

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA



QUARTERLY REPORT
MARCH 2022

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

اللَّهُ لَا إِلَهَ إِلَّا هُوَ الْحَيُّ الْقَيُّومُ ۝

*“ALLAH there is no deity except Him, the
Ever-Living, the Sustainer of existence”*

(Surah: 02 / Ayat: 255)

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Vision & Mission Statements

Vision

Our vision is to be one of the leading Islamic Financial Institution within Modaraba sector by offering Shari'ah compliant solutions for an optimal satisfaction of customers

Mission

The basic aim of Sindh Modaraba is to seek Allah's blessing for transformation of our business dealings in accordance with the principles enshrined in the Islamic Shari'ah. And to develop an Islamic Institution by implementing Allah's will in the line with the practices of His Prophet (P.B.U.H.) by meeting its stated objectives built on Trust, Integrity, Innovation and Good Governance for meeting expectation of its stakeholders.”

Corporate Information

Board of Directors

Mr. Waseem Mehdi Syed	Chairman	-Independent Director
Mr. Rehan Anjum		-Non-Executive Director
Ms. Rukhsana Narejo		-Non-Executive Director
Mr. Sajid Jamal Abro		-Non-Executive Director
Mr. Kamal Ahmed	Acting Chief Executive	-Non-Executive Director

Acting CFO & Company Secretary

Mr. Muhammad Adnan Shakeel

Bankers

Sindh Bank Limited-Islamic Banking (Saadat)
 NRSP Microfinance Bank Limited
 Bank Al-Habib Limited
 Meezan Bank Limited

Auditors

Baker Tilly Mahmood Idrees Qamar
 Chartered Accountants

Shariah Advisor

Al-Hikmah Shariah Advisory Services Pvt. Ltd.

Legal Advisor

Mohsin Tayebaly & Co.

Share Registrar

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

Registered/Head Office

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

Lahore Branch

30-30A, Commercial Building,
 The Mall, Lahore,
 Pakistan

Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, a Management Company of Sindh Modaraba, is pleased to present the un-audited Financial Statements of Sindh Modaraba for the nine months period ended on March 31, 2022.

Operating Results

During the 9MTHFY22 period under review, the Modaraba earned a profit before tax of Rs. 75.17 million compared to just Rs. 59.70 million during same period last year, which is an improvement of 26%. Though the profit before tax increased, the profit after tax of the Modaraba decreased by Rs. 6.33 million to Rs. 53.37 million due to change of tax ordinance on profit earned by Modaraba, which has become effective from 1st July 2021.

Weighted average financing portfolio of the Modaraba has decreased by Rs. 35 million to Rs. 708 million. However, the revenue has increased from Rs. 105.41 million to Rs. 115.68 million due to increase in weighted average rate from 11.61% to 12.25%, decrease in income suspended and few other favorable factors. The operating expenses of Modaraba decreased to Rs. 30.18 million as compared to Rs. 36.15 million in same period last year due to strict control over expenses of the Modaraba.

Future Prospects

SBP sharply increased policy rate by 250bps to 12.25% to arrest the dwindling macro-economic situation on the back of (1) inflationary pressure, (2) external risk, (3) widened secondary market yields spread and (4) political uncertainty. Cumulatively, SBP has hiked the policy rate by 525bps in the last seven months to arrest deterioration of the economy. The latest increase of 250 bps has turned the forward-looking real interest rates into a mildly positive territory.

SBP has also increased its export refinancing rate from 3.0% to 5.5%, in line with the hike of policy rate. SBP has changed its inflationary outlook and now expects the CPI for FY22 to settle around 11.0% against previous expectations of 9-11% range. On the international front, commodity prices are expected to remain elevated for a longer period that entails inflationary risk domestically.

Further, the management is reviewing the current economic situation very cautiously and sights current rising interest rate as positive for the profitability of the Modaraba. However, the rising interest rates may increase non-performing loan and can also lead to decline of economic activity within the country. Management of the Modaraba continues to make cautious efforts for deployment of available funds in the financing business without compromising on the quality of the portfolio.

Acknowledgment

On behalf of the Board of Directors, I would like to thank the Sponsors, the Regulators and our Shariah Advisor for their guidance and support. We would also like to acknowledge the continued patronage of our clients and put on record the dedication and hard work of employees of the Modaraba in turning in better results.

