

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

  
**SINDH MODARABA**  
ISLAMIC FINANCIAL INSTITUTION

Half Yearly  
Report

December  
2024

# Table of Contents

<b>Vision &amp; Mission Statements</b>	<b>01</b>
<b>Corporate Information</b>	<b>02</b>
<b>Directors' Review</b>	<b>03</b>
<b>Directors' Review (Urdu)</b>	<b>05</b>
<b>Auditors' Review Report To The Certificate Holders</b>	<b>07</b>
<b>Condensed Interim Statement of Financial Position</b>	<b>08</b>
<b>Condensed Interim Statement of Profit and Loss Account</b>	<b>09</b>
<b>Condensed Interim Statement of Comprehensive Income</b>	<b>10</b>
<b>Condensed Interim Statement of Cash Flow</b>	<b>11</b>
<b>Condensed Interim Statement of Changes in Equity</b>	<b>12</b>
<b>Notes to the Condensed Interim Financial Information</b>	<b>13</b>



**“To drive profitable growth by being customer-centric, free from gender biasness relevant with the lives of stake-holders and society in the light of ESG within an ambit of Islamic Shariah Principles and Guidelines.”**



## Mission Statement

“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. Fayaz Ahmed Jatoi	-Secretary Finance (GoS)	-Non-Executive Director
Mr. Sami ul Haq Khilji		-Non-Executive Director
Mr. Ejaz Akhtar Ansari		-Independent Director
Mr. Kamal Ahmed		-Non-Executive Director
Ms. Naila Asad Shaikh		-Non-Executive Director
Mr. Abdul Rauf Chandio	-Chief Executive	-Executive Director

### CFO & Company Secretary

Muhammad Adnan Shakeel

### Audit Committee

Mr. Ejaz Akhtar Ansari	-Chairman
Mr. Sami ul Haq Khilji	-Member
Mr. Kamal Ahmed	-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. Abdul Rauf Chandio	-Member
Ms. Naila Asad Shaikh	-Member

### Registered/Head Office

1<sup>st</sup> 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 (Tel : 92-42 37227983)

### Auditors

Grant Thornton Anjum Rahman  
Chartered Accountants

## 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 half year ended December 31, 2024.

## Operating Results

During the six months' period under review, the Modaraba earned a profit after tax of Rs. 106.13 Million as compared to Rs. 112.56 Million in same period of last year. Although, profit before tax decreased by Rs. 6.43 million due to significantly decrease in SBP policy rate of about 50%. However, Modaraba has successfully disbursed Islamic Financing Facilities of Rs. 442.075 million as compared to Rs. 185.24 million in same period of last year to minimize the impact of policy rate. Further, the Financing Portfolio has increased to Rs. 1.038 billion from Rs. 738.913 million. During the period, Rs. 16.37 million has also been recovered from NPLs.

Islamic finance, once mostly found in Muslim-majority countries, is now spreading its wings across the globe. Experts predict that by 2025, Islamic finance assets will reach nearly \$5 trillion. This growth, clocking in at an impressive 10-12% annually over the past decade, is no small feat. It spans various sectors, including banking, capital markets, money markets, and insurance (takaful).

GDP in Pakistan is expected to reach 349.20 USD Billion by the end of 2025, according to Trading Economics global macro models and analysts' expectations. In the long-term, the Pakistan GDP is projected to trend around 363.17 USD Billion in 2026 and 377.69 USD Billion in 2027, according to our econometric models. Further, Pakistan's economy is projected to experience a modest expansion, with growth expected at 3.4% in 2025 and rising to 4.2% by 2026. Pakistan's inflation rate is expected to remain in double digits at 10.1% in 2025, with a projected decline to 8.3% in 2026.

Specifically, the 26th constitutional amendment inter alia requires complete elimination of Riba by January 1, 2028. Prior to this, the Federal Shariah Court of Pakistan (FSC) has already declared challenged laws have no effect, and has directed the government to amend laws by December 2027.

The SECP has also drafted a Strategic Action Plan (2024-26) for development of Islamic finance in non-bank financial sector. In order to strengthen the legal and regulatory framework for Islamic finance, a dedicated primary law for Islamic financial services will be promulgated, providing a comprehensive and tailored regulatory environment. Additionally, the Modaraba Ordinance, 1980, will be updated to align with contemporary needs and best practices.

