IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

SINDH MODARABA

ISLAMIC FINANCIAL INSTITUTION

ANNUAL REPORT 2026

About the Cover

As we look ahead, Sindh Modaraba is not just aiming for growth, it is aiming for excellence. With firm roots in integrity and faith-based finance, and eyes set on the horizon, Sindh Modaraba is confidently reaching for the skies ambitious to be a leading force in Pakistan's Islamic financial landscape.

From Setting Sails to Reaching The Skies

2015

Commenced Operations

2019

10% growth in financing

2024

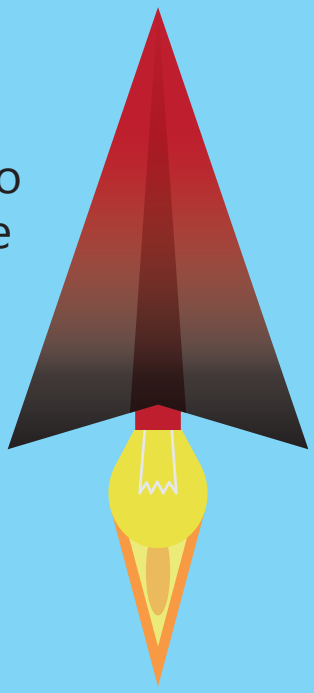
Profitability increased by 57.5% over FY 2023

And Beyond

We've achieved a lot,
but sky is not the limit

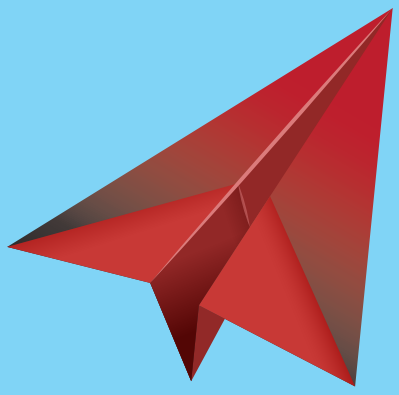
2026

Financing portfolio increased by more than 51% over FY 2025



2025

Financing portfolio increased by more than 100% over FY 2024



CREDIT RATING

AA-
Long Term

A1+
Short Term

Rated by: VIS as on December, 2025

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.

SINDH MODARABA PRODUCTS

DIMINISHING MUSHARIKA

DM arrangements allow equity participation and sharing of profits on a pro-rata basis. Under this product, possession of the asset with the client, the financing is made by Sindh Modaraba and the client jointly in accordance with an agreed share.

The share of the Modaraba in an asset reduces with every periodical payment, ultimately transferring ownership of the asset to the client.

The client also pays rent for the use of Modaraba's share in the asset. The clients may approach Sindh Modaraba for the acquisition of plant and machinery, commercial and saloon vehicles, computer and medical equipment using DM financing. The asset remained under the charge of SM until settlement.

SALAM

Salam or Bai-Al Salam, is a contract of sale where the seller undertakes to supply some specific commodity to the buyer at a future date in exchange for a price fully paid in advance. Hence, the price is paid in cash whereas delivery of the purchased Goods is deferred.

Clients may approach Sindh Modaraba for this product to manage its working capital requirements. This may include both core expenses pertaining to business operations of our esteemed clients.

MURABAHA FINANCE

Murabaha is selling a commodity as per the purchasing price with an agreed profit to the customers. Murabaha refers to the state of commodity on predefined price and profit Murabaha is completed in two stages. In the first stage the Sindh Modaraba purchases a commodity that the client is desirous of acquiring. In the second stage the client agrees to a payment schedule for repurchasing the goods.

HOUSE MORTGAGE

DIMINISHING MUSHARAKAH

HMDM is based on the concept of mortgage. The clients can avail HMDM facility for the acquisition construction and renovation of property of their choice. Under this product, ownership and possession of the property is with the client. The financing is done by Sindh Modaraba and the client jointly in accordance with an agreed percentage. The property remains mortgaged in favor of Sindh Modaraba and original property documents is held by us till the contract is matured or rminated and settled currently.

ISTISNA

The word Istisna is a derivative from the root word 'Sa na'a, which means to manufacture or to construct something. Istisna is a contract of sale of specified items to be manufactured or constructed with an obligation on the part of the seller to deliver them to the purchaser upon completion.

A client who intends to purchase certain assets to be manufactured or constructed may approach the Modaraba. At this point Modaraba acting as a seller and the client as purchaser would execute an Istisna contract.

Once the asset is complete and in useable condition, the Modaraba would deliver the assets to the client on agreed delivery schedule. The Client would make the payment to the Modaraba pursuant to the terms agreed upon in the Istisna contract or as the case may beat the delivery of the asset.

CHAIRMAN'S REVIEW REPORT

On behalf of the Board of Directors, it is my privilege to present the Chairman's Review of Sindh Modaraba for the financial year 2025–26. The year was marked by a challenging economic and geopolitical environment, requiring careful oversight, prudent decision-making.

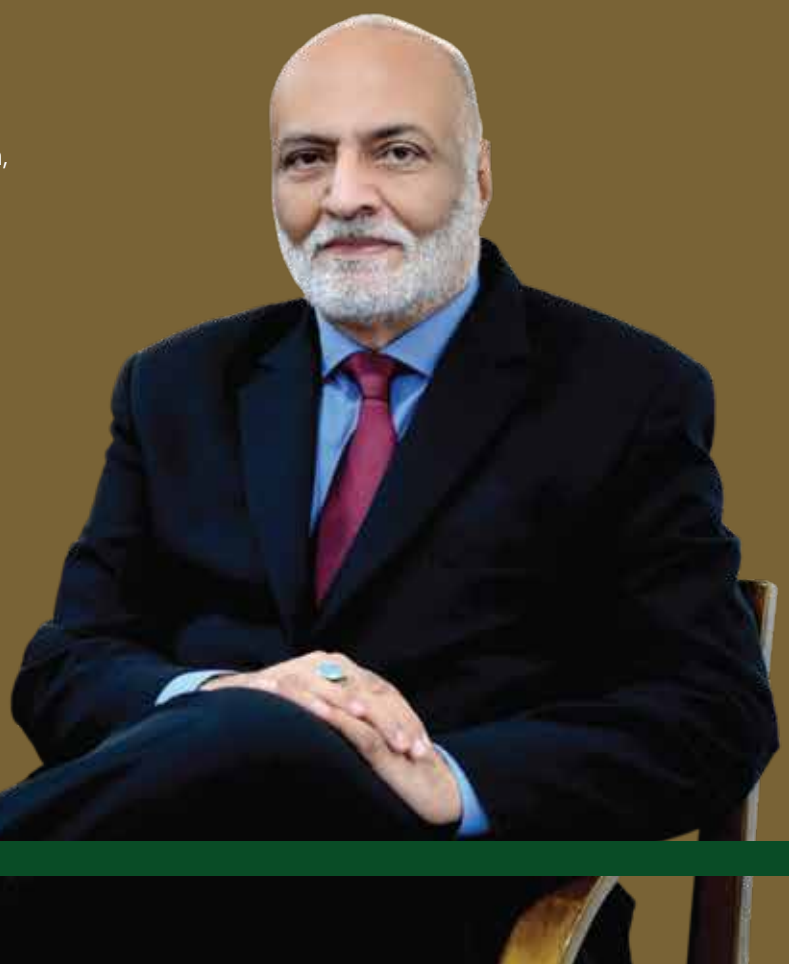
It is with immense pleasure that the Board remained actively engaged in providing strategic direction and overseeing the affairs of the Modaraba in line with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019, applicable regulatory guidelines, and best practices. The Board and its Committees remained focused on ensuring that an appropriate policy, controls, human resource development and oversight mechanisms are in place to support sustainable growth while protecting the interests of the Certificate holders and other stakeholders.

During the year, the Modaraba demonstrated resilience in a changing economic environment. The Board supported management's efforts to expand the Islamic financing portfolio while maintaining a disciplined approach to risk and asset quality. The Board also carried out its annual evaluation of its own performance in accordance with the applicable regulatory framework.

Looking ahead, the Board remains mindful of the uncertainties that may continue to affect the economic and financial environment. Our approach will therefore remain focused on sustainable growth, prudent risk management, sound governance, and responsible expansion of Islamic financing. We will continue to support management in identifying viable business opportunities while maintaining appropriate safeguards for the Modaraba and its Certificate holders.

As a Chairman of the Board and on behalf of the Board of Directors, I extend my sincere my heartfelt appreciation to the Government of Sindh, Secretary Finance, Securities & Exchange Commission of Pakistan, our Certificate holders, Shariah Advisor, management, employees and all other stakeholders for their expertise, passion, confidence and continued support. I Would also like to place on record my special appreciation to CEO for his outstanding leadership and visionary approach in achieving these landmark accomplishments during the fiscal year 2025-2026.With a collective commitment, responsible governance and a clear focus on our long-term objectives, I am confident that the Modaraba will continue to strengthen its position and contribute to the growth of Islamic finance in Pakistan. We are committed to sustaining this momentum, driving growth and creating further value for the stakeholders.

Waseem Mehdi Syed
Chairman of the Board



CEO's MESSAGE

It is a privilege to share the Annual Report of Sindh Modaraba for the financial year 2025–26. I express my sincere gratitude and appreciation to the Government of Sindh, the Secretary Finance (GoS), SECP (The Regulator), Chairman & Board of Directors, our valued Certificate Holders (Modaraba) and our Shariah Advisor for their continued confidence, guidance, and support. I also applaud our employees for their commitment, professionalism, and collective efforts in achieving the objectives of the institution.

The year under review was marked by strong growth and continued strengthening of Sindh Modaraba. Fresh disbursements reached a record figure of Rs. 2 billion during the year ended June 2026, despite a challenging operating environment and regional uncertainties. Through prudent business development, effective recovery, and disciplined risk management, non-performing loans remained below 1% of the total portfolio. The fresh equity injection by the Government of Sindh further strengthened our capital base, taking equity upto Rs. 3.04 billion.

Another significant achievement was the upgrade by VIS Credit Rating Company in December 2025 of Sindh Modaraba's long-term rating from A+ to AA- and short-term rating from A-1 to A1+. This upgrade reflects the strength of our financial position, sound risk management and improved credit quality. During the year, we also introduced "Istisna" as a new mode of Islamic financing, complementing our existing Murabaha and Diminishing Musharakah products. This facility will enable us to better serve customers in construction, manufacturing, infrastructure and other sectors where assets are developed or manufactured against specified requirements.

Looking ahead, our priority will be to build on this progress through prudent business expansion, stronger customer engagement, technology-enabled processes, and the introduction of innovative Shariah-compliant financing solutions. We will continue to focus on productive sectors, particularly SMEs, renewable energy, agri-based businesses, and other areas that can contribute to sustainable economic activity and development.

With a stronger capital base, improved credit rating, clear strategic direction and the continued support of our stakeholders, I am confident that Sindh Modaraba is well positioned to further strengthen its role in Islamic finance and contribute meaningfully to the growth of the economy.

Thank you once again for your continued trust and support in Sindh Modaraba.

Abdul Rauf Chandio
Chief Executive Officer

Board of Directors

Mr. Waseem Mehdi Syed
Chairman & Independent Director

Mr. M. Asghar Memon
Secretary Finance, GoS
Non-Executive Director

Mr. Abdul Rauf Chandio
Executive Director &
Chief Executive Officer

Mr. Ejaz Akhtar Ansari
Independent Director

Mr. Sami Ullah Khilji
Non- Executive Director

Mr. Kamal Ahmed
Non-Executive Director

Ms. Naila Asad Shaikh
Non- Executive Director

The Management

Mr. Abdul Rauf Chandio
Chief Executive Officer

Mr. Ishfaque Ahmed
Head of compliance
Legal & SAM

Mr. Adnan Shakeel
CFO & Company Secretary

Mr. Mujahid Ali Mirza
Head of Risk Management

Mr. Saeed Daudpota
Head of Credit & Marketing

Mr. Ahmed Din
Chief Internal Auditor

One Team, One Dream

Driving Innovation, Growth, and Shared Prosperity.

Board of Directors

Management Team

Annual Board meeting for the financial year 2026

MANCOM in progress

Shariah training in progress

Sindh Modaraba Team

Presentation on performance of Sindh Modaraba before the Honourable President of Pakistan by Mr. Abdul Rauf Chandio, CEO.

Certificate of achievement on significant Performance in FY -2025

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Company Information

Board of Directors

Mr. Waseem Mehdi Syed	Chairman	Independent Director
Mr. Muhammad Asghar Memon	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

Human Resource Committee

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

Nomination Committee

Mr. Muhammad Asghar Memon	Chairman
Mr. Kamal Ahmed	Member
Mr. Waseem Mehdi Syed	Member

Procurement Committee

Mr. Ejaz Akhtar Ansari	Chairman
Mr. Abdul Rauf Chandio	Member
Ms. Naila Asad Shaikh	Member

Risk Management Committee

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

Bankers
Sindh Bank Limited (Islamic Banking)
Meezan Bank Limited
NRSP Microfinance Bank Limited
Soneri Bank Limited (Islamic Banking)

AL-Baraka BankPakistan Limited
Habib Metropolitan Bank (Islamic Banking)
MCB Islamic Bank

Shariah Advisor
Mufti Syed Zahid Siraj

Legal Advisor
Mohsin Tayebaly & Co.

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

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

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

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

Auditors
Grant Thornton Anjum Rahman
Chartered Accountants

Directors' Report

On behalf of the Board of Directors of Sindh Modaraba Management Limited, we are presenting the 12 th annual report of Sindh Modaraba together with Audited Accounts for the year ended June 30, 2026.

1. **Economy**

The global economy remained resilient during FY-2026 despite ongoing geopolitical tensions, trade policy uncertainties, and elevated sovereign debt levels. While inflation moderated across major economies, central banks adopted a cautious monetary stance amid persistent inflationary risks, resulting in slower global growth, volatile commodity prices, and continued uncertainty in international financial markets.

