

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO



GAINING MOMENTUM

A JOURNEY OF TRUST AND TRANSFORMATION

QUARTERLY REPORT
March 2026

Upgraded Credit Rating



Rated by: VIS as on December, 2025



Contents

01	Vision & Mission Statement	02
02	Company Information	04
03	Directors' Review	05
04	Directors' Review (Urdu)	06
05	Condensed Interim Statement of Financial Position	07
06	Condensed Interim Statement of Profit and Loss Account	08
07	Condensed Interim Statement of Comprehensive Income	09
08	Condensed Interim Statement of Cash Flow	10
09	Condensed Interim Statement of Changes in Equity	11
10	Notes to the Condensed Interim Financial Information	12

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.

The Sukkur Barrage, built in 1932 on the Indus River in Sindh, Pakistan, is one of the world's largest irrigation systems, transforming arid lands into fertile agricultural fields.

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 line with the practices of His Prophet (ﷺ) by meeting its stated objectives built on Trust, Integrity, Innovation and Good Governance for meeting expectation of its stakeholders.

COMPANY 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
Ms. Naila Asad Shaikh	Member

Shariah Advisor

Mufti Syed Zahid Siraj

Human Resource Committee

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

Legal Advisor

Mohsin Tayebaly & Co.

Nomination Committee

Mr. Fayaz Ahmed Jatoi	Chairman
Mr. Kamal Ahmed	Member
Mr. Waseem Mehdi Syed	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. Ejaz Akhtar Ansari	Chairman
Mr. Abdul Rauf Chandio	Member
Ms. Naila Asad Shaikh	Member

Registered/Head Office

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

Risk Management Committee

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

Lahore Branch

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

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

Islamabad Branch

E-11-3 Market, Plot 1, St 70,
Markaz, Blue Area,
Islamabad.

Auditors

Grant Thornton Anjum Rahman
Chartered Accountants

DIRECTORS' REVIEW

Directors' Review:

The Board of Directors of Sindh Modaraba Management Limited (Management Company) is pleased to present the unaudited Financial Statements of Sindh Modaraba for the nine months ended March 31, 2026.

Operating Results:

During the nine months ended March 31, 2026, Sindh Modaraba reported a profit before tax of Rs. **157.64** million, supported by favorable business opportunities due to a decline in SBP policy rates. Revenue from financing operations increased by Rs. **60.47** million (March 2025: Rs. **13.03**million), alongside income of Rs. **4.59** million from Sukuk investments. Improved asset quality, reflected in a reduction in non-performing loans, led to a reversal of provisions amounting to Rs. **9.42** million (March 2025: Rs. **3.70** million).

The Modaraba's financing portfolio expanded significantly, reaching Rs. **2,389.50** million as of March 2026 (March 2025: Rs. **1,469.51** million), with disbursements of Rs. **1,465.90** million (March 2025: Rs. **987.91** million) during the period. Continued focus on cost optimization and prudent financial management is expected to support more profitability.

Achievements

Sindh Modaraba successfully upgraded its long-term credit rating **from A+ to AA-** and its short-term rating **from A1 to A1+**. During this period, it is pertinent to mention here that the Management Company has received equity of Rs. 1 billion from the Government of Sindh for onward equity injection through a Riba-free subordinated fund in Sindh Modaraba, which is anticipated to strengthen its financial position and facilitate better business performance in the future.

Future Prospects / Outlook:

Sindh Modaraba remains well-positioned to capitalize on the growing demand for Shariah-compliant, riba-free financing solutions. The relatively accommodative monetary stance of the State Bank of Pakistan, with the maintained policy rate, coupled with easing inflationary pressures, is expected to continue supporting financing demand and enhancing borrowers' repayment capacity, thereby contributing positively towards the quality of the financing portfolio. However, with current unfortunate macroeconomic indicators, inflation may become on higher side. Therefore, the management continues to adopt a cautious growth-oriented approach, focusing on selective expansion of the Islamic financing portfolio. Emphasis remains on low-risk, well-collateralized exposures and clients demonstrating resilient cash flows. Strengthening credit underwriting standards, proactive monitoring, and timely recoveries remain core priorities to safeguard asset quality and sustain profitability.