On Behalf of the Board



Kamal Ahmed
Acting Chief Executive Officer

Karachi
April 25, 2022

ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ مینجمنٹ لیڈنگ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2022 کو مکمل ہونے والے نو ماہ کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

آپریٹنگ نتائج

مضاربہ نے 31 مارچ 2022 کو مکمل ہونے والی نو ماہ کی مدت میں Rs.59.70 ملین منافع کے مقابلے میں زیرِ غور نو ماہ کی مدت میں Rs.75.17 ملین کا منافع کمایا۔ اگرچہ ٹیکس سے پہلے منافع میں اضافہ ہوا لیکن مضاربہ کے بعد از ٹیکس منافع Rs.6.33 ملین کی کمی کے ساتھ Rs.53.37 ملین کی سطح پر آگیا جس کی بنیادی وجہ ٹیکس آرڈیننس میں تبدیلی ہے، جو کہ یکم جولائی 2021 سے لاگو ہو گیا ہے۔

مضاربہ کا اوسط فنڈنگ پورٹ فولیو 35 ملین سے کم ہو کر 708 ملین کی سطح پر آگیا ہے۔ تاہم، آمدنی 105.41 ملین روپے سے بڑھ کر 115.68 ملین روپے تک ہو گئی ہے، جو کہ آمدنی کی شرح میں 11.61% سے 12.25% کے اضافے سے، معطل شدہ آمدنی میں کمی اور چند دیگر سازگار عوامل کی وجہ سے ہوئی۔ مضاربہ کے آپریٹنگ اخراجات سخت کنٹرول کی وجہ سے کم ہو کر 30.18 ملین روپے رہ گئے جبکہ پچھلے سال اسی عرصے میں یہ اخراجات 36.15 ملین روپے کے تھے۔

امکانات مستقبل

SBP نے (1) افراط زر کے دباؤ، (2) بیرونی خطرہ، (3) ثانوی مارکیٹ کی پیداوار کے پھیلاؤ اور (4) سیاسی غیر یقینی صورتحال کی وجہ سے گرتی ہوئی میکرو اکنامک صورتحال کو روکنے کے لیے پالیسی ریٹ میں تیزی سے 250bps سے 12.25% تک اضافہ کیا۔ مجموعی طور پر، اسٹیٹ بینک نے معیشت کی خرابی کو روکنے کے لیے گزشتہ سات ماہ میں پالیسی ریٹ میں 525bps کا اضافہ کیا ہے۔ 250 bps کے تازہ ترین اضافے نے مستقبل کے حوالے سے حقیقی سودی شرح کو معمولی مثبت عوامل میں تبدیل کر دیا ہے۔

اسٹیٹ بینک نے بھی پالیسی ریٹ میں اضافے کے ساتھ اپنی ایکسپورٹ ری فنڈنگ کی شرح کو 3.0% سے بڑھا کر 5.5% کر دیا ہے۔ SBP نے اپنے افراط زر کے نقطہ نظر کو تبدیل کر دیا ہے اور اب توقع ہے کہ FY22 کے لیے CPI 9-11% کی حد کی سائبند توقعات کے مقابلے میں 11.0% کے قریب طے پائے گا۔ بین الاقوامی محاذ پر، اجناس کی قیمتیں طویل مدت تک بلند رہنے کی توقع کی جاتی ہے جس سے ملکی سطح پر افراط زر میں اضافہ کا خطرہ رہے گا۔

مزید یہ کہ انتظامیہ موجودہ معاشی صورتحال کا بہت احتیاط سے جائزہ لے رہی ہے اور موجودہ بڑھتی ہوئی شرح سود کو مضاربہ کے منافع کے لیے مثبت سمجھتی ہے۔ تاہم، بڑھتی ہوئی شرح سود غیر فعال قرضوں میں اضافہ کر سکتی ہے اور ملک کے اندر اقتصادی سرگرمیوں میں کمی کا باعث بھی بن سکتی ہے۔ مضاربہ کی انتظامیہ پورٹ فولیو کے معیار پر سمجھوتہ کیے بغیر فنڈنگ کے کاروبار میں دستیاب فنڈز کی تھیناتی کے لیے متناظر کوششیں جاری رکھے ہوئے ہے۔