According to the plan, the envisaged target of 15% increase in the existing share of Islamic finance in the non-bank financial sector and capital market by the year 2025, requires capitalizing the potential of Islamic financial industry through enabling regulatory environment while ensuring its stability through sound legal and regulatory footings. Acknowledging the dire need of developing the Shariah compliant products for capital market, microfinance, micro insurance, P2P financing and liquidity management, the roadmap enumerates the recommendations to focus on development of Islamic finance in all regulated sectors by encouraging the Islamic finance industry and market players. This will enable the Islamic finance industry to achieve the target of 10-15 percent growth in the size of Islamic liquidity market, Shariah compliant digital financing and Islamic microfinance by 2025.

In light of the above, the management will keep its strategy to focus on Islamic financing more aggressively to bring more weightage in financing revenue to the total income. The management is focusing on the steady growth in the financing portfolio through concentration in low risk sectors. Moreover, timely recovery from the customers against the existing facilities remains the key area of focus to maintain the returns yield 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.



---

**Abdul Rauf Chandio**  
Chief Executive Officer

January 28, 2025  
Karachi.

# سندھ مضاربہ

## اسلامی مالیاتی ادارہ

### ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ مینجمنٹ لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 31 دسمبر 2024ء کو مکمل ہونے والی ششماہی کے سندھ مضاربہ کے غیر آڈٹ شدہ اکاؤنٹس پیش کرتے ہوئے مسرت محسوس کر رہے ہیں۔

### آپریٹنگ نتائج

مضاربہ نے 31 دسمبر 2024ء کو ختم ہونے والی ششماہی میں قبل محصولات Rs.112.56 ملین منافع کے مقابلے میں زیر غور ششماہی میں Rs.106.13 ملین کا منافع کمایا۔ اگرچہ ٹیکس سے پہلے منافع میں 6.43 ملین روپے کمی ہوئی، جس کی وجہ اسٹیٹ بینک آف پاکستان کی پالیسی ریٹ میں تقریباً 50 فیصد کمی ہے، تاہم مضاربہ نے اسلامی فنانسنگ کی سہولیات میں 442.075 ملین روپے فراہم کیے، جو کہ پچھلے سال کی اسی مدت کے 185.24 ملین روپے تھے تاکہ پالیسی ریٹ کے اثرات کو کم کیا جاسکے۔ مزید برآں، فنانسنگ پورٹ فولیو 738.913 ملین روپے سے بڑھ کر 1.038 بلین روپے تک پہنچ گیا۔ اس مدت کے دوران، غیر فعال قرضوں (NPLs) سے 16.37 ملین روپے بھی وصول کیے گئے ہیں۔

### مستقبل کے امکانات

اسلامی فنانس، جو زیادہ تر مسلم اکثریتی ممالک تک محدود تھا، اب دنیا بھر میں پھیل رہا ہے۔ ماہرین کا اندازہ ہے کہ 2025 تک اسلامی فنانس کے اثاثے تقریباً 5 ٹریلین ڈالر تک پہنچ جائیں گے۔ پچھلی دہائی میں 12-10 فیصد سالانہ کی متاثر کن شرح سے یہ ترقی مختلف شعبوں جیسے کہ بینکنگ، کینیپل مارکیٹس، مینی مارکیٹس، اور انشورنس (بکافل) تک پھیلی ہوئی ہے۔

ٹریڈنگ اکنامکس کے عالمی میکرو ماڈلز اور تجزیہ کاروں کی توقعات کے مطابق پاکستان کی جی ڈی پی کے 2025 کے آخر تک 349.20 ارب امریکی ڈالر تک پہنچنے کی توقع ہے۔ طویل مدت میں، پاکستان کی جی ڈی پی 2026 میں USD 363.17 بلین اور 2027 میں USD 377.69 بلین کے لگ بھگ رہنے کا امکان ہے۔ مزید برآں، پاکستان کی معیشت کے 2025 میں 3.4 فیصد اور 2026 میں 4.2 فیصد کی شرح سے ترقی کی توقع ہے۔ پاکستان کی مہنگائی کی شرح 2025 میں 10.1 فیصد تک رہنے کی توقع ہے، جو 2026 میں کم ہو کر 8.3 فیصد تک پہنچ جائے گی۔

