

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



Quarterly  
Report

September  
2024

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**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 Statement

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. Fayaz Ahmed Jatoi	-Secretary Finance (GoS)	-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

### CFO & Company Secretary

Muhammad Adnan Shakeel

### Audit Committee

Mr. Ejaz Akhtar Ansari	-Chairman
Mr. Sami ul Haq Khilji	-Member
Mr. Kamal Ahmed	-Member

### Human Resource Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Sami ul Haq Khilji	-Member
Mr. Abdul Rauf Chandio	-Member

### Nomination Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Kamal Ahmed	-Member
Mr. Fayaz Ahmed Jatoi	-Member

### Procurement Committee

Mr. Fayaz Ahmed Jatoi	-Chairman
Mr. Ejaz Akhtar Ansari	-Member
Ms. Naila Asad Shaikh	-Member

### Risk Management Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Abdul Rauf Chandio	-Member
Ms. Naila Asad Shaikh	-Member

### Bankers

Sindh Bank Limited (Islamic Banking)  
Meezan Bank Limited  
NRSP Microfinance Bank Limited  
Soneri Bank Limited (Islamic Banking)  
AL-Baraka Bank Pakistan Limited  
Habib Metropolitan Bank (Islamic Banking)  
MCB Islamic Bank

### 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

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

### Lahore Branch

30-30A, Commercial Building  
The Mall  
Lahore

### Auditors

Baker Tilly Mehmood Idrees Qamar,  
Chartered Accountants

## 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-2025 ended September 30, 2024.

## Operating Results

As per current economic scenario and reducing trend of the Policy rate and inflation, Modaraba earned a profit before tax of Rs. 69.41 Million during the first quarter of FY-2025. The revenue has been reported to Rs. 97.85 million. During the quarter NPLs has been reduced and financing portfolio has been increased by Rs. 25.38 million. The management tried to keep on controlling expenses at maximum level to increase the profitability of the Modaraba.

## Future Prospects

Global growth is projected to be in line with the April 2024 World Economic Outlook (WEO) forecast, at 3.2 percent in fiscal year 2024 and 3.3 percent in 2025. Overall prices have remained soft, supported by declining international commodity prices and a stable currency. With subdued demand globally, commodity prices are expected to remain weak. Additionally, weakened consumer purchasing power in Pakistan will likely keep core inflation in check. Consequently, the average inflation for FY25 is estimated to settle below the target set by government @ 12.00%. Reflecting disinflation and steadier domestic and external conditions, the State Bank of Pakistan has been able to cut the policy rate by a total of 450 bps since June also supported by an appropriately tight FY25 budget. The recent marked decline in inflation is welcomed, allowing the SBP to lower the policy rate while maintaining an appropriately tight monetary stance.

The buildup in FX reserves should continue, supported by inflows under the extended arrangement, as well as price discovery in the interbank market to help buffer external shocks, attract financing, and protect competitiveness and growth. Current account balance is expected to remain flat to slightly negative below IMF Apr-24 projections. Despite an anticipated modest economic recovery and easing monetary policy, lower international commodity prices and lower purchasing power should keep the CAD (Current Account Deficit) within the lower band of SBP's 0-1% GDP target range.

Further, reducing inflation, deepening access to financing, and building strong external buffers are key to development and resilience. Monetary policy will continue to be focused on supporting disinflation, which will help to protect real incomes. To buffer against shocks and build reserves, the State Bank of Pakistan (SBP) will maintain a flexible exchange rate and continue to improve the functioning of the foreign exchange market and the transparency around FX operations. On financial stability, the authorities plan to take measures to deepen access to financing, while strengthening financial institutions, addressing any undercapitalized banks, and upgrading their crisis management framework.

