

EN COLOR HOUSE

يَاأَيُّهَا النَّاسُ كُلُوامِبَّافِي الْأَرْضِ حَلَالًا طَيِّبًا وَلَا تَتَبِعُوا خُطُوَاتِ عَلَالًا طَيِّبًا وَلَا تَتَبِعُوا خُطُواتِ الشَّيْطَانِ إِنَّهُ لَكُمْ عَدُوَّ مُبِينٌ ٥

اے انسانوں! کھاؤجو کچھ زمین میں حلال و پاکیزہ ہے اور شیطان کے نقش قدم پر مت چلو بے شک وہ تمہارا کھلا دشمن ہے۔



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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. Muhammad Bilal Sheikh

Dr. Noor Alam*

Mr. Muhammad Shahid Murtaza

Mr. Asif Haider Mirza Mr. Kamal Ahmed Ms. Yasmin Zafar

Mr. Muhammad Naimuddin Farooqui

CFO & Company Secretary

Zulfigar Ali

Audit Committee

Mr. Kamal Ahmed -Chairman
Mr. Muhammad Shahid Murtaza -Member
Ms. Yasmin Zafar -Member

-Chairman

Human Resource Committee

Mr. Muhammad Bilal Sheikh -Chairman
Ms.Yasmin Zafar -Member
Mr.Muhammad Naimuddin Farooqui -Member

Nomination Committee

Dr. Noor Alam -Chairman
Mr. Muhammad Bilal Sheikh -Member
Mr. Kamal Ahmed -Member

Procurement Committee

Dr. Noor Alam

Mr. Asif Haider Mirza

Ms. Yasmin Zafar

-Chairman

-Member

-Member

Risk Management Committee

Mr. Muhammad Bilal Sheikh -Chairman
Mr. Muhammad Shahid Murtaza -Member
Mr. Kamal Ahmed -Member

Bankers

Sindh Bank Limited-Islamic Banking (Saadat) NRSP Microfinance Bank Limited (Islamic Division)

Auditors

Grant Thornton Anjum Rahman Chartered Accountants

*Appointed w.e.f 20th August 2018.

-Non-Executive Director -Non-Executive Director -Non-Executive Director -Non-Executive Director -Independent Director -Independent Director -Chief Executive

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

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

Karachi

Registered/Head Office

1st Floor, Imperial Court, Dr. Ziauddin Ahmed Road

Karachi

Tel: (92-21) 35640708-9

Lahore Branch

Escort House No. 28 Davis Road

Lahore



On behalf of the Board of Directors of Sindh Modaraba Management Limited, we are presenting the 4th annual report of Sindh Modaraba together with Audited Accounts for the year ended June 30, 2018.

1. Economy

Pakistan's economy is facing formidable challenges in its recent times. The gap in the balance of payment has reached such a level that the trade account deficit has widened significantly to \$17.99 billion in FY18, translating to 5.7% of GDP. Despite improved performance by large scale manufacturing, agriculture and service sectors during FY-2018 the economic conditions remained weak.

The Pak rupee depreciated to its lowest ever value of Rs.130 against the U.S. dollar just before elections, recovering post elections to the current level of Rs.124. To check the growing inflation and depreciating rupee value the SBP has already increased the key interest rate by 175 basis points since January, taking it to 7.5%.

The new incoming Government will have to develop an effective strategy to put the economy back on tracks to revive business confidence for the local industry as well as foreign investors seeking to invest in Pakistan. The business confidence would largely depend on the economic policies put in place by the new Government.

2. Operating Results and Business Overview

By the grace of Almighty Allah and despite the weak business environment we are pleased to report almost 100% increase in profitability as compared to previous year. The Modaraba earned a net profit of Rs. 52.364 million during the year under review as compared to profit of Rs. 26.286 million earned during the year ended June 30, 2017. In line with its strategy, the Modaraba continued its cautious lending approach and disbursed financing facilities worth Rs. 267 million during the year bringing the total financing portfolio, including advance against financing, to Rs 721 million. Against an increase in revenue of 61%, net of Ijarah depreciation, the operating expenses increased only by approx 20%. The Government of Sindh's Karachi Intra-city and Inter-city transport schemes could not be launched despite signing of the agreements in October 2017 due to certain legal requirements which could not be met as time available to comply with those was too short before the interim government was put in place. It is hoped that the new elected Government would take measures to implement the scheme.

	June 30, 2018	June 30, 2017
Balance Sheet	Rupees-	
Certificate capital	450,000,000	450,000,000
Total equity	1,015,786,214	983,671,641
Investment in Ijarah/Diminishing Musharaka	676,717,777	631,611,597
Profit & Loss Revenue (net of Ijarah asset depreciation) Operating expenses	88,789,355 28,871,650	55,107,914 24,123,893
Profit before management fee	60,240,405	30,240,620
Net Profit	52,364,573	26,286,960
Appropriations		
Profit distribution @ 7.50% (2017: 4.50%)	33,750,000	20,250,000
Statutory Reserve	15,709,372	5,257,392
Earning per Certificate	1.16	0.58

3. Outlook

We will endeavor to maintain our growth and diversification strategy without compromising on the quality of the financing portfolio. The growth targets will be achieved through controlled leveraging of balance sheet. Strict monitoring of operating expenses will continue to keep them at a sustainable level. Within a short span of time, Modaraba has made its place among sound performing entities of the sector and we are hopeful to further improve our position in the coming years.



4. Profit distribution

The Board of Directors has approved a cash dividend @ 7.50% (2017:4.50%) i.e. Re. 0.75 (2017: Re. 0.45) per certificate for the year ended 30th June 2018.

As per Prudential Regulations issued by Securities & Exchange Commission of Pakistan, Modarabas are required to transfer a minimum 20% and maximum 50% post-tax profit to statutory reserves. The Board of Directors has appropriated Rs. 15,709,372/- (30%) towards the Statutory Reserve.

5. External Annual Audit

The financial statements of Modaraba have been audited without any qualification by the auditors namely M/s Grant Thornton Anjum Rahman, Chartered Accountants.

6. Corporate Governance

The Modaraba is required to comply with various requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 (Rules) as well as Listed Companies (Code of Corporate Governance) Regulations 2017 (the CCG) issued by the SECP.

The statutory auditors are also required to issue their review report over the compliance statement of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the CCG and Rules and confirms that:

- The Board has consistently complied with the relevant principles of corporate governance and has identified the
 rules that have not been complied with the period in which such non-compliance continued and the reasons for such
 non-compliance.
- Financial statements, prepared by the management, present fairly the state of affairs, the results of its operations, cash flows and change in equity.
- · Proper books of account have been maintained.
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- · The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of chairman and other members of the Board and the terms of their appointment along with the remuneration policy adopted are in the best interests of the Modaraba as well as in line with the best practices.
- International Financial Reporting Standards, as applicable to modarabas in Pakistan, have been followed in preparation of financial statements and any departure there from has been adequately disclosed and explained.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2018, except for those disclosed in financial statements.
- The value of Investment in Employees Provident Fund based on financial statements of the Fund as of June 30, 2018 is Rs. 6.519 million (2017: Rs. 3.35 million).
- Key operating and financial data of last four years is annexed as this is the fourth year of Modaraba's operations.
- Four Board meetings of the Modaraba Company were held during the year. Attendance of each director is appended hereunder:



Name of Directors	No. of Meetings attended
Mr. Muhammad Bilal Sheikh	4
Syed Hasan Naqvi	2
Mr. Muhammad Naimuddin Farooqui	4
Mr. Muhammad Shahid Murtaza	4
Mr. Asif Haider Mirza	4
Mr. Kamal Ahmed	3
Ms. Yasmin Zafar	3

Leave of absences were granted to the directors who could not attend the meeting.

 Four Audit Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Kamal Ahmed	3
Mr. Asif Haider Mirza	3
Mr. Muhammad Shahid Murtaza	4
Ms. Yasmin Zafar	1

- The Board has also established Human Resource, Risk Management, Nomination and Procurement Committees as required under the Rules. No meeting of these committees was held during the year.
- The pattern of certificate holding is annexed to this report.
- The Directors, CEO, Executives and their spouses and minor children did not carry out any transaction in the certificates of the Modaraba during the year.

7. The Board of Directors

During the year, Mr. Kamal Ahmed and Ms. Yasmin Zafar joined the Board as independent directors in place of Syed Shahnawaz Nadir and Mr. Moin Mohajir. After the year end, Government of Sindh appointed Dr. Noor Alam as Secretary Finance Department. Accordingly, he has been co-opted as director on the Board of the Modaraba Company in place of Syed Hassan Naqvi.

8. Social Responsibility

The Modaraba ensures its role of a Responsible Corporate Citizen by conducting business in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

The Modaraba is committed to maintain the highest standards of integrity and corporate governance practices in order to maintain excellence in its daily operations, and to build-up confidence in its governance systems.

The Modaraba constantly strives to build trust and demonstrate respect for human dignity and rights in all relationships, including respect for cultures, customs and values of individuals and groups.

The employees of the Modaraba and Management Company contributed one day salary to the Diamer Basha and Mohmand Dam Fund, established by the Supreme Court of Pakistan. An equivalent amount was also contributed by the Modaraba and Management Company to this Fund.



9. Credit Rating

JCR-VIS has maintained long term and short term credit rating of A+ and A1 respectively to the Modaraba with a stable outlook.

10. Auditors

On the recommendation of Audit Committee, the Board has approved the reappointment of present auditors M/s Grant Thornton Anjum Rahman, Chartered Accountants, as auditors for the financial year ending June 30, 2019. However, their appointment will be subject to the approval of Registrar Modaraba.

11. Acknowledgment

The Board would like to thank the SECP for its continued guidance and support. It would also like to thank the valued customers of the Modaraba for their continued trust and support. The Board also appreciates dedication and hard work of the employees of the Modaraba without which it would not have been possible to turn in such an improved performance.

