



ORIENT
RENTAL MODARABA

FOCUSED ON SOLUTIONS

Quarterly Report

September 2021

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FOCUSED ON SOLUTIONS

Modaraba Information

Modaraba Management Company

Eman Management (Private) Limited

Directors of Modaraba Management Company

Mr. Muhammad Saeed

Chairman

Mr. Teizoon Kisat

Chief Executive

Mr. Joozer Jiwa Khan

Non-Executive Independent Director

Mr. Nasim Ahmed

Non-Executive Director

Mr. Giasuddin Khan

Non-Executive Director

Mr. Chaudhry Jawaid Iqbal

Non-Executive Director

Ms. Saba Ahmed Agrawalla

Non-Executive Independent Director

Audit Committee

Mr. Joozer Jiwa Khan

Chairman

Mr. Nasim Ahmed

Member

Chaudhry Jawaid Iqbal

Member

Ms. Saba Ahmed Agrawalla

Member

Risk Management Committee

Ms. Saba Ahmed Agrawalla

Member

Chaudhry Jawaid Iqbal

Member

Mr. Giasuddin Khan

Member

Mr. Teizoon Kisat

Member

Chief Financial Officer

Ms. Effat Assad

Company Secretary

Mr. Muhammad Farukh

Chief Audit Executive

Ms. Oraiba Shehzad

Human Resource and Remuneration Committee

Mr. Joozer Jiwa Khan

Chairman

Mr. Muhammad Saeed

Member

Mr. Nasim Ahmed

Member

Mr. Teizoon Kisat

Member

Shariah Advisor

Alhamd Shahriah Advisory Services (Pvt) Ltd.

Auditors

BDO Ebrahim & Co

Legal Advisor

Mr. M Hashim Lodhi

Bankers / Financial Institutions

Bank Islami Pakistan

MCB Islamic Bank Limited

HBL Islamic Bank

Bank of Khyber

Meezan Bank Limited

National Bank of Pakistan

Askari Bank Limited

Faysal Bank Limited

First Habib Modaraba

Registered Office

Plot # 9, Sector 24

Korangi Industrial Area, Karachi

Registrar & Share Registration Office

CDC Share Registrar Services Limited

CDC House, 99-B, Block B, SMCHS

Main Shahrah-e-Faisal, Karachi

Vision:

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

Mission:

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

DIRECTORS' REPORT

The Board of Directors of EMAN Management (Pvt.) Limited (“**EMAN**”), the Management Company of Orient Rental Modaraba (“**Modaraba**”) is pleased to present the unaudited condensed interim financial statements of the Modaraba for first quarter ended September 30, 2021.

The financial highlights are as follows:

Financial Highlights	First quarter ended September 30, 2021	First quarter ended September 30, 2020
	Rupees	Rupees
Revenue	381,170,995	298,080,927
Operating Expenses	(302,261,212)	(227,898,374)
Gross Profit	78,909,783	70,182,553
Other Expenses - Net	(26,582,561)	(46,165,950)
Profit before Management Fee	52,327,222	24,016,603
Management Company's Remuneration and other provision	(6,841,261)	(3,139,931)
Profit before taxation	45,485,961	20,876,672
Taxation	(10,683,841)	-
Profit after taxation	34,802,120	20,876,672
Earnings per Certificate – Basic and Diluted	0.46	0.28
Breakup value per Certificate	12.40	11.13

With the ease of Covid-19 restrictions, and revival of economic activities the gross revenue for the first quarter of FY 2022 was recorded at Rs. 381.1 million (Sept. 2020 Rs. 298.0 million). Profit before tax for the current period at Rs. 45.4 million was 118% higher than Rs. 20.8 million in the comparative period last year. During the current quarter a tax charge of Rs. 10.7 million has been provided due to the withdrawal of Clause 100 of the Part I of the Second Schedule to the Income Tax Ordinance, 2001. The after-tax profit for the year was at Rs. 34.8 million which increased the earnings per certificate to Rs. 0.46 from Rs. 0.28 in the comparative period last year.

Future Outlook

With the pandemic, the Government has been focused on managing the repeated COVID-19 infection waves, implementing a mass vaccination campaign, expanding its cash transfer program, and providing accommodative monetary conditions to sustain economic growth. However, as of end-September 2021, only around 12 percent of the total population has been fully vaccinated. Continued efforts toward fiscal consolidation and policy reforms will be key to sustaining improvements in macroeconomic stability, especially in broadening the tax base and improving the business environment.

The recovery in the industry and services sectors will benefit your Modaraba to achieve higher growth targets in FY2022. However, the Management will remain prudent and cautious in view of uncertainties on economic front, particularly higher inflation, risk from disruption of gas supplies to the industry, depreciation of Pak rupee which has direct impact on cost of operations and withdrawal of tax exemption in Finance Act 2021.

