



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO


SINDH MODARABA

**QUARTERLY REPORT
SEPTEMBER 2022**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

قَدْ أَفْلَحَ الْمُؤْمِنُونَ ۝

**Certainly will the believers
have succeeded:**

THE QURAN (23 : 1)

Contents

Vision & Mission Statements	03
Corporate Information	04
Directors' Review	05
Directors' Review (Urdu)	06
Condensed Interim Balance Sheet	07
Condensed Interim Profit and Loss Account	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12

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. Waseem Mehdi Syed	-Chairman	-Independent Director
Mr. Sajid Jamal Abro		-Non-Executive Director
Mr. Sami ul Haq Khilji		-Non-Executive Director
Mr. Kamal Ahmed		-Non-Executive Director
Mr. Rehan Anjum		-Non-Executive Director
Ms. Rukhsana Narejo		-Non-Executive Director
Mr. Ishfaq Ahmed		-Chief Executive Officer

CFO & Company Secretary

Muhammad Adnan Shakeel

Audit Committee

Mr. Rehan Anjum	-Chairman
Ms. Rukhsana Narejo	-Member

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Human Resource Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Sajid Jamal Abro	-Member
Mr. Sami ul Haq Khilji	-Member

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Mr. Sajid Jamal Abro	-Chairman
Mr. Waseem Mehdi Syed	-Member
Mr. Kamal Ahmed	-Member

Share Registrar

F.D. Registrar Services Pvt. Ltd.
Office # 1705, 17th Floor, Saima
Trade Tower-A, I.I. Chundrigarh
Road, Karachi

Procurement Committee

Mr. Sami ul Haq Khilji	-Chairman
Mr. Kamal Ahmed	-Member

Risk Management Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Rehan Anjum	-Member
Ms. Rukhsana Narejo	-Member

Registered/Head Office

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

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)
Meezan Bank Limited
NRSP Microfinance Bank Limited
Bank Al-Habib Limited

Lahore Branch

30-30A, Commercial Building
The Mall
Lahore

Auditors

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2022

		September 30, 2022	June 30, 2022	
		Un-audited	Audited	
Note		-----Rupees-----		
ASSETS				
Current assets				
	Cash and bank balances	4	589,893,403	494,176,101
	Short term investments	5	300,000,000	320,000,000
	Advances, prepayments and other receivables	6	22,334,686	20,933,411
	Current portion of Diminishing Musharaka	7	293,673,049	338,062,224
	Current portion of long term loan		431,604	809,600
	Total current assets		1,206,332,742	1,173,981,336
Non - current assets				
	Diminishing Musharaka	7	496,753,119	505,645,798
	Long term loan		1,546,561	2,378,966
	Fixed assets - in own use	8	2,326,610	2,578,628
	Total non - current assets		500,626,290	510,603,392
	TOTAL ASSETS		1,706,959,032	1,684,584,728
LIABILITIES AND EQUITY				
Current liabilities				
	Creditors, accrued and other liabilities	9	22,050,130	33,269,664
	Provision for taxation - net of advance tax	10	6,964,057	4,578,170
	Profit distribution payable		54,778,241	787,924
			83,792,428	38,635,758
	Non - current liabilities		-	-
	TOTAL LIABILITIES		83,792,428	38,635,758
CERTIFICATE HOLDERS' EQUITY				
Certificate capital				
	Authorized certificate capital			
	50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
	(June 30, 2022: 50,000,000 certificates of Rs. 10 each)			
	Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
	Reserves		173,166,604	195,948,970
	Long term loan	11	1,000,000,000	1,000,000,000
	TOTAL EQUITY		1,623,166,604	1,645,948,970
	TOTAL LIABILITIES AND EQUITY		1,706,959,032	1,684,584,728
CONTINGENCIES AND COMMITMENTS				
		12	-	-

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		For the quarter ended	
		September 30, 2022	September 30, 2021
		Un-audited	
		Rupees--	
Income from:			
- Diminishing Musharaka		34,845,643	23,654,979
- Bank deposits		14,881,275	8,545,598
- Term deposits receipts		11,523,276	5,646,027
		61,250,194	37,846,604
Administrative and operating expenses	13	(12,699,962)	(8,735,316)
Reversal of provision in respect of diminishing musharaka		400,961	438,950
		(12,299,001)	(8,296,366)
		48,951,193	29,550,238
Other income		618,705	208,788
		49,569,898	29,759,026
Management Company's remuneration		(4,956,990)	(2,975,903)
Provision for services sales tax on the Management Company's remuneration		(644,409)	(386,868)
Profit for the quarter before tax		43,968,499	26,396,255
Provision for Taxation	10	(12,750,865)	(7,654,914)
Profit for the quarter after tax		31,217,634	18,741,341
Earnings per certificate - basic and diluted		0.69	0.42