(On behalf of the Board)

Muhammad Naimuddin Farooqui

Chief Executive Officer

Muhammad Bilal Sheikh Chairman

Karachi August 27, 2018



ڈائر یکٹرز کی ربورٹ

سندھ مضاربہ میننیجبٹ لمیٹڈ کے بورڈ آف ڈائر میٹرز کی جانب ہے، ہم سندھ مضاربہ کی چو تھی سالانہ رپورٹ 30 جون، 2018ء کو مکمل ہونے والے سال کے آڈٹ شدہ اکاؤنٹس کے ہمراہ پیش کررہے ہیں۔

ا- معیشت

موجو دہ دور میں پاکستانی معیشت کوبہت سی مشکلات کاسامناہے۔ادائیگی کے توازن میں فرق اس سطح تک پہنچ گیاہے کہ تجارت اکا نئٹ کاخسارہ 8 1 0 2 - Y میں - / 17.99 \$ بلین ڈالر کی سطح تک پہنچ چکاہے، یعنی جی ڈی پی کا % 7 . 5 ـ 8 1 0 2 - Y کے دوران صنعت ، ذراعت اور خدمت کے شعبوں میں بہتر کار کر دگی کے باوجو دمعیشت کمزور رہی۔

ا نتخابات سے پہلے ڈالر کے مقابلے میں روپے کی قیمت – /30 Rs. 130 کی نجلی سطح تک پہنچ گی تھی، لیکن انتخابات کے بعدروپے کی قیمت – /124 Rs. 130 کی موجودہ سطے پر آگئ ۔ روپے کی گرتی ہوئی قیمت اور بڑ ہتے ہوئے افر اطِ زر پر قابوپانے کے لئے ایس۔ بی بی نے جنوری سے اب تک شرحِ سود میں 24 ابنیادی پو ائنٹس کا اضافہ کر دیاہے، جس سے شرحِ سود پڑ 7.5 تک ہوگئ ہے۔

مقامی صنعت اور بیر ورنی سر مایه کاری کے کارو باری اعتاد میں اضافہ اور معیشت کو اپنی را ہ پر واپس لانے کیلئے نئ آنیوالی حکومت کو ایک موثر حکمت ِ عملی تیار کرنی پڑے گی۔کارو باری اعتاد بڑی حد تک نئ حکومت کی نافذ کر دہ معاشی یالیسیوں پر منحصر ہے۔

۲ آیر ٹینگ نتائج اور کارو بار کا جائزہ

کزورکاروباری ماحول کے باوجو داور اللہ کے فضل وکرم ہے ہم ہے بتانے میں خوشی محسوس کرتے ہیں کہ مضاربہ کامنافع پچھلے سال کی نسبت ہر 100 سے بڑھ گیاہے۔ مضاربہ نے گذشتہ سال 30 جون 2017 کوختم ہونے والے سال میں 26 اعشار ہے 286 ملین روپے کے مقابلے میں زیر غور سال کے دوران 26 اعشار ہے 36 ملین روپے کمائے۔ اپنی حکمت عملی کے مطابق مضاربہ نے قرضوں کی فراہمی کیلئے اپنی مختاط پالیسی جاری رکھتے ہوئے اپنے معزز گا ہکوں کو 267 ملین روپے ، ہشمول قرضوں کی پینے گی مالیت کے قرضہ جات کی سہولیات فراہم کی۔ جس نے پورٹ فولیو کی سطح کو 27 ملین تک پہنچادیا۔ آمدنی میں (خالص اجارہ اثاثہ کی فرسودگی) 61 فیصد اضافے کے برعکس آخر اجات پر سخت قابو کی وجہ سے تقریباً 20 فیصد اضافہ ہوا۔ نئی عبوری حکومت کے آنے سے قبل، وقت کی قلت کی وجہ سے پورے نہ ہونیوالے قانونی تقاضوں کے باعث ، اکتوبر 2017 کومعاہدوں کے باوجو د، سندھ حکومت کے اندرونِ شہر اور شہر وں کے در میان نقل وحمل کے منصوبوں کا افتتا ت

نه هو سکا ـ	۴۶جون ۲۰۱۷ روپے	• ۳جون ۱۸ • ۲
بيلنس ثيث	<i>—</i> , ,	
سر شيفيكيث كبييشل	450,000,000	450,000,000
کُل ایکو بیٹی	983,671,641	1,015,786,214
اجاره /گھٹتاہوامشار کہ میں سر مایہ کاری	631,611,597	676,717,777



ڈائزیکٹرز کی رپورٹ

· نفع اور نقصان	۴۳جون ۲۰۱۷ روپ	۴۳جون۲۰۱۸
آ مدنی(خالص اجاره اثاثه کی فرسود گی)	55,107,914	88,789,355
آپر ٹینگاخراجات	24,123,893	28,871,650
منافع قبل از مینجمنٹ کی فیس	30,240,620	60,240,405
خالص منافع	26,286,960	52,364,573
مختص کر دور قوم		
منافع کی تقسیم کاعشار بیه 50 فیصد (4 اعشار بیه 50 فیصد : 2017)	20,250,000	33,750,000
د ستنوری محفو ظ ^و ذ خائر	5,257,392	15,709,372
آ مدنی فی سر میفیکٹ	0.58	1.16

س أميرٍ مستقبل

مالیاتی پورٹ فولیو کے معیار پر سمجھوتہ کئے بغیر ہم اپنی ترقی اور متنوع حکمت عملی کوبر قر ارر کھنے کی کوشش کریں گے۔ بیلنس شیٹ کی کنٹر ولڈلیور جینگ کے ذریعہ ترقی کے اہداف کو حاصل کیاجائے گا۔ آپر ٹینگ اخراجات کی سخت نگر انی کو مستقل مز اجی سے محدود سطح پرر کھاجائے گا۔ مختصر وقت کے عرصے میں ،مضاربہ نے اپنے شعبے میں بہترین کار کر دگی پیش کرنے والے اداروں میں اپنی مثبت جگہ بنالی ہے اور ہم آنے والے سالوں میں اپنی پوزیشن کو مزید بہتر بنانے کی امیدر کھتے ہیں۔

ہ۔ منافع کی تقسیم

بورڈ آف ڈائر کیٹر زنے 0 وجون 8 1 0 کوختم ہونے والے سال کے لیے ڈیویڈیٹر 7 اعشاریہ 0 وفیصد (4 عشاریہ 0 وفیصد: 7 1 0 0) یعنی 5 7 پیسے (4 کیسے: 2017) فی سر ٹیفیکیٹ کا علان کیاہے

سکیوریٹیز اینڈ ایکی کی کمیشن آف پاکستان کے جاری کر دہ پروڈینٹیل ریگولیشنز کے مطابق مضاربہ کے لیے لازم ہے وہ بعد از ٹیکس منافع کا کم سے کم 20 فیصد اور زیادہ سے زیادہ 50 فیصد دستوری ذخائر کے لیے 15,709,372 روپے (30 فیصد) مختص کے ہیں۔ کئے ہیں۔

ڈائز یکٹرز کی رپورٹ

۵۔ سالانہ بیر ونی آڈٹ

مضار یہ کے مالیاتی اسٹیٹمنٹس کو بغیر کسی کو الیفیمکیشن کے آڈیٹر زگر انٹ تھور نٹن انجم رحمان،چارٹر ڈاکاؤنٹینٹس آڈٹ کر چکے ہیں۔

۲۔ کارپوریٹ گورننس

مضار بہ کے لیے لازم ہے کہ وہ فہرست شدہ کمپنیوں (کارپوریٹ گور ننس کے ضوابطہ) کے قوانین 2017 (سی سی جی) اور اس کے ساتھ ساتھ اِیس اِی سی پی کے جاری کر دہ پبلک سیکٹر کمپنیز (کارپوریٹ گورننس) قوانین 2013 کے ضوابط کی یابندی کرے۔

دستوری آڈیٹر کے لیے ضروری ہے کہ وہ بہترین طریقوں پر عملد لآمد کرنے کے بارے میں اپنی جائزہ رپورٹ بھی دیں جومالیاتی اِسٹیٹمنٹس کے ساتھ شاکع کی جاتی ہے۔ ہے۔

بورد آف ڈائر کیٹر زسی سی جی اور قوانین کاجائزہ لے چکے ہیں اور تصدیق کرتے ہیں کہ

- * بورڈ متعلقہ اُصولوں کی پابندی کرچکاہے اور جن پر عملد لآ مد نہیں ہواان کی شاخت کرچکاہے اور وہ مدت جس میں عدم عملد لآ مد جاری رہااور ان کی وجوہات کیا تھیں۔
 - « مینجنٹ کے تیار کر دہالیاتی اسٹیٹمنٹس معاملات، آپریشن کے نتائج، کیش فلوا ورایکوٹی میں رَ دُوبَدل کی در ست تصویر پیش کرتے ہیں
 - « مُناسب طور سے کھاتوں کی بکس رکھی گئی ہیں۔
 - * مالیاتی اِسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کواستعال کیا گیاہے اور اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محفوظ اند از ہے ہیں۔
 - * اندرونی نگر انی نظام کاڈیز ائن مضبوط ہے اور اس کاموئٹر طور پر نفاذ کیاجاچاہے اور اس کی موئٹر نگر انی کی جاتی ہے
- « چیر مین اور بورڈ کے دیگر ممبر ان کا بہتخاب،ان کے امتخاب کی مدت اور ان کے مشاہر وں کی پالیسی مضار بہ کے بہترین مفاد میں اور بہترین طریقوں کے مطابق ہے۔
- » مالیاتی اِسٹیٹمنٹس کی تیاری میں بین الا قوامی الیاتی رپورٹنگ اسٹینڈرڈز جو پاکستان میں مضاربہ پرلا گوہوتے ہیں ان پر عملد لآ مدکیا گیا اور ان پر عملد لآ مدنہ ہونے کی صورت میں ان کومناسب طور پر ظاہر کیا اور اس کی وضاحت کی گئے ہے۔
 - - » 30جون 2018 تک ملاز مین کے پر اویڈینڈ فند زسے 6.519 ملین (3.35:2017 ملین) کی سرمایہ کاری کی گئی ہے
 - * گذشتہ چار سالوں کا اہم آپر ٹینگ اور مالیاتی ڈیٹا منسلک ہے کیونکہ مضاربہ کے آپریشن کا میچو تھا سال ہے
 - « سال میں مضاربہ سمپنی کے بورڈ کے چارا جلاس ہوئے۔ہر ڈائز یکٹر کی حاضری کی تفصیل درج ذیل ہے ؛

ڈائزیکٹرز کی ربورٹ

میٹنگز میں حاضری کی تعداد	ڈائر کیٹر زکے نام
4	جناب <i>محر</i> بلال شيخ
2	سيد حسن نقوى
4	جناب محمد نعيم الدين فاروقي
4	جناب محمد شاہد مرتضیٰ
4	جناب آصف حيد رمر زا
3	جناب كمال احمد
3	مس ياسمين ظفر

جوڈائر یکٹر اجلاس میں شرکت نہ کرسکے ان کور خصت دے دی گئی۔

سال میں مضاربہ کمپنی کی آڈٹ کمپٹی کے چاراجلاس ہوئے۔ہرڈائر کیٹر کی حاضری کی تفصیل درج ذیل ہے؛

مىينىڭزىيىن حاضرى كى تقىداد	ڈائر بکٹر زکے نام
3	جناب كمال احمد
3	جناب آصف حيدرمر نا
4	جناب محمد شاہد مرتضیٰ
1	مس ياسميين ظفر

^{*} بورڈ ہیو من ریسورس ،رسک مینجمنٹ، نامز دگی اور پر و کیورمنٹ کی کمیٹیوں کو قوانین کے مطابق قائم کرچکاہے۔ زیرِ غورندت کے دوران کسی بھی کمیٹی کا کوئی اجلاس نہیں ہوا۔