During the remaining period of the financial year, the Modaraba aims to further optimize its portfolio mix by exploring opportunities in high-potential sectors while maintaining prudent risk management practices. Continued vigilance over non-performing exposures and disciplined cost management are expected to support overall financial stability. Despite ongoing economic and regulatory challenges, Sindh Modaraba's commitment to strong corporate governance and strict adherence to Shariah principles is anticipated to underpin its long-term sustainability. Sindh Modaraba is also expecting to receive Rs. 1 billion in coming Financial year from Management Company being equity to be received from Government of Sindh. By maintaining operational discipline and a balanced growth strategy, the management is confident in its ability to strengthen the Modaraba's financial position and deliver consistent performance over the medium term.

Acknowledgment:

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



Abdul Rauf Chandio
Chief Executive Officer

Karachi: 22 April, 2026

ڈائریکٹرز کا جائزہ

ہم سندھ مضاربہ منجمنٹ لمیٹڈ، کے بورڈ آف ڈائریکٹرز کی جانب سے 31 مارچ 2026 کو مکمل ہونے والے نو ماہ کے سندھ مضاربہ کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

عملدرآمد کے نتائج

مارچ 2026 کو ختم ہونے والے نو ماہ کے دوران، سندھ مضاربہ نے 157.64 ملین روپے کا قبل از ٹیکس منافع کمایا۔ اسٹیٹ بینک کی پالیسی ریٹ میں کمی کی وجہ سے کاروبار کے بہتر مواقع میسر آئے۔ فنانسنگ آپریشنز سے حاصل ہونے والی آمدنی میں 60.47 ملین روپے کا اضافہ ہوا جبکہ سکوک سرمایہ کاری سے 4.59 ملین روپے کی آمدنی ہوئی۔ اثاثوں کی بہتر کوائٹی اور واجب الادا قرضوں میں کمی کی وجہ سے 9.42 ملین روپے کے پروویڈنٹس ریورسل (واپسی) ہوئے۔

مضاربہ کے فنانسنگ پورٹ فولیو میں نمایاں اضافہ ہوا جو مارچ 2026 تک 2,389.50 ملین روپے تک پہنچ گیا، جبکہ اس عرصے کے دوران 1,465.90 ملین روپے کے فنڈز جاری کئے گئے، اخراجات میں کمی اور بہتر مالیاتی نظام سے مزید منافع کی توقع ہے۔

کامیابیاں

سندھ مضاربہ کی طویل مدتی کریڈٹ ریٹنگ A+ سے بہتر ہو کر AA- اور قلیل مدتی ریٹنگ A1 سے بہتر ہو کر A1+ ہو گئی ہے۔ اس دوران حکومت سندھ کی جانب سے منجمنٹ کمپنی کو 1 ارب روپے موصول ہوئے ہیں۔ یہ رقم سوڈے ماگ (ربا فری) فنڈ کے ذریعے سندھ مضاربہ میں لگائی جائے گی، جس سے اس کی مالی حالت مزید بہتر ہونے اور مستقبل میں کاروباری کارکردگی بڑھنے کی توقع ہے۔

مستقبل کے امکانات

سندھ مضاربہ اسلامی اداروں سے پاک مالیاتی حل کی بروہتی ہوئی مانگ سے فائدہ اٹھانے کے لئے تیار ہے۔ اسٹیٹ بینک کی سازگار پالیسی اور افراط زر (مہنگائی) میں کمی سے فنانسنگ کی طلب بڑھنے اور قرضوں کی صلاحیت بہتر ہونے کی توقع ہے۔ تاہم ملک کی معاشی حالات کی پیش نظر مہنگائی بڑھ سکتی ہے، اس لئے انتظامیہ احتیاط کے ساتھ کاروبار کو بڑھانی کی پالیسی پر عمل پیرا ہے۔ ہماری توجہ کم رسک لینے والے شعبوں اور مضبوط مالی حیثیت رکھنے والے کلائنٹس پر ہے۔ مضاربہ کی مقصدان شعبوں میں سرمایہ کاری کرنا ہے، جہاں زیادہ صلاحیت موجود ہو، جبکہ خطرات کو کم سے کم رکھا جائے۔

سندھ مضاربہ کو اگلے مالی سال میں منجمنٹ کمپنی کی جانب سے مزید 1 ارب روپے ملنے کی توقع ہے۔ یہ رقم (ایکویٹی) ہے۔ جو حکومت سندھ کی طرف سے فراہم کی جائے گی۔ انتظامیہ کو یقین کے کہ وہ اپنی بہتر حکومت عمل سے ادارے کی مالی پوزیشن کو مزید مستحکم کرے گی۔

