



ORIENT
RENTAL MODARABA

FOCUSED ON SOLUTIONS

**First Quarterly Report
September 30, 2020**

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Modaraba Information

Modaraba Management Company
Eman Management (Private) Limited

Directors of Modaraba Management 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. Teizoon Kisat
Non-Executive Director

Chief Financial Officer
Mr. Abid Hussain Awan

Company Secretary
Mr. Jamal Ahmedani

Head of Internal Audit
Ms. Oraiba Shehzad

Audit Committee
Mr. Joozer Jiwa Khan
Chairman

Mr. Nasim Ahmed
Member

Mr. Teizoon Kisat
Member

Risk Management Committee
Mr. Muhammad Saeed
Chairman

Mr. Nasim Ahmed
Member

Mr. Teizoon Kisat
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
Alhamd Shahriah Advisory Services (Pvt) Ltd.

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
First Habib Modaraba

Legal Advisor
Mr. M Hashim Lodhi

Registered Office
Plot # 9, Sector 24
Korangi Industrial Area, Karachi

Registrar & Share Registration Office
CDC Share Registrar Services 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.

DIRECTORS' 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 first quarter ended September 30, 2020.

The financial highlights are as follows:

Financial Highlights	First quarter ended September 30, 2020 (Rupees)	First quarter ended September 30, 2019 (Rupees)
Revenue	298,080,927	296,164,569
Expenses – net	(274,064,324)	(279,707,922)
Profit before Management Fee	24,016,603	16,456,647
Management Company's Remuneration and other provision	(3,139,931)	(2,151,542)
Profit before & after Taxation	20,876,672	14,305,105
Earnings per Certificate – Basic and Diluted	0.28	0.19
Breakup value per Certificate	11.13	10.82

Review of Operations

This quarter was relatively better than the preceding quarter in terms of corporate activities. Past few months were very challenging for the management that required thought-provoking decisions. The management has marginalized Covid-19 effects through its strategic decisions.

As the Covid-19 cases continues to decline, restrictions being eased out, and economy on its route to recovery, the Modaraba business witnessed improvement which is evident from its result. Net profit improved from Rs. 14.31 million to Rs. 20.88 million.

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

Prospects

Although Covid-19 has eased out, the fear of resurgence is very much valid considering its second coming in Europe, Central Asia and the Americas. It is no more a distant threat as we have witnessed a resurgence of Covid-19 in Pakistan as well. As business of ORM is mainly linked with operations of the corporate sector in Pakistan, the possibility of going back to lockdown will hamper the progress of your Modaraba. Therefore, the management of Modaraba has decided to remain cautious and prudent in its investment strategy.

On the brighter side, certain government policies like reduction in KIBOR rates, deferment of principal repayment, processing pending tax refunds has assisted in lowering the cost of debt and managing the cash flows.

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.

Q. Asaduddin Khan

Chief Executive Officer

October 26, 2020

M. S. A. Khan

Director

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
 AS AT SEPTEMBER 30, 2020**

		(Un-audited) September 30, 2020 (Rupees)	(Audited) June 30, 2020 (Rupees)
	Note		
ASSETS			
Non-current assets			
Fixed assets	4	1,127,930,569	1,198,399,551
Intangible assets	5	790,073	-
Long term deposits	6	4,698,000	4,698,000
		<u>1,133,418,642</u>	<u>1,203,097,551</u>
Current assets			
Stores, spares and loose tools	7	50,761,849	51,813,705
Receivables	8	193,675,017	196,182,742
Loans, advances and other receivables	9	64,917,795	64,494,860
Tax refunds due from Government	10	105,164,697	142,723,259
Cash and bank balances	11	108,766,406	18,842,724
		<u>523,285,764</u>	<u>474,057,290</u>
Non-current assets classified as held for sale		44,825,000	-
		<u>1,701,529,406</u>	<u>1,677,154,841</u>
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Capital and reserves			
Authorised capital			
75,000,000 certificates of Rs. 10/- each		<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up certificate capital	12	750,000,000	750,000,000
Unappropriated profit		35,030,731	27,791,108
Statutory reserve	13	49,999,484	49,999,484
		<u>835,030,215</u>	<u>827,790,592</u>
Non-current liabilities			
Diminishing musharaka financing	14	440,757,617	464,223,486
Lease liability	15	-	1,179,030
		<u>440,757,617</u>	<u>465,402,516</u>
Current liabilities			
Current maturity of diminishing musharaka financing	14	52,083,332	28,861,725
Current portion of lease liability	15	11,237,630	13,144,322
Creditors, accrued and other liabilities	16	362,306,849	341,841,923
Unclaimed dividend		113,763	113,763
		<u>425,741,574</u>	<u>383,961,733</u>
		<u>1,701,529,406</u>	<u>1,677,154,841</u>
TOTAL EQUITY AND LIABILITIES			

CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**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 SEPTEMBER 30, 2020**

		(Un-audited) September 30, 2020 (Rupees)	(Un-audited) September 30, 2019 (Rupees)
Note			
	Ijarah rentals – net	192,193,408	184,386,024
	Operation and maintenance income – net	105,887,519	111,778,545
		298,080,927	296,164,569
	Operating expenses	(227,898,374)	(247,528,214)
	Gross profit	70,182,553	48,636,355
	Income on deposit with banks	532,172	517,761
	Gain on disposal of fixed assets	63,975	3,811
	Impairment loss	(17,028,862)	-
		53,749,838	49,157,927
	Administrative expenses	(12,840,632)	(15,852,300)
	Marketing expenses	(80,000)	(480,505)
	Preliminary expenses and floatation costs	-	(2,988,921)
	Finance costs	(16,812,603)	(13,858,364)
	Reversal against potential ijarah losses and operation and maintenance income	-	478,810
		(29,733,235)	(32,701,280)
		24,016,603	16,456,647
	Modaraba Management Company's fee	18 (2,401,660)	(1,645,665)
	Provision for Sindh Sales tax on Modaraba Management fee	(312,216)	(213,936)
	Provision for Sindh Workers' Welfare Fund	16.3 (426,055)	(291,941)
	Profit before taxation	20,876,672	14,305,105
	Taxation	-	-
	Profit for the period	19 20,876,672	14,305,105
	Earnings per certificate – basic and diluted	0.28	0.19

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**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 SEPTEMBER 30, 2020**

	(Un-audited) September 30, 2020 (Rupees)	(Un-audited) September 30, 2019 (Rupees)
Profit for the period	20,876,672	14,305,105
Other comprehensive income	-	-
Total comprehensive income for the period	<u>20,86,672</u>	<u>14,305,105</u>

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

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 SEPTEMBER 30, 2020**

	(Un-audited) September 30, 2020 (Rupees)	(Un-audited) September 30, 2019 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	20,876,672	14,305,105
Adjustment for non-cash items:		
Depreciation on fixed assets	44,287,627	42,799,018
Amortisation of intangible assets	48,297	42,765
Preliminary expenses and floatation costs	-	2,988,921
Reversal against potential ijarah losses and operation and maintenance income	-	(478,810)
Finance costs	16,812,603	13,858,364
Impairment loss	17,028,862	-
Gain on disposal of fixed assets	(63,975)	(3,811)
Provision for Sindh Workers' Welfare Fund	426,055	291,941
Income on deposit with banks	(532,172)	(517,761)
	78,007,297	58,980,627
Operating profit before working capital changes	98,883,969	73,285,732
(Increase) / decrease in current assets		
Stores, spares and loose tools	1,051,856	(6,593,962)
Receivables	2,507,726	(3,912,215)
Loans, advances and other receivables	2,877,101	(7,442,149)
	6,436,683	(17,948,326)
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	2,829,568	60,474,568
Finance costs paid	(16,706,783)	(14,406,226)
Income taxes refunded	39,703,155	-
Incomes taxes paid	(2,144,593)	(2,735,772)
Net cash generated from operating activities	129,001,999	98,669,976
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(35,754,455)	(68,802,917)
Sale proceeds from disposal of fixed assets	145,923	147,313
Intangible assets	(838,370)	-
Profit on bank deposits	698,569	363,943
Net cash used in investing activities	(35,748,333)	(68,291,661)
CASH FLOWS FROM FINANCING ACTIVITIES		
Diminishing musharaka financing received	-	33,055,335
Repayment of diminishing musharaka financing	(244,262)	(38,333,334)
Repayment of lease liability	(3,085,722)	-
Dividend payment	-	(12,392)
Net cash used in financing activities	(3,329,984)	(5,290,391)
Net increase in cash and cash equivalents	89,923,682	25,087,924
Cash and bank balances at beginning of period	18,842,724	38,865,706
Cash and bank balances at end of period	108,766,406	63,953,630

