

IN MEMORY OF SHAHEED MOHTARUMA BENAZIR BHUTTO

**SINDH MODARABA**

**QUARTERLY REPORT  
MARCH 2020**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

مَنْ يُطِيعِ الرَّسُولَ فَقَدْ أَطَاعَ اللَّهَ

Whoso obeyeth the messenger hath obeyed Allah,

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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	-Chairman	-Non-Executive Director
Syed Hassan Naqvi		-Non-Executive Director
Mr. Muhammad Shahid Murtaza		-Non-Executive Director
Mr. Asif Haider Mirza		-Non-Executive Director
Mr. Kamal Ahmed		-Independent Director
Ms. Yasmin Zafar		-Independent Director
Mr. Muhammad Naimuddin Farooqui		-Chief Executive

### CFO & Company Secretary

Zulfiqar Ali

### Audit Committee

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

### Bankers

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

### Auditors

Baker Tilly Mehmood Idrees Qamar  
Chartered Accountants

### Shariah Advisor

Mufti Zeeshan Abdul Aziz

### Legal Advisor

MohsinTayebaly & 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

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

### Lahore Branch

Escort House No. 28  
Davis Road  
Lahore  
Tel: (92-42) 36300304

### Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the nine months period ended March 31, 2020.

### Operating Results

During the period under review, the Modaraba earned a profit of Rs. 97.18 million as compared to Rs. 53.37 million earned during the corresponding period ended March 31, 2019. Financing facilities worth Rs. 242 million were disbursed during the quarter bringing the total financing portfolio to Rs. 814 million. The risk and internal audit functions were further strengthened by hiring competent staff at appropriate levels, resulting in slight increase in operational costs as compared to previous quarters. The net profit during the period under review increased by 82.08% as compared to the nine months period ended Mar-2019.

### Future Prospects

It is difficult to predict future prospects of the Modaraba with the pandemic effects of COVID-19, not just for businesses in Pakistan but around the world. The Global GDP is forecasted to shrink by over 1% while the IMF has predicted reduction in Pakistan's GDP by 1.5%.

Present focus of the management would be to shield the Modaraba from the effects of COVID-19 as most of our clients are effected by the pandemic. We are however hopeful to contain the adverse effects to a minimal level possible. Much would depend on when the business activities resume in the country and how much appetite the Government has to extend support to all sectors of the economy.

The reduction in policy rates by 4.25% in just one month by the Central Bank would also have an impact on our business plan approved by the Board on 29th August 2019. The silver lining however would be the improvement in debt servicing capability of our borrowers as a result of reduced interest rates.

### 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



**Muhammad Naimuddin Farooqui**  
Chief Executive Officer

Karachi  
April 27, 2020

## ڈائریکٹرز کا جائزہ

سندھ مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز 31 مارچ 2020ء کو مکمل ہونے والے نومادہ کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

## آپریٹنگ نتائج

مضاربہ نے 31 مارچ 2019ء کو مکمل ہونے والی نومادہ کی مدت میں Rs. 53.37 ملین منافع کے مقابلے میں زیر غور نومادہ کی مدت میں Rs. 97.18 ملین کا منافع کمایا۔ اس کواڑ میں Rs. 242 ملین مالیت کے قرضہ بات کی سہولیات فراہم کی، جس نے پورٹ فولیو Rs. 814 ملین تک پہنچا دیا۔ مناسب سطح پر اہل عملے کی خدمات حاصل کر کے رسک اور انٹرنل آڈٹ کے شعبے کو مزید مضبوط کیا، جس کے نتیجے میں پچھلے سہ ماہیوں کے مقابلے میں آپریشنل اخراجات میں معمولی اضافہ ہوا۔ پچھلے سال کے نومادہ کے مقابلے میں زیر جائزہ نومادہ کے دوران منافع میں 82.08% کا اضافہ ہوا۔

