

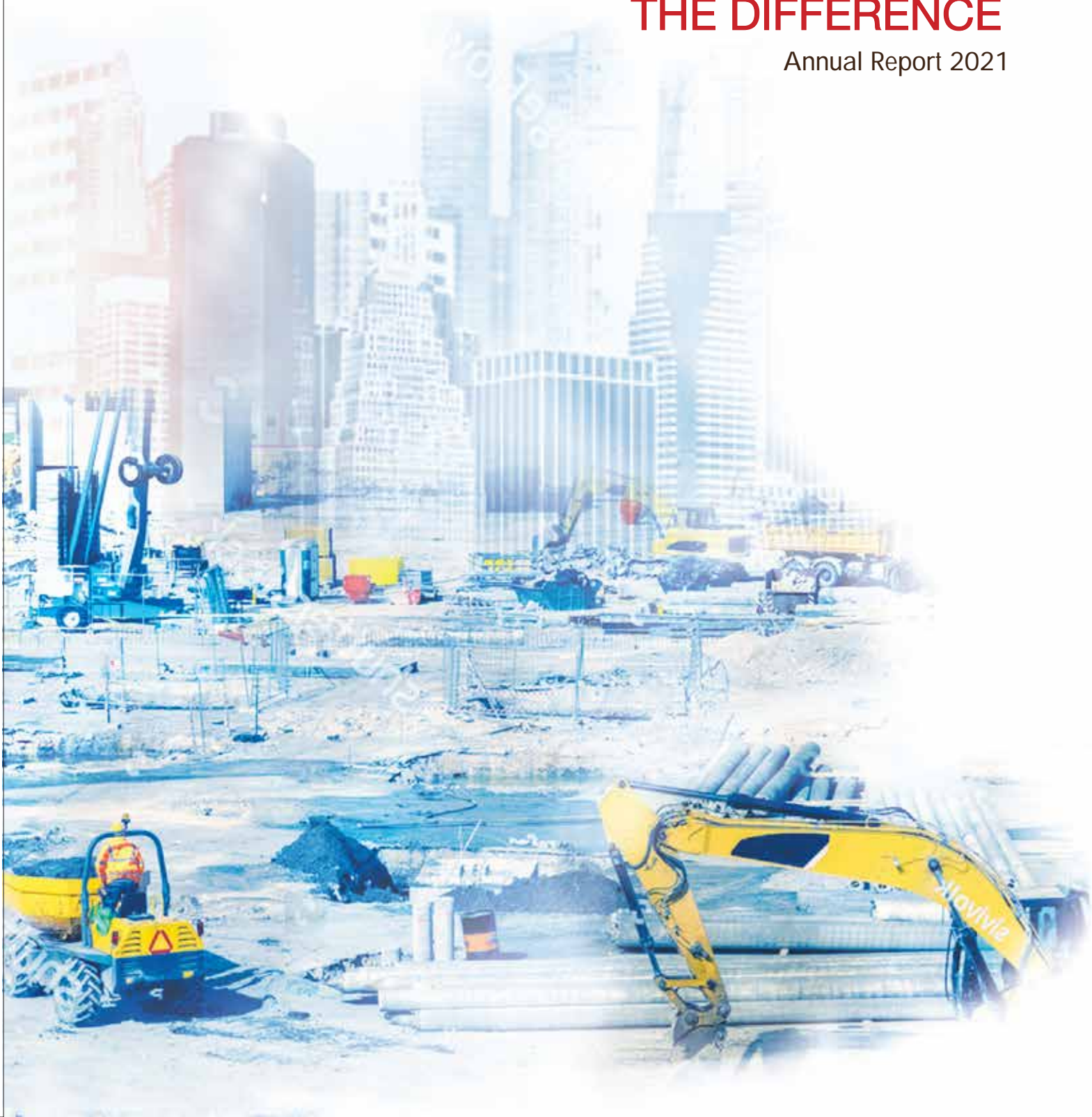


Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

EXPERIENCE THE DIFFERENCE

Annual Report 2021





We are there, whenever and wherever you need us!

One call connects you with our fleet of Power generation and auxiliary equipment, Construction Machines, Mobile Lighting Towers and Logistics equipment — all designed and built exclusively for rental applications. We have the right equipment available at a very short notice and online when you need it. You'll get fast, hassle free service and complete 24 hour support at terms attractive to your bottom line.

Our team of engineers, electricians, service technicians and operators are ready to provide you turnkey support - be it complete system design, delivery, installation, and operation. We take care of the equipment so you can focus on your core business.



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		تشکیل نیابت داری





Reliability

Our state of the art, quality equipment maximizes operational productivity.







24-Hour Service

Our sales staff and service technicians are available round the clock.







Experience

Our highly qualified and experienced staff can assess your needs and provide creative, cost effective solutions.







Options

With so many options to choose from, ARM makes renting a practical choice.





Vision

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

Mission

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

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

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

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

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



Core Values

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

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

Business Ethics

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

Human Relationship

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

Business Practices

We know that we can achieve long term business success only when everyone involved behaves honestly and responsibly. We guide our business practices by this principle and expect everyone who does business with us to do the same.

Social Responsibility

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

Living by the Code

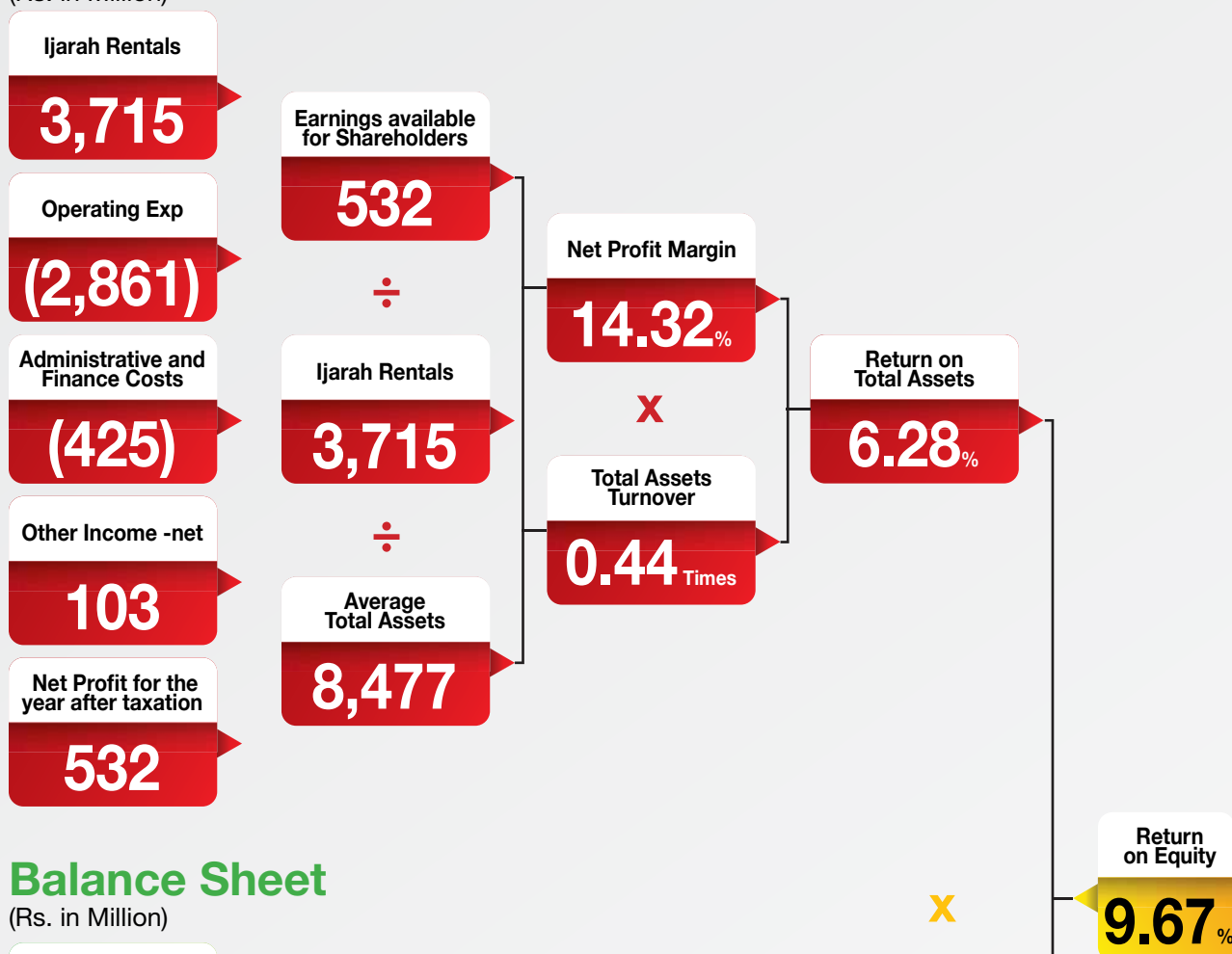
With the commitment of all Modaraba employees to guide their professional and personal behavior according to our Code of Conduct, its principles become only words. Each of us must accept personal responsibility to read the Code, understand what it means, and apply it consistently.



DuPont Analysis

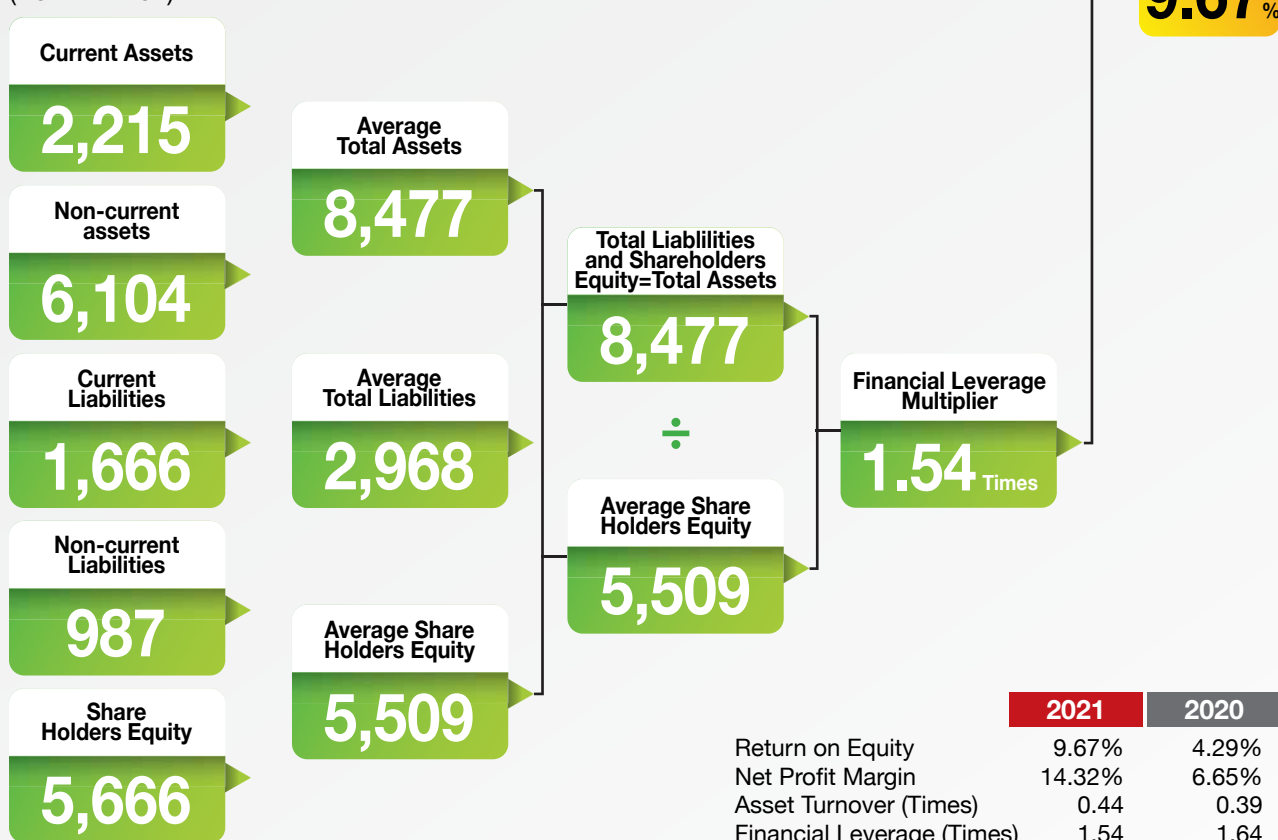
Profit and Loss Account

(Rs. in Million)



Balance Sheet

(Rs. in Million)



Modaraba Information

Board of Directors

Syed Feisal Ali
Chairman

Mr. Murtaza Ahmed Ali
Chief Executive

Mr. Khwaja Ahad Rahman
Non - Executive Director

Mrs. Saira Nasir (Independent)
Non - Executive Director

Mr. Ali Akbar
Non - Executive Director

Mr. Hassan Shehzad Abidi
Non - Executive Director

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

Audit Committee

Mr. Abdul Rahim Suriya (Independent)
Chairman

Syed Feisal Ali
Member

Mr. Ali Akbar
Member

Chief Financial Officer

Mr. Muhammad Saad

Company Secretary

Mr. Muzzammil Tariq

Head of Internal Audit and Secretary to Audit Committee

Mr. Abid Altaf

Human Resource and Remuneration Committee

Mr. Abdul Rahim Suriya (Independent)
Chairman

Syed Feisal Ali
Member

Mr. Murtaza Ahmed Ali
Member

Strategic Management

Syed Zulqarnain Jafri
Business Unit Head - Power

Mr. Ali Ahsan
Business Unit Head - Logistics & MHE

Mr. Rashid Jehangiri Business
Unit Head - Machines and Cranes

Mr. Ali Ammar

Business Administrator

Mr. Muhammad Azeem Siddiqui

Head of Human Resource and Administration

Mr. Muhammad Farooq

Head of Information Technology

Islamic Banks, Islamic Window of Commercial Banks & Lending Institutions

Askari Bank Limited

Habib Bank Limited

Bank Alfalah Limited

National Bank of Pakistan Limited

Standard Chartered Bank (Pakistan) Limited

BankIslami (Pakistan) Limited

Faysal Bank Limited

Soneri Bank Limited

Habib Metropolitan Bank

MCB Islamic Bank Limited

United Bank Limited

First Habib Modaraba

Meezan Bank Limited

Al Baraka Bank Limited

Dubai Islamic Bank

Bank Al Habib Limited

Allied Bank Limited

Auditors

KPMG Taseer Hadi & Co.
Chartered Accountants

Credit Rating Appraiser

JCR - VIS Credit Rating Company Limited

Shari'ah Advisor

Mufti Irshad Ahmad Aijaz

Legal Advisor

Mr. Khalil Ahmed Siddiqui, Advocate

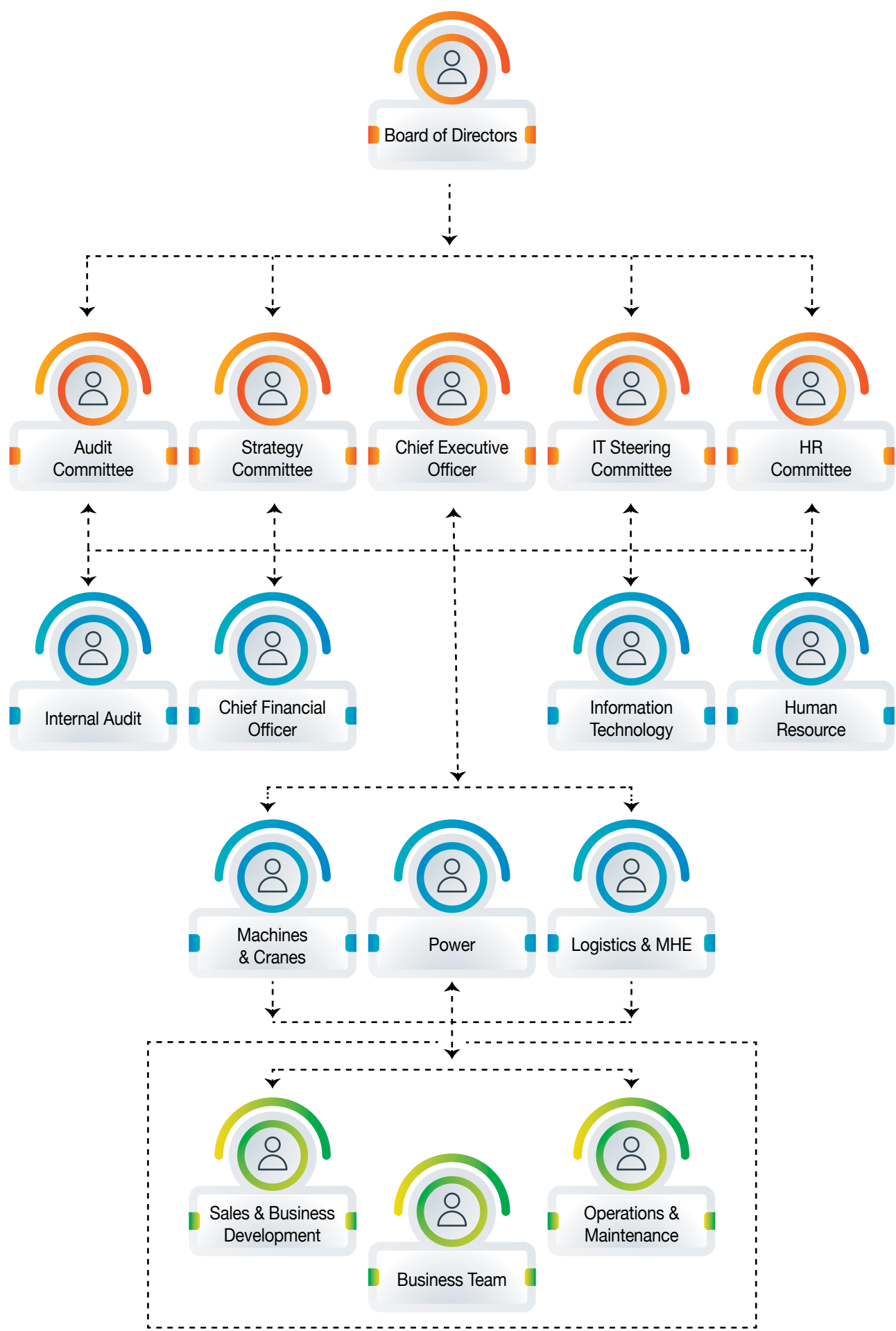
Registered & Head office

21/3 Sector 22, Korangi Industrial Area,
Karachi - 74900 UAN; (021) 111-250-250
Website: www.arm.com.pk

Registrar & Certificate Transfer Office

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

Organogram



Product Profile



CRANE SERVICES

Our cranes fleet comprises of diverse equipment to match unique and customized requirement of superior crane services by our customers. Our skilled workforce and brand new cranes of world renowned crane manufacturer “SANY” make us unique and trusted supplier for quality crane rental solutions and a preferred choice for deployment at most critical sites requiring rigorous compliance, safety and quality standards. Our truck cranes fleet consist of equipment ranges from 20 - 160 tons. Our specially designed dual purpose 10 & 12 tons self loading trucks not only lift load, but also transport the load to desired location providing one window solution for both lifting and transportation jobs.



LIGHTING TOWERS

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



CONSTRUCTION MACHINES

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



CONCRETE PUMPS

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

LOGISTICS BUSINESS

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



INBOUND LOGISTICS / MATERIAL HANDLING SOLUTIONS

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



TRUCKING LOGISTICS SOLUTION

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



POWER GENERATION EQUIPMENT

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

LOAD BANKS

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



POWER HOUSE OPERATION AND MAINTENANCE

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



Equipment Rental at Matiari-Lahore Transmission Line Project

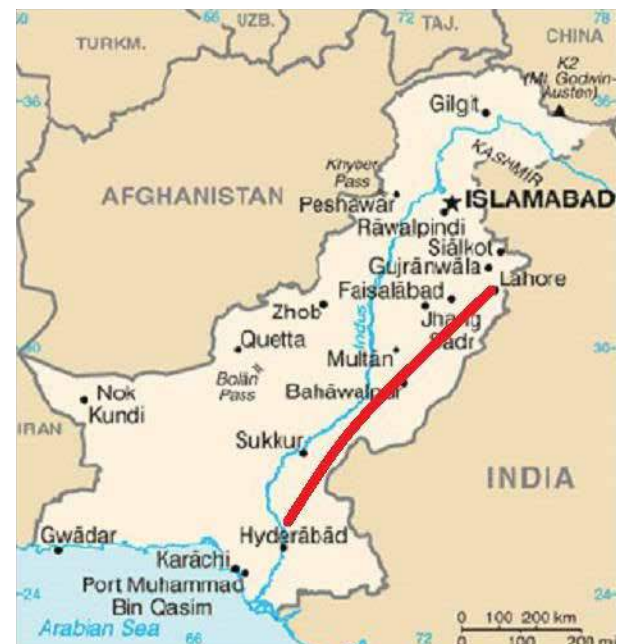
Over the years, Allied Rental, one of the largest Equipment Rental Company in Pakistan, has been playing an active part in country's progress and prosperity through cooperating for major infrastructure projects. Our projects portfolio includes projects of Road construction, Dams, Construction of Rapid Transit systems, Real estate development as well as other Infrastructure projects of strategic nature. At ARM, we strongly believe in quality and reliability and have always offered equipment rental solutions through new, most advanced and fuel efficient machines. We have made significant investments in quality equipment & people, which has enabled us to brought about efficiencies, managed to create jobs and enhanced workforce capacity through regular on-job development. Owing to this, we are a preferred vendor of all local and multinational blue chip companies and have partnered in major projects of strategic nature including projects under CPEC umbrella across Pakistan.

Project Details

The Matiari-Lahore transmission project is an 886km-long, 660kV high voltage direct current (HVDC) transmission line being constructed under the framework of the Early Harvest projects of the China-Pakistan Economic Corridor (CPEC) as part of China's Belt and Road Initiative (BRI). The \$1.68 billion project is the FIRST HVDC project in the country.

Comparing it with all the power transmission projects in the country, it has the highest voltage level as it is also the most technically sophisticated and most difficult one in terms of construction. The 886 kms transmission line runs from the southwest to the northeast of Pakistan,

passing through the provinces of Sindh and Punjab. The starting point of the project is the Matiari Converter Station, which is about 15 kilometers northeast of Matiari in Sindh province, and the end point is the Lahore Converter Station, which is about 40 kilometers southwest of Lahore, Punjab. The construction work on this strategic project was officially started in December, 2018 across Sindh and Punjab.



China Electric Power Equipment and Technology (CET), a wholly owned subsidiary of State Grid Corporation of

China (SGCC), was the main sponsor responsible for executing the project through the special purpose Pak Matiari-Lahore Transmission Company. The project is designed to evacuate 4,000MW power from plants in south to urban load centres in Punjab.

Leveraging on our experience of major projects of strategic nature while working with both national and international organizations and with a mission to continue playing our role in country's progress, ARM joined hands with China Electric Power Equipment and Technology (CET), for this project of national interest. A long term arrangement was made to provide the most feasible and efficient solution through best in class equipment of world renowned brands, capable of reliable and dependable performance delivery throughout the tenure of the project.



Considering the nature of the project, stringent timelines, and under direct supervision of Chinese technical experts, project warranted a safe, smooth and seamless operation with minimal disruptions. To serve this project, we offered Cranes of world renowned brand, SANY, ranging from 25-160 tons with a combined tonnage capacity of 560 tons. Project was also served with SANY "Mobile Concrete Pumps" for concreting requirement at project site. Additionally, we also provided "Cat" Excavator equipment for various excavation activities during the construction phase. Prior to deployment at the project site, all of our equipment underwent certification process by renowned Third Party certification agencies to ensure that our equipment conforms to the specified requirements relating to safety, health and the environment.



Adequate planning, an experienced executing agency with a strong sense of project ownership, and a committed project management & operation team are a pre requisite for any project success. Citing all these factors, ARM chose and allocate our best lot of equipment operators, technicians and supervisory staff to meet the challenging requirements of this project

and to live up to our standards and expectations. The staff was stationed at the project site to carry out day to day operation and maintenance. In addition to the site staff, regular visits of maintenance teams and senior managers were carried out throughout the project term to have managerial oversight of the project activities. To ensure safety of our people, equipment and work surroundings, safety orientation of all the staff was made mandatory before deploying on the project which was further complemented by regular safety trainings and site safety audits arranged throughout the project tenure. We clocked a total of 100,000 plus man-hours throughout the 2 year tenure of the project without any interruption or halting of project activities.



The coronavirus (COVID-19) disease, a global pandemic, drastically impacted the economies worldwide and disrupted the lives of many people, businesses operating in numerous industries, financial markets and supply chains. This posed even a greater challenge for this project as major phase of construction fell in the period of Corona peaks. At the worst stage of the epidemic in Pakistan, transportation was interrupted, markets were closed, and almost all projects were severely affected or even suspended. Despite all the challenges and disruptions, this project was completed well within time ahead of the stipulated target, setting up new records. It was only made possible due to great cooperation & coordination among Chinese and Pakistani staff present at site, measures taken for disease prevention and planned management of project activities.

As this two-year project reaches completion and last piece of our equipment is demobilized from the site, it is of paramount satisfaction that we were able to clock 100,000 plus man-hours of safe and smooth operation with no breakdowns, interruptions and zero lost time injury (LTI). We feel great pride in being part of this significant project which will effectively address the country's power shortage issues, greatly stimulate Pakistan's economic development, improve people's living standards, contribute to the deepening of the China-Pakistan Economic Corridor and the promotion of China-Pakistan energy cooperation.



Corporate Briefing Session

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

As per the above directive, Corporate Briefing Session (CBS) of Allied Rental Modaraba for the year 2019-20 was held on November 04, 2020 at PSX Auditorium.



Allied Hard Ball Cricket Team





Coping with Pandemic

By **Ali Ammar**
(Head of Business
Administration &
Compliance)

Amid the deadly pandemic of Corona Virus, companies all over the world are facing extraordinary operational and financial challenges, and with every industry and business tested in unique ways, corporate leaders have taken distinct courses of action to address the needs of their stakeholders – especially their workers, customers, and local communities – throughout the crisis. Despite emergence of new waves of pandemic embroiled with new variants of this deadly contagion, daily business and social activities have started to resume to pre-covid levels but with new limitations and restraints.



As a responsible business entity, ARM is also actively engaged with safe business practices and continuously striving on building and maintaining this culture of safe working. Company's leadership has taken several actions to mitigate financial risks and support the well-being of workers, customers, and communities during the COVID-19 pandemic. Time to time, company has announced added health and safety measures to protect workers and customers alike. We have made sure to provide clear guidelines for workers infected with Covid, protocols for close contacts as well as advices for post-covid work resumption.

Several engineering at administrative controls are implemented at work place that include:

- Masks are made mandatory for everyone at work either working inside offices, service bays, workshops or storage yards.
- Ban on shaking hands and crowding at work place
- Disablement of Fingerprint feature on attendance devices
- Implementation of daily Temperature check (through temperature guns) at entrance to avoid and prevent any suspicious carrier within the facility

- Prohibition on use of common towels and sharing of prayer mats and other belongings
- Regular surface cleaning especially frequently touched surfaces such as desks, tables, telephones, keyboards, door knobs etc.
- Placement of Hand sanitizers at prominent places within facility

Once the Covid-19 vaccines were rolled out and made available in Pakistan, ARM was quick to respond to the call of inoculation, realizing the importance of these vaccines as one of the most effective measures of disease containment and virus spread. With a realization of typical hesitancy among the general public for vaccine, the need of the time was to build the "Vaccine Confidence" among workers so that they become ready for themselves and their families to get vaccinated. It was felt that workers who are hesitant at first may become more confident after seeing co-workers get vaccinated. At this crucial juncture, senior management led from the front and was the first one to be inoculated in order to promote and encourage other employees for vaccination. All available medium of communications were used to build confidence, raise awareness among employees and emphasize the benefits of protecting themselves, their families, co-workers, and community.

WAY FORWARD

At ARM, we truly understand that more challenges are ahead for the business environment in Pakistan and world over. Irrespective of easing up of covid restrictions and gradual opening of businesses across the world, there is still no room for any respite in safety protocols. We remain committed to act responsibly and play our part to support Pakistan and global community in addressing this public health crisis by adopting and deploying all possible safety measures to contain and control the spread of this deadly disease.



Key Financial Data

		2021	2020	2019	2018	2017	2016
Total Assets	Rs. Million	8,319	8,634	8,829	9,036	8,361	7,211
Current Assets	Rs. Million	2,215	2,254	2,183	2,100	1,667	1,039
Current Liabilities	Rs. Million	1,666	1,552	1,981	1,704	1,533	1,631
Paid-up capital	Rs. Million	2,200	2,200	2,200	2,000	1,755	1,755
Reserves	Rs. Million	3,476	3,152	3,134	3,151	2,904	2,627
Stock holder's equity	Rs. Million	5,666	5,352	5,334	5,151	4,659	4,382
Gross Profit	Rs. Million	854	869	915	938	839	598
Net Profit	Rs. Million	532	228	383	395	458	294
Profit after Tax Ratio	%	14.32	6.63	10.02	10.69	15	11
Return on Asset	%	6.28	2.61	4.29	4.54	6	4
Return on Equity	%	9.66	4.26	7.30	8.06	10	7
Return on Capital employed	%	8	3	6	5	7	5
Expense Ratio	%	84	85	85	83	81	84
Debt / Equity Ratio	%	53 : 47	39 : 61	34 : 66	25 : 75	21 : 79	35 : 65
Current Ratio	times	1.33 : 1	1.42 : 1	1.10 : 1	1.23 : 1	1.09 : 1	0.64 : 1
Price Earning Ratio	times	4.36	10.73	7.47	9.05	9.54	13.07
Earning per certificate - basic and diluted	Rs.	2.42	1.03	1.74	1.89	2.61	1.76
Dividend yield Ratio	%	14	7	8	6	6	4
Dividend Pay out ratio	%	62	73	57	53	57	57
Cash dividend	%	15	7.50	10	10	15	10
Stock dividend	%	0	0	0	10	0	0
Cash dividend per certificate	Rs.	1.50	0.75	1.00	1.00	1.50	1.00
Book Value per certificate	Rs.	25.75	24.33	24.24	25.75	26.54	24.97
Market Value per certificate	Rs.	10.54	11.05	13.00	17.11	24.90	23.00

Summary of Cash Flows

	2021	2020	2019	2018	2017	2016
	(Rupees '000)					
Profit for the year	532,127	227,521	382,854	395,124	457,859	294,349
Adjustments For Non-Cash And Other Items	491,545	663,528	795,578	1,069,877	891,677	736,102
Decrease / (increase) in operating assets	62,720	(125,520)	(225,330)	(734,100)	(426,768)	(398,121)
Increase / (decrease) in operating liabilities	(315,248)	193,161	216,145	56,532	(91,463)	292,921
Cash generated from operations	(252,528)	67,641	(9,185)	(677,568)	(518,231)	(105,200)
Cash Flows From Operating Activities	771,144	958,690	1,169,247	787,432	831,305	925,251
Cash Flows From Investing Activities	(242,284)	(212,328)	(379,205)	(1,212,319)	(1,327,805)	(1,625,419)
Cash Flows From Financing Activities	(504,657)	(704,091)	(830,628)	208,678	746,586	683,015
Net Cash increase/ (decrease) during the period	24,203	42,272	(40,586)	(216,208)	250,086	(17,154)
Cash and cash equivalents at beginning of the period	92,916	50,645	91,231	307,439	57,353	74,507
Cash and cash equivalents at end of the period	117,120	92,916	50,645	91,231	307,439	57,353

Value Added Statement

VALUE ADDED

Revenue from Operation
Less: Operating Expense
Other Income

VALUE ALLOCATED

To Employees
As Remuneration

To Providers of Finance
As Profit on Diminishing Musharakah

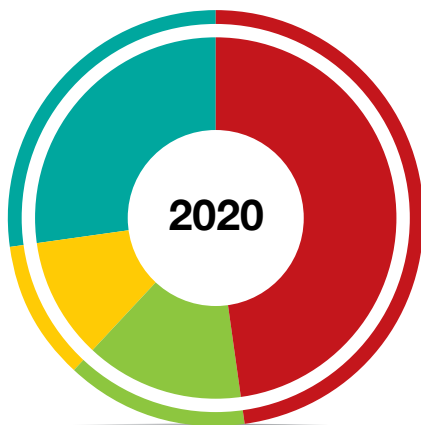
To Modarib
As Modaraba Management Fee

To Government Authorities
As Taxes, Duties & Welfare funds

To Certificate Holders
As Profit on Modaraba Certificates

Retained in the Business
As Depreciation
As Reserve and Retained Earnings

2021		2020	
(Rupees '000)	(%)	(Rupees '000)	(%)
4,082,655	98%	3,781,528	99%
(1,592,005)		(1,381,903)	
103,876	2%	28,167	1%
2,594,526	100%	2,427,792	100%
1,038,532	40%	978,870	40%
153,941	6%	278,983	11%
10,000	0.39%	10,000	0.41%
402,240	16%	380,308	16%
165,000	6%	220,000	9%
473,855	18%	558,600	23%
350,959	14%	1,031	0%
2,594,526	100%	2,427,792	100%



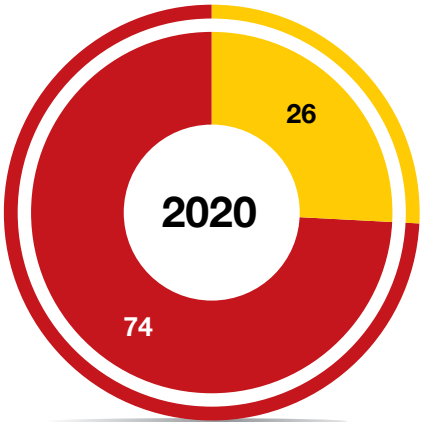
■ Employees	48%
■ Providers of Finance - Profit on DM	14%
■ Modaraba Management Fee	0%
■ Certificate Holders	11%
■ Retained as Depreciation	27%
■ Retained as Reserve and Retained Earnings	0%

Value Allocated

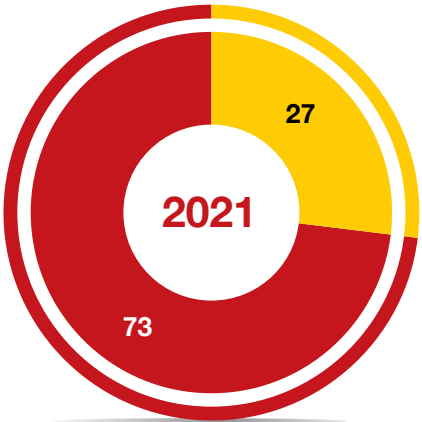


■ Employees	47%
■ Providers of Finance - Profit on DM	7%
■ Modaraba Management Fee	0%
■ Certificate Holders	8%
■ Retained as Depreciation	22%
■ Retained as Reserve and Retained Earnings	16%

Balance Sheet Composition

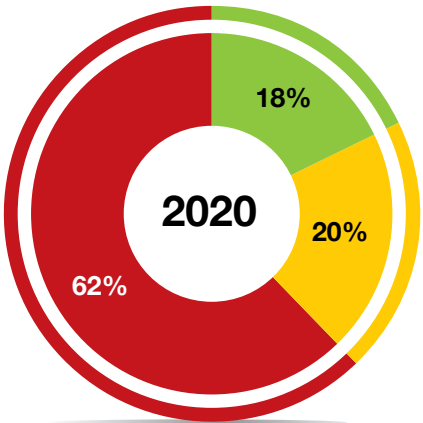


Assets

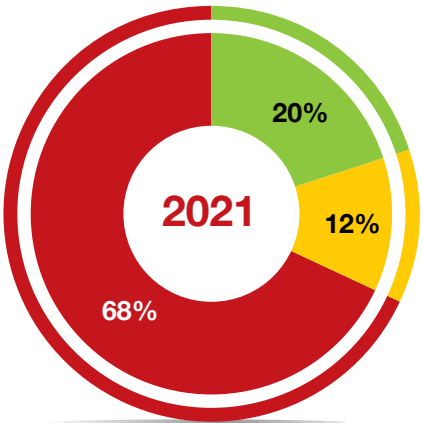


■ Total Current Assets
■ Total Non - Current Assets

■ Total Current Assets
■ Total Non - Current Assets



Equity & Liabilities



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

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

Vertical Analysis

BALANCE SHEET

	2021	2020	2019	2018	2017	2016
	(Rupees '000)					
ASSETS						
Current assets						
Cash and bank balances	1%	1%	1%	1%	4%	1%
Short-term investments	0%	0%	0%	0%	0%	0%
Ijarah rentals receivable	14%	13%	14%	15%	12%	10%
Operation and maintenance income receivable	0%	0%	0%	0%	0%	0%
Advances, deposits, prepayments and other receivable	9%	10%	8%	6%	3%	2%
Spare parts	2%	2%	2%	1%	1%	1%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
	27%	26%	25%	23%	20%	14%
Non-current assets						
Net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
Long-term security deposits	0%	0%	0%	0%	0%	0%
Diminishing Musharakah financing - secured	0%	0%	0%	0%	0%	0%
Fixed assets in own use - tangible	2%	2%	2%	1%	1%	1%
Intangible assets in own use	0%	0%	0%	0%	0%	0%
Ijarah assets	71%	71%	73%	75%	72%	79%
Capital work-in-progress	0%	1%	1%	1%	6%	5%
	73%	74%	75%	77%	80%	86%
	100%	100%	100%	100%	100%	100%
LIABILITIES						
Current liabilities						
Creditors, accrued and other liabilities	9%	13%	9%	7%	7%	10%
Bai Muajjal - unsecured	0%	0%	0%	0%	1%	1%
Payable to the Modaraba Management Company	0%	0%	0%	0%	0%	0%
Current portion of Long term borrowings	2%	1%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	8%	4%	12%	11%	10%	11%
Current portion of liabilities against right of use assets	0%	0%	0%	0%	0%	0%
Current portion of other long term liabilities	1%	0%	0%	0%	0%	0%
Contract liabilities	1%	0%	0%	0%	0%	0%
Current portion of security deposits	0%	0%	1%	1%	0%	0%
	20%	18%	22%	19%	18%	23%
Non-current liabilities						
Diminishing Musharakah financing payable	9%	16%	16%	23%	24%	15%
Long term borrowings	1%	1%	0%	0%	0%	0%
Deferred liabilities	1%	1%	1%	1%	1%	1%
Other long-term employee benefits	0%	0%	0%	0%	0%	0%
Liabilities against right of use assets	0%	1%	0%	0%	0%	0%
Other long term liabilities	0%	0%	0%	0%	0%	0%
Security deposits	0%	0%	0%	1%	1%	1%
	12%	20%	17%	24%	26%	17%
FINANCED BY : CAPITAL AND RESERVES						
Issued, subscribed and paid-up certificate capital	26%	25%	25%	22%	21%	24%
Premium on issue of right certificates	15%	15%	14%	14%	14%	16%
Statutory (mandatory) reserve	23%	20%	18%	18%	17%	18%
Unappropriated profit	3%	2%	3%	3%	4%	3%
	68%	62%	60%	57%	56%	61%
	100%	100%	100%	100%	100%	100%
PROFIT AND LOSS ACCOUNT						
Ijarah rentals	94%	95%	94%	96%	95%	96%
Operation and maintenance income	4%	4%	3%	3%	4%	4%
Profit on Ijarah finance	0%	0%	0%	0%	0%	0%
Other income	3%	1%	3%	0%	1%	0%
Gross Revenue	100%	100%	100%	100%	100%	100%
Operating expenses	75%	74%	74%	74%	72%	77%
Administrative and distribution expenses	7%	7%	6%	6%	6%	5%
Provision against potential Ijarah losses and operation and maintenance income	0%	3%	3%	3%	2%	1%
Finance costs	4%	9%	7%	7%	5%	5%
Provincial Workers' welfare fund	0%	0%	0%	0%	0%	0%
Total Expenses	86%	93%	90%	89%	85%	89%
Modaraba Management Company's remuneration	0%	0%	0%	0%	0%	0%
Sindh Sales Tax on Management Company's remuneration	0%	0%	0%	0%	0%	0%
Profit Margin	14%	7%	10%	11%	15%	11%

