بسم الله الرحمن الرحيم

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA

CORPORATE BRIEFING

THURSDAY, 14th NOVEMBER 2019

CORPORATE BRIEFING

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

PROFILE
OF
SINDH MODARABA

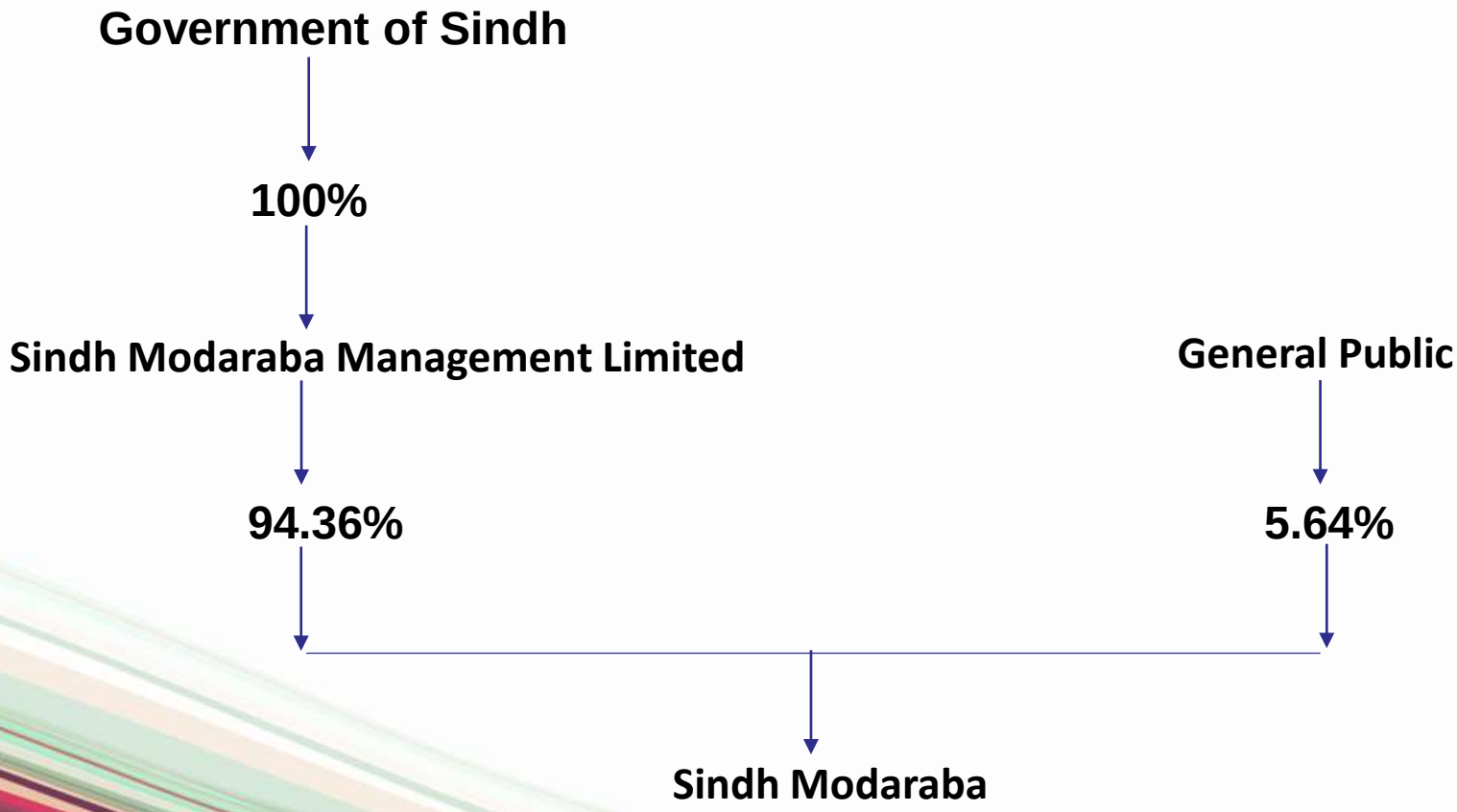
Sindh Modaraba commenced its operations in February 2015.

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

Sindh Modaraba is managed by Sindh Modaraba Management Ltd., a company 100% owned by Government of Sindh.