## امکانات مستقبل

صرف پاکستان بلکہ دنیا بھر کے کاروباری اداروں پر COVID-19 کے اثرات کے ساتھ مضاربہ کے مستقبل کے امکانات کی پیش گوئی کرنا مشکل ہے۔ عالمی جی ڈی پی میں 1% کی کمی کی پیش گوئی کی گئی ہے جبکہ آئی ایم ایف نے پاکستان کی جی ڈی پی میں 1.5% کی کمی کی پیش گوئی کی ہے۔

انتظامیہ کی موجودہ توجہ مضاربہ کو COVID-19 کے اثرات سے بچانا ہے کیونکہ ہمارے بیشتر گاہک اس وبائی امراض سے متاثر ہوئے ہیں۔ تاہم ہم ان منفی اثرات کو ممکنہ حد تک کم رکھنے کیلئے پرامید ہیں۔ زیادہ تر انحصار اس بات پر ہو گا کہ کب ملک میں کاروباری سرگرمیاں دوبارہ شروع ہوں گی اور معیشت کے تمام شعبوں کو مدد فراہم کرنے کے لیے حکومت کے پاس کتنی استعداد ہے۔

مرکزی بینک کی طرف سے ایک ماہ میں پالیسیوں کے زخوں میں 4.25% کی کمی کا اثر 29 اگست 2019 کو پور ڈکے ذریعہ منظور شدہ ہمارے کاروباری منصوبے پر پڑے گا۔ اگرچہ شرح سود میں کمی کے نتیجے میں ہمارے قرض دہندگان کی قرض ادا کیگی کی صلاحیت بہتر ہوگی۔

## اعتراف

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

کراچی

27 اپریل 2020



محمد نعیم الدین فاروقی  
چیف ایگزیکٹو آفیسر

## CONDENSED INTERIM BALANCE SHEET

AS AT MARCH 31, 2020

		March 31, 2020	June 30, 2019
		Un-audited	Audited
Note		-----Rupees-----	
<b>ASSETS</b>			
<b>Current assets</b>			
	4	856,350,750	788,633,188
	5	-	160,000,000
		-	12,510
	6	24,845,797	20,438,915
	7	293,674,392	249,110,292
		-	216,000
<b>Total current assets</b>		<b>1,174,870,939</b>	<b>1,218,410,905</b>
<b>Non - current assets</b>			
	7	513,963,971	407,078,048
	8	7,805,418	10,529,484
	9	4,258,764	3,254,394
<b>Total non - current assets</b>		<b>526,028,153</b>	<b>420,861,926</b>
<b>TOTAL ASSETS</b>		<b>1,700,899,092</b>	<b>1,639,272,831</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
	10	95,841,674	570,650,304
		5,000,000	5,272,370
		575,051	295,395
		<b>101,416,725</b>	<b>576,218,069</b>
<b>Non - current liabilities</b>			
		7,000	8,000
<b>TOTAL LIABILITIES</b>		<b>101,423,725</b>	<b>576,226,069</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<b>Authorised certificate capital</b>			
50,000,000 certificates of Rs. 10 each			
(June 30, 2019: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital			
		450,000,000	450,000,000
		149,475,367	113,046,762
	11	1,000,000,000	500,000,000
<b>TOTAL EQUITY</b>		<b>1,599,475,367</b>	<b>1,063,046,762</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>1,700,899,092</b>	<b>1,639,272,831</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	12		

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

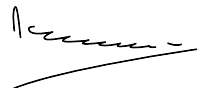
For Sindh Modaraba Management Limited  
(Management Company)



