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Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and Good Governance for meeting expectation of its stakeholders."

Corporate Information

Board of Directors

Mr. Muhammad Bilal Sheikh

Syed Hassan Nagvi

Mr. Muhammad Shahid Murtaza

Mr. Asif Haider Mirza Mr. Kamal Ahmed

Ms. Yasmin Zafar

Mr. Muhammad Naimuddin Farooqui

-Chairman

-Non-Executive Director

-Non-Executive Director

-Non-Executive Director

-Non-Executive Director

-Independent Director-Independent Director

-Chief Executive

CFO &Company Secretary

Zulfigar Ali

Audit Committee

Mr. Kamal Ahmed

Mr. Muhammad Shahid Murtaza

Ms.Yasmin Zafar

-Chairman

-Member

-Member

Bankers

Sindh Bank Limited-IslamicBanking (Saadat)

NRSP Microfinance Bank Limited

Bank Al-Habib Limited

Auditors

Baker Tilly Mehmood Idrees Qamar

Chartered Accountants

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

F.D. Registrar Services Pvt. Ltd.

Office # 1705, 17th Floor, Saima Trade

Tower-A, I.I. Chundrigarh Road

Karachi

Registered/Head Office

1st Floor, Imperial Court,

Dr. Ziauddin Ahmed Road

Karachi

Tel: (92-21)35640708-9

Lahore Branch

Escort House No. 28 Davis Road

Lahore

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Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the first quarter of FY-2021 ended September 30, 2020.

Operating Results

During the quarter under review September 30, 2020, the Modaraba earned a profit of Rs. 23.173 million as compared to Rs. 24.693 million during the corresponding quarter ended September 30, 2019. The revenue has increased from Rs. 36.48 million to Rs. 39.12 million due to increase in average financing portfolio by approximately Rs. 131 million, however the average rate of return decreased by approximately 6% which is mainly due to decrease in policy rate announced by the SBP to meet the challenges posed by COVID-19. The operating expenses increased to Rs. 12.52 million as compared Rs. 8.31 million in the same quarter 2019 due to hiring of key management in the last two quarters of FY-2020 and inflationary adjustments of routine expenses.

Future Prospects

The GDP for FY-2020 (July 2019 to June 2020) contracted modestly due to lockdown measures enforced by the Government in early days of third quarter ending March 31, 2020. However, the economy seems to be recovering in the current quarter.

Cement sales has led the growth in the manufacturing sector which would benefit over 25 upstream and downstream companies associated with the construction industry which is already experiencing increased activity.

In addition, the foreign exchange inflows have taken a robust turn and has registered an increase of 31% to \$7.140 billion in the current quarter compared to the corresponding period last year amounting to \$5.452 billion.

While exports have declined due to global impact of COVID and more than average rainfall in the country disrupting production in certain manufacturing companies, imports too have reduced relieving pressure on Pak Rupee, which has increased in value by about Rs. 4.42 since June 2020.

All above considered the economy looks well poised for an economic upturn and augurs well for the Modaraba for a good year ahead.

Acknowledgment

On behalf of the Board of Directors, I would like to thank the Sponsors, the Regulators and our Shariah Advisor for their guidance and support. We would also like to acknowledge the continued patronage of our clients and put on record the dedication and hard work of employees of the Modaraba.

On Behalf of the Board

Karachi October 22, 2020 Muhammad Naimuddin Farooqui Chief Executive Officer

ڈاتر یکٹرز کاجائزہ

ہم سندھ مضار میں پیجنٹ لمیٹڈ کے بورڈ آف ڈائر کیٹرز کی جانب سے 30 ستبر 2020 ء کوکمل ہونے والی FY-2020 کی پہلی سہاہی کے سندھ مضار یہ کے غیر آ ڈٹ شدہ اَ کا وَمُنٹ پیش کرتے ہوئے مسرت محسوں کررہے ہیں۔

