

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



SINDH MODARABA



QUARTERLY REPORT
MARCH 2024



Contents

Vision & Mission Statements	02
Corporate Information	03
Directors' Review	04
Directors' Review (Urdu)	05
Condensed Interim Balance Sheet	06
Condensed Interim Profit and Loss Account	07
Condensed Interim Statement of Comprehensive Income	08
Condensed Interim Cash Flow Statement	09
Condensed Interim Statement of Changes in Equity	10
Notes to the Condensed Interim Financial Information	11

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. Ejaz Akhtar Ansari		-Independent Director
*Mr. Fayaz Ahmed Jatoi	-Secretary Finance (Govt. of Sindh)	-Non-Executive Director
Mr. Sami ul Haq Khilji		-Non-Executive Director
Mr. Kamal Ahmed		-Non-Executive Director
Mr. Abdul Rauf Chandio		-Non-Executive Director
Ms. Naila Asad Shaikh		-Non-Executive Director
Mr. Ishfaque Ahmed		-Chief Executive Officer

CFO & Company Secretary

Muhammad Adnan Shakeel

Audit Committee

Mr. Ejaz Akhtar Ansari	-Chairman
Mr. Sami ul Haq Khilji	-Member
Mr. Abdul Rauf Chandio	-Member

Shariah Advisor

Mufti Zeeshan Abdul Aziz

Human Resource Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Sami ul Haq Khilji	-Member
Mr. Abdul Rauf Chandio	-Member

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Kamal Ahmed	-Member
Mr. Fayaz Ahmed Jatoi	-Member

Share Registrar

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

Procurement Committee

Mr. Fayaz Ahmed Jatoi	-Chairman
Mr. Ejaz Akhtar Ansari	-Member
Ms. Naila Asad Shaikh	-Member

Risk Management Committee

Mr. Waseem Mehdi Syed	-Chairman
Mr. Kamal Ahmed	-Member
Ms. Naila Asad Shaikh	-Member

Registered/Head Office

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

Bankers

Sindh Bank Limited (Islamic Banking)
 Meezan Bank Limited
 NRSP Microfinance Bank Limited
 Soneri Bank Limited (Islamic Banking)
 AL-Baraka Bank Pakistan Limited
 Habib Metropolitan Bank (Islamic Banking)
 MCB Islamic Bank

Lahore Branch

30-30A, Commercial Building
 The Mall
 Lahore

Auditors

Baker Tilly Mehmood Idrees Qamar
 Chartered Accountants

*The Board has co-opted Mr. Fayaz Ahmed Jatoi -Secretary Finance (Govt. of Sindh) as Non-Executive director in place of Mr. Kazim Hussain Jatoi w.e.f 04 April 2024 which is subject to the approval of Registrar Modaraba-SECP.

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, 2024.

Operating Results

During the nine months' period under review, the Modaraba earned a profit before tax of Rs. 241.01 million as compared to profit before tax of Rs. 134.89 million during the preceding period. The profit before tax increased by Rs. 106.21 million due to an increase in financing income, prudent treasury management on investment portfolio and proactive recovery strategy of NPLs. The total revenue has increased to Rs.306.67 million as at 31 March 2024 from Rs.199.91 million during the comparative period. The operating expenses of Modaraba have also increased due to upsurge in inflation and operational cost. However, it remained under control during the period under review.

Future Prospects

In a cautious move, SBP policy rate was kept steady at 22%. Despite inflation, the SBP emphasized that the external front must also be taken into account, including the level of inflows, CAD and FX rate. There are risks of elevated inflation due to the second round impact from hikes in administered prices and anticipated additional taxes for fiscal consolidation. Similarly, SBP also took note that while the inflation trend in advanced and emerging economies has been smoother, they are maintaining a cautious monetary policy in the country.

Recently, inflation has dropped below 18% Y/Y. The NCPI in Apr-24 is expected to drop below 18% due to easing food prices. Despite increase in recent fuel prices, it is expected that inflation may remain on a similar level, assuming the PKR/USD remains largely stable. The FY24 average inflation is expected to be around 24.5% Y/Y.

