

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA



QUARTERLY REPORT
SEPTEMBER 2021

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

وَيَمْكُرُونَ وَيَمْكُرُ اللَّهُ وَاللَّهُ خَيْرُ الْمَكْرِينَ ۝

BUT THEY PLAN, AND ALLAH
PLANS. AND ALLAH IS THE BEST
OF PLANNERS.

(Surah:08 / Verse:30)

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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. Habibullah Khilji		-Independent Director
Mr. Rehan Anjum		-Non-Executive Director
Ms. Rukhsana Narejo		-Non-Executive Director
Mr. Asif Jahangir *		-Non-Executive Director
Mr. Kamal Ahmed**	-Acting Chief Executive	-Non-Executive Director

Acting CFO & Company Secretary

Muhammad Adnan Shakeel

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

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

* Appointed w.e.f 14th October 2021. Subject to approval of Registrar Modaraba

** Appointed w.e.f 12th October 2021. in place of Mr. Zulfiqar Ali, CEO

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-2022 ended September 30, 2021.

Operating Results

During the first quarter of financial year 2022, the Modaraba earned a profit before tax of Rs. 26.40 Million compared to Rs. 23.17 Million in same period last year. Even though profit before tax increased, the profit after tax of the Modaraba decreased by Rs. 4.43 million to Rs. 18.74 Million due to implication of income tax ordinance on profit earned by Modaraba, which has become effective from 1st July 2021.

Though the weighted Portfolio of the Modaraba has increased by Rs. 21.82 Million to Rs 776.49 Million, the revenue has declined from Rs. 39.12 million to Rs. 37.85 million due to decrease in weighted average rate of return by 1.14%. The operating expenses decreased to Rs. 8.74 million as compared to Rs. 12.52 million in same period last year due to strict control over expenses of the Modaraba.

Future Prospects

The economic momentum, which picked up pace in FY-21 has further strengthened during first quarter of financial year 2022 and is expected to lead to robust economic activity. The private sector credit is showing signs of recovery and is expected to increase further due to 7.30% increase in Large Scale Manufacturing during second month of financial year 2022. However, the tax implication as mentioned above will create significant impact on the Modaraba's net profit.

Besides, recent uptick in economic activity, interest rates are expected to increase further from current rate of 7.25%, which will be good news for Modaraba's investment as well as lending portfolio. The Modaraba is well positioned to take the benefit of current economic situation and rising interest rate scenario as our portfolio is short term and floating rate in nature, which is beneficial current interest rate rising scenario. The Modaraba continues to make cautious effort of 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.

On Behalf of the Board



Karachi
October 28, 2021

Kamal Ahmed
Acting Chief Executive Officer

ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ مینجمنٹ کمپنیز کے بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2021ء کو مکمل ہونے والی FY-2022 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 2021ء کو ختم ہونے والی سہ ماہی میں قبل محصولات Rs.23.17 ملین منافع کے مقابلے میں زیرِ غور سہ ماہی میں 26.40 ملین کا منافع کمایا۔ منافع قبل محصولات میں اضافہ کے باوجود منافع بعد محصولات Rs.4.43 ملین سے کم کی ساتھ Rs.18.74 ملین کی سطح پر آگیا۔ جس کی بنیادی وجہ انکم ٹیکس آرڈینینس میں ترامیم ہیں جو کہ پہلی جولائی سے نافذ ہوئیں۔ باوجود اس کے کہ اوسطاً پورٹ فولیو Rs.21.82 ملین کے اضافہ کے ساتھ Rs.776.49 ملین کی سطح پر پہنچ گیا، پھر بھی آمدنی اوسطاً ریٹ میں کمی کی وجہ سے Rs.39.12 ملین سے کم ہو کر Rs.37.85 ملین کی سطح پر آ گئی۔ معمول کے اخراجات کو کنٹرول کرنے کی وجہ سے پہلی سہ ماہی کے اخراجات Rs.12.52 ملین کے مقابلے میں اس سہ ماہی کے اخراجات Rs.8.74 ملین رہے۔