Chief Executive Officer



Director



Director



## CONDENSED INTERIM PROFIT AND LOSS ACCOUNT - Unaudited

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

	Note	Nine-months ended		Quarter ended	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
		Rupees			
<b>Income from:</b>					
- Diminishing Musharaka		72,942,676	66,035,658	28,055,624	25,094,908
- Ijarah		649,783	3,167,571	210,535	981,050
- Bank deposits		64,575,000	10,352,058	27,792,038	3,791,731
- Term deposits receipts		2,079,672	8,668,840	-	3,145,687
		<u>140,247,131</u>	<u>88,224,127</u>	<u>56,058,197</u>	<u>33,013,376</u>
Administrative and operating expenses	13	(28,304,963)	(24,725,768)	(10,497,324)	(8,014,691)
Income suspended/provision in respect of murabaha finance		-	(2,246,845)	-	200,000
Income suspended/provision in respect of ijarah finance		-	-	-	(1,281,758)
Reversal / (Provision) in respect of ijarah rental receivable		63	(13,859)	-	(2,867)
Reversal / (Provision) in respect of diminishing musharaka		(761,055)	(385,502)	(1,266,660)	34,888
		<u>(29,065,955)</u>	<u>(27,371,974)</u>	<u>(11,763,984)</u>	<u>(9,064,428)</u>
		<u>111,181,176</u>	<u>60,852,153</u>	<u>44,294,213</u>	<u>23,948,948</u>
Other income		613,461	547,295	420,711	132,000
		<u>111,794,637</u>	<u>61,399,448</u>	<u>44,714,924</u>	<u>24,080,948</u>
Management Company's remuneration		(11,179,464)	(6,139,945)	(4,471,493)	(2,408,095)
Provision for services sales tax on the Management Company's remuneration		(1,453,331)	(798,193)	(581,294)	(313,052)
Workers' welfare fund		(1,983,237)	(1,089,227)	(793,242)	(427,196)
<b>Profit before taxation</b>		<u>97,178,605</u>	<u>53,372,083</u>	<u>38,868,895</u>	<u>20,932,605</u>
Taxation	17	-	-	-	-
		<u>97,178,605</u>	<u>53,372,083</u>	<u>38,868,895</u>	<u>20,932,605</u>
		<u>2.16</u>	<u>1.19</u>	<u>0.86</u>	<u>0.47</u>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

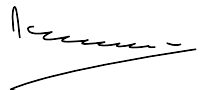
For Sindh Modaraba Management Limited  
(Management Company)



Chief Executive Officer



Director



Director

## CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME - Unaudited

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

	Nine-months ended		Quarter ended	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
	-Rupees-			
<b>Net Profit for the period</b>	<b>97,178,605</b>	<b>53,372,083</b>	<b>38,868,895</b>	<b>20,932,605</b>
- items that may be reclassified to profit and loss account	-	-	-	-
- items that will not be reclassified to profit and loss account subsequently	-	-	-	-
	<b>97,178,605</b>	<b>53,372,083</b>	<b>38,868,895</b>	<b>20,932,605</b>

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

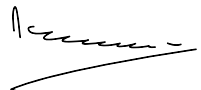
For Sindh Modaraba Management Limited  
(Management Company)



Chief Executive Officer



Director



Director



## CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

### FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
	Statutory reserve	Unappropriated profit	Total		
Un-audited					
-----Rupees-----					
450,000,000	27,033,701	38,752,513	65,786,214	500,000,000	1,015,786,214
-	-	53,372,083	53,372,083	-	53,372,083
-	-	(33,750,000)	(33,750,000)	-	(33,750,000)
450,000,000	27,033,701	58,374,596	85,408,297	500,000,000	1,035,408,297
Un-audited					
450,000,000	51,379,782	61,666,980	113,046,762	500,000,000	1,063,046,762
-	-	97,178,605	97,178,605	-	97,178,605
				500,000,000	500,000,000
-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
450,000,000	51,379,782	98,095,585	149,475,367	1,000,000,000	1,599,475,367

The annexed notes 1 to 19 form an integral part of these condensed interim financial information.

**For Sindh Modaraba Management Limited**  
**(Management Company)**



Chief Executive Officer



Director



Director

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

### 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 Limited.

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

### 2 BASIS OF PREPARATION

#### 2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the nine-months ended March 31, 2020 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). In case the requirements of the Ordinance and the Rules differ with the requirements of IFRS, the requirements of the Ordinance or the Rules shall prevail.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2019.