خصوصاً، 26 ویں آئینی ترمیم کے تحت سود (ربا) کا مکمل خاتمہ 1 جنوری 2028 تک لازمی ہے۔ اس سے قبل، وفاقی شرعی عدالت نے قرار دیا ہے کہ چیلنج کیے گئے قوانین کا کوئی اثر نہیں اور حکومت کو دسمبر 2027 تک قوانین میں ترمیم کرنے کی ہدایت کی گئی ہے۔

SECP نے بھی غیر بینک مالیاتی شعبے میں اسلامی فنانس کی ترقی کے لیے 2024-26 کے اسٹریٹجک ایکشن پلان کا مسودہ تیار کیا ہے۔ اسلامی مالیاتی خدمات کے لیے ایک جامع قانونی فریم ورک فراہم کرنے کے لیے ایک مخصوص بنیادی قانون نافذ کیا جائے گا، جو جدید

ضروریات اور بہترین طریقوں کے ساتھ ہم آہنگ ہوگا۔ مزید برآں، مضاربہ آرڈیننس 1980 کو بھی موجودہ تقاضوں کے مطابق اپ ڈیٹ کیا جائے گا۔

منصوبے کے مطابق، سال 2025 تک غیر بینک مالیاتی شعبے اور کیپٹل مارکیٹ میں اسلامی فنانس کے موجودہ حصص میں 15 فیصد اضافے کا متوقع ہدف کو حاصل کرنے کے لیے اسلامی مالیاتی صنعت کی صلاحیتوں سے فائدہ اٹھانے کی ضرورت ہے۔ جس کے لیے اسلامی مالیاتی صنعت کی صلاحیتوں سے فائدہ اٹھاتے ہوئے ریگولیٹری ماحول کو فعال بنانے کے ساتھ ساتھ قانونی اور ریگولیٹری بنیادوں کے ذریعے اس کے استحکام کو یقینی بنانے کی ضرورت ہے۔ کیپٹل مارکیٹ، مائیکرو فنانس، مائیکرو انشورنس، P2P فنانسنگ اور لیکویڈیٹی مینجمنٹ کے لیے شریعت کے مطابق مصنوعات تیار کرنے کی اشد ضرورت کو تسلیم کرتے ہوئے قائم کردہ روڈ میپ میں اسلامی فنانس انڈسٹری اور مارکیٹ کے کھلاڑیوں کی حوصلہ افزائی کرتے ہوئے تمام ریگولیٹڈ سیکٹرز میں اسلامک فنانس کی ترقی پر توجہ مرکوز کرنے کی سفارشات کی گئی ہے۔ اس سے اسلامی فنانس انڈسٹری 2025 تک اسلامی لیکویڈیٹی مارکیٹ، شریعہ کمپلائنس ڈیپارٹمنٹ فنانسنگ اور اسلامک مائیکرو فنانس کے حجم میں 15-10 فیصد نمو کا ہدف حاصل کر سکے گی۔

مندرجہ بالا کی روشنی میں، انتظامیہ اپنی حکمت عملی کو اسلامی فنانسنگ پر زیادہ جارحانہ طور پر مرکوز رکھے گی تاکہ کل آمدنی کے مقابلے میں مالیاتی آمدنی پر زیادہ توجہ مرکوز کی جاسکے۔ انتظامیہ کم خطرے والے شعبوں میں ارتکاز کے ذریعے فنانسنگ پورٹ فولیو میں مسلسل ترقی پر توجہ مرکوز کر رہی ہے۔ مزید برآں، موجودہ سہولیات کے خلاف صارفین سے بروقت وصولی پورٹ فولیو کی واپسی کی پیداوار کو برقرار رکھنے کے لیے توجہ کا اہم شعبہ 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 گاہکوں کی مسلسل حمایت کے معترف ہیں اور مضاربہ کے ملازمین کے خلوص اور سخت محنت کو بھی سراہتے ہیں۔



