

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO


SINDH MODARABA



**QUARTERLY REPORT
SEPTEMBER 2019**

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

لَا تَقْنَطُوا مِنْ رَحْمَةِ اللَّهِ

**Do not despair of the
mercy of Allah**

Contents

Vision & Mission Statements	03
Corporate Information	04
Directors' Review	05
Directors' Review (Urdu)	06
Condensed Interim Balance Sheet	07
Condensed Interim Profit and Loss Account	08
Condensed Interim Statement of Comprehensive Income	09
Condensed Interim Cash Flow Statement	10
Condensed Interim Statement of Changes in Equity	11
Notes to the Condensed Interim Financial Information	12

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 Al

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

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

Escort House No. 28
Davis Road
Lahore

Directors' Review

The Board of Directors of Sindh Modaraba Management Limited, Management Company of Sindh Modaraba is pleased to present the un-audited Financial Statements of Sindh Modaraba for the first quarter of FY-2020 ended September 30, 2019.

Operating Results

During the quarter under review, the Modaraba earned a profit of Rs. 24.693 million as compared to Rs. 14.316 million earned during the corresponding quarter ended September 30, 2018. The revenues increased mainly due to increase in discount rate by the SBP. The operating expenses increased to Rs. 8.31 million as compared Rs. 7.32 million in Sep-2018 due to inflationary adjustments of routine expenses. The net profit during the quarter under review increased by 72% as compared to quarter ended Sep-2018.

Future Prospects

The Board of the management company of the Modaraba has decided to provide further interest free loan of Rs. 500 million to strengthen the equity base of Modaraba. This support will enhance Modaraba's ability to capitalize on the opportunities available for Sharia compliant financing. The slowdown in economy coupled with high financial charges is effecting the customers' ability of timely payment of their dues to the financial institutions. This has become the main worry of financial institutions including that of Modaraba which is also apprehensive of facing difficulty in recovery of its dues from some of its customers in future. The management is closely monitoring the situation and maintaining constant contacts with clients who are current but habitually late in their payments. The management is cautiously proceeding with execution of new facilities and is confident in achieving good results in the remaining part of the current financial year.

Acknowledgment

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

On Behalf of the Board

Karachi
October 23, 2019

M. Naim Farooqui
Chief Executive Officer

ڈائریکٹر زکا جائزہ

ہم سندھ مضاربہ منیجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019ء کو مکمل ہونے والی FY-2020 کی پہلی سہ ماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

آپریٹنگ نتائج

مضاربہ نے 30 ستمبر 2018ء کو ختم ہونے والی سہ ماہی میں Rs.14.317 ملین منافع کے مقابلے میں زیر غور سہ ماہی میں Rs.24.693 ملین کا منافع کمایا۔ اس اضافہ کی بڑی وجہ اسٹیٹ بینک کے ڈسکاؤنٹ ریٹ میں اضافہ ہے۔ معمول کے اخراجات میں افراط زر سے ہونے والے اضافہ کی وجہ سے پچھلی سہ ماہی کے اخراجات Rs.7.32 ملین کے مقابلے میں اس سہ ماہی کے اخراجات Rs.8.31 ملین رہے۔ زیر جائزہ سہ ماہی کے دوران منافع میں ستمبر 2018 کو ختم ہونے والے سہ ماہی کے مقابلہ میں 72 فیصد اضافہ ہوا۔