Acknowledgement

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

The Board also places on record its sincere gratitude to the certificate holders who have remained committed to the Orient Group and the employees of the Modaraba for their contribution and efforts to meet customer's expectation by providing quality service, ensuring continued business for the Modaraba.



Chief Executive Officer

October 29, 2021



Chairman

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT SEPTEMBER 30, 2021**

	Note	(Un-audited) September 30, 2021 (Rupees)	(Audited) June 30, 2021 (Rupees)
ASSETS			
Non-current assets			
Fixed assets	4	1,460,696,220	1,449,522,991
Intangible assets	5	370,889	475,685
Long term deposit		4,698,000	4,698,000
		<u>1,465,765,109</u>	<u>1,454,696,676</u>
Current assets			
Stores, spares and loose tools	6	58,422,274	71,122,734
Trade receivables	7	264,288,051	213,481,505
Loans, advances and other receivable	8	91,002,309	58,300,969
Tax refundable due from Government	9	127,532,927	111,382,460
Cash and bank balances	10	159,806,839	166,203,981
		<u>701,052,400</u>	<u>620,491,649</u>
TOTAL ASSETS		<u>2,166,817,509</u>	<u>2,075,188,325</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Authorized capital			
75,000,000 certificates of Rs. 10/- each		<u>750,000,000</u>	<u>750,000,000</u>
Issued, subscribed and paid-up certificate capital	11	750,000,000	750,000,000
Unappropriated profit		52,188,800	92,386,680
Statutory reserve	12	<u>128,232,105</u>	<u>128,232,105</u>
		930,420,905	970,618,785
Non-current liabilities			
Diminishing musharaka financing	13	369,248,824	422,086,457
Lease liability	14	11,638,356	-
Deferred tax liability	15	<u>31,232,659</u>	<u>28,740,889</u>
		412,119,839	450,827,346
Current liabilities			
Current maturity of diminishing musharaka financing	13	302,972,687	292,069,168
Current portion of lease liability	14	14,136,193	1,179,030
Creditors, accrued and other liabilities	16	498,722,523	360,232,459
Unclaimed dividend		253,291	261,537
Tax payable		<u>8,192,071</u>	<u>-</u>
		824,276,765	653,742,194
TOTAL EQUITY AND LIABILITIES		<u>2,166,817,509</u>	<u>2,075,188,325</u>
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The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Director



Director



Chief Financial Officer

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Note	QUARTER ENDED	
		September 30, 2021 (Rupees)	September 30, 2020 (Rupees)
Ijarah rentals – net		258,042,660	192,193,408
Operation and maintenance income – net		123,128,335	105,887,519
		381,170,995	298,080,927
Operating expenses		(302,261,212)	(227,898,374)
Gross profit		78,909,783	70,182,553
Income on deposit with banks		2,101,829	532,172
Gain on disposal of fixed assets			63,975
Impairment loss		-	(17,028,862)
		81,011,612	53,749,838
Administrative expenses		(11,678,672)	(12,840,632)
Marketing expenses		(17,000)	(80,000)
Finance costs		(16,140,305)	(16,812,603)
(Provision) / Reversal against potential ijarah losses and operation and maintenance income		(848,413)	-
		(28,684,390)	(29,733,235)
		52,327,222	24,016,603
Modaraba Management Company's fee	18	(5,232,722)	(2,401,660)
Provision for Sindh Sales tax on Modaraba Management fee	18	(680,254)	(312,216)
Provision for Sindh Workers' Welfare Fund		(928,285)	(426,055)
Profit before taxation		45,485,961	20,876,672
Taxation	19	(10,683,841)	-
Profit for the period		34,802,120	20,876,672
Earnings per certificate – basic and diluted		0.46	0.28

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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



Chief Executive Officer



Director



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	QUARTER ENDED	
	September 30, 2021	September 30, 2020
Note	(Rupees)	(Rupees)
Profit for the period	34,802,120	20,876,672
Other comprehensive income	-	-
Profit for the period	34,802,120	20,876,672