- * اس ربورٹ کے ساتھ سرٹیفیکٹ ہولڈنگ کاخا کہ منسلک ہے۔

ڈائز یکٹرز کی رپورٹ

ابورڈز آفڈائر یکٹر ز

سال کے دورا ن، جناب کمال احمد، سید شاہنوا زنادر شاہ اور مس یاسمین ظفر، جناب معین مہاجر کی جگہوں پر آزا دڈا ئریکٹر زکے طور پر شامل ہوئے۔ سال کے اختتام کے بعد، حکومتِ سندھ نے ڈاکٹر نورعاکم کی تقر ری بطورسکیریٹر کی، فنانس ڈیار ٹمنٹ کی اور اس طرح سے ان کوسید حسن نقوی کی جگہ بورڈ میں شامل کیا گیا۔

۸۔ ساجی ذمہ داری

مضاربہ ساجی طور پر ذمہ دا رانہ اور اخلاقی اند از میں ماحول کاتحفظ،معاشر ہے اور لو گوں کی حفاظت کے ساتھ ساتھ کاروبار کو ساجی طور پر کرنے میں ایک ذمہ دار کار بوریٹ شہری ہونے کو یقینی بنا تاہے۔

مضاربه پُرعزم ہے کہ وہ سالمیت اور کارپوریٹ گورننس کے اعلیٰ ترین طریقہ کارکوبر قرارر کھے تا کہ روز مرہ کے کاروباری معاملات میں اعلیٰ کار کر دگی د کھاسکے اور ا پنی گور ننس(نحسن کار کر دگی) پراعتاد پیدا کر سکے۔

مضاربه مسلسل كوشش كرر ہاہے كه اعتاد كوبڑھائے اور تمام تعلقات ميں انسانی و قار اور حقوق كامظاہر ود كھائے بشمول ٱفر اداور گروہوں كی تہذيبوں، رواجوں اور إقدار كاإحترام كرے۔

مضاربہ اور میننجمینٹ کمپنی کے ملازمین نے دیامر باشااور مہمند ڈیم فنڈ کو،جوسپریم کورٹ آف پاکستان کا قائم کر دہ ہے،ایک دن کی تنخواہ کا حصہ دیا۔اس فنڈ میں مضاربہ اور مینتحمدنٹ تمپنی نے بھی برابر کا حصہ ملایاہے۔

9۔ کریڈٹرٹرٹنگ

ج۔سی۔ آر-وی۔ آئی۔ایس نے مضاربہ کی طویل اور قلیل مدت (مشخکم نقطئہ نظر کے ساتھ) کے لئے بالتر تیب + A اور 1−Aر ٹینگ کو قائم رکھی

٠١- آڏيڻرز

آڈٹ تمیٹی کی سفارش پر بورڈ موجو دہ آڈیٹر زمیسرز گرانٹ تھورنٹن انجم رحمان، چارٹر ڈاکاؤنٹینٹس کی بطورآ ڈیٹر زبرائے مالی سال جس کااختیام 30 جون 2019 کو ہو گا، دوبارہ انتخاب کی منظوری دے ڈیا ہے۔ لیکن اُن کا اِنتخاب رِ جسٹر اُر مضاربہ کی منظوری سے مشر وط ہے۔

اابه اعتراف

بورڈ ایس۔ای۔سے۔پی کااس کی مسلسل رہنمائی اور حمایت کے لئے شکریہ ادا کرناچاہتاہے اور وہ مضاربہ کے معزز گا کہوں کااس پراعتا داور حمایت کرنے کا بھی شکریہ ا دا کر ناجیا ہتا ہے۔بورڈ مضاربہ کے ملاز مین کے خلوص اور سخت محنت کو بھی سر اہتا ہے جس کے بغیر ایسی بہتر کار کر دگی ممکن نہ تھی۔

بورڈ کی جانب سے

چيف ايكز كيڻيو آفيسر

۱۲۷گست۲۰۱۸



Key Operating & Financial Data

Particulars	2018 30-Jun-18	2017 30-Jun-17	2016 30-Jun-16	2015 30-Jun-15	
Balance Sheet	Rupees				
Certificate capital	450,000,000	450,000,000	450,000,000	450,000,000	
Reserves	65,786,214	33,671,641	23,134,681	9,591,203	
Total equity	1,015,786,214	983,671,641	473,134,681	459,591,203	
Total Assets	1,569,428,718	1,028,593,706	515,424,898	478,410,050	
Financing Portfolio	676,717,777	631,611,597	458,637,100	163,224,858	
Current Assets	1,096,695,414	468,490,917	77,776,379	324,459,810	
Current Liabilities	553,466,854	25,344,941	9,604,892	9,491,879	
Total Liabilities	553,642,504	44,922,065	42,290,217	18,818,847	
- w.o.					
Profit & Loss	00 700 055	FF 407 044	04 000 004	00 000 044	
Revenue (net of Ijarah asset depreciation)	88,789,355	55,107,914	34,633,861	22,683,644	
Operating expenses Profit before management fee	28,871,650 60,240,405	24,123,893 30,240,620	17,232,616 23,890,309	4,501,890 11,071,202	
Net Profit	52,364,573	26,286,960	20,743,478	9,591,203	
Net Floiit	32,304,373	20,200,900	20,743,476	9,591,205	
Appropriations					
Profit distribution (%)	7.50%	4.50%	3.50%	1.60%	
Profit distribution	33,750,000	20,250,000	15,750,000	7,200,000	
Statutory Reserve	15,709,372	5,257,392	4,148,696	1,918,241	
•					
Ratios					
Earning per Certificate	1.16	0.58	0.46	0.21	
P/E Ratio	6.02	7.87	8.46	32.80	
Breakup Value	11.46	10.75	10.51	10.21	
Current ratio	1.98	18.48	8.10	34.18	
Earning asset to total asset (%)	90.45%	97.24%	97.79%	98.83%	
Return on asset (%)	4.03%	3.41%	4.17%	2.00%	
Return on equity (%)	5.24%	3.61%	4.45%	2.09%	



This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulation 2017 and Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of corporate governance for the year ended June 30, 2018.

The Board of Directors of Sindh Modaraba Management Limited – the Modaraba Management Company (the Management Company) is responsible for management of affairs of Sindh Modaraba (the Modaraba). The Management Company has complied with the provisions of the Rules in the following manner:

S. No.	Provision of the Rules			Rule no.	Υ	N Tick the relevant box
1.	The independent directors meet the criteria of independence, as defined under the Rules.			2(d)	>	
2.	The Board has at independent dire At present the Bo		nbers as	3(2)	>	
	Category	Names	Date of appointment			
	Independent Directors	Mr. Kamal Ahmed Ms. Yasmin Zafar	August 15, 2017 August 30, 2017			
	Executive Directors	Mr. M. Naimuddin Farooqui	September 22, 2016			
	Non-Executive Directors	Mr. M. Bilal Sheikh Mr. M. Shahid Murtaza Mr. Asif Haider Secretary Finance, GoS	October 31, 2014 October 31, 2014 October 31, 2014			
3.	director on more	e confirmed that none of them than five public sector compar caneously, except their subsidia	nies and listed	3(5)	~	
4.	4. The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.			3(7)	>	
5.	The chairman of t executive of the 0	the Board is working separately Company.	from the chief	4(1)	>	
6.	The chairman has	s been elected by the Board of	directors.	4(4)	>	
7.	The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.			5(2)	>	
8.	(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.			5(4)	>	
	(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.sindhmodarabaltd.com) (c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.					



S. No.	Provision of the Rules	Rule no.	Υ	N Tick the relevant box
9.	The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.	5(5)	>	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	5(5)(b) (ii)	>	
11.	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company.	5(5)(b) (vi)	>	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	5(5)(c) (ii)	>	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	5(5)(c) (iii)	>	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	5(6)	>	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	5(7)	>	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	5(8)		N/A
17.	The Board has ensured compliance with policy directions requirements received from the Government.	5(11)		N/A
18.	 a) The Board has met at least four times during the year. b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. 	6(1) 6(2)	> >	
	 c) The minutes of the meetings were appropriately recorded and circulated. 	6(3)	~	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.		>	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	9	~	



S. No.	Provision of the Rules		Rule no.	Υ	N Tick the relevant box	
21.	a) The Board has appeared by the Board has appeared by In case of listed paccounts and unauditors. c) The Board has placed by company's webs	eat the end of, ear as well as t PSCs, the Boar dertaken limit	10	> > >	The the relevant box	
22.	by the company to ap	prise them of	n orientation course arranged the material developments and s.	11	>	
23.	 information as specified in the Rules. a) The Board has formed the requisite committees, as specified in the Rules. b) The committees were provided with written term of reference defining their duties, authority and composition. c) The minutes of the meetings of the committees were circulated to all the Board members. d) The committees were chaired by the following non-executive directors: 				> > >	
	Committee	Number of Members	Name of Chair			
	Audit Committee	3	Kamal Ahmed			
	Risk Management Committee	3	Muhammad Bilal Sheikh			
	Human Resources Committee	3	Muhammad Bilal Sheikh			
	Procurement Committee	3	Secretary Finance, GoS			
	Nomination Committee	3	Secretary Finance, GoS			
24.	Company Secretary ar	nd Chief Intern	nt of Chief Financial Officer, ial Auditor, by whatever name terms and conditions of	13	>	Internal Audit function is outsourced to a reputed Chartered Accountant firm.
25.	The Chief Financial Off requisite qualification		Company Secretary have the Rules.	14	>	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.				>	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.				>	
28.	The directors, CEO and directly or indirectly, of arrangement entered those disclosed to the	concerned or i into by or on l	18	>		



S. No.	Provision of the Rul	es		Rule no.	Υ			
29.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration.					Tick the relevant box N/A		
		ort of the compa n of each directo	ny contains criteria and details or.					
30.		chief financial of	pany were duly endorsed by the ficer before consideration and I the Board.	20	>			
31.	written terms of reference,	and having the fo		21 (1) and 21(2)	>			
		Category Independent	Professional background Financial controller					
	Mr. Shahid Murtaza	Non-executive	Banker					
	<u> </u>	Independent	Education & Marketing					
	The chief executive the audit committee		the Board are not members of					
32.	representative	of the external a mmittee at which	nief internal auditor, and a uditors attended all meetings n issues relating to accounts	21(3)	~			
	year, without tl		xternal auditors, at least once a ne chief financial officer, the executives.		~			
	c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.				¥			
33.			ve internal audit function, v approved by the audit	22	>	Internal Audit function is		
		nal auditor has rescribed in the Ru	equisite qualification and lles.			outsourced to a reputed Chartered Accountant firm.		
	auditors for the	eir review.	been provided to the external		~			
34.	and all its partners a	are in compliance	y have confirmed that the firm e with International Federation Code of Ethics as applicable in	23(4)	~			



S. No.	. Provision of the Rules	Rule no.	Υ	N
0	1 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1 2 1			Tick the relevant box
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit Services.	23(5)	~	

CERTAIN ADDITIONAL DISCLOSURES REQUIRED UNDER CCG

- All the directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFI or, being a member of a stock exchange, has been declared as a defaulter by that stock exchange.
- All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO, other executive and non-executive directors, have been taken by the Board.
- The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Modaraba's certificates, was determined and intimated to directors, employees and stock exchange.
- Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
- The Company has complied with the requirements relating to maintenance of register of persons having inside
 information by designated senior management officer in a timely manner and maintained proper record including basis
 for inclusion or exclusion of names of persons from the said list

(On behalf of the Board)

Muhammad Naimuddin Farooqui

Chief Executive Officer

Muhammad Bilal Sheikh Chairman



Shari'ah Advisor's Report



I have conducted the Shari'ah review of Sindh Modaraba managed by Sindh Modaraba Management Limited for the financial year ended June 2018 in accordance with the requirements of the Shari'ah Compliance and Shari'ah Audit Mechanism for Modarabas issued by SECP and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has introduced a mechanism which has strengthened the Shari'ah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shari'ah principles;
- ii. During the year, the financings were mainly done on Diminishing Musharakah mode which is a Shariah Compliant mode of financing.
- iii. The agreement(s) entered into by the Modaraba during the period are Shari'ah compliant and the financing agreement(s) have been executed on the formats as approved by the Religious Board of SECP and all the related conditions have been met;
- iv. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with the Shari'ah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan, specific AAOIFI Shariah Standards which have been adopted by SECP and the Shari'ah Compliance & Shari'ah Audit Regulations for Modarabas.
- v. The Modaraba does not have any deposit raising product at the moment, therefore no profit sharing ratios, profits and charging of losses (if any) relating to any deposit raising product apply.
- vi. No earnings that have been realized from the sources or by means prohibited by Shari'ah.