Tax authorities plan to increase tax revenues through measures of 1½ percent of GDP in FY25 and 3 percent of GDP over the program. Particularly, the recently approved FY25 budget targets an underlying general government primary surplus of 1 percent of GDP (2 percent in headline terms). Revenue collections will be supported by simpler and fairer direct and indirect taxation, including by bringing net income from the retail, export, and agriculture sectors properly into the tax system. FBR is likely to achieve the revenue targets of the first quarter as both the economic activity and imports are expected to show a healthy turnaround in the month of September

### Directors' Review

due to lower policy rate and other interventions being made by the Government in recent months.

In light of the above, the management will keep its strategy to focus on Islamic financing more aggressively to bring more weightage in financing revenue to the total income. The management is focusing on the steady growth in the financing portfolio through concentration in low risk sectors. Moreover, timely recovery from the customers against the existing facilities remains the key area of focus to maintain the returns yield of the portfolio.

### 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.



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**Abdul Rauf Chandio**  
Chief Executive

Karachi: October 23, 2024

## ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2024ء کو مکمل ہونے والی FY-2025 کی پہلی سہ ماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### آپریٹنگ نتائج

موجودہ اقتصادی صورتحال اور پالیسی شرح اور مہنگائی میں کمی کے رجحان کے مطابق، مضاربہ نے مالی سال 2025 کی پہلی سہ ماہی میں ٹیکس سے قبل 69.41 ملین روپے کا منافع کمایا۔ اس دوران آمدنی 97.85 ملین روپے رپورٹ کی گئی۔ سہ ماہی کے دوران غیر فعال قرضے کم ہونے اور فنانسنگ پورٹ فولیو میں 25.38 ملین روپے کا اضافہ ہوا۔ انتظامیہ نے مضاربہ کی منافعیت بڑھانے کے لیے اخراجات کو زیادہ سے زیادہ کنٹرول میں رکھنے کی کوشش کی۔

### مستقبل کے امکانات

عالمی اقتصادی ترقی مالی سال 2024 کے لیے 3.2 فیصد اور 2025 میں 3.3 فیصد رہنے کی توقع ہے، جیسا کہ اپریل 2024 کے عالمی اقتصادی نقطہ نظر (WEO) کی پیش گوئی میں بتایا گیا ہے۔ مجموعی طور پر قیمتیں کم رہیں، جو کہ عالمی اجناس کی قیمتوں میں کمی اور مستحکم کرنسی کی وجہ سے ہوئی۔ کمزور عالمی مانگ کے ساتھ، اجناس کی قیمتوں میں کمزوری برقرار رہنے کی توقع ہے۔ مزید برآں، پاکستان میں صارفین کی خریداری کی طاقت میں کمی بنیادی مہنگائی کو قابو میں رکھنے میں مدد کرے گی۔ لہذا، مالی سال 2025 کے لیے اوسط مہنگائی حکومت کے مقرر کردہ 12.00 فیصد ہدف سے نیچے طے ہونے کی توقع ہے۔ مہنگائی میں کمی اور ملکی و بیرونی حالات کے مستحکم ہونے کے پیش نظر، اسٹیٹ بینک آف پاکستان جون کے بعد سے 450 بیسز پوائنٹس کی مجموعی پالیسی شرح میں کمی کر چکا ہے، جو مالی سال 2025 کے سخت بجٹ کے مناسب طریقے سے معاون کرتا ہے۔ مہنگائی میں حالیہ نمایاں کمی کا غیر مقدم کیا جاتا ہے، جس سے اسٹیٹ بینک کو مناسب طور پر سخت مالیاتی موقف برقرار رکھنے ہوئے پالیسی ریٹ کم کرنے کی اجازت ملی ہے۔

