

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



SINDH MODARABA



**QUARTERLY REPORT
SEPTEMBER 2023**



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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. Waseem Mehdi Syed	-Chairman	-Independent Director
Mr. Sami ul Haq Khilji		-Non-Executive Director
Mr. Kazim Hussain Jatoi		-Non-Executive Director
Mr. Kamal Ahmed		-Non-Executive Director
Ms. Naila Asad Shaikh		-Non-Executive Director
Mr. Ishfaqe Ahmed		-Chief Executive Officer

CFO & Company Secretary

Muhammad Adnan Shakeel

Audit Committee

Mr. Kamal Ahmed	-Chairman
Ms. Naila Asad Shaikh	-Member

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Human Resource Committee

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

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Mr. Waseem Mehdi Syed	-Chairman
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
Ms. Naila Asad Shaikh	-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)
Meezan Bank Limited
NRSP Microfinance Bank Limited (Islamic Banking)
Soneri Bank Limited (Islamic Banking)
Al Baraka Bank Pakistan Limited
Habib Metropolitan Bank (Islamic Banking)

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-2024 ended September 30, 2023.

Operating Results

During the first quarter of FY-2024, Modaraba earned a profit before tax of Rs. 75.76 Million as compared to a profit before tax of Rs. 43.97 Million in the same quarter last year. The profit after tax of the Modaraba also increased by Rs. 22.57 million to Rs. 53.78 Million. The earnings from diminishing Musharaka has increased by Rs. 19.85 million to Rs. 54.70 million. Further, the bank profit also increased by Rs. 18.38 Million due to more cautious treasury management and improved weighted average rate of return on bank deposits, which impacted the increase in earnings per certificate from Re. 0.69 to Rs. 1.20 per certificate.

Future Prospects

The 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. The International Monetary Fund's (IMF) 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. However, due to current economy management, the rupee has recovered to Rs. 281 to a dollar in inter-bank market from the peak of Rs. 307, which also impacted recent decrease in energy prices

It is expected that inflation may slow down for 2QFY24 before starting to drop sharply from Jan-24 onwards. Moreover, it is estimated that real interest rate may also become positive in coming days. While there are 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.

In light of the above the management will continue its strategy for cautious lending in uncertain economic conditions, 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.

On Behalf of the Board



Ishfaqe Ahmed
Chief Executive Officer

Karachi
October 23, 2023

ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2023ء کو مکمل ہونے والی FY-2024 کی پہلی سہ ماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

آپریٹنگ نتائج

مالی سال 2023 کی پہلی سہ ماہی کے دوران، مضاربہ نے ٹیکس سے پہلے 75.76 ملین کا منافع کمایا، جبکہ پچھلے سال کی اسی مدت میں ٹیکس سے پہلے 43.97 ملین روپے کا منافع تھا۔ مضاربہ کا بعد از ٹیکس منافع 22.57 ملین روپے کے اضافے سے 53.78 ملین روپے کی سطح پر آ گیا۔ ڈمشنگ مضاربہ آمدنی میں 19.85 ملین روپے کے اضافے سے آمدنی 54.70 ملین کی سطح پر آ گئی ہے۔ مزید، بینک کے منافع میں بھی 18.38 ملین روپے کا اضافہ ہوا جو کہ زیادہ محتاط ٹریڈری مینجمنٹ اور بینک ڈپازٹس پر منافع کی اوسط شرح بہتر ہونے کی وجہ سے ہوا، جس کے نتیجے میں فی سرٹیکلیٹ کی آمدنی میں Rs.0.69 سے بڑھ کر Rs.1.20 کا اضافہ ہوا۔

امکانات مستقبل

آئی ایم ایف کو توقع ہے کہ پاکستان کی معیشت موجودہ اور اگلے مالی سالوں میں ہمیں درپیش میکرو اکنامک چیلنجز کے باوجود دیگر کثیر جیتی ایجنسیوں کے تحریکوں کے مقابلے بہتر کارکردگی کا مظاہرہ کرے گی۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کا اکتوبر کے لیے ورلڈ اکنامک آؤٹ لک جاری کیا گیا ہے اور وہ اس سال میں ملکی معیشت کے لیے 2.5 فیصد اضافے کی پیش گوئی کی گئی ہے، جو اگلے مالی سال میں دو گنا ہو کر 5 فیصد ہو جائے گی۔ توانائی، پیٹرولیم مصنوعات کی قیمتوں میں انتظامی اضافے اور کرنسی کی قدر میں کمی کی وجہ سے مہنگائی عروج پر رہی۔ تاہم، موجودہ معیشت کے انتظام کی وجہ سے، ڈالر 307 روپے کی بلند ترین سطح سے بحال ہو کر انٹرنیشنل مارکیٹ میں ڈالر 307 روپے کی سطح پر آ گیا، جس کے نتیجے میں توانائی کی قیمتوں میں حالیہ کمی واقع ہوئی۔