امکانات مستقبل

پاکستان کی معاشی رفتار جو پچھلے سال بہتر ہونا شروع ہوئی تھی وہ اس سہ ماہی میں مزید مستحکم ہو رہی ہے اور اس میں مزید مطلوبہ معاشی سرگرمی متوقع ہے۔ نجی کرڈٹ سیکٹر بحالی کے آثار دکھارہا ہے اور آب یہ متوقع ہے کہ مالی سال 2022 کے دوسرے سہ ماہی میں نجی کرڈٹ سیکٹر، لارج اکیلی مینیجرنگ کے 17.30% اضافہ کے ساتھ مزید بہتری دکھائے گا۔ البتہ محصولات کی وجہ سے خالص منافع میں کمی کا امکان ہے۔

اس کے علاوہ حالیہ معاشی سرگرمی میں تیزی کے ساتھ شرح سود میں بھی اضافہ کی توقع ہے، جو اس وقت 7.25% پر ہے اور یہ اضافہ مضاربہ کی انویسٹمنٹ اور لینڈنگ پورٹ فولیو کے لئے خوش آئند ہوگا۔ مضاربہ اس وقت بہتر پوزیشن میں ہے کہ وہ موجودہ معاشی صورت حال سے فائدہ اٹھاسکے چونکہ بڑھتی ہوئی شرح سود کے وقت ہمارے پورٹ فولیو قلیل مدتی ہے اور فلوٹنگ ریٹ پر منحصر ہے۔ مضاربہ اپنے محتاط طریقے کو برقرار رکھتے ہوئے موجودہ فنڈز کو فنانسنگ کاروبار میں استعمال کرنے کے ساتھ اثاثوں کے معیار پر کسی بھی طرح کا سمجھوتہ نہیں کرے گا۔

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۔

بورڈ کی جانب سے

کراچی

28 اکتوبر 2021

امین

کمال احمد

ایگزیکٹو چیف ایگزیکٹو آفیسر

CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2021

		September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
ASSETS			
Current assets			
Cash and bank balances	4	554,008,921	475,524,291
Short term investments	5	320,000,000	320,000,000
Advances, prepayments and other receivables	6	27,589,827	35,986,333
Advance tax	11	-	1,149,683
Current portion of Diminishing Musharaka	7	365,155,575	367,318,842
Current portion of long term loan		378,000	378,000
Total current assets		1,267,132,323	1,200,357,149
Non - current assets			
Diminishing Musharaka	7	396,163,890	447,293,669
Ijarah assets	8	5,001,000	5,005,000
Long term loan		1,008,000	1,102,500
Fixed assets - in own use	9	3,038,311	3,395,422
Total non - current assets		405,211,201	456,796,591
TOTAL ASSETS		1,672,343,524	1,657,153,740
LIABILITIES AND EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	10	21,931,641	26,438,518
Current portion of customers' security deposit		5,001,000	5,005,000
Provision for taxation - net of advance tax	11	959,320	-
Profit distribution payable		45,653,258	653,258
		73,545,219	32,096,776
Non - current liabilities		-	-
TOTAL LIABILITIES		73,545,219	32,096,776
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 certificates of Rs. 10 each		500,000,000	500,000,000
(June 30, 2021: 50,000,000 certificates of Rs. 10 each)			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		148,798,305	175,056,964
Long term loan	12	1,000,000,000	1,000,000,000
TOTAL EQUITY		1,598,798,305	1,625,056,964
TOTAL LIABILITIES AND EQUITY		1,672,343,524	1,657,153,740
CONTINGENCIES AND COMMITMENTS		13	

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)