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

**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 SEPTEMBER 30, 2020**

	Paid-up certificate capital (Rupees)	Statutory reserve * (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as at July 01, 2019	750,000,000	34,847,207	87,638,831	872,486,038
Profit for the period	-	-	14,305,105	14,305,105
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	14,305,105	14,305,105
Transfer to statutory reserve	-	2,861,021	(2,861,021)	-
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 September 30, 2019	<u>750,000,000</u>	<u>37,708,228</u>	<u>24,082,915</u>	<u>811,791,143</u>
Balance as at July 01, 2020	750,000,000	49,999,484	27,791,108	827,790,592
Profit for the period	-	-	20,876,672	20,876,672
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	20,876,672	20,876,672
Transaction with owners				
Profit distribution for the year ended June 30, 2020 @ Re. 0.18 per certificate	-	-	(13,637,049)	(13,637,049)
Balance as at September 30, 2020	<u>750,000,000</u>	<u>49,999,484</u>	<u>35,030,731</u>	<u>835,030,215</u>

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

The annexed notes from 1 to 24 form an integral part of these condensed interim financial information.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD AND QUARTER ENDED SEPTEMBER 30, 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 is situated at Plot # 9, Sector 24, Korangi Industrial Area, Karachi and the head office is located at ITC Image, 4th floor, Block 7 & 8, KCHSU, Shahrah-e-faisal, 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, 2020.

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, 2020, 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 September 30, 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, 2020 except as explained in notes 3.6.
- 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, 2020.
- 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, 2020.

3.6 Fixed Assets

a) Owned – in use

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the items.

The cost of replacing part of an item of fixed asset is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Modaraba and its cost can be measured reliably. Normal repairs and maintenance are charged to profit and loss account as and when incurred; major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Depreciation

Depreciation on fixed assets, other than generators is charged to profit and loss account applying straight line method over 1.5 to 10 years.

Generators are depreciated on straight line basis having useful life of 5 years.

Subsequent costs are included in the asset's carrying amount are 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 life 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 up to the month preceding the month of disposal.

b) Ijarah Assets

These 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

Depreciation on fixed assets, other than generators and certain machinery is charged to profit and loss account applying straight line method over 2 to 10 years.

Generators and certain machinery are depreciated on actual hours used. Depreciation on minimum standard hours has been discontinued from the beginning of the financial year. Had there been no change in estimate, depreciation expense would have been higher by Rs. 1.592 million and profit for the period would have lower by Rs. 1.384 million.

	Note	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
4. FIXED ASSETS			
Operating fixed assets		1,117,834,310	1,185,274,412
Right-of-use asset – leasehold land	4.3	10,096,259	13,125,139
		<u>1,127,930,569</u>	<u>1,198,399,551</u>
		Un-audited September 30, 2020 (Rupees)	Un-audited September 30, 2019 (Rupees)
4.1 Additions to fixed assets			
Following additions have been made to fixed assets during the period:			
Generators		32,462,773	5,581,728
Accessories		2,962,500	17,705,214
Machinery and equipments		-	1,000,000
Electronic appliances		262,600	1,182,397
Motor vehicles		66,582	49,000
Furniture and fixtures		-	139,410
Leasehold improvements		-	1,641,019
Operating fixed assets		35,754,455	27,298,768
Capital work in progress		-	41,504,149
		<u>35,754,455</u>	<u>68,802,917</u>
4.2 Disposal of fixed assets			
Net book value of fixed assets disposed off during the period:			
Electronic appliances		81,948	-
Motor vehicles		-	143,502
		<u>81,498</u>	<u>143,502</u>