اعتراف

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

بورڈ کی جانب سے



سمال احمد

ایگزیکٹو چیف ایگزیکٹو آفیسر

کراچی

25 اپریل 2022

CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2022

		March 31, 2022	June 30, 2021
		Un-audited	Audited
Note		Rupees	
ASSETS			
Current assets			
	4	651,068,646	475,524,291
Cash and bank balances			
	5	320,000,000	320,000,000
Short term investments			
	6	17,091,622	35,986,333
Advances, prepayments and other receivables			
	11	-	1,149,683
Advance taxation -net			
	7	354,300,632	367,318,842
Current portion of Diminishing Musharaka			
		378,000	378,000
Current portion of long term loan			
Total current assets		1,342,838,900	1,200,357,149
Non - current assets			
	7	317,756,977	447,293,669
Diminishing Musharaka			
	8	5,000,000	5,005,000
Ijarah assets			
		819,000	1,102,500
Long term loan			
	9	2,686,497	3,395,422
Fixed assets - in own use			
Total non - current assets		326,262,474	456,796,591
TOTAL ASSETS		1,669,101,374	1,657,153,740
LIABILITIES AND CERTIFICATE HOLDERS' EQUITY			
Current liabilities			
	10	27,564,348	26,438,518
Creditors, accrued and other liabilities			
		5,000,000	5,005,000
Current portion of customers' security deposit			
	11	2,322,528	-
Taxation -net			
		787,924	653,258
Profit distribution payable			
		35,674,800	32,096,776
Non - current liabilities		-	-
TOTAL LIABILITIES		35,674,800	32,096,776
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 2021: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		183,426,574	175,056,964
Long term loan	12	1,000,000,000	1,000,000,000
TOTAL CERTIFICATE HOLDERS' EQUITY		1,633,426,574	1,625,056,964
TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY		1,669,101,374	1,657,153,740
CONTINGENCIES AND COMMITMENTS			
	13		

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)

Wasim Ahmad

Chairman

K. S. S. S.

Acting CEO

R. S. S. S.

Director

S. S. S. S.

CFO

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
Note -----Rupees-----				
Income from:				
Diminishing Musharaka	66,736,050	61,212,569	21,163,236	18,217,932
Ijarah	-	479,454	-	130,627
Bank deposits	31,424,436	34,353,622	12,341,646	6,335,415
Term deposits receipts	17,517,821	9,363,402	6,881,110	8,001,758
	115,678,307	105,409,047	40,385,992	32,685,732
Administrative and operating expenses	14 (30,184,563)	(36,153,726)	(10,729,533)	(12,393,794)
Provision in respect of Ijarah rental receivable		(832)		(832)
Provision in respect of Diminishing Musharaka	(1,076,303)	(692,275)	(1,274,454)	(854,876)
	(31,260,866)	(36,846,833)	(12,003,987)	(13,249,502)
	84,417,441	68,562,214	28,382,005	19,436,230
Other income	327,165	117,645	84,597	26,095
	84,744,606	68,679,859	28,466,602	19,462,325
Management Company's remuneration	(8,474,461)	(6,867,986)	(2,846,661)	(1,946,233)
Provision for services sales tax on the Management Company's remuneration	(1,101,680)	(892,839)	(370,066)	(253,011)
Workers' welfare fund	-	(1,218,381)	-	(345,261)
Profit before taxation	75,168,465	59,700,653	25,249,875	16,917,820
Taxation	11 (21,798,855)	-	(7,322,464)	-
Profit for the period	53,369,610	59,700,653	17,927,411	16,917,820
Earnings per certificate - basic and diluted	1.19	1.33	0.40	0.38

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)



Chairman



Acting CEO



Director



CFO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

	Nine months ended		Quarter ended	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
	-----Rupees-----			
Profit for the period	53,369,610	59,700,653	17,927,411	16,917,820
Other comprehensive income for the period				
Items that may be reclassified to profit and loss account	-	-	-	-
Items that will not be reclassified to profit and loss account subsequently	-	-	-	-
Total comprehensive income for the period	53,369,610	59,700,653	17,927,411	16,917,820

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)



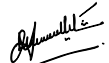
Chairman



Acting CEO



Director



CFO

CONDENSED INTERIM CASH FLOW STATEMENT (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

