

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ



IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



SINDH MODARABA


**CORPORATE BRIEFING SESSION
(CBS)**

THURSDAY, 26th OCTOBER 2023

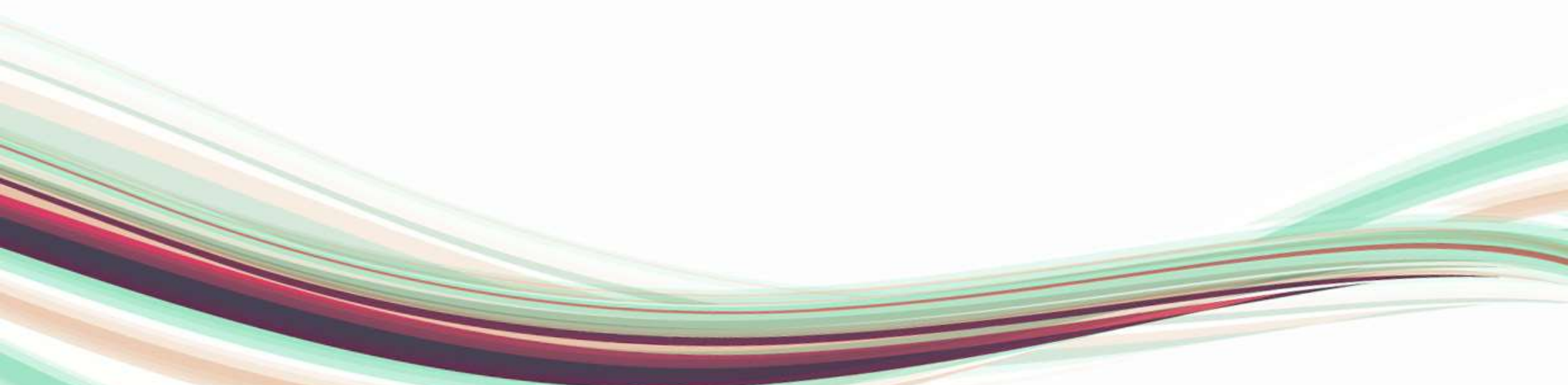


CORPORATE BRIEFING

- Sindh Modaraba Profile
 - Governance
 - Operation
 - Sector Analysis
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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 Regulation, 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. Kazim Hussain Jatoi | - Non-Executive Director |
| Mr. Sami ul Haq Khilji | - Non-Executive Director |
| Mr. Kamal Ahmed | - Non-Executive Director |
| Ms. Naila Asad Shaikh | - Non-Executive Director |
| Mr. Ishfaque Ahmed | - Chief Executive Officer |



