

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

**SINDH MODARABA**


**CORPORATE BRIEFING SESSION  
(CBS)**

**FRIDAY, 25<sup>th</sup> OCTOBER 2024**



## **CORPORATE BRIEFING**

- Sindh Modaraba Profile
  - Governance
  - Operation
  - Sector Analysis
  - Financial highlights
  - Future prospects
  - Questions & Answers
- 



# **PROFILE OF SINDH MODARABA**



Sindh Modaraba commenced its operations in February 2015.

Sindh Modaraba is a perpetual and multi purpose Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.

Sindh Modaraba is an Islamic Financial Institution providing Shariah Compliant Services to its clients.

Sindh Modaraba is managed by Sindh Modaraba Management Limited which holds 94.33% of the certificate holding of Sindh Modaraba and is 100% owned by the Government of Sindh.

The registered office of the Sindh Modaraba Management Limited is at 1st floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi.

# OWNERSHIP STRUCTURE

Government of Sindh

100%

Sindh Modaraba Management Limited

94.33%

General Public

5.67%

Sindh Modaraba




# GOVERNANCE





# REGULATORY FRAMEWORK (SECP REGULATOR)

- Modaraba Companies and Modarabas (Floatation & Control) Ordinance, 1980
  - Modaraba Companies and Modaraba Rules, 1981
  - Modaraba Regulations, 2021
  - Public Sector Companies (Corporate Governance) Regulations, 2013
  - PSX Listing Regulations
  - Listed Companies (Corporate Governance) Regulations, 2019
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# Board of Directors

Mr. Waseem Mehdi Syed	- Chairman	- Independent Director
Mr. Fayaz Ahmed Jatoi	- <b>Secretary Finance-GoS</b>	- Non-Executive Director
Mr. Sami ul Haq Khilji		- Non-Executive Director
Mr. Ejaz Akhtar Ansari		- Independent Director
Mr. Kamal Ahmed		- Non-Executive Director
Ms. Naila Asad Shaikh		- Non-Executive Director
Mr. Abdul Rauf Chandio	- Chief Executive	- Executive Director



