

**BAHRIA UNIVERSITY, ISLAMABAD**

**RESEARCH STUDY**

**Performance evaluation of Modaraba  
Companies in pakistan**

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**Submission Date: 08 June, 2012**

The study analyzes the performance evaluation of modaraba companies in Pakistan and empirically concludes that their performance deteriorating over the last few years. Very few modaraba companies are performing remarkably.

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## **ACKNOWLEDGEMENT**

I would like to thank to **Almighty Allah, the greatest and most merciful**, who gave me strength and direction at every stage of my life and without His help I cannot able to complete this research.

I would like to express special gratitude and prayers to my supervisor, ***Mr. Muhammad Zubair Mumtaz***. This study could not have been accomplished without his proficient guidance and supervision.

## DEDICATION

I would like to dedicate this dissertation to my **parents** who has supported me all the way since the beginning of my life and in my educational career.

## **Abstract**

Over the last three decades, Modaraba companies in Pakistan are the part of financial institutions. Among other, Modaraba companies are not performing well. Previously 52 modaraba companies were in Pakistan, however, at present only 26 companies are operative. Keeping in this view, the study understands that it is imperative to measure the performance of these modaraba companies.

To measure the performance of modaraba companies in Pakistan during the period 2002-2009, three valuation models; Sharpe measure, Treynor measures and abnormal returns are calculated. Out of 26 companies, 14 are the part of the study due to their active trading on the stock market. The results indicate that only three companies are outperformed while the performance of the remaining companies is deteriorating. The study also highlights number of factors in respect of poor performance made by this important sector of the economy.

## Table of Contents

### Chapter 1:

Introduction .....	1
Problem Statement .....	3
Objective of study .....	3
Research Question .....	4

### Chapter 2:

Literature Review.....	5
------------------------	---

### Chapter 3:

Modaraba.....	22
Types of Modaraba .....	24
Shari'ah Regulation Regarding Modaraba.....	27

### Chapter 4:

Formation of Modaraba Company.....	30
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### Chapter 5:

Research Methodology.....	32
---------------------------	----

### Chapter 6:

Analysis: Performance of Modaraba Indicators.....	34
Sharpe Model.....	35
Treynor Model.....	36
Jensen Differential Measure.....	38

### Chapter 7:

Contemporary Issues for Modaraba Companies.....	41
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Chapter 8:

Conclusion.....	45
References.....	47
Annexure 1.....	50
Annexure 2.....	64