Against this backdrop, Pakistan's economy recorded meaningful progress towards macroeconomic stability, supported by prudent fiscal and monetary policies, the continued implementation of the IMF Extended Fund Facility (EFF), and strengthening external sector fundamentals. Inflation declined significantly during the year, enabling the State Bank of Pakistan to reduce the policy rate, which improved financing conditions substantially, strengthened business confidence and supported a gradual recovery in economic activity. Real GDP growth improved, led by stronger agricultural output, moderate industrial recovery, and resilience in the services sector.

The external sector also strengthened, supported by higher workers' remittances, improved export performance, disciplined import management, and continued support from multilateral and bilateral partners. These developments contributed to a current account surplus, gradual improvement in foreign exchange reserves and relative exchange rate stability. Meanwhile, the Government continued to pursue fiscal consolidation through revenue-enhancing measures, expenditure rationalization, and structural reforms to strengthen long-term economic sustainability.

The financial sector remained flexible, well-capitalized, and adequately liquid throughout the year. The easing monetary environment, improving asset quality, and strengthening macroeconomic fundamentals supported financing activity across both the banking and non- bank financial sectors. The Islamic finance industry continued its positive trajectory, driven by increasing demand for Shariah-compliant financial solutions and the Government's continued commitment towards the development of an interest-free financial system, providing encouraging growth opportunities for Modarabas.

2. **Operating Results and Business Overview**

The financial year 2025-26 was another year of strong operational performance for Sindh Modaraba, during which the Management remained focused on expanding its core Islamic financing business while preserving asset quality, strengthening risk management practices and maintaining prudent financial discipline. These initiatives enabled the Modaraba to achieve sustainable business growth despite a significantly lower profit rate environment during the year.

The Modaraba reported a profit before tax of **Rs. 232.07 million** (2025: Rs. 236.38 million). Although profitability remained strong, earnings were moderated by the substantial change in the State Bank of Pakistan's policy rate during the year, which compressed profit rates across the financial sector. Nevertheless, income from financing operations increased significantly by **Rs. 96.20 million / 44%**, supported by the continued expansion of the Islamic financing portfolio in Murabaha, while the investment in Sukuk also contributed an additional source of income amounting to **Rs. 6.14 million** during the year.

The financing portfolio expanded by **51%** to **Rs. 2.58 billion** (2025: Rs. 1.70 billion), while fresh financing disbursements increased to **Rs. 2.05 billion** (2025: Rs. 1.52 billion). This growth reflects the increasing demand for the Modaraba's Shariah-compliant financing solutions, supported by improved market confidence, prudent customer selection, and continued emphasis on quality financing opportunities.

The Modaraba also achieved significant improvement in asset quality during the year. Non- performing financings facilities (NPL) declined by **65%** to R**s. 21.55 million** (2025: Rs. 62.05 million), resulting in a higher reversal of provisions of **Rs. 8.49 million** (2025: Rs. 4.77 million). These improvements reflect the effectiveness of the Management's disciplined credit appraisal, proactive recovery efforts, and robust risk management framework

To support its long-term growth strategy, the Modaraba strategically expanded its human capital and business development capabilities, particularly by strengthening its marketing and business development teams. While administrative and operating expenses adjusted to Rs. 111.08 million (up from Rs. 87.44 million in 2025), this proactive investment directly fueled a substantially larger financing portfolio and established a robust foundation for sustainable future scaling.

Moreover, during the period, Modaraba Management Company received **Rs. 1 billion** in equity from the Government of Sindh, which has been made available to Sindh Modaraba through a **Riba-free subordinated fund**. This strategic capital support has strengthened the Modaraba's financial position, enhanced its financing capacity, and support its future growth initiatives.

The operating results for the year ending June 30, 2026, are summarized in the table below:

Financial Results	**June 30, 2026**	**June 30, 2025**
	----------Rupees----------	
Balance Sheet		
Certificate capital	**450,000,000**	450,000,000
Total Assets	**3,257,715,328**	2,064,807,384
Total Equity	**3,091,410,135**	1,991,508,632
Diminishing Musharaka Finance	**1,566,422,971**	1,443,666,943
Morabaha Finance	**970,373,748**	212,819,445
Profit & Loss		
Income from financing/operations	**313,535,242**	217,332,894
Investment income	**49,829,920**	124,466,572
Other income	**1,458,989**	7,970,989
Admin & Operating expenses	**111,081,930**	87,438,400
Profit before management fee	**262,229,914**	267,098,316
Profit before tax	**232,073,474**	236,382,009
Profit after tax	**161,346,524**	180,113,788
Appropriations		
Profit distribution 14% (2025: 13.50%)	**63,000,000**	60,750,000
Statutory Reserve	**32,269,305**	36,022,758
Earnings per Certificate	**3.59**	4.00

3. Outlook

Looking ahead, Pakistan's economic outlook remains cautiously optimistic, underpinned by continued macroeconomic stabilization, implementation of structural reforms under the IMF program, easing inflationary pressures, and a relatively accommodative monetary environment. While global geopolitical developments, trade uncertainties, commodity price volatility and climate-related risks continue to present challenges, improving business confidence and policy continuity are expected to support a gradual recovery in economic activity.

The lower interest rate environment, together with strengthening financial sector stability and increasing demand for Shariah-compliant financial solutions, is expected to create favourable opportunities for Islamic financial institutions. Continued government initiatives to promote Islamic finance, financial inclusion, digital transformation and private sector investment are anticipated to further support the growth of the Modaraba sector.

During FY-2027, Management anticipates receiving an additional equity support of **Rs. 1 billion** through the Modaraba Management Company for onward injection into Sindh Modaraba as a Riba-free subordinated fund, subject to completion of the requisite approvals and formalities. This additional capital support is expected to further strengthen the Modaraba's capital base, enhance its financing capacity, and support the execution of its long- term growth strategy.

Building on these developments, Sindh Modaraba remains well positioned to capitalize on emerging opportunities through prudent portfolio expansion, disciplined credit underwriting, proactive recovery efforts, and continued emphasis on asset quality, liquidity management, operational efficiency, and robust risk management. The Management will continue to focus on financing quality customers operating in low-risk sectors, while maintaining strict Shariah compliance, sound corporate governance and sustainable value creation for certificate holders.

Although economic and regulatory challenges may persist, the Board remains confident that the Modaraba's strong financial foundation, experienced management and disciplined business strategy will support long-term sustainable growth and resilience.

4. Profit distribution

The Board of Directors has approved a cash dividend @ 14% (2025:13.50%), i.e., Rs. 1.40 (2025: Rs. 1.35) per certificate for the year ended 30 th June 2026. As per Modaraba Regulations issued by the Securities & Exchange Commission of Pakistan, every Modaraba may create a reserve fund which shall be credited with an amount to the reserve fund from after-tax profits or any part thereof.

The Board of Directors has approved an appropriation of Rs. 32,269,305/- (20%) towards the Statutory Reserve.

5. External Annual Audit

The financial statements of Modaraba have been audited without any qualification by the auditors, namely M/s. Grant Thornton Anjum Rahman, Chartered Accountants.

6. Corporate Governance

The Modaraba is required to comply with the requirements of the Public Sector Companies (Corporate Governance) Rules, 2013 (Rules), as well as the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the CCG), issued by the SECP.

The statutory auditors are also required to issue their review report on the Statement of Compliance of the best practices, which is published with the financial statements.

The Board of Directors has reviewed the PSCG Rules-2013 & CCG Regulations-2019 and confirms that:

- The Board has consistently complied with the relevant principles of corporate governance.
- Financial statements, prepared by the management, reflect a true & fair view of the presentation of the Statement of Financial Position, Statement of Profit & Loss, and Other Comprehensive Income, Statement of Cash Flows, Statement of Changes in Equity, and Notes to the Financial Statements.
- Proper books of account have been maintained.
- Appropriate accounting policies have been applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- The appointment of the chairman and other members of the Board and the terms of their appointment are in the best interests of the Modaraba as well as in line with best practices.

- The board has elected/appointed an independent director in compliance with the rules.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departure therefrom has been adequately disclosed and explained.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2026, except for those disclosed in financial statements.
- The value of Investment in Employees Provident Fund based on the financial statements of the Fund as of June 30, 2026 is Rs. 24.323 million (2025: Rs. 19.508 million).
- Key operating and financial data of the last six years are annexed.
- Five Board Meetings of the Modaraba Company were held during the year. Attendance of each director is appended hereunder:

Name of Director	Number of Meetings Attended
Mr. Waseem Mehdi Syed	05
Mr. Fayaz Ahmed Jatoi	05
Mr. Ejaz Akhtar Ansari	05
Mr. Sami ul Haq Khilji	05
Mr. Kamal Ahmed	05
Mr. Abdul Rauf Chandio	05
Ms. Naila Asad Shaikh	05

- Four Audit Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	3
Mr. Ejaz Akhtar Ansari	4
Mr. Sami ul Haq Khilji	4
Mr. Kamal Ahmed	4

- Two Human Resource Committee meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	2
Mr. Abdul Rauf Chandio	2
Mr. Sami ul Haq Khilji	2

- Two Risk Management Committee Meetings of the Modaraba Company were held during the year under review. Attendance of each member is appended hereunder:

Name of Directors	No. of Meetings attended
Mr. Waseem Mehdi Syed	2
Mr. Abdul Rauf Chandio	2
Ms. Naila Asad Shaikh	2

- The Board has also established a Procurement Committee and Nomination Committee as required under the Rules. However, no meetings of these committees were held during the year as per applicable rules.
- The pattern of certificate holding is annexed to this report.
- The Directors, CEO, Executives, and their spouses and minor children did not carry out any transaction in the certificates of the Modaraba during the year.

7. The Board of Directors

The term of the present Board of Directors will expire in October 2026. The election for the new Board of Directors will be held at the upcoming Annual General Meeting of the Modaraba Management Company (SMML) in accordance with applicable statutory and regulatory requirements. The Board's Committees will be reconstituted accordingly. The last election of the Board of Directors was held in October 2023.

Further, the Board has co-opted Mr. Muhammad Asghar Memon, Secretary Finance – GoS, as a non-executive director in place of Mr. Fayaz Ahmed Jatoi, Secretary Finance – GoS, for the remaining tenure of the Board, subject to the approval of the Registrar Modaraba – SECP.

8. Principle Risk & Mitigation

Risk management governance starts with the Board and is associated with a robust management structure, an advanced information and risk rating system, and well-developed risk governance policies. The Board ensures the assessment of principle risks faced by SM and the level of tolerance by guiding the management in the prescribed manner.

9. Board's Statement on Strategic Objectives for ESG and Sustainability Reporting

Sindh Modaraba continues to reinforce its dedication to Environmental, Social, and Governance (ESG) principles, anchoring its strategic objectives in creating long-term value for all stakeholders. We actively integrate responsible business practices across our operations, ensuring full alignment with globally recognized sustainability standards.

Our comprehensive ESG framework is built upon ethical governance, environmental stewardship, and deep-rooted social responsibility. Beyond strategic decision-making and climate-risk management, we put our social commitment into practice by extending dedicated financial support and welfare initiatives to our lower-income and janitorial staff, ensuring that our growth directly benefits our most essential workforce.

Guided by foundational Shariah values which emphasize fairness, transparency, and social equity we continually refine our sustainability initiatives in response to evolving market standards and community needs. Supported by active Board oversight, Sindh Modaraba remains committed to driving positive societal impact and positioning itself as a forward- looking leader in responsible corporate governance.

9.1 Minimizing Environmental Impact:

This priority includes responsible resource management, waste reduction, and wate conservation. Recognizing the ongoing efforts needed to support the transition to a low-carbon economy, we are committed to continuous digitalization, particularly to reduce paper usage and conserve electricity across our offices.

9.2 Corporate Social Responsibility

The Modaraba ensures its role as a Responsible Corporate Citizen by conducting business in line with its mission, incorporating Shariah principles in a socially responsible and ethical manner, protecting the environment, and supporting the communities and cultures with which it works.

The Modaraba is committed to maintaining the highest standards of integrity and corporate governance practices to maintain excellence in its daily operations and to build confidence in its governance systems.

The Modaraba constantly strives to build trust and demonstrate respect for human dignity and rights in all relationships, including respect for cultures, customs and values of individuals and groups.

The Modaraba also embeds ESG considerations across its core business strategies, ensuring ethical governance and inclusive growth. As part of our commitment to social equity and employee welfare, we extend direct financial support to lower-income and janitorial staff through healthcare & welfare Coverage, fair & equitable Remuneration.

10. Gender Pay Gap Statement

The board has prepared and included in its annual report a disclosure statement on Gender Pay Gap, following SECP circular No.10 of 2024 dated 17 April 2024.

11. Credit Rating

The VIS Credit Rating Company Limited has upgraded the long-term 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 the strongest likelihood of timely repayment of short-term obligations with outstanding liquidity factors.

12. External Auditors

The Board of Directors and Registrar Modaraba approved the appointment of M/s Grant Thornton Anjum Rahman, Chartered Accountants, as external auditors for the year ended June 30, 2026.

The Board's Audit Committee has recommended the appointment of M/s. Grant Thornton Anjum Rahman, Chartered Accountants, as external auditors for the year ending June 30, 2027, subject to the approval of the Registrar Modaraba.

13. Acknowledgment by the Management/Board

The Board would like to thank the SECP, our Shariah Advisor, and NBFI & Modaraba Association for their continued guidance and support. We would also like to thank the valued customers of the Modaraba for their trust and support. The Board also wishes to record its appreciation for the dedication and hard work of the employees of the Modaraba, without which it would not have been possible to turn in such an improved performance.

(On behalf of the Board)

Chief Executive Officer | **Director**

Karachi:

23 September 2026

ڈائریکٹرز کی رپورٹ

بورڈ آف ڈائریکٹرز آف سندھ مضاربہ مینجمنٹ لمیٹڈ کی جانب سے، ہم 30 جون 2026 کو ختم ہونے والے سال کے لیے سندھ مضاربہ کی بارہویں سالانہ رپورٹ آڈٹ شدہ اکاؤنٹس کے ساتھ پیش کر رہے ہیں.