آيريگنگ نتائج

مضاربہ نے 30 ستمبر 2019ء کوختم ہونے والی سے ماہی میں 31.09 Rs. ملین منافع کے مقابلے میں زیر نور سے ماہی مضاربہ نے 30 Rs. 24.693 سے بڑھر 2019ء کوختم ہونے والی سے ماہی میں آ مدنی Rs.36.48 سے بڑھر کے 72.39 سے بڑھر کے 73.17 سے بڑھی گئی، جس کی بڑی وجدا وسط قرضوں کی فراہمی کے بڑھنے سے ہوئی جوتقر یباً Rs.131 ملین سے بڑھی۔ اس کے برطس واپسی کی اوسط شرح میں 6% کی کی ہوئی جواسٹیٹ بینک نے والے 00 COVID اوسط شرح میں 6% کی کی اس کے علاوہ آپر بیٹنگ اخراجات اضافہ کے بعد 25.21 میں سے پیدا ہونے والے مشکل حالات سے منطنے کے لئے کیا۔ اس کے علاوہ آپر بیٹنگ اخراجات اضافہ کے بعد 25.21 میں سے پیدا ہوئے والے مشکل ساتھ معمولی اخراجات میں مہنگائی کے ہیں۔

امكانات متقبل

پاکستان کے جی ڈی پی برائے مالی سال 2020-2019 میں معمولی کی ہوئی چونکہ گور نمنٹ نے اس سال کے تیسر ہے سہ ماہی میں لاک ڈاون نافذ کر دیا تھا، البتہ معیشت اس سال کے پہلے سہ ماہی سے بہتر ہور ہی ہے۔ سیمنٹ کی فروخت نے میدونی پچرنگ شیعے میں برتری دکھای، جسکی وجہ سے تعمیر اتی شیعے سے منسلک تقریباً پچاس قسم کے صنعتوں میں واضح سرگرمی رہی۔ اس کے علاوہ زیخورسہ ماہی میں 140 ج پلین کا غیر ملکی زرمبادلہ حاصل ہوا جو کہ پچھلے سہ ماہی کے 5.452 بلین کے مقابلے میں 31 جو کہ وہ کی اور خیر معمولی بارشوں کی وجہ سے مینونی پچرنگ شیعے نے کافی مشکلات کا سامنہ کیا۔ اس کے باوجود درا مدات کی کی نے پاکستانی روپے کی قدر کو مشخصم کیا اور روپے کی قدر کو مشخصم کیا دوروپے کی قدر جون 2020 کے مقابلے میں 20.4 جے سال کا پیش خیمہ ہے۔ اور روپے کی قدر جون کی وجہ سے معیشت کی بہتری کے امکانات مؤشر ہیں اور سندھ مضاربہ کے لیے ایک اچھے سال کا پیش خیمہ ہے۔

اعتراف

ہم بورڈ آف ڈائر مکٹرزی طرف سے اسپانسرز، ریگولیٹرزاور ہمارے شرعی مشیر کی رہنمائی اور حمایت کے لئے،ان کاشکریداداکرنا چاہتے ہیں۔ ہم اپنے گا کہوں کی مسلسل حمایت کے معترف ہیں اور مضاربہ کے ملاز مین کے خلوص اور سخت محنت کو بھی سراہتے ہیں۔

بورڈ کی جانب سے

گرا چی 22اکتوبر 2020

ر محمرنعیم الدین فاروقی چیفا یکز کیٹیو آفیسر

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2020

	Note	September 30, 2020 Un-auditedRupe	June 30, 2020 Audited
ASSETS	11010		
Current assets			
Cash and bank balances	4	924,946,417	883,707,855
Advances, prepayments and other receivables	5	18,896,028	21,915,131
Current portion of Diminishing Musharaka	6	306,903,031	270,789,982
Current portion of long term loan Total current assets		925,000	925,000
		1,251,670,476	1,177,337,968
Non - current assets	_	475.070.074	540,000,004
Diminishing Musharaka Ijarah assets	6 7	475,870,071 6,494,766	513,998,681 7,150,092
Long term loan	,	3,437,251	3,668,500
Fixed assets - in own use	8	3,835,673	4,015,411
Total non - current assets	•	489,637,761	528.832.684
TOTAL ASSETS		1,741,308,237	1,706,170,652
		1,741,300,237	1,700,170,032
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	9	102,582,326	90,614,181
Current portion of customers' security deposit		5,006,000	5,006,000
Profit distribution payable		61,321,277	575,051
• •		168,909,603	96,195,232
Non - current liabilities			
Customers' security deposit		1,000	1,000
TOTAL LIABILITIES		168,910,603	96,196,232
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
(June 30, 2019: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves Long term loan	10	122,397,634 1,000,000,000	159,974,420 1.000.000.000
TOTAL EQUITY	10	1,572,397,634	1,609,974,420
TOTAL LIGHT TOTAL LIABILITIES AND EQUITY		1,741,308,237	1,706,170,652
CONTINGENCIES AND COMMITMENTS	11	-,,,	/: / : : - / : - <u>- / : / : / : - / </u>
CONTINUE TO LIVE AND COMMITTING INC.			