Current account deficit is expected to stay under control. Ex food and petroleum group, imports have risen in period under review by 7.2% Y/Y because of higher imports under telecom sector. The overall demand of import is weak, however rising energy prices may once again put pressure on imports. The remittances must have been increased in the month of Ramadan and textile exports may also witness increase due to rising cotton prices (up ~15% in CYTD) as volumetrically textile exports are better from last year. Therefore, it is expected that current account deficit to remain within lower band of the SBP's set target of 0.5-1.5% of GDP.

With the slowdown in the economy, the management will continue to focus cautious lending approach and will concentrate available funds deployment in comparably safe investments zone. At current policy rate level, consumer financing has shrunk to its extreme as major part of the eligible population has now been excluded from the targeted market. The economic slowdown has also reduced the financing facility demand from the SME and corporate sector as well and only risky sectors are approaching for the funded facility in financial institutions. Considering the environment, timely recovery from the customers against the existing facilities remains the first priority of the management. Therefore, the management has preferred more to invest its funds in low risk portfolio during the period. Further, we expect to continue the same economic trend in current financial year and expect the economy to bounce back after few months. Management geared up to grasp any opportunity without compromising on the quality of the asset as being practiced in the past.

Acknowledgment

On behalf of the Board of Directors, I would like to thanks the Sponsors, the Regulators and our Shariah Advisor for their valuable 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 to achieve the desired results.

On Behalf of the Board



Ishfaque Ahmed
Chief Executive Officer

Karachi
April 22, 2024

اسلامی مالیاتی ادارہ

ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ میٹمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2024 کو مکمل ہونے والے نو ماہ کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

آپریٹنگ نتائج

زیر جائزہ نو ماہ کی مدت کے دوران مضاربہ نے نیگیٹس سے پہلے 241.01 ملین روپے کا منافع کما یا جبکہ اسکے مقابلے میں گزشتہ مدت کے دوران 134.89 ملین نیگیٹس سے پہلے کا منافع تھا۔ نیگیٹس سے قبل منافع میں 106.21 ملین روپے کا اضافہ ہوا جو کہ مالیاتی آمدنی میں اضافہ، سرمایہ کاری کے پورٹ فولیو پر محتاط ریٹرنری میٹمنٹ اور NPLs کی فعال بحالی کی حکمت عملی کی وجہ سے ہوا۔ کل آمدنی 31 مارچ 2024 تک بڑھ کر 306.67 ملین روپے ہو گئی ہے جو کہ اسی مدت کے دوران 199.91 ملین روپے تھی۔

مہنگائی اور آپریٹنگ لاگت میں اضافے کی وجہ سے مضاربہ کے آپریٹنگ اخراجات میں بھی اضافہ ہوا ہے۔ تاہم، زیر جائزہ مدت کے دوران یہ کنٹرول میں رہا۔

امکانات مستقبل

ایک محتاط اقدام میں، اسٹیٹ بینک کی پالیسی ریٹ کو 22 فیصد پر مستحکم رکھا گیا۔ افراط زر کے باوجود، اسٹیٹ بینک نے اس بات پر زور دیا کہ بیرونی محتاط کو بھی مد نظر رکھنا چاہیے، بشمول انفلوئینس، کرنٹ اکاؤنٹ خسارہ اور غیر ملکی کرنسی کی شرح۔ انتظامی قیمتوں میں اضافے اور مالیاتی استحکام کے لیے متوقع اضافی ٹیکسوں کے دوسرے دور کے اثرات کی وجہ سے افراط زر میں اضافے کے خطرات ہیں۔ اسی طرح، اسٹیٹ بینک نے یہ بھی نوٹ کیا کہ اگرچہ ترقی یافتہ اور ابھرتی ہوئی معیشتوں میں افراط زر کا رجحان ہوا رہا ہے، وہ ملک میں ایک محتاط مالیاتی پالیسی کو برقرار رکھے ہوئے ہیں۔