1. معیشت

عالمی معیشت مالی سال 2026 کے دوران جاری جغرافیائی سیاسی تناؤ، تجارتی پالیسی کی غیر یقینی صورتحال، اور خود مختار قرضوں کی بلند سطح کے باوجود لچکدار رہی۔ جب کہ بڑی معیشتوں میں افراط زر میں اعتدال آیا، مرکزی بینکوں نے مہنگائی کے مسلسل خطرات کے درمیان ایک محتاط مانیٹری موقف اپنایا، جس کے نتیجے میں عالمی نمو میں کمی، اشیاء کی قیمتوں میں اتار چڑھاؤ، اور بین الاقوامی مالیاتی منڈیوں میں مسلسل غیر یقینی صورتحال پیدا ہوئی۔

اس پس منظر میں پاکستان کی معیشت نے محتاط مالی اور زری پالیسیوں، آئی ایم ایف کے ایکسٹینڈڈ فنڈ فسیلٹی پروگرام پر مسلسل عملدرآمد اور بیرونی شعبے کے بنیادی اشاریوں میں بہتری کے باعث معاشی استحکام کی جانب نمایاں پیش رفت کی۔ سال کے دوران مہنگائی میں نمایاں کمی ہوئی، جس سے اسٹیٹ بینک آف پاکستان کو پالیسی ریٹ میں کمی کا موقع ملا۔ اس اقدام سے مالی اعانت کی صورتحال میں نمایاں بہتری آئی، کاروباری اعتماد مضبوط ہوا اور معاشی سرگرمیوں میں بتدریج بحالی ہوئی۔ حقیقی مجموعی ملکی پیداوار (GDP) میں بھی بہتری آئی، جس کی بنیادی وجوہات زرعی پیداوار میں اضافہ، صنعتی شعبے میں معتدل بحالی اور خدمات کے شعبے کی مضبوط کارکردگی تھیں۔

بیرونی شعبے کی صورتحال میں بھی بہتری آئی، جس میں بیرونِ ملک مقیم پاکستانیوں کی ترسیلاتِ زر میں اضافہ، برآمدات کی بہتر کارکردگی، درآمدات کے منظم انتظام اور کثیر الجہتی و دوطرفہ شراکت داروں کی مسلسل معاونت نے اہم کردار ادا کیا۔ ان عوامل کے نتیجے میں کرنٹ اکاؤنٹ سرپلس، زرمبادلہ کے ذخائر میں بتدریج بہتری اور شرحِ مبادلہ میں نسبتاً استحکام پیدا ہوا۔ اسی دوران حکومت نے محصولات میں اضافے کے اقدامات، اخراجات میں معقولیت اور ساختی اصلاحات کے ذریعے مالی استحکام کو جاری رکھا تاکہ طویل مدتی معاشی پائیداری کو مضبوط بنایا جاسکے۔

مالیاتی شعبہ پورے سال لچکدار، مضبوط سرمایہ کا حامل اور مناسب لیکویڈیٹی کے ساتھ مستحکم رہا۔ نرم مالیاتی ماحول، اثاثوں کے معیار میں بہتری اور مضبوط ہوتے ہوئے معاشی بنیادی عوامل نے بینکاری اور غیر بینکاری دونوں مالیاتی شعبوں میں مالی اعانت کی سرگرمیوں کو سہارا دیا۔ اسلامی مالیات کی صنعت نے بھی مثبت پیش رفت جاری رکھی، جس کی بنیادی وجوہات شرعی اصولوں کے مطابق مالیاتی حل کی بڑھتی ہوئی طلب اور حکومت کی جانب سے بلاسود مالیاتی نظام کے فروغ کے لیے مسلسل عزم تھیں، جس سے مضاربہ شعبے کے لیے ترقی کے حوصلہ افزا مواقع پیدا ہوئے۔

2. عملدرآمد کے نتائج اور کاروباری جائزہ

مالی سال 2025-26 سندھ مضاربہ کے لیے اچھی کارکردگی کا ایک اور سال رہا۔ اس دوران انتظامیہ نے اپنے بنیادی اسلامی فنانسنگ کے کاروبار کو بڑھانے پر توجہ دی، ساتھ ہی اثاثوں کے معیار کو برقرار رکھا، خطرات کو بہتر طریقے سے سنبھالا اور مالی معاملات میں احتیاط سے کام لیا۔ ان اقدامات کی وجہ سے سال کے دوران منافع کی شرح کافی کم ہونے کے باوجود مضاربہ اپنے کاروبار میں مسلسل اور اچھی ترقی حاصل کرنے میں کامیاب رہا۔

مضاربہ نے ٹیکس سے قبل 232.07 ملین روپے کا منافع رپورٹ کیا، جبکہ (2025 میں یہ 236.38 ملین روپے تھا)۔ اگرچہ منافع بخش کارکردگی مضبوط رہی، تاہم سال کے دوران اسٹیٹ بینک آف پاکستان کے پالیسی ریٹ میں نمایاں تبدیلی کے باعث مالیاتی شعبے میں منافع کی شرحوں پر دباؤ آیا، جس سے آمدنی میں کمی واقع ہوئی۔ اس کے باوجود اسلامی مالیاتی سرگرمیوں سے حاصل ہونے والی آمدنی میں نمایاں اضافہ ہوا۔ مرابحہ میں اسلامی مالیاتی پورٹ فولیو کی مسلسل توسیع کے باعث مالیاتی آپریشنز سے آمدنی میں 96.20 ملین روپے، یعنی 44 فیصد اضافہ ہوا۔ اس کے علاوہ صکوک میں سرمایہ کاری نے بھی سال کے دوران 6.14 ملین روپے کی اضافی آمدنی فراہم کی.

مالیاتی پورٹ فولیو 51 فیصد سے بڑھ کر 2.58 ارب روپے ہوگیا، جو (2025 میں 1.70 ارب روپے) تھا، جبکہ نئی مالی اعانت کی تقسیم 2.05 ارب روپے تک پہنچ گئی، جو (2025 میں 1.52 ارب روپے) تھی۔ یہ نمو شرعی اصولوں کے مطابق م مضاربہ کی مالیاتی سہولیات کی بڑھتی ہوئی طلب، مارکیٹ کے بہتر اعتماد، صارفین کے محتاط انتخاب اور معیاری مالیاتی مواقع پر مسلسل توجہ کی عکاسی کرتی ہے۔

ڈائریکٹرز کی رپورٹ

سال کے دوران اثاثوں کے معیار میں بھی نمایاں بہتری آئی۔ غیر فعال مالیاتی سہولیات (NPLs) میں 65 فیصد کمی واقع ہوئی اور یہ 21.55 ملین روپے رہ گئیں، جبکہ (2025 میں یہ 62.05 ملین روپے) تھیں۔ اس کے نتیجے میں پروویژن کی واپسی بھی بڑھ کر 8.49 ملین روپے ہوگئی، جو (2025 میں 4.77 ملین روپے تھی)۔ یہ بہتری انتظامیہ کی منظم کریڈٹ جانچ، بروقت وصولی کی مؤثر کوششوں اور مضبوط رسک مینجمنٹ فریم ورک کی عکاسی کرتی ہے۔

طویل مدتی ترقی کی حکمت عملی کو معاونت فراہم کرنے کے لیے م مضاربہ نے اپنے انسانی وسائل اور کاروباری ترقی کی صلاحیتوں میں حکمتِ عملی کے تحت اضافہ کیا، بالخصوص مارکیٹنگ اور بزنس ڈویلپمنٹ ٹیموں کو مضبوط بنایا۔ انتظامی اور آپریٹنگ اخراجات بڑھ کر 111.08 ملین روپے ہوگئے، جو (2025 میں 87.44 ملین روپے تھے)۔ تاہم، یہ فعال سرمایہ کاری بڑے مالیاتی پورٹ فولیو کی تشکیل میں براہِ راست معاون ثابت ہوئی اور مستقبل میں پائیدار توسیع کے لیے مضبوط بنیاد فراہم کی۔

مزید برآں، زیرِ جائزہ مدت کے دوران مضاربہ مینجمنٹ کمپنی کو حکومتِ سندھ کی جانب سے 1 ارب روپے کی ایکویٹی موصول ہوئی، جو بلا سود ماتحت فنڈ کے ذریعے سندھ مضاربہ کو دستیاب کرائی گئی۔ اس حکمتِ عملی کے تحت فراہم کردہ سرمایہ نے مضاربہ کی مالیاتی پوزیشن مضبوط کی، مالی اعانت کی صلاحیت میں اضافہ کیا اور مستقبل کے ترقیاتی اقدامات کے لیے معاونت فراہم کی۔

30 جون 2026 کو ختم ہونے والے سال کے آپریٹنگ نتائج کا خلاصہ نیچے دی گئی جدول میں کیا گیا ہے

مالیاتی ڈیٹا (روپے میں)

	جون 30، 2026	جون 30، 2025
بیلنس شیٹ		
سرٹیفکیٹ کیپیٹل	**450,000,000**	450,000,000
کل اثاثے	**3,257,715,328**	2,064,807,384
کل ایکویٹی	**3,091,410,135**	1,991,508,636
ڈیمنیشنگ مشارکہ فنانس	**1,566,422,971**	1,443,666,943
مرابحہ فنانس	**970,373,748**	212,819,445
پرافٹ اور لاس		
مالیاتی آمدنی/آپریشنز سے آمدنی	**313,535,242**	217,332,894
سرمایہ کاری سے آمدنی	**49,829,920**	124,466,572
دیگر آمدنی	**1,458,989**	7,970,989
آپریٹنگ اخراجات	**111,081,930**	87,438,400
مینجمنٹ فیس سے پہلے منافع	**262,229,914**	267,098,316

ڈائریکٹرز کی رپورٹ

	جون30، 2026	جون30، 2025
ٹیکس سے پہلے منافع	**232,073,474**	236,382,009
ٹیکس کے بعد منافع	**161,346,524**	180,113,788
منافع کی تقسیم		
منافع کی تقسیم @14%(13.50%2025)	**63,000,000**	60,750,000
قانونی ریزرو	**32,269,305**	36,022,758
فی سرٹیفکیٹ آمدنی	**3.59**	4.00

3. نقطہ نظر

آنے والے عرصے میں پاکستان کی معاشی صورتحال محتاط طور پر پُرامید نظر آتی ہے۔اس کی بنیاد مسلسل معاشی استحکام، آئی ایم ایف پروگرام کے تحت ساختی اصلاحات پر عملدرآمد، مہنگائی کے دباؤ میں کمی اور نسبتاً نرم مالیاتی ماحول پر ہے۔ اگرچہ عالمی جغرافیائی وسیاسی حالات، تجارتی غیر یقینی صورتحال، اجناس کی قیمتوں میں اتار چڑھاؤ اور موسمیاتی خطرات بدستور چیلنجز پیش کرتے رہیں گے، تاہم کاروباری اعتماد میں بہتری اور پالیسیوں کے تسلسل سے معاشی سرگرمیوں میں بتدریج بحالی کی توقع ہے۔

کم شرحِ سود کا ماحول، مالیاتی شعبے میں بڑھتا ہوا استحکام اور شرعی اصولوں کے مطابق مالیاتی حل کی بڑھتی ہوئی طلب اسلامی مالیاتی اداروں کے لیے سازگار مواقع پیدا کرنے کی توقع ہے۔اسلامی مالیات، مالیاتی شمولیت، ڈیجیٹل تبدیلی اور نجی شعبے میں سرمایہ کاری کے فروغ کے لیے حکومت کے مسلسل اقدامات سے مضاربہ شعبے کی ترقی کو مزید تقویت ملنے کی توقع ہے۔

مالی سال 2027 کے دوران انتظامیہ کو توقع ہے کہ مضاربہ مینجمنٹ کمپنی کے ذریعے مزید 1 ارب روپے کی ایکویٹی معاونت حاصل ہوگی، جسے مطلوبہ منظوریوں اور رسمی کارروائیوں کی تکمیل سے مشروط، بلاسود ماتحت فنڈ کے طور پر سندھ مضاربہ میں منتقل کیا جائے گا۔اضافی سرمایہ جاتی معاونت سے مضاربہ کی سرمایہ جاتی بنیاد مزید مضبوط ہونے، مالی اعانت کی صلاحیت میں اضافہ ہونے اور طویل مدتی ترقی کی حکمتِ عملی پر عملدرآمد میں معاونت ملنے کی توقع ہے۔

ان پیش رفتوں کی بنیاد پر سندھ مضاربہ ابھرتے ہوئے مواقع سے فائدہ اٹھانے کے لیے مضبوط پوزیشن میں ہے۔اس مقصد کے لیے محتاط انداز میں پورٹ فولیو میں توسیع، منظم کریڈٹ جانچ، بروقت وصولی کی فعال کوششیں اور اثاثوں کے معیار، لیکویڈیٹی مینجمنٹ، آپریشنل کارکردگی اور مضبوط رسک مینجمنٹ پر مسلسل توجہ برقرار رکھی جائے گی۔انتظامیہ کم خطرے والے شعبوں میں کام کرنے والے معیاری صارفین کو مالی اعانت فراہم کرنے پر توجہ جاری رکھے گی، جبکہ شرعی مطابقت، مضبوط کارپوریٹ گورننس اور سرٹیفکیٹ ہولڈرز کے لیے پائیدار قدر پیدا کرنے کے اصولوں کو برقرار رکھا جائے گا۔اگرچہ معاشی اور ریگولیٹری چیلنجز برقرار رہ سکتے ہیں، بورڈ کو یقین ہے کہ مضاربہ کی مضبوط مالیاتی بنیاد، تجربہ کار انتظامیہ اور منظم کاروباری حکمتِ عملی طویل مدتی پائیدار ترقی اور مضبوطی کو یقینی بنانے میں معاون ثابت ہوگی۔

4. منافع کی تقسیم

بورڈ آف ڈائریکٹرز نے 30 جون 2026 کو ختم ہونے والے سال کے لیے فی سرٹیفکیٹ 1.40 روپے (1.35:2025 روپے) یعنی 14% فیصد (13.50:2025 فیصد) نقد منافع کی منظوری دی ہے۔