#### 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

### FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

#### 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.

#### 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and methods of computation adopted in the preparation of this condensed interim financial information are the same as those applied in the preparation of audited annual financial statements of the Modaraba for the year ended 30 June 2019.

		March 31, 2020	June 30, 2019
		Un-audited	Audited
	Note	-----Rupees-----	
4	CASH AND BANK BALANCES		
	Cash in hand	20,000	-
	Stamp paper in hand	43,000	69,900
	Balances with banks on:		
	- Deposit accounts	4.1 855,687,916	788,011,847
	- Current accounts	4.2 599,834	551,441
		856,350,750	788,633,188

**4.1** These carry profit at the rates ranging from 7.22% to 11.50% per annum. (June 30, 2019: 6.51% to 10.50% per annum). This includes balance of Rs. 855.15 million (June 30, 2019: 726.12 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

**4.2** This includes balance of Rs. 585,929 (June 30, 2019: Rs. 535,105) held with Sindh Bank Limited - Islamic Banking Unit, related party.

		March 31, 2020	June 30, 2019
		Un-audited	Audited
	Note	-----Rupees-----	
5	SHORT TERM INVESTMENTS		
	Term deposit receipts	5.1 -	160,000,000

**5.1** This includes investment of Rs. Nil (June 30, 2019: 60 million) made in Sindh Bank Limited (a related party) for the period of three months. This investment carries markup at the rate Nil per annum (June 30, 2019: from 10% to 10.56%).

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

		March 31, 2020	June 30, 2019	
		Un-audited	Audited	
Note		-----Rupees-----		
6	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances	6.1	3,410,259	2,745,964
	Prepayments		1,197,243	1,082,632
	Accrued income from bank deposits	6.2	9,113,183	6,559,613
	Accrued income from term deposit receipts	6.2	-	2,150,137
	Accrued income from Diminishing Musharaka		11,109,112	7,896,569
	Other receivables		16,000	4,000
			24,845,797	20,438,915

**6.1** This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customer amounting to Rs. 1.55 million (June 30, 2019: Rs. 1.84 million).

**6.2** This includes accrued income of Rs. 9.11 million (June 30, 2019: Rs. 6.049 million) and Rs. Nil (June 30, 2019: Rs. 641,096) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited - Islamic Banking Unit, related party.

		March 31, 2020	June 30, 2019	
		Un-audited	Audited	
Note		-----Rupees-----		
7	<b>DIMINISHING MUSHARAKA</b>			
	Receivables - secured	7.1	811,696,847	659,485,769
	Less: current portion		(293,674,392)	(249,110,292)
	Less: provision	7.2	(4,058,484)	(3,297,429)
	Long term portion		513,963,971	407,078,048

**7.1** This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 30, 2019: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.

**7.2** This represents general provision made at the rate of 0.5% (June 30, 2019: 0.5%) on diminishing musharaka receivables.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

### 8 IJARAH ASSETS

Particulars	Cost			Depreciation			Amount in Rupees	
	As at July 01, 2019	Disposal	As at March 31, 2020	As at July 01, 2019	Charge for the period/ (adjustment)	As at March 31, 2020	WDV as at March 31, 2020	Depreciation rate
Un-audited								
Plant and machinery	81,250,000	(1,250,000)	80,000,000	76,124,988	-	74,999,988	5,000,012	33.33%
Vehicles	15,934,200	(2,820,700)	13,113,500	10,529,728	(1,125,000) 2,181,487 (2,403,121)	10,308,094	2,805,406	20%
As at and for the period ended March 31, 2020	97,184,200	(4,070,700)	93,113,500	86,654,716	2,181,487 (3,528,121)	85,308,082	7,805,418	
As at and for the year ended June 30, 2019	219,579,325	(122,395,125)	97,184,200	158,277,129	26,911,005 (98,533,418)	86,654,716	10,529,484	