ایف ایکس ریٹرو میں اضافہ جاری رہنا چاہیے، جو کہ توسیعی معاہدے کے تحت آنے والی مالی آمدنی اور بینکنگ مارکیٹ میں قیمتوں کے تعین سے معاونت پائے گا تاکہ بیرونی چھکوں سے بچا جاسکے، فنانسنگ کو متوجہ کیا جاسکے اور مسابقت اور ترقی کی حفاظت کی جاسکے۔ موجودہ کھاتے کا توازن آئی ایم ایف کی اپریل 2024 کی پیش گوئیوں کے مطابق یا اس سے تھوڑا کم رہنے کی توقع ہے۔ متوقع اقتصادی بحالی اور مالیاتی پالیسی میں نرمی کے باوجود، عالمی اجناس کی قیمتیں اور کم خریداری کی طاقت کی وجہ سے کرنٹ اکاؤنٹ خسارہ (CAD) اسٹیٹ بینک کی 0-1% جی ڈی پی کی ہدف حد کے نچلے حصے میں رہنے کی توقع ہے۔

مزید برآں، مہنگائی کو کم کرنا، فنانسنگ تک رسائی کو گہرا کرنا، اور مضبوط بیرونی ذخائر بنانا ترقی اور چلک کے لیے اہم ہیں۔ مالیاتی پالیسی بدستور عدم افراط زر کو فروغ دینے پر مرکوز رہے گی، جس سے حقیقی آمدنی کی حفاظت میں مدد ملے گی۔ چھکوں سے بچنے اور ذخائر بنانے کے لیے، اسٹیٹ بینک آف پاکستان چلکدار شرح مبادلہ کو برقرار رکھے گا اور غیر ملکی زرمبادلہ کے آپریشنز میں شفافیت کو بہتر بنانا جاری رکھے گا۔ مالیاتی استحکام پر، حکام مالیاتی اداروں کو مضبوط کرتے ہوئے، کسی بھی کم سرمایہ والے بینکوں سے نمٹنے، اور ان کے بحران کے انتظام کے فریم ورک کو اپ گریڈ کرتے ہوئے، فنانسنگ تک رسائی کو گہرا کرنے کے لیے اقدامات کرنے کا ارادہ رکھتے ہیں۔



## ڈائریکٹرز کا جائزہ

ٹیکس حکام مالی سال 2025 میں جی ڈی پی کے 1/2 فیصد اور پروگرام کے دوران 3 فیصد کے اقدامات کے ذریعے محصولات بڑھانے کا منصوبہ بنا رہے ہیں۔ خاص طور پر، حال ہی میں منظور شدہ مالی سال 2025 کے بجٹ میں حکومت کے بنیادی اضافے کو 1 فیصد جی ڈی پی (سرخ کی شرائط میں 2 فیصد) کا ہدف مقرر کیا گیا ہے۔ ریونیو کی وصولی کو آسان اور منصفانہ براہ راست اور بالواسطہ ٹیکس لگانے سے مدد ملے گی، بشمول خوردہ، برآمدات اور زراعت کے شعبوں سے حاصل ہونے والی خالص آمدنی کو ٹیکس کے نظام میں مناسب طریقے سے لانے کے لئے۔ FBR کی جانب سے پہلی سہ ماہی کے محصولات کے اہداف حاصل کرنے کا امکان ہے کیونکہ حالیہ مہینوں میں حکومت کی جانب سے پالیسی کی شرح کم ہونے اور دیگر مداخلتوں کی وجہ سے ستمبر کے مہینے میں اقتصادی سرگرمی اور درآمدات دونوں میں صحت مند تبدیلی کی توقع ہے۔

مندرجہ بالا روشنی میں، انتظامیہ اپنی حکمت عملی کو اسلامی مالیات پر زیادہ زور دینے پر توجہ مرکوز رکھے گی۔ کم خطرے والے شعبوں پر توجہ مرکوز کرتے ہوئے مالیاتی پورٹ فولیو میں مسلسل اضافہ کرنے کی کوشش کی جائے گی۔ مزید برآں، موجودہ ہولتوں کے تحت صارفین سے بروقت وصولی پورٹ فولیو کی منافعیت کو برقرار رکھنے کے لیے کلیدی توجہ کا مرکز رہے گی۔