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	For the quarter ended	
	September 30, 2022	September 30, 2021
	<u>Un-audited</u>	
	<u>-----Rupees-----</u>	
Profit for the quarter after tax	31,217,634	18,741,341
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	<u>31,217,634</u>	<u>18,741,341</u>

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

**For Sindh Modaraba Management Limited
(Management Company)**



Chairman



Chief Executive



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

For the quarter ended

September 30, 2022	September 30, 2021
-----------------------	-----------------------

Un-audited

Rupees

CASH FLOWS FROM OPERATING ACTIVITIES

Note		
	Profit for the quarter before tax	43,968,499 26,396,255
	Adjustments for non - cash and other items	
	Depreciation - Fixed assets - in own use	379,270 357,111
8.1 & 8.2	Income on bank deposits	(14,881,275) (8,545,598)
	Income on term deposit receipts	(11,523,276) (5,646,027)
	Provision for provident fund (employer's contribution)	544,434 167,376
	Reversal of provision in respect of diminishing musharaka	(400,961) (438,950)
		18,086,691 12,290,167

Working capital changes

Advances, prepayments and other receivables	3,281,320	8,149,910
Diminishing Musharaka	53,682,815	53,731,996
Long term loan	1,210,401	94,500
Creditors, accrued and other liabilities	(11,219,534)	(4,506,877)
Customers' security deposit	-	(4,000)
	46,955,002	57,465,529

Provident fund contribution paid (employer's contribution)	(544,434)	(167,376)
Income tax paid	(10,364,978)	(5,545,911)
Income received on term deposit receipt	7,057,524	5,584,657
Income received on bank deposits	14,664,432	8,853,564
Net cash generated from operations	75,854,237	78,480,630

CASH FLOWS FROM INVESTING ACTIVITIES


Sale proceed from disposal of ijarah asset	-	4,000
Purchase of fixed assets - in own use	(127,252)	-
Net cash (used in)/generated from investing activities	(127,252)	4,000

CASH FLOWS FROM FINANCING ACTIVITIES

Dividend paid	(9,683)	-
Net cash used in financing activities	(9,683)	-
Net increase in cash and cash equivalents	75,717,302	78,484,630
Cash and cash equivalents at the beginning of the quarter	814,176,101	795,524,291
Cash and cash equivalents at the end of the quarter	889,893,403	874,008,921

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



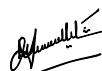
Chairman



Chief Executive



Director



Chief Financial Officer

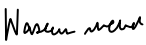
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
-----Rupees-----						
		Un-audited				
Balance as at July 01, 2021	450,000,000	121,071,504	53,985,460	175,056,964	1,000,000,000	1,625,056,964
Profit for the quarter	-	-	18,741,341	18,741,341	-	18,741,341
Transaction with Certificate Holders						
Profit distribution @ Re. 1.00 (10.00%) per certificate	-	-	(45,000,000)	(45,000,000)	-	(45,000,000)
Balance as at September 30, 2021	450,000,000	121,071,504	27,726,801	148,798,305	1,000,000,000	1,598,798,305
		Un-audited				
Balance as at July 01, 2022	450,000,000	134,334,148	61,614,822	195,948,970	1,000,000,000	1,645,948,970
Profit for the quarter	-	-	31,217,634	31,217,634	-	31,217,634
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.20 (12.00%) per certificate	-	-	(54,000,000)	(54,000,000)	-	(54,000,000)
Balance as at September 30, 2022	450,000,000	134,334,148	38,832,456	173,166,604	1,000,000,000	1,623,166,604

The annexed notes 1 to 20 form an integral part of these condensed interim financial information.

**For Sindh Modaraba Management Limited
(Management Company)**



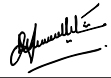
Chairman



Chief Executive



Director



Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 and Regulations 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, 2022 has 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, Prudential 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, 2022.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 2022.

		September 30, 2022	June 30, 2022
		Un-audited	Audited
Note		-----Rupees-----	
4 CASH AND BANK BALANCES			
	Cash in hand	20,000	-
	Stamp paper in hand	83,500	72,700
	Balances with banks on:		
	- Deposit accounts	4.1 587,575,560	492,734,368
	- Current accounts	4.2 2,214,343	1,369,033
		589,893,403	494,176,101

4.1 These carry profit at the rates ranging from 7.25% to 11.50% per annum. (June 30, 2022: 5.50% to 11.00% per annum). This includes balance of Rs. 587.54 million (June 30, 2022: 483.51 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 2.20 million (June 30, 2022: Rs. 1.29 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.