امکانات مستقبل

مضاربہ کی ایکویٹی کو مزید مضبوط بنانے کے لئے انتظامی کمپنی کے بورڈ نے پلاسود قرض کی صورت میں مزید Rs.500 ملین روپے فراہم کرنے کا فیصلہ کیا ہے۔ اس معاونت سے مضاربہ کی شرعی مالی سہولیات کے لئے دستیاب مواقع سے فائدہ اٹھانے کی صلاحیت میں اضافہ ہوگا۔ معیشت کی سست روی اور بلند مالی اخراجات گا کہوں کی مالیاتی اداروں کو بروقت ادائیگی کی صلاحیت کو متاثر کر رہے ہیں۔ یہ بشمول مضاربہ معاشی اداروں کی بنیادی پریشانی بن چکی ہے جنہیں مستقبل میں اپنے کچھ صارفین سے واجبات کی وصولی میں دشواری کے خدشات ہیں۔ انتظامیہ اس صورتحال پر گہری نگاہ رکھے ہوئے ہے اور ان گا کہوں کے ساتھ مستقل رابطے برقرار رکھے ہوئے ہے جو ادائیگی کر رہے ہیں، لیکن حادث ادائیگی میں تاخیر کرتے ہیں۔ انتظامیہ محتاط انداز میں نئی سہولیات فراہم کر رہی ہے اور موجودہ مالی سال کے باقی حصے میں اچھے نتائج حاصل کرنے کیلئے پراعتماد ہے۔

اعتراف

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

بورڈ کی جانب سے

کراچی

23 اکتوبر 2019

محمد نعیم الدین فاروقی
چیف ایگزیکٹو آفیسر

AS AT SEPTEMBER 30, 2019

		September 30, 2019	June 30, 2019
		Un-audited	Audited
	Note	-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	4	1,029,078,574	788,633,188
Short term investments	5	-	160,000,000
Ijarah rental receivables		310,760	12,510
Advances, prepayments and other receivables	6	21,538,444	20,438,915
Current portion of Diminishing Musharaka	7	254,709,430	249,110,292
Current portion of long term loan		135,000	216,000
Total current assets		1,305,772,208	1,218,410,905
Non - current assets			
Diminishing Musharaka	7	351,113,642	407,078,048
Ijarah assets	8	9,429,436	10,529,484
Fixed assets - in own use	9	4,410,910	3,254,394
Total non - current assets		364,953,988	420,861,926
TOTAL ASSETS		1,670,726,196	1,639,272,831
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	10	577,700,592	570,650,304
Current portion of customers' security deposit		5,000,000	5,272,370
Profit distribution payable		61,027,320	295,395
		643,727,912	576,218,069
Non - current liabilities			
Customers' security deposit		8,000	8,000
TOTAL LIABILITIES		643,735,912	576,226,069
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
(June 30, 2019: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		76,990,284	113,046,762
Long term loan	11	500,000,000	500,000,000
TOTAL EQUITY		1,026,990,284	1,063,046,762
TOTAL LIABILITIES AND EQUITY		1,670,726,196	1,639,272,831
CONTINGENCIES AND COMMITMENTS			
	12		

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

For Sindh Modaraba Management Limited
(Management Comapany)

Mauch.

Chief Executive Officer

12/2/20

Director

Answer:-

Director

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		For the quarter ended	
		September 30, 2019	September 30, 2018
		Un-audited	
		Rupees	
Note			
Income from:			
- Diminishing Musharaka		22,459,909	16,578,621
- Ijarah		155,093	1,934,673
- Bank deposits		11,789,477	2,827,707
- Term deposits receipts		2,079,672	2,624,233
		36,484,151	23,965,234
Administrative and operating expenses	13	(8,311,699)	(7,321,465)
Income suspended in respect of murabaha finance		-	(501,106)
Provision in respect of ijarah rental receivable		(1,499)	(791)
Reversal of provision in respect of diminishing musharaka		253,092	83,325
		(8,060,106)	(7,740,037)
		28,424,045	16,225,197
Other (loss)/income		(16,499)	244,700
		28,407,546	16,469,897
Management Company's remuneration		(2,840,770)	(1,646,990)
Provision for services sales tax on the Management Company's remuneration		(369,301)	(214,109)
Workers' welfare fund		(503,953)	(292,176)
Profit for the quarter before taxation		24,693,522	14,316,622
Taxation	17	-	-
Net Profit for the quarter		24,693,522	14,316,622
Earnings per certificate - basic and diluted		0.55	0.32

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

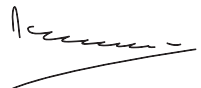
For Sindh Modaraba Management Limited
(Management Company)