حال ہی میں، افراط زر 18% Y/Y سے نیچے آ گیا ہے۔ کھانے کی قیمتوں میں زنی کی وجہ سے اپریل-24 میں NCPI کے 18 فیصد سے نیچے آنے کی امید ہے۔ ایندھن کی حالیہ قیمتوں میں اضافے کے باوجود، یہ توقع کی جاتی ہے کہ افراط زر اسی سطح پر برقرار رہ سکتا ہے، یہ فرض کرتے ہوئے کہ PKR/USD بڑی حد تک مستحکم ہے۔ FY24 کی اوسط افراط زر تقریباً 24.5% Y/Y ہونے کی توقع ہے۔

کرنٹ اکاؤنٹ خسارہ قابو میں رہنے کی امید ہے۔ فوڈ اینڈ نیچرویلیم گروپ، ٹیلی کام سیکٹر کے تحت زیادہ درآمدات کی وجہ سے درآمدات میں 7.2% Y/Y اضافہ ہوا ہے۔ درآمد کی مجموعی طلب کم رہے، تاہم توانائی کی بڑھتی ہوئی قیمتیں ایک بار پھر درآمدات پر دباؤ ڈال سکتی ہیں۔ رمضان کے مہینے میں ترسیلات زر میں اضافہ ہوا ہوگا اور کپاس کی بڑھتی ہوئی قیمتوں (15% CYTD) کی وجہ سے ٹیکسٹائل کی برآمدات میں بھی اضافہ ہو سکتا ہے کیونکہ حجم کے لحاظ سے ٹیکسٹائل کی برآمدات گزشتہ سال سے بہتر ہیں۔

لہذا، یہ توقع کی جاتی ہے کہ کرنٹ اکاؤنٹ خسارہ SBP کے GDP کے 0.5-1.5% کے مقرر کردہ ہدف کے نیچے بیٹھنے کے اندر رہے گا۔ معیشت میں سست روی کے ساتھ، انتظامیہ محتاط قرض دینے کے طریقہ کار پر توجہ مرکوز رکھے گی اور نسبتاً محفوظ سرمایہ کاری والے زون میں دستیاب فنڈز کی تعمیراتی پر توجہ دے گی۔ موجودہ پالیسی ریٹ کی سطح پر، صارفین کی مالی اعانت انتہائی حد تک سکتا ہے کیونکہ اہل آبادی کا بڑا حصہ اب نارگنڈ مارکیٹ سے باہر ہو گیا ہے۔ معاشی سست روی نے ایس ایم ای اور کارپوریٹ سیکٹر سے بھی مالیاتی سہولت کی طلب کو کم کر دیا ہے اور صرف خطرناک شعبے ہی مالیاتی اداروں میں فنڈز سہولت کے لیے رجوع کر رہے ہیں۔ ماحول کو مد نظر رکھتے ہوئے موجودہ سہولیات کے خلاف صارفین سے بروقت وصولی انتظامیہ کی اولین ترجیح ہے۔ لہذا، انتظامیہ نے اس مدت کے دوران کم رسک پورٹ فولیو میں اپنے فنڈز کی سرمایہ کاری کو زیادہ ترجیح دی ہے۔ مزید، ہم موجودہ مالی سال میں اسی اقتصادی رجحان کو جاری رکھنے کی توقع رکھتے ہیں اور توقع کرتے ہیں کہ کچھ مہینوں کے بعد معیشت مستحکم ہوگی۔ انتظامیہ اثاثوں کے معیار پر توجہ دینے کے بغیر کسی بھی موقع کو حاصل کرنے کے لیے تیار ہے جیسا کہ ماضی میں کیا گیا ہے۔