### 9 FIXED ASSETS - in own use

	March 31, 2020	June 30, 2019
	Un-audited	Audited
-----Rupees-----		
Tangible assets	9.1 3,936,593	2,653,296
Intangible assets	9.2 322,171	601,098
	<u>4,258,764</u>	<u>3,254,394</u>

#### 9.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at March 31, 2020	Depreciation rate
	As at July 01, 2019	Additions/ (Disposal)	As at March 31, 2020	As at July 01, 2019	Charge for the period/ (adjustment)	As at March 31, 2020		
Un-audited								
Furniture and fixtures	1,389,845	26,400	1,416,245	506,386	105,118	611,504	804,741	10%
Office equipment	3,404,053	253,079 (384,491)	3,272,641	1,651,451	451,382 (313,992)	1,788,841	1,483,800	20%
Vehicles	43,500	1,310,775	1,354,275	38,425	179,843	218,268	1,136,007	20%
Computer and accessories	1,740,691	600,728 (12,350)	2,329,069	1,728,531	99,126 (10,633)	1,817,024	512,045	33.33%
As at and for the period ended March 31, 2020	6,578,089	2,190,982 (396,841)	8,372,230	3,924,793	835,469 (324,625)	4,435,637	3,936,593	
As at and for the year ended June 30, 2019	6,152,619	425,470	6,578,089	2,899,075	1,025,718	3,924,793	2,653,296	

#### 9.2 Intangible assets

	March 31, 2020	June 30, 2019
	Un-audited	Audited
-----Rupees-----		
Opening net book value	601,098	325,319
Additions during the period	-	800,000
Amortization for the period	(278,927)	(524,221)
Closing net book value	<u>322,171</u>	<u>601,098</u>
As at March 31, 2020 / June 30, 2019		
Cost	1,878,982	1,878,982
Accumulated amortization	(1,556,811)	(1,277,884)
Net book value	<u>322,171</u>	<u>601,098</u>
Annual rates of amortization	33.33%	33.33%



## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

		March 31, 2020	June 30, 2019
		Un-audited	Audited
		-----Rupees-----	
<b>10</b>	<b>CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		
	Management remuneration payable - related party	11,179,464	9,335,941
	Provision for sindh sales tax on management remuneration	1,453,331	1,213,673
	Government of Sindh Funds	10.1 -	500,000,000
	Creditors	65,238	145,238
	Other liabilities	69,015,511	49,513,327
	Workers' Welfare Fund	5,863,643	3,880,406
	Payable to gratuity fund - related party	516,744	746,903
	Accrued expenses	10.2 7,747,743	5,814,816
		<u>95,841,674</u>	<u>570,650,304</u>

**10.1** 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 (Rs. 250 million for each scheme) were placed with the Modaraba. During the period, the referred agreements were cancelled without any obligation on either parties.

**10.2** These includes Rs. 150,000 ( June 30, 2019: Rs. Nil) for branch rent payable to Sindh Bank Limited, related party.

		March 31, 2020	June 30, 2019
		Un-audited	Audited
		-----Rupees-----	
<b>11</b>	<b>LONG TERM LOAN - subordinated</b>	<u>1,000,000,000</u>	<u>500,000,000</u>