توقع ہے کہ مہنگائی 2QFY24 میں کم ہو سکتی ہے اور جنوری-2024 سے تیزی سے گرنے کی توقع ہے۔ مزید یہ کہ یہ اندازہ لگایا گیا ہے کہ آنے والے دنوں میں حقیقی شرح سود بھی مثبت ہو سکتی ہے۔ اگرچہ تیل کی قیمتوں میں اضافے اور بیرونی مالیاتی فرق کی وجہ سے PKR پر دباؤ کے خطرات موجود ہیں، HFY24 میں تیل کی قیمتوں کے معمول پر آنے کی توقعات اور کم طلب اور بہتر زرعی پیداوار کی وجہ سے کم تجارتی خسارہ مہنگائی کو قابو میں رکھنے کا امکان ہے۔

مذکورہ بالا کی روشنی میں انتظامیہ غیر یقینی معاشی حالات میں محتاط قرضہ دینے کے لیے اپنی حکمت عملی جاری رکھے گی، اور انتظامیہ کم خطرے والے شعبوں میں فنانسنگ پورٹ فولیو کی توسیع پر توجہ مرکوز کر رہی ہے۔ مزید برآں، پورٹ فولیو کے ریٹرن کو برقرار رکھنے کے لیے موجودہ سہولیات کے خلاف صارفین سے بروقت وصولی ضروری ہے۔

اعتراف

ہم بورڈ آف ڈائریکٹرز کی طرف سے اسپانسرز، ریگولیٹرز اور ہمارے شرعی مشیر کی رہنمائی اور حمایت کے لئے، ان کا شکریہ ادا کرنا چاہتے ہیں۔ ہم اپنے صارفین کی مسلسل حمایت کے معترف ہیں اور مضاربہ کے ملازمین کے خلوص اور سخت محنت کو بھی سراہتے ہیں۔

بورڈ کی جانب سے



اشفاق احمد
چیف ایگزیکٹو آفیسر

کراچی

23 اکتوبر 2023

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2023

Note	September 30,	June 30,	
	2023	2023	
	Un-audited	Audited	
	----- Rupees -----		
ASSETS			
Current assets			
Cash and bank balances	4	237,480,416	182,076,260
Short term investments	5	744,000,000	700,000,000
Advances, prepayments and other receivables	6	26,285,405	28,738,060
Current portion of Diminishing Musharaka	7	383,897,638	369,562,127
Current portion of long term loan		431,600	431,600
Total current assets		1,392,095,059	1,280,808,047
Non - current assets			
Diminishing Musharaka	7	445,785,830	494,229,740
Long term loan		1,114,961	1,222,862
Fixed assets - in own use	8	1,841,596	1,972,843
Total non - current assets		448,742,387	497,425,445
TOTAL ASSETS		1,840,837,446	1,778,233,492
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	9	59,017,883	44,381,187
Provision for taxation - net of advance tax	10	4,734,833	10,555,612
Profit distribution payable		57,179,481	929,481
		120,932,197	55,866,280
Non - current liabilities			
		-	-
TOTAL LIABILITIES		120,932,197	55,866,280
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorized certificate capital			
50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
(June 30, 2023: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		269,905,249	272,367,212
Long term loan	11	1,000,000,000	1,000,000,000
TOTAL EQUITY		1,719,905,249	1,722,367,212
TOTAL LIABILITIES AND EQUITY		1,840,837,446	1,778,233,492
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 Officer