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

OWNERSHIP STRUCTURE



GOVERNANCE

REGULATORY FRAMEWORK

- Modaraba Companies and Modarabas (Floatation & Control) Ordinance, 1980
- Modaraba Companies and Modaraba Rules, 1981
- Prudential Regulation for Modarabas
- Public Sector Companies (Corporate Governance) Regulations, 2013
- PSX Listing Regulations
- Listed Companies (Corporate Governance) Regulations, 2018

Board of Directors

Mr. Bilal Sheikh	- Chairman
Syed Hassan Naqvi	- Director
Mr. Muhammad Shahid Murtaza	- Director
Mr. Asif Haider Mirza	- Director
Mr. Kamal Ahmed	- Director
Ms. Yasmin Zafar	- Director
Mr. M.Naimuddin Farooqui	- Chief Executive Officer

Shariah Advisor

Mufti Zeeshan Abdul Aziz

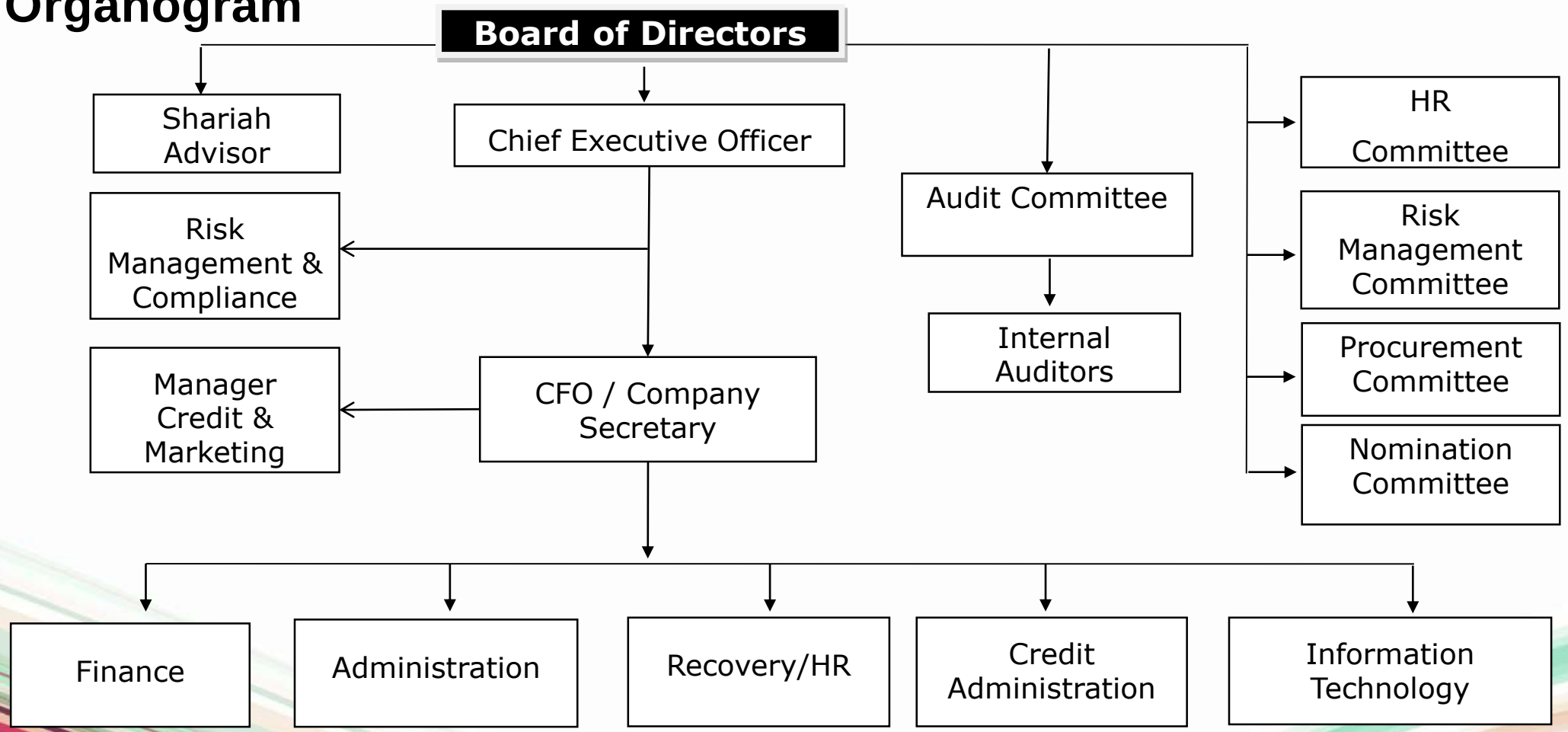
Credit Rating

Long term	:	A+
Short term	:	A-1

By

JCR-VIS Credit Rating Company Limited

Organogram



Staff Strength : 15 (This is a lean structure to keep costs low. Once additional equity is received, the staffing shall also be brought to a more justifiable level to deal with the expected new businesses especially from GoS).

RISK MANAGEMENT FRAMEWORK