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the quarter ended

		September 30, 2020	September 30, 2019
	-	Un-au	
	Note -	Rup	ees
Income from:		·	
- Diminishing Musharaka		23,316,626	22,459,909
- Ijarah		174,750	155,093
- Bank deposits		15,627,019	11,789,477
- Term deposits receipts		<u> </u>	2,079,672
		39,118,395	36,484,151
Administrative and operating expenses	12	(12,521,969)	(8,311,699)
Provision in respect of ijarah rental receivable		- 1	(1,499)
Reversal of provision in respect of diminishing musharaka		10,129	253,092
	•	(12,511,840)	(8,060,106)
		26,606,555	28,424,045
Other income / (loss)		52,000	(16,499)
		26,658,555	28,407,546
Management Company's remuneration Provision for services sales tax on the Management		(2,665,856)	(2,840,770)
Company's remuneration		(346,562)	(369,301)
Workers' welfare fund		(472,923)	(503,953)
Profit for the quarter before taxation		23,173,214	24,693,522
Taxation	17	_	-
Net Profit for the quarter		23,173,214	24,693,522
Earnings per certificate - basic and diluted		0.51	0.55

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director



CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the quarter ended

	September 30,	September 30,
	2020	2019
	Un-au	dited
	Rupo	ees
Net Profit for the quarter	23,173,214	24,693,522
Other comprehensive income for the period - items that may be reclassified to profit and loss account	-	-
- items that will not be reclassified to profit and loss account subsequently	-	-
Total comprehensive income for the quarter	23,173,214	24,693,522

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

For the quarter ended

		September 30, 2020	September 30, 2019
	,	Un-au	dited
	Note	Rupe	ees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the quarter before taxation		23,173,214	24,693,522
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	7	655,326	827,678
Depreciation - Fixed assets - in own use	8.1 & 8.2	416,738	370,760
Income on bank deposits		(15,627,019)	(11,789,477)
Income on term deposit receipt		•	(2,079,672)
Provision for provident fund (employer's contribution)		272,487	109,215
Reversal in respect of diminishing musharaka		(10,129)	(253,092)
Provision for ijarah renatal receivable		•	1,499
Loss on disposal of fixed asset		-	40,499
	,	8,880,617	11,920,932
Working capital changes			
Advances, prepayments and other receivables		2,565,013	(189,504)
ljarah rental receivables		-	(299,749)
Diminishing Musharaka		2,025,690	50,618,360
Long term loan		231,249	81,000
Creditors, accrued and other liabilities		11,968,145	7,050,288
Customers' security deposit		-	(272,370)
	·	16,790,097	56,988,025
Provident fund contribution paid (employer's contribution)		(272,487)	(109,215)
Income received on term deposit receipt		•	4,229,809
Income received on bank deposits		16,081,109	8,729,315
Net cash generated from operations		41,479,336	81,758,866
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of ijarah asset		-	272,370
Sale proceed from disposal of fixed asset		-	30,000
Purchase of fixed assets - in own use	10.1	(237,000)	(1,597,775)
Net cash used in investing activities	•	(237,000)	(1,295,405)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(3,774)	(18,075)
Net cash used in financing activities		(3,774)	(18,075)
Net increase in cash and cash equivalents	•	41,238,562	80,445,386
Cash and cash equivalents at the beginning of the quarter	-	883,707,855	948,633,188
Cash and cash equivalents at the end of the quarter	4	924,946,417	1,029,078,574
			_

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

Balance as at July 01, 2019 Profit for the quarter **Transaction with Certificate Holders** Profit distribution @ Rs. 1.35 (13.5%) per

Balance as at September 30, 2019

Balance as at September 30, 2020

Balance as at July 01, 2020 Profit for the quarter Transaction with Certificate Holders Profit distribution @ Rs. 1.35 (13.5%) per

certificate

certificate

ſ	Issued,		Reserves			
	subscribed, and paid - up certificate capital	Statutory reserve	' II '' ' II Iotal II		Long term Ioan	Total equity
			Un-a	udited		
			Ru	pees		
	450,000,000	51,379,782 -	61,666,980 24,693,522	113,046,762 24,693,522	500,000,000	1,063,046,762 24,693,522
	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
	450,000,000	51,379,782	25,610,502	76,990,284	500,000,000	1,026,990,284
			Un-a	udited		
	450,000,000 -	94,533,686	65,440,734 23,173,214	159,974,420 23,173,214	1,000,000,000	1,609,974,420 23,173,214
	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
-	450,000,000	94,533,686	27,863,948	122,397,634	1,000,000,000	1,572,397,634