ڈائریکٹرز کی رپورٹ

سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ مضاربہ ریگولیشنز کے مطابق ہر مضاربہ ایک ریزرو فنڈ قائم کر سکتا ہے، جس میں ٹیکس کے بعد منافع یا اس کے کسی حصے سے رقم منتقل کی جاسکتی ہے۔

بورڈ آف ڈائریکٹرز نے قانونی ریزرو کے لیے 32.27 ملین روپے (20 فیصد) رکھنے کی منظوری دی ہے۔

5. بیرونی سالانہ آڈٹ

مضاربہ کے مالیاتی بیانات کا آڈٹ آڈیٹرز یعنی میسرز گرینٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس نے بغیر کسی اہلیت کے کیا ہے۔

6. کارپوریٹ گورننس

مضاربہ کو پبلک سیکٹر کمپنیوں (کارپوریٹ گورننس) رولز، 2013 (رولز) کے مختلف تقاضوں کے ساتھ ساتھ ایس ای سی پی کی طرف سے جاری کردہ لسٹڈ کمپنیاں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 (سی سی جی) کی تعمیل کرنا ضروری ہے ۔ قانونی آڈیٹرز کو بہترین طریقوں کے تعمیل بیان پر اپنی جائزہ رپورٹ بھی جاری کرنا ضروری ہے، جو مالیاتی بیانات کے ساتھ شائع ہوتی ہے ۔

قانونی آڈیٹرز سے یہ بھی تقاضا کیا جاتا ہے کہ وہ بہترین طریقہ کار کے بیانِ تعمیل پر اپنا جائزہ رپورٹ جاری کریں، جو مالیاتی گوشواروں کے ساتھ شائع کی جاتی ہے۔
بورڈ آف ڈائریکٹرز نے پی ایس سی جی قواعد-2013 اور سی سی جی ضوابط 2019 کا جائزہ لیا ہے اور تصدیق کی ہے کہ :

- بورڈ نے کارپوریٹ گورننس کے متعلقہ اصولوں پر مسلسل عملدرآمد کیا ہے۔
- انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے مالیاتی پوزیشن، منافع و خسارہ اور دیگر جامع آمدنی، نقد بہاؤ، ایکویٹی میں تبدیلیوں اور مالیاتی گوشواروں کے نوٹس کی حقیقی اور منصفانہ تصویر پیش کرتے ہیں۔
- اکاؤنٹس کی مناسب کتابیں برقرار رکھی گئی ہیں۔
- مالیاتی گوشوارے تیار کرتے وقت مناسب اکاؤنٹنگ پالیسیوں کا اطلاق کیا گیا ہے اور اکاؤنٹنگ اندازے معقول اور محتاط فیصلے کی بنیاد پر کیے گئے ہیں۔
- اندرونی کنٹرول کا نظام مؤثر انداز میں ڈیزائن کیا گیا ہے، مناسب طور پر نافذ کیا گیا ہے اور اس کی نگرانی کی جاتی ہے۔
- چیئرمین اور بورڈ کے دیگر اراکین کی تقرری اور ان کی تقرری کی شرائط م مضاربہ کے بہترین مفاد میں اور بہترین طریقہ کار کے مطابق ہیں۔
- واعد کے مطابق ایک آزاد ڈائریکٹر کا انتخاب / تقرر کیا گیا ہے۔
- پاکستان میں مضاربہ اپرلا گو انٹرنیشنل فنانشل رپورٹنگ اسٹینڈرڈز کی پیروی کی گئی ہے اور جہاں کہیں ان سے انحراف کیا گیا ہے، اسے مناسب طور پر ظاہر اور واضح کیا گیا ہے۔
- 30 جون 2026 تک ٹیکس، ڈیوٹیز، لیویز اور دیگر واجبات کی مد میں کوئی قانونی ادائیگی بقایا نہیں، سوائے ان رقوم کے جو مالیاتی گوشواروں میں ظاہر کی گئی ہیں۔
- مالیاتی گوشواروں کی بنیاد پر 30 جون 2026 کو ایمپلائز پراویڈنٹ فنڈ میں سرمایہ کاری کی مالیت 24.323 ملین روپے ہے، جبکہ 2025 میں یہ 19.508 ملین روپے تھی)۔
- گزشتہ چھ سالوں کا اہم آپریشنل اور مالیاتی ڈیٹا اس رپورٹ کے ساتھ منسلک ہے۔
- سال کے دوران مضاربہ مینجمنٹ کمپنی کے بورڈ کے پانچ اجلاس منعقد ہوئے، جن میں ہر ڈائریکٹر کی شرکت کی تفصیل درج ذیل ہے۔

بورڈ میٹنگز میں ڈائریکٹرز کی حاضری

ڈائریکٹرز کا نام	میٹنگز کی تعداد میں حاضری
مسٹر وسیم مہدی سید	5
مسٹر فیاض احمد جتوئی	5
مسٹر اعجاز اختر انصاری	5
مسٹر سمیع الحق خلجی	5

ڈائریکٹرز کی رپورٹ

ڈائریکٹرز کا نام	میٹنگز کی تعداد میں حاضری
مسٹر کمال احمد	5
مسٹر عبدالرؤف چانڈیو	5
مسز نائلہ اسد شیخ	5

- زیر جائزہ سال کے دوران مضاربہ کمپنی کی چار آڈٹ کمیٹی میٹنگز منعقد ہوئیں۔ ہر رکن کی حاضری ذیل میں منسلک ہے :

آڈٹ کمیٹی میٹنگز میں ڈائریکٹرز کی حاضری

ڈائریکٹرز کا نام	میٹنگز کی تعداد میں حاضری
مسٹر وسیم مہدی سید	3
مسٹر اعجاز اختر انصاری	4
مسٹر سمیع الحق خلجی	4
مسٹر کمال احمد	4

- زیر جائزہ سال کے دوران مضاربہ کمپنی کی دو ہیومن ریسورس کمیٹی میٹنگ منعقد ہوئی۔ ہر رکن کی حاضری ذیل میں منسلک ہے :

ہیومن ریسورس کمیٹی میٹنگ میں ڈائریکٹرز کی حاضری

ڈائریکٹرز کا نام	میٹنگز کی تعداد میں حاضری
مسٹر وسیم مہدی سید	2
مسٹر عبدالرؤف چانڈیو	2
مسٹر سمیع الحق خلجی	2

- زیر جائزہ سال کے دوران مضاربہ کمپنی کی دو رسک مینجمنٹ کمیٹی میٹنگز منعقد ہوئیں۔ ہر رکن کی حاضری ذیل میں منسلک ہے۔

رسک مینجمنٹ کمیٹی میٹنگز میں ڈائریکٹرز کی حاضری

ڈائریکٹرز کا نام	میٹنگز کی تعداد میں حاضری
مسٹر وسیم مہدی سید	2
مسٹر عبدالرؤف چانڈیو	2
مسز نائلہ اسد شیخ	2

ڈائریکٹرز کی رپورٹ

بورڈ نے قواعد کے مطابق ایک پروکیورمنٹ کمیٹی اور نامزدگی کمیٹی بھی قائم کی ہے ۔ تاہم، قابل اطلاق قواعد کے مطابق سال کے دوران ان کمیٹیوں کی کوئی میٹنگ منعقد نہیں ہوئی ۔
سرٹیفکیٹ ہولڈنگ کا نمونہ اس رپورٹ کے ساتھ منسلک ہے ۔ ڈائریکٹرز، سی ای او، ایگزیکٹوز، اور ان کے شریک حیات اور نابالغ بچوں نے سال کے دوران مدارب کے سرٹیفکیٹ میں کوئی لین دین نہیں کیا ۔

7. بورڈ آف ڈائریکٹرز

موجودہ بورڈ آف ڈائریکٹرز کی مدت اکتوبر 2026 میں ختم ہوگی۔ نئے بورڈ آف ڈائریکٹرز کا انتخاب مضاربہ مینجمنٹ کمپنی (SMML) کے آئندہ سالانہ جنرل اجلاس میں قابل اطلاق قانونی اور ریگولیٹری تقاضوں کے مطابق کیا جائے گا۔ اس کے بعد بورڈ کی کمیٹیوں کو بھی دوبارہ تشکیل دیا جائے گا۔ بورڈ آف ڈائریکٹرز کا آخری انتخاب اکتوبر 2023 میں ہوا تھا۔
مزید برآں، بورڈ نے مسٹر محمد اصغر میمن، سیکریٹری فنانس، حکومتِ سندھ، کو مسٹر فیاض احمد جتوئی، سیکریٹری فنانس، حکومتِ سندھ، کی جگہ بورڈ کی بقیہ مدت کے لیے بطور نان ایگزیکٹو ڈائریکٹر شریکِ بورڈ کیا ہے، جو رجسٹرار مضاربہ ب SECP – کی منظوری سے مشروط ہے۔

8. پرنسپل رسک اور تخفیف

رسک مینجمنٹ گورننس کا آغاز بورڈ سے ہوتا ہے اور اس کا تعلق ایک مضبوط مینجمنٹ ڈھانچے، جدید معلومات اور رسک ریٹنگ سسٹم کے ساتھ ساتھ اچھی طرح سے تیار کردہ رسک گورننس پالیسیوں سے ہے ۔ بورڈ ایس ایم کو درپیش پرنسپل رسک اور برداشت کی سطح کا اندازہ یقینی بناتا ہے جو تجویز کردہ طریقے سے انتظامیہ کو رہنمائی فراہم کرتا ہے ۔

9- ای ایس جی اور پائیداری کی رپورٹنگ کے لیے بورڈ کا اسٹریٹجک مقاصد پر بیان

سندھ موڈار بااحولیاتی، سماجی اور گورننس (ESG) اصولوں کے لیے اپنے عزم کو مسلسل مضبوط بنا رہا ہے اور اپنی حکمتِ عملی کے بنیادی مقاصد میں تمام اسٹیک ہولڈرز کے لیے طویل مدتی قدر پیدا کرنے کو مرکزی حیثیت دیتا ہے۔ ہم اپنی آپریشنز میں ذمہ دار کاروباری طریقہ کار کو فعال طور پر شامل کرتے ہیں اور عالمی سطح پر تسلیم شدہ پائیداری کے معیارات کے ساتھ مکمل ہم آہنگی کو یقینی بناتے ہیں۔

ہمارا جامع ESG فریم ورک اخلاقی گورننس، ماحولیاتی ذمہ داری اور گہری سماجی ذمہ داری پر مبنی ہے۔ حکمتِ عملی سازی اور موسمیاتی خطرات کے انتظام سے آگے بڑھتے ہوئے، ہم کم آمدنی والے اور صفائی کے عملے کے لیے مخصوص مالی معاونت اور فلاحی اقدامات فراہم کرکے اپنی سماجی ذمہ داری کو عملی جامہ پہناتے ہیں، تاکہ ہماری ترقی سے ہمارے اہم ترین افرادی قوت کے ارکان بھی براہِ راست مستفید ہوں۔

شریعت کے بنیادی اقدار، جو انصاف، شفافیت اور سماجی مساوات پر زور دیتے ہیں، کی رہنمائی میں ہم مارکیٹ کے بدلتے ہوئے معیارات اور معاشرتی ضروریات کے مطابق اپنی پائیداری کی کاوشوں کو مسلسل بہتر بناتے ہیں۔ بورڈ کی فعال نگرانی کے تحت سندھ موڈار باثبت سماجی اثر پیدا کرنے اور ذمہ دار کارپوریٹ گورننس میں مستقبل شناس قائد کی حیثیت حاصل کرنے کے لیے پرعزم ہے۔

9.1 **ماحولیاتی اثرات کو کم کرنا:** اس ترجیح میں ذمہ دار وسائل کا انتظام، فضلہ میں کمی، اور پانی کا تحفظ شامل ہے ۔ کم کاربن معیشت میں منتقلی کی حمایت کے لیے جاری کوششوں کو تسلیم کرتے ہوئے، ہم مسلسل ڈیجیٹلائزیشن کے لیے پرعزم ہیں، خاص طور پر اپنے دفاتر میں کاغذ کے استعمال کو کم کرنے اور بجلی بچانے کے لیے ۔

9.2 **کارپوریٹ سماجی ذمہ داری:** مضاربہ ایک ذمہ دار کارپوریٹ شہری کے اپنے کردار کو یقینی بناتا ہے جو اپنے مشن کے مطابق شریعہ اصولوں کو ایک سماجی طور پر ذمہ دار اور اخلاقی انداز میں شامل کرتا ہے، ماحول کی حفاظت کرتا ہے، اور ان کمیونٹیوں اور ثقافتوں کی حمایت کرتا ہے جن کے ساتھ یہ کام کرتا ہے ۔ مضاربہ اپنی روزمرہ کی کارروائیوں میں بہترین کارکردگی کو برقرار رکھنے، اور اپنے گورننس نظام میں اعتماد پیدا کرنے کے لیے سالمیت اور کارپوریٹ گورننس کے طریقوں کے اعلیٰ ترین معیار کو برقرار رکھنے کے لیے پرعزم ہے ۔ مضاربہ مسلسل تعلقات میں انسانی وقار اور حقوق کے لیے اعتماد پیدا کرنے اور احترام کا مظاہرہ کرنے کی کوشش کرتا ہے، جس میں افراد اور گروہوں کی ثقافتوں، رسوم و رواج اور اقدار کا احترام شامل ہے۔

ڈائریکٹرز کی رپورٹ

مضاربہ اپنی بنیادی کاروباری حکمتِ عملیوں میں ESG کے عوامل کو بھی شامل کرتا ہے تاکہ اخلاقی گورننس اور جامع ترقی کو یقینی بنایا جاسکے۔ سماجی مساوات اور ملازمین کی فلاح و بہبود کے عزم کے تحت، کم آمدنی والے اور صفائی کے عملے کو صحت کی سہولیات و فلاحی کوریج اور منصفانہ و مساوی معاوضے کی صورت میں براہِ راست مالی معاونت فراہم کی جاتی ہے۔