Observation(s)

1. The Modaraba still has a part of its portfolio of assets, covered through conventional insurance companies instead of Shariah Compliant Takaful. It must be fully converted into Takaful as soon as possible upon the next renewal.

Recommendation(s)

1. It is recommended that the Modaraba emphasizes and focus more towards capacity building of its staff and management on Islamic Finance & its products and in this regard frequent trainings should be organized for this purpose.

Conclusion

In my opinion and to the best of my knowledge and information provided by the Modaraba, I am of the view that during the period overall business activities of the Modaraba are Shariah Compliant.

And Allah knows best.

Mufti Zeeshan Abdul Aziz

Shari'ah Advisor

Sindh Modaraba Dated: 14-08-2018



Auditors' Review Report to the Members on the Statement of Compliance with the Code of Corporate Governance and Public Sector Companies (Corporate Governance) Rules, 2013

We have reviewed the Statement of Compliance (the Statement) with the best practices contained in Code of Corporate Governance (the Code) and Public Sector Companies (Corporate Governance) Rules, 2013 (the Rules) for the year ended June 30, 2018 prepared by the Board of Directors (the Board) of Sindh Modaraba Management Limited (the Management Company) to comply with the respective Listing Regulations of the Pakistan Stock Exchange, where in the Modaraba is listed and the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

The responsibility for compliance with the Code and the Rules is that of the Board of Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement reflects the status of the Modaraba's compliance with the provisions of the Code and the Rules and report if it does not as to highlight any non - compliance with the requirements of the Code or the Rules. A review is limited primarily to inquiries of the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Code and the Rules.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal controls covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba's corporate governance procedures and risks.

Further, the Code and the Rules require the Modaraba to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board upon recommendation of the audit committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Modaraba's compliance, in all material respects with the best practices contained in the Code and the Rules as applicable to the Modaraba for the year ended June 30, 2018.

Date: August 27, 2018

Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Muhammad Shaukat Naseeb Engagement Partner



Independent Auditors' Report to the Certificate Holders

We have audited the annexed balance sheet of the Sindh Modaraba (the Modaraba) as at June 30, 2018 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (here in after referred to as the 'financial statements'), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

These financial statements are the Modaraba Company's (Sindh Modaraba Management Limited) responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Management Company in respect of the Sindh Modaraba, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- in our opinion, proper books of account have been kept by the Modaraba Company in respect of Sindh Modaraba, as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
- (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with the accounting policies consistently applied;
- (ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
- (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2018 and of the profit, comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Date: August 27, 2018

Place: Karachi

Grant Thornton Anjum Rahman
Chartered Accountants

Muhammad Shaukat Naseeb Engagement Partner



BALANCE SHEET

AS AT JUNE 30, 2018

		June 30, 2018	June 30, 2017
ASSETS	Note	Rupees	
Current assets			
Cash and bank balances	4	670,732,532	370,776,004
Short term investments	5	130,000,000	-
Ijarah rental receivables	6	6,843,967	3,546,890
Advances, prepayments and other receivables	7	69,975,934	17,721,303
Murabaha finance	8	10,439,645	-
Current portion of Diminishing Musharaka	9	208,379,336	76,122,720
Current portion of long term loan	10	324,000	324,000
Total current assets		1,096,695,414	468,490,917
Non - current assets			
Diminishing Musharaka	9	407,036,245	419,108,369
ljarah assets	11	61,302,196	136,380,508
Long term loan	10	216,000	540,000
Fixed assets - in own use	12	4,178,863	4,073,912
Total non - current assets		472,733,304	560,102,789
TOTAL ASSETS		1,569,428,718	1,028,593,706
LIABILITIES AND CERTIFICATE HOLDERS' EQUITY Current liabilities			
Creditors, accrued and other liabilities	13	524,638,794	12,029,419
Current portion of customers' security deposit	14	28,722,445	13,258,571
Profit distribution payable	• •	105,615	56,951
Tom distribution payable		553,466,854	25,344,941
Non - current liabilities		333, 133,33	_0,0,0
Customers' security deposit	14	175,650	19,577,124
TOTAL LIABILITIES		553,642,504	44,922,065
CERTIFICATE HOLDERS' EQUITY			
Authorised certificate capital	15	500,000,000	500,000,000
Issued, subscribed, and paid - up certificate capital	15	450,000,000	450,000,000
Reserves	16	65,786,214	33,671,641
Long term loan	17	500,000,000	500,000,000
		1,015,786,214	983,671,641
TOTAL LIABILITIES AND EQUITY		1,569,428,718	1,028,593,706
Contingencies and commitments	18		

The annexed notes 1 to 34 form an integral part of these financial statements.

For Sindh Modaraba Management Limited (Management Company)

rman

Director



PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED JUNE 30, 2018

		June 30, 2018	June 30, 2017
	Note	Rup	ees
Income from: - Diminishing Musharaka - Ijarah rental - Murabaha finance - Bank deposits - Term deposit receipts		54,990,743 75,724,700 501,106 14,205,096 8,395,075 153,816,720	23,339,004 89,630,101 - 19,607,349 - 132,576,454
Administrative and operating expenses	20	(28,871,650)	(24,123,893)
Depreciation - Ijarah assets	11	(65,027,365)	(77,468,540)
General provision for doubtful receivables	19	(672,972)	(1,240,021)
		(94,571,987)	(102,832,454)
		59,244,733	29,744,000
Other income	21	995,672	496,620
		60,240,405	30,240,620
Modaraba Management Company's remuneration Provision for sindh sales tax on Management Company's remuneration	22	(6,024,041) (783,126)	(3,024,062) (393,129)
Workers' Welfare Fund		(1,068,665) (7,875,832)	(536,469) (3,953,660)
Profit before taxation		52,364,573	26,286,960
Taxation	23	-	-
Profit for the year		52,364,573	26,286,960
Earnings per certificate - basic and diluted	24	1.16	0.58

The annexed notes 1 to 34 form an integral part of these financial statements.

For Sindh Modaraba Management Limited (Management Company)

rman

Director



STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017	
	Rupees		
Profit for the year	52,364,573	26,286,960	
Other comprehensive income for the year - 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 year	52,364,573	26,286,960	

The annexed notes 1 to 34 form an integral part of these financial statements.

For Sindh Modaraba Management Limited (Management Company)

Chairman



CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2018

		June 30, 2018	June 30, 2017	
	Note	Rup	ees	
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before taxation		52,364,573	26,286,960	
Adjustments for non - cash and other items				
Depreciation on Ijarah assets	11	65,027,365	77,468,540	
Depreciation on fixed assets - in own use	20	1,242,023	976,451	
Amortisation of Intangible assets	20	359,645	291,860	
General provision for doubtful receivables	19	672,972	1,240,021	
Workers' welfare fund		1,068,665	536,469	
Gain on disposal of Ijarah assets	21	(419,772)	-	
Income on bank deposits		(14,205,096)	(19,607,349)	
Income on term deposit receipts		(8,395,075)	-	
Provision for provident fund (employer's contribution)		503,652	419,835	
Provision for gratuity		483,385	352,015	
		46,337,764	61,677,842	
Working capital changes				
Advances, prepayments and other receivables		(50,163,955)	(6,209,733)	
ljarah rental receivables		(3,313,645)	(1,845,101)	
Diminishing Musharaka		(120,788,435)	(246,159,132)	
Increase in Murabaha Finance		(10,492,106)	-	
Creditors, accrued and other liabilities		511,057,325	1,542,841	
Security deposit against Ijarah assets		(3,787,230)	150,370	
		322,511,954	(252,520,755)	
Provident fund contribution paid (employer's contribution)		(503,652)	(419,835)	
Recovery of loan		324,000	324,000	
Net cash used in operations		421,034,639	(164,651,788)	
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of Ijarah assets	11	-	(5,514,700)	
Sale proceeds from disposal of Ijarah assets		10,320,349	-	
Purchase of fixed assets-owned	12.1	(1,706,619)	(87,587)	
Purchase of intangibles-owned	12.2	- 1	(553,550)	
Fixed capital expenditure	12.3	-	(600,000)	
Income received on term deposit receipts		7,072,363	-	
Income received on bank deposits		13,437,132	17,437,571	
Net cash generated from investing activities		29,123,225	10,681,734	
CASH FLOWS FROM FINANCING ACTIVITIES				
Long term loan received	17	-	500,000,000	
Profit distributed		(20,201,336)	(15,699,847)	
Net cash (used in)/generated from financing activities		(20,201,336)	484,300,153	
Net (decrease)/increase in cash and cash equivalents		429,956,528	330,330,099	
Cash and cash equivalents at the beginning of the year		370,776,004	40,445,905	
Cash and cash equivalents at the end of the year	33	800,732,532	370,776,004	
The same can equivalence at the one of the year	30		от о,т о,оо т	

The annexed notes 1 to 34 form an integral part of these financial statements.