a. Modaraba shall not allow any facility to clients, who have been allowed waivers / write offs in Modaraba or any other financial institution except when the disputed amounts are small and justified.

b. Any borrower who holds influential public position shall require enhanced due diligence.

c. Any conflicts of interest arising from Modaraba's various obligations are examined and resolved by the CMD, in cooperation with the Risk Management & Compliance Department.

d. Risk management is a continuous on-going process to detect and manage risks and involves the following steps:

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

Shariah Governance

- Fully Complied with Shari’ah Compliance and Shari’ah Audit Mechanism (SCSAM) for Modarabas
- Quarterly Internal Shariah Audit Report by Deliotte Yusuf Adil, Chartered Accountants
- Shariah Advisor Report included in the Annual Report of Sindh Modaraba

OPERATIONS

BUSINESS MODEL

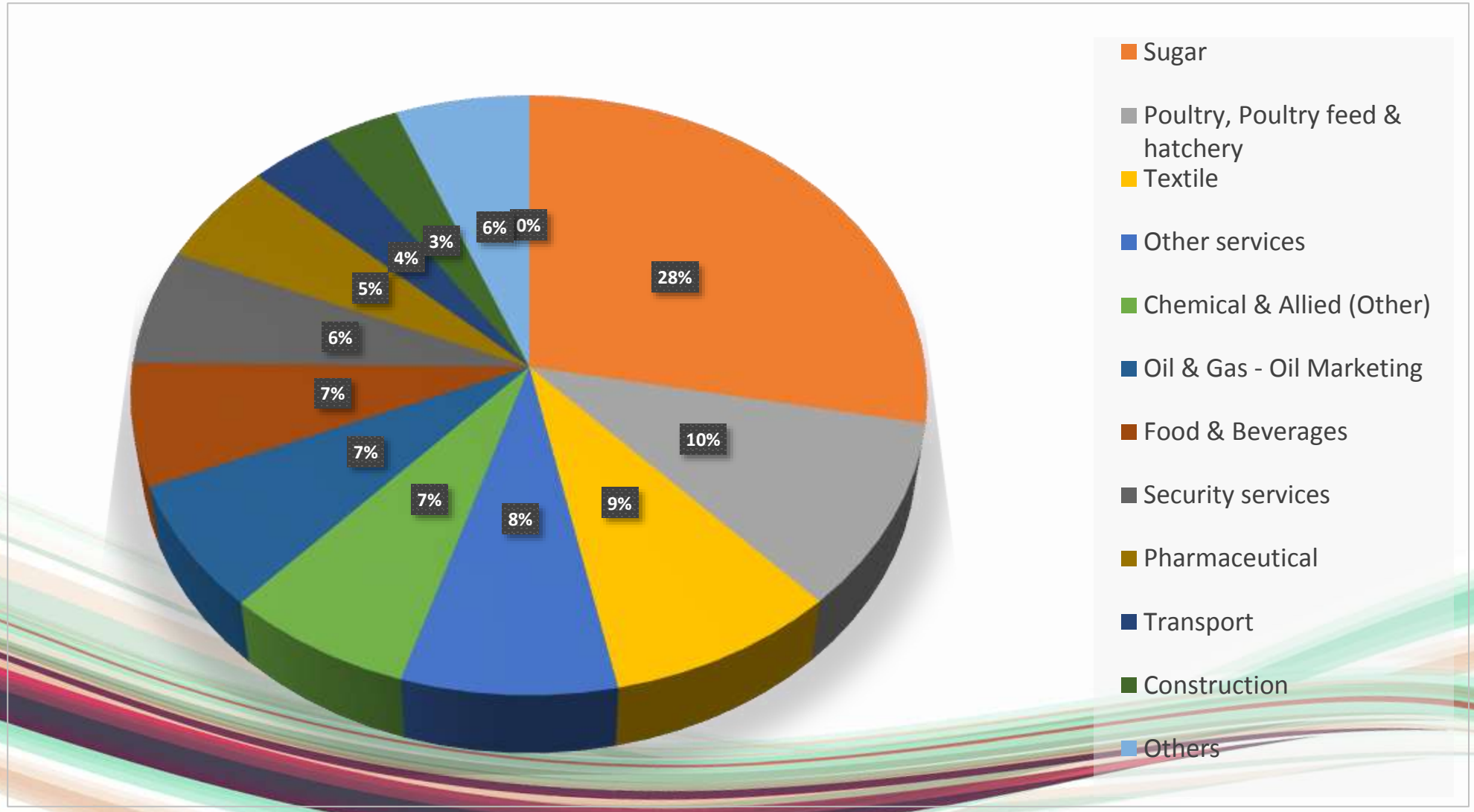
The Modaraba is a perpetual and multi-purpose Modaraba and is primarily engaged in providing Shariah compliant financing facilities to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange.