تشکر

بورڈ آف ڈائریکٹرز کی جانب سے ہم اسپانسرز، ریگولیٹرز اور اپنے شریعی ایڈوائزرز کے مسلسل تعاون اور رہنمائی پر دلی شکر یہ ادا کرتے ہیں۔ ہم اپنے معزز کلائنٹس کی مسلسل سرپرستی کو بھی سراہتے ہیں اور مضاربہ کے ملازمین کی محنت، لگن اور انتھک کوششوں کو سراہتے ہیں۔

عبدالرؤف چانڈیو
چیف ایگزیکٹو آفیسر

کراچی: 22 اپریل 2026

**CONDENSED INTERIM STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2026**

		March 2026	June 2025
	Note	Un-audited	Audited
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets - in own use	4	17,547,388	1,689,139
Diminishing musharaka	5	739,147,332	716,692,373
Long term investments	6	50,000,000	-
Long term advances	7	434,281	726,823
Long term loans	8	6,257,377	4,240,649
Total non-current assets		813,386,378	723,348,984
Current assets			
Current portion of diminishing musharaka	5	672,284,080	726,974,570
Morabaha finance	9	939,445,833	212,819,445
Current portion of long term advances	7	588,540	522,372
Current portion of long term loans	8	712,980	2,299,116
Advances, prepayments and other receivables	10	158,830,973	27,118,670
Cash and bank balances	11	633,645,196	371,724,227
Total current assets		2,405,507,602	1,341,458,400
TOTAL ASSETS		3,218,893,980	2,064,807,384
EQUITY AND LIABILITIES			
CERTIFICATE CAPITAL AND RESERVES			
Authorised certificate capital		500,000,000	500,000,000
50,000,000 (June 30, 2025: 50,000,000) certificates of Rs. 10 each			
Issued, subscribed, and paid-up certificate capital		450,000,000	450,000,000
Reserves		592,884,541	541,508,632
Subordinated funds	12	2,000,000,000	1,000,000,000
Total certificate holders' equity		3,042,884,541	1,991,508,632
LIABILITIES			
Current liabilities			
Creditors, accrued and other liability	13	165,871,721	69,036,102
Payable to gratuity fund - related party		959,463	1,036,752
Taxation - net	14	7,836,490	2,035,782
Profit distribution payable		1,341,764	1,190,116
Total current liabilities		176,009,439	73,298,752
TOTAL LIABILITIES		176,009,439	73,298,752
TOTAL EQUITY AND LIABILITIES		3,218,893,980	2,064,807,384
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

Wasim Mansoor

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF PROFIT AND LOSS
FOR THE NINE MONTHS ENDED MARCH 31, 2026**

	Nine-Months Ended		Quarter ended	
	March 2026	March 2025	March 2026	March 2025
Un-Audited				
Note -----Rupees-----				
Income from:				
Diminishing musharaka	186,834,500	134,539,851	58,298,253	44,540,091
Morabaha	23,505,153	15,325,531	17,146,877	14,838,826
Sukuk	4,587,878	-	1,685,343	-
Bank deposits	33,803,771	49,822,880	18,586,833	17,283,415
Term deposits receipts	-	60,233,607	-	-
	248,731,302	259,921,869	95,717,306	76,662,332
Administrative and operating expenses	16 (81,006,222)	(66,371,460)	(27,613,852)	(23,384,853)
Reversal/(provision) against doubtful receivables-net	9,421,961	3,696,079	(4,053,405)	1,336,117
	(71,584,261)	(62,675,381)	(31,667,257)	(22,048,736)
Other income	177,147,041	197,246,488	64,050,049	54,613,596
	975,855	4,440,584	261,413	3,803,219
Management company's remuneration	178,122,896	201,687,072	64,311,462	58,416,815
Provision for services sales tax on the Management company's remuneration	(17,812,290)	(20,168,707)	(6,431,147)	(5,841,682)
	(2,671,844)	(3,025,306)	(964,672)	(876,252)
Profit before taxation and levy	157,638,762	178,493,059	56,915,643	51,698,881
Taxation	14 (45,512,853)	(35,656,274)	(20,358,952)	(14,992,676)
Profit for the period	112,125,909	142,836,785	36,556,691	36,706,205
Earnings per certificate - basic	2.49	3.17	0.81	0.82
Earnings per certificate - diluted	0.46	0.99	0.15	0.25