### تسلیمات

بورڈ آف ڈائریکٹرز کی جانب سے، میں اسپانسرز، ریگولیٹرز اور ہمارے شرعی مشیر کا ان کی رہنمائی اور حمایت کے لیے شکریہ ادا کرتا ہوں۔ ہم اپنے کلائنٹس کی مسلسل سرپرستی کا اعتراف کرتے ہیں اور مضاربہ کے ملازمین کی لگن اور محنت کو ریکارڈ پر لانا چاہتے ہیں۔



عبدالروف چانڈیو

چیف ایگزیکٹو

کراچی 23 اکتوبر 2024

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2024**

		September 30, 2024	June 30, 2024
		Un-audited	Audited
	Note	-----Rupees-----	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	655,301,381	202,142,642
Short term investments	5	500,000,000	950,000,000
Advances, prepayments and other receivables	6	34,366,349	38,665,098
Current portion of Diminishing Musharaka	7	415,929,505	324,247,982
Current portion of long term loan		1,910,232	1,460,208
<b>Total current assets</b>		<b>1,607,507,467</b>	<b>1,516,515,930</b>
<b>Non - current assets</b>			
Diminishing Musharaka	7	350,182,624	414,665,176
Long term loan		5,889,988	5,085,621
Fixed assets - in own use	8	1,920,955	1,935,562
<b>Total non - current assets</b>		<b>357,993,567</b>	<b>421,686,359</b>
<b>TOTAL ASSETS</b>		<b>1,965,501,034</b>	<b>1,938,202,289</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Creditors, accrued and other liabilities	9	35,129,226	61,509,524
Provision for taxation - net of advance tax	10	12,706,310	8,307,484
Profit distribution payable		57,325,380	1,075,380
		<b>105,160,916</b>	<b>70,892,388</b>
<b>Non - current liabilities</b>			
		-	-
<b>TOTAL LIABILITIES</b>		<b>105,160,916</b>	<b>70,892,388</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<b>Authorized certificate capital</b>			
50,000,000 certificates of Rs. 10 each		<b>500,000,000</b>	<b>500,000,000</b>
(June 30, 2024: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		410,340,118	417,309,901
Long term loan	11	1,000,000,000	1,000,000,000
<b>TOTAL EQUITY</b>		<b>1,860,340,118</b>	<b>1,867,309,901</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,965,501,034</b>	<b>1,938,202,289</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12	-	-

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

**For Sindh Modaraba Management Limited  
(Management Company - owned by Government of Sindh)**



Chairman



CEO



Director



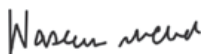
CFO

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Note	For the quarter ended	
		September 30, 2024	September 30, 2023
		Un-audited	
		Rupees	
<b>Income from:</b>			
- Diminishing Musharaka		42,765,812	54,701,306
- Bank deposits		9,058,761	11,162,708
- Term deposits receipts		46,028,689	33,627,572
		<u>97,853,262</u>	<u>99,491,586</u>
Administrative and operating expenses	13	(21,472,531)	(15,303,668)
Reversal of provision against diminishing musharaka		1,817,078	1,129,200
		<u>(19,655,453)</u>	<u>(14,174,468)</u>
		78,197,809	85,317,118
Other income		230,165	91,900
		<u>78,427,974</u>	<u>85,409,018</u>
Management Company's remuneration		(7,842,797)	(8,540,902)
Provision for services sales tax on the Management Company's remuneration		(1,176,420)	(1,110,317)
<b>Profit for the quarter before tax</b>		<b>69,408,757</b>	<b>75,757,799</b>
Provision for Taxation	10	(20,128,540)	(21,969,762)
<b>Profit for the quarter after tax</b>		<b>49,280,217</b>	<b>53,788,037</b>
<b>Earnings per certificate - basic and diluted</b>		<b>1.10</b>	<b>1.20</b>

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

**For Sindh Modaraba Management Limited  
(Management Company - owned by Government of Sindh)**



Chairman



CEO



Director

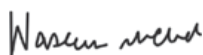


CFO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	For the quarter ended	
	September 30, 2024	September 30, 2023
	Un-audited	
	-----Rupees-----	
<b>Profit for the quarter after tax</b>	<b>49,280,217</b>	53,788,037
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	-	-
<b>Total comprehensive income for the quarter</b>	<b>49,280,217</b>	<b>53,788,037</b>