# Shariah Advisor

Mufti Zeeshan Abdul Aziz

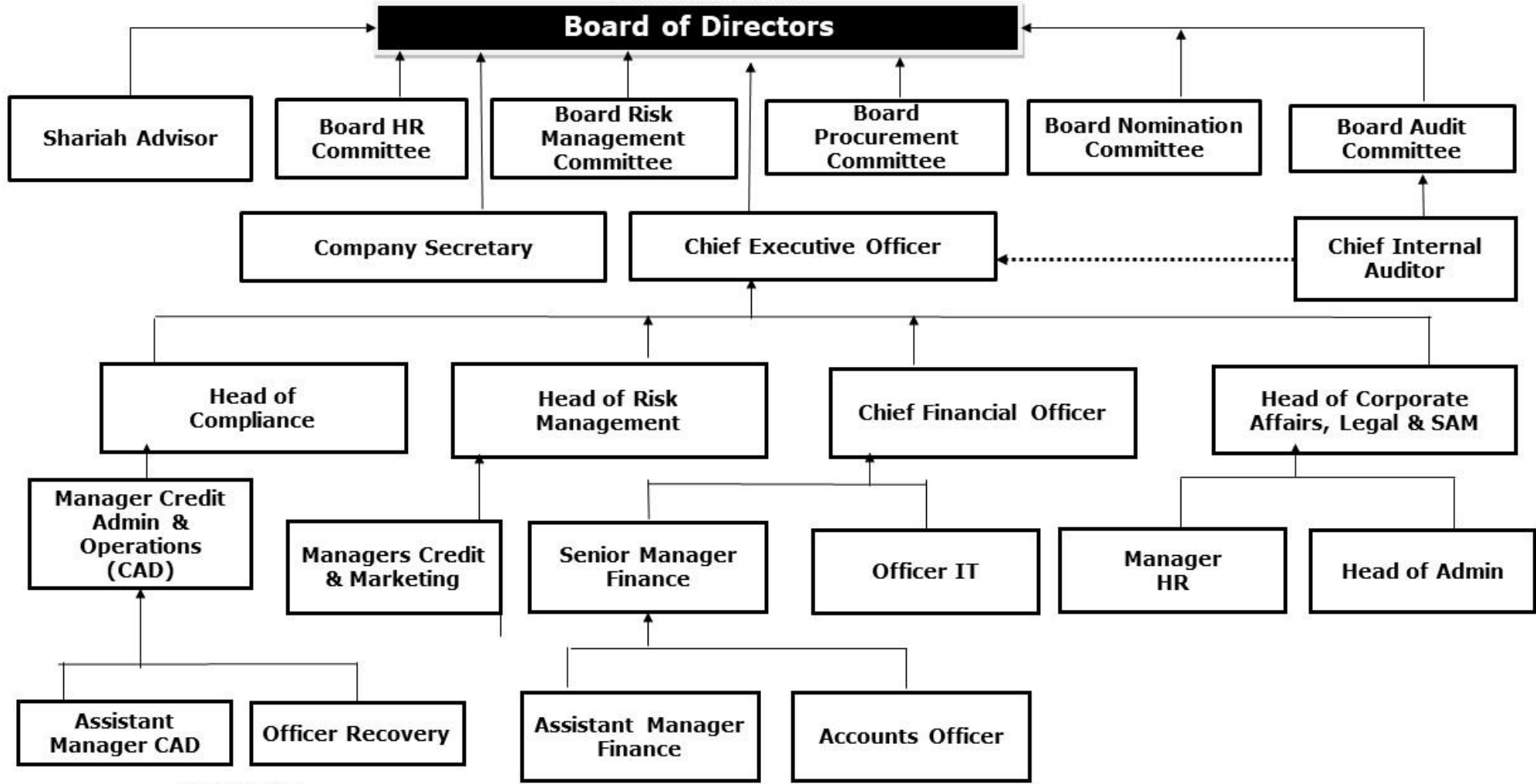
## Credit Rating

Long term : A +  
Short term : A -1

By **VIS Credit Rating Company Limited**

SINDH MODARABA & SINDH MODARABA MANAGEMENT LIMITED

ORGANOGRAM



— Direct reporting  
 ..... Indirect reporting

# RISK MANAGEMENT FRAMEWORK

- a. Modaraba shall not allow any facility to clients, who have been allowed waivers / write offs in Modaraba or any other financial institution except when the disputed amounts are small and justified.
- b. Any borrower who holds influential public position shall require enhanced due diligence.
- c. Any conflicts of interest arising from Modaraba's various obligations are examined and resolved by the CMD, in cooperation with the Risk Management & Compliance Department.
- d. Risk management is a continuous on-going process to detect and manage risks and involves the following steps:

- 1. Identification of risks
- 2. Measurement
- 3. Aggregation
- 4. Planning and management or controlling
- 5. Monitoring
- 6. Mitigating the risk(s)






# RISK MANAGEMENT FRAMEWORK

## e. Anti-Money Laundering & Countering Financing Terrorism Policy:

- Policies and procedures are intended to ensure at the time of establishing relationship with the Customers, all reasonable and practical measures are taken to confirm the Customers' identities
- Modaraba has established a system to search its current and new clients to make suspicion after matching names from the proscribed list of individuals and entities published by NACTA and UNSCR.
- Frequency of the search for possible match is on fortnightly basis and accordingly reported to the regulator.
  - The day-to-day updating in the proscribed list is also matched with our database and reported on the online portal of SECP within 48 hours.
  - The Modaraba also quarterly submits a report to the regulator of its assessment on prescribed Performa circulated by the regulator.
  - The annual assessment also conducted and submitted to the regulator duly approved by the Board.



# Shariah Governance

- Fully Complied with Shari'ah Compliance and Shari'ah Audit Mechanism (SCSAM) for Modarabas
  - Quarterly Internal Shariah Audit Report by Chief Internal Auditor
  - Shariah Advisor Report included in the Annual Report of Sindh Modaraba
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# OPERATIONS





## **BUSINESS MODEL**


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

The registered office of the Sindh Modaraba is situated at 1<sup>st</sup> floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi.





# PRODUCTS

- Diminishing Musharaka
  - Ijarah
  - Murabaha
  - Salam
  - Istisna
  - House Financing
  - Any other products which may be approved by Religious Board from time to time.
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# SECTOR DIVERSIFICATION

	Rupees	%
Sugar	96,458,321	12.18
Oil & Gas	9,870,000	1.25
Security Services	15,125,720	1.91
Other Services	5,015,890	0.63
Individual	46,960,986	5.93
Brokerage	-	-
Transport	43,813,807	5.53
Metal & Steel	2,085,416	0.26
Construction	98,736,444	12.47
Pharmaceutical	-	-
Poultry, Poultry feed & hatchery	47,795,187	6.04
Chemical & Allied (Other)	97,485,342	12.31
Textile	39,961,633	5.05
Food & Beverages	43,750,000	5.53
Energy	35,000,000	4.42
Health	148,385,417	18.74
Others	61,280,172	7.74
<b>Total</b>	<b>791,724,335</b>	<b>100</b>