Chief Executive Officer



Director



Director

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	For the quarter ended	
	September 30, 2019	September 30, 2018
	Un-audited	
	-----Rupees-----	
Net Profit for the quarter	24,693,522	14,316,622
Other comprehensive income for the period		
- items that may be reclassified to profit and loss account	-	-
- items that will not be reclassified to profit and loss account subsequently	-	-
Total comprehensive income for the quarter	<u>24,693,522</u>	<u>14,316,622</u>

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

For Sindh Modaraba Management Limited
(Management Company)



Chief Executive Officer



Director



Director

CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

		For the quarter ended	
		September 30, 2019	September 30, 2018
		Un-audited	
		Rupees	
	Note		
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the quarter before taxation		24,693,522	14,316,622
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	8	827,678	11,439,252
Depreciation - Fixed assets - in own use	10.1 & 10.2	370,760	371,972
Income on bank deposits		(11,789,477)	(2,827,707)
Income on term deposit receipt		(2,079,672)	(2,624,233)
Provision for provident fund (employer's contribution)		109,215	125,913
Reversal in respect of diminishing musharaka		(253,092)	(83,325)
Provision for ijarah rental receivable		1,499	791
Loss on disposal of fixed asset		40,499	-
Income suspended in respect of murabaha		-	501,106
		11,920,932	21,220,391
Working capital changes			
Advances, prepayments and other receivables		(189,504)	(44,509,285)
Ijarah rental receivables		(299,749)	(158,172)
Diminishing Musharaka		50,618,360	16,664,855
Long term loan		81,000	81,000
Creditors, accrued and other liabilities		7,050,288	11,734,896
Customers' security deposit		(272,370)	(12,630,112)
		56,988,025	(28,816,818)
Provident fund contribution paid (employer's contribution)		(109,215)	(125,913)
Income received on term deposit receipt		4,229,809	1,962,466
Income received on bank deposits		8,729,315	2,255,152
Net cash generated from / (used in) operations		81,758,866	(3,504,722)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of ijarah asset		272,370	12,630,112
Sale proceed from disposal of fixed asset		30,000	-
Purchase of fixed assets - in own use	10.1	(1,597,775)	(141,437)
Net cash (used in)/generated from investing activities		(1,295,405)	12,488,675
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(18,075)	(875)
Net cash used in financing activities		(18,075)	(875)
Net increase in cash and cash equivalents		80,445,386	8,983,078
Cash and cash equivalents at the beginning of the quarter		948,633,188	800,732,532
Cash and cash equivalents at the end of the quarter	18	1,029,078,574	809,715,610

The annexed notes 1 to 20 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 QUARTER ENDED SEPTEMBER 30, 2019

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
-	-	14,316,622	14,316,622	-	14,316,622
-	-	(33,750,000)	(33,750,000)	-	(33,750,000)
450,000,000	27,033,701	19,319,135	46,352,836	500,000,000	996,352,836
Un-audited					
450,000,000	51,379,782	61,666,980	113,046,762	500,000,000	1,063,046,762
-	-	24,693,522	24,693,522	-	24,693,522
-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
450,000,000	51,379,782	25,610,502	76,990,284	500,000,000	1,026,990,284

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

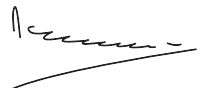
For Sindh Modaraba Management Limited
(Management Company)



Chief Executive Officer



Director



Director

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

This condensed interim financial information of the Modaraba for the quarter ended September 30, 2019 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 QUARTER ENDED SEPTEMBER 30, 2019

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.

		September 30, 2019	June 30, 2019
		Un-audited	Audited
Note		-----Rupees-----	
4 CASH AND BANK BALANCES			
Cash in hand		20,000	-
Stamp paper in hand		63,700	69,900
Balances with banks on:			
- Deposit accounts	4.1	1,028,692,568	788,011,847
- Current accounts	4.2	302,306	551,441
		<u>1,029,078,574</u>	<u>788,633,188</u>

4.1 These carry profit at the rates ranging from 7.10% to 11.50% per annum. (June 30, 2019: 6.51% to 10.50% per annum). This includes balance of Rs. 1,028 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. 285,970 (June 30, 2019: Rs. 535,105) held with Sindh Bank Limited - Islamic Banking Unit, related party.