		September 30, 2022	June 30, 2022
		Un-audited	Audited
Note		-----Rupees-----	
5 SHORT TERM INVESTMENTS			
	Term deposit receipts	5.1 300,000,000	320,000,000

5.1 This represents investment in Sindh Bank Limited, Islamic (a related party) for the period of 3 months maturity at the profit rate of 14.50% p.a. (June 30, 2022: Rs. 320 million in Meezan Bank Limited for a period of 6 months maturity on monthly rollover basis at the profit rate of 12.25% p.a)

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		September 30, 2022	June 30, 2022
		Un-audited	Audited
Note		-----Rupees-----	
6	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances	6.1 3,597,306	7,562,220
	Prepayments	1,232,551	744,855
	Accrued income from bank deposits	6.2 5,511,561	5,294,718
	Accrued income from term deposit receipts	6.2 7,150,684	2,684,932
	Accrued income from Diminishing Musharaka	6.3 4,791,084	4,638,686
	Other receivables	51,500	8,000
		<u>22,334,686</u>	<u>20,933,411</u>

6.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customer) amounting to Rs. 1.55 million (June 30, 2022: Rs. 1.55 million).

6.2 This includes/represents accrued income of Rs. 5.51 million (June 30, 2022: Rs. 5.25 million) and Rs. 7.15 million (June 30, 2022: Nil) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited - Islamic Banking Unit, related party.

		September 30, 2022	June 30, 2022
		Un-audited	Audited
Note		-----Rupees-----	
6.3	Accrued income from Diminishing Musharaka		
	Receivable	22,796,510	21,766,615
	Less: Income suspend	(18,005,426)	(17,127,929)
		<u>4,791,084</u>	<u>4,638,686</u>

7 DIMINISHING MUSHARAKA

Receivables - secured	7.1	848,245,883	901,928,698
Less: current portion		(293,673,049)	(338,062,224)
Less: provision	7.2	(57,819,715)	(58,220,676)
Long term portion		<u>496,753,119</u>	<u>505,645,798</u>

7.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 30, 2022: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets etc.

7.2 This includes general provision of Rs. 3.55 million (June 30, 2022: 3.96 million) made at the rate of 0.5% (June 30, 2022: 0.5%) on diminishing musharaka receivables respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		September 30, 2022	June 30, 2022
		Un-audited	Audited
8	FIXED ASSETS - in own use		
	Note	-----Rupees-----	
	Tangible assets	8.1 2,241,206	2,473,808
	Intangible assets	8.2 85,404	104,820
		<u>2,326,610</u>	<u>2,578,628</u>

8.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at September 30, 2022	Depreciation rate
	As at July 01, 2022	Addition	As at September 30, 2022	As at July 01, 2022	Charge for the quarter	As at September 30, 2022		
	Un-audited							
Furniture and fixtures	1,536,245	28,972	1,565,217	949,158	38,647	987,805	577,412	10%
Office equipment	3,292,536	-	3,292,536	2,948,229	90,470	3,038,699	253,837	20%
Vehicles	1,354,275	-	1,354,275	808,110	65,538	873,648	480,627	20%
Computer and accessories	3,803,925	98,280	3,902,205	2,807,676	165,199	2,972,875	929,330	33.33%
As at and for the quarter ended September 30, 2022	9,986,981	127,252	10,114,233	7,513,173	359,854	7,873,027	2,241,206	
As at and for the year ended June 30, 2022	9,316,880	670,101	9,986,981	6,081,292	1,431,881	7,513,173	2,473,808	

		September 30, 2022	June 30, 2022
		Un-audited	Audited
8.2	Intangible assets		
	Note	-----Rupees-----	
	Opening net book value	104,820	159,834
	Additions during the period	-	19,890
	Amortization for the period	(19,416)	(74,904)
	Closing net book value	<u>85,404</u>	<u>104,820</u>

Cost	2,111,982	2,111,982
Accumulated amortization	(2,026,578)	(2,007,162)
Net book value	<u>85,404</u>	<u>104,820</u>
Annual rates of amortization	33.33%	33.33%

9 CREDITORS, ACCRUED AND OTHER LIABILITIES

Management remuneration payable - related party	4,956,990	11,352,217
Provision for sindh sales tax on management remuneration	644,409	1,475,788
Other liabilities	8,112,713	11,067,672
Accrued expenses	9.1 8,066,950	8,270,117
Payable to gratuity fund - related party	262,627	1,097,429
Creditors	6,441	6,441
	<u>22,050,130</u>	<u>33,269,664</u>

9.1 These includes Rs. 200,000 (June 30, 2022: Rs. 50,000) for branch rent payable to Sindh Bank Limited, related party.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	September 30, 2022	June 30, 2022
	Un-audited	Audited
10 PROVISION FOR TAXATION - Net of Advance Tax	-----Rupees-----	
Opening balance - Provision	4,578,170	-
Payments / adjustments during the period	(10,364,978)	(29,802,772)
Provision for the period:		
- current year	12,750,865	34,380,942
- prior year	-	-
Total provision for the period	12,750,865	34,380,942
Closing balance - Provision	6,964,057	4,578,170
	September 30, 2022	June 30, 2022
	Un-audited	Audited
	-----Rupees-----	
11 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.