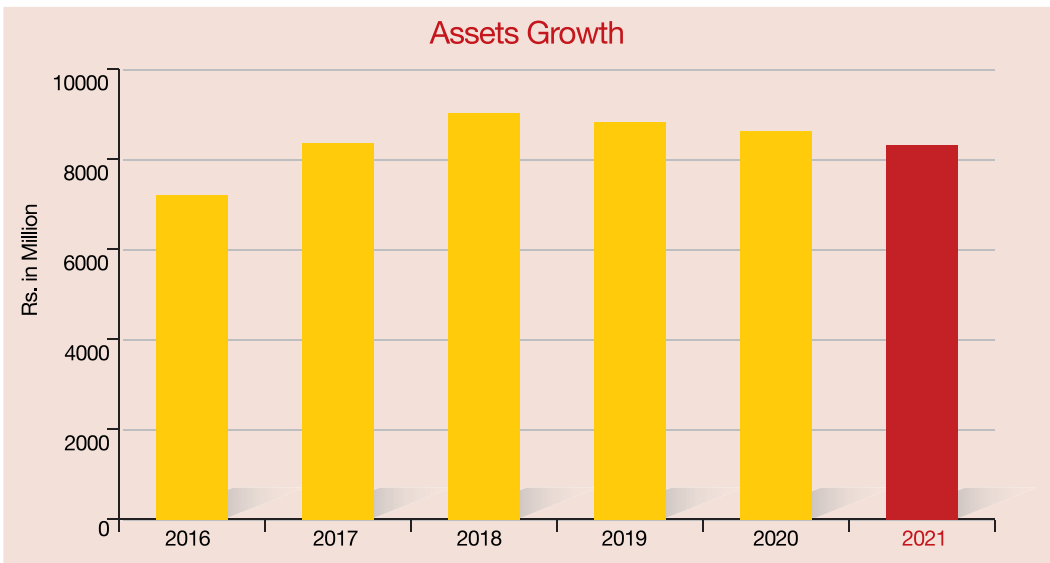
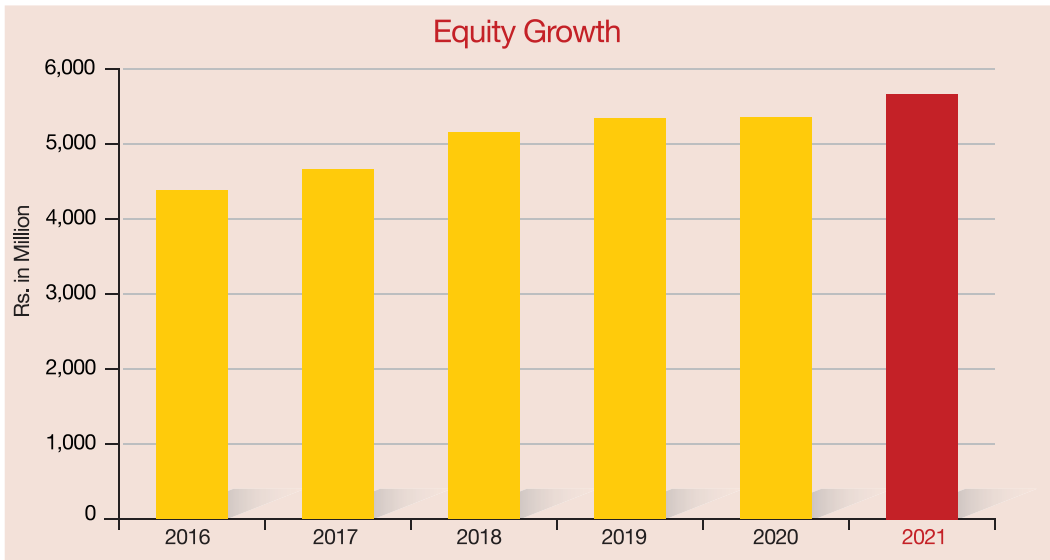
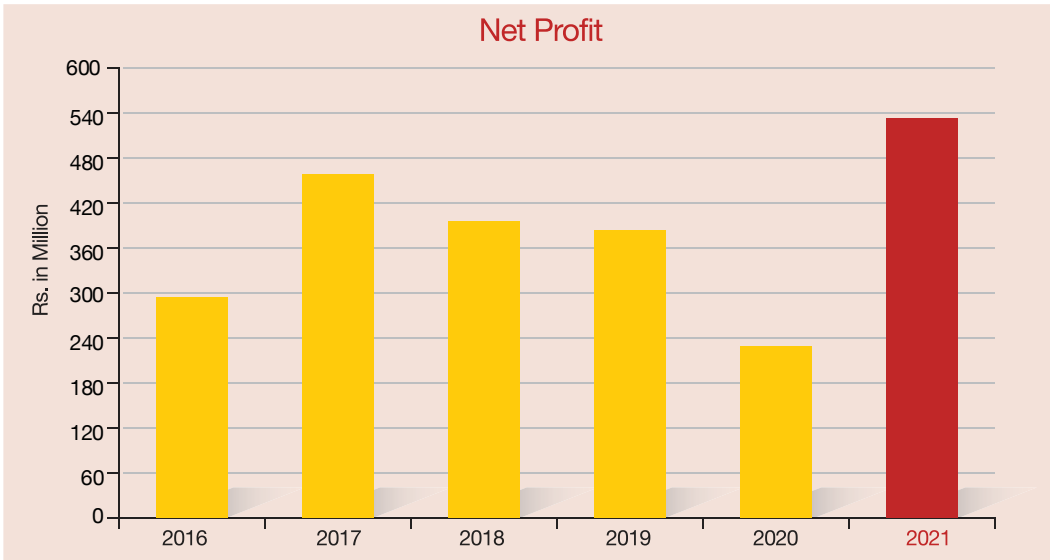
Horizontal Analysis

BALANCE SHEET

	2021	2020	2019	2018	2017	2016
	(Rupees '000)					
ASSETS						
Current assets						
Cash and bank balances	26%	83%	-44%	-70%	436%	-23%
Short-term investments	0%	0%	0%	0%	0%	0%
Ijarah rentals receivable	6%	-11%	-7%	35%	36%	50%
Operation and maintenance income receivable	-28%	35%	-5%	-1%	1%	24%
Advances, deposits, prepayments and other receivable	-11%	13%	35%	101%	66%	227%
Spare parts	-17%	44%	30%	44%	10%	60%
Current portion of net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
	-2%	3%	4%	26%	60%	55%
Non-current assets						
Net investment in Ijarah finance	0%	0%	0%	0%	0%	0%
Long-term security deposits	0%	0%	0%	0%	-100%	-21%
Diminishing Musharakah financing - secured	0%	0%	-100%	-86%	100%	
Fixed assets in own use - tangible	-1%	48%	7%	25%	17%	18%
Intangible assets in own use	-48%	-53%	-31%	-18%	62%	100%
Ijarah assets	-4%	-5%	-4%	11%	6%	12%
Capital work-in-progress	-87%	-24%	4%	-87%	58%	517%
	-4%	-4%	-4%	4%	8%	17%
	-4%	-2%	-2%	8%	16%	22%
LIABILITIES						
Current liabilities						
Creditors, accrued and other liabilities	-35%	32%	31%	6%	-16%	60%
Bai Muajjal -secured	0%	0%	0%	-100%	0%	100%
Payable to the Modaraba Management Company	-5%	-53%	98%	-12%	15%	251%
Current portion of Long term borrowings	137%	100%	0%	0%	0%	0%
Current portion of Diminishing Musharakah financing payable	74%	-65%	3%	27%	1%	-15%
Current portion of liabilities against right of use assets	-21%	100%	0%	0%	0%	0%
Current portion of other long term liabilities	100%	0%	0%	0%	0%	0%
Contract liabilities	100%	0%	0%	0%	0%	0%
Current portion of security deposits	-100%	-74%	68%	65%	43%	26%
	5%	-20%	16%	11%	-6%	17%
Non-current liabilities						
Diminishing Musharakah financing payable	-49%	2%	-32%	0%	84%	43%
Long term borrowings	-5%	0%	0%	0%	0%	0%
Deferred liabilities	14%	14%	21%	33%	33%	28%
Other long-term employee benefits	-16%	7%	43%	17%	120%	-13%
Liabilities against right of use assets	-29%	100%	0%	0%	0%	0%
Other long term liabilities	100%	0%	0%	0%	0%	0%
Security deposits	-100%	-12%	-53%	0%	43%	62%
	-42%	12%	-31%	1%	81%	43%
FINANCED BY : CAPITAL AND RESERVES						
Issued, subscribed and paid-up certificate capital	0%	0%	10%	14%	0%	20%
Premium on issue of right certificates	0%	0%	0%	11%	0%	52%
Statutory (mandatory) reserve	16%	4%	-3%	14%	14%	9%
Unappropriated profit	23%	-20%	13%	-24%	45%	-33%
	6%	0%	4%	11%	6%	18%
	-4%	-2%	-2%	8%	16%	22%
PROFIT AND LOSS ACCOUNT						
Ijarah rentals	8%	-11%	3%	19%	16%	-1%
Operation and maintenance income	4%	4%	4%	6%	13%	6%
Profit on Ijarah finance	0%	0%	0%	0%	0%	0%
Other income	269%	-73%	665%	-64%	203%	-67%
Gross Revenue	10%	-12%	6%	18%	17%	-1%
Operating expenses	12%	-12%	5%	21%	9%	5%
Administrative and distribution expenses	3%	5%	14%	17%	26%	29%
Provision against potential Ijarah losses and operation and maintenance income	-113%	-6%	10%	49%	226%	117%
Finance costs	-46%	4%	17%	46%	20%	-33%
Provincial Workers' welfare fund	-36%	100%	0%	0%	-100%	-27%
Total Expenses	2%	-9%	7%	23%	12%	3%
Modaraba Management Company's remuneration	0%	0%	0%	0%	13%	-12%
Sindh Sales Tax on Management Company's remuneration	0%	0%	0%	0%	-100%	-19%
Profit Margin	134%	-41%	-3%	-14%	56%	-27%



Financial Summary at a Glance



Annual Review Meeting 2020



Notice of Annual Review Meeting

Notice is hereby given that the 15th Annual Review Meeting of the Certificate Holders will be held on Wednesday, October 27, 2021 at 03:00 PM at the registered office 21/3, sector 22, Korangi Industrial Area, Karachi, to review the performance of the Modaraba for the year ended June 30, 2021.

The Certificate Holders whose names appear on the Register of Certificate Holders of Allied Rental Modaraba as on October 20, 2021 will be eligible to attend the Annual Review Meeting.

By order of the Board

Muzzammil Tariq
Company Secretary

September 07, 2021
Karachi.

Note:

1. The Certificate Transfer Book will remain closed from October 21, 2021 to October 27, 2021 (both days inclusive) for the purpose of attending Annual Review Meeting. All transfer received in order up to close of business on October 20, 2021 at our Registrar's office M/s JWAFFS Registrar Services (Private) Limited, 407-408, Al-Ameera Centre, Shahrah-e-Iraq, Saddar, Karachi, will be considered in time.
2. CDC Certificate Holders desiring to attend the meeting are requested to bring their original CNIC, Account and participant's ID number for identification purpose.



Shari'ah Review Report

For the year ended June 30, 2021

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

I have conducted the Shari'ah review of Allied Rental Modaraba managed by Allied engineering Management Company (Pvt.) Ltd. for the year ended 30 June, 2021 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas.

I report that in my opinion:

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

Conclusion:

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

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

وَصَلَّى اللّٰهُ عَلَى نَبِيِّنَا مُحَمَّدٍ وَبَارَكَ وَسَلَّمَ



Irshad Ahmad Aijaz

Shari'ah Advisor

Dated: 23 August, 2021

Chairmans' Review Report

For the year ended June 30, 2021

I am pleased to present the Annual Report for the year 2021.

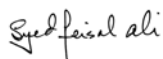
Despite the challenges / interruptions of Covid19, Modaraba Rental Sales crossed Rs. 4 Billion during the year. Higher Sales doubled the profits of the year to close at Rs. 532 Million. In addition to Gross margin, better deployments, significant reduction of Mark Up rates coupled with overall reduction in financial liabilities and Gains on disposal of Assets made their significant contribution to the healthy bottom line. Accordingly, the Management decided to increase the Cash Dividend for the year from previous Re. 0.75 per Certificate to Rs. 1.50 per Certificate.

The Management remained cautious during the year on its investment strategies with overall investment of Rs. 572 Million, as compared to an average of > Rs. 1 Billion per annum in last 4-5 years. Our Rental Asset base now stands at net book value of Rs 5.9 Billion, making us the largest company with diversified asset base of around 1,500 rental units including Generators, Cranes, Construction Equipment, Forklifts and trucks deployed at our varied customer base. This reflects Modarabas strong product portfolio ensuring long term sustainable growth of the Modaraba. Our customer include blue chip companies and conglomerates in all segments of the rental business, including deployments at BHASHA and other long term DAM PROJECT sites.

The Modaraba was able to receive Tax Refunds of Rs. 295 Million during the year, thereby reducing the accumulated balance recoverable to Rs. 498 Million; still significantly higher and putting severe strain on Modaraba's finances. Government needs to ensure that Tax Refunds are processed immediately as these are working capital funds unnecessarily withheld by the Government.

The Board is ably assisted by its various Committees, including Audit, HR and IT Committee. The Board continued to assist the Management in setting strategic directions of the business, keeping in view the macro economic factors in mind for new investment opportunities for growth of the business, so as not to miss the opportunities that the market presents. Board is aware of the Shariah Compliance Framework and advises the Management to ensure that all transactions are in complete compliance to Shariah rules and principles, as advised by the Shariah advisor.

Due to withdrawal of the Tax Exemption on Modarabas with effect from July 1, 2021, the strategy of continuing to operate as Modaraba was reviewed at the last Board Meeting of June 2021, where various options were discussed for future strategy as further disclosed in the Directors' report. Accordingly in compliance with the listing regulations, appropriate disclosure of the intention of the Sponsors / Management is made on PSX as well. The Board will continue to inform its Certificate holders and Stakeholders of the strategic direction it intends to make for the future.



Syed Feisal Ali
Chairman

September 07, 2021

Directors' Report

For the year ended June 30, 2021

The Board of Directors of Allied Engineering Management Company (Private) Limited, the management company of Allied Rental Modaraba, is pleased to present to its certificate holders the Directors' Report together with Audited Financial Statements of the Modaraba for the year ended June 30, 2021.

FINANCIAL HIGHLIGHTS

	2021	2020
	Rs. in '000'	
Gross Sales Revenue, inclusive of Provincial Sales Taxes	4,082,656	3,781,528
Net Sales Revenue	3,714,739	3,445,243
Profit for the year	532,127	227,521
Un-appropriated profit brought forward	45,165	43,439
Available for Appropriation	524,130	281,619
Transfer to Statutory Reserve @ 35% of profit for the year [2020 @ 30%]	186,245	71,454
Proposed cash dividend @ 15% (Rs. 1.50 per cert.) [2020 @ 7.5% (Re. 0.75 per cert.)]	330,000	165,000
Un-appropriated profit carried forward	7,885	45,165
Net profit margin	14.32%	6.76%
Return on equity	9.69%	4.51%
Earning per certificate	Rs. 2.42	Rs. 1.03
Break-up value per Certificate	Rs. 25.75	Rs. 24.33
Price Quoted on Pakistan Stock Exchange on June 30, 2021	Rs. 10.54	Rs. 11.05

BUSINESS REVIEW

The Management is pleased to report the Financial Statements for the year ended June 30, 2021. Allied Rental Modaraba is the largest rental solution provider in Pakistan with greater than 400 Power generating equipment's of CATERPILLAR brand with accumulated Power generating capacity of around 280 Mega Watts, over 500 Machines and Cranes of CATERPILLAR and SANY brands including road construction, earth moving, lifting and other machinery and above 325 logistics equipment. Having business all across Pakistan, the Modaraba's Gross Sales Revenue, inclusive of Provincial Services Sales Tax crossed the 4 Billion mark and was recorded at Rs 4,083 Million as against Rs. 3,782 Million of last year. Accordingly, Net Profit also increased to Rs. 532 Million as compared to Rs. 228 Million of previous year, increase by Rs. 304 Million [134%].



Sales from our Power Rental business contributed Rs. 1.5 Billion during the year. All segments of the power rental performed according to the benchmark and targets set for the year. During the year, the segment was able to record better deployment of our 350-500 KVA range of diesel units, mainly on the Construction

project sites, where we have edge with our competitors in offering complete range of products, from Construction Equipment Machines, Cranes, Concreting Equipment and Generators. The large MW units of diesel also witnessed better deployment in the later part of the year due to Gas shortages with the textile units. Simultaneously, Gas Gensets segment continued to remain a challenge due to availability of Gas to captive power units. All our long-term contracts continued with satisfactory payments made by our customers. For Power Rental business, both Diesel and Gas, as we feel that our present fleet size is able to meet the current market demand, better grid availability will be the key factor for subdued demand for both our Diesel and Gas Engines segment, with both lower deployment levels and lower time utilization of deployed units resulting in lower variable revenues. We are analyzing rental opportunities for new technology gas engines to ensure our competitive edge with reliable and efficient units to our customer base, however, this is subject to the availability of Gas to captive power units and pricing policy for LNG.

During the year, due to lower expected demand for HFO units on Rental, the Management decided to dispose off the two units which were sold and amounts recovered.

Rental sales of both our Inbound and Outbound Logistics segment continued with its robust performance during the year with combined sales for the year recorded at Rs. 1.7 Billion, contributing almost half of our total Sales portfolio. Inbound Logistics segment is continuously growing at steady pace, both in terms of new customers and new fuel efficient units with existing customers for deployment of Forklifts, tractor trollies, reach stackers and other attachments at Plant Sites to handle logistics within plant premises. Without compromising on the quality of Forklift units required for rental deployment, we have diversified our sourcing from Japanese to Chinese source, with almost 40% lower Capital cost outlay. This should further increase our market reach

with better price realization and higher margins. Most of our Inbound segment contracts are long term in nature with blue chip companies, handling plant and warehouse logistics on 24/365-day basis.

Our Outbound Logistics segment once again crossed Rs. 1 Billion mark. Our customer base for this segment mainly comprises of blue chip companies in the FMCG sector; Nestle, Engro, Dalda, Northern Beverages and Oil and Gas Company, Schlumberger and many others. With our strong set up and commitment to HSE guidelines, industry sees us as reliable vendor for their outbound logistics. However, the business is full of challenges due to competitive pricing from unorganized sector, non-implementation of regulatory regime on Motorways and Highways for Axle Load Compliance resulting in the menace of Overloading and non-availability of skilled and reliable manpower.



Though operationally very challenging, but we also foresee strong growth prospects in this segment with specific reference to development of Pakistan as the transit hub of the region and corridor for the movement of Chinese cargoes under CPEC. In this respect, all the Transport Associations are working with the Government on the Implementation of the Axle Load Regime (ALR), pending since last 20 years despite NHSO law, to prepare the country's Logistics sector for future business and its challenges. The implementation of ALR will not only reduce the menace of overloading but will also result in better price realization and effective Vehicle Maintenance and Management practices.

CAT Machines and SANY Cranes rental segment recovered in the later part of the year from the earlier semester effects of COVID-19 closures of Construction sites and closed at revenue of Rs. 538 Million as compared to Rs. 466 million of the corresponding last year, mainly due to various incentives by government in construction sector and new government oriented projects. Infrastructure construction and CPEC projects are now back on track with both Government commitment and financial closures and available funding. We are presently working on Bhasha Dam, Jaglot - Skurdu Road, Thar Coal and Jamshoro Power Plant and Mityari Lahore Transmission Line (Project is completed and expected to be commissioned shortly). This sector presents excellent opportunities for the future in the wake of new DAM projects of Daimer Basha, Dasu and Mohmand. We are in negotiation with all major contractors, including both

FWO and Chinese contractors to identify their needs and accordingly develop our Machine Rental Fleet. We have mobilized as of today 24 machines including Excavators, wheel loaders, Dozers and Dumper at Diamer Bhasha Dam site.

The major challenge of Machine Rental business is the payment cycle of the contractor. Payment by contractor is dependent on the recovery of his bills from the Government. Project delays are routine here, except for CPEC projects where we see timely clearance of Receivables. Though now our major concentration of these units deployment is mainly with FWO and other ARMY contractors, however, timely payment of receivables will always remain a challenge.

Operating Expenses increased by 12% during the year to Rs. 2,861 Million as compared to Rs. 2,562 Million of the previous year, partly the increase is in line with the increase in revenue. However, the main contributor is increase of the maintenance cost of the rental fleet which is mainly due to Rupee depreciation and its impact on Consumables, Spare Parts and Lube cost. Accordingly, the Gross Margin percentage slightly decreased from 25% in the previous year to 23% in the current year, to close at Rs. 854 Million.

Operating Salaries and Wages increased by Rs. 50 Million at the rate 6% from Rs. 849 Million in previous year to Rs. 899 Million in the current year which is in line with the increase in Revenue. Due to inflationary pressures and cost of essential items price increases, especially food, the wage levels were increased to adequately compensate our large Operators and Driver segment of the business, comprising of 90% of our workforce. Pakistan ranks among the lowest on Human Development Index (HDI) with overall quality of manpower being below par and is a major challenge for the profitable development of Rental Asset Growth. For our project at Schlumberger, our major challenge since its inception is finding the required drivers, meeting Schlumberger standards of compliance.



Repairs and Maintenance Expense increased by Rs. 71 Million to Rs. 361 Million in the current year as compared to Rs. 290 Million for the previous year. This was mainly due to increase in price of parts and lubricants due to devaluation of the currency. Fleet Vehicle running expenses went up 21% to Rs. 941 Million due to multiple factors, including increase in KM travelling and resultant

Sales, higher Diesel price, increase in tyre prices due to devaluation of currency and higher import duties and increase in price of lubricants. The main component of the Fleet Vehicle running cost is the element of Diesel Fuel, which constitutes almost 50% of the total cost.

Takaful / Insurance charge went up to Rs. 42 million during the year from Rs. 38 million in the previous year reason being slight increase of rates of insurance companies.

Administrative and Selling Expenses went marginally up by 3% to Rs. 255 Million as compared to Rs. 248 Million in the preceding year. Salaries and wages went up by Rs. 9.7 Million due to annual increments. As Modaraba is continuously growing and diversifies its business portfolio to Logistics, Crane, Construction Equipment and other business segments, we need to have better focus on the administrative controls, therefore hiring of professionals was required to ensure effective internal control and recordings. Legal and Professional charges stood at Rs. 13 Million in the current year, comprising of payment for various regulatory and fiscal fees and levies and litigation costs for various issues.

The business segments are now organized on product lines as we target each business segment with specialized and dedicated sales force. The Modaraba is now in its 6th year of new IT system "Microsoft AX and Sycor Rental" to cater for multiple business units and segments requirements.

With overall reduction of our borrowings and discount rates, mark up costs for the year went down to Rs. 163 Million as compared to last year's charge of Rs. 300 Million, hence adding Rs. 137 million to the bottom line.

Profits on Savings account and proceeds from disposal of scrap generated other income of Rs. 3.9 Million and Rs. 29 Million respectively. Gain from the disposal of old units generated gains of Rs. 24 Million as compared to gain of Rs. 4.5 Million in the preceding year.

During the year the Modaraba adopted IFRS 9 with effect from 1 July 2020 and also derived a policy approved by the board of directors for classification and provisioning of non-performing receivables which resulted in recognition of provision of Rs. 54.8 Million in the statement of comprehensive income due to change in accounting policy (refer note 3.1) by adjusting the Unappropriated profit as at 1 July 2020. Further, during the year this resulted in a reversal of provision against financial assets of Rs. 12 Million as compared to provision of Rs. 97 Million in last year. The effect of change in accounting policy has been fully disclosed in note 3.1 to the Financial Statements.

COVID-19 AND ITS IMPACTS ON THE BUSINESS

Coronavirus (COVID-19) - classified as Pandemic by the World Health Organization on 11 March 2020, hit the world impacting countries globally including Pakistan. In line with international guidelines and warnings, Government of Pakistan immediately took measures to reduce the spread of the COVID-19. This includes lockdown of businesses, suspension of flight operations, intercity movements, cancellation of major events and many other actions.

During the third and fourth wave of COVID-19, overall infection levels in Pakistan remained under control. Through effective 'smart lock-down' strategy and public co-operation, overall infection rate did not rise to alarming level. Government through various fiscal and monetary measures tried to relieve the industries in tough times. Various incentives for construction and housing sectors were also announced and implemented. Due to fear of pandemic effect on the economy, our investment also remained subdued during the year and is recorded at Rs. 537 Million as compared to Rs. 5,437 Million cumulative for four years from 2016 – 2020 (average of Rs. 1,087 Million per annum).



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

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

Except for some marginal / temporary loss of Sales and Collections during the COVID-19 period last year, we do not see any significant future impact on our business. For long term / BOT deployments, fixed rentals were charged and duly paid by our customers during the period of lockdown. Furthermore, the management has

made assessment of future profitability projection and as per the projections, we feel that the current business profile of the Modaraba will ensure continuation of its profitability in future years. Our Logistics segment continued during the period of lockdown serving our customers and delivering products all across the country to ensure continuity of business operations and to ensure availability of essential products in the country.

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

Taxation & Legal Matters

During the year through Second Amendment Ordinance promulgated by the Honorable President of Pakistan on March 22, 2021, later on ratified through Finance Act 2021, the exemption available to Modaraba under clause 100 of the Second Schedule of the Income Tax Ordinance, 2001 was revoked with effect from July 1, 2021.

Modaraba was exempt from Income Tax for the year 2021-22, therefore no provision of income tax has been made in the financial statements (refer note 31 to the Financial Statements). During the year Withholding Tax of Rs. 185 Million was deducted by our customers, due to late issuance of Exemption Certificate by Tax Authorities. During the year refunds of Rs. 295 Million of the Modaraba were processed by the FBR. The net amount now receivable from Tax Authorities now stands at Rs. 448 Million as at June 30, 2021.



Further, Modaraba is under litigation with various Appellate authorities in different legal and taxation matters, the details of these cases are reported in note 23 to the Financial Statements.

Due to withdrawal of the Tax Exemption on Modarabas from July 1, 2021, the Board in its meeting held on September 7, 2021 questioned the strategy of continuing to operate the business under the legal structure of a Modaraba. It was discussed at the Board Meeting and the Board advised the Management to explore the opportunities of conversion of the Modaraba to two Private Limited entities to reduce the burden of regulatory compliance and accordingly reduce the cost of doing business. Accordingly, the following public disclosure was made on the Pakistan Stock Exchange (PSX):

“Due to withdrawal of the Tax Exemption on Modarabas in the Federal Fiscal Year Budget 2021-22, the Board of Directors of the Management Company of the Modaraba has proposed to restructure its current legal structure and separate the existing businesses with all its assets and liabilities, including all contingent liabilities into two separate Private Limited Companies.

It is proposed that the Logistics business of the Modaraba with all its existing Fixed Assets and Staff and Financial Liabilities will be transferred to Allied Transport & Logistics (Private) Limited and all other remaining Assets and Liabilities including all contingent liabilities will be merged with Allied Engineering Management Company (Private) Limited, after surrendering the license of the Management Company to Registrar Modarabas - SECP and conversion of Management Company to a Private Limited Company. The Management Company of Allied Rental Modaraba namely Allied Engineering and Management Company (Private) Limited will be renamed for this purpose.

The above proposed scheme is subject to the approval of Registrar Modarabas, SECP, Sindh High Court and other relevant authorities as per Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Companies Act, 2017 and other laws for the time being in force”

However, the management neither intends to liquidate the Modaraba nor cease the business activity and has all the realistic possibilities to continue the Modaraba as a going concern and no final decision has been taken in respect of the above.

Modification & Emphasis of Matter in the Auditors Report

As discussed in Note 31.3 of financial statements and point (a) of the auditor's report to the certificate holders, on March 22, 2021 the Tax Laws (Second Amendment) Ordinance, 2021 was promulgated and exemption from taxation available to the Modarabas has been withdrawn with effect from 1 July 2021. However the Modaraba has not recognized any deferred tax impact as at 30 June 2021 as required under IAS 12, 'Income

Taxes'. The Modaraba is in the process of computing the appropriate details of the tax bases (carrying values) of assets and liabilities admissible for taxation purposes and determining the amount of deferred tax balance as at 30 June 2021 but was not able to do so prior to the approval of financial statements. Accordingly, the Modaraba has not able to determine the amount of deferred tax which should have been recognized and whether any adjustment might be necessary to the amounts shown in the financial statements for profit after tax for the year, transfer to statutory reserve during the year, earnings per certificate for the year and profit for the year available for distribution as at and for the year ended 30 June 2021.

Further, In relation to the way forward discussed in the below heading of future strategy, the Auditors have included a matter of emphasis in the report attached in the Financial Statements.

Future Strategy

Due to diversification, the share of Rental Power in the total business now stands at 39% to the overall Sales Revenue of the Modaraba. The Modaraba shall continue to follow its replacement cycle of power rental fleet, depending on the disposal of its used units. The fuel efficiency and better reliability of the new replaced units gives competitive edge to the Modaraba and generates premium on its price offering to its customers.

The deployment of construction machines and equipment has recovered from the initial impacts of COVID-19 site closures. Segment will evaluate profitable opportunities of new investment in the fleet depending on the demands from DAM Construction sites vis-à-vis low pricing / low quality investor cum operator sector competition and create window of opportunity in this growth market with new, reliable and fuel efficient units. The organizational structure is in place to specifically target this segment. The fleet comprises Cranes, Excavators, Motor Graders, Compactors, Wheel Loaders, Lighting Towers and other construction Equipment.

On the inbound logistics segment, the Modaraba is continuously offering complete 360° solution to its customers, especially in the bottling and packaging industry with efficient and cost effective solutions through its CAT Forklifts.

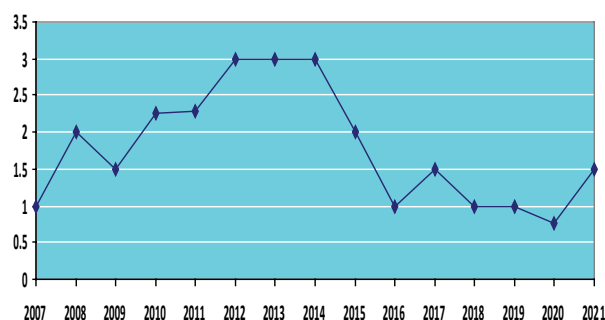
The Management feels that logistics is the future potential area of investment and growth for the Modaraba. The lack of investment in the sector, roadside engineering practices and overall lack of infrastructure have created many inefficiencies resulting into higher transportation costs. Non- implementation of measures mentioned in the Trucking Industry report and NHTSO 2000 is another impeding factor for the sustainable growth of the trucking industry. Modaraba has entered into rental agreements for the transportation contracts with leading FMCG brands, which portrays the confidence of our customers on our ability to deliver on our commitments. To qualify as compliant with HSE standards, the Modaraba continuously certifies its Logistics business for Compliance of Responsible Sourcing Audit under

the guidelines of SMETA by Bureau Veritas Pakistan. We see potential for growth in the sector with some leading FMCG brands, where we have developed our relationship by offering rental solutions to them, both in the Power Rental and Logistics Rental businesses. Another significant window of opportunity is the movement of goods under the Transit Hub / CPEC corridor and the business unit is fully aware of the significant opportunities on this front. We see profitable growth prospects on this segment as our knowledge base of this segment improves.

As discussed under heading of taxation and legal matters above, due to withdrawal of the tax exemption on Modaraba in the Federal Fiscal Year Budget 2021-22, the Board of Directors of the Modaraba Management Company has discussed the proposal to restructure its current legal structure and separate the existing businesses with all its assets and liabilities, including all contingent liabilities into two separate Private Limited Companies. The Board shall timely update / inform the certificate holders / stakeholders on the progress.

DIVIDEND

The Board is pleased to announce a cash dividend of 15% i.e. Rs. 1.5/- per certificate of Rs. 10/- each. The 15 years of cash dividend history of Modaraba is as follows:



CREDIT RATING

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

INFORMATION TECHNOLOGY

Considering the continuous growth of the Modaraba in multi-dimensional Rental business portfolio with Asset base reaching over Rs. 13 Billion, the management decided in 2016 to invest in its IT infrastructure and selected the ERP solution of Microsoft AX Dynamics with an integrated add on German based computer software SYCOR for its rental business needs.

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

Through ERP implementation, Modaraba have been benefited in the following ways:

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

Automating business processes such as invoicing and sales and purchase orders within one system improves forecasting accuracy and reduces inefficiencies. Using a single base of information for billing and other customer interactions improves service levels and increases customer retention.

During the year, Management and ERP team remained focused on the project and following milestones were achieved including:

Enhancement of Trip Management System

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



Microsoft Power BI

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

Key Benefits of using Power BI

Integrates seamlessly with existing applications:

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

Rich personalized dashboards:

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

Publish reports securely:

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

No specialized technical support required:

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

Extracting business intelligence rapidly and accurately:

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

During the year, a charge of Rs 0.93 Million made in the Accounts for the overall amortization of the total investments made till June 30, 2021 on the IT Project.

FUTURE OUTLOOK

On the business front, due to focused and targeted marketing campaigns resulting in better outreach to our customers, diversification of customer and business segments, better treasury management, the Modaraba was able to present stellar performance and closed at Rs. 4 Billion plus Sales and Rs. 500 Million plus profits. We expect this Sales and Profitability trend to continue in the coming years. However, with the withdrawal of the Tax

Exemption on Modarabas and regressive Withholding Tax Regime of 10% WHT on Rental Services, 8% on O&M Services and 3% on transportation services the overall profitability after tax of the Modaraba will take a significant hit.

Rental of Assets is extremely Capital-Intensive businesses and provides services to the Industries and all construction projects. Rental Service providers are actively engaged in major projects of Strategic nature by rendering services to major infra structure projects such as Construction activities of Bhasha Dam, Mohmand Dam, Dasu Dam, Matiari -Lahore Transmission Line Project, Karachi - Hyderabad Motorway (M-9), Jaglot-Skardu Road (Gilgit - Baltistan), Thar Coal Power Project and many other such projects. The sector is not only supporting major projects of National interest but also generating employment for thousands of people and building valuable human capital through continuous investment in development and training.

The 10% & 8% withholding tax rate is highly regressive and works out to a net taxable profit margin of 40% & 32% respectively, as per following chart:

Description		Withholding @ 10%	Withholding @ 8%	Withholding @ 3%
Sales	A	100	100	100
Sales tax	B	16	16	16
Total Sales	C=A+B	116	116	116
Withholding Tax	D = C × W/H Rate	11.6	9.28	3.48
Corporate tax rate	E	29%	29%	29%
Taxable Net Profit Margin	F = D / E	40%	32%	12%

Based on published statistics of our financial results, the last 5 year average Net Profit Margin works out to 10%, ranging from highs of 14% to lows 6% per annum and even achieving this margin in current macroeconomic environment is very challenging. This amply demonstrates that the WHT of 10% and 8% is highly regressive, discriminatory and tantamount of closure of this both Capital and Labor Intensive business, providing essential rental services to all industries and upcoming Power and Infrastructure projects in Pakistan.

Capital intensive businesses such as Rental Assets, either in Pakistan or in any part of the world, cannot generate 40% Taxable Profit in any year or either on a year-to-year basis consistently. This is extremely regressive and tantamount to closer of such businesses in Pakistan. Section 236Q is also not in line with the other 24 businesses classified under 3% withholding tax / Final Tax regime under section 153(1)(b).

In the Finance Bill 2021, Oilfield Services, Warehousing Services, Logistics Services, Collateral Management Services and Telecommunication Services are classified under reduced rate of 3%.

Two similar nature of services, namely rent a car and transportation services are already included in the twenty four other services @ 3% Withholding tax rate. Rental of Machinery / asset is similar to these two services and it is discriminatory under section 236Q of Income Tax Ordinance 2000 to levy WHT at extremely higher rate.