Chairman



Acting CEO



Director



Acting CFO

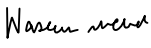
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		For the quarter ended	
		September 30, 2021	September 30, 2020
		Un-audited	
Note		Rupees	
Income from:			
	- Diminishing Musharaka	23,654,979	23,316,626
	- Ijarah	-	174,750
	- Bank deposits	8,545,598	15,627,019
	- Term deposits receipts	5,646,027	-
		37,846,604	39,118,395
	Administrative and operating expenses	(8,735,316)	(12,521,969)
	Reversal of provision in respect of diminishing musharaka	438,950	10,129
		(8,296,366)	(12,511,840)
		29,550,238	26,606,555
	Other income	208,788	52,000
		29,759,026	26,658,555
	Management Company's remuneration	(2,975,903)	(2,665,856)
	Provision for services sales tax on the Management Company's remuneration	(386,868)	(346,562)
	Workers' welfare fund	-	(472,923)
	Profit for the quarter before tax	26,396,255	23,173,214
	Provision for Taxation	(7,654,914)	-
	Net Profit for the quarter after tax	18,741,341	23,173,214
Earnings per certificate - basic and diluted		0.42	0.51

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)


Chairman


Acting CEO


Director


Acting CFO

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

For the quarter ended

September 30, September 30,
2021 2020


Un-audited

Rupees

Net Profit for the quarter	18,741,341	23,173,214
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	18,741,341	23,173,214

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



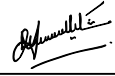
Chairman



Acting CEO



Director



Acting CFO

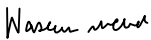
CONDENSED INTERIM CASH FLOW STATEMENT

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		For the quarter ended	
		September 30, 2021	September 30, 2020
		Un-audited	
Note		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the quarter before taxation		26,396,255	23,173,214
Adjustments for non - cash and other items			
Depreciation - Ijarah assets	8	-	655,326
Depreciation - Fixed assets - in own use	9.1 & 9.2	357,111	416,738
Income on bank deposits		(8,545,598)	(15,627,019)
Income on term deposit receipts		(5,646,027)	-
Provision for provident fund (employer's contribution)		167,376	272,487
Reversal of provision in respect of diminishing musharaka		(438,950)	(10,129)
		12,290,167	8,880,617
Working capital changes			
Advances, prepayments and other receivables		8,149,910	2,609,373
Diminishing Musharaka		53,731,996	2,025,690
Long term loan		94,500	231,249
Creditors, accrued and other liabilities		(4,506,877)	11,968,145
Customers' security deposit		(4,000)	-
		57,465,529	16,834,457
Provident fund contribution paid (employer's contribution)		(167,376)	(272,487)
Income tax paid		(5,545,911)	(44,360)
Income received on term deposit receipt		5,584,657	-
Income received on bank deposits		8,853,564	16,081,109
Net cash generated from operations		78,480,630	41,479,336
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of ijarah asset		4,000	-
Purchase of fixed assets - in own use	10.1	-	(237,000)
Net cash generated from / (used in) investing activities		4,000	(237,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		-	(3,774)
Net cash used in financing activities		-	(3,774)
Net increase in cash and cash equivalents		78,484,630	41,238,562
Cash and cash equivalents at the beginning of the quarter		795,524,291	883,707,855
Cash and cash equivalents at the end of the quarter	20	874,008,921	924,946,417

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

For Sindh Modaraba Management Limited
(Management Company)



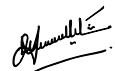
Chairman



Acting CEO



Director



Acting CFO

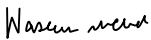
CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
	Statutory reserve	Unappropriated profit	Total		
Un-audited					
-----Rupees-----					
450,000,000	94,533,686	65,440,734	159,974,420	1,000,000,000	1,609,974,420
-	-	23,173,214	23,173,214	-	23,173,214
-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
450,000,000	94,533,686	27,863,948	122,397,634	1,000,000,000	1,572,397,634
Un-audited					
450,000,000	121,071,504	53,985,460	175,056,964	1,000,000,000	1,625,056,964
-	-	18,741,341	18,741,341	-	18,741,341
-	-	(45,000,000)	(45,000,000)	-	(45,000,000)
450,000,000	121,071,504	27,726,801	148,798,305	1,000,000,000	1,598,798,305

The annexed notes 1 to 21 form an integral part of these condensed interim financial information.