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

## **12 CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments at the balance sheet date (June 30, 2019: Nil)

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

	Note	Nine-months ended	
		March 31, 2020	March 31, 2019
		Un-audited -----Rupees-----	
<b>13 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, allowances and other benefits	13.1	17,976,680	14,602,343
Legal and professional charges		1,636,541	2,212,333
Shariah advisor fee		324,000	270,000
Repair and maintenance		910,512	742,723
Utility services		768,744	697,646
Registration and subscription fee		751,751	745,963
Generator Sharing and fuel charges	13.2	375,832	349,594
Entertainment		137,764	118,706
Advertisement and Publications		87,640	91,030
Staff Orientation and Training		15,000	28,500
Rent, Rates and Taxes	13.3	600,000	599,994
Travelling and conveyance		1,639,461	971,619
Security services		381,915	381,915
Printing, stationery and photocopy		411,378	372,477
Postage, Courier and Telegraphs		95,727	61,795
Auditors' remuneration		203,796	200,750
Depreciation expense - tangible assets	10.1	835,469	801,234
Amortization expense - Intangible assets	10.2	278,927	411,405
Insurance - owned assets		114,673	38,825
Insurance - Ijarah and Diminishing Musharaka		606,453	880,675
Donation		-	17,455
Miscellaneous		152,700	128,786
		<u>28,304,963</u>	<u>24,725,768</u>

**13.1** This includes contribution of Rs. 589,253 (2019: Rs. 468,135) to provident fund and provision for gratuity of Rs. 516,744 (2019: Rs. 411,258), related party.

**13.2** This includes amount of Rs. 327,645 (2019: Rs. 327,645) generator sharing of expenses with Sindh Insurance Limited - related party.

**13.3** This includes amount of Rs. 450,000 (2019: 450,000) branch rent to Sindh Bank Limited, related party.

## 14 TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of 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 for the year after making appropriation for statutory reserves. The Modaraba intends to continue to avail this exemption by distributing 90% of its profits to its certificate holders after making appropriation to statutory reserves for the year ending June 30, 2020. Accordingly, no provision in respect of current and deferred taxation has been made in this condensed interim financial information.

## 15 SEGMENT INFORMATION

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 Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

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

	March 31, <b>2020</b>	June 30, 2019
	<b>Un-audited</b>	Audited
Note	-----Rupees-----	
<b>Balances as at period end</b>		
<b>Sindh Insurance Limited - associated company</b>		
Sharing of expenses payable	109,215	218,430
<b>Key Management Personnel</b>		
Long term loan	-	216,000
	Nine-months ended	
	March 31, 2020	March 31, 2019
	<b>Un-audited</b>	
	-----Rupees-----	
<b>Transactions for the period</b>		
<b>Sindh Bank Limited - associated company</b>		
Income on bank deposits	63,267,924	10,207,967
Income on term deposit receipt	871,233	-
	64,139,157	10,207,967

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

### FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020

	Nine-months ended	
	March 31, 2020	March 31, 2019
	<b>Un-audited</b>	
	<b>-----Rupees-----</b>	
<b>Sindh Modaraba Management Limited - Management company</b>		
Dividend paid	57,322,350	31,845,750
Long term loan received	500,000,000	-
Management Company's remuneration accrued	11,179,464	6,139,945
Management Company's remuneration paid	9,335,941	6,024,041
	<u>577,837,755</u>	<u>44,009,736</u>
<b>Sindh Insurance Limited - associated company</b>		
Insurance premium/Takaful contribution paid	743,214	501,403
Sharing of expenses paid	436,860	218,430
	<u>1,180,074</u>	<u>719,833</u>
<b>Key Management Personnel</b>		
Salaries, allowances and benefits paid	6,443,213	5,622,662
<b>Sindh Modaraba Employees Provident Fund - employee fund</b>		
Contribution paid (both employer's and employee's contribution)	1,178,506	895,680
<b>Sindh Modaraba Employees Gratuity Fund - employee fund</b>		
Contribution paid	746,903	834,400

## 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.

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION**  
FOR THE NINE-MONTHS PERIOD ENDED MARCH 31, 2020**18 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, 2020.

**19 DATE OF AUTHORISATION**

This condensed interim financial information was authorised for issue on April 27, 2020 by the Board of Directors of the Management Company.

**For Sindh Modaraba Management Limited  
(Management Company)**



Chief Executive Officer



Director



Director



**Islamic Financing  
Products Offered by  
Sindh Modaraba**

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

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