10. جینڈر پے گیپ کا بیان

بورڈ نے ایس ای سی پی کے سرکلر نمبر 10، مورخہ 17 اپریل 2024 کے بعد اپنی سالانہ رپورٹ میں جینڈر پے گیپ پر ایک افشائی بیان تیار کیا ہے اور شامل کیا ہے۔

11. کریڈٹ ریٹنگ

VIS Credit Rating Company Limited نے سندھ مضاربہ باکی طویل مدتی اور قلیل مدتی کریڈٹ ریٹنگز بالترتیب A+ سے بڑھا کر AA- اور A1 سے بڑھا کر A1+ کردی ہیں۔ AA- کی درمیانی سے طویل مدتی ریٹنگ اعلیٰ کریڈٹ معیار اور مضبوط حفاظتی عوامل کی نشاندہی کرتی ہے۔ قلیل مدتی A1+ ریٹنگ قلیل مدتی واجبات کی بروقت ادائیگی کے لیے مضبوط ترین امکان اور بہترین لیکویڈیٹی عوامل کی عکاسی کرتی ہے۔

12. بیرونی آڈیٹرز

بورڈ آف ڈائریکٹرز اور رجسٹرار موڈارباں نے 30 جون 2026 کو ختم ہونے والے سال کے لیے میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، کو بیرونی آڈیٹرز مقرر کرنے کی منظوری دی۔

بورڈ کی آڈٹ کمیٹی نے 30 جون 2027 کو ختم ہونے والے سال کے لیے میسرز گرانٹ تھورنٹن انجم رحمان، چارٹرڈ اکاؤنٹنٹس، کی بطور بیرونی آڈیٹر تقرری کی سفارش کی ہے، جو رجسٹرار موڈارباں کی منظوری سے مشروط ہے۔

13. انتظامیہ / بورڈ کا اعتراف

بورڈ ایس ای سی پی، ہمارے شریعہ مشیر، اور این بی ایف آئی اور مضاربہ ایسوسی ایشن کا ان کی مسلسل رہنمائی اور حمایت کے لیے شکریہ ادا کرنا چاہتا ہے۔ یہ مدارب کے قابل قدر صارفین کا بھی ان کے اعتماد اور حمایت کے لیے شکریہ ادا کرنا چاہتا ہے۔ بورڈ مضاربہ کے ملازمین کی لگن اور محنت کو بھی سراہنا چاہتا ہے جس کے بغیر اس طرح کی بہتر کارکردگی حاصل کرنا ممکن نہیں تھا۔

(بورڈ کی جانب سے)

مسز نائلہ اسد شیخ
ڈائریکٹر

عبدالرؤف چانڈیو
چیف ایگزیکٹو آفیسر

کراچی:
23 ستمبر 2026

KEY OPERATING & FINANCIAL DATA

	2026	2025	2024	2023	2022	2021
Balance Sheet						
Certificate capital	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000	450,000,000
Reserves	641,410,135	541,508,632	417,309,901	272,367,212	195,948,970	175,056,964
Total equity	3,091,410,135	1,991,508,632	1,867,309,901	1,722,367,212	1,645,948,970	1,625,056,964
Total Assets	3,257,715,328	2,064,807,384	1,938,202,289	1,778,233,492	1,684,584,728	1,657,153,740
Financing Portfolio	2,576,353,941	1,704,531,304	791,724,335	919,465,142	901,928,698	859,574,172
Non-performing loans	21,550,000	62,045,990	98,838,656	133,486,060	110,748,423	120,753,848
Provision (excluding general)	26,783,208	39,831,367	49,346,749	51,740,324	54,264,776	41,267,560
Current Assets	2,389,543,151	1,341,458,400	1,516,515,930	1,280,808,047	1,173,981,336	1,200,357,149
Current Liabilities	161,110,772	69,240,733	70,892,388	55,866,280	38,635,758	32,096,776
Non - current liabilities	5,194,421	4,058,019	-	-	-	-
Total Liabilities	166,305,193	73,298,752	70,892,388	55,866,280	38,635,758	32,096,776
Profit & Loss						
Revenue (net of IJR dep & DM susp.)	364,824,151	341,799,466	407,340,786	279,664,809	167,021,948	138,244,547
Operating expenses	111,081,930	87,438,400	64,572,249	64,092,024	40,887,729	46,442,770
(Reversal) / Provision	(8,487,693)	(4,766,261)	(2,862,098)	(2,547,401)	13,259,015	13,513,618
Profit before management fee	262,229,914	267,098,316	346,316,807	219,363,097	113,522,169	78,624,804
Profit before tax	232,073,474	236,382,009	306,490,374	194,575,067	100,694,164	75,822,337
Profit after tax	161,346,524	180,113,788	201,330,520	130,410,860	66,313,222	75,822,337
Appropriations						
Profit distribution (%)	14.00%	13.50%	12.50%	12.50%	12.00%	10.00%
Profit distribution	63,000,000	60,750,000	56,250,000	56,250,000	54,000,000	45,000,000
Statutory Reserve	32,269,305	36,022,758	40,266,104	26,082,172	13,262,644	26,537,818
Financial Ratios						
Earning per Certificate	3.59	4.00	4.47	2.90	1.47	1.68
Net profit ratio before tax (%)	63.61%	69.16%	75.24%	69.57%	60.29%	54.85%
Net profit ratio after tax (%)	44.23%	52.70%	49.43%	46.63%	39.70%	54.85%
NPL ratio	0.84%	3.64%	12.48%	14.52%	12.28%	14.05%
NPL cover ratio	124.28%	64.20%	49.93%	38.76%	49.00%	34.17%
P/E Ratio	6.33	3.14	2.30	2.77	4.76	5.22
Breakup Value	24.25	22.03	19.27	16.05	14.35	13.89
Debt ratio (%)	5.10%	3.55%	3.66%	3.14%	2.29%	1.94%
Current ratio	14.29	18.30	21.39	22.93	30.39	37.40
Earning asset to total asset (%)	89.24%	97.28%	95.19%	93.52%	94.48%	92.08%
Return on asset (%)	6.06%	9.00%	10.83%	7.53%	3.97%	4.51%
Return on equity (%)	6.35%	9.34%	11.22%	7.74%	4.05%	4.69%
Debt Equity (%)	5.38%	3.68%	3.80%	3.24%	2.35%	1.98%

SHARIAH REVIEW REPORT
FOR THE FINANCIAL YEAR ENDED JUNE 2026

بِسۡمِ اللّٰهِ الرَّحۡمٰنِ الرَّحِيۡمِ ○

All praise is due to Almighty Allah, the Lord of the Worlds. May peace and blessings be upon His last and final Prophet, Muhammad (ﷺ), his family, companions, and those who follow them with righteousness until the Day of Judgment.

Sindh Modaraba is a perpetual, multi-dimensional, non-trading Modaraba formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980. It is managed by Sindh Modaraba Management Limited, wholly owned by the Government of Sindh. The Modaraba primarily operates in Murabaha, Musharakah, Diminishing Musharakah, Ijarah financing, investments in marketable securities, and related activities.

Basis of Review

During the year ended June 30, 2026, I reviewed the overall operations, policies, products, financing transactions, investments, relevant documentation and processes of Sindh Modaraba. The review was conducted in light of the applicable requirements of the Shari'ah Governance Regulations, 2023, relevant provisions of S.R.O. 2310(I)/2022, Shariah Compliance and Shariah Audit Mechanism 2012 (SCSAM 2012) other applicable instructions and guidelines issued by the Securities and Exchange Commission of Pakistan (SECP), relevant Shari'ah standards, rulings, guidance and approvals issued by the Shari'ah Advisor from time to time.

The review covered, inter alia, financing products and transactions, contracts and documentation, investment activities, financial arrangements, policies and manuals, and related operational processes.

The following were the major developments during the year under review:

- Revision of policies, Shari'ah-compliant products and related process flows;
- Regular provision of Islamic finance knowledge and Shari'ah awareness training to the staff;
- Review, definition and approval of various financing-related matters and processes in accordance with applicable Shari'ah principles and guidelines; and
- Strengthening of Shari'ah compliance processes through continued coordination between management and the Shari'ah Advisor.

The management took initiatives to ensure smooth operations of the Modaraba in accordance with applicable regulatory and Shari'ah requirements and obtained prior Shari'ah approval for relevant transactions, policies, products and services requiring such approval. An independent external Shari'ah audit was also conducted during the year in accordance with the applicable SECP regulatory requirements, thereby further strengthening the independent assurance framework relating to the Shari'ah compliance environment of the Modaraba.

Observations and Certification

Based on the review performed, the information and records made available to me, and the explanations obtained from the management, I am of the opinion that:

a) The transactions, documentation and procedures reviewed during the year were, in all material respects, in accordance with the principles of Shari'ah, the guidance and approvals of the Shari'ah Advisor, the applicable Shari'ah standards, including SCSAM 2012, and the Shari'ah Governance Regulations, 2023.

b) The affairs and activities of the Modaraba were conducted, in all material respects, in conformity with the principles and rules of Shari'ah, applicable regulatory requirements, and the Shari'ah opinions and approvals issued from time to time.

c) Based on the review and information made available, no income or earnings arising from sources or means prohibited by Shari'ah were identified during the year. Accordingly, no amount was required to be transferred to the charity account on account of Shari'ah non- compliance.

Additionally, I further certify that;

- All bank accounts were maintained with Islamic Banking Institutions (IBIs) or Islamic Banking Branches of conventional banks, in accordance with applicable Shari'ah requirements and approvals;
- No Shari'ah non-compliance event of a material nature came to my attention during the year under review; and
- Minor observations, wherever identified, were communicated to management and addressed or rectified in accordance with the applicable Shari'ah guidelines.

Accordingly, based on the review performed and subject to the above scope and qualifications, I certify that the overall operations and activities of Sindh Modaraba for the financial year ended June 30, 2026 were, in all material respects, conducted in accordance with the principles of Shari'ah and applicable regulatory requirements.

Recommendations

While providing the above certification, I recommend the following measures for further strengthening Shari'ah compliance and promoting the development of Islamic finance within the institution:

- Introduction of additional Shari'ah-compliant financing products to diversify the Modaraba's product portfolio, supported by appropriate internal and external staff training;
- Extension of Diminishing Musharakah-based staff financing facilities, particularly for housing and vehicle financing, with appropriate incorporation into the relevant policies and manuals;
- Development of Shari'ah-compliant staff benefit arrangements, including financing facilities, comprehensive Takaful coverage and Islamic provident fund arrangements, subject to appropriate Shari'ah review and approval; and
- Increasing the frequency and scope of Shari'ah awareness and training sessions for staff and, where appropriate, customers, to enhance understanding and adoption of Islamic financial principles.

Conclusion

Based on the review performed, the information and records made available, and the explanations obtained from management, I have not come across any matter which, in my opinion, is contrary to the principles of Shari'ah and applicable regulatory requirements in any material respect.

I pray to Almighty Allah for the continued success, growth and prosperity of Sindh Modaraba and for its steadfastness in adhering to the principles and commands of Shari'ah.

وَاللّٰهُ سُبْحَانَهُ وَتَعَالٰى اَعْلَمُ

وَصَلَّى اللّٰهُ تَعَالٰى عَلٰى سَيِّدِنَا مُحَمَّدٍ وَّ عَلٰى آلِهٖ وَصَحْبِهٖ اَجْمَعِيْنَ

Mufti Syed Zahid Siraj
Shariah Advisor
Sindh Modaraba

Mufti Syed Zahid Siraj
Shariah Advisor
SECP/IFD/SA/001

Signed at Karachi I August 19, 2026

The Shariah Review Report has been issued in compliance with the Shariah Governance Regulations, 2023 vide its Clause 23 and Sub Clause (2) for the FY ended June 30, 2026.

INDEPENDENT AUDITOR'S REVIEW REPORT TO THE CERTIFICATE HOLDERS OF SINDH MODARABA

Review Report on the Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 and Listed Companies (Code of Corporate Governance) Regulations, 2019 (both herein referred to as 'Codes') prepared by the Board of Directors of Sindh Modaraba ("the Modaraba") for the year ended June 30, 2026 to comply with the requirements of codes.

The responsibility for compliance with the Code and the Rules is that of the Board of the Management Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Rules and report if it does not and to highlight any non-compliance with the requirements of the Code or the Rules. A review is limited primarily to inquiries of the Modaraba's and Management Company's personnel and review of various documents prepared by the Management Company to comply with the Codes.

As a part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

Further, the Code and the Rules requires the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, for and on behalf of Modaraba, in all material respects, with the requirements contained in the Code and the Rules as applicable to the Company for the year ended June 30, 2026.

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: 28 September, 2026

UDIN:CR202610126NYmhtvcSl

Statement of Compliance with the Public Sector Companies (Corporate Governance) Rules, 2013 & Listed Companies (Code of Corporate Governance) Regulation 2019

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 and Public Sector Companies (Corporate Governance) Rules 2013 (the Rules) for the purpose of establishing a framework of good governance, whereby a public sector company is managed in compliance with the best practices of corporate governance for the year ended June 30, 2026.