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	September 30, 2021 (Rupees)	September 30, 2020 (Rupees)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	45,485,961	20,876,672
Adjustment for non-cash items:		
Depreciation on fixed assets	53,776,144	44,287,627
Amortisation of intangible assets	104,796	48,297
Provision against potential ijarah losses and operation and maintenance income	848,413	-
Finance costs	16,140,305	16,812,603
Impairment loss	-	17,028,862
(Gain) on disposal of fixed assets	-	(63,975)
Provision for Sindh Workers' Welfare Fund	928,285	426,055
Profit on bank deposits	(2,101,829)	(532,172)
	69,696,114	78,007,297
Operating profit before working capital changes	115,182,075	98,883,969
(Increase) / decrease in current assets		
Stores, spares and loose tools	12,700,460	1,051,856
Trade receivables	(51,654,959)	2,507,726
Loans, advances and other receivable	(32,584,154)	2,877,101
	(71,538,653)	6,436,683
Increase / (decrease) in current liabilities		
Creditors, accrued and other liabilities	56,263,664	2,829,568
Finance costs paid	(9,842,190)	(16,706,783)
Tax (paid) / refunded - net	(16,150,467)	37,558,562
Net cash generated from operating activities	73,914,429	129,001,999
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions to fixed assets	(37,116,001)	(35,754,455)
Sale proceeds from disposal of fixed assets	-	145,923
Addition to intangible assets	-	(838,370)
Profit on bank deposits	1,984,643	698,569
Net cash used in investing activities	(35,131,358)	(35,748,333)
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of diminishing musharaka financing	(41,934,114)	(244,262)
Repayment of lease liability	(3,237,853)	(3,085,722)
Dividend paid	(8,246)	-
Net cash generated from / (used in) financing activities	(45,180,213)	(3,329,984)
Net increase / (decrease) in cash and cash equivalents	(6,397,142)	89,923,682
Cash and bank balances at beginning of period	166,203,981	18,842,724
Cash and bank balances at end of period	159,806,839	108,766,406

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.


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



Chief Executive Officer



Director



Director



Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	Paid-up certificate capital (Rupees)	Statutory reserve * (Rupees)	Unappropriated profit (Rupees)	Total (Rupees)
Balance as at July 01, 2020	750,000,000	49,999,484	27,791,108	827,790,592
Profit for the period	-	-	20,876,672	20,876,672
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	20,876,672	20,876,672
Transaction with owners				
Profit distribution for the year ended June 30, 2020 @ Re. 0.18 per certificate	-	-	(13,637,049)	(13,637,049)
Balance as at September 30, 2020	750,000,000	49,999,484	35,030,731	835,030,215
Balance as at July 01, 2021	750,000,000	128,232,105	92,386,680	970,618,785
Profit for the period	-	-	34,802,120	34,802,120
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	34,802,120	34,802,120
Transaction with owners				
Profit distribution for the year ended June 30, 2021 @ Re. 1.00 per certificate	-	-	(75,000,000)	(75,000,000)
Balance as at September 30, 2021	750,000,000	128,232,105	52,188,800	930,420,905

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

The annexed notes from 1 to 23 form an integral part of these condensed interim financial statements.

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


Chief Executive Officer


Director


Director


Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

1. NATURE AND STATUS OF BUSINESS

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

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

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

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

2.1.2 The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34. These condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2021.

2.1.3 The comparative balance sheet presented in these condensed interim financial statements has been extracted from the annual audited financial statements of the Modaraba for the year ended June 30, 2021, whereas the comparative condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flows statement, condensed interim statement of changes in equity of the Modaraba are extracted from the unaudited condensed interim financial statements for the quarter ended September 30, 2020.

2.2 Basis of measurement

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

These condensed interim financial statements have been prepared following accrual basis of accounting except for cash flow information.

2.3 Functional and presentation currency

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. These condensed interim financial statements are presented in Pakistani Rupees which is the Modaraba's functional and presentation currency.

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

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

- 3.1 The accounting policies adopted for the preparation of the condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2021.
- 3.2 The preparation of these condensed interim financial statements in conformity with approved accounting standards requires management to make estimates, assumptions and use judgements that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.
- 3.3 The significant estimates, judgements and assumptions made by the management in applying the accounting policies and the key sources of estimation uncertainty are the same as those applied to the annual audited financial statements as at and for the year ended June 30, 2021.
- 3.4 There are certain standards, interpretations and amendments to approved accounting standards which have been published and are mandatory for the Modaraba's accounting period beginning on or after July 01, 2021. These standards, interpretations and amendments are either not relevant to the Modaraba's operations or are not expected to have a significant effect on these condensed interim financial statements.
- 3.5 The Modaraba's financial risk management objectives and policies are consistent with that disclosed in annual audited financial statements of the Modaraba for the year ended June 30, 2021.

		Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
	Note		
4. FIXED ASSETS			
Operating fixed assets	4.1	1,384,717,482	1,431,051,157
Capital work-in-progress	4.2	50,464,814	17,462,219
Right-of-use assets – Leasehold land	4.3	25,513,924	1,009,615
		<u>1,460,696,220</u>	<u>1,449,522,991</u>
4.1 Operating fixed assets			
Written Down Value (WDV) – opening	4.1.1	1,431,051,157	1,185,274,412
Additions during the period / year - at cost			
Ijarah			
Generators		-	462,848,308
Accessories		3,779,856	20,602,571
Machinery and Equipment		-	-
		3,779,856	483,450,879
Own use			
Electronic Appliances		333,550	749,697
Motor Vehicle		-	2,455,897
Furniture and Fixtures		-	-
Leasehold improvements		-	2,643,330
		333,550	5,848,924
WDV of disposals during the period / year		-	(63,047,020)
Impairment loss during the period / year		-	(4,460,027)
Depreciation charge during the period / year		(50,447,081)	(176,016,011)
		<u>(50,447,081)</u>	<u>(243,523,058)</u>
		<u>1,384,717,482</u>	<u>1,431,051,157</u>
4.1.1	It includes generators and related equipment's acquired during the period by the Modaraba amounting to Rs. Nil (June 30, 2021: Rs. 8.046 million) from Orient Energy Systems (Private) Limited.		

			Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
	Note			
4.2 Capital Work-In-Progress				
Generators under overhauling	4.2.1		<u>50,464,814</u>	<u>17,462,219</u>
4.2.1 Year ended June 30, 2021				
Opening balance			17,462,219	-
Additions during the period / year - at cost			33,002,595	20,105,549
Transferred to operating fixed assets			-	(2,643,330)
Closing balance			<u>50,464,814</u>	<u>17,462,219</u>
4.3 Right-of-use-asset - Leasehold land				
The recognized right-of-use assets relate to the following types of asset:				
Leasehold land			<u>25,513,924</u>	<u>1,009,615</u>
Balance as at July 01			1,009,615	13,125,139
Right-of-use assets acquired during the period / year			27,833,372	-
Depreciation charge during the period / year			(3,329,063)	(12,115,524)
			<u>25,513,924</u>	<u>1,009,615</u>
5 INTANGIBLE ASSETS				
Software and licenses	5.1		<u>370,889</u>	<u>475,685</u>
5.1 Net carrying value basis				
Opening net book value			475,685	-
Additions during the period / year - at cost			-	838,370
Amortization charge during the period / year			(104,796)	(362,685)
Closing net book value			<u>370,889</u>	<u>475,685</u>
6 STORES, SPARES AND LOOSE TOOLS				
Stores, spares and loose tools	6.1		<u>58,422,274</u>	<u>71,122,734</u>
6.1 Spare parts and loose tools consists of items related to generators and machines.				

		Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
	Note		
7 RECEIVABLES			
(Unsecured)			
Ijarah rental receivables	7.1	154,387,714	131,632,040
Operation and maintenance receivables	7.2	109,900,337	81,849,465
		<u>264,288,051</u>	<u>213,481,505</u>
7.1 Ijarah rental receivables			
Considered good		147,701,188	125,006,842
Non-performing portfolio (classified portfolio)		22,132,290	28,772,549
Less: Provision against potential ijarah losses		(15,445,764)	(22,097,351)
		<u>6,686,526</u>	<u>6,625,198</u>
		<u>154,387,714</u>	<u>131,632,040</u>
7.2 Operation and maintenance receivables			
Considered good		106,365,410	80,044,836
Non-performing portfolio (classified portfolio)		34,314,779	32,584,481
Less: Provision against potential loss		(30,779,852)	(30,779,852)
		<u>3,534,927</u>	<u>1,804,629</u>
		<u>109,900,337</u>	<u>81,849,465</u>
8 LOANS, ADVANCES AND OTHER RECEIVABLE			
Takaful claim receivable		7,620,915	3,374,772
Sales tax adjustable	8.1	34,321,086	29,561,108
Loans and advances to staff	8.2	4,890,054	4,076,041
Earnest money		1,034,128	2,856,880
Advances and prepayments	8.3	35,690,060	10,962,527
Security deposit		1,919,500	1,904,500
Profit receivable from bank		706,121	588,935
Other receivables		4,820,445	4,976,206
		<u>91,002,309</u>	<u>58,300,969</u>
8.1	This amount includes sales tax input adjustable on account of purchase of fixed assets.		

- 8.2 This includes an amount of Rs. 1.357 million (June 30, 2021: Rs. 2.389 million) related to advance against expenses and Rs. 3.532 million (June 30, 2021: Rs. 1.687 million) related to loan to staff which is secured against staff provident fund.
- 8.3 This includes Rs. 0.870 million (June 30, 2021: Rs. 0.972 million) receivable from Eman Management (Private) Limited, an associated company.

	Note	Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
9 TAX REFUNDABLE DUE FROM GOVERNMENT			
Advance income tax	9.1	127,532,927	111,382,460
9.1 It includes Rs. 111.382 million (June 30, 2021: Rs. 111.382 million) pertaining to income tax refundable up to June 30, 2021, as the Income of Modaraba was exempt from Income tax under clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001.			

	Note	Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
10 CASH AND BANK BALANCES			
Cash in hand		777,808	376,686
Cash at banks			
- in current account		4,781,788	4,678,765
- in savings account	10.1	154,247,243	161,148,530
		159,029,031	165,827,295
		159,806,839	166,203,981
10.1 These balances carry profit at rates ranging from 3.5% to 6% (June 30, 2021: 3.5% to 6.5%) per annum.			