The annexed notes 1 to 18 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director



FOR THE QUARTER ENDED SEPTEMBER 30, 2020

1 LEGAL STATUS AND NATURE OF BUSINESS

Sindh Modaraba (the Modaraba) has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by Sindh Modaraba Management Limited (the Management Company), which is a wholly owned subsidiary of Government of Sindh. The registered office of the Modaraba is situated at 1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

The Modaraba is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited.

The VIS Credit Rating Company Limited has maintained long term rating of A+ and short term rating of A-1 to the Modaraba. Outlook on the assigned rating is 'Stable'.

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the quarter ended September 30, 2020 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and 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, Modaraba Companies and Modaraba Rules, 1981, Prodential regulation for Modarabas and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). In case the requirements of the Ordinance and the Rules differ with the requirements of IFRS, the requirements of the Ordinance or the Rules shall prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2020.

2.2 Basis of measurement

This condensed interim financial information has been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the condensed interim financial information are measured using the currency of the primary economic environment in which the Modaraba operates. The condensed interim financial information is presented in Pakistani Rupee, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupee, unless stated otherwise.

June 30.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

2.4 Use of significant estimates and judgments

The preparation of condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on on-going basis.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended 30 June 2020.

September 30.

			2020	2020
		_	Un-audited	Audited
		Note _	Rupe	S
4	CASH AND BANK BALANCES			
	Cash in hand		20,000	-
	Stamp paper in hand		87,400	58,400
	Balances with banks on:			
	- Deposit accounts	4.1	924,226,571	883,062,409
	- Current accounts	4.2	612,446	587,046
			924,946,417	883,707,855

- 4.1 These carry profit at the rates ranging from 4.5% to 6.62% per annum. (June 30, 2020: 4.97% to 8.59% per annum). This includes balance of Rs. 923.67 million (June 30, 2020: 882.52 million) held with Sindh Bank Limited Islamic Banking Unit, a related party.
- 4.2 This includes balance of Rs. 591,329 (June 30, 2020: Rs. 585,929) held with Sindh Bank Limited Islamic Banking Unit, related party.

			2020	June 30, 2020
		-	Un-audited	Audited
		Note	Rupe	S
5	ADVANCES, PREPAYMENTS AND OTHER			
	RECEIVABLES			
	Advances	5.1	3,665,268	2,599,217
	Prepayments		542,857	547,949
	Accrued income from bank deposits	5.2	4,988,118	5,442,208
	Accrued income from Diminishing Musharaka	5.3	9,675,785	13,321,757
	Other receivables		24,000	4,000
		_	18,896,028	21,915,131
		=		

5.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customer amounting to Rs. 1.55 million (June 30, 2020: Rs. 1.55 million).

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

5.2 This includes accrued income of Rs. 4,985,149 (June 30, 2020: Rs. 5,438,429) in deposit account held with Sindh Bank Limited - Islamic Banking Unit, related party.

			September 30,	June 30,
		_	2020	2020
			Un-audited	Audited
		Note	Rupee	S
5.3	Accrued income from Diminishing Musharaka			
	Receivable		17,911,464	20,753,102
	Less: Income suspend	_	(8,235,679)	(7,431,345)
		_	9,675,785	13,321,757
6	DIMINISHING MUSHARAKA			
	Receivables - secured	6.1	814,211,016	816,236,706
	Less: current portion		(306,903,031)	(270,789,982)
	Less: provision	6.2	(31,437,914)	(31,448,043)
	Long term portion	_	475,870,071	513,998,681
		=		

- 6.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 30, 2020: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets etc.
- 6.2 This includes general provision of Rs. 3.79 million (June 30, 2020: 3.80 million) made at the rate of 0.5% (June 30, 2020: 0.5%) on diminishing musharaka receivables respectively.