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

PRODUCTS

- Diminishing Musharaka
- Ijarah
- Murabaha
- Salam
- Istisna
- Housing Finance
- Any other products which may be approved by Religious Board from time to time.

SECTOR DIVERSIFICATION



Sector Analysis

INDUSTRY DATA: AS AT 30 JUNE 2019

(Only Financing Modarabas are included)

Total Assets : Rs. 25,853 million

Total Equity : Rs. 10,456 million

	Amount in million	% of sector
Sindh Modaraba's Assets	1,639.27	6.34%
Sindh Modaraba's Equity	1,063.05	10.17%

INDUSTRY DATA: POSITION OF SINDH MODARABA

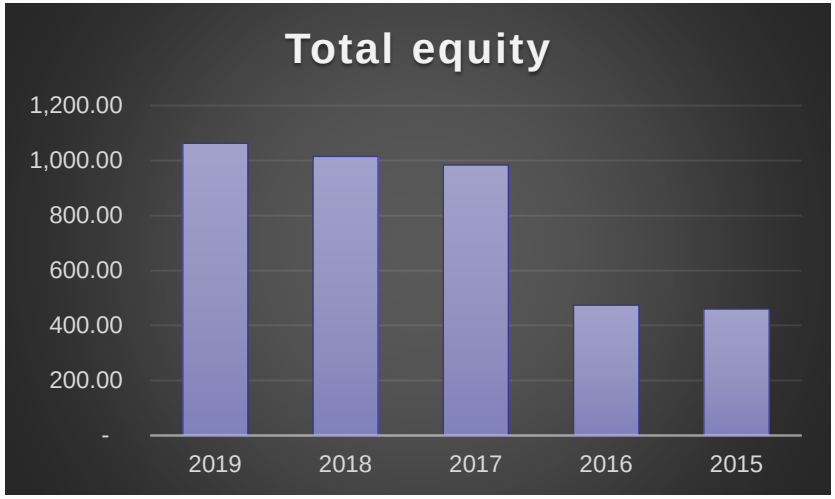
Description	Year 2018	Year 2019
Profit	4	4
Equity	5	4
Assets	5	4
ROE	6	4
ROA	3	2