عبدالرؤف چانڈیو

چیف ایگزیکٹو آفیسر

28 جنوری 2025

کراچی

# INDEPENDENT AUDITORS' REVIEW REPORT TO THE CERTIFICATE HOLDERS OF SINDH MODARABA

## Introduction

We have reviewed the accompanying condensed interim statement of financial position of **Sindh Modaraba** (the Modaraba) as at **December 31, 2024**, and the related condensed interim statement of profit and loss account, condensed interim statement of other comprehensive income, condensed interim statement of changes in equity, and condensed interim cash flow statement, and notes to the condensed interim financial statements for the half year then ended (here-in-after referred to as "the condensed interim financial information"). The Modaraba Management Company [Sindh Modaraba Management Limited] is responsible for the preparation and presentation of the condensed interim financial statements in accordance with approved accounting and reporting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on these condensed interim financial statements based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of condensed interim financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial statements is not prepared, in all material respects, in accordance with accounting and reporting standards as applicable in Pakistan for interim financial reporting.

## Other matters

- i) The figures of the condensed interim income statement and condensed interim statement of other comprehensive income for the three month's period ended December 31, 2024 and December 31, 2023 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2024.
- ii) The condensed interim financial information of the Modaraba for the half year ended December 31, 2023, with an audit report dated February 1, 2024, and the financial statements for the year ended June 30, 2024, with an audit report dated September 23, 2024, were reviewed and audited, respectively, by another firm of Chartered Accountants, who expressed an unqualified conclusion and opinion, respectively.
- iii) The engagement partner on the review resulting in this independent auditors' review report is Muhammad Shaukat Naseeb.

Date: 30 January 2025

UDIN: RR202410126JHYS2uE7b

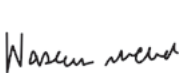
**Grant Thornton Anjum Rahman**  
Chartered Accountants  
Karachi.

## CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2024

		December 31, 2024	June 30, 2024
		<u>Un-audited</u>	<u>Audited</u>
Note	-----	Rupees	-----
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	4	879,657,947	202,142,642
Short term investments	5	-	950,000,000
Advances, prepayments and other receivables	6	46,016,038	38,665,098
Morabaha Finance		150,000,000	-
Current portion of Diminishing Musharaka	7	415,929,505	324,247,982
Current portion of long term loans		2,343,576	1,460,208
<b>Total current assets</b>		<b>1,493,947,066</b>	<b>1,516,515,930</b>
<b>Non - current assets</b>			
Diminishing Musharaka	7	472,556,149	414,665,176
Long term loans		5,470,751	5,085,621
Long term advances		1,234,963	-
Fixed assets - in own use	8	1,710,961	1,935,562
<b>Total non - current assets</b>		<b>480,972,824</b>	<b>421,686,359</b>
<b>TOTAL ASSETS</b>		<b>1,974,919,890</b>	<b>1,938,202,289</b>
<b>LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>			
<b>Current liabilities</b>			
Creditors, accrued and other liabilities	9	53,126,526	61,509,524
Provision for taxation -net	10	3,390,875	8,307,484
Profit distribution payable		1,212,009	1,075,380
		<b>57,729,410</b>	<b>70,892,388</b>
<b>Non - current liabilities</b>		-	-
<b>TOTAL LIABILITIES</b>		<b>57,729,410</b>	<b>70,892,388</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<b>Authorised certificate capital</b>			
50,000,000 (June 2024: 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		467,190,480	417,309,901
Long term loan	11	1,000,000,000	1,000,000,000
<b>TOTAL CERTIFICATE HOLDERS' EQUITY</b>		<b>1,917,190,480</b>	<b>1,867,309,901</b>
<b>TOTAL LIABILITIES AND CERTIFICATE HOLDERS' EQUITY</b>		<b>1,974,919,890</b>	<b>1,938,202,289</b>
<b>CONTINGENCIES AND COMMITMENTS</b>	12	-	-

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



CEO



Director



CFO

## CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS ACCOUNT (Un-audited) FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