The annexed notes 1 to 25 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
FOR THE NINE MONTHS ENDED MARCH 31, 2026**

	Nine-Months Ended		Quarter ended	
	March 2026	March 2025	March 2026	March 2025
	Un-Audited			
	-----Rupees-----			
Profit for the period	112,125,909	142,836,785	36,556,691	36,706,205
Other comprehensive income				
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	112,125,909	142,836,785	36,556,691	36,706,205

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

Wasim Mansoor

Chairman

[Signature]

Chief Executive Officer

[Signature]

Director

[Signature]

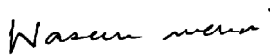
Chief Financial Officer

**CONDENSED INTERIM STATEMENT OF CASH FLOW
FOR THE NINE MONTHS ENDED MARCH 31, 2026**

		Nine month Ended	
		March 2026,	March 2025
		Un-Audited	
		-----Rupees-----	
CASH FLOWS FROM OPERATING ACTIVITIES			
	Note		
Profit for the period before taxation and levy		157,638,762	178,493,059
Adjustments for non - cash and other items:			
Depreciation - Fixed assets - in own use	4.1	2,013,588	701,052
Amortization on intangible assets	4.2	18,747	2,778
Gain on disposal of fixed assets - in own use		-	(59,996)
Income on bank deposits		(33,803,771)	(49,822,880)
Income on term deposit receipts		-	(60,233,607)
Income on Sukuk investment		(4,587,878)	-
Reversal of provision against Diminishing Musharaka		(9,421,961)	(3,696,079)
Operating profit before working capital changes		111,857,488	65,384,327
Working capital changes			
Advances, prepayments and other receivables		(127,466,433)	(42,786,695)
Diminishing Musharaka		41,657,492	(248,898,362)
Morabaha		(726,626,388)	(428,888,889)
Long term advances		226,374	-
Long term loans		(430,592)	(1,705,442)
Creditors, accrued and other liabilities		96,758,330	28,999,288
		(715,881,217)	(693,280,100)
Income received on term deposit receipts		-	73,311,475
Income received on bank deposits		32,797,505	49,802,026
Income received on Sukuk investment		1,348,274	-
Income tax paid		(39,712,145)	(38,067,875)
Net cash used in operating activities		(609,590,095)	(542,850,147)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceed from disposal of fixed assets - in own use		-	60,000
Long term investments-Sukuks		(50,000,000)	-
Purchase of fixed assets - in own use	4.1	(17,890,584)	(567,799)
Net cash used in investing activities		(67,890,584)	(507,799)
CASH FLOWS FROM FINANCING ACTIVITIES			
Dividend paid		(60,598,352)	(56,113,371)
Subordinated fund received from management company (related party)		1,000,000,000	-
Net cash generated from (used in) financing activities		939,401,648	(56,113,371)
Net increase / decrease in cash and cash equivalents		261,920,969	(599,471,317)
Cash and cash equivalents at the beginning of the period		371,724,227	1,152,142,642
Cash and cash equivalents at the end of the period	21	633,645,196	552,671,325

The annexed notes 1 to 25 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 CHANGES IN EQUITY
FOR THE NINE MONTHS ENDED MARCH 31, 2026**

	Certificate capital	Capital Reserve	Revenue Reserve	Total Reserve	Subordinated Fund	Total equity
		Statutory reserve	Unappropriated profit			
Un-Audited						
(Rupees)						
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	-	-	142,836,785	142,836,785	-	142,836,785
Transaction with Certificate Holders in their capacity as owner recognized directly in equity						
Profit distribution @ Rs. 1.25 (12.50%) per certificate	-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at March 31, 2025	<u>450,000,000</u>	<u>200,682,424</u>	<u>303,214,262</u>	<u>503,896,686</u>	<u>1,000,000,000</u>	<u>1,953,896,686</u>
Balance as at July 01, 2025	450,000,000	236,705,182	304,803,450	541,508,632	1,000,000,000	1,991,508,632
Profit for the period	-	-	112,125,909	112,125,909	-	112,125,909
Transaction with Certificate Holders in their capacity as owner recognized directly in equity						
Profit distribution @ Rs. 1.35 (13.50%) per certificate	-	-	(60,750,000)	(60,750,000)	-	(60,750,000)
Subordinated fund from management company (related party)					1,000,000,000	1,000,000,000
Balance as at March 31, 2026	<u>450,000,000</u>	<u>236,705,182</u>	<u>356,179,359</u>	<u>592,884,541</u>	<u>2,000,000,000</u>	<u>3,042,884,541</u>

The annexed notes 1 to 25 form an integral part of these condensed interim financial information.