		September 30, 2019	June 30, 2019
		Un-audited	Audited
Note		-----Rupees-----	
5 SHORT TERM INVESTMENTS			
Term deposit receipts	5.1	<u>-</u>	<u>160,000,000</u>

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 QUARTER ENDED SEPTEMBER 30, 2019

		September 30, 2019	June 30, 2019	
		Un-audited	Audited	
Note		-----Rupees-----		
6	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
	Advances	6.1	3,209,085	2,745,964
	Prepayments		1,507,386	1,082,632
	Accrued income from bank deposits	6.2	9,619,775	6,559,613
	Accrued income from term deposit receipts	6.2	-	2,150,137
	Accrued income from Diminishing Musharaka		7,186,198	7,896,569
	Other receivables		16,000	4,000
			21,538,444	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. 9.619 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.

		September	June
		30, 2019	30, 2019
		Un-audited	Audited
Note		-----Rupees-----	
7	DIMINISHING MUSHARAKA		
	Receivables - secured	7.1	608,867,409
	Less: current portion		(254,709,430)
	Less: provision	7.2	(3,044,337)
	Long term portion		351,113,642
			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 QUARTER ENDED SEPTEMBER 30, 2019

8 IJARAH ASSETS

Particulars	Cost			Depreciation			Amount in Rupees	
	As at July 01, 2019	Disposal	As at September 30, 2019	As at July 01, 2019	Charge for the quarter/ (Adjustment)	As at September 30, 2019	WDV as at September 30, 2019	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	(1,473,700)	14,460,500	10,529,728	(1,125,000) 827,678 (1,326,330)	10,031,076	4,429,424	20%
As at and for the quarter ended September 30, 2019	97,184,200	(2,723,700)	94,460,500	86,654,716	827,678 (2,451,330)	85,031,064	9,429,436	
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

Tangible assets
Intangible assets

Note
9.1
9.2

	September 30, 2019	June 30, 2019
	Un-audited	Audited
	-----Rupees-----	
	3,922,609	2,653,296
	488,301	601,098
	<u>4,410,910</u>	<u>3,254,394</u>

9.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at September 30, 2019	Depreciation rate
	As at July 01, 2019	Additions/(Disposal)	As at September 30, 2019	As at July 01, 2019	Charge for the quarter	As at September 30, 2019		
	Un-audited							
Furniture and fixtures	1,389,845	-	1,389,845	506,386	34,746	541,132	848,713	10%
Office equipment	3,404,053	-	3,019,562	1,651,451	157,395	1,494,854	1,524,708	20%
		(384,491)			(313,992)			
Vehicles	43,500	1,310,775	1,354,275	38,425	45,867	84,292	1,269,983	20%
Computer and accessories	1,740,691	287,000	2,027,691	1,728,531	19,955	1,748,486	279,205	33.33%
As at and for the quarter ended September 30, 2019	6,578,089	1,597,775 (384,491)	7,791,373	3,924,793	257,963 (313,992)	3,868,764	3,922,609	
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	

	September 30, 2019	June 30, 2019
	Un-audited	Audited
	-----Rupees-----	

9.2 Intangible assets

Opening net book value
Additions during the period
Amortization for the period
Closing net book value

601,098	325,319
-	800,000
(112,797)	(524,221)
<u>488,301</u>	<u>601,098</u>

As at September 30, 2019 / June 30, 2019

Cost
Accumulated amortization
Net book value
Annual rates of amortization

1,878,982	1,878,982
(1,390,681)	(1,277,884)
<u>488,301</u>	<u>601,098</u>
33.33%	33.33%

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

10	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	September	June
			30, 2019	30, 2019
			Un-audited	Audited
-----Rupees-----				
	Management remuneration payable - related party		2,840,770	9,335,941
	Provision for sindh sales tax on management remuneration		369,301	1,213,673
	Government of Sindh Funds	10.1	500,000,000	500,000,000
	Creditors		65,238	145,238
	Other liabilities	10.2	63,336,876	49,513,327
	Workers' Welfare Fund		4,384,359	3,880,406
	Payable to gratuity fund		919,151	746,903
	Accrued expenses	10.3	5,784,897	5,814,816
			577,700,592	570,650,304

- 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 quarter, the referred agreements were cancelled without any obligation on either parties.