	<u>Note</u>	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
4.3 Right-of-use-asset - Leasehold land			
Cost		25,240,663	25,240,663
Accumulated depreciation		<u>(15,144,404)</u>	<u>(12,115,524)</u>
		<u>10,096,259</u>	<u>13,125,139</u>
5 INTANGIBLE ASSETS			
Software and licenses			
Net carrying value		<u>790,073</u>	<u>-</u>
		Un-audited September 30, 2020 (Rupees)	Un-audited September 30, 2019 (Rupees)
5.1 Additions to intangible assets			
Following additions have been made to intangible assets during the period:			
Software and licenses		<u>790,073</u>	<u>-</u>
		<u>790,073</u>	<u>-</u>
		Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
6 LONG TERM DEPOSITS			
Security deposit		<u>4,698,000</u>	<u>4,698,000</u>
7 STORES, SPARES AND LOOSE TOOLS			
Stores, spares and loose tools		<u>50,761,849</u>	<u>51,813,705</u>
7.1 Spare parts and loose tools consists of items related to generators and machines.			

		Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
	Note		
8 RECEIVABLES			
(Unsecured)			
Ijarah rental receivables	8.1	112,282,438	107,858,665
Operation and maintenance receivables	8.2	81,392,579	88,324,077
		<u>193,675,017</u>	<u>196,182,742</u>
8.1 Ijarah rental receivables			
Considered good		93,995,316	80,827,892
Non-performing portfolio (classified portfolio)		44,398,823	53,142,474
Less: Provision against potential ijarah losses		<u>(26,111,701)</u>	<u>(26,111,701)</u>
		<u>18,287,122</u>	<u>27,030,773</u>
		<u>112,282,438</u>	<u>107,858,665</u>
8.2 Operation and maintenance receivables			
Considered good		81,213,878	77,799,140
Non-performing portfolio (classified portfolio)		31,374,335	41,720,571
Less: Provision against potential loss		<u>(31,195,634)</u>	<u>(31,195,634)</u>
		<u>178,701</u>	<u>10,524,937</u>
		<u>81,392,579</u>	<u>88,324,077</u>
9 LOANS, ADVANCES AND OTHER RECEIVABLE			
Loans and advances to staff	9.1	3,011,173	3,365,437
Advances and prepayments	9.2	17,377,052	9,534,509
Sales tax adjustable	9.3	36,030,347	44,984,793
Earnest money		1,183,911	1,913,766
Security deposits		1,199,500	1,109,500
Takaful claim receivable		3,781,554	2,448,227
Profit receivable from bank deposits		235,562	166,396
Others		2,098,697	972,232
		<u>64,917,795</u>	<u>64,494,860</u>

- 9.1 This includes an amount of Rs. 2.30 million (June 30, 2020: Rs. 2.10 million) related to advance against expenses and Rs. 0.71 million (June 30, 2020: Rs. 1.26 million) related to loan to staff which is secured against staff provident fund.
- 9.2 This includes Rs. 0.745 million (June 30, 2020: Rs. 0.613 million) receivable from Eman Management (Private) Limited, an associated company.
- 9.3 This amount includes sales tax input adjustable on account of purchase of fixed assets.

	Note	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
10 TAX REFUNDS DUE FROM GOVERNMENT			
Opening balance		142,723,259	124,674,355
Income tax paid / deducted during the period / year		2,144,593	18,048,904
Income tax refunded during the period / year		(39,703,155)	-
Closing balance		<u>105,164,697</u>	<u>142,723,259</u>

- 10.1 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 period, prior to receiving tax exemption certificate(s) from CIR, various withholding agents have deducted advance tax under sections 151 and 153 of ITO 2001.

During the quarter, the Income tax department has started processing refund applications of companies. Consequently, the Modaraba has received Rs. 21.524 million and Rs. 18.179 million in respect of tax years 2017-18 and 2018-19 respectively. The management is pursuing for the remaining tax amount.