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

Wasim Memon
Chairman

[Signature]
Chief Executive Officer

[Signature]
Director

[Signature]
Chief Financial Officer

**NOTES TO THE CONDENSED INTERIM FINANCIAL INFORMATION
FOR THE NINE MONTHS ENDED MARCH 31, 2026****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 upgraded the long and short term ratings of Sindh Modaraba from A+ to AA- and from A1 to A1+ respectively. The medium to long-term rating of 'AA-' signifies high credit quality and strong factors of protection. The short-term rating of 'A1+' denotes strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors.

2 BASIS OF PREPARATION**2.1 Statement of compliance**

These condensed interim financial statements have been prepared for the seven-month period ended January 31, 2026, instead of a full financial year, 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, Modaraba Regulation, 2021 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, Modaraba Regulation, 2021 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, Modaraba Regulations, 2021 and the Islamic Financial Accounting Standards (IFASs) has been followed.

The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of International Accounting Standard 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures as required in a full set of annual audited financial statements, and should be read in conjunction with the annual published financial statements of the Modaraba for the year ended June 30, 2025.

2.2 Basis of measurement

These condensed interim financial statements have been prepared under the historical cost convention.

2.3 Functional and presentation currency

Items included in the condensed interim financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. These condensed interim financial statements are 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.

2.4 Use of significant estimates and judgments

The preparation of these condensed interim financial statements are in conformity with the approved accounting standards and 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 MATERIAL ACCOUNTING POLICIES AND INFORMATION

3.1 The accounting policies and methods of computation adopted in the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual audited financial statements of the Modaraba for the year ended June 30, 2025. Example for the adoption of new and amended standard are set out below;

3.1.1 Certain standards, amendments and interpretations to approved accounting standards are effective for accounting periods beginning on July 01, 2025, but are considered not to be relevant or did not have any significant effect on the Modaraba's operations (although they may affect the accounting for future transactions and events) and are, therefore, not detailed in these condensed interim financial statements.

3.1.2 There are certain standards, amendments to the accounting standards and interpretations that are mandatory for the Modaraba's accounting periods beginning on or after January 1, 2026, but are not considered to be relevant or expected to have any significant effect on the Modaraba's operations and are, therefore, not detailed in these condensed interim financial statements.

	March 2026	June 2025
	Un-audited	Audited
	-----Rupees-----	
4 FIXED ASSETS - in own use		
Tangible assets	17,497,379	1,620,383
Intangible asset	50,009	68,756
	17,547,388	1,689,139

4.1 Tangible assets

Particulars	Cost			Depreciation			WDV as at 31 March 2026	Depreciation rate
	As at 01 July 2025	Addition/ (Deletion)	As at 31 March 2026	As at 01 July 2025	Charge / (Adj) for the period	As at 31 March 2026		
	Rupees							
Furniture and fixtures	1,810,317	140,400	1,950,717	1,439,368	76,326	1,515,694	435,023	10%
Office equipment	3,464,258	157,682	3,621,940	2,788,239	159,089	2,947,328	674,612	20%
Vehicles	161,500	16,600,941	16,762,441	51,368	1,401,113	1,452,481	15,309,960	20%
Computer and accessories	3,650,586	991,561	4,642,147	3,187,303	377,060	3,564,363	1,077,784	33.33%
As at and for the period ended March 31, 2026	9,086,661	17,890,584	26,977,245	7,466,278	2,013,588	9,479,866	17,497,379	
As at and for the year ended June 30, 2025"	10,040,455	(953,794)	9,086,661	8,107,675	(641,397)	7,466,278	1,620,383	