Shariah Advisor

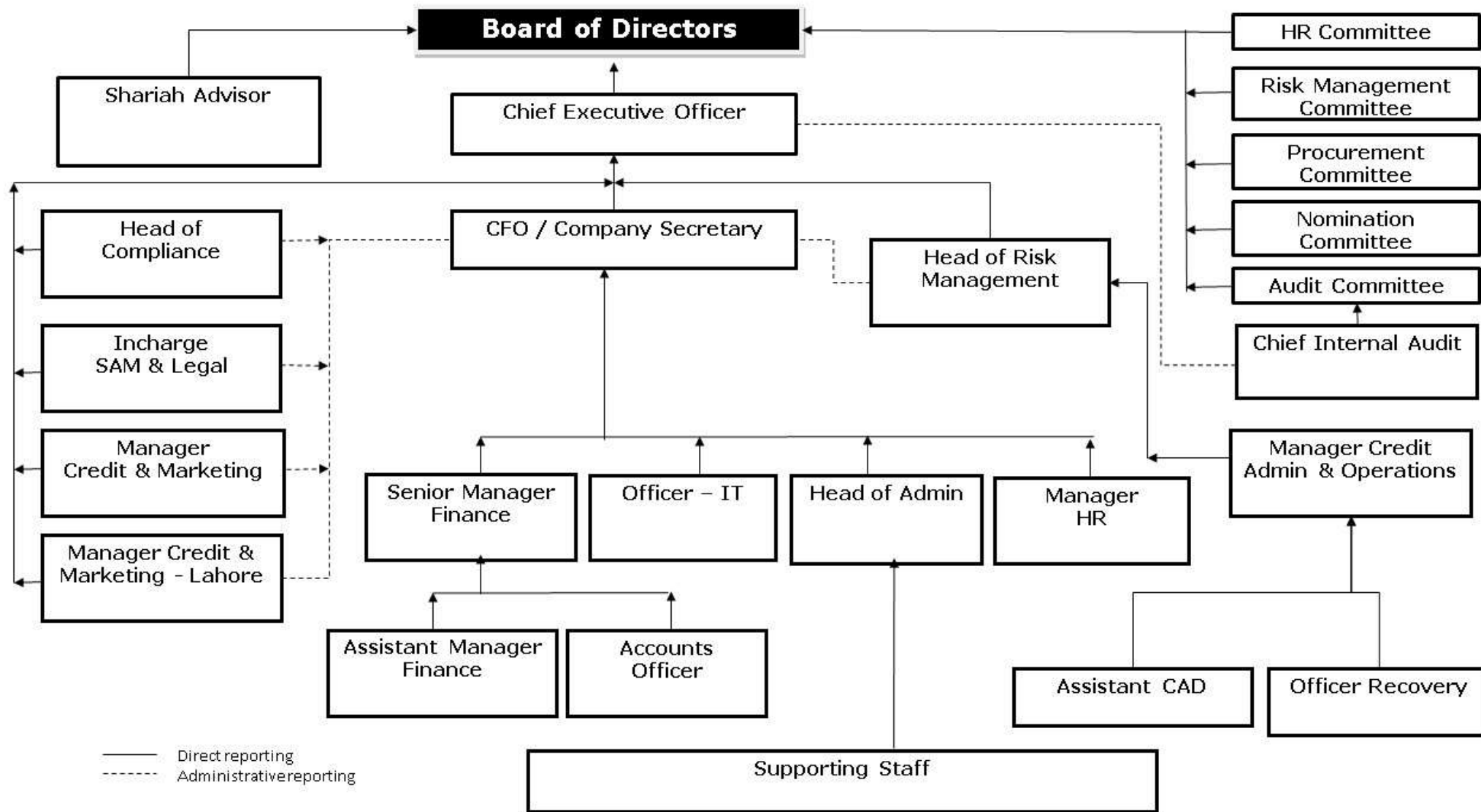
Mufti Zeeshan Abdul Aziz

Credit Rating

Long term : A +

Short term : A -1

By VIS Credit Rating Company Limited



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



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 1st 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	63,972,855	6.96
Oil & Gas	11,280,000	1.23
Security Services	23,106,380	2.51
Other Services	62,054,013	6.75
Individual	45,420,169	4.94
Brokerage	74,682	0.01
Transport	57,392,505	6.24
Metal & Steel	2,275,000	0.25
Construction	177,162,502	19.27
Pharmaceutical	12,920,625	1.41
Poultry, Poultry feed & hatchery	51,206,589	5.57
Chemical & Allied (Other)	35,441,402	3.85
Textile	62,756,501	6.83
Food & Beverages	56,250,000	6.12
Energy	42,200,000	4.59
Health	197,020,834	21.43
Others	18,391,084	2.06
Total	919,465,142	100



Financial highlights



Financial Data

2023	2022	2021	2020	2019	2018
-----Rupees-----					

Balance Sheet

Certificate capital	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
Reserves	272,367,212	195,948,970	175,056,964	159,974,420	113,046,762	65,786,214
Total equity	1,722,367,212	1,645,948,970	1,625,056,964	1,609,974,420	1,063,046,762	1,015,786,214
Total Assets	1,778,233,492	1,684,584,728	1,657,153,740	1,706,170,652	1,639,272,831	1,569,428,718
Financing Portfolio	919,465,142	901,928,698	819,617,511	791,938,755	666,717,824	676,717,777
Current Assets	1,280,808,047	1,173,981,336	1,200,357,149	1,177,337,968	1,218,410,905	1,096,695,414
Current Liabilities	55,866,280	38,635,758	32,096,776	96,195,232	576,218,069	553,466,854
Total Liabilities	55,866,280	38,635,758	32,096,776	96,196,232	576,226,069	553,642,504

