

# Habib Metro Modaraba

(An Islamic Financial Institution)



**QUARTERLY REPORT  
FOR THE PERIOD ENDED  
SEPTEMBER 30, 2018  
(UNAUDITED)**

**HABIBMETRO**  
Modaraba Management

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## CORPORATE INFORMATION

### BOARD OF DIRECTORS

Mr. Wazir Mumtaz Ahmed	- Chairman
Mr. Muhammad Shoaib Ibrahim	- Chief Executive Officer
Mr. Syed Rasheed Akhtar	- (Non-Executive Independent Director)

### LEGAL ADVISOR

Mohsin Tayebaly & Company

### AUDIT COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Shakeel Ahmed	- Secretary

### HUMAN RESOURCE COMMITTEE

Mr. Syed Rasheed Akhtar	- Chairman
Mr. Wazir Mumtaz Ahmed	- Member
Mr. Tehsin Abbas	- Secretary

### COMPANY SECRETARY

Mr. Muhammad Mustafa

### REGISTRAR

Central Depository Company of Pakistan Limited  
Share Registrar Department  
CDC House, 99-B, Block "B",  
S.M.C.H.S  
Main Shahrah-e-Faisal,  
Karachi,  
Pakistan, Tel: 111-111-500

### AUDITOR

BDO Ebrahim & Co.  
Chartered Accountants

### BANKERS

Habib Metropolitan Bank Limited (Islamic Banking)  
Soneri Bank Limited (Islamic Banking)  
Meezan Bank Limited  
Dubai Islamic Bank Pakistan Limited

### REGISTERED OFFICE

3<sup>rd</sup> Floor, Al Manzoor Building  
Dr. Ziauddin Ahmed Road, Karachi  
Tel : 021-32635949-51  
Fax : 021-32627373  
Web : [www.habibmetromodaraba.com](http://www.habibmetromodaraba.com)  
Email : [hmm@habibmetromodaraba.com](mailto:hmm@habibmetromodaraba.com)

## DIRECTORS' REPORT

The Board of Directors of Habib Metropolitan Modaraba Management Company (Private) Limited is pleased to present the un-audited Financial Statements of Habib Metro Modaraba (HMM), for the period ended on September 30, 2018. The first quarter of the financial year of the modaraba has ended with little losses due to administration cost and adjustment of preliminary expenses.

During the period, HMM has successfully launched the Residual Value car financing scheme with the name of “InstaCar”. So far response is very encouraging and financing of said product is gradually enhancing. Keeping in view of acceptability of product, we expect accept that gradually we will be able to build a sound financing portfolio in said product segment.

Currently, economy of Pakistan is passing through with difficult time due to unfavorable balance of payment position, widening current account deficit driven by robust imports and high oil prices. However, as per recent statistics the current account deficit for Q1 has slightly declined due to little improvement in home remittances and exports.

We foresee that in current year the economy of Pakistan will remain under pressure due to various economic issues and challenges. Keeping in view of present economic condition, we have to move forward cautiously and expand our businesses in prudent manner. We are confident that new political set up will be able to enhance the business activities through business friendly policies and through required fiscal disciplines.

We are extremely grateful to our valued customers, Registrar Modaraba, Securities & Exchange Commission of Pakistan for their patronage, our employees for their continued commitment, our certificate holders for their trust and confidence and other regulatory bodies for their continued guidance.

For and on behalf of Board of Directors

Karachi: 25, October 2018

**Syed Rashid Akhtar**  
Director

**Muhammad Shoaib Ibrahim**  
Chief Executive Officer

## ڈائریکٹرز کی رپورٹ

حبیب میٹروپولیٹن مضاربہ منیجمنٹ کمپنی (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز، حبیب میٹرو مضاربہ (HMM) کی غیر مختص شدہ کھاتے برائے اختتامیہ مدت ۳۰ ستمبر ۲۰۱۸ بڑی خوشی سے پیش کرتے ہیں۔ مضاربہ کے جاری سال کا پہلا سہ ماہی کچھ نقصان کے ساتھ ختم ہوا جس کی وجہ انتظامی لاگت اور ابتدائی خرچوں کی ایڈجسٹمنٹ تھی۔

اس مدت کے دوران، حبیب میٹرو مضاربہ (HMM) نے کامیابی سے بقایا قیمت (Residual Value) کی کارفنانسنگ اسکیم جس کا نام ”InstaCar“ ہے لانچ کی۔ اب تک اس کا حوصلہ افزاء نتیجہ نکل رہا ہے اور اس پروڈکٹ میں فنانسنگ بڑھ رہی ہے۔ اس پروڈکٹ کی مقبولیت کو دیکھتے ہوئے ہم یہ اُمید رکھتے ہیں کہ اس پروڈکٹ میں ہم جلد ہی ایک بڑے مالیاتی پورٹ فولیو کے حامل ہونگے۔