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

September 30, 2019	June 30, 2019
Un-audited	Audited
-----Rupees-----	

11	LONG TERM LOAN - subordinated	<u>500,000,000</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 QUARTER ENDED SEPTEMBER 30, 2019

	Note	For the quarter ended	
		September 30, 2019	September 30, 2018
		Un-audited	
		-----Rupees-----	
13 ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits	13.1	5,172,697	4,477,395
Legal and professional charges		348,085	360,037
Shariah advisor fee		90,000	90,000
Repair and maintenance		302,081	243,341
Utility services		301,470	275,659
Registration and subscription fee		256,903	243,864
Generator Sharing and fuel charges	13.2	122,581	110,820
Entertainment		52,323	42,054
Advertisement and Publications		33,050	15,000
Staff Orientation and Training		-	5,000
Rent, Rates and Taxes	13.3	199,998	199,998
Travelling and conveyance		494,763	214,396
Security services		127,305	127,305
Printing, stationery and photocopy		95,903	101,314
Postage, Courier and Telegraphs		25,361	18,254
Auditors' remuneration		70,956	66,290
Depreciation expense - tangible assets	10.1	257,963	282,062
Amortization expense - Intangible assets	10.2	112,797	89,910
Insurance - owned assets		35,749	12,941
Insurance - Ijarah and Diminishing Musharaka		198,498	317,582
Miscellaneous		13,216	28,243
		<u>8,311,699</u>	<u>7,321,465</u>

13.1 This includes contribution of Rs. 191,975 (2018: Rs. 125,913) to provident fund and provision for gratuity of Rs. 172,248 (2018: Rs.107,263), related party.

13.2 This includes amount of Rs. 109,215 (2018: Rs. 109,215) against sharing of expenses with Sindh Insurance Limited - related party.

13.3 This includes amount of Rs. 150,000 (2018: 150,000) 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.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

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.

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:

	September 30, 2019 Un-audited	June 30, 2019 Audited
	-----Rupees-----	
Balances as at period end		
Sindh Insurance Limited - associated company		
Sharing of expenses payable	<u>327,645</u>	<u>218,430</u>
Key Management Personnel		
Long term loan	<u>135,000</u>	<u>216,000</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2019

	For the quarter ended September 30, 2019	September 30, 2018
	Un-audited	
	-----Rupees-----	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	10,516,402	2,729,662
Income on term deposit receipt	871,233	-
	<u>11,387,635</u>	<u>2,729,662</u>
Sindh Modaraba Management Limited - Management company		
Management Company's remuneration accrued	2,840,770	1,646,990
Management Company's remuneration paid	9,335,941	-
	<u>12,176,711</u>	<u>1,646,990</u>
Sindh Insurance Limited - associated company		
Insurance premium/Takaful contribution paid	424,768	304,014
Sharing of expenses paid	-	218,430
	<u>424,768</u>	<u>522,444</u>
Key Management Personnel		
Salaries, allowances and benefits paid	2,672,669	1,739,143
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	<u>383,950</u>	<u>251,826</u>

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 QUARTER ENDED SEPTEMBER 30, 2019

		September 30, 2019	September 30, 2018
		Un-audited	
		-----Rupees-----	
18 CASH AND CASH EQUIVALENT	Note		
Cash and bank balances	4	1,029,078,574	699,715,610
Short term investment	5	-	110,000,000
		<u>1,029,078,574</u>	<u>809,715,610</u>

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 quarter ended September 30, 2019.

20 DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on October 23, 2019 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

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

SINDH MODARABA

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