For Sindh Modaraba Management Limited (Management Company)

Chief Executive

Director



Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2018

	Issued,	Reserve				
	subscribed, and paid-up certificate capital	Statutory reserve	Unappropriated profit	Total	Long term loan	Total
				Rupees		
Balance as at June 30, 2016	450,000,000	6,066,937	17,067,744	23,134,681	-	473,134,681
Profit for the year	-	-	26,286,960	26,286,960	-	26,286,960
Other comprehensive income	-	-	-	-	-	-
Transfer to statutory reserve	-	5,257,392	(5,257,392)	-	-	-
Long term loan received during the year	-	-	-	-	500,000,000	500,000,000
Tansaction with Certificate Holders						
Profit distribution for the period ended						
June 30,2016at Re. 0.35 (3.5%) per certificate	-	-	(15,750,000)	(15,750,000)	-	(15,750,000)
Balance as at June 30, 2017	450,000,000	11,324,329	22,347,312	33,671,641	500,000,000	983,671,641
Profit for the year	-	-	52,364,573	52,364,573	-	52,364,573
Other comprehensive income	-	-	-	-	-	-
Transfer to statutory reserve	-	15,709,372	(15,709,372)	-	-	-
Tansaction with Certificate Holders						
Profit distribution for the period ended						
June 30, 2017 at Re. 0.45 (4.5%) per certificate		-	(20,250,000)	(20,250,000)	-	(20,250,000)
Balance as at June 30, 2018	450,000,000	27,033,701	38,752,513	65,786,214	500,000,000	1,015,786,214

The annexed notes 1 to 34 form an integral part of these financial statements.

Chairman

For Sindh Modaraba Management Limited (Management Company)



FOR THE YEAR ENDED JUNE 30, 2018

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 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.

The JCRVIS 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

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017, Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Prudential Regulations for Modaraba issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs), International Accounting Standards (IASs) and Islamic Financial Accounting Standards (IFASs) as notified under the provisions of Companies Act, 2017. Wherever the requirements of approved accounting standards differ with requirements of the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and the directives issued by the SECP, the requirements of latter take precedence.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, which is the Modaraba's functional and presentational currency. Figures have been rounded off to the nearest Rupees, unless stated otherwise.

2.4 Use of significant estimates and judgments

The preparation of financial statements 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 an on-going basis.

Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in the application of accounting policies are as follows:

- a) estimates of residual values, useful lives and depreciation methods of fixed assets in own use (note 3.3) and Ijarah assets (note 3.4);
- b) investments & loans, advances, prepayments and other receivables (note 3.2 and 3.6); and
- c) provision for taxation (note 3.7).



FOR THE YEAR ENDED JUNE 30, 2018

2.5 Standards, amendments and interpretations to the approved accounting standards

2.5.1 Standards, amendments and interpretations to the published standards that are relevant and adopted by the Modaraba

The Modaraba has adopted the following new standards, amendments to published standards and interpretations of IFRSs which became effective during the current year.

Standards, amendments and interpretations	Effective date
IAS 7 'Disclosure Initiative (Amendments to IAS 7)'	January 1, 2017
IAS 12 - Recognition of Deferred Tax Assets for Unrealized Losses (Amendments to IAS	January 1, 2017
IFRS 12 - Annual Improvements to IFRS 2014-2016	January 1, 2017

Adoption of the above revisions, amendments and interpretations of the standards have no significant effect on the amounts for the year ended June 30, 2017 and 2018.

2.5.2 Standards, amendments to published standards and interpretations that are effective but not relevant to the Modaraba

The other new standards, amendments to published standards and interpretations that are mandatory for the financial year beginning on July 01, 2017 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations and are therefore not presented here.

2.5.3 Standards, amendments and interpretations to the published standards that are relevant but not yet effective and not early adopted by the Modaraba

The following new standards, amendments to published standards and interpretations would be effective from the dates mentioned below against the respective standard or interpretation.

Standard or Interpretation	Effective date
IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investorand its Associate or Joint Venture (Amendments to IFRS 10 and	Postponed
IFRS 2 - Classification and Measurement of Share-based Payment Transaction (Amendements to IFRS 2)	January 1, 2018
IFRS 1 and IAS 28 - Annual Improvementsto IFRSs 2014-2016	January 1, 2018



FOR THE YEAR ENDED JUNE 30, 2018

Standard or Interpretation	Effective date
IFRIC 22 - Foreign Currency Transactions and Advance Consideration	January 1, 2018
IAS 40 - Transfers of Investment Property (Amendments to IAS 40)	January 1, 2018
IFRS 15 - Revenue from Contracts with	July 1, 2018
IFRS 9 - Financial Instrumnets	July 1, 2018
IFRS 16 - Leases	January 1, 2019
IFRIC 23 - Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28 - Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)	January 1, 2019
Annual Improvements to IFRSs 2015 - 2017	January 1, 2019
IFRS 9 - Prepayment Features with Negative Compensation (Amendments to IFRS 9)	January 1, 2019
IAS 19 - Plan Amendment, Curtail or Settlement (Amendments to IAS 19)	January 1, 2019

The Modaraba is in the process of assessing the impact of these Standards, amendments and interpretations to the published standards on the financial statements of the Modaraba.

2.5.4 Standards, amendments and interpretations to the published standards that are not yet notified by the SECP

Following new standards have been issued by the International Accounting Standards Board (IASB) which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

Standard or Interpretation

IASB effective date (Annual periods beginning on or after)

IFRS 14 - Regulatory Deferral Accounts

January 1, 2016

January 1, 2021

January 1, 2021

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted and applied in the preparation of these financial statements as set out below. These policies have been consistently applied to all years presented unless other wise stated.

3.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. These include balances with banks in deposit and current accounts, short term investment and stamps in hand.

3.2 Financial instruments

3.2.1 Financial assets

3.2.1.1 Classification

Financial assets in the scope of IAS 39 "Financial Instruments: Recognition and Measurement", are classified as either financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments or available-for-sale financial assets, as appropriate. When financial assets are recognized initially, they are measured at fair value, plus (in the case of investments not at fair value through profit or loss) directly attributable transaction cost. The Modaraba determines the classification of its financial assets after initial recognition and, where allowed and appropriate, reevaluates this designation at each financial year-end.



FOR THE YEAR ENDED JUNE 30, 2018

a) Financial assets at fair value through profit or loss

Financial assets classified as held for trading are included in the category 'Financial assets at fair value through profit or loss'. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, if any, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on investments held for trading are recognized in profit and loss account.

b) Held-to-maturity

Non-derivative financial assets with fixed or determinable payments and fixed maturity are classified as held-to maturity when the Modaraba has the positive intention and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other long-term investments, that are intended to be held-to-maturity, are subsequently measured at amortized cost.

This cost is computed as the amount initially recognized minus principal repayments, plus or minus the cumulative amortization, using the effective interest rate method, of a difference between the initially recognized amount and the maturity amount. This calculation includes all fees and charges paid or received between parties to the contract that are an integral part of the effective interest rate, transaction cost and all other premiums and discounts. For investments carried at amortized cost, gains and losses are recognized in profit and loss account when the investments are derecognized or impaired, as well as, through the amortization process.

c) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss account when the loans and receivables are derecognized or impaired, as well as, through the amortization process.

d) Available-for-sale

Available-for-sale financial assets are those non derivative financial assets that are designated as available-for-sale or are not classified in any of the three preceding categories. After initial recognition available-for-sale financial assets are measured at fair value with gains and losses being recognized as a separate component of equity until the investment is derecognized or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the profit and loss account.

The fair value of investments that are actively traded in organized financial markets is determined by reference to quoted market bid price at the close of business on the balance sheet date. For investments where there is no active market, value is determined using valuation technique.

3.2.1.2 Impairment (including provision for potential ljarah losses and write offs)

The carrying amount of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment in any asset or group of assets. If such an indication exists, the recoverable amount of the assets is estimated and impairment losses are recognised immediately as an expense in the profit and loss account.

For loans and receivables, a provision for impairment is established when there is objective evidence that the Modaraba will not be able to collect all amounts due according to the original terms. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective profit rate.

Provision for non-performing facilities, if any, is made in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP and is charged to the profit and loss account in the current period. Outstanding balances in net investment in ligrar finance are written off when there is no realistic prospect of recovery.

3.2.2 Financial liabilities

Financial liabilities are recognised at the time the Modaraba becomes a party to the contractual provisions of the instrument and include creditors, accrued and other liabilities. These are initially recognised at fair values and subsequently stated at amortised cost.



FOR THE YEAR ENDED JUNE 30, 2018

3.2.3 Derecognition

Financial assets are derecognised at the time when the Modaraba loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled, or expires. Any gain or loss arising on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

3.2.4 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

3.3 Fixed assets - In own use

3.3.1 Tangible assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amounts or recognised as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably. All other repairs and maintenance expenses are charged to the profit and loss account as and when incurred. Depreciation on all fixed assets is charged to income on a straight - line basis in accordance with the specified rates.

The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts. These are recorded in the profit and loss account in the period in which these arise.

3.3.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably.

Amortisation is charged to income using the straight line method in accordance with the specified rates. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the profit and loss account in the period in which these arise.

3.3.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of installation and advances for capital expenditure. Transfers are made to the relevant category of tangible/intangible assets as and when the assets are available for intended use.

3.4 Ijarah assets given to customers under agreement

Assets leased out under Ijarah are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the lease term, which is considered to be the estimated useful life of the asset.



FOR THE YEAR ENDED JUNE 30, 2018

- Muj`ir (lessors) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset, distinguished from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the profit and loss account in the period in which they are incurred.

3.5 Murabaha Finance

Funds disbursed for purchase of goods are recorded as 'Advance for Murabaha'. On culmination of Murabaha i.e. sale of goods to customers, Murabaha financings are recorded at the deferred sale price. Goods Purchased but remaining unsold at the balances sheet date are recorded as inventories. Profit on Murabaha Financings is recognised on accrual basis. Profit on Murabaha transactions for the period from the date of disbursement to the date of culmination of Murabaha is recognised immediately upon the later date. Profit unearned at balance sheet date is deferred and recorded as deferred murabaha income. Financing are stated net of specific and general Provisions against non-performing financings, if any, which are charged to the profit and loss account.

3.6 Loans, advances, prepayments and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off when identified.

3.7 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of modaraba, except from trading and manufacturing activities, is exempt from tax provided that not less than 90% of their profits for the period as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. However, the Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders every year.

3.8 Impairment of non-financial assets

The carrying amounts of the Modaraba's assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. If such an indication exists, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss. The resulting impairment loss is recognised in the profit and loss account.

3.9 Creditors, accrued and other liabilities

These are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services.



FOR THE YEAR ENDED JUNE 30, 2018

3.10 Provisions

Provisions are recognised when the Modaraba has a present, legal or constructive obligation as a result of past obligating events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Provision is maintained as per the regulatory requirement or 0.5% of the ijarah rental receivables, murabaha finance and diminishing musharaka, whichever is higher. Such provision is charged to profit and loss account.

3.11 Staff retirement benefits

The Modaraba operates a recognised provident fund for all eligible employees and equal contributions by the employer and employee to the provident fund are made at the rate of 10% of the basic salaries of employees.

The Modaraba operates a gratuity fund for all eligible employees and provision of gratuity by the employer is made at the rate of 8.33% of the basic salaries of employees.

3.12 Revenue recognition

For Ijarah arrangements, Ijarah rentals are recognised as income on accrual basis, as and when rentals become due. In case of Ijarah arrangements with staggered rentals, the income is recognised on a straight line basis over the Ijarah term.

- Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Prudential Regulations for Modarabas issued by the SECP.
- Documentation charges, front end fees and other ljarah related income are taken to the profit and loss account on an accrual basis.
- Profit on Diminishing Musharaka arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Mark-up / return on deposits / investments is recognised on accrual basis using the effective profit rate method.
- Other income is recognised on an accrual basis.

3.13 Proposed profit distribution to certificate holders and transfers between reserves

Dividends declared and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

3.14 Earnings per certificate

Basic earnings per certificate is calculated by dividing the profit after taxation for the period by the weighted average number of certificates outstanding during the period. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any dilutive potential ordinary certificates.

3.15 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognised in the profit and loss account.

3.16 Segment reporting

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-



FOR THE YEAR ENDED JUNE 30, 2018

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.

3.17 Related party transactions

All transactions with related party are priced on arm's length basis. Prices of these transactions are determined on the basis of admissible valuation methods.

3.18 Dividend income

Dividend income is recognised when the Modaraba's right to receive dividend is established.

3.19 Ijarah rental receivable

These are stated at amount recoverable net of provision (if any).

3.20 Compensated absences

The Modaraba makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated upto the balance sheet date.

			June 30, 2018	June 30, 2017	
4	CASH AND BANK BALANCES	Note	Rupees		
	Stamp papers in hand		78,900	58,250	
	Cash in hand		3,197	-	
	Balances with banks				
	-on deposit accounts	4.1	670,509,215	370,627,330	
	-on current accounts	4.2	141,220	90,424	
			670,732,532	370,776,004	

^{4.1} These carry profit at the rates ranging from 4.78% to 5.8% per annum. (2017: 6.1% per annum). This includes balance of Rs. 666.54 million (2017: 370.63 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 119,988 (2017: 71,286) held with Sindh Bank Limited - Islamic Banking Unit, related party.

			June 30, 2018	June 30, 2017
5	SHORT TERM INVESTMENTS	Note	Rup	Dees
	Term deposit receipts	5.1	130,000,000	

5.1 This represents investment made in Term Deposit Receipt in a Microfinance Bank for the period of six months. This investment carries markup at the rate ranging from 6.96% to 8.57% per annum (June 30, 2017: Nil)

6	IJARAH RENTAL RECEIVABLES	Note	June 30, 2018 Ruj	June 30, 2017 pees
	Ijarah rental receivables - Considered go Less: Provision for ijarah rental receivab	6.1	6,878,359 (34,392) 6,843,967	3,564,714 (17,824) 3,546,890

6.1 This represents general provision made at the rate of 0.5% (2017: 0.5%) against Ijarah rental receivables.



June 30 2018

June 30, 2017

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

			June 30, 2018	June 30, 2017		
7	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	NoteRupees				
	Advances	7.1	61,889,720	11,632,885		
	Prepayments		1,338,614	1,284,028		
	Accrued income from bank deposits		3,109,922	2,341,958		
	Accrued income from term deposit receipts		1,322,712	-		
	Accrued income from Diminishing Musharaka		2,314,866	2,434,912		
	Other receivables		100	27,520		
		_	69,975,934	17,721,303		

7.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customer) amounting to Rs. 61.15 million (June 30, 2017: Rs. 10.96 million).

			June 30, 2018	June 30, 2017
8	MURABAHA FINANCE	Note	Ru	pees
	Receivables - considered good	8.1	10,492,106	-
	Less: provision	8.2	(52,461)	-
			10,439,645	

- 8.1 This represents the finance provided to Corporate clients under Murabaha finance for periods 6 months (2017: Nil) which is secured against mortgage of property and personal guarantee of a director. This includes Rs.501,106 which represents profit receivable.
- 8.2 This represents general provision made at the rate of 0.5% (June 30, 2017: Nil) against Murabaha finance.

9	DIMINISHING MUSHARAKA	Note	Ru	pees
	Receivables - secured	9.1	618,508,122	497,719,687
	Less: current portion		(208, 379, 336)	(76,122,720)
	Less: Provision	9.2	(3,092,541)	(2,488,598)
	Non-current portion		407,036,245	419,108,369

- 9.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 2 to 20 years (2017: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.
- **9.2** This represents general provision made at the rate of 0.5% (2017: 0.5%) on diminishing musharaka receivables.

			June 30, 2018	June 30, 2017
10	LONG TERM LOAN	Note	Ru _l	pees
	Long term loan - considered good		540,000	864,000
	Less: current portion of long term loan		(324,000)	(324,000)
			216,000	540,000

10.1 This represents car loan provided to Chief Financial Officer (related party) in accordance with the Monetization Policy approved by the Board.



FOR THE YEAR ENDED JUNE 30, 2018

11 IJARAH ASSETS

June 30, 2018								
		Cost		Depreciation			Net book	
Particulars	Opening balance	Disposals	Closing balance	Opening balance	Charge / (Adjustment) for the year	Closing balance	value as at June 30, 2018	Depreciation Rate
				Rupees-				
Plant and machinery	194,470,625	-	194,470,625	89,486,344	54,910,822	144,397,166	50,073,459	33.33%
Vehicles	68,762,700	(43,654,000)	25,108,700	37,366,473	10,116,543	13,879,963	11,228,737	20-50%
V 01110100		-	-	-	(33,603,053)	-		
	263,233,325	(43,654,000)	219,579,325	126,852,817	31,424,312	158,277,129	61,302,196	

June 30, 2017								
		Cost		Depreciation			Net book	
Particulars	Opening	Additions	Closing	Opening	Charge for	Closing balance	value as at	Depreciation
Faiticulais	balance	Additions	balance	balance	the year	Closing balance	June 30, 2017	Rate
	Amount in Rupees							
Plant and machinery	194,470,625	-	194,470,625	33,919,180	55,567,164	89,486,344	104,984,281	33.33%
Vehicles	63,248,000	5,514,700	68,762,700	15,465,097	21,901,376	37,366,473	31,396,227	20-50%
	257,718,625	5,514,700	263,233,325	49,384,277	77,468,540	126,852,817	136,380,508	

11.1 The Modaraba has entered into Ijarah arrangements for periods ranging from 3 to 5 years (2017: 2 to 5 years) against which security deposits were obtained at the time of disbursement (note 14).

	Contractual rental receivables - Ijarah assets		June 30, 2018 Ru	June 30, 2017 pees
	Not later than 1 year Later than 1 year but not later than 5 years Total	_ =	39,667,451 6,978,822 46,646,273	78,029,547 48,240,479 126,270,026
12	FIXED ASSTES - In own use			
	Tangible assets	12.1	3,253,544	2,788,948
	Intangible assets	12.2	325,319	684,964
	Capital work in progress	12.3	600,000	600,000
	•		4,178,863	4,073,912

12.1 TANGIBLE ASSETS

			Jι	ıne 30, 2018				
		Cost			Depreciation		Net book	
Particulars	Opening	Additions	Closing	Opening	Charge for	Closing	value as at	Depreciation
Faiticulais	balance	Additions	balance	balance	the year	balance	June 30, 2018	ıne 30, 2018 Rate
			A	mount in Rup	ees			
Furniture and fittings	1,326,935	45,000	1,371,935	231,762	136,077	367,839	1,004,096	10%
Office Equipment	1,359,574	1,636,919	2,996,493	482,141	530,680	1,012,821	1,983,672	20%
Vehicles	43,500	-	43,500	21,025	8,700	29,725	13,775	20%
Computer and accessorie	s 1,715,991	24,700	1,740,691	922,124	566,566	1,488,690	252,001	33.33%
•	4,446,000	1,706,619	6,152,619	1,657,052	1,242,023	2,899,075	3,253,544	

			Ju	ne 30, 2017				
		Cost			Depreciation	1	Net book	
Particulars	Opening	Additions	Closing	Opening	Charge for	Clasing balance	value as at	Depreciation
Faiticulais	balance	Additions	balance	balance	the year	Closing balance	June 30, 2017	Rate
Amount in Rupees								
Furniture and fittings	1,312,935	14,000	1,326,935	100,006	131,756	231,762	1,095,173	10%
Office Equipment	1,324,474	35,100	1,359,574	214,897	267,244	482,141	877,433	20%
Vehicles	43,500	-	43,500	12,325	8,700	21,025	22,475	20%
Computer and accessories	1,677,504	38,487	1,715,991	353,373	568,751	922,124	793,867	33.33%
	4,358,413	87,587	4,446,000	680,601	976,451	1,657,052	2,788,948	



FOR THE YEAR ENDED JUNE 30, 2018

12.2 INTANGIBLE ASSETS

June 30, 2018									
		Cost		Amortisation			Net book	Amortisation	
Particulars	Opening Additions		Closing	Opening	Charge for	Closing	value as at	Rate	
Farticulars	balance	Additions	balance	balance	the year	balance	June 30, 2018	Rate	
				Amoun	t in Rupees			-	
Software licenses 2018	1,078,982	-	1,078,982	394,018	359,645	753,663	325,319	33.33%	
Software licenses 2017	525,432	553,550	1,078,982	102,158	291,860	394,018	684,964	33.33%	

12.3	CAPITAL WORK IN PROGRESS	Note	June 30, 2018 Ru	June 30, 2017 pees
	Opening		600,000	-
	Addition		-	600,000
	Closing	12.3.1	600,000	600,000

12.3.1 This represents amount paid for development of modules of the software of the Modraba namely "Almanac". Total cost amounts to Rs.800,000 out of which 75% has been paid to the vendor.

13	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	June 30, 2018	June 30, 2017 pees
	Management remuneration payable - related party		6,024,041	3,024,062
	Provision for sindh sales tax on management remuneration		783,126	904,732
	Government of Sindh Funds	13.1	500,000,000	-
	Creditors		145,238	138,747
	Other liabilities		10,481,446	3,189,880
	Workers' Welfare Fund		2,224,210	1,155,545
	Accrued expenses	13.2	4,980,733	3,616,453
			524,638,794	12,029,419

- 13.1 The Modaraba had entered into agreements with Government of Sindh for providing financing to eligible transporters under the latter's Intra-City & Inter-City Transport Schemes on October 25, 2017. For adjustment of various subsidies and Credit Risk Guarantee under the Schemes, the GoS agreed to place Rs. 2,000 million (in tranches) for each scheme with the Modaraba under the Musharaka Arrangement. Initially Rs. 500 million (250 million for each scheme) were placed with the Modaraba.
- 13.2 These includes Rs. 100,000 for branch rent payable to Sindh Bank Limited, related party.

14 CUSTOMERS' SECURITY DEPOSIT

COSTOMERS, SECORITY DEPOSIT		June 30, 2018	June 30, 2017
	Note	Ru	pees
Security deposit against Ijarah finance		28,898,095	32,685,325
less: current portion		(28,722,445)	-
Non-current portion	14.1	175,650	32,685,325

14.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the arrangement.