11 ISSUED, SUBSCRIBED AND PAID-UP CERTIFICATE CAPITAL

Un-audited September 30, 2021 Number of certificates	Audited June 30, 2021 Number of certificates		Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
75,000,000	75,000,000	Modaraba certificates of Rs. 10 each fully paid up	750,000,000	750,000,000

- 11.1 Eman Management (Private) Limited (the Management Company) held 7,500,000 (10%) certificates of Rs. 10 each as at September 30, 2021 (June 30, 2021: 7,500,000).

12 STATUTORY RESERVE

Statutory reserve represents profits set aside to comply with the Prudential Regulations for Modarabas issued by Securities and Exchange Commission of Pakistan. These regulations require a Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid-up capital. Thereafter, a sum not less than 5% of after tax profit is to be transferred. During the current period, the Modaraba has transferred an amount of Rs. Nil (June 30, 2021: Rs. 78.232 million) which represents Nil % (June 30, 2021: 50%) of the profit after tax for the period.

	Note	Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
13 DIMINISHING MUSHARAKA FINANCING			
(Secured)			
Diminishing Mushraka Financing	13.1	672,221,511	714,155,625
Due within one year		(302,972,687)	(292,069,168)
		<u>369,248,824</u>	<u>422,086,457</u>

- 13.1 The total facility from Musharaka finance available from financial institutions and Modaraba amounts to Rs. 950 million and Rs. 12.913 million respectively. These facilities have maturities from March 2019 to December 2024 (June 30, 2021: March 2019 to December 2024) and are secured against the hypothecation of Ijarah assets. Share of profit payable on these facilities is 9.53% to 9.97% per annum (June 30, 2021: 9.17% to 14.99% per annum).

	<u>Note</u>	<u>Un-audited September 30, 2021 (Rupees)</u>	<u>Audited June 30, 2021 (Rupees)</u>
14 LEASE LIABILITY			
Lease liability		25,774,549	1,179,030
Less: current portion		<u>(14,136,193)</u>	<u>(1,179,030)</u>
		<u>11,638,356</u>	<u>-</u>
Maturity analysis of contractual undiscounted cash flow:			
Less than one year		15,141,851	1,191,802
One to five year		<u>13,139,623</u>	<u>-</u>
Total undiscounted cash flow		<u>28,281,474</u>	<u>1,191,802</u>
15 DEFERRED TAXATION			
Deferred taxation		<u>31,232,659</u>	<u>28,740,889</u>
15.1 The net balance for deferred taxation is in respect of following temporary differences:			
Taxable temporary difference			
Accelerated tax depreciation allowance		66,298,263	59,278,045
Deductible temporary difference			
Unused tax losses		<u>10,430,751</u>	<u>10,430,751</u>
Others		<u>24,634,853</u>	<u>20,106,405</u>
		<u>35,065,604</u>	<u>30,537,156</u>
		<u>31,232,659</u>	<u>28,740,889</u>

		Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
	Note		
16 CREDITORS, ACCRUED AND OTHER LIABILITIES			
Remuneration payable to Modaraba Management Company		26,538,906	21,306,184
Creditors for spare parts and fixed assets	16.1	255,657,238	247,784,174
Advances / deposits from customers		17,621,683	19,699,701
Withholding income and sales tax payable		24,411,614	22,338,562
Accrued liabilities		28,980,524	23,298,065
Payable to Provident Fund	16.2	19,456,317	4,656,186
Accrued profit on diminishing musharaka financing		13,664,929	7,366,814
Provision for Sindh Workers' Welfare Fund	16.3	8,882,299	7,954,014
Provision for indirect taxes		6,509,013	5,828,759
Provision for bonus		22,000,000	-
Dividend payable		75,000,000	-
		498,722,523	360,232,459

16.1 This amount includes Rs. 212.493 million (June 30, 2021: Rs. 227.311 million) in respect of purchase of spare parts and loose tools and service and maintenance charges and overhauling / purchase of generators, accessories and equipment payable to Orient Energy Systems (Private) Limited, an associated company.

16.2 The Company operates defined contribution provident fund (the Fund) maintained for its permanent employees. Equal monthly contributions at the rate of 10% of the basic salary are made to the Fund both by the Company and the employees.
The investments out of provident fund have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and conditions specified thereunder.

16.3 As a consequence of the 18th amendment to the Constitution, levy for the WWF was introduced by the Government of Sindh through the Sindh Workers Welfare Fund (SWWF) Act 2014. SWWF Act 2014, enacted on May 21, 2015, requires every Industrial Establishment located in the province of Sindh and having total income of Rs.500,000 or more in any year of account commencing on or after the date of closing of account on or after December 31, 2013, to pay two percent of so much of its total income declared to SWWF.