	Half year ended		Quarter ended	
	December	December	December	December
	2024	2023	2024	2023
<b>Note</b>	<b>Rupees</b>			
<b>Income from:</b>				
Diminishing Musharaka	89,999,760	106,790,957	47,233,948	52,089,651
Morabaha	486,705	1,984,745	486,705	1,984,745
Bank deposits	32,539,465	20,283,067	23,480,704	9,120,359
Term deposits receipts	60,233,607	73,560,810	14,204,918	39,933,238
	<b>183,259,537</b>	<b>202,619,579</b>	<b>85,406,275</b>	<b>103,127,993</b>
Administrative and operating expenses	13 (42,986,607)	(31,210,476)	(21,514,076)	(15,906,808)
Reversal of provision against Diminishing Musharaka	2,359,962	6,407,179	23,832,493	21,710,847
	<b>(40,626,645)</b>	<b>(24,803,297)</b>	<b>2,318,417</b>	<b>5,804,039</b>
	<b>142,632,892</b>	<b>177,816,282</b>	<b>87,724,692</b>	<b>108,932,032</b>
Other income	637,365	241,900	407,200	150,000
	<b>143,270,257</b>	<b>178,058,182</b>	<b>88,131,892</b>	<b>109,082,032</b>
Management Company's remuneration	(14,327,026)	(17,805,818)	(6,484,229)	(9,264,916)
Provision for services sales tax on the Management Company's remuneration	(2,149,054)	(2,314,756)	(972,634)	(1,204,439)
Workers' welfare fund	-	-	-	-
	<b>126,794,177</b>	<b>157,937,608</b>	<b>80,675,029</b>	<b>98,612,677</b>
<b>Profit before taxation</b>	<b>126,794,177</b>	<b>157,937,608</b>	<b>80,675,029</b>	<b>98,612,677</b>
Taxation	10 (20,663,598)	(45,381,560)	(535,058)	(23,411,798)
	<b>106,130,579</b>	<b>112,556,048</b>	<b>56,850,362</b>	<b>58,768,011</b>
<b>Profit for the period</b>	<b>106,130,579</b>	<b>112,556,048</b>	<b>56,850,362</b>	<b>58,768,011</b>
<b>Earnings per certificate - basic and diluted</b>	<b>2.36</b>	<b>2.50</b>	<b>1.26</b>	<b>1.31</b>

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



CEO



Director



CFO

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (Un-audited)  
FOR THE SIX-MONTH ENDED DECEMBER 31, 2024**

	Half year ended		Quarter ended	
	December 2024	December 2023	December 2024	December 2023
	-----Rupees-----			
<b>Profit for the period</b>	<b>106,130,579</b>	112,556,048	<b>56,850,362</b>	58,768,011
<b>Other comprehensive income for the period</b>				
Items that may be reclassified to profit and loss account	-	-	-	-
Items that will not be reclassified to profit and loss account subsequently	-	-	-	-
<b>Total comprehensive income for the period</b>	<b>106,130,579</b>	112,556,048	<b>56,850,362</b>	58,768,011

*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)

*Wasim meher*

Chairman



CEO



Director



CFO

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)  
FOR THE SIX-MONTH ENDED DECEMBER 31, 2024**

	Six Month Period Ended	
	December 2024	December 2023
Note	Rupees -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	126,794,177	157,937,608
<b>Adjustments for non - cash and other items</b>		
Depreciation - Fixed assets - in own use	9.1 487,122	561,032
Amortization on intangible assets	9.2 2,778	21,062
Gain on disposal of fixed assets - in own use	(59,996)	-
Income on bank deposits	(32,539,465)	(20,283,067)
Income on term deposit receipts	(60,233,607)	(73,560,810)
Reversal of provision against Diminishing Musharaka	(2,359,962)	(6,407,179)
	<u>32,091,047</u>	<u>58,268,646</u>
<b>Working capital changes</b>		
Advances, prepayments and other receivables	(16,023,254)	(16,233,370)
Diminishing Musharaka	(147,212,534)	38,130,451
Morabaha	(150,000,000)	(80,000,000)
Long term loan	(1,268,498)	(1,182,704)
Long term advances	(1,234,963)	-
Creditors, accrued and other liabilities	(8,382,998)	15,403,837
Customers' security deposit	-	-
	<u>(324,122,247)</u>	<u>(43,881,786)</u>
Income received on term deposit receipts	73,311,475	52,759,057
Income received on bank deposits	28,133,907	25,890,888
Income tax paid	(25,580,207)	(55,771,242)
<b>Net cash (used in)/generated from operations</b>	<u>(216,166,025)</u>	<u>37,265,563</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale proceed from disposal of Ijarah assets	-	-
Sale proceed from disposal of fixed assets - in own use	60,000	-
Purchase of fixed assets - in own use	9.1 (265,299)	(184,160)
Purchase of intangible assets	9.2 -	-
<b>Net cash used in investing activities</b>	<u>(205,299)</u>	<u>(184,160)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Dividend paid	(56,113,371)	(55,981,876)
<b>Net cash used in financing activities</b>	<u>(56,113,371)</u>	<u>(55,981,876)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(272,484,695)</u>	<u>(18,900,473)</u>
Cash and cash equivalents at the beginning of the period	1,152,142,642	882,076,260
<b>Cash and cash equivalents at the end of the period</b>	17 <u>879,657,947</u>	<u>863,175,787</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