15 CERTIFICATE CAPITAL

15.1 Authorised certificate capital

June 30, 2018	June 30, 2017		June 30, 2018	June 30, 2017		
Number of certificates			Rupees			
		Modaraba certificates of				

50,000,000 So,000,000 Rs. 10 each

Rs. 10 each **500,000,000** 500,000,000



FOR THE YEAR ENDED JUNE 30, 2018

15.2 Issued, subscribed and paid - up certificate capital

Modaraba certificates of

45,000,000 45,000,000 Rs. 10 each fully paid in cash **450,000,000** 450,000,000

15.3 As at June 30, 2018, Sindh Modaraba Management Limited (Management Company and a related party) holds 42,461,000 (2017: 42,461,000) certificates of the Modaraba.

16	RESERVES		June 30, 2018 Ru	June 30, 2017 pees
	Capital Statutory reserve	16.1	27,033,701	11,324,329
	Revenue Unappropriated profit		38,752,513 65,786,214	22,347,312 33,671,641

16.1 Statutory reserve represents profit set aside by the Modaraba to comply with the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its profit after tax till such time that reserves equal 100% of the paid up certificate capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the year, the Modaraba has transferred an amount of Rs. 15,709,372 (2017: Rs.5,257,392) which represents 30% of the net profit for the year.

17 LONG TERM LOAN

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 equity certificates in future against this loan, subject to necessary regulatory approvals.

18 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the balance sheet date (2017: Nil).

19 GENERAL PROVISION FOR DOUBTFUL RECEIVABLES ---

Ijarah rental receivables Murabaha finance Diminishing Musharaka

 16,568
 9,226

 52,461

 603,943
 1,230,795

 672,972
 1,240,021

-----Rupees-----

June 30, 2017

June 30, 2018



FOR THE YEAR ENDED JUNE 30, 2018

20	ADMINISTRATIVE AND OPERATING EXPENSES	Note ·	June 30, 2018 Ru	June 30, 2017 pees
	Salaries, allowances and other benefits Legal and professional charges Repairs and maintenance Utility services Takaful/Insurance - owned assets Takaful/Insurance - ljarah and Diminishing Musharaka Postage, Courier and telegraphs Generator sharing and fuel charges Entertainment Advertisement and publications Staff orientation and training Rent, Rates and Taxes Registration and subscription fee Travelling and conveyance Security services Printing, stationery and photocopy Auditors' remuneration Depreciation expense - tangible assets Amortisation expense - intangible assets Miscellaneous	20.1 20.2	16,466,372 2,001,326 649,915 966,118 89,799 1,276,711 124,388 549,830 153,368 169,520 49,175 1,499,992 843,251 942,508 524,812 440,379 274,964 1,242,023 359,645 247,554	15,132,625 1,725,594 521,654 891,653 123,768 574,025 82,098 529,371 155,093 63,900 44,000 199,994 698,110 597,123 409,988 728,184 193,099 976,451 291,860 185,303
		=	28,871,650	24,123,893

- **20.1** This includes amount of Rs. 503,652 (2017: Rs. 419,835) paid to provident fund and provision for gratuity of Rs. 483,385 (2017: 352,015).
- 20.2 This includes amount of Rs. 360,000 paid to Shariah Advisor as compensation for his service.
- 20.3 This includes amount of Rs. 1,300,000 branch rent to Sindh Bank Limited, related party.

20.4	Auditors' remuneration	June 30, 2018	June 30, 2017
	Audit fee Half yearly review fee Special certifications Out of pocket expenses	124,200 37,800 86,400 26,564 274,964	108,000 32,400 32,400 20,299 193,099
21	OTHER INCOME		
	Documentation and processing fee Gain on disposal of Ijarah assets Others	559,312 419,772 16,588 995,672	424,146 - 72,474 496,620
22	MODARABA MANAGEMENT COMPANY'S REMUNERATION	6,024,041	3,024,062

The Modaraba Management Company is entitled to remuneration under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of annual profits of the Modaraba computed in the prescribed manner. The remuneration for the year ended June 30, 2018 has been recognised at 10% of the profit for the year before charging such remuneration and taxation.



FOR THE YEAR ENDED JUNE 30, 2018

23 TAXATION

The income of a modaraba, except from trading and manufacturing activities, is exempt from income tax provided that it distributes at least 90% of its profits to its certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 32, no provision for taxation has been made in these financial statements.

24 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic

Basic earnings per certificate is calculated by dividing the net profit after taxation for the year by the weighted average number of certificates outstanding during the year as follows:

	June 30, 2018 Ruր	June 30, 2017 Dees
Profit for the year after taxation (Rupees)	52,364,573	26,286,960
Weighted average number of certificates (Numbers)	45,000,000	45,000,000
Earnings per certificate (Rupees)	1.16	0.58

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2018 which would have any effect on the earnings per certificate.

25	NUMBER OF EMPLOYEES	June 30, 2018	June 30, 2017
	Total numbers of employees	9	9

26 RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies, Directors and key management personnel i.e. CFO of the Modaraba.

The details of related party transactions and balances otherwise than disclosed elsewhere in these financial statement are as follows:

26.1	BALANCES AS AT YEAR END	June 30, 2018 June 30, 2017 Rupees	
	Sindh Bank Limited Accrued income on deposit account	3,086,719	2,341,958
	Sindh Modaraba Management Limited Others		24,000
	Sindh Insurance Limited Sharing of Expenses payable	218,430	218,430



FOR THE YEAR ENDED JUNE 30, 2018

26.2	TRANSACTIONS FOR THE YEAR			June 30, 2018	June 30, 2017
20.2				Rupe	
	Sindh Bank Limited Income from deposits Branch rent paid			13,595,282 1,200,000	19,607,349
	Branon rone paid		_	14,795,282	19,607,349
	Sindh Modaraba Management Limited Dividend paid		=	19,107,450	14,996,625
	Sindh Insurance Limited			4 404 454	4 500 004
	Takaful/insurance paid			1,481,154	1,563,001
	Sharing of expenses paid		_	436,860	436,860
	KM		_	1,918,014	1,999,861
	Key Management Personnel			E 640 022	4,410,383
	Salaries, allowances and benefits paid		=	5,610,822	4,410,303
	Sindh Modaraba Employees Provident Fund Contribution paid (both employer's and employee's contribution)			1,007,304	809,498
	employee's continuation)		_	1,007,304	000,100
27	FINANCIAL INSTRUMENTS BY CATEGORY		Jur	ne 30, 2018	
		•	Loans and	4	_
		At amortized	receivable	Hold to	Total
		cost	TOOCIVADIO	maturity	
				-Rupees	
	ASSETS				
	Current assets				
	Cash and bank balances	670,650,435	-	-	670,650,435
	Short term investments	-	-	130,000,000	130,000,000
	ljarah rental receivables	-	6,843,96		6,843,967
	Advances and other receivables	-	68,637,320		68,637,320
	Murabaha finance	-	10,439,64		10,439,645
	Current portion of diminishing musharaka	-	208,379,330		208,379,336
	Current portion of long term loan	-	324,000		324,000
		670,650,435	294,624,268	3 130,000,000	1,095,274,703
	Non-current assets		T		
	Long term portion of diminishing musharaka	-	407,036,24		407,036,245
	Long term loan	-	216,000		216,000
		070.050.405	407,252,245		407,252,245
		670,650,435	701,876,513	3 130,000,000	1,502,526,948
				June 30,	2018
				At amortised cost	Total
				Rupe	es
	LIABILITIES Current liabilities			παρο	
	Creditors, accrued and other liabilities			521,813,030	521,813,030
	Current portion of customers' security deposit			28,722,445	28,722,445
	Profit distribution payable			105,615	105,615
	Non-current liabilities		_	550,641,090	550,641,090
	Customers' security deposit			175,650	175,650
			_	550,641,090	550,816,740



FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2017		
	At amortized cost	Loans and receivables	Total
		Rupees	
ASSETS			
Current assets			
Cash and bank balances	370,717,754	-	370,717,754
ljarah rental receivables	-	3,546,890	3,546,890
Advances and other receivables	-	16,437,275	16,437,275
Current portion of Diminishing Musharaka	-	76,122,720	76,122,720
Current portion of long term loan		324,000	324,000
	370,717,754	96,430,885	467,148,639
Non-current assets			
Long term portion of diminishing musharaka	-	419,108,369	419,108,369
Long term loan	-	540,000	540,000
		419,648,369	419,648,369
	370,717,754	516,079,254	886,797,008
		June 30, 2	017
	At a	mortised	Total
		cost	
LIABU ITIES		Rupe	es
LIABILITIES Current liabilities			
Creditors, accrued and other liabilities	1	0,473,884	10,473,884
Current portion of Customers' security deposit		13,258,571	13,258,571
Profit distribution payable		56,951	56,951
	2	3,789,406	23,789,406
Non-current liabilities			
Customers' security deposit	1	9,577,124	19,577,124

28 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Board of Directors of the Management Company has the overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

28.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risks: currency risk, profit rate risk and other price risk.

28.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist in foreign currencies. As at June 30, 2018, Modaraba has no financial assets and liabilities in foreign currencies.

28.1.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modaraba has adopted appropriate policies to minimise its exposure to this risk.

28.1.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in



FOR THE YEAR ENDED JUNE 30, 2018

market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As on June 30, 2018, the Modaraba did not hold any instruments which exposed it to price risk.

28.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk generally emanates from balances with banks, ljarah rentals receivable, Investments and Diminishing Musharaka arrangements, Deposits and Other receivables.

The maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancement amounts are as follows:

	June 30, 2018	June 30, 2017
	Ru	pees
Cash and bank balances	670,650,435	370,717,754
Short term investments	130,000,000	-
Ijarah rental receivables	6,843,967	3,546,890
Diminishing Musharaka	615,415,581	495,231,089
Murabaha finance	10,439,645	-
Advances, prepayments and other receivables	68,637,320	16,437,275
Long term loan	540,000	864,000
-	1,502,526,948	886,797,008

As at June 30, 2018, there were no financial assets which were pledged as collateral for liabilities or contingent liabilities of the Modaraba. Further, there were no Financial assets which were past due over 90 days.

28.2.1 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modarabas total credit exposure. Concentrations of credit risk indicate the relative sensitivity of the Modarabas performance to developments affecting a particular industry.

The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

28.2.2 Details of the sector analysis of gross investment portfolio is as follows:

June 30, 2018		June 30, 2017		
Sectors	Rupees	%	Rupees	%
Sugar	126,319,524	15.44	131,399,180	21.64
Oil & Gas - Oil Marketing	68,519,751	8.38	91,418,001	15.06
Electronic & Allied	90,540,029	11.07	35,107,624	5.78
Services	110,611,078	13.52	137,703,855	22.68
Individual	17,867,226	2.18	12,670,980	2.09
Brokerage	1,793,561	0.22	-	-
Transport	18,167,499	2.22	-	-
Metal & Steel	4,565,178	0.56	-	_
Construction	56,685,264	6.93	4,698,219	0.77
Printing	3,108,069	0.38	1,247,605	0.21
Pharmaceutical	49,595,149	6.06	19,051,734	3.14
Poultry, Poultry feed & hatchery	63,519,222	7.77	3,782,498	0.62
Entertainment	29,687,125	3.63	25,995,747	4.28
Chemical & Allied (Other)	177,033,020	21.64	144,042,291	23.73
	818,011,695	100	607,117,734	100



FOR THE YEAR ENDED JUNE 30, 2018

28.2.3 Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management polices and the requirements of the Prudential Regulations (PRs) for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its ljarah and Diminishing Musharka arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses.