	Note	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
11 CASH AND BANK BALANCES			
Cash in hand		880,416	544,666
Cash at banks			
- in current account		4,267,917	4,630,797
- in savings account	11.1	103,618,073	13,667,261
		107,885,990	18,298,058
		108,766,406	18,842,724

11.1 These balances carry profit at rates ranging from 3.5% to 6% (June 30, 2020: 3.5% to 6.5%) per annum.

12 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Un-audited September 30, 2020 Number of certificates	Audited June 30, 2020 Number of certificates		Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
75,000,000	75,000,000	Modaraba certificates of Rs. 10 each fully paid up	750,000,000	750,000,000

12.1 Eman Management (Private) Limited (the Management Company) held 7,500,000 (10%) certificates of Rs. 10 each as at September 30, 2020 (June 30, 2020: 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. Nil (June 30, 2020: Rs. 15.152 million) which represents 0% (June 2020: 50%) of the profit after tax.

	Note	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
14 DIMINISHING MUSHARAKA FINANCING			
(Secured)			
Diminishing musharaka financing		492,840,949	493,085,211
Due within one year		(52,083,332)	(28,861,725)
	14.1	<u>440,757,617</u>	<u>464,223,486</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, 2020: March 2019 to December 2024) and are secured against the hypothecation of Ijarah assets. Share of profit payable on these facilities is 9.00% to 14.99% per annum (June 30, 2020: 12.80% to 15.25% per annum).			
15 LEASE LIABILITY			
Lease liability		11,237,630	14,323,352
Due within one year		<u>(11,237,630)</u>	<u>(13,144,322)</u>
		<u>-</u>	<u>1,179,030</u>
Maturity analysis of contractual undiscounted cash flow:			
Less than one year		11,918,025	14,244,878
One to five year		-	1,191,802
Total undiscounted cash flow		<u>11,918,025</u>	<u>15,436,680</u>
16 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Remuneration payable to Modaraba Management Company		5,887,907	3,486,247
Creditors for spare parts and fixed assets	16.1	250,107,507	252,652,430
Ijarah rental payable		5,488,503	5,488,143
Advances / deposits from customers		26,346,838	20,828,132
Withholding income and sales tax payable		11,991,351	16,239,369
Accrued liabilities		23,590,121	22,521,110
Payable to Provident Fund	16.2	8,349,289	4,562,299
Accrued profit on diminishing musharaka financing		8,936,761	8,830,941
Provision for Sindh Workers' Welfare Fund	16.3	4,600,352	4,174,297
Provision for indirect taxes		3,371,171	3,058,955
Dividend payable		13,637,049	-
		<u>362,306,849</u>	<u>341,841,923</u>

- 16.1 This amount includes Rs. 225.564 million (June 30, 2020: Rs. 232.141 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 The Modaraba operates defined contribution provident fund (the Fund) maintained for its permanent employees. 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.

- 16.3 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. 4.60 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 and operation and maintenance contracts

Future minimum ijarah receivables on the basis of ijarah and operation and maintenance agreements executed up to September 30, 2020 (June 30, 2020) are as follows:

	Un-audited September 30, 2020 Ijarah rental receivables (Rupees)	Audited June 30, 2020 Ijarah rental receivables (Rupees)
Receivables not later than one year	392,952,414	453,834,400
Receivables later than one year but not later than five years	3,025,000	7,540,000
	<u>395,977,414</u>	<u>461,374,400</u>

	Un-audited September 30, 2020 Operation and maintenance income receivables (Rupees)	Audited June 30, 2020 Operation and maintenance income receivables (Rupees)
Receivables not later than one year	221,940,404	62,009,922
Receivables later than one year but not later than five years	21,933,381	2,171,052
	<u>243,873,785</u>	<u>64,180,974</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. During the period, seven generators were acquired while one generator was returned. 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 September 30, 2020 (June 30, 2020) are as follows:

	Un-audited September 30, 2020	Audited June 30, 2020
	Ijarah rental payables (Rupees)	Ijarah rental payables (Rupees)
Payables not later than one year	130,609,127	145,244,175
Payables later than one year but not later than five years	-	-
	<u>130,609,127</u>	<u>145,244,175</u>

During 2019, due to prevailing conditions because of Covid-19, the Modaraba approached ORIX Leasing Pakistan Limited (OLP) for relaxation in terms of payments of Ujrah. Consequently the installment payable was restructured by OLP.

Due to restructuring, Ujrah facility will end on January 15, 2021, therefore it is classified as short term lease.