Director


Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	For the quarter ended	
		September 30, 2023	September 30, 2022
		Un-audited	
		----- Rupees -----	
Income from:			
- Diminishing Musharaka		54,701,306	34,845,643
- Bank deposits		11,162,708	14,881,275
- Term deposits receipts		33,627,572	11,523,276
		<u>99,491,586</u>	<u>61,250,194</u>
Administrative and operating expenses	13	(15,303,668)	(12,699,962)
Reversal of provision in respect of diminishing musharaka		1,129,200	400,961
		<u>(14,174,468)</u>	<u>(12,299,001)</u>
		85,317,118	48,951,193
Other income		91,900	618,705
		<u>85,409,018</u>	<u>49,569,898</u>
Management Company's remuneration		(8,540,902)	(4,956,990)
Provision for services sales tax on the Management Company's remuneration		(1,110,317)	(644,409)
Profit for the quarter before tax		75,757,799	43,968,499
Provision for Taxation	10	(21,969,762)	(12,750,865)
Profit for the quarter after tax		<u>53,788,037</u>	<u>31,217,634</u>
Earnings per certificate - basic and diluted		<u>1.20</u>	<u>0.69</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 Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	For the quarter ended	
	September 30, 2023	September 30, 2022
	<u>Un-audited</u>	
	----- Rupess -----	
Profit for the quarter after tax	53,788,037	31,217,634
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>53,788,037</u>	<u>31,217,634</u>

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

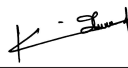
For Sindh Modaraba Management Limited (Management Company)



Chairman



Chief Executive Officer



Director



Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

Note	For the quarter ended	
	September 30, 2023	September 30, 2022
	Un-audited	
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit for the quarter before tax	75,757,799	43,968,499
Adjustments for non - cash and other items		
Depreciation - Fixed assets - in own use	8.1 & 8.2 315,407	379,270
Income on bank deposits	(11,162,708)	(14,881,275)
Income on term deposit receipts	(33,627,572)	(11,523,276)
Provision for provident fund (employer's contribution)	362,115	278,353
Reversal of provision in respect of diminishing musharaka	(1,129,200)	(400,961)
	<u>30,515,841</u>	<u>17,820,610</u>
Working capital changes		
Advances, prepayments and other receivables	(961,596)	3,281,320
Diminishing Musharaka	35,237,599	53,682,815
Long term loan	107,901	1,210,401
Creditors, accrued and other liabilities	48,573,738	(11,219,534)
	<u>48,957,642</u>	<u>46,955,002</u>
Provident fund contribution paid (employer's contribution)	(299,157)	(278,353)
Income tax paid	(27,790,541)	(10,364,978)
Income received on term deposit receipt	34,405,479	7,057,524
Income received on bank deposits	13,799,052	14,664,432
Net cash generated from operations	<u>99,588,316</u>	<u>75,854,237</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale proceed from disposal of ijarah asset	-	-
Purchase of fixed assets - in own use	8.1 (184,160)	(127,252)
Net cash used in investing activities	<u>(184,160)</u>	<u>(127,252)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividend paid	-	(9,683)
Net cash used in financing activities	<u>-</u>	<u>(9,683)</u>
Net increase in cash and cash equivalents	<u>99,404,156</u>	<u>75,717,302</u>
Cash and cash equivalents at the beginning of the quarter	882,076,260	814,176,101
Cash and cash equivalents at the end of the quarter	<u>19 981,480,416</u>	<u>889,893,403</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 Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
Rupess						
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 @ Re. 1.20 (12.00%) per certificate	-	-	(54,000,000)	(54,000,000)	-	(54,000,000)
Balance as at September 30, 2022	<u>450,000,000</u>	<u>134,334,148</u>	<u>38,832,456</u>	<u>173,166,604</u>	<u>1,000,000,000</u>	<u>1,623,166,604</u>
Un-audited						
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
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at September 30, 2023	<u>450,000,000</u>	<u>160,416,320</u>	<u>109,488,929</u>	<u>269,905,249</u>	<u>1,000,000,000</u>	<u>1,719,905,249</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 Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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, 2023.

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.

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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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 2023.

	Note	September 30, 2023	June 30, 2023
		<u>Un-audited</u>	<u>Audited</u>
		-----	-----
		Rupees	Rupees
4. CASH AND BANK BALANCES			
Cash in hand		20,000	-
Stamp paper in hand		71,800	62,600
Balances with banks on:			
- Deposit accounts	4.1	233,609,965	178,235,009
- Current accounts	4.2	<u>3,778,651</u>	<u>3,778,651</u>
		<u>237,480,416</u>	<u>182,076,260</u>

4.1 These carry profit at the rates ranging from 10.41% to 19.75% per annum. (June 30, 2023: 4.25% to 18.50% per annum). This includes balance of Rs. 8.41 million (June 30, 2023: 9.66 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 3.76 million (June 30, 2023: Rs. 3.76 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.