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



Chairman



CEO



Director



CFO

**CONDENSED INTERIM STATEMENT OF CASH FLOW  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Note	For the quarter ended	
		September 30, 2024	September 30, 2023
		Un-audited	
		-----Rupees-----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the quarter before tax		69,408,757	75,757,799
<b>Adjustments for non - cash and other items</b>			
Depreciation on fixed assets - owned	8.1 & 8.2	259,703	315,407
Gain on disposal of fixed assets - owned		(59,996)	
Income on bank deposits		(9,058,761)	(11,162,708)
Income on term deposit receipts		(46,028,689)	(33,627,572)
Provision for provident fund (employer's contribution)		389,175	362,115
Reversal of provision in respect of diminishing musharaka		(1,817,078)	(1,129,200)
		<b>13,093,111</b>	<b>30,515,841</b>
<b>Working capital changes</b>			
Advances, prepayments and other receivables		1,531,967	(961,596)
Diminishing Musharaka financing		(25,381,893)	35,237,599
Long term loan		(1,254,391)	107,901
Creditors, accrued and other liabilities		(26,380,298)	14,573,738
		<b>(51,484,615)</b>	<b>48,957,642</b>
Provident fund contribution paid (employer's contribution)		(389,175)	(299,157)
Income tax paid		(15,729,714)	(27,790,541)
Income received on term deposit receipt		46,879,782	34,405,479
Income received on bank deposits		10,974,450	13,799,052
<b>Net cash generated from operations</b>		<b>3,343,839</b>	<b>99,588,316</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Sale proceed from disposal of fixed assets - owned		60,000	-
Purchase of fixed assets - owned	8.1	(245,100)	(184,160)
<b>Net cash used in investing activities</b>		<b>(185,100)</b>	<b>(184,160)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
<b>Net cash flow from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>3,158,739</b>	<b>99,404,156</b>
Cash and cash equivalents at the beginning of the quarter		1,152,142,642	882,076,260
<b>Cash and cash equivalents at the end of the quarter</b>	<b>19</b>	<b>1,155,301,381</b>	<b>981,480,416</b>

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

**For Sindh Modaraba Management Limited  
(Management Company - owned by Government of Sindh)**



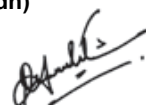
Chairman



CEO



Director



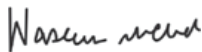
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**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
-----Rupees-----						
<b>Un-audited</b>						
Balance as at July 01, 2023	450,000,000	160,416,320	111,950,892	272,367,212	1,000,000,000	1,722,367,212
Profit for the quarter	-	-	53,788,037	53,788,037	-	53,788,037
<b>Transaction with Certificate Holders</b>						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at September 30, 2023	450,000,000	160,416,320	109,488,929	269,905,249	1,000,000,000	1,719,905,249
<b>Un-audited</b>						
<b>Balance as at July 01, 2024</b>	<b>450,000,000</b>	<b>200,682,424</b>	<b>216,627,477</b>	<b>417,309,901</b>	<b>1,000,000,000</b>	<b>1,867,309,901</b>
Profit for the quarter	-	-	49,280,217	49,280,217	-	49,280,217
<b>Transaction with Certificate Holders</b>						
Profit distribution @ Rs. 1.25 (12.50%) per certificate			(56,250,000)	(56,250,000)		(56,250,000)
<b>Balance as at September 30, 2024</b>	<b>450,000,000</b>	<b>200,682,424</b>	<b>209,657,694</b>	<b>410,340,118</b>	<b>1,000,000,000</b>	<b>1,860,340,118</b>

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

**For Sindh Modaraba Management Limited**  
**(Management Company - owned by Government of Sindh)**



**Chairman**



**CEO**



**Director**



**CFO**

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2024

### 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, 2023 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, 2024.