اعتراف

بورڈ آف ڈائریکٹرز کی جانب سے، میں اسپانسرز، ریگولیٹرز اور ہمارے شرعی مشیر کا ان کی رہنمائی اور تعاون کے لیے شکریہ ادا کرتا ہوں۔ ہم اپنے گاہکوں کی مسلسل سرپرستی کو بھی تسلیم کرتے ہیں اور بہتر نتائج دینے کے لیے مضاربہ کے ملازمین کی لگن اور محنت کو بھی سراہتے ہیں۔

بورڈ کی جانب سے



اشفاق احمد
چیف ایگزیکٹو آفیسر

کراچی

22 اپریل 2024

CONDENSED INTERIM BALANCE SHEET
AS AT MARCH 31, 2024

		<u>March 31, 2024</u>	<u>June 30, 2023</u>
		<u>Un-audited</u>	<u>Audited</u>
Note	-----	Rupees	-----
ASSETS			
Current assets			
Cash and bank balances	4	245,544,300	182,076,260
Short term investments	5	800,000,000	700,000,000
Advances, prepayments and other receivables	6	44,930,271	28,738,060
Advance taxation -net	10	3,163,592	-
Morabaha finance		80,000,000	-
Current portion of Diminishing Musharaka	7	324,247,982	369,562,127
Current portion of long term loan		1,471,080	431,600
Total current assets		1,499,357,225	1,280,808,047
Non - current assets			
Diminishing Musharaka	7	390,673,421	494,229,740
Long term loan		5,439,801	1,222,862
Fixed assets - in own use	8	1,839,811	1,972,843
Total non - current assets		397,953,033	497,425,445
TOTAL ASSETS		1,897,310,258	1,778,233,492
LIABILITIES AND CERTIFICATE HOLDERS' EQUITY			
Current liabilities			
Creditors, accrued and other liabilities	9	58,399,310	44,381,187
Provision for taxation -net	10	-	10,555,612
Profit distribution payable		1,192,814	929,481
		59,592,124	55,866,280
Non - current liabilities			
		-	-
TOTAL LIABILITIES		59,592,124	55,866,280
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (June 2023: 50,000,000) certificates of Rs. 10 each		500,000,000	500,000,000
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		387,718,134	272,367,212
Long term loan	11	1,000,000,000	1,000,000,000
TOTAL CERTIFICATE HOLDERS' EQUITY		1,837,718,134	1,722,367,212
TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY		1,897,310,258	1,778,233,492


CONTINGENCIES AND COMMITMENTS

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

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (Un-audited)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024


	Nine months ended		Quarter ended	
	March 2024	March 2023	March 2024	March 2023
	Note ----- Rupess -----			
Income from:				
Diminishing Musharaka	156,156,418	117,706,391	49,365,461	45,286,340
Morabaha	6,737,687	-	4,752,942	-
Bank deposits	29,570,606	31,718,706	9,287,539	5,559,728
Term deposits receipts	114,206,986	50,483,273	40,646,176	22,314,792
	306,671,697	199,908,370	104,052,118	73,160,860
Administrative and operating expenses	13 (48,835,153)	(50,437,706)	(17,624,677)	(14,865,797)
(Provision)/Reversal in respect of	13,711,981	1,519,067	7,304,802	1,703,850
Diminishing Musharaka	(35,123,172)	(48,918,639)	(10,319,875)	(13,161,947)
	271,548,525	150,989,731	93,732,243	59,998,913
Other income	265,910	1,080,823	24,010	246,178
	271,814,435	152,070,554	93,756,253	60,245,091
Management Company's remuneration	(27,181,444)	(15,207,055)	(9,375,626)	(6,024,509)
Provision for services sales tax on the				
Management Company's remuneration	(3,533,588)	(1,976,917)	(1,218,832)	(783,186)
Workers' welfare fund				
Profit before taxation	241,099,403	134,886,582	83,161,795	53,437,396
Taxation	10 (69,498,481)	(39,079,619)	(24,116,921)	(15,496,845)
Profit for the period	171,600,922	95,806,963	59,044,874	37,940,551
Earnings per certificate - basic and diluted	3.81	2.13	1.31	0.84