Financial Data

2023	2022	2021	2020	2019	2018
-----Rupees-----					

Profit & Loss

Revenue	279,664,809	167,021,948	138,244,547	188,071,755	125,016,560	88,789,355
Operating expenses	64,092,024	40,887,729	46,442,770	39,222,816	32,113,806	28,871,650
Profit before management fee	219,363,097	113,522,169	78,624,804	124,111,038	93,359,412	60,240,405
Net profit before tax	194,575,067	100,694,164	75,822,337	107,884,760	81,153,602	52,364,573
Net profit after tax	130,410,860	66,313,222	75,822,337	107,884,760	81,153,60	52,364,573

Appropriations

Profit distribution (%)	12.50%	12.00%	10.00%	13.50%	13.50%	7.50%
Profit distribution	56,250,000	54,000,000	45,000,000	60,750,000	60,750,000	33,750,000
Statutory Reserve	26,082,172	26,537,818	26,537,818	43,153,904	24,346,081	15,709,372

Key ratios

2023	2022	2021	2020	2019	2018
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Earning per Certificate	2.90	1.47	1.68	2.40	1.80	1.16
Breakup Value	16.05	14.35	13.89	13.55	12.51	11.46
Current ratio	22.93	30.39	37.40	12.24	2.11	1.98
Return on asset (%)	7.53%	3.97%	4.51%	6.45%	5.06%	4.03%
Return on equity (%)	7.74%	4.05%	4.69%	8.07%	7.81%	5.24%
Price quoted (PSX)	8.03	7.00	8.80	8.21	7.50	7.00



Future prospects





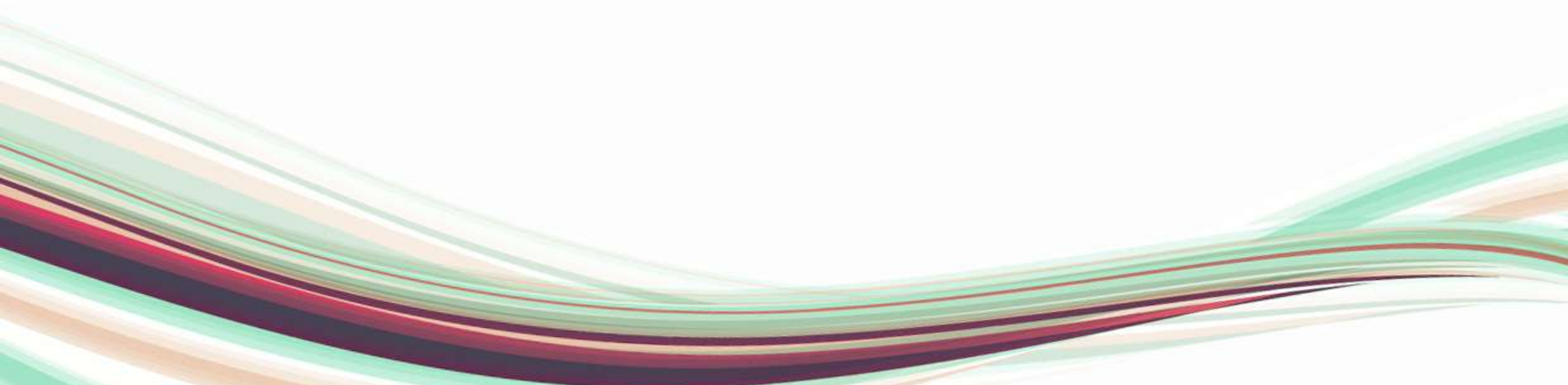
Future Prospects

- ❖ IMF expects Pakistan's economy to perform better in the current and next fiscal years compared to other multilateral agencies' projections despite the macroeconomic challenges faced by us.
- ❖ IMF's World Economic Outlook for October, released and forecasts a growth of 2.5% for the country's economy in the current year, doubling to 5% in the next fiscal year.
- ❖ Inflation has remained on the higher side due to administered increase in prices of energy, petroleum products and currency devaluation which is expected to slow down for 2QFY24
- ❖ Rupee has recovered to Rs. 281 to a dollar in inter-bank market from the peak of Rs. 307, due to current economy management, which also impacted recent decrease in energy prices.
- ❖ Real interest rate may also become positive with the risks of rising oil prices and pressure on the PKR due to external financing gaps, expectations for oil prices to normalize in 2HFY24 and a low trade deficit on account of subdued demand and better agricultural output is likely to keep the inflation in check.



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.



QUESTIONS & ANSWERS



THANK YOU