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



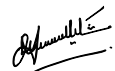
Chairman



Acting CEO



Director



Acting CFO

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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 Shari'ah 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 quarter ended September 30, 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, 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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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 an 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 2021.

	Note	September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
4 CASH AND BANK BALANCES			
Cash in hand		20,000	-
Stamp paper in hand		81,900	92,500
Balances with banks on:			
- Deposit accounts	4.1	553,054,359	474,747,249
- Current accounts	4.2	852,662	684,542
		<u>554,008,921</u>	<u>475,524,291</u>

4.1 These carry profit at the rates ranging from 3.41% to 6.5% per annum. (June 30, 2021: 3.52% to 6.64% per annum). This includes balance of Rs. 553.03 million (June 30, 2021: 474.72 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 839,272 (June 30, 2021: Rs. 662,938) held with Sindh Bank Limited - Islamic Banking Unit, related party.

	Note	September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
5 SHORT TERM INVESTMENTS			
Term deposit receipts	5.1	<u>320,000,000</u>	<u>320,000,000</u>

5.1 This represents investment made of Rs. 320 million in Term Deposit Receipt in Sindh Bank Limited, Islamic (a related party) for the period of 3 months (June 30, 2021: Rs. 320 million). This investment carries profit at the rate of 7% per annum (June 30, 2021: 7%).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

		September 30, 2021	June 30, 2021
		Un-audited	Audited
Note		-----Rupees-----	
6	ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES		
	Advances	6.1	16,552,278
	Prepayments		1,722,517
	Accrued income from bank deposits	6.2	2,923,090
	Accrued income from term deposit receipts	6.2	4,786,850
	Accrued income from Diminishing Musharaka	6.3	1,581,092
	Other receivables		24,000
			6,000
			27,589,827
			35,986,333

6.1 This includes advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customer) amounting to Rs. 15.80 million (June 30, 2021: Rs. 24.385 million).

6.2 This represents/includes accrued income of Rs. 2.92 million (June 30, 2021: Rs. 3.23 million) and Rs. 4.78 million (June 30, 2021: 4.723 million) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited - Islamic Banking Unit, related party.

		September 30, 2021	June 30, 2021
		Un-audited	Audited
	Note	-----Rupees-----	
6.3	Accrued income from Diminishing Musharaka		
	Receivable	15,510,962	16,803,041
	Less: Income suspend	(13,929,870)	(13,838,417)
		<u>1,581,092</u>	<u>2,964,624</u>

7 DIMINISHING MUSHARAKA

Receivables - secured	7.1	805,842,176	859,574,172
Less: current portion		(365,155,575)	(367,318,842)
Less: provision	7.2	(44,522,711)	(44,961,661)
Long term portion		<u>396,163,890</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 30, 2021: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets etc.

7.2 This includes general provision of Rs. 3.46 million (June 30, 2021: 3.69 million) made at the rate of 0.5% (June 30, 2021: 0.5%) on diminishing musharaka receivables respectively.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE QUARTER ENDED SEPTEMBER 30, 2021

8 IJARAH ASSETS

Particulars	Cost			Depreciation			Amount in Rupees	
	As at July 01, 2021	Addition/ (Disposal)	As at September 30, 2021	As at July 01, 2021	Charge for the quarter/ (Adjustment)	As at September 30, 2021	WDV as at September 30, 2021	Depreciation rate
	Un-audited							
Plant and machinery	80,000,000	-	80,000,000	75,000,000	-	75,000,000	5,000,000	33.33%
Vehicles	10,571,500	-	1,347,000	10,566,500	-	1,346,000	1,000	20%
		(9,224,500)			(9,220,500)			
As at and for the quarter ended September 30, 2021	90,571,500	(9,224,500)	81,347,000	85,566,500	-	76,346,000	5,001,000	
As at and for the year ended June 30, 2021	93,113,500	-	90,571,500	85,963,408	2,143,092	85,566,500	5,005,000	
		(2,542,000)			(2,540,000)			