In this connection, we made presentations to Senate Standing Committee on Federal budget and Anomaly Committee set up by FBR on Federal Budget 2021-22, both endorsed out contention for the reduction of WHT rates to FBR. Unfortunately, both recommendations of these august bodies didn't find positive response from FBR for unknown reasons. We believe that reducing the withholding tax rate of rental of Machinery is essential for the survival and growth of the Modaraba business / Rental business to sustain.

To spur growth and investment, immediately after the Pandemic, SBP was swift to rise to the challenge of market needs and deferred lease payments and gradually lowered mark up / discount rates. The lowering of the mark up rates will significantly help in the profitability of the Modaraba as we see our financial charges to reduce in coming years. The lower mark up rates should further help the qualifying criteria of our investment into Rental Assets. However, the devaluation of Pak Rupee is still a perennial challenge that continuously pushes up cost of parts and consumables and also the general inflation, without corresponding price increases.



The strength of Caterpillar brand name and our strategy of continuous investment in prior years on new technologies, new products, new markets and new segments perfectly position us as the lowest Capital Cost Rental set up in the country for all business segments. This gives us a huge competitive edge in terms of meeting the price challenges of the market and offering effective prices to our customers in this challenging business environment. We will have to cautiously review the situation regularly and wait and see the direction of the economy set by the Government before finalizing our Investment Plans. The Modaraba and its team of people from Managers to technicians to Drivers/Operators are all geared to their optimum potential of a COMPLETE RENTAL SOLUTION PROVIDER for all sorts of EQUIPMENTS TO ITS CUSTOMERS from POWER TO LOGISTICS. By applying prudent policies and disciplines in our business operations, we are confident that the targets sets for the year will be achieved. The Management is continuously expanding its rental fleet and it is expected that 2021 – 22 investments will mainly be in our Earth moving and Machines segment to cater to the demands of products for infrastructure and big dam projects.

Despite the challenges facing the country, we feel that our country is blessed with resources, all the way from Karakoram Mountains to the hilly areas of Baluchistan. We are a country rich in natural resources, have vast agricultural resource able to grow Cotton, Rice, Wheat, Maize, Potato, Fruits and Vegetables. CPEC is the game changer for the economy of the country and accordingly offers significant business opportunities to us also and we are well positioned to take that advantage. With over 220 Million population, we see our country as big market for all sorts of investment, whether industrial investment for rising Power Generation demand, investment in the logistics sector by partnering with leading FMCG brands or movement of cargo on CPEC front or investment in earth moving equipment and machine segment for dam/ infrastructure development projects.

The Management is positive of the rental industry potential, CPEC development and tremendous opportunities generated from the various Strategic Projects Initiated by Government especially DIAMER BHASHA DAM Project, but will also remain cautious, prudent and selective for its investment on the Rental Power segment. We always strive to keep special emphasis on customer satisfaction, also ensuring in the process that we always follow the Islamic Shariah principles in all our business transactions.

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

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

OUR COMMITMENT TO REGULATOR AND CERTIFICATE HOLDERS

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

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

- a) complying with Islamic Shari'ah principles in all our business areas;
- b) generate fair returns on their investment through cash dividends and offering of Bonus Certificates; and
- c) develop long term growth and sustainability plans of the Modaraba, keeping in view different segments of its Rental Asset portfolio to ensure optimum mix of its asset base. Rental business is

both Capital and Labor intensive as we not only maintain the equipment but continuously operate and maintain them at customer sites. This not only requires continuous review of our asset portfolio on an ongoing basis to ensure optimum utilization of Capital but continuous improvement and review of operational controls to not only maintain asset health and provide quality service to our customers.

GOVERNANCE FRAMEWORK

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

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



CONTROL ACTIVITIES

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

REVIEW

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

AUDIT

The Head of Internal Audit functionally reports to the Board of Audit Committee. The Internal Audit function carries out reviews of the financial, operational and

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

WHISTLE BLOWER MECHANISM

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



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

ALTERNATIVE COMPLAINT METHODS: INDEPENDENT HOTLINE:

An independent compliance hotline, operated by an

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

CORPORATE SOCIAL RESPONSIBILITY:

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



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

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

SCHOLARSHIPS

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

SPORTS ACTIVITIES

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

EMPLOYEE HEALTH AND SAFETY – COVID-19

Allied Rental Modaraba organized health camps in alliance with a well known Laboratory where free of cost medical tests and advices from physician were offered to the employees at its regional offices in Karachi and Lahore. The campaign helped to spread awareness to live healthy life. In addition, strict rules were enforced

at all our office premises to ensure compliance to International and Government guidelines to ensure health and safety of its staff, customers, contractors and visitors and further ensure containment of the spread of COVID-19. Regular sessions were conducted by HSE staff all across the country. A brief review on our COVID-19 response is separately mentioned in the article by our HSE Department.

OPPORTUNITY FOR YOUNG TALENT

As a responsible corporate citizen, Modaraba continued to provide management-traineeships and internship experience to students from various academic institutions. This year, the number of interns increased from the previous years which in addition to willingness of the Modaraba to provide opportunity to young talent to help them learn in a professional environment.



DIRECTORS

THE STRUCTURE OF THE BOARD OF DIRECTORS

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

The Board of Directors presently comprises 07 individuals, composition of which is as follows:

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

Non executive directors are qualified individuals and possess required expertise, knowledge and the skill required by the business and specified by SECP to effectively provide guidance to the senior management and control the affairs of the Modaraba. The Chairman of the Board is other than the CEO. Meetings of the Board of Directors are held regularly to review the performance and results of business operations and their management and to make decisions concerning

the Modaraba's business activities. All the Directors have completed their mandatory certification process as required under Code of Corporate Governance - CCG. Meetings also take place to consider business trends and operational plans of the Modaraba. Various planning scenarios are deliberated on, as well as the Modaraba's annual business plan.

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

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

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

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

DEVELOPMENT OF DIRECTORS

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

COMPLIANCE WITH CORPORATE GOVERNANCE

The Board of Directors reviews all significant matters of the Modaraba. These include Modaraba's strategic direction, annual business plans and targets, related party transactions and decisions on long term investments and borrowings. The Board is committed to maintain high standards of Corporate Governance.

THE BOARD OF DIRECTORS IS PLEASED TO REPORT THAT:

- The financial statements prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been

consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.

- International Accounting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements.
- The system of internal control, which is in place, is being continuously reviewed by internal audit and other such procedures. The process of review will continue and any weakness in controls will be removed.
- There are no significant doubts upon the Modaraba's ability to continue as a going concern.
- Summary of key operating and financial data for the last six years is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2021 except for those disclosed in the financial statements.
- The trading in certificates carried out by the Directors, CEO, CFO, Company Secretary, their spouses and minor children is reported as annexure to this report.
- The value of investments in Employee's Provident Funds based on the financial statements of the fund as at December 31, 2020 is Rs. 199,659,292 (2019: Rs. 152,170,746)
- The pattern of holding of certificates by the certificate-holders is included in this annual report.
- The Board has formed a Human Resource Committee in compliance with the requirements of the Code of Corporate Governance. The Committee makes recommendations to the Board for maintaining.
 - (i) a sound organizational plan of the Company,
 - (ii) an effective employee development program and;
 - (iii) sound compensation and benefit plans, policies and practices designed to attract and retain high caliber personnel for effective management of business with a view to achieve set objectives.

Following Directors are the Members of the Human Resource Committee:

Mr. Abdul Rahim Suriya - Chairman

Syed Feisal Ali

Mr. Murtaza Ahmed Ali

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

- The Board has formed an Audit Committee in compliance with the requirements of the Code of Corporate Governance. The Committee comprises

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

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

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

AUDITORS

On the recommendation of the Audit Committee and as part of the rotation requirement by SECP, the Board has approved the appointment of the Messrs. A.F. Ferguson & Co. Chartered Accountants as auditors for the year ending June 30, 2022 at a remuneration to be mutually agreed, subject to the approval of Registrar of Modaraba Companies & Modarabas.

SHARI'AH AUDIT REPORT

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Irshad Ahmed Aijaz as and when required to ensure full compliance to Shari'ah Audit mechanism developed in consultation with Registrar Modarabas. The internal audit department has also been trained to handle the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Audit Report issued for the affairs of the Modaraba for the year ended June 30, 2021 is attached in the Annual Financial Statements.



ACKNOWLEDGEMENT

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

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



Murtaza Ahmed Ali
Chief Executive

Date: September 07, 2021



Abdul Rahim Suriya
Director

Certificate Holding Pattern

As at June 30, 2021

Categories of Certificate Holders	Number	Certificates Held	Percentage
Associated Companies			
Allied Engineering & Services (Private) Limited	1	151,931,073	69%
Allied Engineering Management Company (Private) Limited	1	43,999,997	20%
Allied Engineering & Services Limited - Employees Provident Fund	1	3,734,868	2%
		199,665,938	91%
Directors, CEO & Their Spouses & Minor Children			
Murtaza Ahmed Ali	1	510,629	0.2%
Syed Feisal Ali	1	2,256,650	1%
Ali Akbar	1	82,544	0.0%
Saira Nasir	1	-	0.0%
Hassan Shahzad Abidi	1	7,324	0.0%
Aduld Rahim Suriya	1	46,256	0.0%
Khwaja Ahad Rahman	1	5,973,845	2.7%
		8,877,248	4%
Executives	2	115,844	0.1%
Employee Provident Fund	2	23,502	0.0%
Modaraba	1	16,500	0.0%
Mutual Fund & Others	3	687,050	0.3%
General Public	421	10,613,918	5%
	439	220,000,000	100%

Information on Trading in Certificates

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

Combined Pattern of CDC & Physical Shareholdings

As at June 30, 2021

Categories of Share Holders	Number of Share Holders	Shares Held	Percentage
Individuals	429	19,606,796	8.91%
Investment Companies		-	-
Insurance Companies		-	-
Joint Stock Companies	1	384	0.00%
Financial Institutions		-	-
Modaraba Companies	1	16,500	0.01%
Foreign Companies	1	566,810	0.26%
Co-Operative Societies		-	-
Associates	3	199,665,938	90.76%
Others	4	143,572	0.07%
Totals	439	220,000,000	100%

Number Of Share Holders	Share Holding			Total Shares Held
100	1	-	100	1,807
43	101	-	500	14,990
51	501	-	1,000	42,044
116	1,001	-	5,000	286,774
41	5,001	-	10,000	289,580
19	10,001	-	15,000	227,296
10	15,001	-	20,000	172,731
10	20,001	-	25,000	219,727
9	25,001	-	30,000	244,957
6	30,001	-	35,000	188,309
1	35,001	-	40,000	36,327
2	40,001	-	45,000	84,973
4	45,001	-	50,000	182,667
1	55,001	-	60,000	60,000
3	60,001	-	65,000	190,998
2	70,001	-	75,000	149,001
2	75,001	-	80,000	154,500
1	80,001	-	85,000	82,544
1	90,001	-	95,000	91,759
1	115,001	-	120,000	119,856
1	120,001	-	125,000	124,200
1	125,001	-	130,000	126,795
1	160,001	-	165,000	160,596
1	215,001	-	220,000	219,998
1	290,001	-	295,000	291,758
1	315,001	-	320,000	317,900
1	380,001	-	385,000	383,530
1	510,001	-	515,000	510,629
1	565,001	-	570,000	566,810
1	585,001	-	590,000	586,666
1	2,255,001	-	2,260,000	2,256,650
1	3,730,001	-	3,735,000	3,734,868
2	5,970,001	-	5,975,000	11,947,690
1	43,995,001	-	44,000,000	43,999,997
1	151,931,001	-	151,932,000	151,931,073
439				220,000,000

Credit Rating



“A-One” Short-Term



“A+” Long-Term

STAR FIGHTER AWARD



Allied Rental Modaraba, received prestigious Star Fighter Award, form Frontier Works oprganization (FWO), as a token of appreciation for their efforts and professionalism while working on construction, repairing and widening of the Jaglot-Skardu (S-1) road which is a 167 kms strategic highway, a major link between Karakoram Highway and Skardu in Gilgit-Baltistan territory.

Human Resources & Remuneration Committee: Terms of Reference

I. PURPOSE

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

II. COMPOSITION AND OPERATIONS

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

III. DUTIES AND RESPONSIBILITIES

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

- A. Recommending to the board the selection, evaluation and succession planning across the company.
- B. Recommend to the Board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors) and members of senior management.
- C. The objectives, strategies and overall business plans of Human Resources and ensure that they are within the framework of existing laws and regulations.
- D. The Modaraba's compensation and benefits philosophy, strategy and guidelines and review their compliance with laws and any applicable guidelines established by the Labor Laws of Pakistan, competitiveness with the market and frequency of review accounts for annual country inflation rate and changes in trends in the country.
- E. Undertake annually a formal process of evaluation of performance of the Board as a whole and its committees either directly or by engaging an external independent consultant
- F. The Modaraba's strategy, plan and proposal related to annual increments, salary adjustments and performance and profit bonuses of the Modaraba's executives.
- G. The Modaraba's strategy related to Human Capital Management and Planning, including:
 - i. Recruitment and Selection strategy is aligned to Business objectives and philosophy.
 - ii. Training and Developmental needs of Human Resources are identified, adequately met and aligned to business objectives; and
 - iii. Performance Evaluation and Management System is objective, transparent and unbiased.
- H. Review and Recommend the Human Resources Policies and Procedures of the Modaraba to the Board and ensure that they are updated from time to time to keep abreast with market practices.
- I. recommending to the board the selection, evaluation, development, compensation (including retirement benefits) of chief operating officer, chief financial officer, company secretary and head of internal audit;
- J. consideration and approval on recommendations of chief executive officer on such matters for key management positions who report directly to chief executive officer or chief operating officer; and
- K. where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the company.
- L. Review and recommend Core Values to be adopted by the Modaraba.
- M. Review and recommend changes to the Committee's terms of reference, as and when required.

IV. ACCOUNTABILITY

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

IT Steering Committee: Terms of Reference

I. Mandate

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

II. Duties and Responsibilities

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

III. Sub-Committees/Working Groups

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

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

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

IV. Committee Membership

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

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

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

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

V. Quorum and Voting

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

VI. Committee Meeting Schedule & Support

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

VII. Accountability

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

Audit Committee: Terms of Reference

Purpose:

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

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

Meetings and Attendance:

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

Responsibilities:

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

- A. determination of appropriate measures to safeguard the Modaraba's assets;
- B. review of quarterly, half-yearly and annual financial statements of the Modaraba, prior to their approval by the Board of Directors.
- C. review of preliminary announcements of results prior to publication;
- D. facilitating the external audit and discussion with external auditors of major observations arising from interim and final audits and any matter that the auditors may wish to highlight;
- E. review of management letter issued by external auditors and management's response thereto;
- F. ensuring coordination between the internal and external auditors of the Modaraba;
- G. review arrangement for staff and management to report to Audit Committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures.
- H. review of the scope and extent of internal audit and ensuring that the internal audit function has adequate resources and is appropriately placed within the Modaraba;
- I. consideration of major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto;
- J. ascertaining that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
- K. review of the Modaraba's statement on internal control systems prior to endorsement by the Board of Directors and internal audit reports;
- L. instituting special projects, value for money studies or other investigations on any matter specified by the Board of Directors, in consultation with the CEO and to consider remittance of any matter to the external auditors or to any other external body; and
- M. determination of compliance with relevant statutory requirements.
- N. monitoring compliance with these regulations and identification of significant violations thereof;
- O. recommend to the board of directors the appointment of external auditors, their removal, audit fees, the provision of any service permissible to be rendered to the company by the external auditors in addition to audit of its financial statements. The board of directors shall give due consideration to the recommendations of the audit committee and where it acts otherwise it shall record the reasons thereof.
- P. consideration of any other issue or matter as may be assigned by the board of directors.

Statement of Compliance with the Listed Companies

(Code of Corporate Governance) Regulations, 2019

For the Year Ended June 30, 2021

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Listed Companies (Code of Corporate Governance) Regulations, 2019, for establishing a framework of good governance, whereby a listed Modaraba is managed in compliance with the best practices of corporate governance.

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

Allied Rental Modaraba has complied with the requirements of the Regulations in the following manner:

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

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

Currently, the Modaraba Management Company has two eminent and seasoned independent directors out of total seven directors on the Board. Both the independent directors have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently as per laws and regulations, therefore, the appointment of a third independent director is not considered.

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

policies of the Modaraba. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

Name of members

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

- b) HR and Remuneration Committee

Name of members

1. Abdul Rahim Suriya (Chairman)
[Independent Non-executive Director]
2. Syed Feisal Ali
[Non-executive Director]
3. Murtaza Ahmed Ali
[Executive Director]

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committees for compliance.
14. The frequency of meetings of the committee were as per following:
 - a. Audit Committee – 4 (Four) meetings of the committee, on quarterly basis, were held during the year.
 - b. HR and Remuneration Committee – 1 (One) meeting of the committee was held during the year.
15. The board has set up an effective internal audit function which is considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Modaraba.
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of

Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Modaraba;

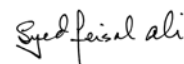
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.

On behalf of the Board



Murtaza Ahmed Ali
Chief Executive Officer

September 07, 2021



Syed Feisal Ali
Chairman



KPMG Taseer Hadi & Co.
Chartered Accountants

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") prepared by the Board of Directors of Allied Engineering Management Company (Private) Limited, the Modaraba Management Company of Allied Rental Modaraba ("the Modaraba") for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended 30 June 2021.

Date: 06 October 2021
Karachi

KPMG Taseer Hadi
Chartered Accountants



KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of Allied Rental Modaraba as at 30 June 2021 and the related profit and loss account, statement of other comprehensive income, cash flow and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended.

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

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

- a) as described in Note 31.3 to the annexed financial statements, pursuant to Tax Laws (Second Amendment) Ordinance, 2021 and Finance Act, 2021, exemption from taxation available to the Modarabas have been withdrawn with effect from 1 July 2021, however Modaraba has not recognized any deferred tax as at 30 June 2021 which is contrary to the requirement of IAS 12, 'Income Taxes'. The Modaraba is in the process of computing the appropriate details of the tax bases (carrying values) of assets and liabilities admissible for taxation purposes and determining the amount of deferred tax balance as at 30 June 2021 but was not able to do so prior to the approval of financial statements. Accordingly, we were not able to determine the amount of deferred tax which should have been recognized and whether any adjustment might be necessary to the amounts shown in the financial statements for profit after tax for the year, transfer to statutory reserve during the year, earnings per certificate for the year and profit for the year available for distribution as at and for the year ended 30 June 2021;
- b) in our opinion, except for the possible effects of the matter described in paragraph (a) above, proper books of accounts have been kept by the modaraba company in respect of Allied Rental Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- c) in our opinion:
 - i) except for the possible effects of the matter described in paragraph (a) above, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with the accounting policies consistently applied except for the change as stated in note 3.1 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the modaraba.
- d) in our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in paragraph (a) above, the balance sheet, profit and loss account, statement of other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at 30 June 2021 and of the profit, its cash flows and changes in equity for the year then ended; and



KPMG Taseer Hadi & Co.
Chartered Accountants

Auditors' Report to the Certificate Holders

- e) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Emphasis of Matter

We draw attention to Note 1.2 of the financial statements, which describes that due to withdrawal of tax exemption on Modaraba effective 1 July 2021, the Board of Directors of the Modaraba Management Company, subsequent to the year end on 7 September 2021, has proposed a scheme of restructuring of the legal structure whereby the Modaraba business along with all its existing assets and liabilities including contingent liabilities is proposed to be transferred to two separate private limited entities. The above proposed scheme has not yet been finalised and is subject to the approval of Registrar Modarabas, SECP, Sindh High Court, the Certificate Holders and other relevant authorities as per the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Companies Act, 2017 and other laws for the time being in force. The note also explains that management is also making efforts for the restoration of tax exemption. Our opinion is not modified in respect of this matter.

Date: 06 October 2021
Karachi

KPMG Taseer Hadi & Co.
Chartered Accountants
Amin Pirani



Statement of Financial Position

As at 30 June 2021

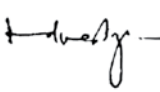
	Note	2021	2020
(Rupees)			
ASSETS			
Non-Current Assets			
Ijarah assets	4	5,897,659,183	6,171,575,576
Fixed assets - in own use	5	205,047,428	207,010,534
Intangible asset	6	1,026,875	1,961,154
Long term security deposits	7	50,000	50,000
		6,103,783,486	6,380,597,264
Current Assets			
Spare parts	8	163,139,692	196,176,407
Ijarah rentals receivables	9	1,168,468,030	1,100,301,006
Operation and maintenance income receivables	10	26,856,560	37,513,933
Advances, deposits, prepayments and other receivables	11	739,585,113	826,777,902
Cash and bank balances	12	117,119,860	92,916,094
		2,215,169,255	2,253,685,342
Total assets		8,318,952,741	8,634,282,606
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorized certificate capital 250,000,000 (2020: 250,000,000) modaraba certificates of Rs.10 each	13	2,500,000,000	2,500,000,000
Issued, subscribed and paid-up certificate capital 220,000,000 (2020: 220,000,000) modaraba certificates of Rs.10 each	13	2,200,000,000	2,200,000,000
Premium on issue of certificates		1,255,712,500	1,255,712,500
Statutory (mandatory) reserve	14	1,872,085,044	1,685,840,464
Unappropriated profit		337,885,373	210,165,455
		5,665,682,917	5,351,718,419
LIABILITIES			
Non-current liabilities			
Deferred liability for staff gratuity	15	109,060,825	95,966,148
Other long-term employee benefit	16	24,052,311	28,632,954
Liability against right-of-use assets	17	38,091,892	53,709,940
Diminishing musharaka financing payable - secured	18	720,780,585	1,406,038,650
Long term borrowings	19	85,596,156	89,726,681
Other long term liabilities	20	9,406,035	56,633,545
		986,987,804	1,730,707,918
Current Liabilities			
Current maturity of liability against right-of-use assets	17	14,166,667	18,042,712
Current maturity of diminishing musharaka financing payable - secured	18	636,194,123	365,546,132
Current portion of long-term borrowings	19	179,562,908	75,915,791
Current portion of other long term liabilities	20	48,769,028	29,779,470
Payable to the Modaraba Management Company	21	10,788,100	11,300,000
Creditors, accrued and other liabilities	22	707,611,979	997,036,145
Contract liabilities (advance from customers)		68,054,519	53,183,304
Unclaimed dividend		1,134,696	1,052,715
		1,666,282,020	1,551,856,269
Total liabilities		2,653,269,824	3,282,564,187
Total equity and liabilities		8,318,952,741	8,634,282,606

CONTINGENCIES AND COMMITMENTS

23

The annexed notes from 1 to 46 form an integral part of these financial statements.

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


Murtaza Ahmed Ali
Chief Executive


Ali Akbar
Director


Syed Feisal Ali
Director


Muhammad Saad
Chief Financial Officer

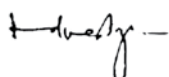
Statement of Profit and Loss Account

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
Ijarah rentals - net	24	3,577,303,454	3,299,075,973
Operation and maintenance income - net	25	137,435,722	132,304,566
		3,714,739,176	3,431,380,539
Operating expenses	26	(2,860,666,358)	(2,562,176,109)
Gross profit		854,072,818	869,204,430
Administrative and distribution expenses	27	(254,954,597)	(247,538,683)
Reversal / (Provision) for impairment on financial assets	9.2, 10.1 & 11.6	12,207,154	(96,766,366)
Finance cost	28	(163,328,495)	(300,215,794)
Other income	29	103,875,825	28,166,539
		(302,200,113)	(616,354,304)
		551,872,705	252,850,126
Modaraba Management Company's remuneration	21	(10,000,000)	(10,000,000)
Provincial workers' welfare fund	30	(9,745,333)	(15,329,213)
Profit for the year before taxation		532,127,372	227,520,913
Taxation	31	-	-
Profit for the year		532,127,372	227,520,913
		(Rupees)	
Earnings per certificate - basic and diluted	32	2.42	1.03

The annexed notes from 1 to 46 form an integral part of these financial statements.

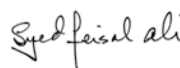
**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Ali Akbar
Director



Syed Feisal Ali
Director



Muhammad Saad
Chief Financial Officer

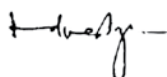
Statement of Comprehensive Income

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
Profit for the year		532,127,372	227,520,913
Other comprehensive income for the year		-	-
Items that will not be reclassified to profit or loss		-	-
Gain on remeasurement of defined benefit plan obligation	15.6	1,641,340	10,659,132
Total comprehensive income for the year		533,768,712	238,180,045

The annexed notes from 1 to 46 form an integral part of these financial statements.

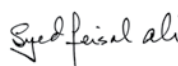
**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Ali Akbar
Director



Syed Feisal Ali
Director



Muhammad Saad
Chief Financial Officer

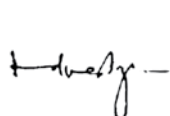
Cash Flow Statement

For the year ended 30 June 2021

	Note	2021	2020
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		532,127,372	227,520,913
Adjustments for			
Depreciation	26 & 27	473,854,106	558,598,159
Impairment of Ijarah assets	26	586,432	-
Amortization	27	934,279	2,253,851
(Reversal) / Provision for impairment on financial assets	9.2, 10.1 & 11.6	(12,207,154)	96,766,366
Provision for deferred liabilities - staff gratuity	15.3	14,736,018	23,540,788
(Reversal) / Provision against long term employee benefits		(3,071,683)	3,321,591
Provision against slow moving spares	26	37,603,447	-
Financial charges excluding bank profit		159,447,808	296,369,030
Gain on modification of leases (impact on right-of-use assets)	29	(12,753,848)	-
Gain on disposal of Ijarah and Fixed assets	29	(24,088,827)	(4,498,413)
		635,040,578	976,351,372
		1,167,167,950	1,203,872,285
Decrease / (Increase) in current assets			
Ijarah rentals receivable		(68,167,024)	38,512,724
Operation and maintenance income receivable		10,657,373	(9,731,954)
Advances, deposits, prepayments and other receivable		87,192,789	(94,485,911)
Spare parts		33,036,715	(59,814,643)
		62,719,853	(125,519,784)
(Decrease) / Increase in operating liabilities			
Creditors, accrued and other liabilities		(286,498,025)	280,498,744
Payable to the Modaraba Management Company		(511,900)	(12,928,441)
Other long term liabilities		(28,237,952)	(74,409,449)
		(315,247,877)	193,160,854
Cash flows from operations	33	914,639,926	1,271,513,355
Gratuity paid		-	(1,112,000)
Compensated absences paid		(1,149,814)	(1,508,960)
Financial charges paid excluding bank profit		(142,345,818)	(310,202,625)
		(143,495,632)	(312,823,585)
Net cash flows from operating activities		771,144,294	958,689,770
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(536,680,625)	(317,481,296)
Proceeds from disposal of Ijarah assets		267,211,724	103,612,552
Proceeds from disposal of fixed assets in own use		27,184,902	1,541,100
Net cash flows used in Investing activities		(242,283,999)	(212,327,644)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distribution to the certificate holders		(165,000,000)	(220,042,351)
Diminishing Musharaka financing availed		228,936,564	234,393,756
Long-term borrowings availed		160,000,000	165,469,809
Repayment of lease liability against right-of-use assets		(24,563,047)	(6,500,727)
Repayment of diminishing musharaka financing		(643,546,638)	(877,411,161)
Repayment of long term borrowings		(60,483,408)	-
Net cash flows used in financing activities		(504,656,529)	(704,090,674)
Net increase in cash and cash equivalents		24,203,766	42,271,452
Cash and cash equivalents at the beginning of the year		92,916,094	50,644,643
Cash and cash equivalents at the end of the year	12	117,119,860	92,916,095

The annexed notes from 1 to 46 form an integral part of these financial statements.

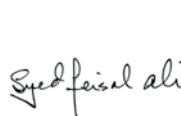
**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Ali Akbar
Director



Syed Feisal Ali
Director



Muhammad Saad
Chief Financial Officer

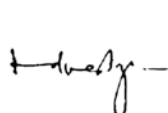
Statement of Changes in Equity

For the year ended 30 June 2021

	Issued, subscribed and paid-up certificate capital	Premium on issue of certificates	Statutory (mandatory) reserve	Un-appropriated profit	Total
	(Rupees)				
Balance as at 30 June 2019	2,200,000,000	1,255,712,500	1,614,386,450	263,439,424	5,333,538,374
Total comprehensive income for the year					
Profit for the year	-	-	-	227,520,913	227,520,913
Other comprehensive income for the year					
Gain on remeasurement of defined benefit plan obligation	-	-	-	10,659,132	10,659,132
Transfer to statutory reserve (at 30% of the profit for the year)	-	-	71,454,014	(71,454,014)	-
Transaction with owners - recorded directly in equity					
Profit distribution for the year ended 30 June 2019 @ Rs. 1.00 per certificate declared subsequent to the year then ended	-	-	-	(220,000,000)	(220,000,000)
Balance as at 30 June 2020	2,200,000,000	1,255,712,500	1,685,840,464	210,165,455	5,351,718,419
Effect of change in accounting policy (refer note 3.1)	-	-	-	(54,804,214)	(54,804,214)
Balance as at 01 July 2020 - restated	2,200,000,000	1,255,712,500	1,685,840,464	155,361,241	5,296,914,205
Total comprehensive income for the year					
Profit for the year	-	-	-	532,127,372	532,127,372
Other comprehensive income for the year					
Gain on remeasurement of defined benefit plan obligation	-	-	-	1,641,340	1,641,340
Transfer to statutory reserve (at 35% of the profit for the year)	-	-	186,244,580	(186,244,580)	-
Transaction with owners - recorded directly in equity					
Profit distribution for the year ended 30 June 2020 @ Rs. 0.75 per certificate declared subsequent to the year then ended	-	-	-	(165,000,000)	(165,000,000)
Balance as at 30 June 2021	2,200,000,000	1,255,712,500	1,872,085,044	337,885,373	5,665,682,917

The annexed notes from 1 to 46 form an integral part of these financial statements.

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



Murtaza Ahmed Ali
Chief Executive



Ali Akbar
Director



Syed Feisal Ali
Director



Muhammad Saad
Chief Financial Officer

Notes to the Financial Statements

For the year ended 30 June 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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

- 1.2 Pursuant to Finance Act, 2021, tax exemption on Modarabas has been withdrawn, effective from 1 July 2021, due to which the Board of Directors of the Modaraba Management Company in their meeting held on 7 September 2021 has discussed the plan to restructure the current legal structure of the Modaraba and transfer the existing business of the Modaraba, on a going concern basis, along with all its assets and liabilities, including all contingent liabilities, to two separate legal entities.

It has been proposed that the logistics business of the Modaraba will be transferred to Allied Transport & Logistics (Private) Limited (a related party), along with all its existing assets, staff and liabilities. Whereas other business segments of the Modaraba along with their assets and liabilities, including all the contingent liabilities, will be transferred to and merged with the Allied Engineering Management Company (Private) Limited (the existing Management Company of the Modaraba). The said transfers are expected to be at the carrying values of the assets and liabilities of the Modaraba as per the latest audited financial statements available at the time of conversion. Moreover, the license of the Modaraba Management Company is then proposed to be surrendered to the Registrar Modarabas, SECP and the Modaraba Management Company will then be converted to an ordinary Private Limited Company to carry on the proportion of business of the Modaraba as mentioned above. The Modaraba Management Company will also be renamed for this purpose.

The above proposed scheme has not yet been finalised and is subject to the approval of Registrar Modarabas, SECP, Sindh High Court, the Certificate Holders and other relevant authorities as per the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Companies Act, 2017 and other laws for the time being in force.

However, the management is also making efforts for the restoration of tax exemption.

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017, the Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and the directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Wherever provisions of and directives issued under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and the Islamic Financial Accounting Standards (IFASs) differ from IFRS, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations 2021 for Modaraba and the Islamic Financial Accounting Standards (IFASs) have been followed.

2.2 Basis of measurement

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

2.3 Changes in accounting standards, interpretations and amendments to published approved accounting standards and Income Tax Ordinance, 2001

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

There are certain new standards, amendments to the approved accounting standards and new interpretations that are mandatory for accounting periods beginning on or after 1 July 2020. However, except for the adoption of IFRS 9 as mentioned in note 3.1, these do not have any significant impact on the Modaraba's financial reporting and therefore have not been detailed in these financial statements except as disclosed in note 3.1 to these financial statements.

Further, during the year SECP promulgated Modaraba Regulations, 2021 on 5 March 2021 which came into force at once. However, this did not effect the preparation or presentation of the financial statements, except as disclosed in note 3.1 to these financial statements.

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

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37) effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarifies what comprises the cost of fulfilling a contract, Cost of fulfilling a contract is relevant when

determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

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

- IFRS 9 – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
- IAS 41 – The amendment removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16) effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- Reference to the Conceptual Framework (Amendments to IFRS 3) – Reference to the Conceptual Framework, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- Classification of liabilities as current or non-current (Amendments to IAS 1) amendments apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) – The amendments introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty.

The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that a company develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023,

and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.

- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) – The amendments narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognise a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) – The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.
- As per Securities and Exchange Commission of Pakistan (SECP)' SRO 800(I)/2021 dated 22 June 2021, IFRS 9 'Financial Instruments' will be applicable to non-banking finance companies (NBFCs) and modarabas with accounting periods ending on or after 30 June 2022.

The above amendments are effective from annual period beginning on or after 1 July 2021 and are not likely to have an impact on Modaraba's financial statements.

- c) Changes in the provisions of Income Tax Ordinance, 2001

Refer note 31

2.4 Functional and presentation currency

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

2.5 Critical accounting estimates and judgments

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

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

- Estimates of residual values, useful lives and depreciation methods of fixed assets in own use, intangible assets and Ijarah assets (notes 3.6, 3.7, 3.9)
- Impairment of financial assets (note 3.2.1.2)
- Impairment of non-financial assets (note 3.16)
- Provision against non-performing Ijarah rentals receivables, operation and maintenance income receivables and other receivables (note 3.2.1.2)
- Staff retirement benefits (notes 3.13 and 15)
- Compensated absences (notes 3.11 and 16)
- Provision for taxation (notes 3.10 and 31)
- Spare parts (note 3.5)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, except for the adoption of IFRS 9 as mentioned in note 3.1 below:

3.1 Adoption of IFRS 9 Financial Instruments

During the year, SECP vide its circular reference SRO 800(1)/2021 dated 22 June 2021 mentioned that the effective date for the applicability of International Financial Reporting Standard 9 – Financial Instruments in place of International Accounting Standard 39 (Financial Instruments: Recognition and Measurement) for Modarabas as reporting period / year ending on or after 30 June 2022 (earlier application is permitted).

Furthermore, Regulation 14 of the Modaraba Regulation, 2021 states that Modarabas engaged in trading, manufacturing or any form of business other than the business of financial services, shall devise a policy duly approved by the board of directors for the classification of non-performing receivables and follow such policy for classification and provisioning of non-performing receivables.

Accordingly, Allied Rental Modaraba, being a non-financial services modaraba having more than 70% rental assets, as also consented, has adopted IFRS 9 with effect from 1 July 2020 and also derived a policy approved by the board of directors for classification and provisioning of non-performing receivables.

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non - financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Modaraba has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which requires impairment of financial assets to be presented in a separate line item in the profit and loss account and statement of comprehensive income.

Effect of change in accounting policy due to adoption of IFRS 9

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Modaraba's accounting policies related to financial liabilities.

The following table and the accompanying notes below explains the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Modaraba's financial assets and financial liabilities as at 1 July 2020. The below mentioned re-classifications did not have any impact on the amounts of Modaraba's financial assets and financial liabilities as at 30 June 2020.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Effect of change
Financial assets					
Ijarah rentals receivables	Loans and receivables	Amortized cost	1,100,301,006	1,050,384,969	49,916,037
Operation and maintenance income receivables	Loans and receivables	Amortized cost	37,513,933	34,583,558	2,930,375
Deposits and other receivables	Loans and receivables	Amortized cost	58,308,249	55,805,341	1,957,802
Long term security deposit	Loans and receivables	Amortized cost	50,000	50,000	-
Cash and bank balances	Loans and receivables	Amortized cost	92,916,094	92,916,094	-
			<u>1,289,089,282</u>	<u>1,233,739,962</u>	<u>54,804,214</u>

	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9	Effect of change
Financial liabilities					
Creditors, accrued and other liabilities	Other financial liabilities	Amortized cost	883,062,091	883,062,091	-
Payable to the Modaraba Management Company	Other financial liabilities	Amortized cost	10,000,000	10,000,000	-
Diminishing musharakah financing payable - secured	Other financial liabilities	Amortized cost	1,771,584,782	1,771,584,782	-
Long-term borrowings	Other financial liabilities	Amortized cost	165,642,472	165,642,472	-
Liability against right-of-use assets	Other financial liabilities	Amortized cost	71,752,652	71,752,652	-
Unclaimed dividend	Other financial liabilities	Amortized cost	1,052,715	1,052,715	-
			<u>2,903,094,712</u>	<u>2,903,094,712</u>	<u>-</u>

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Modaraba has determined that the application of IFRS 9's impairment requirements as at 1 July 2020 has the impact on the financial assets of the Modaraba as detailed above.

(iii) Transition

The Modaraba has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Therefore, comparative periods have not been restated. There was no difference between carrying amounts of financial assets and financial liabilities resulting from adoption of IFRS 9 as at 1 July 2020, except for the extent mentioned in note 3.1 (i) above. The determination of business model within which a financial asset is held has been considered based on the facts and circumstances that existed on the date of initial application.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

The Modaraba classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses, in case of debt instruments;
- at FVOCI with no recycling of cumulative gains and losses upon derecognition, in case of equity instruments; and
- at fair value through profit or loss (FVTPL).

a) At amortised cost

The Modaraba measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.2.1.2. Gains and losses are recognised in the profit and loss account when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses

The Modaraba measures financial assets at FVOCI if the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.2.1.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the profit and loss account.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Modaraba can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the profit and loss account. Dividends are recognised in the profit and loss account when the right of payment has been established, except when the Modaraba benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the profit and loss account in the period in which it arises.

3.2.1.2 Impairment (including against potential Ijarah rental receivables and operation and maintenance income receivables and write offs)

The Modaraba assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Modaraba recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at The reporting date about past events, current conditions and forecasts of future economic conditions.