		<u>March 2026</u> <u>Un-audited</u>	<u>June 2025</u> <u>Audited</u>
Note		-----Rupees-----	
4.2 Intangible assets			
Opening net book value		68,756	2,782
Additions during the period / year		-	75,000
Amortization for the period / year		<u>(18,747)</u>	<u>(9,026)</u>
Closing net book value		<u>50,009</u>	<u>68,756</u>
As at March 31, 2026 / June 30, 2025			
Cost		2,186,982	2,186,982
Accumulated amortization		<u>(2,136,973)</u>	<u>(2,118,226)</u>
Net book value		<u>50,009</u>	<u>68,756</u>
Annual rates of amortization		<u>33.33%</u>	<u>33.33%</u>
5 DIMINISHING MUSHARAKA			
Receivables - secured	5.1	1,445,333,534	1,490,642,415
Less: current portion		<u>(672,284,080)</u>	<u>(726,974,570)</u>
Less: provision	5.2	<u>(33,902,122)</u>	<u>(46,975,472)</u>
Long term portion		<u>739,147,332</u>	<u>716,692,373</u>
5.1 This represents the finance provided to Individual and Corporate clients under Diminishing Musharaka arrangements for periods ranging 3 to 20 years (June 2025: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets etc.			
5.2 This includes general provision of Rs. 8.04 million (June 2025: Rs. 7.14 million) made at the rate of 0.5% (June 2025: 0.5%) on diminishing musharaka receivables.			
6 LONG TERM INVESTMENTS			
At amortized cost			
Sukuks	6.1	<u>50,000,000</u>	<u>-</u>
6.1 This represents an investment in sukuk issued by Thatta Cement Company Limited, with a profit rate of 6-month KIBOR plus 2.5% per annum and a tenure of four years, with the principal repayable in eight equal semi-annual instalments.			
7 LONG TERM ADVANCES			
Long term advances - considered good	7.1	1,022,821	1,249,195
Less: Current portion of long term advances		<u>(588,540)</u>	<u>(522,372)</u>
Non-current portion		<u>434,281</u>	<u>726,823</u>
7.1 This represents advance to employees against salary which is recoverable over a period of up to 36 months.			

	Note	March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
8 LONG TERM LOAN			
Long term loan - considered good	8.1	6,970,357	6,539,765
Less: Current portion of long term loan		(712,980)	(2,299,116)
Non-current portion		6,257,377	4,240,649

8.1 This includes Rs. 4.65 million (June 2025: 3.13 million) against vehicle monetization loan for 5 years (old vehicle settled off for Rs. 2.80 million under monetization policy and new vehicle of Rs. 4.98 million approved by the board), and Rs. 118,064 (June 2025: 180,560) against house furnishing loan of 3 basic salaries for 3 years (under house furnishing loan approved by the board), provided to Mr. Adnan Shakeel - CFO & Company Secretary, related party.

	Note	March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
9 MORABAHA FINANCE			
Receivables-MRB	9.1	944,166,666	213,888,889
Less: general provision-MRB	9.2	(4,720,833)	(1,069,444)
		939,445,833	212,819,445

9.1 This represents the finance provided to corporate clients under murabaha finance for periods of 9 months which was secured against pledge and personal guarantee of a director.

9.2 This represent general proven made at the rate of 0.5% (2025:0.5%)

	Note	March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
10 ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Advances	10.1	5,700,173	27,800
Accrued income from Sukuk investment		3,239,604	-
Accrued income from bank deposits	10.2	5,583,000	4,576,734
Accrued income from Diminishing Musharaka	10.3	20,617,173	10,792,011
Prepayments		4,495,694	3,024,693
Profit receivable from Morabaha		119,190,329	8,697,432
Other receivables		5,000	-
		158,830,973	27,118,670

10.1 This includes 3.30 million (June 30, 2025: Rs. Nil) against advance to vendors in respect of acquisition of assets under Diminishing Musharaka arrangements for onward delivery to lessee (customer).

10.2 This includes accrued income of Rs. 1.00 million (June 30, 2025: Rs. 11,112) in deposit account, held with Sindh Bank Limited - Islamic Banking (related party).

10.3 Accrued income from Diminishing Musharaka

Receivable	26,014,529	20,794,065
Less: Income suspended	(5,397,356)	(10,002,054)
	20,617,173	10,792,011