اس وقت پاکستانی معیشت ادائیگیوں کی غیر متوازن ہونے، دوا میں اضافہ اور تیل کی بڑھتی ہوئی قیمتوں کی بدولت کرنٹ اکاؤنٹ میں خسارہ کی وجہ سے بہت ہی مشکل وقت سے گزر رہی ہے۔ تاہم، حالیہ اعداد و شمار کے مطابق، زرمبادلہ کی بینکوں کے ذریعے منتقلی اور برآمدات میں تھوڑی بہتری کی وجہ سے Q1 کے لئے کرنٹ اکاؤنٹ کے خسارے میں تھوڑی سی کمی ہے۔

ہم یہ دیکھتے ہیں کہ موجودہ سال میں پاکستان کی معیشت مختلف اقتصادی مسائل اور چیلنجوں کے باعث دباؤ میں رہے گی۔ موجودہ معاشی صورتحال کو مد نظر رکھتے ہوئے ہمیں بڑے محتاط طریقے سے آگے بڑھتے ہوئے اپنے کاروبار کو بڑھانا ہوگا۔ ہمیں اعتماد ہیکے نئے سیاسی منظر نامے اور ان کی کاروبار دوستانہ پالیسیوں سے کاروباری سرگرمیوں میں اضافہ ہوگا۔

ہم بہت ہی مشکور ہیں اپنے قابل قدر کسٹمرز کا، رجسٹرار مضاربہ، سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا کے انہوں نے ہمیں تحفظ دیا، اپنے ملازمین کی مسلسل انتھک محنت کا، اپنے سرٹیفیکیٹ ہولڈرز کا کہ انہوں نے ہم پر بھروسہ کیا اور ریگولیٹری باڈیز کا جنہوں نے ہماری مسلسل رہنمائی کی۔

بورڈ آف ڈائریکٹرز کیلئے اور ان کی جانب سے

سید رشید اختر

شعیب ابراہیم

25 اکتوبر ۲۰۱۸

ڈائریکٹر

چیف ایگزیکٹو آفیسر

## CONDENSED INTERIM BALANCE SHEET

As at September 30, 2018

	Note	(Un-audited) September 30, 2018 Rupees	(Audited) June 30, 2018 Rupees
<b>ASSETS</b>			
<b>NON-CURRENT ASSETS</b>			
Property and equipment		4,761,913	4,806,683
Intangible assets		267,998	296,710
Advances	4	215,432,000	190,321,049
Diminishing musharaka financing		21,663,993	8,442,291
Preliminary expense and floating costs		9,835,278	10,496,639
		<b>251,961,182</b>	<b>214,363,372</b>
<b>CURRENT ASSETS</b>			
Short term investmet		-	50,000,000
Current portion of diminshing musharka financing		10,346,691	3,898,202
Advances and short term prepayments		466,508	389,446
Accured profits		1,657,155	1,743,202
Taxation	5	1,131,707	1,069,998
Cash and bank balances		40,491,702	33,525,457
		<b>54,093,763</b>	<b>90,626,305</b>
<b>TOTAL ASSETS</b>		<b>306,054,945</b>	<b>304,989,677</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Authorized capital</b>			
30,000,0000 Modaraba certificates of Rs. 10/- each		<b>300,000,000</b>	<b>300,000,000</b>
<b>Issued, subscribed and paid-up share capital</b>			
30,000,0000 Modaraba certificates of Rs. 10/- each		<b>300,000,000</b>	<b>300,000,000</b>
Statutory reserve		802,415	802,415
Unappropriated (loss) / profit		(271,415)	3,209,662
		<b>300,531,000</b>	<b>304,012,077</b>
<b>CURRENT LIABILITIES</b>			
Dividend payable		3,000,000	-
Creditors, aacrued and other liabilities		2,523,945	977,600
		<b>306,054,945</b>	<b>304,989,677</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	6		

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

For Habib Metropolitan Modaraba Management Company (Private) Limited  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)

For the quarter ended September 30, 2018

	Note	For the quarter ended September 30, 2018 (Rupees)
<b>INCOME</b>		
Profit on Islamic certificates		1,123,220
Income from diminishing musharaka financing		791,509
Profit on bank balances		161,102
Other income		727,080
		<b>2,802,911</b>
<b>Expenditure</b>		
Amortization of preliminary expenses and floatation's fee		(661,361)
Administrative expenses		(2,622,627)
		<b>(3,283,988)</b>
Modaraba management company's remuneration		-
Sales tax on Modaraba management company's remuneration		-
Provision for Sindh Workers' Welfare Fund		-
<b>Loss before taxation</b>		<b>(481,077)</b>
<b>Taxation</b>		-
<b>Loss after taxation</b>		<b>(481,077)</b>
Loss per certificate - basic and diluted	7	<b>(0.02)</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