9 FIXED ASSETS - in own use

		September 30, 2021	June 30, 2021
		Un-audited	Audited
	Note	-----Rupees-----	
Tangible assets	9.1	2,896,237	3,235,588
Intangible assets	9.2	142,074	159,834
		3,038,311	3,395,422

9.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at September 30, 2021	Depreciation rate
	As at July 01, 2021	Addition	As at September 30, 2021	As at July 01, 2021	Charge for the quarter	As at September 30, 2021		
	Un-audited							
Furniture and fixtures	1,536,245	-	1,536,245	795,534	38,406	833,940	702,305	10%
Office equipment	3,272,641	-	3,272,641	2,481,057	116,631	2,597,688	674,953	20%
Vehicles	1,354,275	-	1,354,275	545,958	65,538	611,496	742,779	20%
Computer and accessories	3,153,719	-	3,153,719	2,258,743	118,776	2,377,519	776,200	33.33%
As at and for the quarter ended September 30, 2021	9,316,880	-	9,316,880	6,081,292	339,351	6,420,643	2,896,237	
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	

9.2 Intangible assets

	Note	September 30, 2021	June 30, 2021
		Un-audited	Audited
		-----Rupees-----	
Opening net book value		159,834	266,675
Additions during the period		-	213,110
Amortization for the period		(17,760)	(319,951)
Closing net book value		142,074	159,834
As at September 30, 2021 / June 30, 2021			
Cost		2,092,092	2,092,092
Accumulated amortization		(1,950,018)	(1,932,258)
Net book value		142,074	159,834
Annual rates of amortization		33.33%	33.33%

10 CREDITORS, ACCRUED AND OTHER LIABILITIES

Management remuneration payable - related party		2,975,903	7,862,480
Provision for sindh sales tax on management remuneration		386,868	1,022,123
Other liabilities		11,087,356	9,235,462
Accrued expenses	10.1	7,303,872	7,241,964
Payable to gratuity fund - related party		171,201	1,070,048
Creditors		6,441	6,441
		21,931,641	26,438,518

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

- 10.1** These includes Rs. 150,000 (June 30, 2021: Rs. 300,000) for branch rent payable to Sindh Bank Limited, related party.

September 30, 2021	June 30, 2021
Un-audited	Audited
-----Rupees-----	

11 PROVISION FOR TAXATION-Net of Advance Tax

Opening balance - Advance Income Tax	(1,149,683)	(1,040,397)
Payments / adjustments during the period	(5,545,911)	(109,286)
Provision for the period:		
- current year	7,654,914	-
- prior year	-	-
Total provision for the period	7,654,914	-
Provision/(Advance Income Tax)	959,320	(1,149,683)

September 30, 2021	June 30, 2021
Un-audited	Audited
-----Rupees-----	

12 LONG TERM LOAN - subordinated	1,000,000,000	1,000,000,000
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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

13.1 CONTINGENCIES

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

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

13.2 COMMITMENTS

The Modaraba has issued letters of comfort to Silk bank Limited on behalf of a customer as at year end for guaranteeing the payment of Rs. 31.28 million against import of plant and machinery which will ultimately be given by the Modaraba to the customer against Diminishing Musharaka arrangements.