	Note	March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
11 CASH AND BANK BALANCES			
Cash in hand		50,000	-
Stamp paper in hand		113,900	61,900
Balances with banks in:			
- Deposit accounts	11.1	632,126,392	369,372,170
- Current accounts	11.2	1,354,903	2,290,157
		<u>633,645,196</u>	<u>371,724,227</u>
<p>11.1 These carry profits at the rates ranging from 2.52% to 9.90% per annum. (June 30, 2025: Rs. 4.00% to 10.50% per annum). This includes balance of Rs. 9.34 million (June 30, 2025: Rs. 1.73 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.</p> <p>11.2 This includes balance of Rs. 1.34 million (June 30, 2025: Rs. 1.07 million) held with Sindh Bank Limited - Islamic Banking Unit, related party.</p>			
12 SUBORDINATED FUNDS - Unsecured	12.1	<u>2,000,000,000</u>	<u>1,000,000,000</u>
<p>12.1 This represents riba free funds provided by the Modaraba Management Company (related party). The fund is unsecured, sub-ordinated to all other indebtedness, and repayable at the discretion of Modaraba. The Modaraba has the option to issue modaraba certificates in future against this fund, subject to necessary regulatory approvals.</p>			
		March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
13 CREDITORS, ACCRUED AND OTHER LIABILITIES	Note		
Accrued expenses	13.1	18,024,023	13,996,240
Management remuneration payable - related party		17,812,290	26,709,832
Provision for Sindh sales tax on management remuneration		2,671,845	4,006,475
Creditors		6,441	6,441
Deferred morabaha income		107,523,834	6,358,277
Other liabilities		19,833,288	17,958,837
		<u>165,871,721</u>	<u>69,036,102</u>
<p>13.1 These includes Rs. 242,072 (June 30, 2025: Rs. 45,518) per month for branch rent payable to Sindh Bank Limited, related party.</p>			
		March 2026	June 2025
		Un-audited	Audited
		-----Rupees-----	
14 TAXATION - NET	Note		
Opening balance - Provision for taxation		2,035,782	8,307,484
Tax paid/deducted during the period / year		(39,712,145)	(62,539,923)
Provision for the period / year		45,715,241	72,374,934
- prior year adjustment		(202,388)	(16,106,713)
Total provision for the period/year		45,512,853	56,268,221
Provision for taxation		<u>7,836,490</u>	<u>2,035,782</u>

15 CONTINGENCIES AND COMMITMENTS

15.1 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.

15.2 Government of Sindh through the Sindh WWF Act, 2014, has introduced levy of SWWF. As per Sindh WWF Act, 2014, Banks / Financial Institutions are included in definition of "Industrial Establishment" Sindh WWF is imposed at the rate of 2% to the total income. Since the Banks and other Financial Institutions including Modarabas are trans-provincial entity with the operations in other Provinces as well, the Modarabas & other financial institutions along with other banks have filed a suit before Honorable Sindh High Court and challenged the vires of SWWF.

In this respect, the Court in its order dated January 21, 2025, has referred the matter to the Decision of the Council of Common Interest on agenda item 14 dated December 23, 2019 wherein it was decided that the trans-provincial Entities are under the domain of Federal Legislation. In the light of the above judgement, the levy of SWWF is no more payable to SRB unless the Honorable Supreme Court/Parliament reverses the decision or provides interim relief to SRB. Further, Sindh Modaraba being a Sindh Government owned entity through Sindh Modaraba Management limited, does not fall within the definition of "industrial establishment".

Keeping in view the above and as the matter has been taken-up with Government of Sindh to intervene in the matter being Sindh Government Entity as such no provision has been recognized in these financial statements for SWWF. The Modaraba is confident of a favorable outcome and, accordingly, considers the exposure to be contingent in nature.

16 ADMINISTRATIVE AND OPERATING EXPENSES	Note	March 2026	March 2025
		Un-audited	Un-Audited
		-----Rupees-----	
Salaries, allowances and other benefits	16.1	56,349,051	47,982,452
Travelling and conveyance		9,021,893	6,941,736
Takaful - financing assets		2,437,575	870,667
Repairs and maintenance		1,678,581	1,324,779
Utility services		1,346,550	1,479,760
Depreciation expense - tangible assets	4.1	2,013,588	701,052
Registration and subscription fee		1,124,366	979,806
Legal and professional charges		1,345,018	1,491,145
Entertainment		786,559	509,277
Generator sharing and fuel charges	16.2	905,984	894,497
Rent, rates and taxes	16.3	799,674	529,326
Printing, stationery and photocopy		631,809	578,197
Security services		450,000	450,000
Shariah advisor fee		450,000	450,000
Auditors' remuneration		574,311	230,802
Takaful - owned assets		322,425	160,896
Advertisement and publications		146,343	359,426
Postage, courier and telegraphs		108,114	140,604
Staff orientation and training		36,080	10,800
Amortization expense - intangible assets	4.2	18,747	2,778
Donation		67,000	43,596
Miscellaneous		392,554	239,864
		81,006,222	66,371,460

16.1 This includes contribution of Rs. 0.97 million (2025: Rs. 1.14 million) charged/paid to provident fund and provision for gratuity of Rs. 0.96 million (2025: Rs. 1.05 million), related party.