CEO



Director



CFO

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (Un-audited)  
FOR THE SIX-MONTH ENDED DECEMBER 31, 2024**

	Issued, subscribed, and paid-up certificate capital	Reserves			Long term loan	Total equity
		Statutory reserve	Unappropriated profit	Total		
<b>Rupees</b>						
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	-	-	112,556,048	112,556,048	-	112,556,048
<b>Transaction with Certificate Holders</b>						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
<b>Balance as at December 31, 2023</b>	<b>450,000,000</b>	<b>160,416,320</b>	<b>168,256,940</b>	<b>328,673,260</b>	<b>1,000,000,000</b>	<b>1,778,673,260</b>
Balance as at July 01, 2024	450,000,000	200,682,424	216,627,477	417,309,901	1,000,000,000	1,867,309,901
Profit for the period	-	-	106,130,579	106,130,579	-	106,130,579
<b>Transaction with Certificate Holders</b>						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
<b>Balance as at December 31, 2024</b>	<b>450,000,000</b>	<b>200,682,424</b>	<b>266,508,056</b>	<b>467,190,480</b>	<b>1,000,000,000</b>	<b>1,917,190,480</b>

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



CEO



Director



CFO

# NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 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 six-month ended December 31, 2023 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, 2024.

These condensed interim financial information comprise of the balance sheet as at December 31, 2024 and profit and loss account. statement of comprehensive income, the cash flow statement and statement of changes in equity for the half year ended December 31, 2024 which have been subjected to a review but not audited.

### 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 SIX-MONTH ENDED DECEMBER 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, 2024.

#### 3.1 Taxation

##### Current

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

	Note	December 2024	June 2024
		Un-audited	Audited
		Rupees	
<b>4. CASH AND BANK BALANCES</b>			
Cash in hand		50,000	-
Stamp paper in hand		76,900	78,200
Balances with banks in:			
- Deposit accounts	4.1	878,161,604	200,860,973
- Current accounts	4.2	1,369,443	1,203,469
		<u>879,657,947</u>	<u>202,142,642</u>

4.1 These carry profits at the rates ranging from 5.02% to 10.50% per annum. (June 30, 2024: Rs. 6.75% to 18.80% per annum). This includes balance of Rs. 3.30 million (June 30, 2024: Rs. 1.16 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

4.2 This includes balance of Rs. 1.36 million (June 30, 2024: Rs. 1.20 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.

	Note	December 2024	June 2024
		Un-audited	Audited
		Rupees	
<b>5. SHORT TERM INVESTMENTS</b>			
Term deposit receipts	5.1	-	950,000,000

5.1 No investments exist as of the balance sheet date (June 30, 2024: Rs. 550 million @ 19.00% p.a and Rs. 400 million @ 20.50% p.a for 3 months each in Soneri Bank Limited - Islamic Banking)

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION  
FOR THE SIX-MONTH ENDED DECEMBER 31, 2024**

6. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES	Note	December	June
		2024	2024
		Un-audited	Audited
		----- Rupees -----	
Advances	6.1	9,532,939	26,000
Prepayments		3,201,801	1,289,844
Accrued income from bank deposits	6.2	9,159,162	4,753,604
Accrued income from term deposit receipts	6.2	-	13,077,868
Accrued income from Diminishing Musharaka	6.3	12,265,312	19,517,782
Profit receivable on Morabaha Finance		11,510,877	-
Other receivables		345,947	-
		<u>46,016,038</u>	<u>38,665,098</u>

6.1 This includes 8.98 million (June 30, 2024: Rs. Nil) against advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customer) .