The Modaraba applies the IFRS 9 simplified approach to measure expected credit losses for Ijarah rental and operation and maintenance receivables. For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date.

3.2.1.3 Initial recognition

Financial assets are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at FVTPL. Financial assets carried at FVTPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

3.2.1.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- (i) the Modaraba transfers substantially all the risks and rewards of ownership; or
- (ii) the Modaraba neither transfers nor retains substantially all the risks and rewards of ownership and the Modaraba has not retained control.

3.2.1.5 Business model

The business model reflects how the Modaraba manages the assets in order to generate cash flows. That is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of 'other' business model and measured at FVTPL. Factors considered by the Modaraba in determining the business model for a Modaraba of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.2.1.6 Solely Payment Of Principal And Interest

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Modaraba assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Modaraba considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVTPL.

3.2.1.7 Reclassifications

The Modaraba reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

3.2.1.8 Write-offs

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, the Modaraba makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

3.2.1.9 Subsequent measurement

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

a) Financial assets at fair value

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

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

b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

3.2.1.10 Collaterals

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

3.2.2 Financial liabilities

Financial liabilities are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.

Financial liabilities are subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss; and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.2.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.2.2 Offsetting of financial assets and financial liabilities

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

3.3 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include cash in hand, balances with banks in current and savings accounts and short-term highly liquid investments that are readily convertible to known amounts of cash (i.e. in three month) and which are subject to an insignificant risk of changes in value.

3.4 Offsetting of financial assets and financial liabilities

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

3.5 Spare parts

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

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

These are valued at moving average cost less accumulated impairment loss, if any, except for items in transit which are stated at invoice value plus other charges incurred thereon till the reporting date. Cost comprises invoice value and other direct costs but excludes borrowing cost. Provision is made for obsolete / slow moving items where necessary and is recognised in the profit and loss account.

3.6 Ijarah assets

Assets leased out under Ijarah arrangements are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other

repairs and maintenance are charged to the profit and loss account as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged to profit and loss account applying the straight line method whereby the cost of an asset less residual value is depreciated over the estimated useful life of the asset. 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.

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

3.7 Operating fixed assets held for own use

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

Depreciation on all fixed assets is charged to profit and loss account applying the straight-line method over the useful life of the asset as disclosed in note 5 to the financial statements and after taking into account residual value, if significant. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

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

3.8 Capital work-in-progress

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

3.9 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the asset's carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortization is charged to income using the straight line method in accordance with the rates specified in note 10 to these financial statements. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

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

3.10 Taxation

The income of non-trading modarabas is exempt from tax subject to the condition that not less than ninety per cent of its total profits in the year as reduced by the amount transferred to a mandatory reserve, required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 are distributed amongst the certificate holders. The Modaraba intends to continue availing the tax exemption for the current financial year by distributing its profit on the above mentioned basis. Refer note 31 and 45.1 for the profit distribution for the current financial year.

3.11 Compensated absences

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

The actuarial valuation under the “Projected Unit Cost” method has been carried out by the Modaraba for the determination of the liability for compensated absences. Liability so determined is fully recognised by the Modaraba.

3.12 Provisions

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

3.13 Staff retirement benefits

3.13.1 Unfunded gratuity scheme

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

3.13.2 Staff Provident fund - defined contribution plan

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

3.14 Diminishing musharakah financing payable

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

3.15 Revenue recognition

3.15.1 Ijarah rentals (under IFAS 2)

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

3.15.2 Operation and maintenance services

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

3.15.3 Income on savings accounts with banks

Return on savings accounts including term deposits receipt is recognised on accrual basis at the implicit rate of interest.

3.16 Impairment on non-financial assets

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

3.17 Foreign currency transactions

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

3.18 Segment reporting

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

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

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

3.19 Earnings per certificate

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

3.20 Proposed profit distribution to certificate holders and appropriations to statutory reserves

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

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

3.21 Government grants and related borrowing and deferred income

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

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

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

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

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

3.22 Right-of-use asset and related lease liability

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

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Modaraba's incremental borrowing rate. The lease liability is subsequently increased by the

interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4	IJARAH ASSETS	Note	2021	2020
			(Rupees)	
	Ijarah assets (at cost less accumulated depreciation)	4.2	5,891,181,931	6,120,338,820
	Capital work-in-progress	4.1	6,477,252	51,236,756
			5,897,659,183	6,171,575,576

4.1 This represents advance for the purchase of equipments and trucks.

4.2 Ijarah assets - at cost less accumulated depreciation

2021				
	Generators and related equipment (Note 4.4)	Logistics Vehicles (Note 4.4)	Machines (Note 4.4)	Total
	(Rupees)			
At 1 July 2020				
Cost	7,128,336,301	2,183,943,055	1,292,842,081	10,605,121,437
Accumulated depreciation	(3,371,402,855)	(768,054,972)	(345,324,791)	(4,484,782,618)
Net book value	3,756,933,446	1,415,888,083	947,517,290	6,120,338,819
Additions	295,671,683	158,195,968	118,574,924	572,442,575
Disposals / Adjustments				
Cost	(399,277,100)	(150,616,920)	(37,908,827)	(587,802,847)
Accumulated depreciation	169,058,065	27,924,258	6,910,514	203,892,837
	(230,219,035)	(122,692,662)	(30,998,313)	(383,910,010)
Transfer during the period				
Cost	-	(104,089,447)	104,089,447	-
Accumulated depreciation	-	38,517,564	(38,517,564)	-
	-	(65,571,883)	65,571,883	-
Impairment during the year	(19,432)	-	(567,000)	(586,432)
Depreciation charge for the year	(306,846,431)	(24,347,946)	(85,908,644)	(417,103,021)
Closing net book value	3,515,520,231	1,361,471,560	1,014,190,140	5,891,181,931
At 30 June 2021				
Cost	7,024,730,884	2,087,432,656	1,477,597,625	10,589,761,165
Accumulated depreciation	(3,509,191,221)	(725,961,096)	(462,840,485)	(4,697,992,802)
Accumulated impairment losses	(19,432)	-	(567,000)	(586,432)
Net book value	3,515,520,231	1,361,471,560	1,014,190,140	5,891,181,931
Life (Years)	2 to 24	8	8 to 10	
2020				
	Generators and related equipment	Logistics Vehicles	Machines	Total
	(Rupees)			
At 1 July 2019				
Cost	7,590,004,032	2,105,611,405	1,274,229,684	10,969,845,121
Accumulated depreciation	(3,607,177,376)	(665,086,009)	(262,859,795)	(4,535,123,180)
Net book value	3,982,826,656	1,440,525,396	1,011,369,889	6,434,721,941
Additions	166,923,230	108,038,498	27,573,997	302,535,725
Disposals				
Cost	(628,590,961)	(29,706,848)	(8,961,600)	(667,259,409)
Accumulated depreciation	548,104,177	12,139,898	7,169,280	567,413,355
	(80,486,784)	(17,566,950)	(1,792,320)	(99,846,054)
Depreciation charge for the year	(312,329,656)	(115,108,861)	(89,634,276)	(517,072,793)
Closing net book value	3,756,933,446	1,415,888,083	947,517,290	6,120,338,819
At 30 June 2020				
Cost	7,128,336,301	2,183,943,055	1,292,842,081	10,605,121,437
Accumulated depreciation	(3,371,402,855)	(768,054,972)	(345,324,791)	(4,484,782,618)
Net book value	3,756,933,446	1,415,888,083	947,517,290	6,120,338,819
Life (Years)	3 to 24	8	8 to 10	

4.3 During the year, the Modaraba acquired certain equipments and parts amounting to Rs. 11.270 million (2020: Rs. 27.643 million) and Rs. 90.960 million (2020: Rs. 10.998 million) from Allied Engineering and Services (Private) Limited (AESL) and Apex Machinery (Private) Limited, associated entities

4.4 Change in estimates

During the year, the management carried out a review of the estimate of the residual values of above assets and in case of logistic vehicles it was revised from 40 percent to 50 percent of the cost. In addition the useful lives of certain equipments have also been revised from 8 years to a remaining useful life of 2 years. The revision has been made after considering the expected pattern of the recovery of economic benefits associated with the use of these assets. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standards. Had the revision in the residual values and useful lives not been made, depreciation would have been higher and profit for the year would have been lower by Rs. 28.088 million while the balance in the above-mentioned assets would have been lower by the same amount. Effect of the above revision, resulting in the reduction of expenses of the future years would be as follows:

	30 June 2022	30 June 2023	30 June 2024	30 June 2025	Later
	(Rupees)				
Impact on Logistic vehicles	(61,438,389)	(56,516,498)	(37,048,563)	(18,147,819)	(14,372,361)
Impact on equipments (classified in generators and related equipments)	8,616,132 (52,822,257)	(7,157,775) (63,674,273)	(4,277,761) (41,326,324)	(2,038,812) (20,186,631)	- (14,372,361)

4.5 Temporarily idle Ijarah assets

As at 30 June 2021, Ijarah assets with a carrying amount of Rs. 463.054 million (2020: Rs. 503.675 million) were temporarily idle, which the Modaraba plans to deploy them going forward.

4.6 Additions to Ijarah assets during the year include assets amounting to Rs. 204.557 million (2020: Rs. 341.82 million) acquired under Diminishing Musharaka. The Modaraba holds title to these assets.

4.7 Details of disposal of Ijarah assets are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
	(Rupees)						
Gensets	3,148,000	1,228,000	1,920,000	4,500,000	2,580,000	Negotiation	Bio Tech Energy
	1,211,257	571,257	640,000	779,221	139,221	Negotiation	Iqbal Engineering
	1,842,904	932,904	910,000	1,196,581	286,581	Negotiation	Chinar Hospital
	1,855,973	1,085,973	770,000	692,641	(77,359)	Negotiation	Iqbal Engineering
	1,863,893	1,093,893	770,000	577,201	(192,799)	Negotiation	Iqbal Engineering
	560,062	218,530	341,532	173,160	(168,372)	Negotiation	Iqbal Engineering
	6,067,204	3,167,204	2,900,000	4,600,000	1,700,000	Negotiation	Habib Knit Fabrics (Pvt.) Ltd.
	1,812,572	833,621	978,951	517,094	(461,857)	Negotiation	Phatom Industries
	8,256,149	4,856,149	3,400,000	4,500,000	1,100,000	Negotiation	Bio Tech Energy Pvt Ltd
	1,541,523	931,523	610,000	541,667	(68,333)	Negotiation	Phatom Industries
	922,275	322,275	600,000	1	(599,999)	Written off	Written off
	619,916	279,916	340,000	1	(339,999)	Written off	Written off
	7,818,655	1,661,009	6,157,646	3,900,000	(2,257,646)	Negotiation	Waheed Machinery Store
	7,487,000	863,950	6,623,050	3,931,624	(2,691,426)	Negotiation	Bilal Engineering
	7,146,000	1,665,583	5,480,417	1,000	(5,479,417)	Cannibalized	Transfer to stores and spares
	7,146,000	744,295	6,401,705	1,000	(6,400,705)	Cannibalized	Transfer to stores and spares
	2,000,000	-	2,000,000	1,000	(1,999,000)	Cannibalized	Transfer to stores and spares
	16,361,746	12,386,746	3,975,000	21,000	(3,954,000)	Cannibalized	Transfer to stores and spares
	1,639,750	1,489,750	150,000	150,000	-	Negotiation	Tree House Business Centre
	18,941,516	15,941,516	3,000,000	3,000,000	-	Negotiation	Mari Petroleum
	4,334,035	4,334,035	-	854,701	854,701	Negotiation	A & Y Filling Station
	119,211,053	52,684,394	66,526,659	91,000,000	24,473,341	Negotiation	Artistic Milliners (Pvt.) Ltd. (Unit-17)

	119,209,636	45,371,299	73,838,337	91,000,000	17,161,663	Negotiation	Artistic Milliners (Pvt.) Ltd. (Unit-17)
	3,257,895	1,757,895	1,500,000	1,500,000	-	Adjusted against Security Deposit	Abtach Limited
Lighting Tower	1,128,367	517,168	611,199	335,470	(275,729)	Negotiation	Mohtashim Haider
	1,128,369	517,171	611,198	335,470	(275,728)	Negotiation	Mohtashim Haider
Forklifts	2,980,842	362,312	2,618,530	1,200,000	(1,418,530)	Negotiation	Pakistan Aluminum Beverage Cans
	3,166,101	385,006	2,781,095	1,400,000	(1,381,095)	Negotiation	Pakistan Aluminum Beverage Cans
	13,831,522	1,613,678	12,217,844	10,500,000	(1,717,844)	Negotiation	Pakistan Aluminum Beverage Cans
	2,840,000	1,905,167	934,833	458,333	(476,500)	Negotiation	Iqbal Engineering
	986,848	58,622	928,226	134,478	(793,748)	Negotiation	Muhammad Adnan
Telehandler	6,470,185	3,612,520	2,857,665	881,694	(1,975,971)	Negotiation	Muhammad Adnan
	7,061,506	3,297,998	3,763,508	114,051	(3,649,457)	Negotiation	Gul Khan - Scrap Dealer
Fleet Vehicle	3,134,110	1,905,949	1,228,161	1,950,000	721,839	Negotiation	Muhammad Yaqoob
	726,304	51,978	674,326	1,666,667	992,341	Negotiation	Jawed Iqbal
	5,107,500	2,462,029	2,645,471	3,405,038	759,567	Insurance Claim	Adamjee Insurance
	2,652,290	1,265,500	1,386,790	1,950,000	563,210	Negotiation	Aziz Ur Rehman
	2,657,573	1,268,024	1,389,549	1,666,667	277,118	Negotiation	Jawed Iqbal
	2,624,673	1,253,740	1,370,933	1,950,000	579,067	Negotiation	Aziz Ur Rehman
	2,776,516	1,318,205	1,458,311	1,900,000	441,689	Negotiation	Hameed Ullah
	6,279,037	1,659,629	4,619,408	4,856,500	237,092	Insurance Claim	Adamjee Insurance
	7,211,314	1,933,883	5,277,431	7,271,593	1,994,162	Insurance Claim	Adamjee Insurance
	2,624,673	1,264,442	1,360,231	1,666,667	306,436	Negotiation	Javed Iqbal Awan
	5,800,656	4,203,806	1,596,850	1,600,000	3,150	Negotiation	Hakim Khan
	5,300,000	3,842,500	1,457,500	1,600,000	142,500	Negotiation	Hakim Khan
	1,972,800	1,169,229	803,571	1,100,000	296,429	Negotiation	Malang Khan
	6,799,736	4,216,636	2,583,100	2,000,000	(583,100)	Negotiation	Al-Haj Faw
	506,304	51,978	454,326	325,000	(129,326)	Negotiation	Aziz Ur Rehman
	791,354	56,728	734,626	2,400,000	1,665,374	Negotiation	Javed Iqbal Awan
Power Pallets	2,430,649	1,797,576	633,073	114,051	(519,022)	Negotiation	Gul Khan-Scrap Dealer
	2,430,649	1,944,519	486,130	114,051	(372,079)	Negotiation	Gul Khan-Scrap Dealer
	2,430,649	1,944,519	486,130	114,051	(372,079)	Negotiation	Gul Khan-Scrap Dealer
	2,532,239	1,912,977	619,262	114,051	(505,211)	Negotiation	Gul Khan-Scrap Dealer
Equipments	1,315,200	1,030,240	284,960	325,000	40,040	Negotiation	Allied Engineering And Services
	959,100	647,393	311,707	325,000	13,293	Negotiation	Aziz Ur Rehman
2021	<u>452,912,080</u>	<u>203,892,839</u>	<u>249,019,241</u>	<u>267,211,724</u>	<u>18,192,483</u>		
2020	<u>667,259,409</u>	<u>567,413,351</u>	<u>99,846,058</u>	<u>103,612,552</u>	<u>3,766,494</u>		

4.8 Above assets include fully depreciated assets of Rs. 1,491.296 million (2020: Rs. 1,273.682 million) still in the Modaraba's use.

4.9 Depreciation charge for the year has been recognized in operating expenses.

5 FIXED ASSETS - IN OWN USE

	Note	2021	2020
		(Rupees)	
Operating fixed assets (at cost less accumulated depreciation)	5.1	136,454,579	142,272,101
Capital work-in-progress	5.2	14,330,733	1,765,440
Right-of-use assets	5.4	54,262,116	62,972,993
		<u>205,047,428</u>	<u>207,010,534</u>

5.1 Operating fixed assets

	2021			
	Furniture and fixtures (Note 5.3)	Other Equipment (Note 5.3)	Vehicles (Note 5.3)	Total
	(Rupees)			
At 01 July 2020				
Cost	19,410,108	16,862,262	205,016,098	241,288,468
Accumulated depreciation	(6,269,508)	(12,085,286)	(80,661,573)	(99,016,367)
Net book value	13,140,600	4,776,976	124,354,525	142,272,101
Additions	-	2,473,552	56,559,288	59,032,840
Disposals / Adjustments				
Cost	(948,948)	(194,026)	(56,984,177)	(58,127,151)
Accumulated depreciation	-	179,044	31,734,426	31,913,470
	(948,948)	(14,982)	(25,249,751)	(26,213,681)
Depreciation charge for the year	(9,761,070)	(4,688,149)	(24,187,462)	(38,636,681)
Closing net book value	2,430,582	2,547,397	131,476,600	136,454,579
At 30 June 2021				
Cost	18,461,160	19,141,788	204,591,209	242,194,157
Accumulated depreciation	(16,030,578)	(16,594,391)	(73,114,609)	(105,739,578)
Net book value	2,430,582	2,547,397	131,476,600	136,454,579
Life (years)	3	3	4 to 8	
	2020			
	Furniture and fixtures	Other Equipment	Vehicles	Total
	(Rupees)			
At 01 July 2019				
Cost	17,510,108	16,756,961	167,088,554	201,355,623
Accumulated depreciation	(4,516,640)	(10,964,136)	(58,668,931)	(74,149,707)
Net book value	12,993,468	5,792,825	108,419,623	127,205,916
Additions	1,900,000	105,301	40,115,044	42,120,345
Disposals				
Cost	-	-	(2,187,500)	(2,187,500)
Accumulated depreciation	-	-	1,378,320	1,378,320
	-	-	(809,180)	(809,180)
Depreciation charge for the year	(1,752,868)	(1,121,150)	(23,370,962)	(26,244,980)
Closing net book value	13,140,600	4,776,976	124,354,525	142,272,101
At 30 June 2020				
Cost	19,410,108	16,862,262	205,016,098	241,288,468
Accumulated depreciation	(6,269,508)	(12,085,286)	(80,661,573)	(99,016,367)
Net book value	13,140,600	4,776,976	124,354,525	142,272,101
Life (years)	8	3 to 8	4 to 8	

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

5.3 Change in estimates

During the year, the management conducted a review of the estimated useful lives and residual values of above assets and in case of furniture and fixtures and certain other equipments the useful lives of furniture and fixtures and certain other equipments have been revised from 8 years to 3 years. The revision has been made after considering the expected pattern of the recovery of economic benefits associated with the use of these assets. The revision has been accounted for as a change in accounting estimate as defined in International Accounting Standards. Had

the revision in the useful lives and residual values not been made, depreciation would have been lower and profit for the year would have been higher by Rs. 12.436 million while the balance in the above-mentioned assets would have been higher by the same amount. Effect of the above revisions, resulting in the reduction of expenses of the future years would be as follows:

	30 June 2022	30 June 2023	30 June 2024	30 June 2025	Later
	(Rupees)				
Impact on furniture and fixtures	699,812	(1,137,155)	(1,052,329)	(928,082)	(1,093,268)
Impact on other equipments	705,542	524,494	325,641	(105,249)	(94,694)
	1,405,354	(612,661)	(726,688)	(1,033,331)	(1,187,962)

- 5.4 This relates to right-of-use assets amounting to Rs. 40.379 million (30 June 2020: Rs. 62.973 million) recognized under IFRS 16.

	Note	2021	2020
		(Rupees)	
As at July 01			
Cost		78,253,379	-
Accumulated depreciation		(15,280,386)	-
Net Book Value		62,972,993	-
Movement during the year			
Opening / Adoption of IFRS 16		62,972,993	-
Additions		-	78,253,379
Impact of reassessment / modifications during the year		(3,350,321)	-
Depreciation charge for the year	26	(18,114,404)	(15,280,386)
Gain on modification		12,753,848	-
Closing net book value		54,262,116	62,972,993
Balance at the end of year			
Cost		78,253,379	78,253,379
Accumulated depreciation		(33,394,790)	(15,280,386)
Impact of reassessment / Modification during the year		(3,350,319)	-
Gain on modification	29	12,753,848	-
Net book value		54,262,118	62,972,993

- 5.5 The remaining useful lives ranges from 4 to 48 months

- 5.6 Details of disposal of operating fixed assets are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
	(Rupees)						
Computers	167,126	133,702	33,424	18,955	(14,469)	Negotiation	Miscellaneous
	26,900	21,520	5,380	5,400	20	Modaraba's Policy	Zia ul Hassan (Employee)
Motor Vehicles	2,335,000	648,336	1,686,664	1,686,664	-	Modaraba's Policy	Maroof Ahmed Zuberi (Employee)
	1,875,500	1,195,423	680,077	680,077	-	Modaraba's Policy	Rashid Jehangiri (Employee)
	1,859,000	767,927	1,091,073	1,091,073	-	Modaraba's Policy	Usman Arif (Employee)
	1,835,723	1,141,827	693,896	693,896	-	Modaraba's Policy	Ali Ahsan (Employee)
	1,834,500	580,925	1,253,575	1,253,575	-	Modaraba's Policy	Babar Sohail (Employee)
	1,821,644	888,049	933,595	933,595	-	Modaraba's Policy	Ashfaq Ahmed Butt (Employee)
	1,678,000	1,145,510	532,490	532,490	-	Modaraba's Policy	Muhammad Anwar (Employee)
	1,662,000	1,104,820	557,180	557,180	-	Modaraba's Policy	Shafqat Mehmood (Employee)
	1,657,000	1,021,835	635,165	635,165	-	Modaraba's Policy	Usman Latif Chaudhry (Employee)
	1,567,000	1,134,375	432,625	432,625	-	Modaraba's Policy	Muhammad Saleem (Employee)
	1,512,000	1,121,753	390,247	390,247	-	Modaraba's Policy	Khawaja Imran Afzal (Employee)
	1,512,000	954,820	557,180	557,180	-	Modaraba's Policy	Maroof Ahmed Zuberi (Employee)
	1,450,000	1,044,644	405,356	405,356	-	Modaraba's Policy	Muhammad Zubair Khan (Employee)
	1,435,000	580,813	854,187	854,187	-	Modaraba's Policy	Zia Hassan Khan (Employee)
	1,239,000	991,200	247,800	247,800	-	Modaraba's Policy	Rafat Ali Qureshi (Employee)
	1,175,000	705,422	469,578	469,578	-	Modaraba's Policy	Shahbaz Khan (Employee)

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
(Rupees)							
Motor Vehicles	1,099,000	789,382	309,618	309,618	-	Modaraba's Policy	Adnan Akbar (Employee)
	1,094,000	833,098	260,902	260,902	-	Modaraba's Policy	Muhammad Waheed (Employee)
	1,074,000	619,632	454,368	454,368	-	Modaraba's Policy	Jawwad Raza Akashi (Employee)
	1,039,000	656,123	382,877	382,877	-	Modaraba's Policy	Muhammad Azeem Siddiqui (Employee)
	1,035,089	639,314	395,775	395,775	-	Modaraba's Policy	Malik Masroor (Employee)
	1,035,000	403,371	631,629	631,629	-	Modaraba's Policy	Muzzammil Tariq (Employee)
	795,000	341,317	453,683	453,683	-	Modaraba's Policy	Syed Aanis Ali (Employee)
	791,000	491,000	300,000	300,000	-	Modaraba's Policy	Rizwan Ahmed (Employee)
	774,000	379,847	394,153	394,153	-	Modaraba's Policy	Syed Hannan Muzaffar (Employee)
	762,000	364,022	397,978	397,978	-	Modaraba's Policy	Muhammad Bilal Masood (Employee)
	708,000	447,098	260,902	260,902	-	Modaraba's Policy	Malik Masroor (Employee)
	708,000	447,098	260,902	260,902	-	Modaraba's Policy	Syed Ali Raza Bukhari (Employee)
	700,650	447,118	253,532	253,532	-	Modaraba's Policy	Syed Saad Ahmed (Employee)
	683,000	431,311	251,689	251,689	-	Modaraba's Policy	Hammad Hassan (Employee)
	683,000	431,311	251,689	251,689	-	Modaraba's Policy	Muneeb Azmat Raja (Employee)
	3,999,240	569,816	3,429,424	4,325,000	895,576	Insurance Claim	Adamjee - Claims
	1,746,760	661,201	1,085,559	1,179,926	94,367	Negotiation	Muhammad Saad
	1,674,368	965,322	709,046	619,008	(90,038)	Negotiation	Ali Ammar
	1,512,000	954,820	557,180	582,357	25,177	Negotiation	Abdur Rafeh
	1,225,000	820,012	404,988	457,090	52,102	Negotiation	Abdul Rasheed
	1,119,000	714,012	404,988	396,539	(8,449)	Negotiation	Asad Jan Khan
	1,064,000	677,438	386,562	386,544	(18)	Negotiation	Ashfaq Ahmed Butt
	724,500	579,600	144,900	496,000	351,100	Negotiation	Muhammad Taha Majeed
	724,500	579,600	144,900	520,000	375,100	Negotiation	Aqeel Ahmed
	718,000	496,897	221,103	221,103	-	Negotiation	Asif Raza
	683,850	462,747	221,103	221,088	(15)	Negotiation	Mazhar Latif
	683,000	434,940	248,060	248,064	4	Negotiation	Usman Arif
	532,460	425,968	106,492	302,000	195,508	Negotiation	Muhammad Irfan Khan
Motor Cycles	88,000	33,794	54,206	54,206	-	Modaraba's Policy	Rashid Maqsood (Employee)
	68,500	45,100	23,400	23,400	-	Modaraba's Policy	Syed Muhammad Ali Raza (Employee)
	68,000	44,600	23,400	23,400	-	Modaraba's Policy	Rashid Ahmed (Employee)
	67,500	41,799	25,701	25,701	-	Modaraba's Policy	Hafiz Muhammad Mohsin Kha (Employee)
	63,500	40,100	23,400	23,400	-	Modaraba's Policy	Muhammad Afzal Khan (Employee)
	63,500	40,284	23,216	23,216	-	Modaraba's Policy	Muhammad Umar (Employee)
	63,500	40,100	23,400	23,400	-	Modaraba's Policy	Syed Muhammad Rashid (Employee)
	63,500	40,100	23,400	23,400	-	Modaraba's Policy	Iftikhar Elahi (Employee)
	63,500	34,387	29,113	29,113	-	Modaraba's Policy	Ibadullah Qureshi (Employee)
	60,000	41,206	18,794	18,794	-	Modaraba's Policy	Sumair Saleem (Employee)
	47,300	37,840	9,460	9,460	-	Modaraba's Policy	Saqib Mehmood (Employee)
	45,000	27,680	17,320	17,320	-	Modaraba's Policy	Syed Ansar Ahmed Rizvi (Employee)
	44,000	27,786	16,214	16,214	-	Modaraba's Policy	Hafiz Muhammad Usman (Employee)
	67,093	46,767	20,326	20,501	175	Negotiation	Maqsood Ahmed
	63,500	39,008	24,492	45,422	20,930	Negotiation	Babar Mehmood
	63,500	40,100	23,400	19,496	(3,904)	Negotiation	Khalid Masood
	52,500	2,188	50,312	50,000	(312)	Negotiation	Abu Bakar
	52,500	4,835	47,665	39,000	(8,665)	Negotiation	Zeeshan Khan
	43,500	15,657	27,843	40,000	12,157	Negotiation	Khalid
2021	57,178,203	31,889,647	25,288,556	27,184,902	1,896,346		
2020	2,187,500	1,378,319	809,181	1,541,100	731,919		

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

	Note	2021	2020
		(Rupees)	
Operating expenses representing:			
- depreciation on right-of-use assets	26	18,114,404	15,280,386
Administrative and distribution expenses representing:			
- depreciation on operating fixed assets for own use	27	38,636,681	26,244,980
		56,751,085	41,525,366

5.8 Above assets include fully depreciated assets of Rs. 48.252 million (2020: Rs. 57.051 million) still in the Modaraba's use.

6 INTANGIBLE ASSET - IN OWN USE

	Note	2021	2020
		(Rupees)	
Intangible asset for own use (at cost less amortization)	6.1	1,026,875	1,961,154
		1,026,875	1,961,154

6.1 Details of intangible assets in use are as follows:

Cost - computer software	9,471,794	9,471,794
Amortization as at the year-end	(8,444,919)	(7,510,640)
Carrying value as at the year-end	1,026,875	1,961,154
Life over which cost of the asset is amortized	4 years	4 years

6.2 Amortization charge for the year is Rs. 0.934 million (2020: Rs. 2.254 million).

7 LONG-TERM SECURITY DEPOSITS

	Note	2021	2020
		(Rupees)	
Deposit with Central Depository Company of Pakistan Limited		50,000	50,000

8. SPARE PARTS

Spare parts	8.1	163,139,692	196,176,407
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8.1 The balance of spare parts is net of provision of Rs 37.603 million.

9. IJARAH RENTALS RECEIVABLES

Balance as on 30 June	1,367,296,008	1,336,893,270
Provision for impairment	(198,827,978)	(236,592,264)
	1,168,468,030	1,100,301,006

Refer note 37.2.2 for the details of aging of the above receivables.

9.1 Ijarah rentals receivables include exposure which are secured by way of cash deposits of Rs. 25.758 million (2020: Rs. 48.367 million).

9.2 Provision against potential ijarah rental receivables

	Note	2021	2020
		(Rupees)	
Opening balance		236,592,264	187,302,324
Effect of change in accounting policy	3.1	49,916,037	-
Charge during the year		-	99,012,922
Reversal during the year		(10,077,491)	-
Written off during the year		(77,602,832)	(49,722,982)
Closing balance		198,827,978	236,592,264

9.3 Related parties from whom the receivables are due are as under:

Allied Engineering Services Limited (major share holder)	279,851	-
Apex Machinery Limited (common directorship)	406,000	-
Allied Commercial Limited (common directorship)	-	7,543,942
	685,851	7,543,942

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

	Note	2021	2020
		(Rupees)	
Not past due		35,000	5,883,839
Past due 1-180 days		212,850	1,618,680
Past due 181-360 days		438,001	41,423
		685,851	7,543,942

9.4 Contractual rentals receivable on Ijarah contracts

	2021			2020		
	Due within one year	Due after one year but within five years	Total	Due within one year	Due after one year but within five years	Total
	(Rupees)					
Rentals receivable in future	51,675,000	10,705,000	62,380,000	71,802,500	131,715,000	203,517,500

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

10. OPERATION AND MAINTENANCE INCOME RECEIVABLES

	Note	2021	2020
		(Rupees)	
Balance as on 30 June		32,136,865	42,846,340
Provision for impairment		(5,280,305)	(5,332,407)
		26,856,560	37,513,933

Refer note 37.2.2 for the details of aging of the above receivables.

10.1 Provision against operation & maintenance income receivables

	Note	2021	2020
		(Rupees)	
Opening balance		5,332,407	7,578,963
Effect of change in accounting policy	3.1	2,930,375	-
Charge during the year		-	-
Reversal during the year		(1,200,236)	(2,246,556)
Written off during the year		(1,782,241)	-
Closing balance		5,280,305	5,332,407

11. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Income tax recoverable	11.1	448,172,344	637,881,844
Federal Excise Duty (FED) receivable	23.1.2	50,000,000	50,000,000
Punjab Service Sales tax refundable		84,006,540	-
Sindh Service Sales Tax Refundable		21,724,717	-
Federal Sales Tax Refundable (Ijarah Assets)	23.1.3	9,896,473	4,775,668
Sales Tax on imports refundable	11.2	4,182,666	4,182,666
Receivables from Related Parties		-	7,352,247
Advances (unsecured):			
- to suppliers for expenses		44,617,637	36,969,816
- to employees against salary (interest free & secured against retirement benefit)		722,934	1,354,937
- to employees for expenses	11.3	4,178,977	4,484,986
Prepaid Expenses		36,673,433	25,650,155
Security deposits	11.4	19,736,559	20,868,872
Accrued income on profit or loss sharing bank accounts		101,496	128,627
Insurance claim receivable		689,301	54,112
Others	11.5	15,910,411	33,073,972
		740,613,488	826,777,902
Less: Provision against deposits and other receivables	11.6	(1,028,375)	-
		739,585,113	826,777,902

- 11.1** This includes tax collected at source at import stage by the collector of customs of Rs 2.333 million and tax deducted of Rs. 108.425 million from various payments made to Modaraba.

As explained in note 31, the income of the Modaraba is exempt from tax under clause 100 of the Second Schedule of Income Tax Ordinance, 2001. However, withholding of taxes under sections 153 (1)(b), 148 and other sections of the Income Tax Ordinance, 2001 have been made by the withholding agents as earlier exemption certificates for non-deduction of tax at source were then not available with the Modaraba and was not renewed by Commissioner Inland Revenue Large Tax Payer Unit (LTU-II) and an appeal to the Chief Commissioner LTU-II was also not accepted.

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

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

In September 2019, the Modaraba received an exemption certificate in respect of tax withheld under sections 153(1) (a) and 153(1)(b) (excluding withholding tax on receipt against logistic rentals), which was valid till 31 December 2019 and taxes under other sections of the Income Tax Ordinance, 2001 were still deducted.

Furthermore, in 2020 the Modaraba obtained another exemption certificate relating to the non deduction of taxes under sections 153(1)(a), 153(1)(b) (including withholding tax on receipt against logistic rentals), which was valid till 31 December 2020. Therefore, during the period from 1 January 2021 to 30 June 2021 the Modaraba was not able to obtain an exemption certificate and tax was withheld by the customers under afore mentioned sections.

- 11.2** The Modaraba filed the Constitutional Petition in the High Court of Sindh at Karachi, against levy of Additional Sales Tax (AST) @ 3% at the time of import of equipments. The Sindh High Court very kindly stayed the said levy vide its order dated 1 January 2013. After the grant of the stay order but on the direction of the Sindh High Court, the amount of 3% additional sales tax was deposited with the Nazir for release of a couple of consignments received thereafter. Later on Ministry of Finance, Economic Affairs, Statistics and Revenue (Revenue Division) vide SRO No. 367(1)/2013 dated 8 May 2013 also exempted Service Industry from levy of additional sales tax hence admitted the legal advisor's contentions in the petition. The Management believes that the petition will be decided in the Modaraba's favor. Once decided, the amount deposited with the Nazir will be released.
- 11.3** This represents advance given to employees for expenses. The maximum amount receivable at the end of any month during the year was Rs. 4.740 million (2020: Rs. 0.558 million).
- 11.4** This also includes cash margin and security deposits of Rs. 14.9 million (2020: Rs. 12.4 million) held by Banks as security for the guarantees of the same amount given by them on behalf of the Modaraba to its suppliers / customers.
- 11.5** This includes balance of Rs. 14.228 million (2020: Rs 31 million) representing fuel inventory held by fuel suppliers on behalf of the Modaraba.

11.6 Provision against deposits and receivables

	Note	2021	2020
		(Rupees)	
Opening balance		-	-
Effect of change in accounting policy	3.1	1,957,802	-
Charge during the year		-	-
Reversal during the year		(929,427)	-
Closing balance		1,028,375	-

12. CASH AND BANK BALANCES

Balances with banks in:

- current accounts		83,734,885	23,424,894
- deposit accounts	12.1	32,944,647	68,988,523
		116,679,532	92,413,417
Cash in hand		440,328	502,677
		117,119,860	92,916,094

- 12.1 These balances carry profit at rates ranging from 2.75% to 6.68% per annum (2020: 2.75% to 5.52% per annum).

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

Authorised certificate capital

2021	2020		Note	2021	2020
(Number of certificates)				(Rupees)	
250,000,000	250,000,000	Modaraba Certificates of Rs. 10 each	21.1	2,500,000,000	2,500,000,000

Issued, subscribed and paid-up certificate capital

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

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

	2021		2020	
	Number of certificates	(Rupees)	Number of certificates	(Rupees)
Allied Engineering and Services (Private) Limited	151,931,073	1,519,310,730	151,931,073	1,519,310,730
Allied Engineering Management Company (Private) Limited	43,999,997	439,999,970	43,999,997	439,999,970
	195,931,070	1,959,310,700	195,931,070	1,959,310,700

14 STATUTORY (MANDATORY) RESERVE

Statutory reserve represents profits set aside to comply with the Modaraba Regulations, 2021 issued by the SECP. These regulations require a Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid-up capital.

During the current year the Modaraba has transferred an amount of Rs. 186.245 million (2020: Rs. 71.454 million) which represents 35% (2020: 30%) of the profit after tax.

15. DEFERRED LIABILITY

	Note	2021	2020
		(Rupees)	
Deferred liability for staff gratuity	15.2	109,060,825	95,966,148

15.1 Defined benefit plan - gratuity

15.1.1 Salient Features

The Modaraba operates an unfunded scheme to provide gratuity to the permanent employees on retirement. The latest actuarial valuation of this scheme was carried out as at 30 June 2021 using the Projected Unit Credit Method by an independent actuary. Principal actuarial assumptions used in the actuarial valuation of the scheme carried out as at 30 June 2021 are given in note 15.1.2. Gratuity is payable to the employees in case of death, retirement or resignation, excluding dismissal due to disciplinary issues. Normal retirement age is 60 years. As at 30 June 2021, 354 employees (2020: 366 employees) were covered under the scheme.