	Note	Nine Months Ended	
		March 31, 2022	March 31, 2021
		Rupees	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		75,168,465	59,700,653
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	8	-	1,803,718
Depreciation - Fixed assets - in own use	9.1	1,055,122	997,591
Amortization on intangible assets	9.2	55,488	235,518
Income on bank deposits		(31,424,436)	(34,353,622)
Income on term deposit receipts		(17,517,821)	(9,363,402)
Provision for ijarah rental receivable		-	832
Provision in respect of Diminishing Musharaka		1,076,303	692,275
		<u>28,413,121</u>	<u>19,713,563</u>
Working capital changes			
Advances, prepayments and other receivables		17,816,510	(10,783,631)
Ijarah rental receivables		-	(166,302)
Diminishing Musharaka		141,478,599	76,865,312
Long term loan		283,500	693,747
Creditors, accrued and other liabilities		1,125,830	(56,532,152)
Customers' security deposit		(5,000)	-
		<u>160,699,439</u>	<u>10,076,974</u>
Income received on term deposit receipts		19,708,456	9,177,495
Income received on bank deposits		30,312,002	37,041,957
Income tax paid		(18,326,644)	-
Net cash generated from operations		<u>220,806,374</u>	<u>76,009,989</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of Ijarah assets		5,000	-
Purchase of fixed assets - in own use	9.1	(381,795)	(741,460)
Purchase of intangible assets	9.2	(19,890)	(213,110)
Net cash used in investing activities		<u>(396,685)</u>	<u>(954,570)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(44,865,334)	(60,671,793)
Net cash used in financing activities		<u>(44,865,334)</u>	<u>(60,671,793)</u>
Net increase in cash and cash equivalents		<u>175,544,355</u>	<u>14,383,626</u>
Cash and cash equivalents at the beginning of the period		795,524,291	883,707,855
Cash and cash equivalents at the end of the period	18	<u>971,068,646</u>	<u>898,091,481</u>

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)



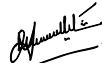
Chairman



Acting CEO



Director



CFO


CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

	Issued, subscribed, and paid-up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
----- Rupees -----						
Balance as at July 01, 2020	450,000,000	94,533,686	65,440,734	159,974,420	1,000,000,000	1,609,974,420
Profit for the period	-	-	59,700,653	59,700,653	-	59,700,653
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.35 (13.50%) per certificate	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
Balance as at March 31, 2021	450,000,000	94,533,686	64,391,387	158,925,073	1,000,000,000	1,608,925,073
Balance as at July 01, 2021	450,000,000	121,071,504	53,985,460	175,056,964	1,000,000,000	1,625,056,964
Profit for the period	-	-	53,369,610	53,369,610	-	53,369,610
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.00 (10.00%) per certificate	-	-	(45,000,000)	(45,000,000)	-	(45,000,000)
Balance as at March 31, 2022	450,000,000	121,071,504	62,355,070	183,426,574	1,000,000,000	1,633,426,574

The annexed notes 1 to 22 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited (Management Company)



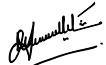
Chairman



Acting CEO



Director



CFO

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

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 Limited.

The VIS Credit Rating Company Limited has maintained long term rating of A+ and short term rating of A-1 to the Modaraba. Outlook on the assigned rating is 'Stable'.

BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the nine months ended March 31, 2022 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential regulation for Modarabas and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever provisions of and directives issued under the Companies Act, 2017, the Modaraba companies & Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) differ from the IFRS standards, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) has been followed.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2021.

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

2.4 Use of significant estimates and judgments

The preparation of condensed interim financial information in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on on-going basis.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended June 30, 2021 except tax policy.

3.1 Taxation

Current

Provision for current taxation is based on taxable income for the current tax year at the current tax rates after taking into account applicable tax credits, rebates, allowances, adjustments and exemptions available to the modaraba, if any.