5. SHORT TERM INVESTMENTS

Term deposit receipts	5.1	<u>744,000,000</u>	<u>700,000,000</u>
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5.1 This represents investment of Rs. 400 million in Soneri Bank Limited-Islamic Banking for a period of 6 months maturity at a profit rate of 21.40% p.a. and Rs. 344 million in MCB Islamic Bank Limited for a period of 3 months maturity at a profit rate of 21.40% p.a (June 30, 2023: Rs. 700 million in Soneri Bank Limited for a period of 3 months maturity at a profit rate of 19.50% p.a.)

	Note	September 30, 2023	June 30, 2023
		<u>Un-audited</u>	<u>Audited</u>
		-----	-----
		Rupees	Rupees
6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances	6.1	1,577,000	8,461,900
Prepayments		2,803,548	1,241,275
Accrued income from bank deposits	6.2	5,117,587	7,753,931
Accrued income from term deposit receipts		2,213,874	2,991,781
Accrued income from Diminishing Musharaka	6.3	14,573,396	8,289,173
Other receivables		-	-
		<u>26,285,405</u>	<u>28,738,060</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, 2023: Rs. 1.55 million).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2023

- 6.2 This includes accrued income of Rs. 51,350 (June 30, 2023: Rs. 813,626) in deposit account, held with Sindh Bank Limited - Islamic Banking Unit, related party.

	September 30, 2023		June 30, 2023	
	<u>Un-audited</u>		<u>Audited</u>	
Note	----- Rupees -----			
6.3 Accrued income from Diminishing Musharaka				
Receivable	31,899,250		28,175,443	
Less: Income suspend	(17,325,854)		(19,886,270)	
	<u>14,573,396</u>		<u>8,289,173</u>	

7. DIMINISHING MUSHARAKA

Receivables - secured	7.1	884,227,543	919,465,142
Less: current portion		(383,897,638)	(369,562,127)
Less: provision	7.2	(54,544,075)	(55,673,275)
Long term portion		<u>445,785,830</u>	<u>494,229,740</u>

- 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, 2023: 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. 3.83 million (June 30, 2023: 3.93 million) made at the rate of 0.5% (June 30, 2023: 0.5%) on diminishing musharaka receivables respectively.

	September 30, 2023		June 30, 2023	
	<u>Un-audited</u>		<u>Audited</u>	
Note	----- Rupees -----			
8. FIXED ASSETS - in own use				
Tangible assets	8.1	1,833,846	1,945,687	
Intangible assets	8.2	7,750	27,156	
Capital work in progress	8.3	-	-	
		<u>1,841,596</u>	<u>1,972,843</u>	

8.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at September 30, 2023	Depreciation rate
	As at July 01, 2023	Addition/ (Deletion)	As at September 30, 2023	As at July 01, 2023	Charge (Adj.) for the quarter	As at September 30, 2023		
Furniture and fixtures	1,565,217	-	1,565,217	1,105,192	39,129	1,144,321	420,896	10%
Office equipment	2,973,240	184,160	3,157,400	2,578,385	50,247	2,628,632	528,768	20%
Vehicles	1,354,275	-	1,354,275	1,070,262	65,538	1,135,800	218,475	20%
Computer and accessories	3,014,796	-	3,014,796	2,208,002	141,087	2,349,089	665,707	33.33%
As at and for the quarter ended September 30, 2023	<u>8,907,528</u>	<u>184,160</u>	<u>9,091,688</u>	<u>6,961,841</u>	<u>296,001</u>	<u>7,257,842</u>	<u>1,833,846</u>	
As at and for the year ended June 30, 2023	9,986,981	722,878 (1,802,331)	8,907,528	7,513,173	1,248,965 (1,800,297)	6,961,841	1,945,687	

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	Note	September 30, 2023	June 30, 2023
		Un-audited	Audited
		Rupees	
8.2 Intangible assets			
Opening net book value		27,156	104,820
Additions during the period		-	-
Amortization for the period		(19,406)	(77,664)
Closing net book value		<u>7,750</u>	<u>27,156</u>
Cost		2,111,982	2,111,982
Accumulated amortization		(2,104,232)	(2,084,826)
Net book value		<u>7,750</u>	<u>27,156</u>
Annual rates of amortization		33.33%	33.33%
9. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Management remuneration payable - related party		30,477,212	21,936,310
Provision for sindh sales tax on management remuneration		3,962,037	2,851,720
Other liabilities		10,348,230	8,928,787
Accrued expenses	9.1	12,870,699	9,616,653
Payable to gratuity fund - related party		1,353,264	1,041,276
Creditors		6,441	6,441
		<u>59,017,883</u>	<u>44,381,187</u>
9.1 These includes Rs. 200,000 (June 30, 2023: Rs. 50,000) for branch rent payable to Sindh Bank Limited, related party.			
10. PROVISION FOR TAXATION-Net of Advance Tax			
Opening balance - Provision		10,555,612	4,578,170
Payments / adjustments during the period		(27,790,541)	(58,186,765)
Provision for the period:			
- current year		21,969,762	64,201,697
- prior year		-	(37,490)
Total provision for the period		21,969,762	64,164,207
Closing balance - Provision		<u>4,734,833</u>	<u>10,555,612</u>
11. LONG TERM LOAN - subordinated		<u>1,000,000,000</u>	<u>1,000,000,000</u>

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, 2023

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.