The Modaraba is of the view that Sindh WWF Act is limited to the province of Sindh and the definition of total income as provided for in the SWWF encompasses the total income of an assessee for whole of the country i.e. for all provinces, thus in lieu of the definition of the total income under SWWF, 2% contribution to be paid is not limited to the province of Sindh. The Modaraba has its operations all across Pakistan therefore total income declared in its tax return is a cumulative sum of income for all provinces. Thus, for this reason the definition of total income as provided in SWWF is not correct and charging of WWF is ultra vires of the legislative power conferred upon the province of Sindh.

As a result, the Modaraba is of the view that unless there is a mechanism of apportionment of the total income relevant to the province of Sindh, SRB has no legal authority to demand and / or collect SWWF from the Modaraba. However, the Modaraba as a matter of abundant precaution has recognized provision for SWWF amounting to Rs. 8.882 million in these condensed interim financial statements.

17 CONTINGENCIES AND COMMITMENTS

17.1 Contingencies

The Assistant Commissioner – Sindh Revenue Board (SRB) issued an order 408 of 2019 demanding Sindh Sales Tax of Rs. 51.4 million including penalty amounting to Rs. 2.5 million for Ijarah Rental income of the Modaraba without considering that the Modaraba are operating in other provinces where Sindh Sales Tax Act, 2011 is not applicable and without considering that Sindh government has inserted renting of machinery, equipment, appliances and other tangible goods in Second Schedule of Sindh Sales Tax on Services Act, 2011 at the rate of 13% by Finance Act 2019-20. Further by notification number SRB-3-4/21/2019 dated July 01, 2019 the Sindh government has also introduced reduced rate 5% on above-mentioned services; however, input adjustment will not be allowed. Further, the Modaraba has lodged appeal with Commissioner Appeal dated January 01, 2020 vide appeal number 306/2019 and simultaneously the Modaraba has lodged constitutional petition number D-352 of 2020 with High Court for pursuing case legally and High Court has provided stay order against SRB for taking any coercive action against Modaraba via its order number 15212223 / 2020 dated January 01, 2020.

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

17.2 Commitments

17.2.1 Contractual rentals receivable on Ijarah and operation and maintenance contracts

Future minimum ijarah receivables on the basis of ijarah and operation and maintenance agreements executed up to September 30, 2021 (June 30, 2021) are as follows:

	Un-audited September 30, 2021 Ijarah rental receivables (Rupees)	Audited June 30, 2021 Ijarah rental receivables (Rupees)
Receivables not later than one year	363,748,289	582,735,609
Receivables later than one year but not later than five years	-	11,638,810
	<u>363,748,289</u>	<u>594,374,419</u>

	Un-audited September 30, 2021 Operation and maintenance income receivables (Rupees)	Audited June 30, 2021 Operation and maintenance income receivables (Rupees)
Receivables not later than one year	21,933,381	66,944,219
Receivables later than one year but not later than five years	-	-
	<u>21,933,381</u>	<u>66,944,219</u>

18 MODARABA MANAGEMENT COMPANY'S FEE

In accordance with the Modaraba Companies and Modaraba Rules, 1981, the Modaraba has accrued management fee at the rate of 10% of profits during the period which is payable to the Modaraba Management Company amounting to Rs. 5.233 million (September 30, 2020: Rs. 2.402 million). Furthermore, during the current period, an amount of Rs. 0.680 million (September 30, 2020: Rs. 0.312 million) at the rate of 13% was charged on account of sales tax on management fee levied under Sindh Sales Tax on Services Act, 2011.

	Un-audited September 30, 2021 (Rupees)	Un-audited September 30, 2020 (Rupees)
19 TAXATION		
Current	8,192,071	-
Deferred	2,491,770	-
	<u>10,683,841</u>	<u>-</u>

- 19.1 Tax Exemption was available to the Modarabas under Section 37 of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, which was also specified under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. On March 22, 2021, the President of Pakistan promulgated the Tax Law (Second Amendment) Ordinance, 2021 (Ordinance 2021) whereby Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn.

However, the Modaraba entities were allowed relaxation by virtue of the section 242 of the Income tax Ordinance, 2001, by which Modarabas can still avail tax exemption till June 30, 2021 provided they distribute among the certificate holders' not less than ninety (90) percent of its total profits, as reduced by the amount transferred to the mandatory reserve, as required under the provisions of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. The management has availed this exemption and accordingly, no provision for Income Tax has been made in the annual audited financial statements of the Modaraba for the year ended June 30, 2021.

20 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 September 30, 2021 and June 30, 2021, there were no financial instruments which were measured at fair values.