The Board of Directors of Sindh Modaraba Management Limited – the Modaraba Management Company (the Management Company) is responsible for management of affairs of Sindh Modaraba (the Modaraba). The Management Company has complied with the provisions of the Rules in the following manner:

<table>
<tr><th rowspan="2">S. No.</th><th rowspan="2">Provision of the Rules</th><th rowspan="2">Rule No.</th><th>Y</th><th>N</th></tr>
<tr><th colspan="2">Tick the relevant box</th></tr>
<tr><td>1.</td><td>The independent directors meet the criteria of independence, as defined under the Rules.</td><td>2(d)</td><td>3</td><td></td></tr>
<tr><td>2.</td><td>The Board has at least one-third of its total members as independent directors. At present, the Board includes:
<table>
<tr><th>Category</th><th>Names</th><th>Date of Appointment</th></tr>
<tr><td>Independent Directors</td><td>Waseem Mehdi Syed
Ejaz Akhtar Ansari</td><td>26 November 2020
23 October 2023</td></tr>
<tr><td>Chief Executive Officer/Executive Director</td><td>Abdul Rauf Chandio</td><td>09 July 2024</td></tr>
<tr><td>Non-Executive Directors</td><td>Kamal Ahmed
Naila Asad Shaikh
Fayaz Ahmed Jatoi
Sami ul Haq Khilji</td><td>15 August 2017
18 August 2023
07 May 2024
30 May 2022</td></tr>
</table></td><td>3(2)</td><td>3</td><td></td></tr>
<tr><td>3.</td><td>The directors have confirmed that none of them is serving as a director on more than five public sector companies and listed companies simultaneously, except their subsidiaries.</td><td>3(5)</td><td>3</td><td></td></tr>
<tr><td>4.</td><td>The appointing authorities have applied the fit and proper criteria given in the Annexure to the Rules in making nominations of the persons for election as Board members under the provisions of the Act.</td><td>3(7)</td><td>3</td><td></td></tr>
<tr><td>5.</td><td>The chairman of the Board is working separately from the chief executive of the Company.</td><td>4(1)</td><td>3</td><td></td></tr>
<tr><td>6.</td><td>The chairman has been elected by the Board of directors.</td><td>4(4)</td><td>3</td><td></td></tr>
<tr><td>7.</td><td>The Board has evaluated the candidates for the position of the chief executive on the basis of the fit and proper criteria as well as the guidelines specified by the Commission.</td><td>5(2)</td><td>3</td><td></td></tr>
<tr><td>8.</td><td>(a) The company has prepared a "Code of Conduct" to ensure that professional standards and corporate values are in place.

(b) The Board has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures, including posting the same on the company's website. (www.sindhmodarabaltd.com)

(c) The Board has set in place adequate systems and controls for the identification and redressal of grievances arising from unethical practices.</td><td>5(4)</td><td>3

3</td><td></td></tr>
<tr><td>9.</td><td>The Board has established a system of sound internal control, to ensure compliance with the fundamental principles of probity and propriety; objectivity, integrity and honesty; and relationship with the stakeholders, in the manner prescribed in the Rules.</td><td>5(5)</td><td>3</td><td></td></tr>
</table>

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
10.	The Board has developed and enforced an appropriate conflict of interest policy to lay down circumstances or considerations when a person may be deemed to have actual or potential conflict of interests, and the procedure for disclosing such interest.	**5(5)(b) (ii)**	3	
11.	The Board has developed and implemented a policy on anti- corruption to minimize actual or perceived corruption in the company.	**5(5)(b) (vi)**	3	
12.	The Board has ensured equality of opportunity by establishing open and fair procedures for making appointments and for determining terms and conditions of service.	**5(5)(c) (ii)**	3	
13.	The Board has ensured compliance with the law as well as the company's internal rules and procedures relating to public procurement, tender regulations, and purchasing and technical standards, when dealing with suppliers of goods and services.	**5(5)(c) (iii)**	3	
14.	The Board has developed a vision or mission statement and corporate strategy of the company.	**5(6)**	3	
15.	The Board has developed significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended, has been maintained.	**5(7)**	3	
16.	The Board has quantified the outlay of any action in respect of any service delivered or goods sold by the Company as a public service obligation, and has submitted its request for appropriate compensation to the Government for consideration.	**5(8)**	**N/A**	
17.	The Board has ensured compliance with policy directions requirements received from the Government.	**5(11)**	**N/A**	
18.	a) The Board has met at least four times during the year. b) Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. c) The minutes of the meetings were appropriately recorded and circulated.	**6(1)** **6(2)** **6(3)**	3 3	
19.	The Board has monitored and assessed the performance of senior management on annual basis and held them accountable for accomplishing objectives, goals and key performance indicators set for this purpose.	**8 (2)**	3	
20.	The Board has reviewed and approved the related party transactions placed before it after recommendations of the audit committee. A party wise record of transactions entered into with the related parties during the year has been maintained.	**9**	3	
21.	a) The Board has approved the statement of profit and loss and other comprehensive income for, and statement of financial position as at the end of, the first, second and third quarter of the year as well as the financial year end. b) In case of listed PSCs, the Board has prepared half yearly accounts and undertaken limited scope review by the auditors. c) The Board has placed the annual financial statements on the company's website.	**10**	3 3 3	
22.	All the Board members underwent an orientation course arranged by the company to apprise them of the material developments and information as specified in the Rules.	**11**	3	
23.	a) The Board has formed the requisite committees, as specified in the Rules. b) The committees were provided with written term of reference defining their duties, authority and composition. c) The minutes of the meetings of the committees were circulated to all the Board members. d) The committees were chaired by the following non-executive directors:	**12**	3 3 3 3	

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
	<table><tr><th>Committee</th><th>Number of members</th><th>Name of Chair</th></tr><tr><td>Audit Committee</td><td>3</td><td>Ejaz Akhtar Ansari</td></tr><tr><td>Risk Management Committee</td><td>3</td><td>Naila Asad Shaikh</td></tr><tr><td>Human Resources Committee</td><td>3</td><td>Sami ul Haq Khilji</td></tr><tr><td>Procurement Committee</td><td>3</td><td>Ejaz Akhtar Ansari</td></tr><tr><td>Nomination Committee</td><td>3</td><td>Fayaz Ahmed Jatoi</td></tr></table>			
24.	The Board has approved appointment of Chief Financial Officer, Company Secretary and Chief Internal Auditor, by whatever name called, with their remuneration and terms and conditions of employment.	**13**	3	
25.	The Chief Financial Officer and the Company Secretary have requisite qualification prescribed in the Rules.	**14**	3	
26.	The company has adopted International Financial Reporting Standards notified by the Commission in terms of sub-section (1) of section 225 of the Act.	**16**	3	
27.	The directors' report for this year has been prepared in compliance with the requirements of the Act and the Rules and fully describes the salient matters required to be disclosed.	**17**	3	
28.	The directors, CEO and executives, or their relatives, are not, directly or indirectly, concerned or interested in any contract or arrangement entered into by or on behalf of the company except those disclosed to the company.	**18**	3	
29.	a) A formal and transparent procedure for fixing the remuneration packages of individual directors has been set in place and no director is involved in deciding his own remuneration. b) The annual report of the company contains criteria and details of remuneration of each director.	**19**	**N/A**	
30.	The financial statements of the company were duly endorsed by the chief executive and chief financial officer before consideration and approval of the audit committee and the Board.	**20**	3	
31.	The Board has formed an audit committee, with defined and written terms of reference, and having the following members: <table><tr><th>Name of Member</th><th>Category</th><th>Professional Background</th></tr><tr><td>Ejaz Akhtar Ansari</td><td>Independent</td><td>Professional Banker</td></tr><tr><td>Kamal Ahmed</td><td>Non-executive</td><td>Financial Controller</td></tr><tr><td>Sami ul Haq Khilji</td><td>Non-executive</td><td>Federal Govt. representative</td></tr></table>The chief executive and chairman of the Board are not members of the audit committee.	**21 (1) and 21(2)**	3	
32.	a) The chief financial officer, the chief internal auditor, and a representative of the external auditors attended all meetings of the audit committee at which issues relating to accounts and audit were discussed. b) The audit committee met the external auditors, at least once a year, without the presence of the chief financial officer, the chief internal auditor and other executives. c) The audit committee met the chief internal auditor and other members of the internal audit function, at least once a year, without the presence of chief financial officer and the external auditors.	**21(3)**	3 3 3	

S. No.	Provision of the Rules	Rule No.	Y	N
			Tick the relevant box	
33.	a) The Board has set up an effective internal audit function, which has an audit charter, duly approved by the audit committee. b) The chief internal auditor has requisite qualification and experience prescribed in the Rules. c) The internal audit reports have been provided to the external auditors for their review.	**22**	3 3 3	
34.	The external auditors of the company have confirmed that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on Code of Ethics as applicable in Pakistan.	**23(4)**	3	
35.	The auditors have confirmed that they have observed applicable guidelines issued by IFAC with regard to provision of non-audit Services.	**23(5)**	3	

Certain Additional Disclosures as Required under Listed Companies (Code of Corporate Governance) Regulations, 2019

- The total number of Directors as on 30 June 2025 are seven as per the following:

  Male: 6

  Female: 1

- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.

- The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose.

- The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer, head of internal audit, Company Secretary or Director of the Company.

- The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.

- We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except where the requirements are inconsistent with the provisions of Public Sector Companies (Corporate Governance) Rules, 2013.

- According to the Regulation 19 of CCG,

  "it is encouraged that all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission".

  However, out of Seven (7) Board of directors, five (5) Directors have already obtained the above stated certification, the Remaining Directors have been requested to complete the process of certification in due course of time.

Abdul Rauf Chandio
CEO & Executive Director

Waseem Mehdi Syed
Chairman & Independent Director

INDEPENDENT AUDITOR'S ASSURANCE REPORT ON COMPLIANCE WITH THE SHARIAH GOVERNANCE REGULATIONS, 2023

To the Board of Directors of Sindh Modaraba

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the Sindh Modaraba ("the Modaraba") for assessing compliance of the Modaraba' financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2026. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2026) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

(i) Legal and regulatory framework administered by the Commission;

(ii) Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the Commission;

(iii) Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;

(iv) Guidance and recommendations of the Shariah advisory committee, as notified by the Commission; and

(v) Approvals, rulings or pronouncements of the Shariah Supervisory Board or the Shariah advisor of the Islamic financial institution, in line with (i) to (v) above.

3. Management's Responsibility for Shariah Compliance

Management is responsible to ensure that the financial arrangements, contracts and transactions having Shariah implications, entered into by the Modaraba with its customers, other financial institutions and stakeholders and related policies and procedures are, in substance and in their legal form, in compliance with the requirements of Shariah rules and principles. The management is also responsible for design, implementation and maintenance of appropriate internal control procedures with respect to such compliance and maintenance of relevant accounting records.

4. Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Chartered Accountants issued by the Institute of Chartered Accountants of Pakistan, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Management 1 *"Quality Management for Firms That Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements"* which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Modarba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended June 30, 2026, based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, *'Assurance Engagements other than audits or reviews of historical financial statements*', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Modaraba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles (criteria specified in paragraph 2 above).

The procedures selected by us for the engagement depended on our judgement, including the assessment of the risks of material non-compliance with the Shariah principles. In making those risk assessments, we considered and tested the internal control relevant to the Modaraba's compliance with the Shariah principles in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control. We have designed and performed necessary verification procedures on various financial arrangements, contracts and transactions having Shariah implications and related policies and procedures based on judgmental and systematic samples with regard to the compliance of Shariah principles (criteria specified in paragraph 2 above).

We believe that the evidences we have obtained through performing our procedures were sufficient and appropriate to provide a basis for our opinion.

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Modaraba' financial arrangements, contracts and transactions for the year ended June 30, 2026, are in compliance with the Shariah principles (criteria specified in paragraph 2 above), in all material respects.

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: **28 September,2026**

Name of the Engagement Partner: **Muhammad Shaukat Naseeb**

INDEPENDENT AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS OF SINDH MODARABA

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of Sindh Modaraba (the "Modaraba"), which comprise the statement of financial position as at June 30, 2026, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2026, and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Modaraba and Modaraba Company (Sindh Modaraba Management Limited) in accordance with the International Ethics Standards Board for Accountants 'Code of Ethics for Professional Accountants' as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters. Following are the key audit matters:

S. No.	Key Audit Matters	How the matters were addressed in our audit
1.	**Islamic financings assets** (Refer **Note 6 and 10** to the financial statements)	
	Islamic financings and related assets are valued at Rs. 2.54 billion which constitutes 78% of the total assets of Modaraba. A discrepancy in the existence or valuation of diminishing musharaka financing could result in the assets being materially misstated, which would impact the Modaraba's reported financial position, as they are the main drivers of the movement in the assets of the Modaraba.	1. We obtained understanding, including the design and implementation of internal controls over the recognition, valuation and existence of financing assets; 2. We tested controls over addition, termination and periodic valuation of the portfolios and performed other substantive audit procedures on the year end balances. Moreover, we have reviewed documentation required in the facilities files of the parties and verified income from financing during the year by performing recalculation through amortization schedules on a sample basis;

	Management considers certain significant factors, including the age of the balance, recent payment patterns, historical default, forward-looking information, overview of economic factors, and other available information. Management uses this information to determine whether a provision for impairment is required at a specific or overall balance level. In view of significance of financing and related assets in relation to total assets and the financial statements as a whole, we have considered the existence and valuation of islamic financing as a key audit matter.	3. We performed detailed assessment of the credit approval procedures of the financings sanctioned in accordance with Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021 and performed credit review on sample basis; 4. In addition, we have checked repayments received from the clients on sample basis; 5. We have assessed the ECL model used by the management to calculate the provision against financings of the Modaraba for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; 6. We have evaluated management's assessment for classification of customer's financing facilities; and 7. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of financings issued and related assets in accordance with the requirements of the applicable financial reporting framework and with the applicable accounting standards, provisions of and directives issued under the Companies Act, 2017 and requirement of Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and Modaraba Regulations, 2021
2.	**Profit on Diminishing musharaka** (Refer **Note 3.16** to the financial statements)	
	Modaraba earns income from the diminishing musharaka finances which is its substantial income source. During the year, the Modaraba has recognized income of Rs. 252.7 million. We identified income from diminishing musharaka finances as a key audit matter as it is one of the key performance indicators of the Modaraba and because of the potential risk that income from diminishing musharaka transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the financial statements.	Our audit procedures in respect of this matter included the following: 1. Obtained an understanding, including the design and implementation of internal controls over recording and processing of diminishing musharaka income; 2. Assessed the appropriateness of Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards; 3. Matched customer contracts with the income schedule and performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period; 4. On sample basis, traced the rentals received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations; and 5. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of income from diminishing musharaka finances in accordance with the requirements of applicable financial reporting frameworks.

Information other than the Financial Statements and Auditor's Report thereon

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors of the Modaraba for the financial statements

Management of the Modaraba Company is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and for such internal control as management of the Modaraba Company determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management of the Modaraba is responsible for assessing the Modaraba's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management of the Modaraba Company either intends to liquidate the Modaraba or to cease operations, or has no realistic alternative but to do so.