#### 2.2 Basis of measurement

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

#### 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, 2024**

**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 2024.

		<b>September 30, 2024</b>	June 30, 2024
		<b>Un-audited</b>	Audited
	Note	-----Rupees-----	
<b>4 CASH AND BANK BALANCES</b>			
Cash in hand		<b>50,000</b>	-
Stamp paper in hand		<b>72,700</b>	78,200
Balances with banks on:			
- Deposit accounts	4.1	<b>653,945,868</b>	200,860,973
- Current accounts	4.2	<b>1,232,813</b>	1,203,469
		<b>655,301,381</b>	<b>202,142,642</b>

**4.1** These carry profit at the rates ranging from 3.40% to 16.00% per annum. (June 30, 2024: 6.75% to 18.80% per annum). This includes balance of Rs. 0.69 million (June 30, 2024: 1.16 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

**4.2** This includes balance of Rs. 1.23 million (June 30, 2024: Rs. 1.2 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.

**5 SHORT TERM INVESTMENTS**

Term deposit receipts	5.1	<b>500,000,000</b>	950,000,000
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**5.1** This represents investment of Rs. 500 million in Soneri Bank Limited - Islamic Banking for a period of 3 months maturity at a profit rate of 17.90% p.a. (June 30, 2024: Rs. 550 million for a period of 3 months maturity at a profit rate of 19.00% p.a. and Rs. 400 million for a period of 3 months maturity at a profit rate of 20.50% p.a in Soneri Bank Limited - Islamic Banking)



**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

		<b>September 30, 2024</b>	June 30, 2024
		<b>Un-audited</b>	<b>Audited</b>
<b>Note</b>		<b>-----Rupees-----</b>	
<b>6</b>	<b>ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES</b>		
	Advances	<b>26,000</b>	26,000
	Prepayments	<b>2,884,877</b>	1,289,844
	Accrued income from bank deposits	<b>2,837,915</b>	4,753,604
	Accrued income from term deposit receipts	<b>12,226,775</b>	13,077,868
	Accrued income from Diminishing Musharaka	<b>16,390,782</b>	19,517,782
	Other receivables	-	-
		<b>34,366,349</b>	<b>38,665,098</b>

**6.1** This includes accrued income of Rs. Nil (June 30, 2024: Rs. 13,123) in deposit account, held with Sindh Bank Limited - Islamic Banking Unit, related party.

**6.2 Accrued income from Diminishing Musharaka**

Receivable	<b>31,781,140</b>	34,861,964
Less: Income suspend	<b>(15,390,358)</b>	(15,344,182)
	<b>16,390,782</b>	<b>19,517,782</b>

**7 DIMINISHING MUSHARAKA**

Receivables - secured	<b>7.1 817,106,228</b>	791,724,335
Less: current portion	<b>(415,929,505)</b>	(324,247,982)
Less: provision	<b>7.2 (50,994,099)</b>	(52,811,177)
Long term portion	<b>350,182,624</b>	<b>414,665,176</b>

**7.1** This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for the periods ranging 3 to 20 years (June 30, 2024: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge

**7.2** This includes general provision of Rs. 3.57 million (June 30, 2024: 3.46 million) made at the rate of 0.5% (June 30, 2024: 0.5%) on diminishing musharaka receivables

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

8 FIXED ASSETS - in own use	Note	September 30,	June 30,
		2024	2024
		Un-audited	Audited
Tangible assets		-----Rupees-----	
Intangible assets	8.1	1,919,829	1,932,780
Capital work in progress	8.2	1,126	2,782
	8.3	-	-
		<u>1,920,955</u>	<u>1,935,562</u>