# Financial highlights



# Financial Data

2024	2023	2022	2021	2020	2019
-----Rupees-----					

## Balance Sheet

Certificate capital	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
Reserves	417,309,901	272,367,212	195,948,970	175,056,964	159,974,420	113,046,762
Total equity	1,867,309,901	1,722,367,212	1,645,948,970	1,625,056,964	1,609,974,420	1,063,046,762
Total Assets	1,938,202,289	1,778,233,492	1,684,584,728	1,657,153,740	1,706,170,652	1,639,272,831
Financing Portfolio	791,724,335	919,465,142	901,928,698	819,617,511	791,938,755	666,717,824
Current Assets	1,516,515,930	1,280,808,047	1,173,981,336	1,200,357,149	1,177,337,968	1,218,410,905
Current Liabilities	70,892,388	55,866,280	38,635,758	32,096,776	96,195,232	576,218,069
Total Liabilities	70,892,388	55,866,280	38,635,758	32,096,776	96,196,232	576,226,069

# Financial Data

2024	2023	2022	2021	2020	2019
-----Rupees-----					

## Profit & Loss

Revenue	407,340,786	279,664,809	167,021,948	138,244,547	188,071,755	125,016,560
Operating expenses	64,572,249	64,092,024	40,887,729	46,442,770	39,222,816	32,113,806
Profit before management fee	346,316,807	219,363,097	113,522,169	78,624,804	124,111,038	93,359,412
Net profit before tax	306,490,374	194,575,067	100,694,164	75,822,337	107,884,760	81,153,602
Net profit after tax	201,330,520	130,410,860	66,313,222	75,822,337	107,884,760	81,153,60

## Appropriations

Profit distribution (%)	12.50%	12.50%	12.00%	10.00%	13.50%	13.50%
Profit distribution	56,250,000	56,250,000	54,000,000	45,000,000	60,750,000	60,750,000
Statutory Reserve	40,266,104	26,082,172	26,537,818	26,537,818	43,153,904	43,153,904

# Key ratios

2024	2023	2022	2021	2020	2019
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Earning per Certificate	4.47	2.90	1.47	1.68	2.40	1.80
Breakup Value	19.27	16.05	14.35	13.89	13.55	12.51
Current ratio	21.39	22.93	30.39	37.40	12.24	2.11
Return on asset (%)	10.83%	7.53%	3.97%	4.51%	6.45%	5.06%
Return on equity (%)	11.22%	7.74%	4.05%	4.69%	8.07%	7.81%
Price quoted (PSX)	10.31	<b>8.03</b>	<b>7.00</b>	<b>8.80</b>	<b>8.21</b>	<b>7.50</b>



# Future prospects





# Future Prospects

The future outlook remains uncertain and largely hinges on the approval of the IMF loan and debt rollover agreements with allied countries. Despite a decline in inflation, a stable exchange rate, increasing foreign exchange reserves, and controlled current account and fiscal deficits, the authorities have succeeded in stabilizing the economy. Nevertheless, the outlook is fraught with significant downside risks stemming from both external and internal factors.

The country's economy appears to be entering a new phase. Pending final approval by its Board, the IMF provisionally agreed to a USD 3 billion bailout with the government, averting an imminent default. The agreement will improve international reserves and unlock further funding from other creditors; such as the USD 2 billion from Saudi Arabia announced on 11 July 2023. However, the government was forced to revise its budget to secure the IMF deal, cutting spending and raising taxes.

In a recent development, Moody's Ratings has upgraded Pakistan's economic outlook from stable to positive, highlighting improvements in the nation's macroeconomic environment and liquidity. This upgraded rating indicates that Pakistan is seen as somewhat more capable of fulfilling its debt obligations than before, though it still resides in the high-risk category.





# Future Prospects

- ❖ Management will continue its strategy for cautious lending in uncertain economic conditions.
- ❖ Management is focusing on the steady growth in the financing portfolio through concentration in low risk sectors.
- ❖ Timely recovery from the customers against the existing facilities remains the key area of focus to maintain the returns yield of the portfolio.
- ❖ Management is continuously reviewing the economic developments and is prudently making decisions regarding advances and deployment of funds without compromising the quality of the portfolio.

# QUESTIONS & ANSWERS



THANK YOU