7 IJARAH ASSETS

Amount in Rupees Cost Depreciation WDV as at Depreciation Charge for the As at **Particulars** Addition/ September 30. As at July As at September As at July quarter/ September 2020 01, 2020 (Disposal) 30, 2020 01, 2020 (Adjustment) 30, 2020 Un-audited Plant and machinery 80,000,000 80.000.000 74.999.988 74.999.988 5,000,012 33.33% Vehicles 13,113,500 13,113,500 10,963,420 655,326 11,618,746 1,494,754 20% As at and for the quarter ended September 93,113,500 93,113,500 85,963,408 655,326 86.618.734 6.494,766 30, 2020 As at and for the year ended June 30, 2020 97,184,200 93,113,500 86,654,716 2,836,813 85,963,408 7,150,092 (4.070,700) (3,528,121)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2020

			September 30, 2020	June 30, 2020
			Un-audited	Audited
	FIXED ASSETS - in own use	Note	Rupee	S
0	FIXED ASSETS - III OWII use	8.1	3,635,664	3,748,736
	Tangible assets	8.2	200,009	266,675
	Intangible assets		3,835,673	4,015,411

8.1 Tangible assets

		Cost			Depreciation WDV as at			
Particulars	As at July 01, 2020	Additions/ (Disposal)	As at September 30, 2020	As at July 01, 2020	Charge for the quarter/ (adjustment)	As at September 30, 2020	September 30, 2020	Depreciation rate
				Jn-audited				
Furniture and fixtures	1,416,245	-	1,416,245	646,910	35,406	682,316	733,929	10%
Office equipment	3,272,641		3,272,641	1,946,377	181,709	2,128,086	1,144,555	20%
Vehicles	1,354,275	-	1,354,275	283,806	65,538	349,344	1,004,931	20%
Computer and accessories	2,454,259	237,000	2,691,259	1,871,591	67,419	1,939,010	752,249	33.33%
As at and for the quarter								
ended September 30, 2020	8,497,420	237,000	8,734,420	4,748,684	350,072	5,098,756	3,635,664	
As at and for the year ended June 30, 2020	6,578,089	2,316,172 (396,841)	8,497,420	3,924,793	1,148,516 (324,625)	4,748,684	3,748,736	

			September 30, 2020	June 30, 2020
			Un-audited	Audited
		Note	Rupe	es
8.2	Intangible assets			
	Opening net book value Additions during the period		266,675 -	1,878,982 -
	Amortization for the period		(66,666)	(1,612,307)
	Closing net book value		200,009	266,675
	As at September 30, 2020 / June 30, 2020			
	Cost		1,878,982	1,878,982
	Accumulated amortization		(1,678,973)	(1,612,307)
	Net book value		200,009	266,675
	Annual rates of amortization		33.33%	33.33%
9	CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Management remuneration payable - related party Provision for sindh sales tax on management		15,076,960	12,411,104
	remuneration		1,960,006	1,613,444
	Creditors		65,238	65,238
	Other liabilities	9.1	67,923,611	61,533,002
	Workers' Welfare Fund		6,555,059	6,082,136
	Payable to gratuity fund - related party		1,146,940	902,323
	Accrued expenses	9.2	9,854,512	8,006,934
	•		102,582,326	90,614,181



FOR THE QUARTER ENDED SEPTEMBER 30, 2020

- 9.1 This includes Rs. 59.04 million (June 30, 2020: Rs.59.04 million) payable to Sindh Modaraba Management Limited, a related party, being share of profit under musharaka arrangements on the funds placed by GoS.
- 9.2 These includes Rs. 150,000 (June 30, 2020: Rs. Nil) for branch rent payable to Sindh Bank Limited, related party.

Runees				
1				
,				

10 LONG TERM LOAN - subordinated

1,000,000,000 1,000,000,000

This represents interest free loan provided by the Management Company (related party) to the Modaraba. The loan is sub-ordinated to senior debt and is repayable at the discretion of Modaraba. The Modaraba has the option to issue modaraba certificates in future against this loan, subject to necessary regulatory approvals.

11 CONTINGENCIES AND COMMITMENTS

The Modaraba received a letter from the Assistant Commissioner - Sindh Revenue Board (SRB), wherein, it is mentioned that during scrutiny of the financial statements of the Modaraba from July-2014 to March 2018 he came to know that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services mainly Ijarah/lease rentals aggregates to Rs. 27.67 million which is outstanding. Such letters were also received by some other Modarabas and collectively, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh challenging levy of Services Sales Tax on Ijarah/lease financing transactions. The Honorable High Court has granted a stay stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on discussions with its legal counsel is of the view that the Sindh Sales Tax is not applicable on Ijarah transactions and expect that the matter will be decided in Modarabas' favour. Accordingly, no liability in respect of the above has been recognized in these financial statements.