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. 2.401 million (September 30, 2019 Rs. 1.646 million). Furthermore, during the current period, an amount of Rs. 0.312 million (September 30, 2019 Rs. 0.214 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, 2021. 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 September 30, 2020 and June 30, 2020, 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 September 30, 2020		As at June 30, 2020	
	Carrying Amount (Rupees)	Total (Rupees)	Carrying Amount (Rupees)	Total (Rupees)
Financial assets at amortised cost				
Receivables	193,675,017	193,675,017	196,182,742	196,182,742
Advances and other receivables	11,510,397	11,510,397	14,673,558	14,673,558
Cash and bank balances	108,766,406	108,766,406	18,298,058	18,298,058
	<u>313,951,820</u>	<u>313,951,820</u>	<u>229,154,358</u>	<u>229,154,358</u>
Financial liabilities at amortised cost				
Diminishing musharaka financing	492,840,949	492,840,949	493,085,211	493,085,211
Creditors, accrued and other liabilities	292,407,018	292,407,018	275,020,060	275,020,060
Lease liability	11,237,630	11,237,630	14,323,352	14,323,352
Unclaimed dividend	113,763	113,763	113,763	113,763
	<u>796,599,360</u>	<u>796,599,360</u>	<u>782,542,386</u>	<u>782,542,386</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:

	Note	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
Proceeds realized		<u>750,000,000</u>	<u>750,000,000</u>
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		<u>-</u>	<u>-</u>
		<u>750,000,000</u>	<u>750,000,000</u>

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:

		Un-audited September 30, 2020 (Rupees)	Un-audited September 30, 2019 (Rupees)
Relationship with Modaraba	Nature of transactions		
22.1	Transactions during the period:		
Associated Company Orient Energy System (Private) Limited	Purchase / overhauling of:		
	- generators	-	2,835,517
	- accessories	-	8,369,167
	- stores, spares and loose tools	29,419,983	14,013,348
	- service and maintenance charges	462,800	400,094
	Rental of generators	320,000	2,998,500
	Operation and maintenance income	1,500,000	-
Associated Company Eman Management (Private) Limited	Management fee	2,401,660	1,645,665
	Reimbursement of expenses	131,853	163,656
Key Management Personnel	Remuneration	6,209,884	7,063,721
	Contribution to Provident Fund	331,248	406,764
Employees' Provident Fund	Contribution to Provident Fund	6,080,509	4,260,250

	Relationship with Modaraba	Nature of transactions	Un-audited September 30, 2020 (Rupees)	Audited June 30, 2020 (Rupees)
22.2	Period end balances:			
	Associated Company			
	Orient Energy System (Private) Limited	Payable against purchases of fixed assets, spare parts & loose tools and service & maintenance charges	225,564,456	232,141,001
		Receivable against services rendered	4,837,938	2,565,067
	Eman Management (Private) Limited	Management fee payable	5,887,907	3,486,247
		Receivable against PSO fleet charges	745,347	613,494
		Outstanding certificates 7,500,000 (June 30, 2020: 7,500,000)	75,000,000	75,000,000
	Directors	Outstanding certificates 12,500,000 (June 30, 2020: 12,500,000)	125,000,000	125,000,000
	Key Management Personnel	Outstanding certificates 10,008 (June 30, 2020: 10,008)	100,080	100,080

23 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary for the purpose of comparison and for better presentation.

24 DATE OF AUTHORISATION FOR ISSUE

This condensed interim financial information was authorised for issue on October 26, 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

امکانات

آگرچہ کوویڈ-19 میں نمایاں کمی واقع ہوئی ہے، مگر اسکے دوبارہ ابھرنے کے خدشات کو نظر انداز نہیں کیا جاسکتا خاص کر جبکہ یورپ، وسطی ایشیا اور امریکہ میں اسکی دوبارہ لہر اٹھی ہے۔ اب یہ خطرہ دور نہیں کہ پاکستان میں بھی کوویڈ-19 کو دوبارہ سراٹھاتے دیکھا گیا ہے۔ چونکہ مضاربہ کاروبار بنیادی طور پر پاکستان میں کارپوریٹ سیکٹر سے منسلق ہے لہذا لاک ڈاؤن کی واپسی مضاربہ کے کاروبار پر منفی اثرات مرتب کر سکتی ہے۔ ان سب عوامل کے پیش نظر مضاربہ کی انتظامیہ نے اپنی سرمایہ کاری کی حکمت عملی میں محتاط رہنے کا فیصلہ کیا ہے۔