Board of Directors of the Modaraba Company are responsible for overseeing Modaraba's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurances about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also: -

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Modaraba's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;

- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Modaraba's ability to continue as a going concern. If we conclude that material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors of the Modaraba Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors of the Modaraba Company with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);

b) the statement of financial position and the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, (XXXI of 1980) and are in agreement with the books of account;

c) business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980. (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 07 of that Ordinance

The engagement partner on the audit resulting in this independent auditor's report is **Muhammad Shaukat Naseeb.**

Grant Thornton Anjum Rahman
Chartered Accountants
Karachi

Date: 28 September, 2026

UDIN: AR2026101268AkoYunvx

STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2026

	Note	2026	2025
		---------- Rupees	----------
ASSETS			
Non - current assets			
Property and equipment	4	**16,487,219**	1,620,383
Intangible assets	5	**43,759**	68,756
Diminishing musharaka	6	**815,787,795**	716,692,373
Long term investments	7	**31,233,766**	-
Long term facility	8	**4,332,492**	4,240,649
Long term advances	9	**287,146**	726,823
Total non - current assets		**868,172,177**	723,348,984
Current assets			
Current portion of diminishing musharaka	6.3	**750,635,176**	726,974,570
Morabaha finance	10	**970,373,748**	212,819,445
Current portion of long term investments	7	**12,493,507**	-
Current portion of long term facility	8	**2,282,520**	2,299,116
Current portion of long term advances	9	**588,540**	522,372
Advances, prepayments and other receivables	11	**299,168,978**	27,118,670
Cash and cash equivalent	37	**354,000,682**	371,724,227
Total current assets		**2,389,543,151**	1,341,458,400
TOTAL ASSETS		**3,257,715,328**	2,064,807,384
EQUITY AND LIABILITIES			
Certificate holders' equity			
Authorized certificate capital	13.1	**500,000,000**	500,000,000
Issued, subscribed and paid-up certificate capital	13.2	**450,000,000**	450,000,000
Reserves	14	**641,410,135**	541,508,632
Subordinated funds - related party	15	**2,000,000,000**	1,000,000,000
Total certificate holders' equity		**3,091,410,135**	1,991,508,632
Non - current liabilities			
Payable to gratuity fund - related party	16	**1,996,390**	1,036,752
Provision for compensated absences	17	**3,198,031**	3,021,267
Total non - current liabilities		**5,194,421**	4,058,019
Current liabilities			
Creditors, accrued and other liabilities	18	**159,545,427**	66,014,835
Taxation - net	19	**316,394**	2,035,782
Profit distribution payable		**1,248,951**	1,190,116
Total current liabilities		**161,110,772**	69,240,733
TOTAL EQUITY AND LIABILITIES		**3,257,715,328**	2,064,807,384
Contingencies and commitments	20		

The annexed notes 1 to 41 form an integral part of these financial statements.

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

Chairman	Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		---------- Rupees	----------
Income from:			
- Diminishing Musharaka		**252,652,489**	188,683,085
- Murabaha		**60,882,753**	28,649,809
		313,535,242	217,332,894
Administrative and operating expenses	21	**(111,081,930)**	(87,438,400)
Reversal of provision for doubtful receivables - net	22	**8,487,693**	4,766,261
		(102,594,237)	(82,672,139)
		210,941,005	134,660,755
Investment income	23	**49,829,920**	124,466,572
Other income	24	**1,458,989**	7,970,989
		262,229,914	267,098,316
Modaraba Management Company's remuneration (related party)	25	**(26,222,991)**	(26,709,832)
Provision for Sindh Sales Tax on Management Company's remuneration		**(3,933,449)**	(4,006,475)
		(30,156,440)	(30,716,307)
Profit before income tax and levy		**232,073,474**	236,382,009
Levy	26	**(1,535,816)**	-
Profit before income tax		**230,537,658**	236,382,009
Income tax	27	**(69,191,134)**	(56,268,221)
Profit for the year after taxation		**161,346,524**	180,113,788
Other comprehensive (loss) / income for the year			
Actuarial (loss) / gain on defined benefit obligation		**(695,021)**	334,943
Total comprehensive income		**160,651,503**	180,448,731
Earnings per certificate - basic	28.1	**3.59**	4.00
Earnings per certificate - diluted	28.2	**0.66**	1.24

The annexed notes 1 to 41 form an integral part of these financial statements.

For Sindh

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

Chairman	Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2026

	Note	2026	2025
		---------- Rupees	----------
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation and levy		**232,073,474**	236,382,009
Adjustments for non - cash and other items			-
Depreciation on tangible assets	4.1	**3,060,450**	904,042
Amortization of intangible assets	5.1	**24,996**	9,026
Reversal of provision for doubtful receivables - net	22	**(8,487,693)**	(4,766,261)
Income in respect of diminishing musharaka		**(4,237,130)**	(5,342,128)
Income on bank deposits		**(43,605,148)**	(64,232,965)
Income on Sukuk investment		**(6,143,265)**	-
Gain on disposal of property and equipment	24	**-**	(59,996)
Income on term deposit receipts		**(81,507)**	(60,233,607)
Provision for gratuity	16	**1,301,369**	1,371,695
Provision for compensated absences	17	**1,214,846**	1,228,842
Operating losses before working capital changes		**(56,953,082)**	(131,121,352)
(Increase) / Decrease in current assets			
Advances, deposits, prepayments and other receivables		**(269,182,680)**	3,633,814
Diminishing Musharaka		**(110,461,529)**	(698,918,080)
Morabaha		**(761,361,109)**	(213,888,889)
Long term advances - net		**(373,509)**	(1,249,195)
Long term facility - net		**75,247**	6,064
		(1,141,303,580)	(910,416,286)
Increase in current liabilities			-
Creditors, accrued and other liabilities		**93,530,592**	8,064,544
		(1,047,772,988)	(902,351,742)
Income received on term deposit receipts		**-**	73,311,479
Income received on bank deposits		**45,652,682**	64,409,835
Income received on Sukuk investment		**4,812,589**	-
Gratuity contribution paid		**(1,036,752)**	(1,390,203)
Compensated absence paid/adjusted	17	**(1,038,082)**	(376,605)
Taxes paid	19	**(72,446,339)**	(62,539,923)
Net cash used in operating activities		**(896,708,498)**	(723,676,502)
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale proceeds from disposal of property and equipment	4.1	**-**	60,000
Purchase of property and equipment	4	**(17,927,285)**	(666,649)
Long term investments-sukuks		**(42,396,597)**	-
Net cash used in investing activities		**(60,323,882)**	(606,649)
CASH FLOWS FROM FINANCING ACTIVITIES			
Profit distributed		**(60,691,165)**	(56,135,264)
Subordinated fund received from management company (related party)		**1,000,000,000**	-
Net cash generated from / (used in) financing activities		**939,308,835**	(56,135,264)
Net decrease in cash and cash equivalents		**(17,723,545)**	(780,418,415)
Cash and cash equivalents at the beginning of the year		**371,724,227**	1,152,142,642
Cash and cash equivalents at the end of the year	37	**354,000,682**	371,724,227

The annexed notes 1 to 41 form an integral part of these financial statements.

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

Chairman	Chief Executive Officer	Director	Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2026

	Note	Issued, subscribed and paid-up share capital	Reserve			Subordinated funds	Total certificate holders' equity
			Capital reserve	Revenue reserve	Total reserves		
			Statutory reserve	Unappropriated profit			
		.....	..... (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 year ended June 30, 2025		-	-	180,113,788	180,113,788	-	180,113,788
Total other comprehensive income for the year		-	-	334,943	334,943	-	334,943
Transfer to statutory reserve	14.1	-	36,022,758	(36,022,758)	-	-	-
Transaction with certificate holders in their capacity as owners recognized directly in equity							
Profit distribution for the year ended June 30, 2024 at Rs. 1.25 (12.50%) per certificate		-	-	(56,250,000)	(56,250,000)	-	(56,250,000)
Balance as at June 30, 2025		450,000,000	236,705,182	304,803,450	541,508,632	1,000,000,000	1,991,508,632
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 year ended June 30, 2026		-	-	161,346,524	161,346,524	-	161,346,524
Total other comprehensive loss for the year		-	-	(695,021)	(695,021)	-	(695,021)
Transfer to statutory reserve	14.1	-	32,269,305	(32,269,305)	-	-	-
Transaction with certificate holders in their capacity as owners recognized directly in equity							
Profit distribution for the year ended June 30, 2025 at 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 June 30, 2026		**450,000,000**	**268,974,487**	**372,435,648**	**641,410,135**	**2,000,000,000**	**3,091,410,135**

The annexed notes 1 to 41 form an integral part of these financial statements.

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

Chairman	Chief Executive Officer	Director	Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 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.

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 financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- IFRS Accounting Standard issued by International Accounting Standards Board (IASB) and Islamic Financial Accounting Standards (IFASs), as are notified under the provisions of the Companies Act, 2017; and

- Provisions of, directives and notifications issued by securities and exchange commission of Pakistan (SECP), requirement of Modaraba Companies and Modarabas (Flotation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and Companies Act, 2017.

Where provisions of, directives and notifications issued under the relevant laws differ from the IFRS Accounting Standards and IFAS Accounting Standards, the provisions of, directives and notifications issued under the relevant laws have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except otherwise stated.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani Rupees, 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 financial statements in conformity with the approved accounting standards requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgment in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis.

Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgment was exercised in the application of accounting policies are as follows:

a) estimates of residual values, useful lives and depreciation methods of property and equipment (note 3.3);

b) estimates of useful lives and amortization charge for its intangibles (note 3.4)

c) certain actuarial assumptions have been adopted as disclosed in these financial statement for actuarial valuation of present value of defined benefit obligation (note 3.15);

d) investments, advances, prepayments and other receivables (note 3.1 and 3.8); and

e) provision for taxation (note 3.9).

2.5 New and amended standards and interpretations

2.5.1 Standards, interpretations and amendments to published approved accounting standards that are effective and relevant

New standards, amendments to approved accounting standards and interpretations that are mandatory for the financial year beginning on or after July 01, 2025 are considered not to be relevant or to have any significant effect on the Modaraba's financial reporting and operations.

2.5.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective

The new standard, certain amendments and interpretations that are mandatory for accounting periods beginning after January 01, 2025 are considered not to be relevant for the Modaraba's financial statements.

		Effective date
IFRS 7	Financial instruments : Disclosure	January 01, 2026
IFRS 9	Financial instruments	January 01, 2026
IFRS1	First time adoption	January 01, 2026

Other than the aforementioned standards, interpretation and amendments, IASB has also issued the following standards, which have been utilized locally in relation to the Modaraba, by the Securities and Exchange Commission of Pakistan (SECP) as at June 30, 2026.

		Effective date
IFRS 18	Presentation and disclosure in financial statements	January 01, 2027
IFRS 19	Subsidies without public accountability : Disclosures	January 01, 2027
IFRS 20	Regulatory Assets and Regulatory Liabilities	January 01, 2029

The management anticipates the adoption of above standards in future being will have material impact on financial statements items and presentation/ disclosures.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The material accounting policies adopted and applied in the preparation of these financial statements as set out below. These policies have been consistently applied to all years presented unless other wise stated.

3.1 Financial instruments

3.1.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognized when the Modaraba becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted for transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or has expired.

3.1.2 Subsequent measurement of financial assets

Financial assets at amortized cost
Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and profit on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective profit rate method. Discounting is omitted where the effect of discounting is immaterial. The Modaraba's cash and cash equivalents and short term investments fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business model financial assets whose contractual cash flows are not solely payments of principal and profit are accounted for at FVTPL. All financial assets are classified and measured at fair value through profit or loss unless the Modaraba makes an irrevocable election on initial recognition to present gains and losses on equity instruments in other comprehensive income.

Despite these requirements, a financial asset may be irrevocably designated as measured at fair value through profit or loss to reduce the effect of, or eliminate, an accounting mismatch.

Financial assets at fair value through other comprehensive income (FVTOCI)

The Modaraba accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect and sell"; and

- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and profit on the principal amount outstanding.

3.1.3 Equity instruments

At initial recognition, the Modaraba may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument within the scope of this standard that is not held for trading.

Where the Modaraba's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Changes in the fair value of equity investments at fair value through profit or loss are recognized in other income / (other expenses) in the statement profit or loss as applicable.

Dividends from such investments continue to be recognized in the statement of profit and loss as other income when the Modaraba's right to receive payments is established.

Any gains or losses on derecognition of financial instruments that is measured at fair value shall be recognized in the statement of profit and loss unless it is an investment in an equity instrument and the Modaraba has elected to present gains and losses on that investment in the statement of comprehensive income.

3.1.4 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included facilities and other debt-type financial assets measured at amortized cost and FVTOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Modaraba first identifying a credit loss event. Instead the Modaraba considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second and third category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

3.1.5 Classification and subsequent measurement of financial liabilities

Financial liabilities comprise trade and other payables, amount due to a related party and borrowings.

Financial liabilities are measured subsequently at amortized cost using the effective profit rate method. Discounting is omitted if the impact is immaterial.

3.1.6 Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the assets and settle the liabilities simultaneously.

3.2 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at amortized cost. These include balances with banks in deposit and current accounts, short term investment with maturity period not exceeding three months and stamps in hand.

3.3 Property and equipment

3.3.1 Tangible assets

These are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amounts or recognized as separate assets, as appropriate, only when it is probable that future economic benefits associated with the items will flow to the Modaraba and the cost of the items can be measured reliably.

All other repairs and maintenance expenses are charged to the statement of profit and loss as and when incurred. Depreciation on all tangible assets is charged to income on a straight - line basis in accordance with the specified rates.

The useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal.

Gains and losses on disposals are determined by comparing the sale proceeds with the carrying amounts. These are recorded in the statement of profit and loss in the period in which these arise.

3.3.2 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on property and equipment in the course of installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

3.4 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortization and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognized as separate assets, as appropriate, only where it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably.

Amortization is charged to income using the straight line method in accordance with the specified rates. The useful lives and amortization method are reviewed and adjusted, as appropriate, at each reporting date. Amortization is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

Intangible assets having an indefinite useful life are stated at cost less accumulated impairment losses, if any.