		March 31, 2022	June 30, 2021
		Un-audited	Audited
CASH AND BANK BALANCES	Note	Rupees	
Cash in hand		20,000	-
Stamp paper in hand		113,300	92,500
Balances with banks in:			
▪ Deposit accounts	4.1	649,632,765	474,747,249
▪ Current accounts	4.2	1,302,581	684,542
		651,068,646	475,524,291

4.1 These carry profit at the rates ranging from 3.4% to 8.00% per annum. (June 30, 2021: Rs. 3.52% to 6.64% per annum). This includes balance of Rs. 647.33 million (June 30, 2021: Rs. 474.72 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 1,289,191 (June 30, 2021: Rs. 662,938) held with Sindh Bank Limited - Islamic Banking Unit, related party.

Islamic Banking Unit, related party.		March 31, 2022	June 30, 2021
		Un-audited	Audited
SHORT TERM INVESTMENTS	Note	Rupees	
Term deposit receipts	5.1	320,000,000	320,000,000

5.1 This represents investment of Rs.320mn in Term Deposit Receipts in Meezan Bank Limited - Islamic Banking, for a period of 6 months on monthly rollover basis at the mark-up rate of 9.90% per annum (June 2021: Rs.320mn in Sindh Bank Limited, a related party for a period of 3 months maturity at the mark-up rate of 7.00% per annum).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

		March 31, 2022	June 30, 2021
		Un-audited	Audited
ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	Rupees	
Advances	6.1	4,459,728	24,391,000
Prepayments		1,547,561	668,173
Accrued income from bank deposits	6.2	4,343,490	3,231,056
Accrued income from term deposit receipts	6.2	2,534,845	4,725,480
Accrued income from Diminishing Musharaka	6.3	4,173,998	2,964,624
Other receivables		32,000	6,000
		<u>17,091,622</u>	<u>35,986,333</u>

6.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customers amounting to Rs. 1.55 million (June 30, 2021: Rs. 24.385 million).

6.2 This represents accrued income of Rs. 4.34 million (June 30, 2021: Rs. 3.23 million) and Rs. Nil (June 30, 2021: Rs. 4.72 million) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited - Islamic Banking Unit, related party.

		March 31, 2022	June 30, 2021
		Un-audited	Audited
6.3 Accrued income from Diminishing Musharaka	Note	Rupees	
Receivable		20,528,650	16,803,041
Less: Income suspend		(16,354,652)	(13,838,417)
		<u>4,173,998</u>	<u>2,964,624</u>

DIMINISHING MUSHARAKA

Receivables - secured	7.1	718,095,573	859,574,172
Less: current portion		(354,300,632)	(367,318,842)
Less: provision	7.2	(46,037,964)	(44,961,661)
Long term portion		<u>317,756,977</u>	<u>447,293,669</u>

7.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 2021: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.

7.2 This includes general provision of Rs. 3.00 million (June 2021: Rs. 3.69 million) made at the rate of 0.5% (June 2021: 0.5%) on diminishing musharaka receivables.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

8. IJARAH ASSETS

Particulars	Cost			Depreciation		WDV as at March 31, 2022	Depreciation Rate	
	As at July 01, 2021	(Deletion)	As at March 31, 2022	As at July 01, 2021	Charge for the period / (Adjustment)			As at March 31, 2022
	Rupees							
Plant and machinery	80,000,000	-	80,000,000	75,000,000	-	75,000,000	5,000,000	33.33%
Vehicles	10,571,500	(10,571,500)	-	10,566,500	(10,566,500)	-	-	20%
As at and for the Period ended March 31, 2022	90,571,500	(10,571,500)	80,000,000	85,566,500	(10,566,500)	75,000,000	5,000,000	
As at and for the year ended June 30, 2021	93,113,500	(2,542,000)	90,571,500	85,963,408	2,143,092 (2,540,000)	85,566,500	5,005,000	

9. FIXED ASSETS - in own use

		March 31, 2022	June 30, 2021
		Un-audited	Audited
Tangible assets	Note		
Intangible assets			
	9.1	2,562,261	3,235,588
	9.2	124,236	159,834
		<u>2,686,497</u>	<u>3,395,422</u>