	September 30, 2023	September 30, 2022
	Un-audited	
Note	----- Rupess -----	

13. ADMINISTRATIVE AND OPERATING EXPENSES

Salaries, allowances and other benefits	13.1	10,275,620	8,122,213
Legal and professional charges		298,662	323,254
Shariah advisor fee		108,000	108,000
Repair and maintenance		302,722	320,339
Utility services		489,958	404,973
Registration and subscription fee		291,123	301,672
Generator Sharing and fuel charges	13.2	295,736	294,653
Entertainment		132,817	77,363
Advertisement and Publications		15,000	47,242
Rent, Rates and Taxes	13.3	200,004	200,004
Travelling and conveyance		1,815,869	1,476,157
Security services		150,000	150,000
Printing, stationery and photocopy		210,766	143,740
Postage, Courier and Telegraphs		69,923	41,497
Auditors' remuneration		73,750	78,259
Depreciation expense - tangible assets	8.1	296,001	359,854
Amortization expense - Intangible assets	8.2	19,406	19,416
Insurance - owned assets		41,503	50,989
Insurance/Takaful - Diminishing Musharaka		191,752	147,509
Miscellaneous		25,056	32,828
		15,303,668	12,699,962

13.1 This includes contribution of Rs. 362,115 (2022: Rs. 278,353) to provident fund and provision for gratuity of Rs. 311,988 (2021: Rs.262,627), related party.

13.2 This includes amount of Rs. 270,000 (2022: Rs. 180,000) against sharing of expenses with Sindh Insurance Limited - related party.

13.3 This includes amount of Rs. 150,000 (2022: 150,000) branch rent to Sindh Bank Limited, related party.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2023

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, 2023	June 30, 2023
	<u>Un-audited</u>	<u>Audited</u>
	----- Rupees -----	
Balances as at period end		
Sindh Modaraba Management Limited - Management company		
Profit distribution payable	<u>53,057,500</u>	<u>-</u>
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution payable	<u>125,916</u>	<u>-</u>
Key Management Personnel		
Long term loan - Chief Financial Officer	<u>1,546,561</u>	<u>1,654,462</u>
Sindh Modaraba Employees Gratuity Fund - employee fund		
Contribution payable	<u>1,353,264</u>	<u>1,041,276</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

	September 30, 2023	September 30, 2022
	<u>Un-audited</u>	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	201,925	14,812,027
Income on term deposit receipt	-	7,150,684
	<u>201,925</u>	<u>21,962,711</u>
Sindh Modaraba Management Limited - Management company		
Management Company's remuneration accrued	8,540,902	4,956,990
Management Company's remuneration paid	-	11,352,217
	<u>8,540,902</u>	<u>16,309,207</u>
Sindh Insurance Limited - associated company		
Insurance premium/Takaful contribution paid	1,590,636	213,674
Sharing of expenses paid	270,000	-
	<u>1,860,636</u>	<u>213,674</u>
Key Management Personnel		
Salaries, allowances and benefits paid	<u>3,784,324</u>	<u>4,488,894</u>
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	<u>598,314</u>	<u>544,434</u>
Sindh Modaraba Employees Gratuity Fund		
Contribution paid	<u>-</u>	<u>1,097,429</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); 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.

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, 2023.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2023

18. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 23, 2023 by the Board of Directors of the Management Company.

	September 30, 2023	September 30, 2022
	Un-audited	
Note	----- Rupess -----	

19. CASH AND CASH EQUIVALENT

Cash and bank balances	4	237,480,416	589,893,403
Short term investments	5	744,000,000	300,000,000
		<u>981,480,416</u>	<u>889,893,403</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.

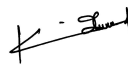
For Sindh Modaraba Management Limited (Management Company)



Chairman



Chief Executive Officer



Director



Chief Financial Officer

Islamic Financing Products Offered by Sindh Modaraba

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

SINDH MODARABA

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