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

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

Mortality risks

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

Final salary risks

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

Withdrawal risks

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

Valuation results

Actuarial valuation is carried out once every year. The latest valuation was carried out as at 30 June 2021. The information provided in notes 15.2 to 15.10 has been obtained from the latest actuarial valuation report. The following significant assumptions have been used for valuation of this scheme:

	2021	2020
	(%)	
Valuation discount rate	10.25	9.25
Salary increase rate	10.25	9.25
Rate of employee turnover	Moderate	Moderate

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

15.2 Amount recognised in the balance sheet

Note	2021	2020
	(Rupees)	

Present value of defined benefit obligation	15.4	109,060,825	95,966,148
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15.3 Movement in amount payable to the defined benefit plan

Opening balance		95,966,148	84,196,492
Charge for the year	15.5	14,736,018	23,540,788
Benefits paid during the year		-	(1,112,000)
Remeasurement gain on obligation recognised in other comprehensive income	15.6	(1,641,341)	(10,659,132)
Closing balance		109,060,825	95,966,148

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

Present value of defined benefit obligation - opening	95,966,148	84,196,492
Current service cost	4,719,586	10,743,455
Mark-up cost	10,016,432	12,797,333
Benefits paid during the year	-	(1,112,000)
Remeasurement gain on obligation recognised in other comprehensive income	(1,641,341)	(10,659,132)
Present value of defined benefit obligation - closing	109,060,825	95,966,148

15.4.1 Analysis of present value of defined benefit obligation

	2021	2020
	(Rupees)	
Split by type of members:		
Active employees	109,060,825	95,966,148
Split by vested / non-vested		
(i) Vested benefits	78,848,966	66,385,238
(ii) Non-vested benefits	30,211,859	29,580,910
	109,060,825	95,966,148
Split by benefits earned to date		
(i) Accumulated benefit obligation	37,029,485	35,616,302
(ii) Amounts attributable to future salary increase	72,031,340	60,349,846
	109,060,825	95,966,148
Cadre by type of members		
Management staff	109,060,825	95,966,148

15.5 Amount charged to the profit and loss account

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

	Note	2021	2020
		(Rupees)	
Current service cost	15.4	4,719,586	10,743,455
Interest expense	15.4	10,016,432	12,797,333
		14,736,018	23,540,788

15.6 Remeasurements recognised in other comprehensive income during the year

	Note	2021	2020
		(Rupees)	
Remeasurement gain on obligation recognised in other comprehensive income		(1,641,340)	(10,659,132)

15.7 Historic Information

	2021	2020	2019	2018	2017
	(Rupees)				
Present value of defined benefit obligation	109,060,825	95,966,148	84,196,492	69,496,155	52,067,969
Remeasurement (loss) / gain on obligation	1,641,340	10,659,132	1,390,253	(5,367,570)	(5,940,613)

15.8 The defined benefit obligations are based in Pakistan

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

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	(Rupees)		
Discount rate	1%	96,711,267	123,681,629
Salary increase rate	1%	123,538,673	96,607,393

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

15.9 The weighted average duration of the defined benefit obligation is 12.28 years (2020: 12.42 years).

15.10 Based on actuarial advice charge for the year ending 30 June 2022 amounts to Rs. 21.794 million (30 June 2021: Rs. 19.291 million).

16. OTHER LONG-TERM EMPLOYEE BENEFITS

	2021	2020
	(Rupees)	
Other long-term employee benefits	24,052,311	28,632,954

This represents accrual for staff compensated absences and includes liability in respect of key management personnel amounting to Rs. 11.443 million (2020: Rs. 6.656 million).

- 16.1 The management has estimated the liability for compensated absences at 30 June 2021 based on an actuarial valuation of the employees' compensated absences scheme conducted this year under the projected credit unit method. Up to the previous year the said valuation was done on the basis of the total compensated leaves. However, the impact is not material. Following significant assumptions have been used for the actuarial valuation carried out by an independent valuer:

	2021
	(%)
Valuation discount rate	10.25
Salary increase rate	10.25
Withdrawal before normal retirement age	Moderate
Death in service	SLIC (2001-05)

17. LIABILITIES AGAINST RIGHT-OF-USE ASSET

These represent the present value of the future annual rentals of different properties obtained on rent by the Modaraba. These are payable as follows:

	2021		2020	
	Minimum Lease Payments	Present Value of minimum lease payments	Minimum Lease Payments	Present Value of minimum lease payments
Not later than one year	13,949,057	14,753,224	19,060,750	9,852,433
Later than one year but not later than five years	47,121,368	37,505,335	74,605,430	60,527,038
Later than five years	-	-	1,558,974	1,373,181
	61,070,425	52,258,559	95,225,154	71,752,652
Financial charges allocated to future periods	(8,811,866)	-	(23,472,502)	-
	52,258,559	52,258,559	71,752,652	71,752,652
Less: Current maturity	(14,166,667)	(14,166,667)	(18,042,712)	(18,042,712)
	38,091,892	38,091,892	53,709,940	53,709,940

The remaining lease term ranges from 4 to 48 months and the present values have been discounted ranging from 8.25% to 9.59% per annum.

18. DIMINISHING MUSHARAKA FINANCING PAYABLE - secured

	Note	2021	2020
		(Rupees)	
Musharaka finance	18.1 & 18.3	1,356,974,708	1,771,584,782
Due within one year		(636,194,123)	(365,546,132)
		720,780,585	1,406,038,650
Financing from banking and financial institutions		1,351,518,458	1,741,269,224
Financing from modarabas		5,456,250	30,315,558
		1,356,974,708	1,771,584,782

18.2 The total facility from Musharaka finance available from financial institutions and Modarabas amounts to Rs. 1.352 billion and Rs. 5.46 million respectively. These facilities have maturities from July 2021 to May 2026 (2020: July 2020 to Oct 2024) and are secured against the hypothecation of Ijarah assets amounting to Rs. 5,542.493 million (2020 Rs. 5,982.608 million). Share of profit payable on these facilities is 7.22% to 14.50% per annum (2020: 6.05% to 16.01%) per annum.

18.3 During the year, the Modaraba utilized running musharaka financing facility of amounts ranging from Rs. 0.043 million to Rs. 70.078 million to meet its working capital requirements which carried share of profit at rates ranging from 8.56% to 8.78% per annum. Total facility available to the Modaraba amounts to Rs. 100 million. The facility is secured against hypothecation of Ijarah assets. This facility is unutilized as at year-end.

19 LONG-TERM BORROWINGS AND DEFERRED GRANT

19.1 Due to the effects of pandemic, State Bank of Pakistan took various steps to support the economy. SBP introduced a refinance scheme for the payment of salaries and wages at subsidized rate of borrowing. The Modaraba has obtained the said facility of Rs. 165.473 million and Rs 160 million from Habib Bank Limited and Bank Alfalah Limited at subsidized rate at 3% per annum. The principal amount of Habib Bank Limited is payable in eight quarterly installments of Rs. 6.40 million and Rs. 14.28 million commenced from 1 January 2021 which is secured against Hypothecation charge over Machines and Spares. The Principal amount of Bank Alfalah Limited is payable in eight quarterly installments of Rs 8.789 million, Rs 4.714 million and Rs. 6.496 million commenced from 3 March 2021 which is secured against Hypothecation charge over Machines.

Government grant amounting to Rs. 14.825 million has been recorded during the year ended 30 June 2021 in respect of grant received during the current year and Rs. 16.038 million has been amortised during the year. In accordance with the terms of the grant, the Modaraba can not lay-off the employees atleast for three months from the period of the grant.

19.2 Details are as follows:

Note	2021	2020
	(Rupees)	
SBP Salary refinance scheme	252,493,806	151,581,201
Deferred income - government grant	12,665,258	14,061,271
Total funds received	265,159,064	165,642,472
Current portion of SBP Salary refinance scheme	(168,832,513)	(66,722,666)
Current portion of deferred income - government grant	(10,730,395)	(9,193,125)
	(179,562,908)	(75,915,791)
	85,596,156	89,726,681

19.3 The break-up of the long term portion is as follows:

Long term portion of the SBP salary refinance scheme	83,661,293	84,858,535
Long term portion of deferred income	1,934,863	4,868,146
	85,596,156	89,726,681

20. OTHER LONG TERM LIABILITIES

Security deposits	20.1	25,758,732	48,524,283
Employee car scheme - deductions	20.2	32,416,331	37,888,731
		58,175,063	86,413,014
Current portion of security deposits		25,758,732	24,524,283
Current portion of employee car scheme - deductions		23,010,296	5,255,187
		48,769,028	29,779,470
Non-current portion of security deposits		-	24,000,000
Non-current portion of employee car scheme - deductions		9,406,035	32,633,545
		9,406,035	56,633,545

20.1 This represents security deposits payable in respect of assets given under Ijarah arrangements (IFAS-2).

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

21. PAYABLE TO THE MODARABA MANAGEMENT COMPANY

	Note	2021	2020
		(Rupees)	
Remuneration payable to Management Company - net	21.1	9,488,100	10,000,000
Sindh Sales Tax payable on remuneration of Management Company		1,300,000	1,300,000
		10,788,100	11,300,000

- 21.1** The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 up to a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 2021 has been recognised at 2.160% (2020: 3.986%) of the profit for the year.

22. CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2021	2020
		(Rupees)	
Creditors for goods	22.1	500,443,313	706,551,272
Accrued Expenses	22.2	192,660,035	176,510,819
Payable to Worker's Welfare Fund		10,415,221	4,545,656
Tax deduction at source from			
- employees		1,265,110	686,703
- suppliers		1,114,518	2,697,397
Sales tax payable		1,713,782	106,044,298
		707,611,979	997,036,145

- 22.1** This includes Rs. 425.485 million (2020: Rs. 621.019 million) and Rs. 21.550 million (2020: 14.363 million) payable to Allied Engineering and Services (Private) Limited and Apex Machinery (Private) Limited (associated companies) for various purchases and services availed by the Modaraba.

- 22.2** This includes accrual of financial charges of Rs.14.270 million (2020: Rs. 23.184 million), 0.282 million (2020: 0.443 million) and 3.550 million (2020: 0.177 million) in respect of Diminishing Musharaka, Running Musharaka, and SBP Refinancing financing availed by the Modaraba as of the year-end.

23. CONTINGENCIES AND COMMITMENTS**23.1 Contingencies**

Contingencies outstanding as at 30 June 2021 are as follows:

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

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

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

The Commissioner (Appeals) - Sindh Revenue Board (SRB) vide his order in appeal number 16/2014 dated 25 February 2014 reduced the demand of Sindh Sales Tax from Rs. 25.633 million to Rs. 12.238 million stating that the differential amount of Rs. 13.395 million pertains to the services rendered outside the province of Sindh. The Modaraba had filed a Constitutional Petition CP No. D-1190 in the Honorable High Court of Sindh against the order of the Commissioner (Appeals) - Sindh Revenue Board (SRB) by virtue of which the Honorable High Court of Sindh vide its order dated 11 March 2014 had suspended the operation of the impugned order of the Commissioner (Appeals) - SRB. Subsequently, the Sindh Revenue Board Tribunal was constituted and became functional in June 2015. The Modaraba, on direction of the Honorable High Court of Sindh, filed an appeal to the tribunal.

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

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

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

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

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

23.1.2 Federal Excise Duty on gross revenue receipts of the Modaraba

On 01 March 2016, assessment orders relating to tax years 2014 and 2015 were received from the Assistant Commissioner of Inland Revenue demanding Federal Excise Duty (FED) aggregating to Rs 838.662 million (calculated @16% of gross receipts of the Modaraba for the above mentioned tax years) and the related default surcharge and applicable penalty. In response, an appeal was filed by the Modaraba with the Commissioner Inland Revenue – Appeals (CIR-A) on 16 March 2016. An under protest payment of Rs 50 million was also made by the Modaraba to the Federal Board of Revenue in respect of the above.

In the opinion of the management pursuant to the 18th amendment in the Constitution of Pakistan, the authority to collect sales tax has been delegated to the provinces. Accordingly, the Modaraba filed Constitutional Petitions with the Honorable Sindh High Court (SHC) in respect of which the SHC granted an interim injunction order to the Modaraba. The petitions were decided by the SHC on 02 June 2016 in which the SHC declared the levy of FED as 'ultra vires' with effect from 01 July 2011 and also quashed any duty recovered by the FBR.

However, in contradiction to the above mentioned judgment by the SHC, the CIR-A through orders dated 03 June 2016 upheld the levy of FED on the Modaraba and consequently directed the Modaraba to pay the alleged amount of FED along with default surcharge and penalty. In response the Modaraba has filed appeals with the Honorable Appellate Tribunal Inland Revenue (ATIR) which is pending hearing.

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

In light of the judgment of the SHC and based on consultations with its tax advisors, the management believes that the outcome of the appeals with the ATIR and Supreme Court of Pakistan will be in favor of the Modaraba. Accordingly, no provision in respect of FED has been made in these financial statements. Further, the under protest payment of Rs 50 million made to the FBR has been shown as a refundable balance in note 11 to these financial statements.

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

During the year, the Modaraba received notices for the tax years 2016 and 2017 demanding sales tax amounting to Rs. 48.77 million in respect of disposal of ijarah assets during the year ended 2016 and 2017 against aggregate sales value of Rs. 286.88 million.

The appeal before the CIR (A) filed vide the letter DST 055 dated July 18 in respect of sales tax on disposal of ijarah asset, earlier heard, was re-fixed on January 20, 2020 when the matter was partly heard. However, the appeal is expected to be re-fixed due to the transfer of CIR (A). The Allied Rental believes that the outcome of the appeal will be in favor of the Modaraba and hence no provision has been made in these financial statements in respect of the sales tax on disposal of ijarah assets during the tax year 2014 and 2015.

For Sales tax on disposal of ijarah asset for the tax year 2016 and 2017 the appeal was finalized vide Order No. OIR/Enforcemnet-1/S/2020/48/03 dated February 2, 2021 demanding sales tax of Rs. 48.769 million along with penalty under section 33(5) of Rs 2.438 million. The Modaraba has submitted payment under protest of Rs. 5.181 million (adjusted from income tax refundable) and filed an appeal against the above order before the ATIR which is pending hearing.

The Management, in consultation with its tax advisor, believes that the outcome of the appeal will be in favor of the Modaraba and hence no provision has been made in these financial statements.

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

23.1.5 Additional Commissioner Inland Revenue (ACIR) issued an order DC No. 02/29 dated 07 October 2020. The order states that the scrutiny of return and monthly/ annual statements filed by the Modaraba for the tax year 2015 shows that the Modaraba has not deducted / partially deducted taxes from the payments against expenses made during the year. In the order, short deductions of tax was calculated on the entire amount of the expenditures of Rs. 1.346 billion claimed under various heads by applying highest rates / withholding tax rates, calculating total tax deductible of Rs. 232.83 million along with the default surcharge u/s 205 @ 18% of Rs. 41.91 million (demanding total tax payable along with the default surcharge of Rs. 274.74 million from the Modaraba).

The Modaraba has filed an appeal against the order in the Sindh High Court and a stay order in this regard has been obtained. The appeals were heard on 12 February 2021 and later on 4 May 2021, however, order is still awaited. The management, based on its lawyer/tax advisor's view, is of the view that the appeal filed by the Modaraba will be adjudicated in its favor.

23.1.6 The Additional Commissioner Inland Revenue, through the order dated 30 December 2020 has amended the return filed for the tax year 2018. The order was based on the following references:

The ACIR has rejected the exemption under clause 100 Part I of Second schedule to the Ordinance and imposed tax @ 30% on the income of Rs. 1.342 billion. The rejection is alleged on the premise that the amount transferred to Statutory Reserve is not as that prescribed under the prudential regulations for Modarabas.

The Modaraba's tax deductions under section 148(1) of the Ordinance amounting to Rs. 40.93 million is a tax under the final tax regime of section 148(7) of the Ordinance. This was based on the inference that income for this year is not exempt as the conditions were not met and as such tax collected under section 148 is alleged to be final tax.

Credit of taxes claimed for taxes paid / deducted aggregating to Rs. 142.66 million has been disallowed pending the provision of evidence.

After taking into account the above, taxable income of Rs. 1.342 billion has been assessed and income tax of Rs. 350.25 million has been demanded.

Appeals have been filed by the Modaraba before the tax authorities and an application has been filed with the Sindh High Court in this regard for a stay order. The CIR(A) vide it's appellate order no 51e dated May 25, 2021 issued under section 29 of the ordinance has adjudicated on the Company's appeal. The Modaraba has now filed an appeal on the adjudication before ATIR which is pending hearing, however stay has been granted by ATIR till August 21, 2021.

Management is confident, based on the merits of the case and on the basis of its tax advisor's views that the above matter shall be decided in its favor.

23.1.7 Refer notes 11.1 and 11.2 also.

23.2 Commitments

Capital Commitments

2021	2020
(Rupees)	
844,000	-

23.2.1 During the year, the modaraba entered into a contract for the purchase of fixed assets for Rs 1.3 million. The Modaraba is committed to make additional payment of 0.844 million. This commitment is expected to be settled in the next financial year.

24 IJARAH RENTALS - net

Note

Ijarah rentals
Sales tax

2021	2020
(Rupees)	
3,929,942,313	3,635,360,938
(352,638,859)	(336,284,965)
3,577,303,454	3,299,075,973

25 OPERATION AND MAINTENANCE INCOME - net

Operation and maintenance income
Sales tax

152,713,283	146,167,205
(15,277,561)	(13,862,639)
137,435,722	132,304,566

26 OPERATING EXPENSES

Salaries, wages and other staff benefits
Depreciation expense
Repairs and maintenance expenses
Fleet vehicles running expenses
Transportation
Vehicles running expenses
Insurance expense - equipments
Travelling and conveyance expenses
Rent rate and taxes
Impairment of Ijarah Assets
Provision against slow moving spares

26.1
4.2 & 5.4
26.2
26.3

4.2

899,487,057	849,100,159
435,217,425	517,072,793
360,551,544	289,610,237
940,780,386	778,747,888
74,509,832	34,728,734
45,765,153	36,779,864
42,445,122	38,448,346
10,299,823	8,385,238
13,420,137	9,302,850
586,432	-
37,603,447	-
2,860,666,358	2,562,176,109

26.1 This includes contribution of Rs. 15.816 million (2020: 12.245 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 10.024 million (2020: Rs. 9.341 million).

26.2 This includes consumption of spares amounting to Rs. 270.649 million (2020: Rs. 226.078 million).

26.3 This includes consumption of spares amounting to Rs. 649.075 million (2020: Rs. 469.284 million).

27 ADMINISTRATIVE AND DISTRIBUTION EXPENSES

Note

Salaries, wages and other staff benefits
Vehicle running costs
Travelling and conveyance
Depreciation expense
Amortization expense
Legal and professional charges
Auditors' remuneration
Telephone, postage and fax charges
Advertisement and sales promotion
Printing and stationery
Insurance cost - vehicles
Training, meetings and tender participation
Donation
Software development
Entertainment
Utilities
Security
Miscellaneous

27.1

5.7

27.2

27.3

2021	2020
(Rupees)	
147,454,355	137,781,508
10,557,734	13,565,667
896,043	2,596,826
38,636,681	41,525,366
934,279	2,253,851
13,158,754	7,763,785
2,860,643	1,345,480
8,097,209	7,399,029
962,020	985,902
5,509,835	5,081,232
1,026,408	2,968,025
1,824,953	1,301,806
1,101,000	678,000
1,887,717	1,058,415
5,122,171	5,013,497
8,525,919	8,867,076
5,977,871	5,826,680
421,005	1,526,538
254,954,597	247,538,683

27.1 This includes contribution of Rs. 3.616 million (2020: Rs. 3.477 million) to the staff provident fund (maintained by the associated company) and charge in respect of unfunded gratuity scheme amounting to Rs. 4.712 million (2020: Rs. 3.540 million).

27.2	Auditors' remuneration	Note	2021	2020
			(Rupees)	
	Audit fee		750,000	660,000
	Fee for review of half yearly financial statements		439,876	315,000
	Fee for review of the statement of compliance with the best practices of the Code of Corporate Governance		125,000	105,000
	Fee for review services		500,000	-
	Other statutory certifications		389,800	115,000
	Out of pocket expenses		655,967	150,480
			2,860,643	1,345,480
27.3	Donations were paid to the following organisations:			
	Burhani Medical Welfare Association		126,000	100,000
	Koohi Goth Hospital		125,000	100,000
	Akhuwat Micro Finance - Sindh Flood		100,000	-
	Aashiyana Welfare Society		100,000	-
	Islamic Educational & Welfare Society		75,000	75,000
	Al-Quresh Welfare Society		50,000	-
	Fatimid Foundation			
	(Blood Bank, Hematological Services & Kidney Center)		50,000	50,000
	Al-Madad Welfare Society		50,000	50,000
	Anjuman-e- Hasani Donation		50,000	-
	Nigahban Foundation		50,000	50,000
	Health Education Livelihood Promoters		50,000	75,000
	Umeed Gah Rehabilitation		50,000	50,000
	Healthcare and Social Welfare		50,000	50,000
	M Khozema Safiri - Marathon Event		50,000	-
	Malir Social Welfare Organization		50,000	-
	Markaz-e-Umeed		50,000	-
	Aab The Need Of Life		25,000	-
	Shadabul Eidiz Zahabi		-	53,000
	Burhani Guards Trust		-	25,000
			1,101,000	678,000

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

28	FINANCE COST	Note	2021	2020
			(Rupees)	
	Financial cost on Diminishing Musharaka financing arrangement		129,846,575	278,983,213
	Financial cost on Running Musharaka financing arrangement		608,006	5,249,807
	Financial cost on long term borrowing		24,095,402	555,454
	Finance cost on liability against right of use assets		5,068,954	12,128,471
	Bank charges and commission		3,709,558	2,915,489
	Exchange loss		-	383,360
			163,328,495	300,215,794
29	OTHER INCOME - net			
	Income from financial assets			
	Profit on deposit accounts with bank		3,880,687	3,846,764
	Amortisation of Government Grant		16,036,654	379,440
	Income from non-financial assets			
	Proceeds from disposal of scrap		28,887,089	19,441,919
	Gain on disposal of fixed assets and Ijarah assets - net	4.6 & 5.6	24,088,827	4,498,416
	Reversal of liability no longer payable		17,721,335	-
	Exchange gain		507,385	-
	Gain on modification of leases (impact on right-of-use assets)		12,753,848	-
			103,875,825	28,166,539
30	PROVINCIAL WORKERS' WELFARE FUND			
	Current		9,745,333	4,545,656
	Prior		-	10,783,557
			9,745,333	15,329,213

31 TAXATION

31.1 As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that not less than ninety percent of their profits for the year as reduced by the amount transferred to statutory (mandatory) reserves are distributed to the certificate holders. The tax clause which provides for such exemption has been omitted through Tax Laws (Second Amendment) Ordinance, 2021. Based on the advice of the tax advisor, the management is of the view that the said exemption is valid for the entire year ended 30 June 2021 and withdrawal of tax exemption will be effective from 1 July 2021. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 45, no provision for taxation has been made in these financial statements.

31.2 The income tax returns of the Modaraba have been filed up to the financial year ended 30 June 2020 which are deemed assessed under the Income Tax Ordinance 2001, unless selected for audit by the taxation authorities.

31.3 Pursuant to Tax Laws (Second Amendment) Ordinance, 2021 and Finance Act, 2021, exemption from taxation available to the Modarabas have been withdrawn with effect from 1 July 2021. Under sections 153(1)(b) and 236Q of the Income Tax Ordinance, 2001, tax deductible at source on the Modaraba's current income streams, as for any other entity engaged in the similar business, shall be the minimum tax payable for any tax year, unless tax liability under the normal tax liability is determined to be higher. However, the management in consultation with its tax advisor is of the view that going forward its tax liability is expected to be the tax deductible under the above referred sections as these are expected to be more than the tax calculated under the normal tax regime.

Notwithstanding the above, and while the management has initiated the process of the determination of the tax bases (carrying values) of assets and liabilities admissible for taxation purposes as per the requirements of International Accounting Standard 12, 'Income Taxes', for the purpose of determination of the net balance of deferred tax as of 30 June 2021, it considers that it may be able to accurately finalise the details, in consultation with its tax advisor, when the return of the next financial year is due, and after sufficient clarity is available.

31.4 Refer note 23 for tax contingencies.

32 EARNINGS PER CERTIFICATE - basic and diluted

Basic earnings per certificate is worked out as under:

Profit for the year

Weighted average number of ordinary certificates outstanding during the year

Earnings per certificate - basic and diluted

2021	2020
(Rupees)	
532,127,372	227,520,913
(Number of Certificates)	
220,000,000	220,000,000
(Rupees)	
2.42	1.03

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

33 CASH GENERATED FROM OPERATIONS

Note

Profit for the year before taxation

Adjustments for non cash charges and other item

Depreciation

Impairment of Ijarah assets

Amortization

(Reversal) / Provision for impairment on financial assets

Provision for deferred liabilities - staff gratuity

(Reversal) / Provision against long term employee benefits

Provision against slow moving spares

Financial charges excluding bank profit

Gain on modification of leases (impact on right-of-use assets)

Gain on disposal of Ijarah and Fixed assets

2021	2020
(Rupees)	
532,127,372	227,520,913
473,854,106	558,598,159
586,432	-
934,279	2,253,851
(12,207,154)	96,766,366
14,736,018	23,540,788
(3,071,683)	3,321,591
37,603,447	-
159,447,808	296,369,030
(12,753,848)	-
(24,088,827)	(4,498,413)
635,040,578	976,351,372

33.1 Working capital changes

(Increase) /decrease in current assets

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

(Decrease) / increase in current liabilities

- Creditors, accrued and other liabilities
- Payable to the Modaraba Management Company
- Other long term liabilities

2021	2020
(Rupees)	
(68,167,024)	38,512,724
10,657,373	(9,731,954)
87,192,789	(94,485,911)
33,036,715	(59,814,643)
62,719,853	(125,519,784)
(286,498,025)	280,498,744
(511,900)	(12,928,441)
(28,237,952)	(74,409,449)
(315,247,877)	193,160,854
914,639,926	1,271,513,355

34 REMUNERATION OF EXECUTIVES

	2021			2020		
	(Key management personnel)	Other employees	Total	(Key management personnel)	Other employees	Total
	(Rupees)					
Basic salary	22,916,130	23,693,817	46,609,947	21,348,390	20,493,163	41,841,553
Bonus	4,403,254	9,378,517	13,781,771	2,665,000	2,191,533	4,856,533
House rent allowance	10,312,260	10,662,204	20,974,464	9,606,776	9,221,923	18,828,699
Utility allowance	2,291,606	2,369,379	4,660,985	2,134,839	2,049,316	4,184,155
Provident fund	2,291,604	2,369,375	4,660,979	2,134,830	1,976,732	4,111,562
Gratuity	4,099,558	2,953,495	7,053,053	2,041,952	2,044,324	4,086,276
Contribution to Employees' Old Age Benefit	74,880	146,640	221,520	74,880	132,600	207,480
Medical benefits	2,960,000	3,060,450	6,020,450	2,757,500	2,647,033	5,404,533
	49,349,292	54,633,877	103,983,169	42,764,167	40,756,624	83,520,791
Number of persons	8	17	25	8	18	26

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

35 PROVIDENT FUND RELATED DISCLOSURE

The investments out of provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

36 FINANCIAL INSTRUMENTS BY CATEGORY**FINANCIAL ASSETS**

- Cash and Bank balances
- Ijarah rentals receivables
- Operation and maintenance income receivables
- Deposits and other receivables
- Long-term security deposits

FINANCIAL LIABILITIES

- Creditors, accrued and other liabilities
- Payable to the Modaraba Management Company
- Diminishing musharakah financing payable - secured
- Long-term borrowings
- Liability against right-of-use assets
- Unclaimed dividend

2021	
Amortised cost	Total
(Rupees)	
117,119,860	117,119,860
1,168,468,030	1,168,468,030
26,856,560	26,856,560
40,620,433	40,620,433
50,000	50,000
1,353,114,883	1,353,114,883
693,103,348	693,103,348
9,488,100	9,488,100
1,356,974,708	1,356,974,708
265,159,064	265,159,064
52,258,559	52,258,559
1,134,696	1,134,696
2,378,118,475	2,378,118,475

FINANCIAL ASSETS

Cash and Bank balances	
Ijarah rentals receivables	
Operation and maintenance income receivables	
Deposits and other receivables	
Long-term security deposits	

2020	
Amortised cost	Total
(Rupees)	
92,916,094	92,916,094
1,100,301,006	1,100,301,006
37,513,933	37,513,933
58,308,249	58,308,249
50,000	50,000
1,289,089,282	1,289,089,282
883,062,091	883,062,091
10,000,000	10,000,000
1,771,584,782	1,771,584,782
165,642,472	165,642,472
71,752,652	71,752,652
1,052,715	1,052,715
2,903,094,712	2,903,094,712

FINANCIAL LIABILITIES

Creditors, accrued and other liabilities	
Payable to the Modaraba Management Company	
Diminishing musharakah financing payable - secured	
Long-term borrowings	
Lease liability against right-of-use assets	
Unclaimed dividend	

37 FINANCIAL RISK MANAGEMENT**Risk management framework**

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

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

37.1 Market Risk

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

Management of market risks

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

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

37.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in foreign currency exchange rates. The Modaraba primarily has foreign currency exposure in US Dollars (USD) and Euro. At 30 June 2021 the Modaraba's exposure to foreign currency risk in respect of its obligation was USD 645 and Euro 94,000 (2020: USD 645 and Euro 94,000). Net exposure is payable by the Modaraba in Rupees at the rate on which these are settled by the Modaraba.

The following significant exchange rates were applied during the year:

	Average rates		Balance sheet date rate	
	2021	2020	2021	2020
Rupees / US Dollar	162.81	163.07	157.54	168.08
Rupees / Euro	187.94	183.55	187.27	188.61

Sensitivity risk

A five percent strengthening / (weakening) of the Rupee against USD and Euro as at 30 June 2021 would have increased / (decreased) equity and profit by Rs. 0.869 million (2020: Rs. 0.891 million) mainly as a result of foreign exchange gains / losses on translation of USD and Euro denominated bills payable. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis has been performed on the same basis as for 2020.

37.1.2 Interest rate risk

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

2021									
Effective yield / profit rate	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Not exposed to yield / profit	Total
(Rupees)									
2.75% to 6.68%	32,944,647	-	-	-	-	-	-	84,175,213	117,119,860
	-	-	-	-	-	-	-	1,168,468,030	1,168,468,030
	-	-	-	-	-	-	-	26,856,560	26,856,560
	-	-	-	-	-	-	-	40,620,433	40,620,433
	-	-	-	-	-	-	-	50,000	50,000
	32,944,647	-	-	-	-	-	-	1,320,170,236	1,353,114,883
	-	-	-	-	-	-	-	693,103,348	693,103,348
	-	-	-	-	-	-	-	9,488,100	9,488,100
7.22% to 14.50%	32,679,569	128,249,338	173,601,968	301,663,249	588,537,957	132,242,627	-	-	1,356,974,708
9.36% to 10.28%	21,612,433	42,524,857	42,207,354	62,487,871	96,326,549	-	-	-	265,159,064
8.25% to 9.59%	1,520,503	3,012,715	3,907,974	7,156,550	29,638,688	7,022,129	-	-	52,258,559
	-	-	-	-	-	-	-	1,134,696	1,134,696
	55,812,505	173,786,910	219,717,296	371,307,670	714,503,194	139,264,756	-	703,726,144	2,378,118,475
	(22,867,858)	(173,786,910)	(219,717,296)	(371,307,670)	(714,503,194)	(139,264,756)	-	616,444,092	(1,025,003,592)
	-	-	-	-	-	-	-	14,900,000	14,900,000
	-	-	-	-	-	-	-	14,900,000	14,900,000
	(22,867,858)	(173,786,910)	(219,717,296)	(371,307,670)	(714,503,194)	(139,264,756)	-	631,344,092	(1,010,103,592)
	(22,867,858)	(196,654,768)	(416,372,064)	(787,679,734)	(1,502,182,928)	(1,641,447,684)	(1,641,447,684)	(1,010,103,592)	

2020										
	Effective yield / profit rate	Upto one month	Over 1 to 3 months	Over 3 to 6 months	Over 6 months to 1 year	Over 1 to 3 years	Over 3 to 5 years	Over 5 years	Not exposed to yield / profit	Total
(Rupees)										
On-balance sheet financial instruments										
Financial assets										
Cash and bank balances Ijarah rentals receivables Operation and maintenance income receivables Deposits and other receivables Long-term security deposits Sub total	2.75% to 5.52%	68,988,523	-	-	-	-	-	-	23,927,571	92,916,094
		-	-	-	-	-	-	-	1,100,301,006	1,100,301,006
		-	-	-	-	-	-	-	37,513,933	37,513,933
		-	-	-	-	-	-	-	58,308,249	58,308,249
		-	-	-	-	-	-	-	50,000	50,000
		68,988,523	-	-	-	-	-	-	1,220,100,759	1,289,089,282
Financial liabilities										
Creditors, accrued, and other liabilities Payable to the Modaraba Management Company Diminishing musharakah financing payable - secured Long-term borrowings Lease Liability against right-of-use assets Unclaimed dividend Sub total		-	-	-	-	-	-	-	883,062,091	883,062,091
		-	-	-	-	-	-	-	10,000,000	10,000,000
	6.05% to 16.01%	5,222,620	50,338,794	37,082,268	272,902,450	1,196,463,207	204,616,117	4,959,326	-	1,771,584,782
	9.36% to 10.28%	-	1,432,258	21,879,671	43,367,671	98,962,872	-	-	-	165,642,472
	14.43%	1,326,200	2,879,499	4,214,064	8,011,224	46,375,905	8,945,760	-	-	71,752,652
		-	-	-	-	-	-	-	1,052,715	1,052,715
	6,548,820	54,650,551	63,176,003	324,281,345	1,341,801,984	213,561,877	4,959,326	894,114,806	2,903,094,712	
	62,439,703	(54,650,551)	(63,176,003)	(324,281,345)	(1,341,801,984)	(213,561,877)	(4,959,326)	325,985,953	(1,614,005,430)	
Off-balance sheet financial instruments										
Financial liabilities										
Guarantees from banks on behalf of the Modaraba		-	-	-	-	-	-	-	14,900,000	14,900,000
Off-balance sheet gap										
		-	-	-	-	-	-	-	14,900,000	14,900,000
Total interest rate sensitivity gap										
		62,439,703	(54,650,551)	(63,176,003)	(324,281,345)	(1,341,801,984)	(213,561,877)	(4,959,326)	340,885,953	(1,599,105,430)
Cumulative interest rate sensitivity gap										
		62,439,703	7,789,152	(55,386,851)	(379,668,196)	(1,721,470,180)	(1,935,032,057)	(1,939,991,383)	(1,599,105,430)	

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

financial instrument was as follows:		Carrying amount	
Variable rate instruments	Note	2021	2020
Financial assets		(Rupees)	
Saving accounts with banks	12	32,944,647	68,988,523
Financial liabilities			
Diminishing Musharakah financing payable - secured	18	(1,356,974,708)	(1,771,584,782)
Fixed rate instruments			
Financial liabilities			
Liability against right-of-use assets	17	52,258,559	71,752,652
Long term borrowings	19	134,365,184	165,642,472
		186,623,743	237,395,124

Fair value sensitivity analysis for fixed rate instruments

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

Cash flow sensitivity for variable interest rate instruments

In case of 100 basis points increase / decrease in KIBOR on the last repricing date of variable rate instruments, (other than savings accounts) with all other variables held constant, the profit and loss and equity of the Modaraba would be higher / lower by Rs. 12.475 million (2020: Rs. 2.821 million). The sensitivity of savings account has not been presented as the impact would not be material.

37.1.3 Price Risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The modaraba is not exposed to price risk.

37.2 Credit risk

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

Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with its internal risk management policies and the requirements of the Modaraba Regulations, 2021 issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of leasing / Ijarah activities to avoid undue concentrations of risks with individuals or groups of customers in specific locations or businesses. It also obtains security when appropriate. Cash is held only with reputable banks with high quality credit worthiness.

Exposure to credit risk

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

	Note	2021	2020
(Rupees)			
Bank balances	12	116,679,532	92,413,417
Ijarah rentals receivables		1,168,468,030	1,100,301,006
Operation and maintenance income receivables		26,856,560	37,513,933
Deposits and other receivables		40,620,433	58,308,249
Long-term security deposits		50,000	50,000
Total carrying value (and maximum exposure to credit risk)		1,352,674,555	1,288,586,605

37.2.1 Credit risk ratings and collaterals held

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

	Note	2021	2020
(Rupees)			
Rating			
A1+		100,497,778	88,729,966
A1		16,181,754	3,683,451
		116,679,532	92,413,417

37.2.1.2 Collaterals

The Modaraba does not hold any collateral from the counter parties against balances with banks and these are unsecured. The assets leased out by the Modaraba under Ijarah arrangements are secured as the title to the asset is held by the Modaraba. An amount of Rs. 25.759 million (2020: Rs. 48.524 million) is also kept as security deposits against these arrangements.