9.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at March 31, 2022	Depreciation Rate
	As at July 01, 2021	Additions/(Deletion)	As at March 31, 2022	As at July 01, 2021	Charge for the period/(Adjustment)	As at March 31, 2022		
	Rupees							
Furniture and fixtures	1,536,245		1,536,245	795,534	115,218	910,752	625,493	10%
Office equipment	3,272,641	19,895	3,292,536	2,481,057	351,300	2,832,357	460,179	20%
Vehicles	1,354,275	-	1,354,275	545,958	196,614	742,572	611,703	20%
Computer and accessories	3,153,719	361,900	3,515,619	2,258,743	391,990	2,650,733	864,886	33.33%
As at and for the period ended March 31, 2022	9,316,880	381,795	9,698,675	6,081,292	1,055,122	7,136,414	2,562,261	
As at and for the year ended June 30, 2021	8,497,420	819,460	9,316,880	4,748,684	1,332,608	6,081,292	3,235,588	

		March 31, 2022	June 30, 2021
		Un-audited	Audited
9.2 Intangible assets	Note		
Opening net book value		159,834	266,675
Addition during the period / year		19,890	213,110
Amortization for the period / year		(55,488)	(319,951)
Closing net book value		<u>124,236</u>	<u>159,834</u>

As at March 31, 2022 / June 30, 2021

Cost	2,111,982	2,092,092
Accumulated amortization	(1,987,746)	(1,932,258)
Net book value	<u>124,236</u>	<u>159,834</u>
Annual rates of amortization	<u>33.33%</u>	<u>33.33%</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

		March 31, 2022	June 30, 2021
		Un-audited	Audited
10. CREDITORS, ACCRUED AND OTHER LIABILITIES			
	Note	----- Rupees -----	
Creditors		1,909,655	6,441
Management remuneration payable - related party		8,474,461	7,862,480
Accrued expenses	10.1	9,117,978	7,241,964
Provision for Sindh sales tax on management remuneration		1,101,680	1,022,123
Payable to gratuity fund - related party		513,603	1,070,048
Other liabilities		6,446,971	9,235,462
		<u>27,564,348</u>	<u>26,438,518</u>

10.1 These includes Rs. 200,000 (June 30, 2021: Rs. 300,000) for branch rent payable to Sindh Bank Limited, related party.

		March 31, 2022	June 30, 2021
		Un-audited	Audited
11. TAXATION - NET			
	Note	----- Rupees -----	
Opening balance - Advance income tax		(1,149,683)	(1,040,397)
Payments / adjustments during the period / year		(18,326,644)	(109,286)
Provision for the period / year	11.1	21,798,855	-
		<u>2,322,528</u>	<u>(1,149,683)</u>
Provision for taxation/(Advance income tax) - Net			

11.1 The provision for current tax had not been made due to exemption available at comparative period under applicable provisions of Income Tax Ordinance, 2001. The Modaraba had been distributing more than 90% of its profit after tax to its certificate holders.

		March 31, 2022	June 30, 2021
		Un-audited	Audited
12. LONG TERM LOAN - subordinated			
	Note	----- Rupees -----	
12.1		<u>1,000,000,000</u>	<u>1,000,000,000</u>

12.1 This represents interest free loan provided by the Management Company (related party) to the Modaraba. The loan is sub-ordinated to senior debt and is repayable at the discretion of Modaraba. The Modaraba has the option to issue modaraba certificates in future against this loan, subject to necessary regulatory approvals.

13. CONTINGENCIES AND COMMITMENTS

The Modaraba received a letter from the Assistant Commissioner - Sindh Revenue Board (SRB), wherein, it is mentioned that during scrutiny of the financial statements of the Modaraba from July-2014 to March 2018 he came to know that the Modaraba is engaged in providing / rendering taxable services which falls under the Second Schedule of Sindh Sales Tax on Services Act, 2011 (the Act), and the sales tax on such services mainly Ijarah/lease rentals aggregates to Rs. 27.67 million which is outstanding. Such letters were also received by some other Modarabas and collectively, a petition against the same was filed through a common legal counsel in the Honorable High Court of Sindh challenging levy of Services Sales Tax on Ijarah/lease financing transactions. The Honorable High Court has granted a stay stating that no adverse order in respect of the proposed treatment shall be made against the Petitioners.