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

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


Chairman


Chief Executive Officer


Director

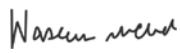

Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

	Nine months ended		Quarter ended	
	March 2024	March 2023	March 2024	March 2023
	----- Rupess -----			
Profit for the period	171,600,922	95,806,963	59,044,874	37,940,551
Other comprehensive income for the period				
Items that may be reclassified to profit and loss account	-	-	-	-
"Items that will not be reclassified to profit and loss account subsequently"	-	-	-	-
Total comprehensive income for the period	<u>171,600,922</u>	<u>95,806,963</u>	<u>59,044,874</u>	<u>37,940,551</u>

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

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


 Chairman


 Chief Executive Officer

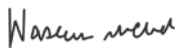

 Director


 Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

	Note	Nine Months Ended	
		March 2024	March 2023
		----- Rupess -----	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		241,099,403	134,886,582
Adjustments for non - cash and other items			
Depreciation - Fixed assets - in own use	9.1	844,741	942,097
Amortization on intangible assets	9.2	22,718	58,248
Gain on disposal of fixed assets -owned		-	(145,480)
Income on bank deposits		(29,570,606)	(31,718,706)
Income on term deposit receipts		(114,206,986)	(50,483,273)
Reversal of provision in respect of Diminishing Musharaka		(13,711,981)	(1,519,067)
		<u>84,477,289</u>	<u>52,020,401</u>
Working capital changes			
Advances, prepayments and other receivables		(7,950,407)	(3,323,787)
Diminishing Musharaka		162,582,445	(24,605,184)
Morabaha		(80,000,000)	-
Long term loan		(5,256,419)	1,426,203
Creditors, accrued and other liabilities		14,018,123	5,948,879
		<u>83,393,742</u>	<u>(20,553,889)</u>
Income received on term deposit receipts		101,947,746	28,986,288
Income received on bank deposits		33,588,042	34,137,029
Income tax paid		(83,217,685)	(44,976,497)
Net cash generated from operations		<u>220,189,134</u>	<u>49,613,332</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of fixed assets -owned		-	145,500
Purchase of fixed assets - owned	9.1	(734,427)	(281,677)
Net cash used in investing activities		<u>(734,427)</u>	<u>(136,177)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(55,986,667)	(53,854,940)
Net cash used in financing activities		<u>(55,986,667)</u>	<u>(53,854,940)</u>
Net increase/(decrease) in cash and cash equivalents		<u>163,468,040</u>	<u>(4,377,785)</u>
Cash and cash equivalents at the beginning of the period		882,076,260	814,176,101
Cash and cash equivalents at the end of the period	17	<u>1,045,544,300</u>	<u>809,798,316</u>

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

	Issued, subscribed, and paid - up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
Rupess						
Un-audited						
Balance as at July 01, 2022	450,000,000	134,334,148	61,614,822	195,948,970	1,000,000,000	1,645,948,970
Profit for the period	-	-	95,806,963	95,806,963	-	95,806,963
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.20 (12.00%) per certificate	-	-	(54,000,000)	(54,000,000)	-	(54,000,000)
Balance as at March 31, 2023	<u>450,000,000</u>	<u>134,334,148</u>	<u>103,421,785</u>	<u>237,755,933</u>	<u>1,000,000,000</u>	<u>1,687,755,933</u>
Un-audited						
Balance as at July 01, 2023	450,000,000	160,416,320	111,950,892	272,367,212	1,000,000,000	1,722,367,212
Profit for the period	-	-	171,600,922	171,600,922	-	171,600,922
Transaction with Certificate Holders						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at March 31, 2024	<u>450,000,000</u>	<u>160,416,320</u>	<u>227,301,814</u>	<u>387,718,134</u>	<u>1,000,000,000</u>	<u>1,837,718,134</u>

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

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE NINE-MONTHS ENDED MARCH 31, 2024

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-month ended March 31, 2024 have been prepared by the management in accordance with the International Accounting Standard (IAS)-34 "Interim Financial Reporting" and Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountants of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Prudential regulation for Modarabas and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever provisions of and directives issued under the Companies Act, 2017, the Modaraba companies & Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) differ from the IFRS standards, the provision of and directives issues under the Companies Act, 2017, the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Prudential Regulations for Modaraba and the Islamic Financial Accounting Standards (IFASs) has been followed.