12 CONTINGENCIES AND COMMITMENTS

12.1 CONTINGENCIES

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

		September 30, 2022	September 30, 2021
		Un-audited	
	Note	-----Rupees-----	
13 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits	13.1	8,122,213	5,302,099
Legal and professional charges		323,254	337,133
Shariah advisor fee		108,000	108,000
Repair and maintenance		320,339	316,047
Utility services		404,973	330,775
Registration and subscription fee		301,672	289,317
Generator Sharing and fuel charges	13.2	294,653	126,099
Entertainment		77,363	44,661
Advertisement and Publications		47,242	15,000
Rent, Rates and Taxes	13.3	200,004	200,000
Travelling and conveyance		1,476,157	778,892
Security services		150,000	150,000
Printing, stationery and photocopy		143,740	107,443
Postage, Courier and Telegraphs		41,497	23,619
Auditors' remuneration		78,259	76,104
Depreciation expense - tangible assets	8.1	359,854	339,351
Amortization expense - Intangible assets	8.2	19,416	17,760
Insurance - owned assets		50,989	32,821
Insurance/Takaful - Diminishing Musharaka		147,509	108,177
Miscellaneous		32,828	32,018
		<u>12,699,962</u>	<u>8,735,316</u>

13.1 This includes contribution of Rs. 544,434 (2021: Rs. 167,376) to provident fund and provision for gratuity of Rs. 262,627 (2021: Rs.171,201), related party.

13.2 This includes amount of Rs. 180,000 (2021: Rs. 109,215) against sharing of expenses with Sindh Insurance Limited - related party.

13.3 This includes amount of Rs. 150,000 (2021: 150,000) branch rent to Sindh Bank Limited, related party.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

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 else where in these financial statement are as follows:

	September 30, 2022	June 30, 2022
	Un-audited	Audited
Note	-----Rupees-----	
Balances as at period end		
Sindh Modaraba Management Limited -		
Management company		
Profit distribution payable	50,935,200	-
Sindh Insurance Limited -		
associated company		
Sharing of expenses payable	180,000	-
Insurance claim receivable	19,500	-
Key Management Personnel		
Long term loan - Chief Financial Officer	1,978,165	2,086,066
Long term loan - Ex-Chief Internal Auditor	-	1,102,500
Sindh Modaraba Employees Gratuity Fund -		
employee fund		
Contribution payable	262,627	-

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

	For the quarter ended	
	September 30, 2022	September 30, 2021
	Un-audited	
	-----Rupees-----	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	14,812,027	8,545,316
Income on term deposit receipt	7,150,684	5,646,027
	<u>21,962,711</u>	<u>14,191,343</u>
Sindh Modaraba Management Limited - Management company		
Management Company's remuneration accrued	4,956,990	2,975,903
Management Company's remuneration paid	11,352,217	7,862,480
	<u>16,309,207</u>	<u>10,838,383</u>
Sindh Insurance Limited - associated company		
Insurance premium/Takaful contribution paid	213,674	786,575
Sharing of expenses paid	-	218,430
	<u>213,674</u>	<u>1,005,005</u>
Key Management Personnel		
Salaries, allowances and benefits paid	<u>4,488,894</u>	<u>2,222,404</u>
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	<u>544,434</u>	<u>334,752</u>
Sindh Modaraba Employees Gratuity Fund		
Contribution paid	<u>1,097,429</u>	<u>1,070,048</u>

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);

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2022

- 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.

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 quarter ended

18 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on **October 28, 2022**, by the Board of Directors of the Management Company.

	Note	September 30, 2022	September 30, 2021
		Un-audited	
		-----Rupees-----	
19 CASH AND CASH EQUIVALENT			
Cash and bank balances	4	589,893,403	554,008,921
Short term investments	5	300,000,000	320,000,000
		<u>889,893,403</u>	<u>874,008,921</u>

20 GENERAL

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

**For Sindh Modaraba Management Limited
(Management Company)**



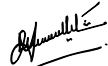
Chairman



Chief Executive



Director



Chief Financial Officer

**Islamic Financing
Products Offered by
Sindh Modaraba**

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

Designed & Printed By: BBS (info@binarysolutions.com.pk)

SINDH MODARABA

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