**8.1 Tangible assets**

Particulars	Cost			Depreciation			WDV as at September 30, 2024	Depreciation Rate
	As at July 01, 2024	Addition/ (Deletion)	As at September 30, 2024	As at July 01, 2024	Charge (Adj.) for the quarter	As at September 30, 2024		
	Un-audited							
Furniture and fixtures	1,565,217	245,100	1,810,317	1,261,708	45,249	1,306,957	503,360	10%
Office equipment	3,654,877	- (234,668)	3,420,209	2,790,880	61,335 (234,664)	2,617,551	802,658	20%
Vehicles	1,354,275	- (1,310,775)	43,500	1,332,414	21,860 (1,310,775)	43,499	1	20%
Computer and accessories	3,466,086	-	3,466,086	2,722,673	129,603	2,852,276	613,810	33.33%
<b>As at and for the quarter ended September 30, 2024</b>	<b>10,040,455</b>	<b>245,100</b>	<b>8,740,112</b>	<b>8,107,675</b>	<b>258,047</b>	<b>6,820,283</b>	<b>1,919,829</b>	
As at and for the year ended June 30, 2024	8,907,528	1,132,927 -	10,040,455	6,961,841	1,145,834 -	8,107,675	1,932,780	

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	<b>September 30, 2024</b>	June 30, 2024
	<b>Un-audited</b>	Audited
<b>Note</b>	<b>-----Rupees-----</b>	
<b>8.2 Intangible assets</b>		
Opening net book value	<b>2,782</b>	27,156
Additions during the period	-	-
Amortization for the period	<b>(1,656)</b>	(24,374)
Closing net book value	<b>1,126</b>	2,782
Cost	<b>2,111,982</b>	2,111,982
Accumulated amortization	<b>(2,110,856)</b>	(2,109,200)
Net book value	<b>1,126</b>	2,782
Annual rates of amortization	<b>33.33%</b>	33.33%
<b>9 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
Management remuneration payable - related	<b>7,842,797</b>	34,631,681
Provision for sindh sales tax on management remuneration	<b>1,176,420</b>	5,194,752
Other liabilities	<b>11,810,127</b>	8,913,111
Accrued expenses	<b>12,554,209</b>	11,373,336
Payable to gratuity fund - related party	<b>1,739,232</b>	1,390,203
Creditors	<b>6,441</b>	6,441
	<b>35,129,226</b>	61,509,524
<b>9.1</b> These includes Rs. 216,000 (June 30, 2024: Rs. 54,000) for branch rent payable to Sindh Bank Limited, related party.		
<b>10 PROVISION FOR TAXATION-Net of Advance Tax</b>		
Opening balance - Provision	<b>8,307,484</b>	10,555,612
Payments / adjustments during the period	<b>(15,729,714)</b>	(107,407,982)
Provision for the period:		
- current year	<b>20,128,540</b>	105,580,200
- prior year	-	(420,346)
Total provision for the period	<b>20,128,540</b>	105,159,854
Closing balance - Provision	<b>12,706,310</b>	8,307,484
	<b>1,000,000,000</b>	1,000,000,000
<b>11 LONG TERM LOAN - subordinated</b>		

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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

**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.

		<b>September 30</b>	<b>September 30</b>
		<b>2024</b>	<b>2023</b>
		<b>Un-audited</b>	
		<b>-----Rupees-----</b>	
<b>13 ADMINISTRATIVE AND OPERATING EXPENSES</b>	<b>Note</b>		
Salaries, allowances and other benefits	<b>13.1</b>	<b>15,750,986</b>	10,275,620
Legal and professional charges		<b>316,562</b>	298,662
Shariah advisor fee		<b>150,000</b>	108,000
Repairs and maintenance		<b>411,678</b>	302,722
Utility services		<b>562,577</b>	489,958
Registration and subscription fee		<b>357,298</b>	291,123
Generator sharing and fuel charges	<b>13.2</b>	<b>300,592</b>	295,736
Entertainment		<b>165,998</b>	132,817
Advertisement and publications		<b>122,500</b>	15,000
Rent, rates and taxes	<b>13.3</b>	<b>212,004</b>	200,004
Travelling and conveyance		<b>2,096,138</b>	1,815,869
Security services		<b>150,000</b>	150,000
Printing, stationery and photocopy		<b>254,209</b>	210,766
Postage, courier and telegraphs		<b>43,745</b>	69,923
Auditors' remuneration		<b>75,000</b>	73,750
Depreciation - tangible assets	<b>8.1</b>	<b>258,047</b>	296,001
Amortization - intangible assets	<b>8.2</b>	<b>1,656</b>	19,406
Takaful - owned assets		<b>49,112</b>	41,503
Takaful - financing assets		<b>155,948</b>	191,752
Miscellaneous		<b>38,481</b>	25,056
		<b>21,472,531</b>	15,303,668