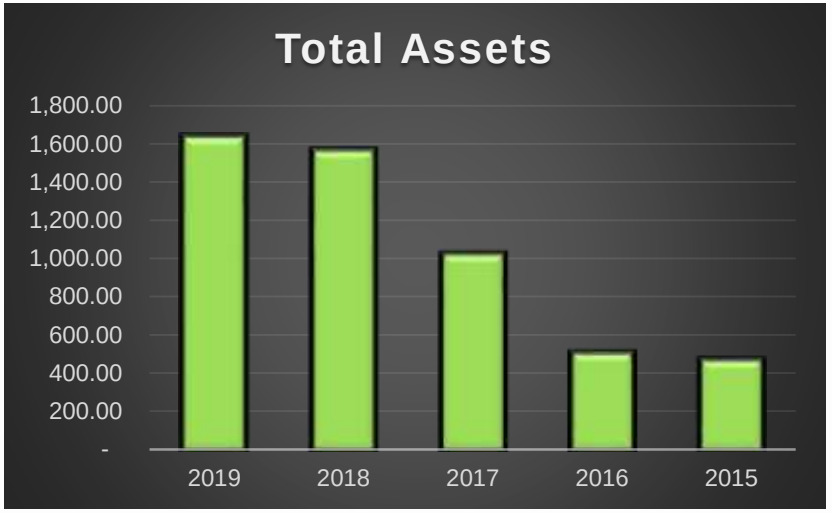
Financial highlights

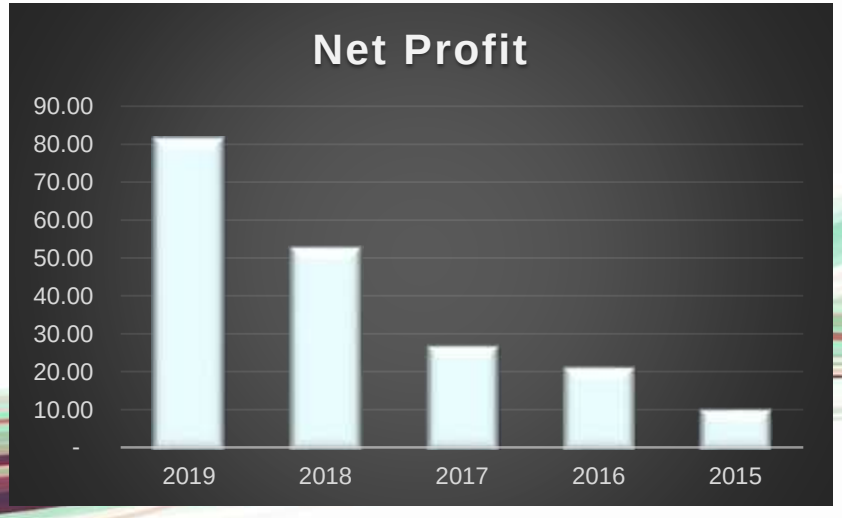
Financial Data

	2019	2018	2017	2016	2015
	----------Rupees in million----------				
Balance Sheet					
Certificate capital	450.00	450.00	450.00	450.00	450.00
Total equity	1,063.05	1,015.79	983.67	473.13	459.59
Total Assets	1,639.27	1,569.43	1,028.59	515.42	478.41
Financing Portfolio	666.72	676.72	631.61	458.64	163.22
Current Assets	1,218.41	1,096.70	468.49	77.78	324.46
Current Liabilities	576.22	553.47	25.34	9.60	9.49
Profit & Loss					
Revenues	125.02	88.79	55.11	34.63	22.68
Net Profit	81.15	52.36	26.29	20.74	9.59
Profit distribution					
Percentage	13.50%	7.50%	4.50%	3.50%	1.60%
Amount	45.00	33.75	20.25	15.75	7.20

Financial Data







Key ratios

	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Earning per Certificate.	1.80	1.16	0.58	0.46	0.21
Return on equity (%)	7.81%	5.24%	3.61%	4.45%	2.09%
Return on asset (%)	5.06%	4.03%	3.41%	4.17%	2.00%
Breakup Value	12.51	11.46	10.75	10.51	10.21
Current ratio	2.11	1.98	18.48	8.10	34.18
Quoted price (PSX)	7.50	7.00	4.60	3.90	6.99

Future prospects

Future Prospects

- Participation in GoS Sponsored/Funded Schemes
- After completing initial five years of its profitable operations, the Modaraba is now all set to carefully grow its lending portfolio.
- Sufficient liquidity is available with the Modaraba to capitalize on the opportunities in the market for Shariah compliant financing.
- The management also intends to explore various resource mobilization options, including leveraging of balance sheet through credit lines from banks and further financial support from the Management Company.
- All efforts will be made to keep the operating costs at sustainable level.
- With the strong support from the sponsors, the management is optimistic of further augmenting its position amongst the well performing entities in the modaraba sector.

QUESTIONS & AMSWERS

THANK YOU