The credit quality of Modaraba's financial assets with banks is assessed with reference to external credit ratings.

		June 30, 2018	June 30, 2017
	Rating	Ru	pees
Credit risk ratings			
Bank balances - Sindh Bank Limited	AA / A-1+	666,644,787	370,627,330
TDRs - NRSP Micro Finance Bank	A / A-1	130,000,000	-
Bank balances - NRSP Micro Finance	A / A-1	3,864,428	-
		800,509,215	370,627,330

28.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation.

The maturity profile of Modaraba's financial assets and liabilities based on the contractual maturities is as follows:

Maturities of	f assets	and	liabilities
---------------	----------	-----	-------------

Financial assets
Cash and bank balances
Short term investments
ljarah rentals receivable
Murabaha finance
Diminishing Musharaka
Long term loan
Advances, prepayments and other receivables

i ilialiciai liabilitica
Creditors, accrued and other liabilities
Customer's security deposit
Profit distribution payable

Einancial liabilities

Maturities of assets and liabilities

Financial assets
Cash and bank balances
ljarah rentals receivable
Diminishing Musharaka
Long term loan
Advances, prepayments and other receivable

Financial liabilities
Creditors, accrued and other liabilities
Customer's security deposit
Long term loan

June 30, 2018						
	Profit bearing		Non - profit bearing			
Maturity upto	Maturity after 1		Maturity upto 1	Maturity after 1		Total
1 year	year and upto 5	Sub Total	year	year and upto 5	Sub Total	Iotai
i yeai	years		year	years		
			Rupees			
670,650,435	-	670,650,435	-	-	-	670,650,435
130,000,000	-	130,000,000	-	-	-	130,000,000
-	-	-	6,843,967	-	6,843,967	6,843,967
10,439,645	-	10,439,645	-	-	-	10,439,645
208,379,336	407,036,245	615,415,581	-	-	-	615,415,581
-	-	-	324,000	216,000	540,000	540,000
		-	68,637,320		68,637,320	68,637,320
1,019,469,416	407,036,245	1,426,505,661	75,805,287	216,000	76,021,287	1,502,526,948
-	-	-	524,638,794	-	524,638,794	524,638,794
-	-	-	28,722,445	175,650	28,898,095	28,898,095
		-	105,615		105,615	105,615
	-	-	553,466,854	175,650	553,642,504	553,642,504

r folit bearing		140	on - pront bearing		
Maturity after 1 year and upto 5 years	Sub Total	Maturity upto 1 year	Maturity after 1 year and upto 5 years	Sub Total	Total
		Rupees			
-	370,717,754	-	-	-	370,717,754
-	-	3,546,890	-	3,546,890	3,546,890
419,108,369	495,231,089	-	-	-	495,231,089
-	-	324,000	540,000	864,000	864,000
-	-	16,437,275	-	16,437,275	16,437,275
419,108,369	865,948,843	20,308,165	540,000	20,848,165	886,797,008
-	-	10,473,884	-	10,473,884	10,473,884
		13,258,571	19,577,124	32,835,695	32,835,695
-	-	56,951	-	56,951	56,951
-	-	23,789,406	19,577,124	43,366,530	43,366,530
	Maturity after 1 year and upto 5 years 419,108,369 - 419,108,369	Maturity after 1 year and upto 5 years - 370,717,754 - 419,108,369 495,231,089	Maturity after 1 year and upto 5 years - 370,717,754 3,546,890 419,108,369 495,231,089 16,437,275 419,108,369 865,948,843 20,308,165 10,473,884 - 13,258,571 56,951	Maturity after 1 year and upto 5 years Sub Total Maturity upto 1 year Maturity after 1 year and upto 5 years - 370,717,754	Maturity after 1 year and upto 5 years Sub Total Maturity upto 1 year Maturity after 1 year and upto 5 years Sub Total - 370,717,754 - - - - - 3,546,890 - 3,546,890 419,108,369 495,231,089 - - - - - - 16,437,275 - 16,437,275 419,108,369 865,948,843 20,308,165 540,000 20,848,165 - - 10,473,884 - 10,473,884 - - 13,258,571 19,577,124 32,836,695 - - 56,951 - 56,951

June 30, 2017



FOR THE YEAR ENDED JUNE 30, 2018

29 CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net profit for the year divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary certificate holders.

The Modaraba is not subject to externally imposed capital requirements.

30 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 30 June 2018, there were no financial instruments which were measured at fair values in the financial statements.

31 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.

The financial statements have been prepared on the basis of a single reportable segment.

Revenue from opeartion from ten major customers of the modarba constitutes 69.82% (2017: 85% from seven major customers) of the total revenue from operations during the year ended 30 June 2018.

32 NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on August 27, 2018 approved a cash distribution of Re. 0.75 per certificate. The financial statements of the Modaraba for the year ended June 30, 2018 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2019.



FOR THE YEAR ENDED JUNE 30, 2018

	June 30, 2018	June 30, 2017
Note	Ru	pees
4	670,732,532	370,776,004
5	130,000,000	
	200 722 522	270 776 004

33 CASH AND CASH EQUIVALENT

Cash and bank balances Short term investments

34 DATE OF AUTHORISATION

These financial statements were authorised for issue on August 27, 2018 by the Board of Directors of the Management Company.

For Sindh Modaraba Management Limited (Management Company)

Chairman

Chief Executive

Public Sector Company

Sindh Modaraba Management Ltd.



Pattern Of Certificate Holding By The Certificate Holders As At June 30, 2018

Number Of Certificate Holders	From	Certificate Holding	То	Total Certificat Held
98	1	-	100	560
467	101	-	500	233,500
65	501	-	1000	63,976
60	1001	-	5000	156,464
14	5001	-	10000	102,000
5	10001	-	15000	57,500
3	15001	-	20000	59,500
2	20001	-	25000	47,000
1	30001	-	35000	35,000
1	35001	-	40000	40,000
1	40001	-	45000	42,000
1	45001	-	50000	45,500
2	55001	-	60000	113,000
1	70001	-	75000	75,000
1	75001	-	80000	76,500
1	80001	-	85000	83,000
1	1305001	-	1310000	1,308,500
1	42460001	-	42465000	42,461,000
725				45,000,000

Categories Of Certificate Holders	Shares Held	Percentage
(i) Government;	NIL	
(ii) Associated Companies, Undertakings and Related Parties (name wise details);		
Sindh Modaraba Management Ltd.	42,461,000	
(iii) Mutual Funds;	42,461,000	94.36
CDC - Trustee NAFA Stock Fund	1,308,500	
	1,308,500	2.91
(iv) Directors, Chief Executive, and their spouse and minor children (name wise details);		
Mr. Muhammad Bilal Sheikh	3,000	
Mr. Muhammad Naimuddin Farooqui	1,000	
	4,000	0.01
(v) Executives;	NIL	
(vi) Public Sector Companies and corporations;	NIL	
(vii) Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies, Takaful Companies and Modarabas;		
MRA Securities Limited - MF	10,000	
Individual	10,000	0.02
Local - Individuals	1,216,500	
	1,216,500	2.70
Grand Total:	45,000,000	100.00
Certificate Holders holding five percent or more voting rights	s in the	

Shares Held

42,461,000

Percentage

94.36



Notice of Annual Review Meeting

Notice is hereby given that the 4th Annual Review Meeting of certificate holders of Sindh Modaraba will be held on 23rd October 2018 at 4:00 pm at 602, Progressive Centre, 30-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to review the performance of the Modaraba for the year ended June 30, 2018 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular number 4/2004 by Registrar Modaraba Companies and Modarabas.

On behalf of the Board

Zulfigar Ali

Company Secretary

Place: Karachi

Date: August 27, 2018

Note:

- 1. The Modaraba Certificate transfer book shall remain closed from October 16, 2018 to October 23, 2018 (both days inclusive) to determine the names of Certificate Holders entitled to receive dividend and to attend the Annual Review Meeting. Transfers received in order at the registrar's office of the Modaraba up to the close of the business on October 15, 2018 will be treated in time for the entitlement of profit distribution and to attend Annual Review Meeting.
- 2. The certificate holders are advised to notify to the registrar of Sindh Modaraba, any change in their addresses.
- 3. CDC certificate holders desiring to attend the meeting are requested to bring their original CNIC, Account, and Participant's ID number, for identification purpose.



اطلاع برائے سالانہ جائزہ اجلاس

بزریعہ ہذٰ اِطلاع دی جاتی ہے کہ سندھ مضاربہ کے سرٹیفکیٹ ہولڈرز کا چوتھاسالانہ جائزہ اِجلاس ۱۲۳ کتوبر ۱۰۰۷ء کوسہ پہر ۴٪۰۰۰ بیجے کمرہ نمبر ۲۰،۳۰۰ چھٹی منزل، پروگریسیوسینٹر، ۳۰–اے، ہلاک نمبر ۲،شارع فیصل، کراچی میں منعقد ہو گاجس میں رجسٹر ارمضاربہ کے سر کلر نمبر ۴/۲۰۰۰ اور پروڈینشل ریگولیشن کے شق ۲۰ کے بحت، ۳۰ جون ۱۰۰۷ء کوختم ہونے والے سال میں مضاربہ کی کار کر دگی کا جائزہ لیا جائے گا–

> **ذوالفقار علی** کمپنی سیکریٹری ۱۲۷ گست ۲۰۱۸ کراچی

نوش:

- ا۔ سرٹیفکیٹسٹر انسفر بگس ۱۱، اکتوبر ۱۸۰۷ء سے ۲۰۱۰ کتوبر ۱۸۰۷ء تک (بشمول دونوں اَیام) بندر ہیں گی تا کہ اِجلاس میں شرکت اور ڈویڈنڈ کے حفد ارکا تعین ہوئے۔ سرٹیفکیٹ منتقل کے لیے بروز پیر ۱۵، اکتوبر ۱۸۰۷ء کوکاروباری اُو قات ختم ہونے سے پہلے تک سندھ مضاربہ کے رجسٹر الآفس میں موصول ہونے والی تمام درخواست سالانہ جائز کا جلاس میں شرکت اور ڈویڈنڈ کی تقسیم کیلے بُروقت تصور کی جائیں گی۔
 - ۲۔ سرٹیفکیٹ ہولڈرز سے در خواست ہے کہ اگر اُن کے ایڈریس میں کوئی تبدیلی ہو تورجسٹر ارکو آگاہ کریں۔
 - سار سیڈی سی سرٹیفکیٹ ہولڈرز جواجلاس میں شرکت کرناچاہتے ہیں ،اپنے ساتھ اصل شاختی کارڈ ،اکاونٹ اورپارٹیسیپنٹ آئ ڈی نمبرلاز میلائیں۔





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- Morabaha
- Musharaka
- Salam
- Istisna