16.2 This includes amount of Rs. 0.81 million (2025: Rs. 0.81 million) against sharing of expenses with Sindh Insurance Limited - related party.

16.3 This includes amount of Rs. 0.65 million (2025: 0.38 million) against branch rent to Sindh Bank Limited, related party.

17 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.

The financial statements have been prepared on the basis of a single reportable segment.

18 Specific Disclosures for Sharia Compliant Companies

The disclosures required under clause 10 of item no. VI and item no. VII of the Fourth Schedule of the Companies Act, 2017 for sharia complaint companies and the companies listed on Islamic index are as follows:

S.No.	Disclosure Required	Reference to the disclosure
i)	Loans/advances obtained as per Islamic mode	None.
ii)	Financing (long-term, short-term or leasing financing) obtained as per Islamic mode	None.
iii)	Long-term, short-term Shariah-compliance investment	Investment in Sukuk. Refer Note No. 6.
iv)	Shariah-compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 11.
v)	Profit earned from Shariah-compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in statement of financial position.
vi)	Revenue earned from Shariah-compliant business segment	All revenue earned is from Shariah-compliant business segment, refer Note 17.
vii)	Break-up of late payments or liquidated damages	None.
viii)	Gain/loss or dividend earned from Shariah-compliant Investments	Refer investment of profit and loss.
ix)	Share of profit from Shariah-compliant associates	None.
x)	Exchange gain earned from actual currency	None.
xi)	Exchange gain earned using conventional derivative financial instruments	None.
xii)	Mark-up / profit paid on Islamic mode of financing	None.
xiii)	Profits earned or interest accrued on any conventional loan or advance	None.
xiv)	Source and detailed breakup of other income	All of the other income is Shariah-compliant.
xv)	Relationship with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc.	<p>Banker: Al Baraka Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Meezan Bank Limited, MCB Islamic Bank, NRSP Microfinance Bank</p> <p>Lessor: None.</p> <p>Takaful Operators: Sindh Insurance Limited - Window Takaful</p>

19 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:

	March 2026	March 2025
	Un-audited	Un-Audited
Transactions for the period	-----Rupees-----	
Sindh Bank Limited - associated company		
Income on bank deposits	10,457,023	70,213
	10,457,023	70,213
Sindh Modaraba Management Limited - Management company		
Dividend paid	57,302,100	53,057,500
Management Company's remuneration accrued	17,812,290	20,168,707
Management Company's remuneration paid	26,709,832	34,631,681
Subordinated fund received	1,000,000,000	-
	1,101,824,222	107,857,888
Sindh Insurance Limited - associated company		
Takaful contribution paid	4,741,138	3,499,812
Sharing of expenses paid	824,280	540,000
	5,565,418	4,039,812
Key Management Personnel		
Salaries, allowances and benefits paid	27,127,226	23,922,031
Sindh Modaraba Employees Provident Fund - employee fund		
Contribution paid (employer and employees contribution)	6,506,351	2,595,376
Sindh Modaraba Employees Gratuity Fund - employee fund		
Contribution paid	1,036,752	1,390,203

20 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	Nine month ended	
		March 2026	March 2025
		Un-audited	Un-Audited
		-----Rupees-----	
21 CASH AND CASH EQUIVALENT			
Cash and bank balances	11	633,645,196	552,671,325

22 SUBSEQUENT EVENT

No material event after the reporting period has occurred that require recognition or disclosure in the financial statements.

23 DATE OF AUTHORISATION

These condensed interim financial statements were authorized for issue on 22 April 2026 by the Board of Directors of the Management Company.

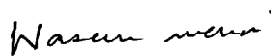
24 CORRESPONDING FIGURES

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

25 GENERAL

Figures have been rounded off to the nearest rupee.

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



Chairman



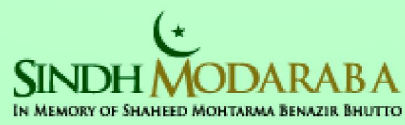
Chief Executive Officer



Director



Chief Financial Officer



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