37.2.2 Impairment losses and past due balances

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

	2021		2020	
	Gross	Allowance for receivable losses	Gross	Allowance for receivable losses
	(Rupees)			
Not past due	780,598,514	43,756,334	564,252,646	-
Past due 1-90 days	304,711,250	29,694,241	360,539,533	-
Past due 91 days to 180 days	144,983,869	26,541,220	139,050,498	-
Past due 181 days to one year	42,477,978	23,681,199	135,911,589	119,194,753
More than one year	126,661,262	80,435,288	179,985,344	122,729,916
Total	1,399,432,873	204,108,282	1,379,739,610	241,924,669

37.2.3 Concentration of credit risk

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

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

	2021		2020	
	(Rupees)	%	(Rupees)	%
Automobiles	3,962,429	0.29%	1,050,669	0.08%
Banks & Financial Institutions	135,505,501	10.02%	95,344,621	7.41%
Cement	10,444,511	0.77%	6,481,551	0.50%
Chemicals And Pharmaceuticals	42,355,655	3.13%	43,208,944	3.36%
Construction	193,500,781	14.31%	147,667,691	11.48%
Collector of Customs	4,182,666	0.31%	4,182,666	0.33%
Distributors	53,145	0.00%	-	0.00%
Dairy & Poultry	-	0.00%	132,000	0.01%
Edible Oil	-	0.00%	1,387,810	0.11%
Education	3,975,647	0.29%	2,506,111	0.19%
Electrical	-	0.00%	2,651,906	0.21%
Energy, Oil And Gas	163,636,357	12.10%	275,371,765	21.41%
Engineering	45,129,820	3.34%	40,716,074	3.17%
Event Management	-	0.00%	262,960	0.02%
Fast Moving Consumer Goods (FMCG)	123,199,112	9.11%	79,107,507	6.15%
Fertilizer	-	0.00%	8,145	0.00%
Food And Beverages	111,763,786	8.26%	195,978,908	15.24%
Glass And Ceramics	-	0.00%	-	0.00%
Healthcare	41,962,981	3.10%	34,420,245	2.68%
Hospital	1,388,535	0.10%	3,620,837	0.28%
Hotel	4,621,548	0.34%	3,054,656	0.24%
Individuals	15,910,411	1.18%	35,189,220	2.74%
Information Technology and Communication	4,271,552	0.32%	3,791,826	0.29%
Insurance	689,301	0.05%	54,112	0.00%
Logistics	26,575,116	1.96%	93,545,755	7.27%
Manufacturing	11,265,336	0.83%	4,343,101	0.34%
Media	11,077,585	0.82%	10,399,637	0.81%
Mining	-	0.00%	3,381,309	0.26%
Other	254,597,418	18.82%	41,018,648	3.19%
Packaging	15,864,029	1.17%	43,570,978	3.39%
Paper And Board	9,768,619	0.72%	9,906,213	0.77%
Plastic Industries	-	0.00%	938,312	0.07%
Printing	-	0.00%	-	0.00%
Rice	6,844	0.00%	41,000	0.00%
Securities depository	50,000	0.00%	50,000	0.00%
Sports	-	0.00%	8,343,491	0.65%
Sugar	2,177,757	0.16%	1,911,874	0.15%
Textile And Cotton	99,969,865	7.39%	92,276,466	7.17%
Tobacco	12,015,087	0.89%	-	0.00%
Warehousing	2,753,161	0.20%	169,597	0.01%
	1,352,674,555	100%	1,286,086,605	100%

37.3 Liquidity Risk

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

Management of liquidity risk

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

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

2021						
Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	Over five years	
(Rupees)						
Non-derivative financial assets						
Cash and bank balances	117,119,860	117,119,860	117,119,860	-	-	-
Ijarah rentals receivables	1,168,468,030	1,168,468,030	1,168,468,030	-	-	-
Operation and maintenance income receivables	26,856,560	26,856,560	26,856,560	-	-	-
Deposits and other receivables	40,620,433	40,620,433	1,290,797	32,964,199	6,365,437	-
Long term security deposit	50,000	50,000	-	-	-	50,000
	1,353,114,883	1,353,114,883	1,313,735,247	32,964,199	6,365,437	50,000
Non-derivative financial liabilities						
Creditors, accrued and other liabilities	693,103,348	693,103,348	693,103,348	-	-	-
Payable to the Modaraba Management Company	9,488,100	9,488,100	9,488,100	-	-	-
Diminishing musharakah financing payable - secured	1,356,974,708	1,356,974,708	334,530,875	301,663,249	720,780,584	-
Long term borrowings	265,159,064	265,159,064	106,344,644	62,487,871	96,326,549	-
Lease Liability against right-of-use assets	52,258,559	52,258,559	8,441,192	7,156,550	36,660,817	-
Unclaimed dividend	1,134,696	1,134,696	1,134,696	-	-	-
	2,378,118,475	2,378,118,475	1,153,042,855	371,307,670	853,767,950	-
On-balance sheet gap	(1,025,003,592)	(1,025,003,592)	160,692,392	(338,343,471)	(847,402,513)	50,000
2020						
Carrying Amount	Contractual cash flows	Six months or less	Six to twelve months	One to five years	Over five years	
(Rupees)						
Non-derivative financial assets						
Cash and bank balances	92,916,094	92,916,094	92,916,094	-	-	-
Ijarah rentals receivables	1,100,301,006	1,100,301,006	1,100,301,006	-	-	-
Operation and maintenance income receivables	37,513,933	37,513,933	37,513,933	-	-	-
Deposits and other receivables	58,308,249	58,308,249	182,820	1,641,950	56,483,479	-
Long term security deposits	50,000	50,000	-	-	-	50,000
	1,289,089,282	1,289,089,282	1,230,913,853	1,641,950	56,483,479	50,000
Non-derivative financial liabilities						
Creditors, accrued and other liabilities	883,062,091	883,062,091	883,062,091	-	-	-
Payable to the Modaraba Management Company	10,000,000	10,000,000	10,000,000	-	-	-
Diminishing musharakah financing payable - secured	1,771,584,782	1,771,584,782	92,643,682	272,902,450	1,401,079,324	4,959,326
Long term borrowings	165,642,472	165,642,472	23,311,929	43,367,671	98,962,872	-
Lease Liability against right-of-use assets	71,752,652	71,752,652	8,419,763	8,011,224	55,321,665	-
Unclaimed dividend	1,052,715	1,052,715	1,052,715	-	-	-
	2,903,094,712	2,903,094,712	1,018,490,180	324,281,345	1,555,363,861	4,959,326
On-balance sheet gap	(1,614,005,430)	(1,614,005,430)	212,423,673	(322,639,395)	(1,498,880,382)	(4,909,326)

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

	Issued, subscribed and paid up certificate capital	Premium on issue of certificates	Unappropriated profit	Diminishing musharakah financing availed	Long term borrowings	Lease liability against right-of-use assets	Total
	(Rupees)						
Balance as at 1 July 2020	2,200,000,000	1,255,712,500	210,165,455	1,771,584,782	165,642,472	71,752,652	5,674,857,861
Changes from financing cash flows							
Repayment of Diminishing musharakah	-	-	-	(643,546,638)	-	-	(643,546,638)
Proceeds from Diminishing musharakah	-	-	-	228,936,564	-	-	228,936,564
Repayment of Long term borrowings	-	-	-	-	(60,483,408)	-	(60,483,408)
Proceeds from Long term borrowings	-	-	-	-	160,000,000	-	160,000,000
Profit distribution to the certificate holders	-	-	(165,000,000)	-	-	-	(165,000,000)
Repayment of lease liability against right-of-use assets	-	-	-	-	-	(20,639,400)	(20,639,400)
Impact of lease modifications	-	-	-	-	-	(3,923,647)	(3,923,647)
Total changes from financing activities	-	-	(165,000,000)	(414,610,074)	99,516,592	(24,563,047)	(504,656,529)
Other changes							
Finance charge on lease liability against right-of-use assets	-	-	-	-	-	5,068,954	5,068,954
Finance charge on lease liability against right-of-use assets paid	-	-	-	-	-	-	-
Effect of change in accounting policy	-	-	(54,804,214)	-	-	-	(54,804,214)
Total comprehensive income for the year	-	-	533,768,712	-	-	-	533,768,712
Transfer to statutory reserve (at 50% of the profit for the year)	-	-	(266,063,686)	-	-	-	(266,063,686)
Total equity related other changes	-	-	212,900,812	-	-	5,068,954	217,969,766
Balance as at 30 June 2021	2,200,000,000	1,255,712,500	258,066,267	1,356,974,708	265,159,064	52,258,559	5,388,171,098

OPERATIONAL RISKS

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

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

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

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

CAPITAL RISK MANAGEMENT

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

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

The Modaraba is not subject to externally imposed capital requirements.

41. RELATED PARTIES TRANSACTIONS

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

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

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

Name of the related party	Relationship and percentage shareholding	Transactions during the year and year end balances	Note	2021	2020
				(Rupees)	
Allied Engineering Management Company (Private) Limited (Modaraba Management Company)	Associated Company	Modaraba Management Company's remuneration		10,000,000	10,000,000
		Payment made to the Modaraba Management Company (including Management Fee) during the year		11,300,000	170,328,442
		Amount received from the Modaraba Management Company during the year		12,596,030	146,100,000
		Dividend paid during the year		32,999,998	43,999,997
		Outstanding certificates 43,999,997 (2020: 43,999,997)		439,999,970	439,999,970
		Payable to the Modaraba Management Company (including sales tax on Management Company remuneration)		10,788,100	11,300,000
Allied Engineering and Services (Private) Limited (the holding company of the Modaraba Management Company)	Associated Company	Purchase of assets	4.3	13,186,391	27,643,265
		Purchase of parts and services		296,688,032	301,774,563
		Income from ijarah assets		2,045,650	1,987,733
		Reimbursement of expenses		17,371,936	13,371,621
		Receipt of payment from customers deposited with AESL		1,092,959	330,000
		Dividend paid		113,948,305	151,931,073
		Outstanding certificates 151,931,073 (2020: 151,931,073)		1,519,310,730	1,519,310,730
Apex Machinery (Private) Limited	Associated Company	Payable against purchase of parts and services		425,484,687	621,019,184
		Purchase of parts		4,413,362	18,423,677
		Payable against purchase of parts		21,550,405	14,166,639
Allied Commercial Enterprises (Private) Limited	Associated Company	Purchase of assets		106,423,200	12,519,000
		Commission payable to Apex for sales		-	1,106,684
Allied E-Commerce Solutions (Private) Limited	Associated Company	Income from ijarah assets		-	86,304,616
		Ijarah rental receivable		-	12,194,513
Allied Engineering and Services (Private) Limited - Staff Provident Fund	Provident Fund	Payable against miscellaneous expenses		54,791	-
		Contribution to the staff provident fund during the year		19,487,223	15,722,675
Key Management Personnel	Key Management Personnel	Dividend paid		2,801,151	3,734,868
		Outstanding certificates 3,734,868 (2020 : 3,734,868)		37,348,680	37,348,680
Directors	Directors of Management Company	Remuneration of key management personnel during the year		49,349,292	42,764,167
		Dividend paid during the year		86,883	115,844
		Contribution to the staff provident fund during the year		2,291,604	2,134,830
		Charge for staff gratuity scheme during the year		4,099,558	2,041,952
		Outstanding certificates 115,844 (2020: 115,844)		1,158,440	1,158,440
Directors	Directors of Management Company				
		Dividend paid		6,657,936	8,877,248
		Outstanding certificates 8,877,248 (2020: 8,877,248)		88,772,480	88,772,480

- 41.2** The status and details of outstanding balances with associated undertakings / related parties as at 30 June 2021 are included in the respective notes to the financial statements.

42 SEGMENTAL INFORMATION

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

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

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

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

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

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

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

- 42.1** Details of segment revenues, costs, profit, assets and liabilities are as follows:

	Ijarah Rentals		Operation and Maintenance Income		Total	
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Segment revenues / profits						
Revenue	3,577,303,454	3,299,075,973	137,435,722	132,304,566	3,714,739,176	3,431,380,539
Operating Expenses	(2,327,868,025)	(1,952,524,321)	(96,994,501)	(92,578,995)	(2,424,862,526)	(2,045,103,316)
Finance Cost	(158,655,121)	(296,916,945)	(963,816)	-	(159,618,937)	(296,916,945)
Depreciation and Amortization	(473,806,481)	(559,250,906)	(1,544,515)	(1,601,104)	(475,350,996)	(560,852,010)
Administrative Expenses	(207,392,995)	(195,903,063)	(8,014,438)	(7,856,403)	(215,407,433)	(203,759,466)
Other expenses	(10,946,210)	(124,994,428)	(301,527)	(400,000)	(11,247,737)	(125,394,428)
Other income	103,875,825	28,166,539	-	-	103,875,825	28,166,539
Reportable segment profit	502,510,447	197,652,849	29,616,925	29,868,064	532,127,372	227,520,913
Segment assets and liabilities						
	2021	2020	2021	2020	2021	2020
	(Rupees)					
Reportable segment assets						
Rentals receivable	1,168,468,030	1,100,301,006	26,856,560	37,513,933	1,195,324,590	1,137,814,939
Advances, deposits, prepayments and other receivables	478,161,894	681,269,087	-	-	478,161,894	681,269,087
Spare parts	163,139,692	196,176,407	-	-	163,139,692	196,176,407
Ijarah assets	5,897,659,183	6,171,575,576	-	-	5,897,659,183	6,171,575,576
Fixed assets	205,047,428	207,010,534	-	-	205,047,428	207,010,534
	7,912,476,227	8,356,332,610	26,856,560	37,513,933	7,939,332,787	8,393,846,543
Reportable segment liabilities						
Creditors, accrued and other liabilities	511,973,052	713,794,325	-	-	511,973,052	713,794,325
Contract Liability	68,054,519	53,183,306	-	-	68,054,519	53,183,306
Diminishing Musharaka	1,356,974,708	1,771,584,782	-	-	1,356,974,708	1,771,584,782
Long-term borrowings	265,159,064	165,642,472	-	-	265,159,064	165,642,472
Other long term liabilities	58,175,063	86,413,015	-	-	58,175,063	86,413,015
	2,260,336,406	2,790,617,900	-	-	2,260,336,406	2,790,617,900

42.2 Reconciliations of information on reportable segments to the amounts reported in the financial statements is as follows:

	Note	2021	2020
		(Rupees)	
Revenue			
Total revenue for reportable segments		3,818,615,001	3,459,547,078
Revenue from other segments		-	-
Elimination of inter-segment revenue		-	-
Elimination of discontinued operations		-	-
		<u>3,818,615,001</u>	<u>3,459,547,078</u>
Profit before tax			
Total profit before tax for reportable segments		532,127,372	227,520,913
Profit before tax for other segments		-	-
Elimination of inter-segment profit		-	-
Elimination of discontinued operation		-	-
Unallocated amounts		-	-
		<u>532,127,372</u>	<u>227,520,913</u>
Assets			
Total assets for reportable segments		7,939,332,787	8,393,846,543
Unallocated assets			
- Cash and bank balances		117,119,860	92,916,094
- Advances and other receivables		261,423,219	145,508,815
- Security deposits		50,000	50,000
- Intangible asset for own use		1,026,875	1,961,154
		<u>8,318,952,741</u>	<u>8,634,282,606</u>
Liabilities			
Total liabilities for reportable segments		2,260,336,406	2,790,617,900
Unallocated liabilities			
- Creditors, accrued and other liabilities		195,638,927	283,241,820
- Liability against right of use assets and finance lease		52,258,559	71,752,652
- Payable to the Modaraba Management Company		10,788,100	11,300,000
- Deferred liability for staff gratuity		109,060,825	95,966,148
- Other long-term employee benefit		24,052,311	28,632,954
- Unclaimed dividend		1,134,696	1,052,715
		<u>2,653,269,824</u>	<u>3,282,564,189</u>

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

42.4 Geographical segment analysis

	30 June 2021			
	Profit before tax	Total assets employed	Net assets	Contingency and Commitments
	(Rupees)			
Pakistan	532,127,372	8,318,952,741	5,665,682,917	1,595,820,000
	<u></u>			
	30 June 2020			
	Profit before tax	Total assets employed	Net assets	Contingency and Commitments
	(Rupees)			
Pakistan	227,520,913	8,634,282,606	5,351,718,419	969,986,000
	<u></u>			

43 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (level 2); and

- inputs for the assets or liability that are not based on observable market data (i.e. unobservable inputs) (level 3).

As at 30 June 2021 and 30 June 2020, there were no financial instruments which were measured at fair values in the financial statements.

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

As at 30 June 2021								
Note	Carrying Value				Fair Value			
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 2	Total
(Rupees)								
Financial assets not measured at fair value	43.2							
Cash and bank balances	-	-	117,119,860	117,119,860	-	-	-	-
Ijarah rentals receivables	-	-	1,168,468,030	1,168,468,030	-	-	-	-
Operation and maintenance income receivables	-	-	26,856,560	26,856,560	-	-	-	-
Deposits and other receivables	-	-	40,620,433	40,620,433	-	-	-	-
Long term security deposit	-	-	50,000	50,000	-	-	-	-
	-	-	1,353,114,883	1,353,114,883				
Financial liabilities not measured at fair value	43.2							
Creditors, accrued and other liabilities	-	-	693,103,348	693,103,348	-	-	-	-
Payable to the Modaraba Management Company	-	-	9,488,100	9,488,100	-	-	-	-
Diminishing musharaka	-	-	1,356,974,708	1,356,974,708	-	-	-	-
Long term borrowings	-	-	265,159,064	265,159,064	-	-	-	-
Lease liability against right-of-use assets	-	-	52,258,559	52,258,559	-	-	-	-
Unclaimed dividend	-	-	1,134,696	1,134,696	-	-	-	-
	-	-	2,378,118,475	2,378,118,475				
As at 30 June 2020								
Note	Carrying Value				Fair Value			
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 2	Total
(Rupees)								
Financial assets not measured at fair value	43.2							
Cash and bank balances	-	-	92,916,094	92,916,094	-	-	-	-
Ijarah rentals receivables	-	-	1,100,301,006	1,100,301,006	-	-	-	-
Operation and maintenance income receivables	-	-	37,513,933	37,513,933	-	-	-	-
Deposits and other receivables	-	-	58,308,249	58,308,249	-	-	-	-
Long term security deposit	-	-	50,000	50,000	-	-	-	-
	-	-	1,289,089,282	1,289,089,282				
Financial liabilities not measured at fair value	43.2							
Creditors, accrued and other liabilities	-	-	883,062,091	883,062,091	-	-	-	-
Payable to the Modaraba Management Company	-	-	10,000,000	10,000,000	-	-	-	-
Diminishing musharaka	-	-	1,771,584,782	1,771,584,782	-	-	-	-
Long-term borrowings	-	-	165,642,472	165,642,472	-	-	-	-
Lease liability against right-of-use assets	-	-	71,752,652	71,752,652	-	-	-	-
Unclaimed dividend	-	-	1,052,715	1,052,715	-	-	-	-
	-	-	2,903,094,712	2,903,094,712				

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

44 NUMBER OF EMPLOYEES

The total number of employees as at year end were 354 (2020: 366) and average number of employees were 360 (2020: 419).

45 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

45.1 The Board of Directors of the Management Company has approved dividend at the rate of Rs. 1.5 per certificate (2020: Rs. 0.75 per certificate) for the year ended 30 June 2021, resulting in a total distribution of profit amounting to Rs. 330 million (2020: Rs. 165 million), in its meeting held on 07 September 2021 which is more than 90% of the net profit for the year ended 30 June 2021, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations, 2021. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending 30 June 2022.

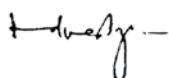
46 GENERAL

46.1 Date of authorisation

These financial statements were authorised for issue by the Board of Directors of the Management Company in its meeting held on 07 September 2021 and further amended on 05 October 2021 to incorporate the subsequent event as disclosed in note 1.2 of these financial statements.

46.2 The balance sheet has been rearranged for a better presentation and as the Modaraba is not considered as a financial services Modaraba as mentioned in note 3.1 to these financial statements.

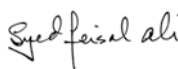
**For Allied Engineering Management Company (Private) Limited
(Modaraba Management Company)**



Murtaza Ahmed Ali
Chief Executive



Ali Akbar
Director

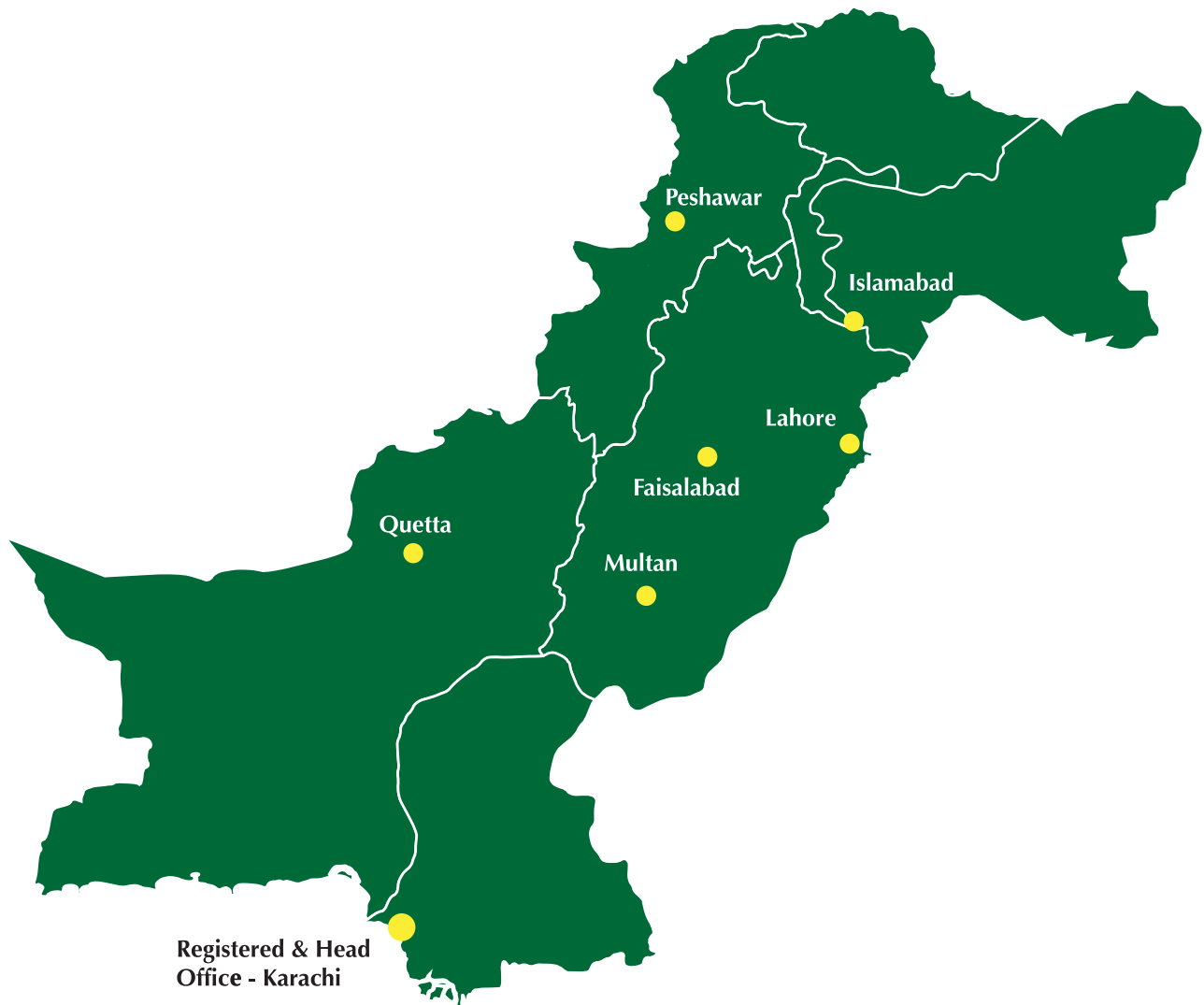


Syed Feisal Ali
Director



Muhammad Saad
Chief Financial Officer

Offices Across Pakistan



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سالانہ نظر ثانی اجلاس کی اطلاع

اطلاع دی جاتی ہے کہ حاملانِ سرٹیفیکیٹ کا پندرہواں نظر ثانی اجلاس بدھ، 27 اکتوبر 2021ء بوقت 3:00 سہ پہر، بمقام (رجسٹرڈ پتہ) 21/3 سیکٹر 22 کورنگی انڈسٹریل ایریا، کراچی میں منعقد کیا جا رہا ہے۔ جس کا مقصد اختتام شدہ سال 30 جون 2021ء کے دوران مضاربہ کی کارکردگی پر نظر ثانی ہے۔

حاملانِ سرٹیفیکیٹ جن کا نام 20 اکتوبر 2021ء تک الائیڈ ریٹیل مضاربہ کے حاملانِ سرٹیفیکیٹ کے رجسٹر میں درج ہے۔ اس سالانہ نظر ثانی اجلاس میں شمولیت کے حقدار ہیں۔

بحکم بورڈ

مزل طارق

کمپنی سیکریٹری

07 ستمبر 2021ء

نوٹ:

1۔ سرٹیفیکیٹ ٹرانسفر کی کتاب سالانہ نظر ثانی اجلاس میں شمولیت کے مقصد کے تحت 21 اکتوبر 2021ء سے 27 اکتوبر 2021ء تک بند رہے گی (دونوں دن شامل ہیں)۔ ہر طرح سے مکمل ٹرانسفر جو 20 اکتوبر 2021ء کے دن اختتام کا رتک ہمارے رجسٹر آفس میسرز JWAFS رجسٹرار سروسز (پرائیویٹ) لمیٹڈ، 407-408، المیر اسینٹر، شارعِ عراق، صدر، کراچی میں موصول ہوں وہ بروقت تصور ہوں گے۔

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

- بورڈ آڈٹ کمیٹی کے سال کے دوران میں چار اجلاس ہوئے۔ ہر ممبر کی اجلاس میں حاضری کا ریکارڈ درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں حاضری کی تعداد
جناب عبدالرحیم سوریا	4
سید فیصل علی	4
جناب علی اکبر	4

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر اور ایس ای سی پی کی بدل بدل کر تقرر کی شرط کے طور پر بورڈ نے میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2020 کو ختم ہونے والے سال کے لئے متفقہ مشاہرے پر تقرر کی منظوری دی ہے جو رجسٹرار آف مضاربہ کمپنیز اور مضارباز کی منظوری سے مشروط ہے۔

شریعہ آڈٹ رپورٹ

مضاربہ مسلسل اپنے شریعہ ایڈوائزر مفتی ارشاد احمد اعجاز سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے تاکہ رجسٹرار مضارباز کی مشاورت سے طے کردہ شریعہ آڈٹ طریقہ کار کی مکمل پابندی کو یقینی بنایا جائے۔ اندرونی آڈٹ ڈپارٹمنٹ

کو بھی مضاربہ کے روزمرہ معاملات کی انجام دہی کے لئے تربیت دی جاتی ہے جس میں شریعہ پالیسیز اور اصولوں کی مکمل پابندی کو یقینی بنایا جاتا ہے۔ مضاربہ کے معاملات کے بارے میں جاری شدہ شریعہ آڈٹ رپورٹ برائے سال محترمہ 30 جون 2021 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے۔

اعتراف

مضاربہ کی مستحکم ترقی کے پیچھے ہمارے اہم افراد ہیں۔ ڈائریکٹرز مضاربہ کے ہر ایک ملازم کی خدمات اور کاوشوں کا معترف ہے جنہوں نے معیاری خدمات فراہم کر کے صارفین کی توقعات کو پورا کیا اور مضاربہ کے کاروبار کے تسلسل کو یقینی بنایا۔

ہم ایس ای سی پی میں رجسٹرار مضاربہ کے اہل کاروں اور ایس بی پی ریلیجس بورڈ، مالیاتی اداروں اور اپنے کاروباری پارٹنرز کے مسلسل تعاون اور رہنمائی، اور اپنے صارفین کی سرپرستی اور کاروبار کے لئے بھی خلوص دل سے شکر گزار ہیں۔ ہم اپنے سرٹیفکیٹ ہولڈرز کے تعاون اور ہماری انتظامیہ پر بھروسے کے بھی ممنون ہیں۔



عبدالرحیم سوریا
ڈائریکٹر



مر تاضی احمد علی
چیف ایگزیکٹو
07 ستمبر 2021

کے ساتھ ساتھ مضاربہ کے سالانہ کاروباری منصوبے پر بھی صلاح مشورے کئے گئے۔

بورڈ میں شامل خود مختار خاتون ڈائریکٹر مسز سائرہ ناصر سرٹیفائیڈ ڈائریکٹر ہیں اور انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان (آئی اے سی پی) اور انسٹی ٹیوٹ آف کارپوریٹ سیکرٹریز آف پاکستان کی فیلو ہیں۔ آپ کو اکاؤنٹنگ، آڈیٹنگ، فنانس اور کارپوریٹ گورننس کا 30 سال سے زیادہ کا تجربہ حاصل ہے۔

جناب عبدالرحیم سوریا کو بورڈ میں خود مختار ڈائریکٹر مقرر کیا گیا ہے جو تجربہ کار پروفیشنل ہیں اور اپنی مہارت اور علم پر مبنی کاروبار اور کنٹرول کے طریقہ کار پر خصوصاً گورننس پالیسیز اور مستحکم معیارات کے حوالے سے آزادانہ نقطہ نظر پیش کرتے ہیں۔

سال کے دوران میں بورڈ کے چار اجلاس منعقد ہوئے۔ مضاربہ منیجمنٹ کمپنی کی جانب سے بورڈ اجلاس میں شرکت کا مشاہرہ ادا کیا گیا۔ ہر ڈائریکٹر کی حاضری کی تعداد درج ذیل ہے:

ڈائریکٹر کا نام	اجلاس میں شرکت کی تعداد
جناب خواجہ احمد رحمن	2
جناب مرتضیٰ احمد علی	4
سید فیصل علی	4
جناب علی اکبر	4
جناب عبدالرحیم سوریا	4
جناب حسن شہزاد عابدی	4
مسز سائرہ ناصر	4

ڈائریکٹرز کی ڈیولپمنٹ

انتظامیہ کی پالیسی کے مطابق ڈائریکٹرز، ایگزیکٹوز اور کارپوریٹ گورننس سے متعلق عمل کو سیمینارز اور کورسز میں شرکت کرنے کی حوصلہ افزائی کی جاتی ہے جس کا مقصد ان کے فرائض کی کارکردگی اور اس کے اثر پذیر ہونے میں اضافہ کرنا ہے۔ آج کے دن تک تمام ڈائریکٹرز سی سی جی کی ہدایت کے مطابق قابل افراد ہیں۔

کارپوریٹ گورننس پر عمل درآمد

بورڈ آف ڈائریکٹرز مضاربہ کے تمام نمایاں معاملات کا جائزہ لیتا ہے۔ ان میں مضاربہ کی حکمت عملی کا رخ، سالانہ کاروباری منصوبے اور اہداف، متعلقہ پارٹیز کے ساتھ لین دین اور طویل مدت کی سرمایہ کاری اور قرضہ جات کے حصول پر فیصلہ سازی شامل ہے۔ بورڈ کارپوریٹ گورننس کے اعلیٰ معیارات کی پیروی کو یقینی بنایا جاتا ہے۔

بورڈ آف ڈائریکٹرز بسمرت مطلع کرتا ہے کہ:

• مضاربہ کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشواروں میں کاروباری امور، اس کے آپریشنز کے نتائج، نقد کا بہاؤ اور لیکویٹی میں تبدیلیوں کو شفاف طور پر ظاہر کیا گیا ہے۔

• مضاربہ کے اکاؤنٹس کی کتب کو باقاعدہ اور مناسب طریقہ سے رکھا گیا ہے۔

• مالیاتی گوشواروں کی تیاری میں درست اکاؤنٹ پالیسیاں مستقل طور پر لاگو کی گئی ہیں اور اکاؤنٹس کے تخمینے موزوں اور دانشمندانہ فیصلوں پر مبنی ہیں۔

• مالیاتی گوشوارے، پاکستان میں مضاربہ پر لاگو بین الاقوامی اکاؤنٹس کے معیار کے مطابق تیار کئے گئے ہیں۔

• اندرونی کنٹرول کے موجودہ نظام کا اندرونی آڈٹ اور ایسے دیگر طریقہ کار کے ذریعے مسلسل جائزہ لیا جاتا ہے۔ جائزے کا عمل جاری رہے گا اور کنٹرول میں کسی بھی خامی کو دور کیا جائے گا۔

• ادارے کے کاروبار جاری رکھنے میں مضاربہ کی صلاحیت پر کوئی نمایاں شبہ نہیں ہے۔

• گزشتہ چھ سال کا کلیدی آپریٹنگ اور فنانشل ڈیٹا مختصر طور پر اس سالانہ رپورٹ میں شامل ہے

• آپ کی کمپنی کے ڈے ٹیکسٹ، ڈیویڈنڈ، لیویز اور چارجز کی مد میں 30 جون 2021 تک کوئی قانونی واجبات نہیں ہیں سوائے ان کے جو مالیاتی گوشوارے میں ظاہر کئے گئے ہیں۔

• ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے شریک حیات اور چھوٹے بچوں کی جانب سے کی گئی سرٹیفیکیشن کی تجارت اس رپورٹ کے صمیعے میں درج ہیں۔

• ملازمین کے پراویڈنٹ فنڈز میں کی گئی سرمایہ کاری کی قدر، فنڈ کے مالیاتی گوشواروں میں بمطابق 31 دسمبر 2020 میں 199,659,292 روپے ہے۔ (2019: 152,170,746 روپے)

• سرٹیفیکیشن کی ہولڈنگ کا طرز اس سالانہ رپورٹ میں شامل ہے۔

• بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ایک ہیومن ریسورس کمپنی تشکیل دی ہے۔ کمپنی بورڈ کو درج ذیل امور کی انجام دہی کے لئے سفارشات پیش کرتی ہے:

مندرجہ ذیل ڈائریکٹرز ہیومن ریسورس کمیٹی کے ممبر ہیں:

جناب عبدالرحیم سوریا - چیئر مین

سید فیصل علی

جناب مرتضیٰ احمد علی

ہیومن ریسورس کمیٹی کا اجلاس سال میں ایک بار سو فیصد حاضری کے ساتھ ہوا۔

• بورڈ نے کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ایک آڈٹ کمیٹی تشکیل دی ہے۔ کمیٹی تین ممبران پر مشتمل ہے۔ آڈٹ کمیٹی کے سربراہ ایک خود مختار ڈائریکٹر ہیں۔ کمیٹی وقفے وقفے سے مالیاتی گوشواروں کا جائزہ لیتی ہے اور مالیاتی پالیسیز اور معمولات کی جانچ کرتی ہے تاکہ اطمینان کرے کہ اندرونی کنٹرول کا نظام مستعد اور مضبوط ہے۔ کمیٹی اندرونی آڈٹ ڈپارٹمنٹ کی جاری کردہ آڈٹ رپورٹس کا بھی جائزہ لیتی ہے۔ آڈٹ کمیٹی بیرونی آڈیٹرز کے تقرر کے لئے بورڈ آف ڈائریکٹرز کو سفارشات پیش کرنے کی ذمہ دار بھی ہے۔

رکاوٹ یا آگے بڑھانے کے لئے نہ درکار ہو۔ تاہم تفتیش کے طریقہ کار میں معلومات کے ذریعہ کو ظاہر کرنا اور اطلاع دینے والے شخص کو مطلوبہ گواہی کے سلسلے میں ایک بیان بھی فراہم کرنا پڑ سکتا ہے۔ اگر کوئی ملازم اطلاع دینا چاہتا / چاہتی ہے تو اس کو پہلے معاملے کو اپنے ڈپارٹمنٹ کے سربراہ کے سامنے پیش کرنا ہوگا (اگرچہ وہ ممکنہ طور پر حد سے بڑھنے والا / والی نہ ہو)۔ ایسی صورت میں وہ آڈٹ کمیٹی کو درج ذیل فارمیٹ میں ریکارڈنگ اور مانیٹرنگ کی غرض سے تحریری طور پر مطلع کر سکتا / سکتی ہے۔

• متعلقہ فرد کا پس منظر اور ہسٹری (متعلقہ تاریخوں کے ساتھ)

• ان کو کس وجہ سے خاص طور پر صورتحال کے بارے میں کیوں تشویش ہے؟

شکایت پیش کرنے کے متبادل طریقے

آزاد ہاٹ لائن:

ایک آزاد خود مختار کپلائنس ہاٹ لائن جو بیرونی ایجنسی آپریٹ کرتی ہے، اس سے ملازمین کو مالیاتی رپورٹنگ یا دیگر معاملات میں امکانی بے ضابطگیوں کی اطلاع دینے کا موقع ملتا ہے۔ یہ ہاٹ لائن سب کے لئے دستیاب ہے اور کارلر چاہے تو وہ نامعلوم رہ سکتا ہے۔

اجتماعی سماجی ذمہ داری:

مضاربہ اجتماعی سماجی ذمہ داری کو کاروباری طرز عمل کا حصہ سمجھتا ہے جو کمیونٹی کے لئے معاشی، سماجی اور ماحولیاتی فائدے پہنچا کر مستحکم ترقی کی طرف گامزن کرتا ہے۔ ایک اچھے اجتماعی شہری ہونے کی حیثیت سے یہ مضاربہ کی بنیادی اقدار میں شامل ہے۔

انتظامیہ اور گورننس پر عمل کرنے والے اجتماعی شہری ہونے کی حیثیت سے اپنی ذمہ داری اچھی طرح جانتے ہیں اور اس سلسلے میں مکمل طور سے پرعزم ہیں۔ مضاربہ اپنے آپریشنز میں صحت، تحفظ اور ماحولیات میں اچھا طرز عمل برقرار رکھنے کو یقینی بنانے کا خواہاں ہے۔ اس کے علاوہ سماجی بھلائی کے فلاحی کاموں میں تعاون کرنا ہمیشہ کمپنی کا طویلہ رہا ہے جس کے مطابق پاکستان میں مختلف کمیونٹیز کے ساتھ تعاون کیا جاتا ہے۔

اس سلسلے میں ہماری دلچسپی کے شعبہ جات میں ماحولیات کا تحفظ، تعلیم، صحت اور معاشرے کی سماجی ترقی وغیرہ شامل ہیں۔ کمپنی کی جانب سے تعاون کے بنیادی اقدامات میں شامل ہیں:

اسکارلر شپس

ہم اپنے ملازمین کی صلاحیتوں کے اعتراف میں ان کو پیشہ ورانہ اہلیت کے حصول کے لئے میرٹ کی بنیاد پر اسکارلر شپ میں مالی تعاون پیش کرتے ہیں جو تعلیم کے درجے کے مطابق دیا جاتا ہے۔

کیلوں کی سرگرمیاں

"صحت ایسی چیز ہے جس سے آپ کو محسوس ہوتا ہے کہ یہ سال کا بہترین وقت ہے۔" الائیڈ میں ہم سمجھتے ہیں کہ ذہنی دباؤ کو فزیکل سرگرمی سے متوازن کیا جانا ضروری ہے؛ جس کے مطابق کیلوں کو فروغ دینا ہماری سی ایس آر کے اقدامات میں خاص اہمیت رکھتا ہے۔ ہمارا ایک اندرون خانہ اسپورٹس کمپلیکس اور جمنائیم ہے جہاں ملازمین کو معمول کے مطابق مختلف کیلوں اور صحت کی سرگرمیوں میں حصہ لینے کی حوصلہ افزائی کی جاتی ہے۔ اگرچہ سال کے آخری حصے میں کووڈ 19 کے باعث کیلوں کی سرگرمیاں معطل رہیں۔

