو اپنی لپیٹ میں لے لیا۔ اس وبا کے زیر اثر عالمی سطح پر رسد اور طلب اور بین الاقوامی تجارت پر شدید منفی اثرات مرتب ہوئے۔ ملک گیر پابندیوں اور لاک ڈاؤن نے تقریباً ہر کاروبار اور منہ د کو متاثر کیا ہے۔










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