		September 30, 2021	September 30, 2020	
		Un-audited		
		-----Rupees-----		
14	ADMINISTRATIVE AND OPERATING EXPENSES	Note		
	Salaries, allowances and other benefits	14.1	5,302,099	9,013,538
	Legal and professional charges		337,133	445,492
	Shariah advisor fee		108,000	108,000
	Repair and maintenance		316,047	305,876
	Utility services		330,775	307,185
	Registration and subscription fee		289,317	280,534
	Generator Sharing and fuel charges	14.2	126,099	178,106
	Entertainment		44,661	29,037
	Advertisement and Publications		15,000	71,052
	Rent, Rates and Taxes	14.3	200,000	200,004
	Travelling and conveyance		778,892	704,903
	Security services		150,000	150,000
	Printing, stationery and photocopy		107,443	83,522
	Postage, Courier and Telegraphs		23,619	21,484
	Auditors' remuneration		76,104	72,846
	Depreciation expense - tangible assets	9.1	339,351	350,072
	Amortization expense - Intangible assets	9.2	17,760	66,666
	Insurance - owned assets		32,821	38,713
	Insurance/Takaful - Diminishing Musharaka		108,177	75,238
	Miscellaneous		32,018	19,701
			8,735,316	12,521,969

14.1 This includes contribution of Rs. 167,376 (2020: Rs. 272,487) to provident fund and provision for gratuity of Rs. 171,201 (2020: Rs.244,617), related party.

14.2 This includes amount of Rs. 109,215 (2020: Rs. 109,215) against sharing of expenses with Sindh Insurance Limited - related party.

14.3 This includes amount of Rs. 150,000 (2020: 150,000) branch rent to Sindh Bank Limited, related party.

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

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, 2021 Un-audited	June 30, 2021 Audited
	-----Rupees-----	
Balances as at period end		
Sindh Modaraba Management Limited - Management company		
Profit distribution payable	<u>42,446,000</u>	<u>-</u>
Sindh Insurance Limited - Associated company		
Sharing of expenses payable	<u>109,215</u>	<u>218,430</u>
Key Management Personnel		
Long term loan	<u>1,386,000</u>	<u>3,773,422</u>
Sindh Modaraba Employees Gratuity Fund - Employee fund		
Contribution payable	<u>171,201</u>	<u>1,146,940</u>

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

	For the quarter ended	
	September 30, 2021	September 30, 2020
	Un-audited	
	-----Rupees-----	
Transactions for the period		
Sindh Bank Limited - Associated company		
Income on bank deposits	8,545,316	15,618,028
Income on term deposit receipt	5,646,027	-
	<u>14,191,343</u>	<u>15,618,028</u>
Sindh Modaraba Management Limited - Management company		
Management Company's remuneration accrued	2,975,903	2,665,856
Management Company's remuneration paid	7,862,480	-
	<u>10,838,383</u>	<u>2,665,856</u>
Sindh Insurance Limited - Associated company		
Insurance premium/Takaful contribution paid	786,575	116,815
Sharing of expenses paid	218,430	-
	<u>1,005,005</u>	<u>116,815</u>
Key Management Personnel		
Salaries, allowances and benefits paid	<u>2,222,404</u>	<u>4,613,576</u>
Sindh Modaraba Employees Provident Fund - employee fund"		
Contribution paid (both employer's and employee's contribution)	<u>334,752</u>	<u>513,642</u>
Sindh Modaraba Employees Gratuity Fund - Employee fund		
Contribution paid	<u>1,070,048</u>	<u>-</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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION

FOR THE QUARTER ENDED SEPTEMBER 30, 2021

- 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.

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 quarter ended September 30, 2021.

19 DATE OF AUTHORISATION

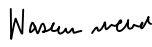
This condensed interim financial information was authorised for issue on October 28, 2021 by the Board of Directors of the Management Company.

		September 30, 2021	September 30, 2020
		Un-audited	
		-----Rupees-----	
20	CASH AND CASH EQUIVALENT		
	Cash and bank balances	4 554,008,921	924,946,417
	Short term investments	5 320,000,000	-
		<u>874,008,921</u>	<u>924,946,417</u>

21 GENERAL

Corresponding figures have been reclassified wherever necessary to reflect more appropriate presentation of events and transactions for the purpose of comparison in accordance with the accounting and reporting standards as applicable in Pakistan.

For Sindh Modaraba Management Limited
(Management Company)



Chairman



Acting CEO



Director



Acting 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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