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

	As at September 30, 2021		As at June 30, 2021	
	Carrying Amount (Rupees)	Total (Rupees)	Carrying Amount (Rupees)	Total (Rupees)
Financial assets at amortised cost				
Receivables	264,288,051	264,288,051	213,481,505	213,481,505
Advances and other receivables	43,387,045	43,387,045	22,475,335	22,475,335
Cash and bank balances	159,806,839	159,806,839	165,827,295	165,827,295
	<u>467,481,935</u>	<u>467,481,935</u>	<u>401,784,135</u>	<u>401,784,135</u>
Financial liabilities at amortised cost				
Diminishing musharaka financing	672,221,511	672,221,511	714,155,625	714,155,625
Creditors, accrued and other liabilities	315,317,390	315,317,390	281,113,357	281,113,357
Lease liability	25,774,549	25,774,549	1,179,030	1,179,030
Unclaimed dividend	253,291	253,291	261,537	261,537
Tax payable	8,192,071	8,192,071	-	-
	<u>1,021,758,812</u>	<u>1,021,758,812</u>	<u>996,709,550</u>	<u>996,709,550</u>

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

21 RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include a subsidiary company, modaraba management company, associated companies with or without common directors, retirement benefit funds, directors, and key management personnel.

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

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

		Un-audited September 30, 2021 (Rupees)	Un-audited September 30, 2020 (Rupees)
Relationship with Modaraba	Nature of transactions		
21.1 Transactions during the period:			
Associated Company	Purchase / overhauling of:		
Orient Energy System	- accessories	1,159,090	-
(Private) Limited	- stores, spares and loose tools	39,554,675	29,419,983
	- service and maintenance charges	2,750,000	462,800
	Rental of generators	158,333	320,000
	Operation and maintenance income	5,621,000	1,500,000
Associated Company			
Eman Management	Management fee	5,232,722	2,401,600
(Private) Limited	Reimbursement of expenses	-	131,583
Key Management	Remuneration	7,873,214	6,209,884
Personnel	Contribution to Provident Fund	391,947	331,248
Employees' Provident			
Fund	Contribution to Provident Fund	6,459,206	6,080,509
Orient Energy System	Purchase / overhauling of:		
FZCO	- stores, spares and loose tools	5,981,088	-

			Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
	Relationship with Modaraba	Nature of transactions		
21.2	Period end balances:			
	Associated Company			
	Orient Energy System	Payable against purchases of fixed		
	(Private) Limited	assets, spare parts & loose tools		
		and service & maintenance charges	212,493,788	227,311,016
		Receivable against services rendered	15,718,230	9,209,000
	Eman Management	Management fee payable	26,538,906	21,306,184
	(Private) Limited	Receivable against PSO fleet charges	870,947	870,947
		Outstanding certificates		
		7,500,000 (June 30, 2020: 7,500,000)	75,000,000	75,000,000
	Directors	Outstanding certificates		
		18,750,000 (June 30, 2020: 18,750,000)	187,500,000	187,500,000

22 SEGMENT INFORMATION

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

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

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

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

The Modaraba's operating segments consists of rental business (operating lease) and maintenance business (operation and maintenance income). There were no changes in the reportable segments during the year. The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from entities incorporated in Pakistan.

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

	Ijarah rentals	Operation and maintenance	Total
	(Rupees)	(Rupees)	(Rupees)
22.1 Segment revenue / profit			
For the period ended September 30, 2021			
Revenue	258,042,660	123,128,335	381,170,995
Costs	188,873,563	113,387,649	302,261,212
Reporting segment profit	69,169,097	9,740,686	78,909,783
For the period ended September 30, 2020			
Revenue	192,193,408	105,887,519	298,080,927
Costs	153,035,811	74,862,563	227,898,374
Reporting segment profit	39,157,597	31,024,956	70,182,553
		Un-audited	Un-audited
		September 30,	September 30,
		2021	2020
		(Rupees)	(Rupees)
Reconciliation of segment results with profit before tax is as under:			
Total results for reportable segments		78,909,783	70,182,553
Other non-operating income		2,101,829	(16,432,715)
Marketing and administrative expenses		11,695,672	12,920,632
Finance costs		16,140,305	16,812,603
Provision against potential ijarah losses and operation and maintenance income		848,413	-
Other non-operating expenses		6,841,261	3,139,931
Profit before tax		45,485,961	20,876,672

	Ijarah rentals	Operation and maintenance	Total
	(Rupees)	(Rupees)	(Rupees)
22.2 Segment assets and liabilities			
As at September 30, 2021 (Un-audited)			
Segment assets	1,618,910,062	109,900,338	1,728,810,400
Segment liabilities	685,886,440	-	685,886,440
As at June 30, 2021 (Audited)			
Segment assets	1,611,861,593	84,706,345	1,696,567,938
Segment liabilities	969,306,613	-	969,306,613

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

	Un-audited September 30, 2021 (Rupees)	Audited June 30, 2021 (Rupees)
Total for reportable segment assets	1,728,810,400	1,696,567,938
Unallocated assets	438,007,109	378,620,387
Total assets as per condensed interim balance sheet	2,166,817,509	2,075,188,325
Total for reportable segment liabilities	685,886,440	969,306,613
Unallocated liabilities	550,510,164	135,262,927
Total liabilities as per condensed interim balance sheet	1,236,396,004	1,104,569,540

23 DATE OF AUTHORISATION FOR ISSUE

These condensed interim financial statements were authorized for issue on October 29, 2021 by the Board of Directors of Eman Management (Private) Limited.