For Habib Metropolitan Modaraba Management Company (Private) Limited  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

For the quarter ended September 30, 2018

For the quarter ended  
September 30, 2018

(Rupees)

Loss after taxation	(481,077)
Other comprehensive income	-
<b>Total comprehensive loss for the period</b>	<b>(481,077)</b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

For Habib Metropolitan Modaraba Management Company (Private) Limited  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER



# CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)

For the quarter ended September 30, 2018

**For the quarter  
ended September  
30, 2018**  
**Rupees**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Loss before taxation	(481,077)
Adjustment for:	
Depreciation expense	264,564
Amortization of preliminary expense and floatation cost	661,361
Amortization of intangible assets	28,713
Profit on investment	(1,123,220)
Income from diminishing musharka financing	(791,509)
Profit on Modaraba's deposit account	(161,102)
	<u>(1,602,270)</u>

**Changes in working capital**
**(Increase) / decrease in current assets**

Advance and short term prepayments	(77,062)
Current portion of diminishing musharka financing	(6,448,489)

**Increase / (decrease) in current liabilities**

Creditors, Accrued and other liabilities	1,546,345
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**Cash generated from operations**

(6,581,477)

Advances	(25,110,951)
Diminishing musharka financing	(13,221,702)
Income tax paid	(61,709)

**Net cash used in operating activities**

(44,975,839)

**CASH FLOWS FROM INVESTING ACTIVITIES**

Additions to Property and equipment	(219,794)
Investment - net	50,000,000
Profit received on investment and morabaha Deposit account	1,203,186
Income received from diminishing musharka financing	791,509
Profit received on Modaraba's deposit account	167,183
Net cash used in investing activities	<u>51,942,083</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

-

Net increase in cash and cash equivalents during the period	<u>6,966,245</u>
Cash and cash equivalent at the beginning of the period	<u>33,525,457</u>
Cash and cash equivalent at the end of the period	<u>40,491,702</u>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

**For Habib Metropolitan Modaraba Management Company (Private) Limited**  
 (Modaraba Management Company)

**CHIEF EXECUTIVE**
**DIRECTOR**
**DIRECTOR**
**CHIEF FINANCIAL OFFICER**

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**

For the quarter ended September 30, 2018

	<b>Issued, subscribed and paid up capital</b>	<b>Statutory Reserves</b>	<b>Unappropriated Profit/(loss)</b>	<b>Total</b>
	----- (Rupees) -----			
Balance as at June 30, 2018	300,000,000	802,415	3,209,662	304,012,077
Dividend for the year ended June 30, 2018			(3,000,000)	(3,000,000)
For the quarter ended September 30, 2018	-		(481,077)	(481,077)
Transfer for the year ended September 30, 2018				-
<b>Balance as at September 30, 2018</b>	<b><u>300,000,000</u></b>	<b><u>802,415</u></b>	<b><u>(271,415)</u></b>	<b><u>300,531,000</u></b>

The annexed notes from 1 to 11 form an integral part of these condensed interim financial information.

For Habib Metropolitan Modaraba Management Company (Private) Limited  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

For the quarter ended September 30, 2018

### 1 LEGAL STATUS AND NATURE OF BUSINESS

"Habib Metro Modaraba (the Modaraba) is a multipurpose, perpetual modaraba floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed there under and is managed by Habib Metropolitan Modaraba Management Company (Private) Limited (the Modaraba Management Company). Last year with effect from October 06, 2017, the Modaraba had commenced its operations after receiving certificate of minimum subscription. The address of registered office is 3rd Floor, Al-Manzoor Building, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is listed on the Pakistan Stock Exchange Limited and is engaged in Residual Value car financing model under Islamic mode of financing, providing financing for solar power equipments and other related business.

As at the balance sheet date, 60% certificates are held by Habib Metropolitan Bank Limited (the Holding Company).

### 2 BASIS OF PREPARATION

- 2.1 These condensed interim financial statements of the Modaraba for the quarter ended September 30, 2018 are unaudited and being submitted to the certificate holders as required under Rule 10 of Modaraba Companies and Modaraba Rules, 1981 and have been prepared in accordance with the requirements of the International Accounting Standard 34 - "Interim Financial Reporting".
- 2.2 The condensed interim financial statements do not include all the information and disclosures required for full annual financial statements and should be read in conjunction with the financial statements of the Modaraba as at and for the period from October 06, 2017 to June 30, 2018.
- 2.3 These condensed interim financial statements have been presented in Pak Rupees, which is the functional currency of the Modaraba.