The disclosures made in this condensed interim financial information have, however, been limited based on the requirements of International Accounting Standard 34; 'Interim Financial Reporting'. This condensed interim financial information does not include all the information and disclosures required in a full set of financial statements and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2023.

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 ENDED MARCH 31, 2024**

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 June 30, 2023.

		<u>March 2024</u>	<u>June 2023</u>
		<u>Un-audited</u>	<u>Audited</u>
4. CASH AND BANK BALANCES	Note	----- Rupess -----	
		20,000	-
Cash in hand		71,900	62,600
Stamp paper in hand			
Balances with banks on:			
- Deposit accounts	4.1	241,166,094	178,235,009
- Current accounts	4.2	4,286,306	3,778,651
		<u>245,544,300</u>	<u>182,076,260</u>

4.1 These carry profit at the rates ranging from 6.75% to 20.30% per annum. (June 30, 2023: Rs. 4.25% to 18.50% per annum). This includes balance of Rs. 0.5 million (June 30, 2023: Rs. 9.66 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 4.25 million (June 30, 2023: Rs. 3.76 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.

		<u>March 2024</u>	<u>June 2023</u>
		<u>Un-audited</u>	<u>Audited</u>
5. SHORT TERM INVESTMENTS	Note	----- Rupess -----	
Term deposit receipts	5.1	<u>800,000,000</u>	<u>700,000,000</u>

5.1 This includes Rs. 400 million on 3 months maturity @ 21.10% p.a. and Rs. 400 million on 3 months maturity @ 21.00% p.a. in Soneri Bank Limited -Islamic Banking (June 30, 2023: Rs. 700 million on 3 months maturity @ 19.50% p.a. in Soneri Bank Limited -Islamic Banking).

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

		<u>March 2024</u>	<u>June 2023</u>
		<u>Un-audited</u>	<u>Audited</u>
Note	-----	Rupees	-----
6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances and deposits	6.1	1,905,725	8,461,900
Prepayments		1,928,530	1,241,275
Accrued income from bank deposits	6.2	3,736,495	7,753,931
Accrued income from term deposit receipts	6.2	15,251,021	2,991,781
Accrued income from Diminishing Musharaka	6.3	12,707,075	8,289,173
Profit receivable on Morabaha Finance		9,401,425	-
		<u>44,930,271</u>	<u>28,738,060</u>
6.1 No advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to customers (June 30, 2023: Rs. 1.55 million).			
6.2 This represents accrued income of Rs. 20,014 (June 30, 2023: Rs. 813,626) and Rs. Nil (June 30, 2023: Rs. Nil) in deposit account and term deposit receipts respectively, held with Sindh Bank Limited - Islamic Banking Unit, related party.			
6.3 Accrued income from Diminishing Musharaka			
Receivable		27,386,686	28,175,443
Less: Income suspend		<u>(14,679,611)</u>	<u>(19,886,270)</u>
		<u>12,707,075</u>	<u>8,289,173</u>
7. DIMINISHING MUSHARAKA			
Receivables - secured	7.1	756,882,697	919,465,142
Less: current portion		(324,247,982)	(369,562,127)
Less: provision	7.2	(41,961,294)	(55,673,275)
Long term portion		<u>390,673,421</u>	<u>494,229,740</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 2023: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets.			
7.2 This includes general provision of Rs. 3.26 million (June 2023: Rs. 2.93 million) made at the rate of 0.5% (June 2023: 0.5%) on diminishing musharaka receivables.			
8. FIXED ASSETS - in own use			
Tangible assets	8.1	1,835,373	1,945,687
Intangible assets	8.2	4,438	27,156
		<u>1,839,811</u>	<u>1,972,843</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024**