6.2 This includes accrued income of Rs. Nil (June 30, 2024: Rs. 13,123) in deposit account , held with Sindh Bank Limited - Islamic Banking (related party).

6.3 Accrued income from Diminishing Musharaka	Note	December	June
		2024	2024
		Un-audited	Audited
		----- Rupees -----	
Receivable		25,557,534	34,861,964
Less: Income suspend		(13,292,222)	(15,344,182)
		<u>12,265,312</u>	<u>19,517,782</u>

**7. DIMINISHING MUSHARAKA**

Receivables - secured	7.1	938,936,869	791,724,335
Less: current portion		(415,929,505)	(324,247,982)
Less: provision	7.2	(50,451,215)	(52,811,177)
Long term portion		<u>472,556,149</u>	<u>414,665,176</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 2024: 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. 5.03 million (June 2024: Rs. 3.46 million) made at the rate of 0.5% (June 2024: 0.5%) on diminishing musharaka receivables.

8. FIXED ASSETS - in own use	Note	December 2024	June 2024
		Un-audited	Audited
----- Rupees -----			
Tangible assets	8.1	1,710,957	1,932,780
Intangible assets	8.2	4	2,782
		1,710,961	1,935,562

### 8.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at December 31, 2024	Depreciation Rate
	As at July 01, 2024	Additions/ (Deletion)	As at December 31, 2024	As at July 01, 2024	Charge for the period / (Adjustment)	As at December 31, 2024		
	----- Rupees -----							
Furniture and fixtures	1,565,217	245,100	1,810,317	1,261,708	90,498	1,352,206	458,111	10%
Office equipment	3,654,877	20,199 (234,668)	3,440,408	2,790,880	123,344 (234,668)	2,679,556	760,852	20%
Vehicles	1,354,275	- (1,310,775)	43,500	1,332,414	21,860 (1,310,775)	43,499	1	20%
Computer and accessories	3,466,086	-	3,466,086	2,722,673	251,420	2,974,093	491,993	33.33%
<b>As at and for the period ended December 31, 2024</b>	10,040,455	265,299 (1,545,443)	8,760,311	8,107,675	487,122 (1,545,443)	7,049,354	1,710,957	
As at and for the year ended June 30, 2024	8,907,528	1,132,927 -	10,040,455	6,961,841	1,145,834 -	8,107,675	1,932,780	

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

8.2 Intangible assets	December	June
	2024	2024
	Un-audited	Audited
Note	Rupees	
Opening net book value	2,782	27,156
Addition during the period / year	-	-
Amortization for the period / year	(2,778)	(24,374)
Closing net book value	<u>4</u>	<u>2,782</u>
<b>As at December 31, 2024 / June 30, 2024</b>		
Cost	2,111,982	2,111,982
Accumulated amortization	(2,111,978)	(2,109,200)
Net book value	<u>4</u>	<u>2782</u>
Annual rates of amortization	<u>33.33%</u>	<u>33.33%</u>

### 9. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	6,441	6,441
Management remuneration payable - related party	14,327,026	34,631,681
Accrued expenses	14,286,276	11,373,336
Provision for Sindh sales tax on management remuneration	2,149,054	5,194,752
Payable to gratuity fund - related party	698,058	1,390,203
Deferred Morabaha Income	11,024,172	-
Other liabilities	10,635,499	8,913,111
	<u>53,126,526</u>	<u>61,509,524</u>

9.1 These includes Rs. 42,146 (June 30, 2024: Rs. 54,000) per month for branch rent payable to Sindh Bank Limited, related party.

10. PROVISION FOR TAXATION -NET	December	June
	2024	2024
	Un-audited	Audited
Note	Rupees	
Opening balance - Provision for taxation	8,307,484	10,555,612
Tax paid/deducted during the period / year	(25,580,207)	(107,407,982)
Provision for the period / year	36,770,311	105,580,200
- prior year	(16,106,713)	(420,346)
Total provision for the period/year	20,663,598	105,159,854
Provision for taxation	<u>3,390,875</u>	<u>8,307,484</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

	Note	December 2024	June 2024
		Un-audited	Audited
		Rupees	
<b>11. LONG TERM LOAN - subordinated</b>	<b>11.1</b>	<b>1,000,000,000</b>	<b>1,000,000,000</b>

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.