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


**Chief Executive
Officer**


Director


Director


**Chief Financial
Officer**

مستقبل کا منظر نامہ

کوویڈ-19 کی بارہواپسی کے پیش نظر حکومتی حکمت عملی و باہر قابو پانے پر مرکوز ہے جس میں قومی سطح پر ویکسینیشن، کیش ٹرانسفر پروگرام کو وسعت دینے اور معیشتی ترقی کو برقرار رکھنے کے لیے مالیاتی اصلاحات کی فراہمی شامل ہے۔ البتہ ستمبر 2021 کے اعداد و شمار کے مطابق صرف 12 فیصد عوام کی ویکسینیشن ہی مکمل ہوئی۔ معیشتی استحکام کی بہتری کے لیے مالیاتی استحکام اور پالیسی میں اصلاحات کی جانب مسلسل کوشش کلیدی حیثیت رکھتی ہے جس میں ٹیکس ٹیس کو وسعت دینا اور کاروباری ماحول میں بہتر بنانا شامل ہے۔ صنعتی اور خدماتی شعبوں کی بحالی آپکے مضاربہ کی FY-2022 میں ترقی کے لیے کرگرتا بہت ہوگا۔ البتہ، معیشت کی غیر یقینی صورتحال بخصوص مہنگائی میں اضافہ، صنعتوں کو گیس کی فراہمی کی معطلی، روپے کی قدر و قیمت میں کمی اور ٹیکس کی چھوٹ کے خاتمے کے باعث مضاربہ کی انتظامیہ اپنی حکمت عملی میں محتاط رہے گا۔

اعتراف

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

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

ڈائریکٹر

چیف ایگزیکٹو آفیسر

اکتوبر 29، 2021

ڈائریکٹرز کی رپورٹ

اورینٹ رینٹل مضاربہ ("مضاربہ") کی مینجمنٹ کمپنی ایمان مینجمنٹ (پرائیویٹ) لمیٹڈ ("ایمان") کے بورڈ آف ڈائریکٹرز مضاربہ کے پہلے سہ ماہی معتمدہ 30 ستمبر 2021 کے غیر آڈٹ شدہ مختصر عبوری حسابات بمسرت پیش کر رہے ہیں۔

مالیاتی کارکردگی

اس کی مالیاتی جھلکیاں درج ذیل ہیں:

مالیاتی جھلکیاں	30 ستمبر 2021 (روپے)	30 ستمبر 2020 (روپے)
آمدنی	381,170,995	298,080,927
اخراجات	(302,261,212)	(227,898,374)
مجموعی منافع	78,909,783	70,182,553
دیگر اخراجات	(26,582,561)	(46,165,950)
مینجمنٹ کمپنی کے معاوضے سے قبل منافع	52,327,222	24,016,603
مینجمنٹ کمپنی کا معاوضہ اور دیگر اخراجات	(6,841,261)	(3,139,931)
قبل از ٹیکس منافع	45,485,961	20,876,672
ٹیکس	(10,683,841)	-
بعد از ٹیکس منافع	34,802,120	20,876,672
فی سرٹیفیکیٹ آمدنی - بنیادی اور تحلیل شدہ	0.46	0.28
فی سرٹیفیکیٹ آمدنی - بریک اپ ویلیو	12.40	11.13








کوویڈ-19 کے باعث نمائندہ کردہ پابندیوں میں نرمی اور معیشتی سرگرمیوں کی بحالی کی وجہ سے پہلے سہ ماہی کی مجموعی آمدنی 381.1 ملین ریکارڈ کی گئی جبکہ گزشتہ سال اسی دورانیہ میں مجموعی آمدن 298 ملین رہی۔ قبل از ٹیکس منافع 45.4 ملین رہا جو کہ گزشتہ مدت کے 20.8 ملین کے مقابلے میں 118% اضافی رہا۔ حالیہ مدت میں 10.7 ملین کا ٹیکس چارج رہا جو کہ انکم ٹیکس آرڈیننس 2001 کے سینڈ شیڈیول کے پارٹ I کے شق 100 میں دی گئی چھوٹ کے خاتمے کے نتیجے میں رونما ہوا۔ بعد از ٹیکس منافع 34.8 ملین رہا جس سے فی سرٹیفیکیٹ آمدنی 0.28 روپے سے بڑھ کر 0.46 ہو گئی۔










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