8.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at March 31, 2024	Depreciation rate
	As at July 01, 2023	Addition/ (Deletion)	As at March 31, 2024	As at July 01, 2023	*Change for the period / (Adjustment)	As at March 31, 2024		
Furniture and fixtures	1,565,217	-	1,565,217	1,105,192	117,387	1,222,579	342,638	10%
Office equipment	2,973,240	283,137	3,256,377	2,578,385	147,336	2,725,721	530,656	20%
Vehicles	1,354,275	-	1,354,275	1,070,262	196,614	1,266,876	87,399	20%
Computer and accessories	3,014,796	451,290	3,466,086	2,208,002	383,404	2,591,406	874,680	33.33%
As at and for the period ended March 31, 2024	<u>8,907,528</u>	<u>734,427</u>	<u>9,641,955</u>	<u>6,961,841</u>	<u>844,741</u>	<u>7,806,582</u>	<u>1,835,373</u>	
As at and for the year ended June 30, 2023	<u>9,986,981</u>	<u>722,878</u>	<u>8,907,528</u>	<u>7,513,173</u>	<u>1,248,965</u>	<u>6,961,841</u>	<u>1,945,687</u>	
		<u>(1,802,331)</u>			<u>(1,800,297)</u>			

8.2 Intangible assets	Note	March 2024	June 2023
		Un-audited	Audited
		----- Rupees -----	
Opening net book value		27,156	104,820
Addition during the period / year		-	-
Amortization for the period / year		(22,718)	(77,664)
Closing net book value		<u>4,438</u>	<u>27,156</u>
As at December 31, 2023 / June 30, 2023			
Cost		2,111,982	2,111,982
Accumulated amortization		(2,107,544)	(2,084,826)
Net book value		<u>4,438</u>	<u>27,156</u>
Annual rates of amortization		<u>33.33%</u>	<u>33.33%</u>

CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors		6,441	6,441
Management remuneration payable - related party		27,181,444	21,936,310
Accrued expenses	9.1	14,485,824	9,616,653
9. Provision for Sindh sales tax on management remuneration		3,533,588	2,851,720
Payable to gratuity fund - related party		935,964	1,041,276
Deferred Morabaha Income		2,663,738	-
Other liabilities		9,592,311	8,928,787
		<u>58,399,310</u>	<u>44,381,187</u>

9.1 This includes Rs. 366,000 (June 30, 2023: Rs. 50,000) for branch rent payable to Sindh Bank Limited -Islamic banking, related party .

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

	Note	March 2024	June 2023
		Un-audited	Audited
		----- Rupess -----	
10. PROVISION FOR TAXATION -NET			
Provision for taxation - Opening		10,555,612	4,578,170
Paid/deducted/adjusted during the period / year		(83,217,685)	(58,186,765)
Provision for the period / year		69,918,827	64,201,697
Prior period adjustment		(420,346)	(37,490)
Total provision for the period		69,498,481	64,164,207
(Advance tax) / Provision for taxation - Closing		(3,163,592)	10,555,612

	Note	March 2024	June 2023
		Un-audited	Audited
		----- Rupess -----	
11. LONG TERM LOAN - subordinated	11.1	1,000,000,000	1,000,000,000