	Note	December 2024	December 2023
		Un-audited	Un-audited
		Rupees	
<b>13. ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries, allowances and other benefits	13.1	31,113,544	20,962,915
Legal and professional charges		849,410	759,368
Shariah advisor fee		300,000	216,000
Repair and maintenance		905,088	635,960
Utility services		1,127,728	949,263
Registration and subscription fee		672,328	599,020
Generator sharing and fuel charges	13.2	591,528	580,936
Entertainment		377,734	261,133
Advertisement and publications		270,851	87,480
Rent, rates and taxes	13.3	352,884	404,008
Travelling and conveyance		4,279,735	3,634,311
Security services		300,000	300,000
Printing, stationery and photocopy		454,315	332,549
Postage, courier and telegraphs		98,749	128,560
Staff orientation and training		-	17,700
Auditors' remuneration		150,000	147,490
Depreciation expense - tangible assets	9.1	487,122	561,032
Amortization expense - intangible assets	9.2	2,778	21,062
Takaful - owned assets		92,106	86,302
Takaful - financing assets		381,688	409,624
Miscellaneous		179,019	115,763
		<b>42,986,607</b>	<b>31,210,476</b>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

13.1 This includes contribution of Rs. 774,548 (2023: Rs. 724,230) charged/paid to provident fund and provision for gratuity of Rs. 698,058 (2023: Rs. 623,976), related party.

13.2 This includes amount of Rs. 540,000 (2023: Rs. 540,000) against sharing of expenses with Sindh Insurance Limited - related party.

13.3 This includes amount of Rs. 252,876 (2023: 304,000) 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.

### 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:

	December 2024	June 2024
	Un-audited	Audited
	----- Rupees -----	
<b>Balances as at period end</b>		
<b>Key Management Personnel</b>		
Long term loans	<u>4,485,005</u>	<u>4,002,165</u>
<b>Sindh Modaraba Employees Gratuity Fund -employee fund</b>		
Contribution payable	<u>698,058</u>	<u>1,390,203</u>

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

	December 2024	December 2023
	Un-audited	Un-audited
Transactions for the period	----- Rupees -----	
<b>Sindh Bank Limited - associated company</b>		
Income on bank deposits	38,186	351,751
	<u>38,186</u>	<u>351,751</u>
<b>Sindh Modaraba Management Limited - Management company</b>		
Dividend paid	53,057,500	53,057,500
Management Company's remuneration accrued	14,327,026	17,805,818
Management Company's remuneration paid	34,631,681	21,936,310
	<u>102,016,207</u>	<u>92,799,628</u>
<b>Sindh Insurance Limited - associated company</b>		
Takaful contribution paid	2,624,365	1,850,281
Sharing of expenses paid	540,000	540,000
	<u>3,164,365</u>	<u>2,390,281</u>
<b>Key Management Personnel</b>		
Salaries, allowances and benefits paid	<u>15,468,599</u>	<u>8,811,041</u>
<b>Sindh Modaraba Employees Provident Fund - employee fund</b>		
Contribution paid (employer and employees contribution)	<u>1,858,700</u>	<u>1,448,460</u>
<b>Sindh Modaraba Employees Gratuity Fund - employee fund</b>		
Contribution paid	<u>1,390,203</u>	<u>1,041,276</u>

### 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.

## NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION FOR THE SIX-MONTH ENDED DECEMBER 31, 2024

		December 2024	December 2023
		<u>Un-audited</u>	<u>Un-audited</u>
	Note	----- Rupees -----	-----
<b>17. CASH AND CASH EQUIVALENT</b>			
Cash and bank balances	4	879,657,947	119,175,787
Short term investment	5	-	744,000,000
		<u>879,657,947</u>	<u>863,175,787</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 December 31, 2024.

### 19. DATE OF AUTHORISATION

This condensed interim financial information was authorised for issue on 28th January 2025 by the Board of Directors of the Management Company.

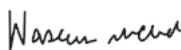
### 20. CORRESPONDING FIGURES

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



CEO



Director



CFO

## SINDH MODARABA Products

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

SINDH MODARABA

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