اور ایم کو ایک ترقی کرنیوالے مضاربہ کی حیثیت حاصل ہے۔ اور ہم اپنے کاروبار کی ترقی اور سرمایہ کاروں کے بہترین منافع کے لئے کام کرتے رہیں گے۔ ہماری توجہ اور حکمت عملی معیاری کسٹمر بیس اور رسد کو بڑھانے پر مرکوز ہے۔ ہم اپنے مختلف کاموں میں زیادہ سے زیادہ ہم آہنگی پر توجہ مرکوز کرتے ہوئے لاگت میں کمی کی استعداد کو زیادہ سے زیادہ بنانے کی اپنی کوششوں کو جاری رکھنا چاہتے ہیں۔ ہماری توجہ معیار کو برقرار رکھتے ہوئے اپنے سرمایہ کاروں کو مستقل منافع کی فراہمی پر مرکوز رہے گی۔

اعتراف

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

بورڈ اپنے سرٹیفکیٹ ہولڈرز کا بھی ممنون ہے جنہوں نے اورینٹ گروپ پر اپنا اعتماد کا اظہار کیا اور بورڈ اپنے ہر ملازم کی محنت اور کوششوں کا بھی متعرف اور شکر گزار ہے جنہوں نے صارفین کی توقع کے مطابق معیاری خدمات فراہم کی اور مضاربہ کے کاروبار کی ترقی کو یقینی بنایا۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

26 اکتوبر 2020ء

ڈائریکٹرز کی رپورٹ

برائے مدت مختتمہ 30 ستمبر 2020

اورینٹ رینٹل مضاربہ ("مضاربہ") کی مینجمنٹ کمپنی ایمان مینجمنٹ (پرائیویٹ) لمیٹڈ ("ایمان") کے بورڈ آف ڈائریکٹرز بمسرت مضاربہ کے سہ ماہی مختتمہ 30 ستمبر 2020 کے عبوری غیر آڈٹ شدہ مختصر حسابات پیش کرتا ہے۔ اس کی مالیاتی جملکیاں درج ذیل ہیں:

مالیاتی جملکیاں	30 ستمبر 2020	30 ستمبر 2019
	روپے	روپے
آمدنی	298,080,927	296,164,569
اخراجات	(274,064,324)	(279,707,922)
مینجمنٹ کمپنی کے معاوضے سے قبل منافع	24,016,603	16,456,647
مینجمنٹ کمپنی کا معاوضہ اور دیگر اخراجات	(3,139,931)	(2,151,542)
قبل اور بعد از ٹیکس منافع	20,876,672	14,305,105
فی سرٹیفیکیٹ آمدنی—بنیادی اور تحلیل شدہ	0.28	0.19
فی سرٹیفیکیٹ بریک اپ ویلیو	11.13	10.82

کاروباری عمل کا جائزہ

یہ سہ ماہی کاروباری سرگرمیوں کے حوالے سے پچھلے سہ ماہی سے بہتر گزرا۔ پچھلے چند ماہ بڑے دشوار گزار گزرے جس میں مینجمنٹ کو کڑے فیصلے کرنے پڑے۔ مینجمنٹ نے اپنی دوراندیشی سے کوویڈ-19 کے اثرات کو زائل کر دیا۔

اب جیسے کوویڈ-19 میں، پابندیوں میں کمی آرہی ہے اور کاروباری سرگرمیاں بحالی کی جانب گامزن ہو رہی ہے، مضاربہ کے کاروبار میں بہتری آرہی ہے جو کہ مضاربہ کے مالیاتی نتائج سے نمایاں ہیں۔ بعد از ٹیکس منافع بھی 14.3 ملین روپے سے بڑھ کر 20.8 ملین روپے ہو گئی۔








مضاربہ بعد از قانونی 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 مد میں کوئی رقم شامل نہیں ہے۔










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