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

12. CONTINGENCIES AND COMMITMENTS

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

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

		March 2024	March 2023
		Un-audited	
	Note	----- Rupess -----	
13. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits	13.1	33,323,502	26,526,633
Legal and professional charges		1,535,421	992,074
Shariah advisor fee		352,000	324,000
Repair and maintenance		968,569	1,057,759
Utility services		1,282,460	1,048,005
Registration and subscription fee		889,351	879,780
Generator sharing and fuel charges	13.2	876,004	1,093,646
Entertainment		347,835	238,735
Advertisement and publications		175,243	75,312
Staff orientation and training		23,700	5,250
Rent, rates and taxes	13.3	616,012	600,012
Travelling and conveyance		5,419,969	4,430,055
Security services		450,000	450,000
Printing, stationery and photocopy		486,113	451,868
Postage, courier and telegraphs		171,184	135,546
Auditors' remuneration		221,230	235,094
Depreciation expense - tangible assets	9.1	844,741	942,097
Amortization expense - intangible assets	9.2	22,718	58,248
Takaful / insurance - owned assets		135,860	125,222
Takaful / insurance - financing assets		551,769	626,542
Donation		-	9,997,500
Miscellaneous		141,472	144,328
		<u>48,835,153</u>	<u>50,437,706</u>

13.1 This includes contribution of Rs. 1,096,769 (2023: Rs. 806,324) to provident fund and Rs. 935,964 (2023: Rs. 787,879) to gratuity fund, related parties.

13.2 This includes Rs. 810,000 (2023: Rs. 810,000) against sharing of expenses with Sindh Insurance Limited - related party.

13.3 This includes Rs. 466,000 (2023: 450,000) branch rent to Sindh Bank Limited, related party.

14. SEGMENT INFORMATION

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

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

NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024

15. 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:

	<u>March 2024 Un-audited</u>	<u>June 2023 Audited</u>
	----- Rupess -----	
Balances as at period end		
Key Management Personnel		
Long term loan to CFO	<u>4,220,486</u>	<u>1,654,462</u>
Sindh Modaraba Employees Gratuity Fund -employee fund		
Contribution payable	<u>935,964</u>	<u>1,041,276</u>
	<u>March 2024 Un-audited</u>	<u>March 2023 Un-audited</u>
	----- Rupess -----	
Transactions for the period		
Sindh Bank Limited - associated company		
Income on bank deposits	416,254	28,280,372
Income on term deposit receipt	-	32,734,244
Branch rent paid	<u>150,000</u>	<u>300,000</u>
	<u>566,254</u>	<u>61,314,616</u>
Sindh Modaraba Management Limited - Management company		
Dividend paid	53,057,500	50,935,200
Management Company's remuneration accrued	27,181,444	15,207,055
Management Company's remuneration paid	<u>21,936,310</u>	<u>11,352,217</u>
	<u>102,175,254</u>	<u>77,494,472</u>
Sindh Insurance Limited - associated company		
Insurance premium / Takaful contribution paid	1,947,161	1,269,423
Sharing of expenses paid	<u>810,000</u>	<u>27,425</u>
	<u>2,757,161</u>	<u>1,296,848</u>
Key Management Personnel		
Salaries, allowances and benefits paid	<u>14,925,497</u>	<u>11,690,973</u>
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (both employer's and employee's contribution)	<u>2,193,538</u>	<u>1,612,648</u>
Sindh Modaraba Employees Gratuity Fund		
Contribution paid	<u>1,041,276</u>	<u>1,097,429</u>

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE NINE-MONTHS ENDED MARCH 31, 2024**

16. 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.

	Note	March 2024	March 2023
		Un-audited	
----- Rupess -----			
17. CASH AND CASH EQUIVALENT			
Cash and bank balances	4	245,544,300	99,798,316
Short term investment	5	800,000,000	710,000,000
		<u>1,045,544,300</u>	<u>809,798,316</u>
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, 2024.

19. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on April 22, 2024 by the Board of Directors of the Management Company.

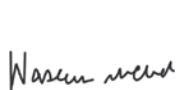
20. CORRESPONDING FIGURES

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


21. GENERAL

Figures have been rounded off to the nearest rupee.

For Sindh Modaraba Management Limited (Management Company - Owned by Government of Sindh)


Chairman


Chief Executive Officer


Director


Chief Financial Officer


SINDH MODARABA


SINDH MODARABA

**Islamic Financing
Products Offered by
Sindh Modaraba**

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

Designed & Printed By: UUPL (info@urbanupsurge.com)

SINDH MODARABA

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