The management of the Modaraba based on discussions with its legal counsel is of the view that the Sindh Sales Tax is not applicable on Ijarah transactions and expect that the matter will be decided in Modarabas' favour. Accordingly, no liability in respect of the above has been recognized in these financial statements.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

		March 31, 2022	March 31, 2021
		Un-audited	Un-audited
		Rupees -----	
14. ADMINISTRATIVE AND OPERATING EXPENSES	Note		
Salaries, allowances and other benefits	14.1	18,995,904	25,708,217
Legal and professional charges		987,644	1,158,716
Shariah advisor fee		324,000	324,000
Repair and maintenance		985,383	910,478
Utility services		857,857	756,501
Registration and subscription fee		846,319	874,433
Generator sharing and fuel charges	14.2	711,593	411,694
Entertainment		143,862	126,079
Advertisement and publications		122,800	154,122
Staff orientation and training		6,000	3,000
Rent, rates and taxes	14.3	600,002	600,012
Travelling and conveyance		2,770,941	2,291,154
Security services		450,000	450,000
Printing, stationery and photocopy		353,857	339,162
Postage, courier and telegraphs		154,889	97,861
Auditors' remuneration		228,312	182,655
Depreciation expense - tangible assets	9.1	1,055,122	997,591
Amortization expense - intangible assets	9.2	55,488	235,518
Takaful / insurance - owned assets		100,253	125,390
Takaful / insurance - Ijarah and Diminishing Musharaka		308,509	268,012
Miscellaneous		125,828	139,131
		30,184,563	36,153,726

14.1 This includes contribution of Rs. 613,699 (2021: Rs. 873,297) to provident fund and provision for gratuity of Rs. 513,603 (2021: Rs. 733,851), related party.

14.2 This includes amount of Rs. 575,830 (2021: Rs. 327,645) against sharing of expenses with Sindh Insurance Limited - related party.

14.3 This includes amount of Rs. 450,000 (2021: 450,000) branch rent to Sindh Bank Limited, related party.

15. 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

16. RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies and key management personnel.

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

	March 31, 2022	June 30, 2021
	Un-audited	Audited
	Rupees	
Balances as at period end		
Sindh Insurance Limited - associated company		
Sharing of expenses payable	-	218,430
Key Management Personnel		
Long term loan (including current portion)	1,197,000	1,480,500
	March 31, 2022	March 31, 2021
	Un-audited	Un-audited
	Rupees	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	31,380,333	34,326,481
Income on term deposit receipt	12,352,874	9,363,402
Branch rent paid	250,000	600,000
	43,983,207	44,289,883
Sindh Modaraba Management Limited - management company		
Dividend paid	42,446,000	57,302,100
Management Company's remuneration accrued	8,474,461	6,867,986
Management Company's remuneration paid	7,862,480	12,411,104
	58,782,941	76,581,190
Sindh Insurance Limited - associated company		
Insurance premium / Takaful contribution paid	981,378	895,240
Sharing of expenses paid	938,430	436,860
	1,919,808	1,332,100
Key Management Personnel		
Salaries, allowances and benefits paid	8,289,672	14,749,660
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	1,227,398	1,746,594
Sindh Modaraba Employees Gratuity Fund - employee fund		
Contribution paid	1,070,048	902,323

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

17. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or liability settled, between knowledgeable willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

International Financial Reporting Standard (IFRS) 7, 'Financial Instruments: Disclosures' requires the Modaraba to classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);
- inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices) (level 2); and
- inputs for the assets or liability that are not based on observable market data (i.e., unobservable inputs) (level 3).

As at the balance sheet date, there were no financial instruments which were measured at fair values in the financial statements.

		March 31, 2022	March 31, 2021
		Un-audited	Un-audited
18. CASH AND CASH EQUIVALENT	Note	Rupees	
Cash and bank balances	4	651,068,646	578,091,481
Short term investment	5	320,000,000	320,000,000
		971,068,646	898,091,481

19. SUBSEQUENT EVENT

No subsequent events have occurred till the reporting date that may require adjustment of or disclosure in the condensed interim financial information for the period ended March 31, 2022.

20. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 25, 2022 by the Board of Directors of the Management Company.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (Un-audited)
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2022

21. CORRESPONDING FIGURES

Corresponding figures have been re-classified, wherever necessary for the purposes of comparison.

22. GENERAL

Figures have been rounded off to the nearest rupee.

For Sindh Modaraba Management Limited (Management Company)



Chairman



Acting CEO



Director



CFO

**Islamic Financing
Products Offered by
Sindh Modaraba**

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

Designed & Printed By: BBS (info@binarysolutions.com.pk)

SINDH MODARABA

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