ملازمین کی صحت اور تحفظ - کووڈ-19

الائیڈ ریٹیل مضاربہ نے ایک معروف لیبارٹری کے اشتراک سے کراچی اور لاہور کے علاقائی دفاتر میں صحت کیمریس کا اہتمام کیا جہاں ملازمین کو مفت طبی ٹیسٹ اور ڈاکٹروں کے مشورے فراہم کئے گئے۔ اس مہم کے ذریعے صحت مند زندگی گزارنے کے بارے میں آگہی فراہم کی گئی۔ اس کے علاوہ اپنے تمام عملے صارفین کنٹریکٹرز اور وزیٹرز کی صحت اور تحفظ کو یقینی بنانے ساتھ ساتھ کووڈ 19 کے پھیلاؤ کی روک تھام کے لئے اپنے دفاتر کی تمام حدود میں بین الاقوامی اور حکومت کے رہنما اصولوں کے مطابق سخت قوانین نافذ کئے گئے۔ ایچ ایس ای اسٹاف کی جانب سے ملک بھر میں باقاعدہ سیشنز کا انعقاد کیا گیا۔ ہمارے کووڈ 19 کے بارے میں اقدامات کا جائزہ ہمارے ایچ ایس ای ڈپارٹمنٹ کے مضمون میں علیحدہ سے دیا گیا ہے۔

باصلاحیت نوجوانوں کے لئے مواقع

ایک ذمہ دار اجتماعی شہری ہونے کی حیثیت سے مضاربہ انتظامیہ کے لئے مختلف تعلیمی اداروں کے طلبہ کو ٹریننگ شپ اور انٹرن شپ فراہم کرتا رہتا ہے۔ گزشتہ سال کی نسبت اس سال انٹرنز کی تعداد میں نمایاں اضافہ ہوا جو مضاربہ کی باصلاحیت نوجوانوں کو پیشہ ورانہ ماحول میں سکھانے کی خواہش کا اظہار ہے۔

ڈائریکٹرز

بورڈ آف ڈائریکٹرز کا ڈھانچہ

بورڈ آف ڈائریکٹرز باصلاحیت افراد پر مشتمل ہے جو اعلیٰ تعلیم، تجربے اور مختلف پروفیشنز کی مہارت کے حامل ہیں اور مضاربہ کے بہترین مفاد میں کام کے لئے قیادت اور وزن رکھنے کے ساتھ سرٹیفکیٹ ہولڈرز ہیں۔ بورڈ آف ڈائریکٹرز کارپوریٹ پالیسی کی فیصلہ سازی میں اہم کردار ادا کرتے ہیں اور سینئر ایگزیکٹیو کے ساتھ مضاربہ کے لئے قلیل المدت اور طویل المدت آپریشنز کی منصوبہ سازی کرتے ہیں۔

اس وقت بورڈ آف ڈائریکٹرز سات افراد پر مشتمل ہے جن کی ترتیب درج ذیل ہے:

کیئرنگی	نام
خود مختار خاتون ڈائریکٹر	مسز سائرہ ناصر
خود مختار ڈائریکٹر	جناب عبدالرحیم سوریا
ایگزیکٹیو ڈائریکٹر (سی ای او)	جناب مرتضیٰ احمد علی
نان ایگزیکٹیو ڈائریکٹر (الائیڈ گروپ آف کمپنیز کے نمائندے)	سید فیصل علی (چیئر مین)
	جناب خواجہ احد رحمن
	جناب علی اکبر
	جناب حسن شہزاد عابدی

اہلیت اور ای سی پی کی تفصیلات کے مطابق ہیں اور سینئر انتظامیہ کو رہنمائی فراہم کرتے ہیں اور مضاربہ کے معاملات کنٹرول کرتے ہیں۔ بورڈ کا چیئر مین، سی ای او کے علاوہ ہے۔ بورڈ آف ڈائریکٹرز کے اجلاس کاروباری آپریشنز کی کارکردگی اور نتائج کا جائزہ لینے اور ان کی منجمنٹ کے لئے اور مضاربہ کی کاروباری سرگرمیوں سے متعلق فیصلہ سازی کے لئے باقاعدگی سے منعقد ہوتے ہیں۔ تمام ڈائریکٹرز نے کووڈ آف کارپوریٹ گورننس - سی سی جی کے تحت مطلوبہ لازمی سرٹیفیکیشن کورس مکمل کیا ہے۔ مضاربہ کے کاروباری رجحانات اور آپریشنل پلانز پر غور و خوض کے لئے بھی اجلاس منعقد ہوتے ہیں۔ مختلف پلاننگ کے موضوعات

ہم اپنے ملک اور اپنے صارفین کے ساتھ اپنے وعدوں کا احترام کرتے ہیں اور ان کی ریٹیل پروڈکٹس کی طلب کو پورا کرنے کے لئے معیشت کے تمام شعبوں میں کام جاری رکھیں گے۔ ہمیں جہاں بھی کوئی موقع نظر آئے، ہمیں اس موقع کو ضائع نہیں کرنا چاہئے اور ہر قسم کی ریٹیل پروڈکٹس میں سرمایہ کاری کے لئے اسلامی اجارہ ریٹیل پروڈکٹس پیش کریں اور اپنے صارفین کے ساتھ ان کی ضروریات کے مطابق کام کریں۔

ریگولیٹرز اور سرٹیفکیٹ ہولڈرز کے ساتھ ہمارا عہد

ایک ذمہ دار کارپوریٹ ادارہ ہونے کی حیثیت سے، ہم اپنے کاروبار کو شفاف طریقے سے انجام دیتے رہیں گے اور ریگولیٹرز کے ساتھ قربت سے کام کریں اور اپنے کاروبار کے تمام شعبہ جات میں مکمل شریعہ کی پیروی کو یقینی بنائیں۔

ہم سمجھتے ہیں کہ ہمیں اپنے سرٹیفکیٹ ہولڈرز کے ساتھ عہد پورا کرنے کے لئے درج ذیل پر عمل کرنا ہوگا

(ا) اپنے تمام کاروباری ایریاز میں اسلامی شریعہ کے اصولوں کی پابندی

(ب) ان کی سرمایہ کاری پر نقد ڈیویڈنڈز اور بونس سرٹیفکیٹ پیش کر کے شفاف آمدنی فراہم کرنا۔

(ج) مضاربہ کے لئے طویل المدت نمو اور استحکام کے منصوبے تیار کرنا جس میں ریٹیل اثاثہ جات کے پورٹ فولیو کے مختلف شعبہ جات کو ذہن میں رکھا جائے گا اور اثاثہ جات کے زیادہ سے زیادہ حصوں کو شامل کیا جائے گا۔ ریٹیل کاروبار سرمایہ اور مزدوروں کے لئے محرک ہے کیونکہ ہم صرف آلات کی دیکھ بھال ہی نہیں کرتے بلکہ ان کو صارف کی سائنس پر مسلسل کام میں لاتے اور دیکھ بھال کرتے ہیں۔ اس میں ایک طرف اپنے اثاثہ کے پورٹ فولیو کے روزانہ کی بنیاد پر مسلسل جائزے کی ضرورت ہوتی ہے تاکہ سرمائے کے زیادہ سے زیادہ استعمال کو یقینی بنایا جائے تو دوسری طرف آپریٹل کنٹرول میں مستقل بہتری اور جائزے کا خیال رکھا جاتا ہے جس سے نہ صرف اثاثہ کی درستگی کو برقرار رکھا جاتا ہے بلکہ اپنے صارفین کو معیاری خدمات بھی فراہم کرنا ہوتی ہیں۔

گورننس فریم ورک

ہمارا گورننس فریم ورک اس بات کو یقینی بنانے کے لئے تشکیل دیا گیا ہے کہ مضاربہ اپنی بنیادی اقدار اور اصولوں کے ساتھ اپنے ہر کام میں ادارتی مہارت کو برقرار رکھے۔ گورننس کے اعلیٰ ترین معیارات یعنی دیانت داری، شفافیت اور اسٹیک ہولڈرز کی اقدار کے تحفظ کے جذبے کے ساتھ مضاربہ نے اپنے گورننس فریم ورک کو صنعت کے بہترین معمولات کے مطابق قائم رکھا ہے۔ بورڈ آف ڈائریکٹرز اور سینئر انتظامیہ اندرونی کنٹرولز پر خصوصی توجہ دیتے ہیں جو مضاربہ کے ہر ملازم کے ذہن میں موجود رہتی ہے۔

بورڈ آف گورنرز ایک کھلے ذہن کی، اخلاقیات، باعلم اور جامع انتظامیہ اور اچھی کارپوریٹ گورننس کے نفاذ کے لئے پرعزم ہے جو زیادہ سے زیادہ کامیاب اور موثر ہو۔ مختصر یہ کہ اچھی کارپوریٹ گورننس مضاربہ کی اقدار میں اضافہ اور مستحکم ترقی کا ذریعہ ہے۔ اچھی کارپوریٹ گورننس کی تشکیل کا کام جاری رہتا ہے اور اس کا مقصد عالمی سطح کے معمولات کے معیار کو شامل کرنا ہے۔

کنٹرول کی سرگرمیاں

مضاربہ نے کنٹرول کی کئی سرگرمیوں کا تعین کیا ہے جو اپنے کاروباری آپریشنز کی نوعیت کے مطابق ہیں اور ان کو اس طرح ذمہ داریاں سونپ دی گئی ہیں کہ موثر طور پر باہمی سپرویزن کر سکیں۔

جائزہ

بورڈ ہر سہ ماہی میں کم از کم ایک مرتبہ میٹنگ کرتا ہے تاکہ مضاربہ کی مالیاتی کارکردگی، مالیاتی اور آپریٹنگ بجٹس اور پیش گوئیوں، کاروباری ترقی اور منصوبہ بندی، کیپیکل اخراجات کی تجاویز اور دیگر بنیادی کارکردگی کے اشاریوں پر غور و خوض کیا جائے۔ تمام مادی سرمایہ کاری کے اخراجات پر بعد از تکمیل جائزہ لیا گیا۔

آڈٹ

اندرونی آڈٹ کا سربراہ عملی طور پر بورڈ آف آڈٹ کمیٹی کو رپورٹ کرتا ہے۔ اندرونی آڈٹ کے کاموں میں مالیاتی، آپریٹل اور کنٹرولز پر عمل درآمد کے جائزے اور رپورٹ کی دریافت بورڈ آف آڈٹ کمیٹی، چیف ایگزیکٹو اور متعلقہ ڈپارٹمنٹ کے سربراہ کو فراہم کرتا ہے۔ اندرونی آڈٹ کا دفتر آڈٹ کمیٹی کو ظاہر کردہ معلومات کی درستگی، معلومات کی شفافیت، اندرونی کنٹرولز اور خدشات کی مناسب منیجمنٹ کے معمولات کا یقین دلاتا ہے۔ اس سلسلے میں احتیاط، تخلیقی تحقیق اور آڈیٹنگ پر زور دیا جاتا ہے جو بین الاقوامی معیارات اور اچھی کارپوریٹ گورننس سے مطابقت رکھتے ہیں۔ بورڈ آف آڈٹ کمیٹی اندرونی کنٹرول کے نظام پر اندرونی اور بیرونی آڈیٹرز سے رپورٹس وصول کرتا ہے اور کنٹرولز کے موثر ہونے کی نگرانی کے لئے طریقہ کار کا جائزہ لیتا ہے۔ آڈٹ ڈپارٹمنٹ شریعہ ایڈوائز کے ساتھ بھی قریبی رابطے میں رہتا ہے اور اپنی کاروباری سرگرمیوں کے تمام ایریاز میں شریعہ کے اصولوں کی پابندی کے بارے میں رہنمائی حاصل کرتا ہے۔

وسل بلوئر کا طریقہ کار

بورڈ نے وسیل بلوئر کا طریقہ کار وضع کیا ہے جو کوڈ آف کارپوریٹ گورننس کی شرائط کے مطابق ہے۔ بعض اوقات حالات ایسے ہوتے ہیں جہاں لوگ کسی مسئلے کو براہ راست اپنے نیچر کے سامنے اٹھانے میں جھجک محسوس کرتے ہیں۔ لہذا ہم پورے مضاربہ میں ایک خفیہ "وسل بلوئرنگ" کا نظام فراہم کرنے کا منصوبہ بنا رہے ہیں جسے ملازمین استعمال کر سکیں گے۔ پالیسی میں ان مسائل پر کھلی گفتگو کی حوصلہ افزائی کرتی ہے اور مضاربہ کے ضابطہ اخلاق کی پابندی سے متعلق کسی بھی تشویش کی اچھی نیت سے اطلاع دینے پر اسے کوئی نقصان نہیں پہنچے گا۔ اس پالیسی کے تحت تمام اطلاعات کو خفیہ رکھا جائے گا اور اطلاع دینے والی کی شناخت کو بھی خفیہ رکھا جائے گا تاہم یہ تفتیش میں کسی طرح کی



تاہم پاکستانی روپے کی قدر میں کمی ابھی ابھی ایک دیرپا چیلنج ہے جو پارٹس اور قابل تلف اشیاء کی قیمتوں میں مسلسل اضافے کا سبب ہے اور قیمتوں میں اضافے سے قطع نظر افراط زر پیدا کرتا ہے۔

کیٹر پلر برانڈ کے نام کی قوت اور گزشتہ سالوں میں نئی پروڈکٹس، نئی مارکیٹس اور نئے شعبہ جات میں ہماری مسلسل سرمایہ کاری کی حکمت عملی نے ہمیں ملک کے تمام کاروباری شعبہ جات میں سب سے کم سرمایہ کاری کی قیمت کے رینٹل کی حیثیت پر قائم کر دیا۔ اس سے ہمیں موجودہ چیلنج والے کاروباری ماحول میں مارکیٹ کی قیمتوں کے چیلنج کا مقابلہ کرنے اور اپنے صارفین کو بہترین موثر قیمتیں پیش کرنے کے لحاظ سے نمایاں برتری حاصل ہو گئی۔ ہمیں صورتحال کا باقاعدگی سے اور سمجھداری سے جائزہ لیتے رہنا ہو گا اور اپنے سرمایہ کاری کے منصوبوں کو حتمی شکل دینے سے پہلے حکومت کی جانب سے معیشت کا رخ مقرر کرنے کا انتظار کرنا ہو گا اور اس کا جائزہ لینا ہو گا۔

مضاربہ اور منیجر سے لے کر ٹیکنیشن اور ڈرائیورز / آپریٹرز تک تمام افراد کی ٹیم، اپنی پوری صلاحیتوں کے ساتھ صارفین کو پاور سے لے کر لاجسٹکس تک تمام آلات کے مکمل رینٹل سلوشن پرووائیڈر کے مقام کے حصول کے لئے پوری طرح تیار ہے۔ ہمیں یقین کامل ہے کہ اپنے کاروباری عمل میں دانشمندانہ پالیسیز اور تنظیم سے ہم سال کے لئے مقررہ اہداف حاصل کر لیں گے۔ انتظامیہ اپنے رینٹل فلیٹ میں مسلسل اضافہ کر رہی ہے اور توقع ہے کہ 2021-22 کی بڑی سرمایہ کاری ارتھ موونگ اور مشینز کے شعبہ میں ہوگی تاکہ انفراسٹرکچر اور بڑے ڈیم کے منصوبوں میں پروڈکٹس کی طلب پوری کرنے کا موقع ملے۔

ملک کو درپیش چیلنجز کے باوجود، ہم سمجھتے ہیں کہ اس ملک میں بے شمار وسائل ہیں جو قراقرم کے پہاڑوں سے لے کر بلوچستان کے پہاڑی علاقوں تک پھیلے ہوئے ہیں۔ ہمارا ملک قدرتی وسائل سے مالا مال ہے، یہاں وسیع زرعی وسائل ہیں جہاں ہم کپاس، جاول، گندم، مکئی، آلو، پھل اور سبزیاں اگاتے ہیں۔ سی پیک ملکی معیشت کے لئے گیم چینجر ہے اور اس لحاظ سے ہمیں نمایاں کاروباری مواقع پیش کرتا ہے اور ہم بھی اس سے مستفید ہونے کی حیثیت میں ہیں۔ 220 ملین سے زیادہ کی آبادی کے ساتھ، یہ ملک ہر قسم کی سرمایہ کاری کے لئے، چاہے وہ صنعتی سرمایہ کاری ہو، پاور جنریشن کی بڑھتی ہوئی طلب، معروف ایف ایم سی جی برانڈز کے اشتراک سے لاجسٹکس کے شعبہ میں سرمایہ کاری یا سی پیک کے محاذ پر کارگو کی نقل و حرکت یا ڈیم / انفراسٹرکچر ڈیولپمنٹ پروجیکٹس کے لئے ارتھ موونگ آلات اور مشین کے شعبہ میں سرمایہ کاری ہو، یہ ایک بہت بڑی مارکیٹ ہے۔

انتظامیہ رینٹل انڈسٹری کے امکانات، سی پیک ڈیولپمنٹ اور حکومت کی حکمت عملی کے تحت شروع ہونے والے مختلف پروجیکٹس خاص طور پر دیامیر بھاشا ڈیم پروجیکٹ سے پیدا ہونے والے بے بہا مواقع سے متعلق مثبت سوچ رکھتی ہے لیکن رینٹل پاور کے شعبہ میں اپنی سرمایہ کاری کے لئے محتاط، دانشمندانہ اور منتخب رہنے کا رویہ اختیار کرے گی۔ ہم ہمیشہ اپنے صارفین کے اطمینان پر خصوصی زور دینے کی کوشش کرتے ہیں اور اپنے تمام کاروبار لین دین کے طریقہ کار میں ہمیشہ اسلامی شریعہ کے اصولوں کی پاسداری کو یقینی بناتے ہیں۔

مزید یہ کہ کووڈ 19 کی وبا سے پیدا ہونے والی عالمی غیر یقینی کی کیفیت کاروباری منفعت کے لئے مسلسل خطرہ رہے گی۔ یہ واضح نہیں ہے کہ آنے والے سال میں مارکیٹ کیا رخ اختیار کرے گی اور اس غیر یقینی کیفیت کے پیش نظر بورڈ آف ڈائریکٹرز اور انتظامہ اندرونی استعداد میں اضافے اور لاگت میں کمی کے اقدامات کرنے کے ساتھ ساتھ مضاربہ کی بنیادی مضبوطی کو قائم رکھنے کی کوششیں جاری رکھے گی۔

ہمارا 8% اور 10% ودہولڈنگ ٹیکس ریٹ انتہائی رجعی ہے اور بالترتیب 32% اور 40% کے خالص قابل ٹیکس منافع پر کام کرتا ہے، جیسا کہ درج ذیل چارٹ میں ظاہر ہے:

تفصیلات	ودہولڈنگ بحراب 10%	ودہولڈنگ بحراب 8%	ودہولڈنگ بحراب 3%
پلر	100	100	100
پلر ٹیکس (غائب خدمات پر پلر ٹیکس) بحراب 16%	16	16	16
کل پلر	116	116	116
ای	11.6	9.28	3.48
ای = سی ڈی / پلر / ٹیکس	29%	29%	29%
ای	40%	32%	12%
ایف = ای / ای			

ہمارے مالیاتی نتائج کے شائع شدہ اعداد و شمار کی بنیاد پر، گزشتہ 5 سال کے اوسط خالص منافع کا مارجن 10% تک ہے، جو زیادہ سے زیادہ 14% اور کم سے کم 6% سالانہ کی رینج میں ہے اور موجودہ میکرو آکنامک کے ماحول میں اس مارجن کا حصول کسی چیلنج سے کم نہیں۔ اس سے واضح طور پر ظاہر ہے کہ 8% اور 10% ڈیولڈنگ ایجنٹ انتہائی رجعی ہے، غیر منصفانہ ہے اور سرمایہ اور مزدور دونوں مبنی کاروبار کی بندش کا سبب بنتا ہے جو تمام صنعتوں اور پاکستان میں آنے والے پاور اور انفراسٹرکچر کے منصوبوں کو اہم رینٹل خدمات فراہم کر رہے ہیں۔

سرمایہ کاری کے محرک کاروبار جیسے رینٹل اثاثہ جات، چاہے پاکستان میں ہوں یا دنیا کے کسی حصے میں، کسی سال میں اور نہ ہی سال بہ سال کی بنیاد پر مستحکم بنیادوں پر 40% قابل ٹیکس منافع حاصل نہیں کر سکتے۔ یہ انتہائی رجعی ہے اور پاکستان میں ایسے کاروبار کی بندش کا سبب بن سکتا ہے۔ ٹیکس 236Q بھی 24 کاروباروں سے مطابقت نہیں رکھتا جن کو سیکشن [b][1] 153 کے تحت 3% ودہولڈنگ ٹیکس / فائنل ٹیکس کی مد میں رکھا گیا ہے۔

فنانس بل 2021 میں آئل فیلڈ سروسز، ویئرہاؤس سروسز، لاجسٹکس سروسز، کولیرل منیجمنٹ سروسز اور ٹیلی کمیونی کیشن سروسز کو 3% کی کم شرح کی مد میں شامل کیا گیا ہے۔

اسی قسم کی دو سروسز، رینٹل اے کار اور ٹرانسپورٹیشن سروسز کو پہلے ہی 3% ودہولڈنگ ٹیکس کی شرح والی دیگر 24 سروسز میں شامل کیا گیا ہے۔ مشینری / اثاثہ جات کے رینٹل بھی ابھی دو سروسز کی طرح ہیں اور انکم ٹیکس آرڈیننس 2000 کے سیکشن 236Q کے تحت انتہائی زیادہ شرح پر ڈیولڈنگ کی کا حصول غیر منصفانہ ہے۔ اس سلسلے میں ہم نے سینٹ کی اسٹینڈنگ کمیٹی کو وفاقی بجٹ اور ایف بی آر کی قائم کردہ انٹیلی کمیٹی برائے وفاقی بجٹ 2021-22 کو پریزنٹیشن دیں، دونوں نے ودہولڈنگ ٹیکس کی شرح میں کمی کے تنازع کو ملاحظہ کے لئے ایف بی آر کو بھیج دیا۔ بد قسمتی سے نامعلوم وجوہات کی بنا پر ان دونوں باوقار اداروں کی سفارشات کا ایف بی آر کی جانب سے مثبت جواب نہیں آیا۔ ہمیں یقین ہے کہ مشینری کے رینٹل پر ودہولڈنگ ٹیکس کی شرح میں کمی مضاربہ کے کاروبار / رینٹل کاروبار کے بچاؤ، فروغ اور قائم رہنے کے لئے لازمی ہے۔

وبا کے فوراً بعد ایف بی پی نے نمو اور سرمایہ کاری کی ترغیب دینے کے لئے فوری طور پر مارکیٹ کی ضروریات کے چیلنج کو قبول کیا اور لیز کی ادائیگی کو موخر کیا اور درجہ بدرجہ مارک اپ / ڈسکاؤنٹ ریش میں کمی کی۔ مارک اپ ریش میں کمی سے مضاربہ کی منفعت کو نمایاں مدد ملی جس سے آنے والے سالوں میں مالیاتی چارجز کم ہونے اطمینان ہوا۔ کم مارک اپ ریش ہمارے رینٹل اثاثہ جات میں سرمایہ کاری کی اہلیت کے معیار پر پورا اترنے میں مزید مددگار ثابت ہوں گے۔

کے ساتھ ڈیولپمنٹ اور اجراء کے دائرے، جس سے کمپنی کے مجموعی مارکیٹ شیئر میں اضافہ ہو۔

• قیمتی کارپوریٹ ڈیٹا تک اضافی رسائی ایک واضح عالمی کاروباری منظر پیش کرتا ہے جو مسلسل بہتری کی حکمت عملی فراہم کرتا ہے اور عام کارکردگی کے پیمانے قائم کرتا ہے اور کاروبار کی صورت حال کی پیمائش کرتا ہے۔

• پروجیکٹس کے موثر طور پر منظم ہونے سے مجموعی طور پر کاروباری عمل کے ابتدا سے تمام مرحلوں میں اہم سطحوں پر فیصلہ سازی میں مدد ملتی ہے۔

• وسائل کو ہم آہنگ کرنے اور خریداری کے طریقہ کار کو صارفین کی ضرورت کے مطابق بنانے کی آسانی دیتا ہے اور مرکزی خریداری کا ماڈل پیش کر کے ناجائز اور غیر ضروری اخراجات کو کم کرتا ہے۔

• سیلز اور آپریشنز کی پلاننگ فراہم کرتا ہے اور اہم معلومات بہم پہنچا کر "کلوزڈ لوپ" کے عمل کے ذریعے اس بات کو یقینی بناتا ہے کہ اپنے صارفین کے ساتھ حد سے زیادہ اور / یا کم خدمات فراہم نہ ہوں۔

وغیرہ خودکار ایک ہی نظام میں کاروباری طریقہ کار جیسے انوائس کرنا، سیلز اور خریداری کے آرڈرز طریقے سے انجام دینے سے دستی میں بہتری آتی ہے اور ناکامیوں میں کمی ہوتی ہے۔ بلنگ اور صارفین سے دیگر روابط کی معلومات واحد بنیاد پر ہونے سے خدمات کی انجام دہی بہتر ہوتی ہے اور صارف سے رشتہ مضبوط تر ہوتا ہے۔

سال کے دوران میں انتظامیہ اور ای آر پی ٹیم کی توجہ پروجیکٹ پر مرکوز رہی اور درج ذیل اہم کامیابیاں حاصل ہوئیں:

ٹپ منیجمنٹ سسٹم میں اضافہ

فلٹ منیجمنٹ کا پورا نظام ٹی ایم ایس سسٹم کے ذریعے انجام دیا جا رہا ہے جو ایس میں ایک موڈیول کے طور پر تیار کیا گیا ہے۔ یہ نظام مکمل طور پر ہمارے بنیادی مالیاتی نظام سے جڑا ہے جس سے ہمیں اپنے ٹرپس کو زیادہ مستعدی سے کنٹرول کرنے اور مانیٹر کرنے میں مدد ملتی ہے اور یہ ہمارے لاجسٹکس کے کاروبار کی اہم اندرونی صورت حال فراہم کرتا ہے۔ سال کے دوران میں کاروبار کی وسعت کو جانچنے کے لئے متعدد مالیاتی رپورٹس، مالیات اور کاروباری عمل کی معلومات کا موازنہ اور تجزیاتی رپورٹس نظام میں شامل کی گئیں۔



ماکرو سافٹ پاور بی آئی

پاور بی آئی کا آغاز گزشتہ سال ہوا تھا جس میں اپنے رپورٹنگ کے ڈھانچے کو بڑھانے اور اپنے معلومات کے خزانے کو مزید بھرپور بنانے کے ہدف کو ذہن میں رکھ کر تیار کیا گیا تھا۔

پاور بی آئی استعمال کرنے کے بنیادی فوائد

موجودہ ایپلی کیشنز کو ہموار طور پر مربوط کرنا پاور بی آئی آسانی کے ساتھ آپ کے موجودہ کاروباری ماحول میں سا جاتا ہے جس سے ہم تجزیاتی اور رپورٹنگ کی سہولت اختیار کر سکتے ہیں۔

بھرپور ذاتی ڈیش بورڈز

پاور بی آئی کی نمایاں ترین خوبی معلوماتی ڈیش بورڈز ہیں، جو کسی بھی ادارے کی سختی ضرورت کو پورا کرنے کے لئے مخصوص کئے جاسکتے ہیں۔ آپ ایک رخی عمل کا فائدہ حاصل کرنے کے لئے باسانی ڈیش بورڈز اور بی آئی رپورٹس کو ایپلی کیشنز میں سرایت کر سکتے ہیں۔

رپورٹس کی محفوظ اشاعت

یہ ذریعہ آپ کو خود کار طور پر معلومات کو اپ ڈیٹ رکھنے اور رپورٹس شائع کرنے کی سہولت فراہم کرتا ہے جس سے تمام استعمال کرنے والوں کو تازہ ترین معلومات حاصل ہوتی ہیں۔

کسی خصوصی ٹیکنیکل مدد کی ضرورت نہیں

پاور بی آئی بنا کسی خصوصی ٹیکنیکل مدد کے، آپ کو مستعد اکوآری اور تجزیہ فراہم کرتا ہے۔ یہ مضبوط نیچرل لینگویج انٹرفیس اور فطری گرافیکل ڈیزائننگ ٹولز کے استعمال کو سپورٹ کرتا ہے۔

کاروباری ذہانت کو تیزی سے اور درستی کے ساتھ اخذ کرنا

یہ ہمارے ادارے کی معلومات کو بھرپور ویژمیل میں ڈھالنے میں مدد دیتا ہے جس سے بہتر فیصلہ سازی کے لئے کاروبار ذہانت اخذ کرتا ہے۔

سال کے دوران میں آئی ٹی پروجیکٹ میں 30 جون 2021 تک کی گئی کل سرمایہ کاری میں مجموعی طور پر کمی کے لئے اکاؤنٹس میں 0.93 ملین روپے چارج کئے گئے۔

مستقبل کا منظر نامہ

کاروباری محاذ پر مربوط اور مخصوص مارکیٹنگ مہمات سے صارفین تک بہتر رسائی، صارف اور کاروبار کے شعبہ جات میں تنوع، بہتر ٹریڈری منیجمنٹ کے باعث مضاربہ نے شاندار کارکردگی کا مظاہرہ کیا اور 4 بلین روپے سے زیادہ کی سیلز اور 500 ملین روپے سے زیادہ کا منافع حاصل کیا۔ ہمیں امید ہے کہ آنے والے سالوں میں سیلز اور منفعت کا یہ رجحان جاری رہے گا۔

تاہم مضاربہ سے ٹیکس کا استثنیٰ واپس لینے اور ریٹیل سروسز پر 10% ڈبلیو ایچ ٹی کی شرح سے اور او اینڈ ایم سروسز پر 8% اور ٹرانسپورٹیشن سروسز پر 3% کی شرح سے ودہولڈنگ ٹیکس کی وصولی کے باعث مضاربہ کے بعد از ٹیکس منافع کو خاصہ دچکا لگے گا۔

اثاثہ جات کی ریٹیل انتہائی سرمایہ کاری کا محرک کاروبار ہے جو صنعتوں اور تمام تعمیراتی منصوبوں کو خدمات فراہم کرتا ہے۔ ریٹیل کی خدمات پیش کرنے والے حکمت عملی پر مبنی بڑے پروجیکٹس میں مصروف عمل ہیں اور بڑے انفراسٹرکچر کے منصوبوں جیسے بھاشا ڈیم، مہمند ڈیم، داسو ڈیم، ٹیاری-لاہور ٹراکٹس، پروجیکٹ، کراچی-حیدرآباد موٹروے (M9)، جگلوٹ، اسکردو (گلگت - بلتستان)، تھرکول پاور پروجیکٹ اور کئی ایسے پروجیکٹس میں خدمات فراہم کر رہے ہیں۔ یہ شعبہ نہ صرف قومی مفاد کے بڑے پروجیکٹس میں مدد کر رہا ہے بلکہ ہزاروں لوگوں کے لئے روزگار کے مواقع پیدا کر رہا ہے اور ڈیولپمنٹ اور ٹریننگ میں مسلسل سرمایہ کاری کر کے اہم افرادی سرمایہ تیار کر رہا ہے۔

کے سلسلے میں، آڈیٹرز نے مالیاتی گوشواروں میں منسلک رپورٹ میں زور دینے کا معاملہ شامل کیا ہے۔

مستقبل کی حکمت عملی

تنوع کے باعث اب کل کاروبار کی مجموعی سیلز میں ریٹیل پاور کا حصہ 39% ہے۔ مضاربہ اپنے پاور ریٹیل فلیٹ کے متبادل لانے کا سلسلہ جاری رکھے گا جو اس کے استعمال شدہ پونٹس کی فروخت پر منحصر ہے۔ باکفایت فیول اور بہتر اعتماد پر مبنی نئے متبادل پونٹس مضاربہ کو مسابقتی برتری دلاتے ہیں اور صارفین کو بہترین قیمت پر پیش کرتے ہیں۔

کووڈ 19 کے باعث سائنس کی بندش کے ابتدائی اثرات ختم ہونے کے بعد تعمیراتی مشینری اور آلات کے تعین کا سلسلہ بحال ہو گیا ہے۔ اس شعبے میں فلیٹ میں نئی سرمایہ کاری کے منافع بخش مواقع حاصل ہونے کا انحصار ڈیم کی تعمیراتی سائنس سے طلب کے ساتھ ساتھ کم قیمت / کم معیار کے انویسٹر کم آپریٹرز سے مقابلے اور اس بڑھتی ہوئی مارکیٹ میں نئے، بھروسہ مند اور باکفایت فیول والے پونٹس کی پیشکش کے نئے مواقع تخلیق کرنے پر ہے۔ اس شعبہ میں خصوصی ہدف کے لئے اداراتی ڈھانچہ موجود ہے۔ یہ فلیٹ کریمنز، ایکسکوپیٹرز، موٹر گریڈرز، کمپیکٹرز، وہیل لوڈرز، لائٹنگ ٹاورز اور دیگر تعمیراتی آلات پر مشتمل ہے۔

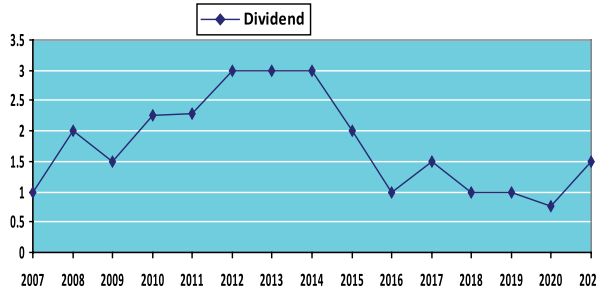
داخلی لاجسٹکس کے شعبہ میں مضاربہ صارفین کو مسلسل مکمل 360° سلوشن، خصوصاً بولٹنگ اور پیکیجنگ کی صنعت میں اپنی سی اے ٹی فورک لفٹس کے ذریعے مستعد اور باکفایت موثر حل پیش کر رہا ہے۔

انتظامیہ کے خیال میں مستقبل میں سرمایہ کاری اور مضاربہ کی ترقی کے لئے بہتر امکانی شعبہ لاجسٹکس ہے۔ شعبہ میں عدم سرمایہ کاری، سڑکوں کے گرد انجینئرنگ کے معمولات اور مجموعی طور پر انفراسٹرکچر کے نہ ہونے سے کئی خرابیاں پیدا ہو گئی ہیں جس کے نتیجے میں ٹرانسپورٹ کی لاگت میں اضافہ ہو گیا ہے۔ ٹراننگ کی صنعت کی رپورٹ اور این ایچ ایس 2000 میں درج اقدامات کے نافذ نہ ہونے سے ٹراننگ کی صنعت کی مستحکم ترقی میں بڑی رکاوٹ ہے۔ مضاربہ نے صف اول کے ایف ایم سی جی برانڈز کے ساتھ ٹرانسپورٹیشن کنٹریکٹ کے ریٹیل کے معاہدے کئے ہیں جو ہمارے صارفین کے ہماری وعدوں کی پاسداری کی اہلیت پر بھروسے کا مظہر ہیں۔ ایچ ایس ای کے معیارات پر عمل درآمد میں کامیابی حاصل کرنے کے لئے، مضاربہ اپنے لاجسٹکس کے کاروبار کو مستقل طور پر بیورو وپریس پاکستان کی ایس ایم ای ٹی اے کی رہنما ہدایت کے تحت کمپلائنس آف ریسپانس ایبل سورسنگ آؤٹ سے تصدیق کرواتا ہے۔ ہم بعض معروف ایس ایم سی جی برانڈز کے ساتھ اس شعبہ میں ترقی کے امکانات دیکھ رہے ہیں، جن کو ہم نے پاور ریٹیل اور لاجسٹکس ریٹیل دونوں کاروباروں میں ریٹیل سلوشن پیش کر کے تعلقات استوار کئے ہیں۔ ایک اور نمایاں موقع ٹرانزٹ حب / سی پیک کوریڈور کے تحت سامان کی نقل و حرکت کا ہے اور کاروباری یونٹ اس محاذ پر سنہری موقع سے بخوبی آگاہ ہے۔ اس شعبہ کے بارے میں بہتر معلومات کے حصول سے ہمیں اس شعبہ منافع بخش ترقی کے امکانات واضح نظر آ رہے ہیں۔

جیسا کہ اوپر ٹیکس گزاری اور قانونی معاملات کی سرخی کے تحت بتایا گیا کہ وفاقی مالیاتی بجٹ برائے سال 2021-22 میں مضاربہ پر ٹیکس اتھنی واپس لینے سے، مضاربہ کی منظمہ کمپنی کے بورڈ آف ڈائریکٹرز نے اس کے موجودہ قانونی ڈھانچے کو دوبارہ تشکیل دینے کی تجویز پر گفت و شنید کی اور موجودہ کاروبار اس کے تمام اثاثہ جات اور ذمہ داریوں مع امکانی ذمہ داریوں کے دو علیحدہ نجی لمیٹڈ کمپنیز میں الگ الگ کر دیا جائے۔ مضاربہ کی یہ تبدیلی ریگولیٹری اتھارٹیز اور عدالت کی منظوری سے مشروط ہے، اور بورڈ سرٹیفیکٹ ہولڈرز / اسٹیک ہولڈرز کو اس کی پیش رفت کے بارے میں بروقت اپ ڈیٹ / آگاہ رکھے گا۔

ڈیویڈنڈ

بورڈ ہر 10 روپے والے سرٹیفیکٹ کے لئے 15% یعنی 1.5 روپے نقد ڈیویڈنڈ کا اعلان کرتے ہوئے خوش محسوس کرتا ہے۔ مضاربہ کی نقد ڈیویڈنڈ کی 15 سالہ تاریخ درج ذیل ہے:



کریڈٹ ریٹنگ

مضاربہ کی انتظامیہ یہ مطلع کرتے ہوئے خوش محسوس کرتی ہے کہ سی آر بی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ نے طویل مدت کے لئے الائیڈ ریٹیل مضاربہ (ARM) کے ادارے کی ریٹنگ (Single A Plus) اور قلیل مدت کے لئے (Single A - One) برقرار رکھی ہے۔ یہ ریٹنگ ایجنسی کے مضاربہ کی کارکردگی اور اس کے مالیاتی ذمہ داریوں کو پورا کرنے کی گنجائش کے بارے میں اعتماد کا اعادہ ہے۔