### 3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS

- 3.1 The accounting policies and methods of computation followed for the preparation of these condensed interim financial statements are the same as those applied in preparing the full financial statements as at and for the period from October 06, 2017 to June 30, 2018.
- 3.2 The preparation of condensed interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgements made by management in applying the Modaraba's accounting policies and key sources of estimation of uncertainty are the same as those that were applied to the full financial statements as at and for the period from October 06, 2017 to June 30, 2018.
- 3.3 The financial risk management objectives and policies are consistent with those disclosed in the full financial statements of the Modaraba as at and for the period from October 06, 2017 to June 30, 2018.

**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)****4 ADVANCES**

This comprises of amount paid to local car assemblers against booking of vehicles. Out of total booking, the majority of motor vehicles have been delivered by the suppliers and now these vehicles are parked with the respective car dealers for onward financing to prospective customers.

**5 TAXATION**

This represents the advance tax deducted by the various withholding agents under various sections of the Income Tax Ordinance, 2001. The management will claim the tax deducted in return for Tax Year 2018 since the management is confident that the same shall be refunded.

**6 CONTINGENCIES AND COMMITMENTS**

There are no contingencies to report as at September 30, 2018, whereas commitments in respect of diminishing musharaka financing amounting to Rs. 5.76 million (June 30, 2018: Rs. 23.41 million).

**7 LOSS PER CERTIFICATE - BASIC AND DILUTED**

There is no dilutive effect on earnings per certificate which is based on:

	<b>For the quarter ended September 30, 2018 (Rupees)</b>
Loss for the period	(481,077)
Weighted average number of ordinary certificate	<b>30,000,000</b>
Loss per certificate	<b>(0.02)</b>

**8 UTILIZATION OF PROCEEDS OF INITIAL PUBLIC OFFERING**

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

	<b>For the quarter ended September 30, 2018 (Rupees)</b>
Proceeds realized	<b>300,000,000</b>
Purchase of property and equipment	5,816,455
Purchase of intangible assets	344,566
Preliminary expenses and floatation cost	12,422,100
Held for working capital, purchase of additional assets / investments etc.	<b>281,416,879</b>
	<b>300,000,000</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UNAUDITED)

### 9 RELATED PARTY TRANSACTIONS

The related parties and associated undertakings comprise the Management Company (Habib Metropolitan Modaraba Management Company (Private) Limited), Habib Metropolitan Bank Limited, Habib Bank AG Zurich, First Habib Modaraba, Habib Metropolitan Financial Services Limited, Habib Management (Private) Limited, Digital Payment Solutions Limited and Key Management Personnel. Transactions and balances outstanding with related parties and associated undertakings are as follows:

Relationship with the Modaraba	Nature of transactions	For the quarter ended September 30, 2018	
<b>Holding Company of the Management Company</b>			
Habib Metropolitan Bank Limited	Profit on deposit account and Islamic term deposit certificates		1,284,321
Habib Metropolitan Bank Limited	Investments purchased		50,000,000
Habib Metropolitan Bank Limited	Investments matured		50,000,000
Relationship with the Modaraba	Nature of transactions	For the quarter ended September 30, 2018	For the period from October 06, 2017 to June 30, 2018
<b>Holding Company of the Management Company</b>			
Habib Metropolitan Bank Limited	Bank balances	40,472,983	8,507,457
Habib Metropolitan Bank Limited	Short term investment	-	50,000,000
Habib Metropolitan Bank Limited	Accrued profit on bank accounts and Islamic term deposit certificates	1,657,155	1,743,202
Habib Metropolitan Bank Limited	Dividend payable	1,800,000	-
<b>Management Company</b>			
Habib Metropolitan Modaraba Management Company (Private) Limited	Sundry creditors	-	64,801
Habib Metropolitan Modaraba Management Company (Private) Limited	Dividend payable	300,000	-

### 10 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on October 25, 2018 by the Board of Directors of the Modaraba Management Company.

### 11 GENERAL

**11.1** Corresponding figures have been reclassified / re-arranged wherever necessary to facilitate comparison in the presentation in the current period. However, there are no material reclassification / re-arrangement to report.

**11.2** Figures have been rounded off to the nearest rupee.

For Habib Metropolitan Modaraba Management Company (Private) Limited  
(Modaraba Management Company)

CHIEF EXECUTIVE

DIRECTOR

DIRECTOR

CHIEF FINANCIAL OFFICER