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2024

- 13.1** This includes contribution of Rs. 389,175 (2023: Rs. 362,115) to provident fund and provision for gratuity of Rs. 349,029 (2023: Rs.232,686), related party.
- 13.2** This includes amount of Rs. 270,000 (2023: Rs. 180,000) against sharing of expenses with Sindh Insurance Limited - related party.
- 13.3** This includes amount of Rs. 162,000 (2023: 108,000) branch rent to Sindh Bank Limited, related party.

### 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

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:

	<b>September 30, 2024</b>	June 30, 2024
	<b>Un-audited</b>	Audited
<b>Note</b>	-----Rupees-----	
<b>Balances as at period end</b>		
<b>Sindh Modaraba Management Limited - Management company</b>		
Profit distribution payable	<u><b>53,057,500</b></u>	<u>-</u>
<b>Key Management Personnel</b>		
Long term loans	<u><b>4,667,197</b></u>	<u>4,002,165</u>
<b>Sindh Modaraba Employees Gratuity Fund - employee fund</b>		
Contribution payable	<u><b>1,739,232</b></u>	<u>1,390,203</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

	<b>For the quarter ended</b>	
	<b>September 30, 2024</b>	September 30, 2023
	<b>Un-audited</b>	
	-----Rupees-----	
<b>Transactions for the period</b>		
<b>Sindh Bank Limited - associated company</b>		
Income on bank deposits	<u>13,411</u>	201,925
	<u><b>13,411</b></u>	<u>201,925</u>
<b>Sindh Modaraba Management Limited - Management company</b>		
Management Company's remuneration accrued	<u>7,842,797</u>	8,540,902
Management Company's remuneration paid	<u>34,631,681</u>	-
	<u><b>42,474,478</b></u>	<u>8,540,902</u>
<b>Sindh Insurance Limited - associated company</b>		
Takaful contribution paid	<u>2,151,703</u>	1,590,636
Sharing of expenses paid	<u>270,000</u>	270,000
	<u><b>2,421,703</b></u>	<u>1,860,636</u>
<b>Key Management Personnel</b>		
Salaries, allowances and benefits paid	<u>8,418,258</u>	3,784,324
<b>Sindh Modaraba Employees Provident Fund - employee fund</b>		
Contribution paid (both employer's and employee's contribution)	<u>778,350</u>	598,314

**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.

Repairs and maintenance

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

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- Postage, courier and telegraphs
- Amortization - intangible assets

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 September 30, 2024.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE QUARTER ENDED SEPTEMBER 30, 2024**

**18 DATE OF AUTHORISATION**

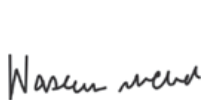
This condensed interim financial information was authorised for issue on October 23, 2024 by the Board of Directors of the Management Company.

		<b>September 30, 2024</b>	September 30, 2023
		<b>Un-audited</b>	
	<b>Note</b>	-----Rupees-----	
<b>19 CASH AND CASH EQUIVALENT</b>			
Cash and bank balances	4	<b>655,301,381</b>	237,480,416
Short term investments	5	<b>500,000,000</b>	744,000,000
		<b><u>1,155,301,381</u></b>	<u>981,480,416</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.

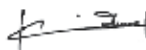
**For Sindh Modaraba Management Limited  
(Management Company - owned by Government of Sindh)**



Chairman



CEO



Director



CFO

## **SINDH MODARABA** **Products**

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

**SINDH MODARABA**

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