انفرامیشن ٹیکنالوجی

مضاربہ کی کثیر جیتی ریٹیل بزنس پورٹ فولیو میں مسلسل ترقی اور اثاثہ کی بنیاد 13+ بلین روپے تک پہنچ جانے کے پیش نظر انتظامیہ نے 2016 میں اپنے ریٹیل کاروبار کی ضروریات کے لئے آئی ٹی انفراسٹرکچر میں سرمایہ کاری کا فیصلہ کیا اور مائیکروسافٹ اے ایس ڈیٹابیس کے ای آر پی سلوشن کا انتخاب کیا جس میں جرمنی کے بنے کمپیوٹر سافٹ ویئر Sycor نصب ہے۔

سافٹ ویئر کے لئے لائسنسز کی خریداری، ٹیم ممبرز کی ٹریننگ سے عمل درآمد کے طریقے کا آغاز ہوا اور گزشتہ مدت کے دوران میں اسے چلانے کی مستحکم مع مالیاتی، ریٹیل اور سیلز موڈیولز کے نفاذ کا مرحلہ مکمل ہو گیا۔

ای آر پی کے نفاذ کے ذریعے، مضاربہ کو درج ذیل طریقوں سے فائدہ حاصل ہوا ہے:

- پوائنٹ سلوشن (تاریخی طور پر چھوٹے سے اوسط سائز کے کاروبار کے لئے استعمال کیا جاتا تھا) کے برخلاف، جو کثیر (بعض اوقات ڈپلیکیشننگ) ڈیٹا بیسز پر انحصار کرتا تھا جس سے آئی ٹی کے ذرائع پر دباؤ پڑتا تھا، ای آر پی سلوشن نے پورے کاروبار کو چلانے کے لئے صرف ایک ایپلی کیشن استعمال کرنے کا معیاری طریقہ فراہم کر دیا۔ اس سے نہ صرف استعداد میں اضافہ ہوا بلکہ مجموعی طور پر ملکیتی لاگت (ٹی سی او) میں بھی کمی آئی جس کے نتیجے میں کاروباری عمل کی لاگت کم ہوئی اور مضاربہ کی منفعت میں اضافہ ہوا۔

- مالیات پر زیادہ سخت کنٹرول کے ساتھ ساتھ کیئر پلر فائو اسٹار ریٹیل پر عمل درآمد کا ڈیکلریشن اور عمل درآمد کی رپورٹنگ کے دیگر قانونی طریقے۔

- پروڈکٹ اور سروسز کی معلومات کے لئے سنگل ڈیٹا سورس۔ جیسے سپلائرز، وینڈرز، صارفین کے آرڈرز اور پروڈکٹ کی معلومات۔ پروڈکٹ کی تیزی

یکم جولائی 2021 سے مضاربہ کے ٹیکس استثنیٰ واپس لینے کے سبب، بورڈ نے مضاربہ کی قانونی حیثیت کے تحت کاروبار جاری رکھنے کی حکمت عملی کے بارے میں سوال کیا۔ اس سلسلے میں بورڈ کی میٹنگ میں گفت و شنید ہوئی اور بورڈ نے انتظامیہ کو مضاربہ سے نجی لمیٹڈ ادارے میں منتقل کرنے کے امکانات کا جائزہ لینے کی ہدایت کی تاکہ ضابطوں کی پیروی کے اضافی بوجھ کو کم کیا جائے اور اس کے مطابق کاروباری اخراجات میں کمی لائی جائے۔ اس سلسلے میں پی ایس ایکس میں درج ذیل اظہاریہ پیش کیا گیا ہے:

”مالی 2021-22 کے وفاقی بجٹ میں مضاربہ کے ٹیکس استثنیٰ کے واپس لینے کے سبب، مضاربہ کی سالانہ انتظامیہ کمپنی کے بورڈ آف ڈائریکٹرز نے موجودہ قانونی ڈھانچے کو دوبارہ تشکیل دینے اور موجودہ کاروبار کو اس کے اثاثہ جات اور ذمہ داریوں مع تمام امکانی ذمہ داریوں کے، دو علیحدہ نجی لمیٹڈ کمپنیز میں ڈھالنے کی تجویز دی ہے۔

تجویز کیا گیا ہے کہ مضاربہ کا لاجسٹکس کاروبار مع اس کے تمام موجودہ فیکٹری اثاثہ جات اور عملہ اور مالیاتی ذمہ داریاں الائیڈ ٹرانسپورٹ اینڈ لاجسٹکس (پرائیویٹ) لمیٹڈ کو منتقل کردی جائیں گی اور منیجمنٹ کمپنی کا لائسنس رجسٹرڈ مضاربہ۔ ایس ای سی پی کے حوالے کرنے کے بعد تمام بقیہ اثاثہ جات اور ذمہ داریاں مع تمام امکانی ذمہ داریاں الائیڈ انجینئرنگ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ میں ضم کردی جائیں گی اور منیجمنٹ کمپنی کو نجی لمیٹڈ کمپنی میں تبدیل کر دیا جائے گا۔ اس مقصد کے لئے الائیڈ ریٹیل مضاربہ کی منیجمنٹ کمپنی بنام الائیڈ انجینئرنگ اینڈ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کو نیا نام دیا جائے گا۔

کمپنیز رجسٹر 7 درج بالا مجوزہ اسکیم مضاربہ کمپنیز اینڈ مضاربہ (فلوٹیشن اینڈ کنٹرول) آرڈیننس 1980 کمپنیز ایکٹ 2017 اور دیگر فی الوقت لاگو قوانین کے مطابق مضاربہ، ایس ای سی پی، سندھ ہائی کورٹ اور دیگر متعلقہ اتھارٹیز کی منظوری سے مشروط ہے۔“

اندازہ لگایا اور اس اندازے کے مطابق ہم محسوس کرتے ہیں کہ مضاربہ کا موجودہ پروفائل آنے والے سالوں میں یقینی طور پر منفعت کا سلسلہ قائم رہے گا۔ لاک ڈاؤن کی مدت کے دوران میں ہمارے لاجسٹکس کے شعبے نے صارفین کی خدمات جاری رکھیں اور ملک بھر میں پروڈکٹس پہنچاتا رہا تاکہ کاروباری عمل جاری رہے اور ملک میں ضروری پروڈکٹس کی دستیابی کو یقینی بنایا جائے۔

ہمیں اپنے اس وقت تعین شدہ یا غیر تعین شدہ دونوں اجارہ اثاثہ جات پر کسی بڑے نقصان کے اثرات کا اندیشہ نہیں ہے اور نہ ہی اپنے صارفین کی طرف سے کسی وصولیاتی پر کوئی نمایاں اثر مرتب ہونے کا خطرہ ہے۔ ہمارے اجارہ اثاثہ جات میں معیاری برانڈ کے آلات جیسے کیکر پلر جزیئر اور تعمیراتی آلات جیسے ایکس کوہیئر، کمپیکٹرز، موٹر گریڈرز اور وہیل لوڈرز، سائی کریمز اور کنکریٹ پمپس، مٹھوئی۔ کیٹ جاپانی فورک لفٹس، المینڈ لائٹنگ ٹاورز، اسوز اور مینو جاپانی پرائم موورس اور ٹرک شامل ہیں۔ یہ تمام اعلیٰ معیار کے بین الاقوامی برانڈ مانے جاتے ہیں جن کی طلب ریٹیل کے شعبے کے ساتھ استعمال شدہ سامان کی مارکیٹ، دونوں میں مقامی اور بین الاقوامی سطح پر موجود رہتی ہے۔ ہمارے معیاری برانڈ آلات کی اوسط اثاثہ جات کی قیمت پر دستیابی ہمیں مختلف شعبہ جات کے حربوں پر فوقیت دیتی ہے کہ ہم بھروسہ مند معیاری آلات مسابقتی ریٹیل ریٹس اور قیمت پر فراہم کرتے ہیں۔

ٹیکس گزاری اور قانونی معاملات

سال کے دوران میں معزز صدر پاکستان کی جانب سے 22 مارچ 2021 کو نافذ کردہ اور بعد میں فنانس ایکٹ 2021 کے ذریعے توثیق شدہ دوسرے ترمیم شدہ آرڈیننس کے ذریعے اکم ٹیکس آرڈیننس کے سیکنڈ شیڈول کی شق 100 کے تحت مضاربہ کو حاصل استثنیٰ کو یکم جولائی 2021 سے منسوخ قرار دیا گیا۔

مضاربہ کے سال 2021-22 کے لئے اکم ٹیکس سے مستثنیٰ ہونے کی بناء پر مالیاتی گوشواروں میں اکم ٹیکس کا پروویژن نہیں رکھا گیا۔ (حوالہ مالیاتی گوشوارے کے نوٹس کا نوٹ 31) سال کے دوران میں ٹیکس اتھارٹیز کی جانب سے استثنیٰ کے سرٹیفکیٹ کے اجراء میں تاخیر ہونے کے باعث صارفین نے ودہولڈنگ ٹیکس کے طور پر 110 ملین روپے کی کٹوتی کر لی۔ سال کے دوران میں ایف بی آر کی جانب سے مضاربہ کو 295 ملین روپے کی واپس ادائیگی (ری فنڈ) کی کارروائی انجام دی۔ اب ٹیکس اتھارٹیز سے 30 جون 2021 کے مطابق قابل وصولی خالص رقم 453 ملین روپے ہے۔



جیسا کہ Financial Statements کے نوٹ نمبر 31.3 اور آڈیٹر رپورٹ کے پوائنٹ (a) میں سرٹیفکیٹ ہولڈرز کے علم میں یہ بات لائی گئی ہے کہ 22 مارچ 2021 کو ٹیکس قانون (دوسری ترمیم) آرڈیننس، 2021 نافذ کیا گیا تھا اور مودارہ کو دستیاب ٹیکس کی چھوٹ 1 جولائی 2021 سے واپس لے لی گئی۔ تاہم مودارہ نے IAS 12، اکم ٹیکس قانون کے تحت 30 جون 2021 تک کسی تاخیری ٹیکس کا تخمینہ نہیں لگایا۔

مودارہ ٹیکس کے لئے اثاثوں اور ذمہ داریوں (Carrying Values) کی مناسبت سے تفصیلات کا حساب لگانے اور 30 جون 2021 تک تاخیری ٹیکس بیلنس کی رقم کا تعین کرنے کے عمل میں ہے۔ لیکن Financial Statements کی منظوری سے پہلے ایسا کرنا ممکن نہیں ہے۔ لہذا مودارہ کے لئے یہ ممکن نہیں رہا کہ تاخیری ٹیکس کا منافع Statutory Reserve، اور فی سرٹیفکیٹ آمدنی اور تقسیم کے لئے دستیاب منافع پر کیا اثر ہو گا۔ اس کے علاوہ، مستقبل کی حکمت عملی کے نیچے دیئے گئے عنوان میں زیر بحث آنے کے طریقے

اس کے علاوہ مضاربہ مختلف قانونی اور ٹیکس کے معاملات سے متعلق متعلقہ اتھارٹیز میں کی گئی اپیلوں کے سلسلے میں قانونی چارہ جوئی میں مصروف ہے۔ ان کمپنیز کی تفصیل مالیاتی گوشواروں کے نوٹس کے نوٹ نمبر 23 میں درج ہے۔

تعاون سے مجموعی طور پر انفیکشن کی شرح تشویش ناک حد تک نہیں پہنچی، حکومت نے مختلف مالی اور معاشی اقدامات کے ذریعے صنعتوں کو مشکل وقت میں سہولت دینے کی کوشش کی۔ تعمیرات اور ہاؤسنگ کے شعبہ میں بھی مختلف مراعات کا اعلان کیا گیا اور وہ نافذ کی گئیں۔ سال کے دوران میں وبا کے معیشت پر اثرات کے خوف سے ہماری انویسٹمنٹ بھی دباؤ کی حالت میں 537 ملین روپے رہی جبکہ 20-2016 تک چار سال کے مجموعی عرصے میں اس سال کے مقابلے میں 5,437 ریکارڈ ہوئی۔ (اوسطاً 1,087 ملین روپے سالانہ)



اسٹیٹ بینک آف پاکستان نے کاروبار میں لیکویڈیٹی کے مسائل کا احساس کرتے ہوئے فوری طور پر قرض خواہوں اور قرض داروں دونوں کو مالیاتی نظام کے بیٹھ جانے سے بچانے کے لئے اقدام کئے اور بینکوں کو قرض کی رقم کا اصل ایک سال کے لئے موخر کرنے کی ہدایت جاری کی۔ اس کے علاوہ مقامی افرادی قوت کی مدد کرنے اور ان کو ملازمت سے نکالے جانے سے بچانے کے لئے، ایس بی پی بے ای خصوصی فنانسنگ اسکیم متعارف کروائی جس کے تحت اپریل سے ستمبر تک کی تنخواہوں کی بروقت ادائیگی کے لئے 3% کی کم تر مارک اپ کی شرح پر کاروباری اداروں کو فنڈز فراہم کئے۔ اگر یہ اسکیم متعارف نہ کروائی جاتی تو کاروباری طبقے کو اپنے کارکنوں کو تنخواہوں / اجرتوں کی بروقت ادائیگی کرنا بہت مشکل ہوتا۔

مضاربہ نے بھی ان دونوں اسکیموں سے استفادہ کیا اور ایس بی پی کی اسکیم کے تحت اپنی لیز کی ذمہ داریوں کو جزوی طور پر موخر کرنے کی درخواست دی اور اپنی تنخواہوں / اجرتوں کی ادائیگی کے لئے بارعایت فنانسنگ کا انتخاب کیا۔

دنیا بھر کی حکومتیں، بینک اور ریگولیٹرز وبا کے طوفان پر قابو پانے کے لئے سسٹم میں لیکویڈیٹی فراہم کر کے کاروبار اور صنعتوں کو مدد دے رہے ہیں۔ اس سے "لیکویڈیٹی" اور "سالیونسی" کے اُلپے کی کلاسک صورت حال پیدا ہو گئی ہے۔ اس بات کو یقینی بنانا ہے کہ موخر کے عرصے کے دوران میں لیکویڈیٹی برقرار رہے تاکہ کاروبار چلتا رہے اور اس سے اگلے چند سالوں تک سالیونسی کی حیثیت قائم رکھی جائے جب تک کووڈ 19 کا بحران ختم نہ ہو جائے اور کاروبار معمول کے مطابق نہ ہونے لگیں۔ یہ تصور قلیل مدت کی لیکویڈیٹی کے ساتھ طویل مدت تک کاروبار کے استحکام کو ذہن میں رکھ کر پیش کیا گیا ہے۔

گزشتہ سال کووڈ 19 کی مدت کے دوران میں سیلر اور حصولیات میں معمولی / عارضی نقصان کے علاوہ ہمارے نزدیک مستقبل میں اپنے کاروبار پر اس کے کسی نمایاں اثرات کی امید نہیں ہے۔ لاک ڈاؤن کے عرصے میں طویل المدت / بی او بی کے تعین کے لئے ایک مقررہ ریٹیل چارج کئے گئے جو ہمارے صارفین نے ادا کر دیئے۔ اس کے علاوہ انتظامیہ نے مستقبل میں منفعت کے امکانات کا

ٹائزوں کی قیمتوں میں اضافہ اور لبریکنٹس کی قیمت میں اضافہ شامل ہے۔ فلیٹ گاڑیوں کی جاری لاگت میں اضافے کا بڑا عنصر ڈیزل فیول ہے، جو کل لاگت کا تقریباً 50% ہے۔

سال کے دوران میں تکافل / انشورنس کے چارچز گزشتہ سال کے 38 ملین سے بڑھ کر 42 ملین ہو گئے جس کی وجہ انشورنس کمپنیز کی جانب سے ریٹس میں معمولی اضافہ کرنا تھی۔

انتظامی اور فروخت کے اخراجات 3% کے معمولی اضافے کے ساتھ 256 ملین روپے ہوئے جب کہ اس کے مقابلے میں گزشتہ سال 248 ملین روپے ہوئے تھے۔ سالانہ ترقی کے باعث تنخواہوں اور اجرتوں کی کل رقم 16 ملین روپے رہی۔ مضاربہ مسلسل ترقی کر رہا ہے اور یہ اپنے کاروبار کے پورٹ فولیو میں لاجسٹکس، کیرن، تعمیراتی سامان اور دیگر کاروباری شعبہ جات میں تنوع لا رہا ہے، تو ہمیں انتظامی کنٹرولز پر بہتر توجہ دینے کی ضرورت ہے، لہذا موثر اندرونی کنٹرول اور ریکارڈ کو یقینی بنانے کے لئے ہمیں پیشہ ور افراد کی خدمات حاصل کرنا ہوں گی۔ موجودہ سال میں قانونی اور پروفیشنل چارجز 13 ملین روپے رہے جو مختلف ضابطوں کی ادائیگی اور مالیاتی فیس اور محصولات اور مختلف مسائل کے سلسلے میں قانونی چارہ جوئی کے اخراجات پر مبنی ہیں۔

کاروباری شعبہ جات اب پروڈکٹ لائن پر منظم ہیں کیونکہ ہم خصوصی اور مخصوص سیلر فورس کے ذریعے ہر کاروباری شعبہ کے اہداف مقرر کر رہے ہیں۔ مضاربہ کثیر انواع کے کاروباری یونٹس اور شعبہ جات کی ضروریات پوری کرنے کے لئے اب نئے آئی ٹی سسٹم مائیکروسافٹ اے ایکس اینڈ سائی کور ریشٹل کے چھٹے سال میں داخل ہو گیا ہے۔

ہمارے قرضوں کے حصول اور ڈسکاؤنٹ ریٹس میں مجموعی کمی کے ساتھ اس مدت میں مارک اپ کی قیمتیں گزشتہ سال کے 163 ملین روپے سے کم ہو کر 300 ملین روپے ہو گئیں اور بنیادی سطح میں 137 ملین روپے کا اضافہ ہو گیا۔

سیونگ اکاؤنٹ پر منافع اور اسکرپ کی فروخت سے حاصل ہونے والی دیگر آمدنی بالترتیب 3.9 ملین روپے اور 29 ملین روپے ہوئی۔ پرانے یونٹس کی فروخت سے 28 ملین روپے حاصل ہوئے جب کہ 2020 میں 4.5 ملین روپے حاصل ہوئے تھے۔

مضاربہ جات پر لاگو آئی ایف آر ایس 9 کے مطابق پروویژن کی واپسی پر گزشتہ سال کے 12 ملین روپے کے پروویژن کے مقابلے میں اس سال کے دوران میں 97 ملین روپے ہوئے۔ اس کی بڑی وجہ اکاؤنٹنگ پالیسی میں تبدیلی کا اثر تھی جس کے بارے میں مالیاتی گوشواروں کے نوٹس میں نوٹ نمبر 3.1 میں تفصیلی بحث کی گئی ہے۔

کووڈ 19 اور کاروبار پر اس کے اثرات

کورونا وائرس (کووڈ 19)۔ جس کو عالمی ادارہ صحت نے 11 مارچ 2020 کو وبا قرار دیا تھا، پاکستان سمیت دنیا بھر کے ممالک میں پھیلا۔ بین الاقوامی رہنما ہدایات اور تدبیر کے مطابق حکومت پاکستان نے کووڈ 19 کے پھیلاؤ کو کم کرنے کے لئے فوری اقدامات کئے۔ ان میں کاروبار کا لاک ڈاؤن، ہوائی پروازوں کی معطلی، شہروں کے مابین نقل و حرکت پر پابندی، بڑی تقریبات کی منسوخی اور دیگر کئی کارروائیاں شامل تھیں۔

کووڈ 19 کی تیسری اور چوتھی لہر کے دوران میں پاکستان میں انفیکشن کی سطح کنٹرول میں رہی۔ اگرچہ اسارٹ لاک ڈاؤن کی موثر حکمت عملی اور عوام کے

کر رہے ہیں۔ آج تک ہم نے دیا میر بھاشا ڈیم کی سائٹ پر 24 مشینوں بشمول ایکسیوٹر، وہیل لوڈرز، ڈورز اور ڈمپر کا بندوبست کیا ہے۔

مشین رینٹل کے کاروبار میں سب سے بڑا چیلنج کنٹریکٹر کے ادائیگی کے عدم توازن کا ہے۔ کنٹریکٹر کی جانب سے ادائیگی کا انحصار اس کے بلوں کی حکومت سے وصولی پر ہے۔ یہاں منصوبوں میں تاخیر کی روش عام ہے سوائے سی پیک کے منصوبوں کے جن میں بروقت وصولی ہوتی ہے۔ اگرچہ اب ان پونٹس کے تعین میں ہماری پوری توجہ ایف ڈی او اور دیگر آرمی کنٹریکٹرز کی طرف ہے، تاہم بلوں کی بروقت ادائیگی ہمیشہ ایک چیلنج ہی رہے گی۔

سال کے دوران میں کاروباری عمل کے اخراجات 12% اضافے کے ساتھ 2,861 ملین روپے ہوئے جو گزشتہ سال 2,562 ملین روپے تھے، جزوی طور پر اس اضافے کے ساتھ آمدنی میں بھی اضافہ ہوا۔

تاہم اس اضافے کی بڑی وجہ رینٹل فلیٹ کی دیکھ بھال کے اخراجات میں اضافہ تھی جو روپے کی قدر میں کمی اور اس کے قابل تلف اشیاء، فالتو پرزہ جات اور لیوب کی قیمت پر اثرات کے باعث ہوئے۔ اس کے مطابق مجموعی مارجن کی شرح گزشتہ سال کے 25% سے معمولی کمی کے ساتھ اس سال 23% ہوئی اور سال کے اختتام پر 854 ملین روپے حاصل ہوئے۔

جاری تنخواہوں اور اجرتوں میں 6% کی شرح سے 50 ملین روپے کا اضافہ ہوا اور گزشتہ سال کے 849 ملین روپے سے بڑھ کر 899 ملین روپے ہو گئے، یہ اضافہ آمدنی میں اضافہ کے لحاظ سے ہوا۔ افراط زر کے دباؤ اور اشیائے ضروری، خصوصاً کھانے پینے کی اشیاء کی قیمتوں میں اضافہ سے اجرتوں میں اضافہ کرنا پڑا تاکہ ہماری بڑی تعداد میں کارکنوں اور ڈرائیورز کو سہولت فراہم کی جائے جو ہماری افرادی قوت کا 90% ہیں۔ پاکستان ہومن ڈیولپمنٹ انڈیکس (PHDI) میں سب سے کم سطح پر ہے جہاں مجموعی طور پر افرادی قوت معیار سے کم ہے اور رینٹل اثاثہ جات میں منافع بخش اضافے کے لئے بڑا چیلنج ہے۔ شلمبرجر میں ہمارے پروجیکٹ کے قیام سے ہی بڑا چیلنج مطلوبہ ڈرائیورز کی تلاش ہے جو شلمبرجر کے معیارات پر پورا اترتا ہو۔



موجودہ سال میں مرمت اور دیکھ بھال کے اخراجات 70 ملین روپے کے اضافے کے ساتھ 360 ملین روپے ہوئے جب کہ گزشتہ سال یہ اخراجات 290 ملین روپے ہوئے تھے۔ اس کی بڑی وجہ روپے کی قدر میں کمی کے باعث پارٹس اور لبریکنس کی قیمتوں میں اضافہ تھی۔ فلیٹ گاڑیوں کے جاری اخراجات 21% اضافے کے ساتھ 941 ملین روپے ہوئے جس کے کئی عوامل تھے جیسے کے ایم ٹریولنگ اور اس کے نتیجے میں سیلز میں اضافہ، ڈیزل کی زیادہ قیمت، کرنسی کی قدر میں کمی اور زیادہ درآمدی ڈیویڈنڈ

ہمارے خارجی لاجسٹکس کے شعبہ نے ایک مرتبہ پھر ایک بلین روپے کی حد عبور کر لی۔ اس شعبہ میں ہمارے صارفین میں عام طور پر ایف ایم سی جی کے شعبہ میں بلیو چپس کمپنیز، نیسلے، لیگرو، ڈالڈا، ناردن بیوریجز اور آئل اینڈ گیس کمپنی شلمبرجر اور کئی دیگر کمپنیاں شامل ہیں۔ ہمارے مضبوط سیٹ اپ اور ایچ ایس ای رہنما ہدایات کی پیروی کے باعث صنعت میں اپنے خارجی لاجسٹکس کے لئے ہمیں قابل بھروسہ وینڈور کی حیثیت سے جانا جاتا ہے۔



تاہم کاروبار میں کئی چیلنج موجود ہیں جو غیر منظم شعبہ کی جانب سے مسابقتی قیمتوں، موثر ویز پر ضابطوں کی حدود پر عمل درآمد نہ ہونا اور ہائی ویز پر ایکسل لوڈ کی عدم پیروی کے نتیجے میں اور لوڈنگ کے خطرے اور ہنرمند اور بھروسے مند افرادی قوت کی عدم دستیابی جیسے مسائل پیش آتے ہیں

اگرچہ کاروباری عمل میں بہت سے چیلنج ہیں، لیکن ہم اس شعبہ میں ترقی کے مضبوط مواقع دیکھ رہے ہیں، خاص طور پر پاکستان کی ڈیولپمنٹ کے حوالے سے کہ یہ راہداری کا خطہ اور سی پیک کے تحت یہ چینی کارگو کی نقل و حرکت کے لئے کو ریڈور ہے۔ اس سلسلے میں تمام ٹرانسپورٹ لیسو سی ہشتر حکومت کے ساتھ ایکسل لوڈ مینجمنٹ (اے آر ایل) پر کام کر رہی ہیں جو این ایچ ایس او قانون کے باوجود گزشتہ 20 سال سے زیر التوا ہے جو ملک کے لاجسٹکس کے شعبے کو مستقبل کے کاروبار اور اس کے چیلنج کے لئے تیار کرنے کی غرض سے بنایا گیا ہے۔ اے لیل آر کے نفاذ سے نہ صرف اور لوڈنگ کا خطرہ کم ہو گا بلکہ اس سے بہت قیمت کے حصول اور گاڑیوں کی دیکھ بھال اور انتظامی امور موثر طور پر انجام دیئے جائیں گے۔

سال کے پہلے حصے میں کووڈ 19 کے زیر اثر تعمیراتی سائٹس بند ہونے کے بعد سال کے آخری حصے میں CAT مشینوں اور سائی کریز رینٹل کے شعبہ میں بحالی آئی اور گزشتہ سال کے 538 ملین روپے کے مقابلے میں 466 ملین روپے حاصل ہوئے۔ اس بحالی کی بڑی وجہ حکومت کی جانب سے تعمیراتی شعبہ کو دی جانے والی مراعات اور نئی حکومت کے اپنے منصوبوں کے کام شروع ہونا تھی۔ حکومتی وعدوں، مالیاتی بندش اور دستیاب فنڈز کے ساتھ انفراسٹرکچر کی تعمیر اور سی پیک کے منصوبوں پر دوبارہ کام شروع ہو گیا۔ ہم اس وقت بھاشا ڈیم، جگ لوٹ، اسکردو روڈ، تھرکول، جامشورو پاور پلانٹ اور ٹیاری لاہور ٹرانسمیشن لائن (پروجیکٹ مکمل ہو گیا ہے اور جلد ہی کام کرنا شروع کر دے گا) پر کام کر رہے ہیں۔ اس شعبہ میں دیا میر بھاشا داسو اور مہمند ڈیم کے نئے منصوبوں کے آغاز سے مستقبل میں بہترین مواقع حاصل ہوں گے۔ ہم تمام بڑے کنٹریکٹرز بشمول ایف ڈی او اور چینی دونوں کنٹریکٹرز کے ساتھ ان کی ضروریات معلوم کرنے کے لئے اور اس کے مطابق اپنے مشین رینٹل فلیٹ تیار کرنے کے لئے گفت و شنید

ڈائریکٹرز کی رپورٹ

جون 30 برائے سال مختتمہ 2021

الائیڈ رینٹل مضاربہ کی منظمہ کمپنی، الائیڈ انجینئرنگ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کا بورڈ آف ڈائریکٹرز اپنے سرٹیفیکٹ ہولڈرز کو ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ مالیات گوشوارے برائے سال مختتمہ 30 جون 2021 پیش کرتے ہوئے خوش محسوس کرتا ہے۔

2020	2021
روپے میں	روپے میں
3,781,528	4,082,656
3,445,243	3,714,739
227,521	532,127
43,439	45,165
281,619	524,130
71,454	186,245
165,000	330,000
45,165	7,885
6.76%	14.3%
4.51%	9.69%
Rs. 1.03	Rs 2.42
Rs. 24.33	Rs 25.75
Rs. 11.05	Rs 10.54

مالیاتی جھلکیاں

سیلز کی کل آمدنی، بشمول صوبائی سیلز ٹیکس

سیلز کی خالص آمدنی

منافع برائے سال

غیر مخصوص منافع، گزشتہ سے پیوستہ

مختص کرنے کے لئے دستیاب

سال کے منافع سے 35% فیصد کی شرح سے قانونی طور پر محفوظ رقم میں منتقلی

مجوزہ نقد منافع منقسمہ بحساب 15% (1.50 روپے فی سرٹیفیکٹ)

غیر مختص شدہ منافع نئے سال میں شامل کیا گیا

خالص منافع کا مارجن

لیکویڈٹی پر آمدنی

فی سرٹیفیکٹ آمدنی

فی سرٹیفیکٹ بریک اپ ویلیو

پاکستان اسٹاک ایکسچینج میں 30 جون 2021 کو پیش کی گئی قیمت

کنکریٹ کے آلات اور جزیئر پیش کرنے میں دوسروں پر فوقیت حاصل ہے۔ سال کے آخری حصے میں ٹیکسٹائل یونٹس میں گیس کی قلت کے سبب بڑے اہم وی یونٹس کا تعین بھی بہتر رہا۔ اس کے ساتھ ساتھ گیس جن سیٹ کے شعبے کو گیس یونٹس پاور یونٹس کو گیس کی دستیابی کے سبب چیلنج کا سامنا رہا۔ ہمارے تمام طویل المدت معاہدوں کے صارفین کی جانب سے ادائیگی کی صورتحال تسلی بخش رہی۔ پاور رینٹل کے کاروبار میں ہم سمجھتے ہیں کہ ڈیزل اور گیس دونوں ہمارا فلیٹ سائز مارکیٹ کی طلب کو پورا کرنے کے لئے کافی ہے اور بہتر گرڈ کی دستیابی ہمارے ڈیزل اور گیس دونوں کے انجنوں کی طلب میں کمی کا بنیادی عنصر ہے جس سے تعین کی سطح کم رہی اور تعین شدہ یونٹس کے کم مدت تک استعمال ہونے سے آمدنی کا اتار چڑھاؤ کم رہا۔ ہم نئی ٹیکنالوجی کے گیس انجنوں کے لئے رینٹل کا مواقع کا جائزہ لے رہے ہیں تاکہ بھروسہ مند اور مستعد یونٹس کے ساتھ اپنے صارفین کے لئے مسابقتی سبقت کو یقینی بنائیں، تاہم یہ ٹیکنیسیوں پاور یونٹس کو گیس کی دستیابی اور لیل این جی کے لئے گیس کی قیمتوں کی پالیسی سے مشروط ہے۔

مذکورہ مدت کے دوران میں، رینٹل پر ایچ ایف او کی متوقع کم طلب کے باعث، انتظامیہ نے دو یونٹس فروخت کرنے کا فیصلہ کیا اور فروخت کر کے رقم وصول کر لی۔

سال کے دوران میں ہمارے داخلی اور خارجی دونوں لاجسٹک شعبہ جات کی کارکردگی بھرپور رہی اور سال کے لئے 1.7 بلین روپے کی سیلز ریکارڈ کی گئی جو ہمارے کل سیلز کے پورٹ فولیو کا تقریباً نصف ہے۔ داخلی لاجسٹکس کا شعبہ نئے صارفین اور نئے باکفلیٹ یونٹس کے ساتھ مستحکم رفتار کے ساتھ ترقی کر رہا ہے جس میں موجودہ صارفین کے لئے پلانٹ سائٹس پر پلانٹ کی حدود میں فورک لفٹس، ٹریکٹر ٹرالیر، ریتھ اسٹیکرز اور دیگر منسلکات کے تعین کے ساتھ لاجسٹکس کے کام سنبھالے جاتے ہیں۔ رینٹل تعین کے لئے مطلوب فورک لفٹ یونٹس کے معیار پر سمجھوتہ کئے بغیر، ہم نے جاپانی سے چینی ذرائع تک تقریباً 40% کم سرمائے کی لاگت کے ساتھ مختلف نوعیت کے یونٹس حاصل کئے ہیں۔ اس سے ہماری بہتر قیمت اور زیادہ مارجن کے ساتھ ہماری مارکیٹ میں رسائی میں مزید اضافہ ہوگا۔ ہمارے بلیو چیس کمپنیز کے ساتھ داخلی لاجسٹکس کے شعبہ کے اکثر معاہدے نوعیت کے اعتبار سے طویل المدت ہیں جو پلانٹ اور ویئر ہاؤس لاجسٹکس پر 365/24 کی بنیاد پر کام کرتے ہیں۔

کاروباری عمل کا جائزہ
انتظامیہ 30 جون 2021 کو ختم ہونے والے مالی سال کے گوشوارے پیش کرتے ہوئے خوش محسوس کر رہی ہے۔ الائیڈ رینٹل مضاربہ پاکستان میں رینٹل سلوشن فراہم کرنے والا سب سے بڑا ادارہ ہے جس کے پاس کیٹر پلر برانڈ کے 400 سے زیادہ پاور جزیئرنگ کے آلات ہیں جن کی مجموعی پاور جزیئرنگ کی گنجائش 280 میگا واٹس ہے اور کیٹر پلر اور SANY برانڈز کی 500 سے زائد مشینیں اور کرینیں ہیں، نیوٹرکوں کی تعمیر، زمین کی نقل و حرکت، لفٹنگ اور دیگر مشینری بشمول 325 سے زیادہ لاجسٹکس آلات موجود ہیں۔ پاکستان بھر میں کاروبار کرنے کی بناء پر مضاربہ کی سیلز کی کل آمدنی مع صوبائی سروسز سیلز ٹیکس 4 بلین کی حد سے بڑھ گئی اور گزشتہ سال کے 3,782 ملین روپے کے مقابلے میں 4,083 ملین روپے حاصل ہوئی۔ خالص منافع بھی بڑھ کر 532 ملین روپے ہو ا جو کہ گزشتہ سال کے 228 ملین روپے سے 304 ملین روپے زیادہ (133%) ہے۔



سال کے دوران میں ہمارے پاور رینٹل کی سیلز سے ہمارے کاروبار میں 1.5 بلین روپے شامل ہوئے۔ پاور رینٹل کے ہر شعبے نے اپنی مقررہ حد اور اس مدت کے لئے مقرر کردہ اہداف کے مطابق کارکردگی کا مظاہرہ کیا۔ مذکورہ عرصے کے دوران میں اس شعبہ میں ہمارے 350-500 کے وی اے رتج کے ڈیزل یونٹس کا بہتر تعین ہوا، خاص طور پر تعمیراتی منصوبوں کی سائٹس پر، جہاں ہمیں پروڈکٹس کی مکمل رتج یعنی تعمیراتی آلات کی مشینوں سے لے کر کرینز،

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Proxy Form

Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

I / We _____

of _____

being a member of Allied Rental Modaraba and holder of _____ Certificates

as per Certificate _____ Register Folio No. _____ and / or CDC Participant

ID No. _____ and Sub Account No. _____

hereby appoint _____ of _____

or failing him / her of _____

As my proxy to represent me and on my behalf at the 15th Annual Review Meeting of the Modaraba to be held on 27th day of October 2021 and at any adjournment there of.

Signed this _____ day of _____ 2021

WITNESSES:

1 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

Signature

Revenue
Stamp
Rs. 5 /-

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

2 Signature: _____

Name: _____

Address: _____

CNIC / or: _____

Passport No.: _____

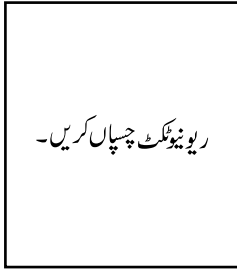
Note: Proxies in order to be effective must be received by the Modaraba not less than 48 hours before the meeting. A proxy must be a certificate holder of the Modaraba. CDC Certificate holders and their proxies are each requested to submit attested photocopy of their Computerized National Identity Card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

تشکیل نیابت داری

اہم _____
کن _____ بحیثیت الائیڈ رینٹل مضاربہ _____ کے
وہا _____ سرٹیفکیٹ بمطابق سرٹیفکیٹ رجسٹرڈ فوٹیو نمبر _____
ورایا سی ڈی سی کے شراکتی آئی ڈی نمبر _____ اور ذیلی کھاتہ نمبر _____
محترم / محترمہ _____ ساکن _____
بصورت دیگر محترم / محترمہ _____ ساکن _____

کواپنی جگہ مورخہ 27 اکتوبر، 2021 کو منعقد یا ملتوی ہونے والے پندرہواں سالانہ نظر ثانی اجلاس عام میں رائے دہندگی کے لیے اپنا نمائندہ مقرر کرتا / کرتی ہوں۔

گواہ:



ریونیونٹ چسپاں کریں۔

دستخط

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

1 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

2 دستخط _____

نام _____

پتہ _____

سی این آئی سی یا پاسپورٹ نمبر _____

نوٹ:

پراکسیز کے موثر ہونے کے لیے ضروری ہے کہ ان کی تفصیل اجلاس شروع ہونے سے 48 گھنٹے قبل مضاربہ کو موصول ہو جائے۔
سی ڈی سی شیئر سرٹیفکیٹ ہولڈرز اور ان کے پراکسیز سے گزارش ہے کہ وہ اپنے قومی شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ فوٹو کاپی مضاربہ کو پیش کرنے سے قبل اراکسی کے ساتھ منسلک کریں۔



Allied Rental Modaraba

Managed by: Allied Engineering
Management Company (Private) Limited

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