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

			September 30, 2020	September 30, 2019
			Un-audited	
		Note	Rup	ees
12	ADMINISTRATIVE AND OPERATING EXPENSES			
	Salaries, allowances and other benefits	12.1	9,013,538	5,172,697
	Legal and professional charges		445,492	348,085
	Shariah advisor fee		108,000	90,000
	Repair and maintenance		305,876	302,081
	Utility services		307,185	301,470
	Registration and subscription fee		280,534	256,903
	Generator Sharing and fuel charges	12.2	178,106	122,581
	Entertainment		29,037	52,323
	Advertisement and Publications		71,052	33,050
	Rent, Rates and Taxes	12.3	200,004	199,998
	Travelling and conveyance		704,903	494,763
	Security services		150,000	127,305
	Printing, stationery and photocopy		83,522	95,903
	Postage, Courier and Telegraphs		21,484	25,361
	Auditors' remuneration		72,846	70,956
	Depreciation expense - tangible assets	10.1	350,072	257,963
	Amortization expense - Intangible assets	10.2	66,666	112,797
	Insurance - owned assets		38,713	35,749
	Insurance - Ijarah and Diminishing Musharaka		75,238	198,498
	Miscellaneous		19,701	13,216
			12,521,969	8,311,699

- 12.1 This includes contribution of Rs. 272,487 (2019: Rs. 191,975) to provident fund and provision for gratuity of Rs. 244,617 (2019: Rs.172,248), related party.
- **12.2** This includes amount of Rs. 244,617 (2019: Rs. 109,215) against sharing of expenses with Sindh Insurance Limited related party.
- 12.3 This includes amount of Rs. 150,000 (2019: 150,000) branch rent to Sindh Bank Limited, related party.

13 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of modaraba, except from trading and manufacturing activities, is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2021. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

14 SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", 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.

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

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

15 RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies and key management personnel.

The details of related party transactions and balances otherwise than disclosed elsewhere in these financial statement are as follows:

Balances as at period end	Note	September 30, 2020 Un-auditedRupee	June 30, 2020 Audited s
Sindh Modaraba Management Limited - Management Company			
Profit distribution payable		57,322,350	
Sindh Insurance Limited - Associated Company			
Sharing of expenses payable		377,645	327,645
Key Management Personnel Long term loan		4,362,251	135,000
Sindh Modaraba Employees Provident Fund - Employee Fund			
Contribution Payable (employer's Contribution)		15,666	-



FOR THE QUARTER ENDED SEPTEMBER 30, 2020

	For the quarter ended	
	September 30, 2020	September 30, 2019
	Un-aud	ited
	Rupe	es
Transactions for the period		
Sindh Bank Limited - Associated company		
Income on bank deposits	15,618,028	10,516,402
Income on term deposit receipt		871,233
	15,618,028	11,387,635
Sindh Modaraba Management Limited - Management company		
Management Company's remuneration accrued	2,665,856	2,840,770
Management Company's remuneration paid		9,335,941
	2,665,856	12,176,711
Sindh Insurance Limited -Associated company		
Insurance premium/Takaful contribution paid	116,815	424,768
Key Management Personnel		
Salaries, allowances and benefits paid	4,613,576	2,672,669
Sindh Modaraba Employees Provident Fund - EmployeeFund		
Contribution paid (both employer's and employee's contribution)	513,642	383,950

16 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 the balance sheet date, there were no financial instruments which were measured at fair values in the financial statements.

FOR THE QUARTER ENDED SEPTEMBER 30, 2020

17 SUBSEQUENT EVENT

No subsequent events have occurred till the reporting date that may require adjustment of or disclosure in the condensed interim financial information for the guarter ended September 30, 2020.

18 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 22, 2020 by the Board of Directors of the Management Company.

For Sindh Modaraba Management Limited (Management Comapany)

Chief Executive Officer

Director

Islamic Financing Products Offered by Sindh Modaraba

- Ijarah
- Diminishing Musharaka
- Morabaha
- Musharaka
- Salam
- Istisna

SINDH MODARABA

1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi Tel: (92-21) 35640708-9 web: www.sindhmodarabaltd.com