Gain or loss on disposal of intangible assets, if any, is taken to the statement of profit and loss in the period in which these arise.

3.5 Ijarah assets given to customers under agreement

Assets leased out under Ijarah are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses (if any). Depreciation is charged to income by applying the straight line method whereby the cost of an asset less salvage value is written off over the lease term, which is considered to be the estimated useful life of the asset.

- Muj`ir (lessors) presents the assets subject to ijarah in their statement of financial position according to the nature of the asset, distinguished from the assets in own use.

- Costs, including depreciation on the assets given on ijarah, incurred in earning the ijarah income are recognized as expenses.

- Initial direct costs incurred specifically to earn revenues from ijarah are recognized as an expense in the statement of profit and loss in the period in which they are incurred.

3.6 Murabaha finance

Funds disbursed for purchase of goods are recorded as ‘Advance for Murabaha’. On culmination of murabaha i.e. sale of goods to customers, murabaha financings are recorded at the deferred sale price. Goods purchased but remaining unsold at the statement of financial position date are recorded as inventories. Profit on murabaha financings is recognized on accrual basis. Profit on murabaha transactions for the period from the date of disbursement to the date of culmination of murabaha is recognized immediately upon the later date. Profit unearned at statement of financial position date is deferred and recorded as deferred murabaha income. Financing are stated net of specific and general provisions against non- performing financings, if any, which are charged to the statement of profit and loss.

3.7 Diminishing Musharaka financing

Under Diminishing Musharaka arrangements, the Modaraba and the customer jointly own an asset in agreed proportions. The Modaraba's share in the jointly owned asset is divided into musharaka units which the customer undertakes to purchase periodically over the tenure of the arrangement until ownership of the asset is transferred entirely to the customer.

Funds disbursed by the Modaraba for the acquisition of its share in the jointly owned asset are recorded as 'Diminishing Musharaka'. The financing is stated at the amount of the Modaraba's outstanding share in the jointly owned asset, reduced by the value of musharaka units purchased by the customer during the period. As the arrangement is in substance a financing arrangement, the Modaraba's share in the jointly owned asset is not recorded as an operating fixed asset or as an Ijarah asset.

Financings are stated net of specific and general provisions against non-performing financings, if any, which are determined in accordance with the requirements of the Modaraba Regulations issued by the SECP and charged to the statement of profit or loss. Outstanding amounts are written off when there is no realistic prospect of recovery.

3.8 Advances, prepayments and other receivables

These are stated at cost less estimates made for doubtful receivables based on a review of all outstanding amounts at the reporting date. Balances considered bad and irrecoverable are written off when identified.

3.9 Taxation

Current

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

Deferred

Deferred tax is recognized using the statement of financial position liability method, on all temporary differences arising between the tax bases and carrying amounts of assets and liabilities appearing in the financial statements. Deferred tax liability is recognized for all taxable temporary differences. Deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable profits will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized.

3.10 Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21. There are no material final taxes/levy that fall within the scope of IFRIC 21 during the year ended June 30, 2026.

3.11 Impairment of non-financial assets

The carrying amounts of the Modaraba’s assets are reviewed at each reporting date to determine whether there is any indication of impairment loss. Impairment loss determined as the difference between carrying value and recoverable amount being higher of asset's fair value less cost to sell and value in use. If such an indication exists, the assets' recoverable amounts are estimated in order to determine the extent of impairment loss. The resulting impairment loss is recognized in the statement of profit and loss.

3.12 Fair value measurement

The Modaraba measures certain financial instruments, and non-financial assets such as assets classified as held for sale and investment property, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal, or in its absence, the most advantageous market to which the Modaraba has access at that date. The fair value of a liability reflects the effect of non-performance risk. When applicable, the Modaraba measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as active if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

When measuring fair value, the Modaraba takes into account the characteristics of asset or liability which include the condition and location of the asset and restrictions, if any, on the sale or use of the asset.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Modaraba uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

Valuation techniques used to measure fair value are applied consistently unless a change in a valuation technique or its application results in a measurement that is equally or more representative of fair value in the circumstances. Revisions resulting from a change in the valuation technique or its application are accounted for as a change in accounting estimate.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within different levels of the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole.

Fair value hierarchy categorizes into following three levels the inputs to valuation techniques used to measure fair value:

- Level 1 — Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Modaraba can access at the measurement date.

- Level 2 — Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

- Level 3 — Unobservable inputs for the asset or liability.

For the purpose of fair value disclosures, the Modaraba has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

3.13 Creditors, accrued and other liabilities

These are carried at amortized cost, which is the fair value of the consideration to be paid in the future for goods and services.

3.14 Provisions, contingent assets and liabilities

Provisions are recognized when the Modaraba has a present, legal or constructive obligation as a result of past obligating events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

Contingent asset, are not recognized and are disclosed unless a inflow of economic benefits are virtually certain. Contingent liabilities are not recognized and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

3.15 Staff retirement benefits

Defined contribution plan - employees provident fund

The Modaraba operates a recognized provident fund for all eligible employees and equal contributions by the employer and employee to the provident fund are made at the rate of 10% of the basic salaries of employees.

Defined benefit plan - employees gratuity fund

The Modaraba operates a gratuity fund for all eligible employees who have completed the minimum three years of service. The fund is administered by the trustee nominated under the Trust Deed. The contributions to the Fund are made in accordance with the actuarial valuation using Projected Unit Credit Method. Actuarial gains and losses arising at each valuation date are recognized immediately.

3.16 Revenue and other income recognition

The revenue recognition of the Modaraba is based on the following policies:

- For ijarah arrangements, ijarah rentals are recognized as income on accrual basis, as and when rentals become due. In case of ijarah arrangements with staggered rentals, the income is recognized on a straight line basis over the ijarah term.

- Income in respect of non-performing ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the prudential regulations for modarabas issued by the SECP.

- Documentation charges, front end fees and other ijarah related income are taken to the statement of profit and loss on an accrual basis.

- Profit on diminishing musharaka arrangements is recognized under the effective mark-up rate method based on the amount outstanding.

- Mark-up / return on deposits / investments is recognized on accrual basis using the effective profit rate method.

- Other income is recognized on an accrual basis.

- Dividend income.

3.17 Proposed profit distribution to certificate holders

Dividends declared made subsequent to the reporting date are considered as non-adjusting events and are recognized in the financial statements in the period in which such dividends are declared.

3.18 Earnings per certificate

Basic earnings per certificate is calculated by dividing the profit after taxation for the period by the weighted average number of certificates outstanding during the period. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any dilutive potential ordinary certificates.

3.19 Ordinary certificate

Ordinary certificate, are classified as equity and are recorded at their face value incremental cost directly attributable to the issue of new certificate as allotments are shown in equity as a deduction net of tax.

3.20 Foreign currency transactions

Transactions in foreign currencies are converted into Pakistani Rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies are translated into Pakistani Rupees at the rate of exchange prevailing at the reporting date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates are recognized in the statement of profit and loss.

3.21 Segment reporting

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.

3.22 Related party transactions

All transactions with related party are priced on arm's length basis. Prices of these transactions are determined on the basis of admissible valuation methods.

3.23 Ijarah rental receivable

These are stated at amount recoverable net of provision (if any).

3.24 Compensated absences

The Modaraba makes provision in the financial statements for its liability towards compensated absences based on the leaves accumulated up to the statement of financial position date.

3.25 Commitments

Commitments are disclosed in the financial statements at committed amount.

	Note	2026	2025
		---------- Rupees	----------
4. PROPERTY AND EQUIPMENT			
Tangible assets	4.1	**16,487,219**	1,620,383
		16,487,219	1,620,383

4.1 TANGIBLE ASSETS

	Furniture and fittings	Office equipment	Vehicles	Computer and accessories	Total
	----------Rupees----------				
Net carrying value basis					
Year ended June 30, 2026					
Opening net book value	**370,949**	**676,019**	**110,132**	**463,283**	**1,620,384**
Additions - at cost	**177,100**	**157,682**	**16,600,941**	**991,561**	**17,927,285**
Depreciation charge	**(92,847)**	**(217,862)**	**(2,237,060)**	**(512,681)**	**(3,060,450)**
Closing net book value	**455,202**	**615,839**	**14,474,013**	**942,163**	**16,487,219**
Gross carrying value basis					
As at June 30, 2026					
Cost	**1,987,417**	**3,621,940**	**16,762,441**	**4,642,147**	**27,013,947**
Accumulated depreciation	**(1,532,215)**	**(3,006,101)**	**(2,288,428)**	**(3,699,984)**	**(10,526,728)**
Net book value	**455,202**	**615,839**	**14,474,013**	**942,163**	**16,487,219**
Depreciation (% per annum)	**10%**	**20%**	**20%**	**33.33%**	
Net carrying value basis					
Year ended June 30, 2025					
Opening net book value	303,509	863,997	21,861	743,413	1,932,780
Additions - at cost	245,100	44,049	118,000	184,500	591,649
Disposal					
Cost	-	(234,668)	(1,310,775)	-	(1,545,443)
Accumulated depreciation	-	234,664	1,310,775	-	1,545,439
	-	(4)	-	-	(4)
Depreciation charge	(177,660)	(232,023)	(29,729)	(464,630)	(904,041)
Closing net book value	370,949	676,019	110,132	463,283	1,620,384
Gross carrying value basis					
As at June 30, 2025					
Cost	1,810,317	3,464,258	161,500	3,650,586	9,086,661
Accumulated depreciation	(1,439,368)	(2,788,239)	(51,368)	(3,187,303)	(7,466,277)
Net book value	370,949	676,019	110,132	463,283	1,620,384
Depreciation (% per annum)	10%	20%	20%	33.33%	

	Note	2026	2025
		---------- Rupees	----------
5. INTANGIBLE ASSETS			
Intangible asssets	5.1	**43,759**	68,755
		43,759	68,755

5.1 INTANGIBLE ASSETS

	Website	Almanac software	Software licenses	Total
	----------Rupees----------			
Net carrying value basis				
As at June 30, 2026				
Opening net book value	**68,752**	**1**	**2**	**68,755**
Additions - at cost	**-**	**-**	**-**	**-**
Amortization charge	**(24,996)**	**-**	**-**	**(24,996)**
Closing net book value	**43,756**	**1**	**2**	**43,759**
Gross carrying value basis				
As at June 30, 2026				
Cost	**112,647**	**800,000**	**1,274,335**	**2,186,982**
Accumulated amortization	**(68,891)**	**(799,999)**	**(1,274,333)**	**(2,143,223)**
Net book value	**43,756**	**1**	**2**	**43,759**
Amortization (% per annum)	**33%**	**33%**	**33%**	
Net carrying value basis				
Year ended June 30, 2025				
Opening net book value	1	1	2,780	2,781
Additions - at cost	75,000	-	-	75,000
Amortization charge	(6,249)	-	(2,778)	(9,026)
Closing net book value	68,752	1	2	68,755
Gross carrying value basis				
As at June 30, 2025				
Cost	112,647	800,000	1,274,335	2,186,982
Accumulated amortization	(43,895)	(799,999)	(1,274,333)	(2,118,227)
Net book value	68,752	1	2	68,755
Amortization (% per annum)	33%	33%	33%	

	Note	2026	2025
		---------- Rupees	----------
6. DIMINISHING MUSHARAKA			
Receivables - secured	6.1	**1,601,103,944**	1,490,642,415
Less: provision in respect of diminishing musharaka	6.2	**(34,680,973)**	(46,975,472)
		1,566,422,971	1,443,666,943
Less: current portion	6.3	**(750,635,176)**	(726,974,570)
Non-current portion		**815,787,795**	716,692,373

6.1 This represents finance provided to individual and corporate clients under diminishing musharaka arrangements for periods ranging 3 to 20 years (2025: 3 to 20 years) which is secured against mortgage of property, lien on title documents and charge on assets e.t.c.

6.2 This includes a general provision of Rs. 7.90 million (2025: Rs. 7.14 million) made at the rate of 0.5% (2025: 0.5%) on diminishing musharaka receivables respectively.

6.2.1 Movement of provision in respect of Diminishing Musharakah

	2026			2025		
	General	**Specific**	**Total**	General	Specific	Total
	---------- Rupees ----------					
Opening	**7,144,105**	**39,831,367**	**46,975,472**	3,465,550	49,345,627	52,811,177
Charge for the year	**753,660**	**-**	**753,660**	3,678,555	6,860,388	10,538,943
Reversal during the year	**-**	**(13,048,159)**	**(13,048,159)**	-	(16,374,648)	(16,374,648)
Closing	**7,897,765**	**26,783,208**	**34,680,973**	7,144,105	39,831,367	46,975,472

6.2.2 The following table sets out information about the provision in Expected Credit Losses (ECL)/ provision as per modaraba regulations of diminishing musharaka financing:

	Note	2026	2025
		---------- Rupees ----------	
Provision higher of ECL (IFRS) or as per modaraba regulation			
Stage 1		**-**	-
Stage 2		**-**	-
Stage 3		**26,783,208**	39,831,367
		26,783,208	39,831,367

7. LONG TERM INVESTMENTS

	Note	2026	2025
Investment in Sukuks	7.1	**43,727,273**	-
Less: current portion		**(12,493,507)**	-
Non-current portion		**31,233,766**	-

7.1 This represents an investment of Rs. 43.7 million (2025: Nil) in a privately placed secured Sukuks issued by Thatta Cement Company Limited. The facility has a total tenure of four years, beginning on October 10, 2025, and maturing on October 09, 2029. The investment carries a profit rate of 6-Month KIBOR plus 2.5% per annum. The principal amount is scheduled to be repaid in eight equal installments on a semi-annual basis over the life of the investment.

8. LONG TERM FACILITY

	Note	2026	2025
		---------- Rupees ----------	
Long term facility	8.1	**6,615,012**	6,539,765
Less: current portion of long term facility		**(2,282,520)**	(2,299,116)
Non-current portion		**4,332,492**	4,240,649

8.1 This includes Rs. 4.81 million (2025: 3.13 million) against vehicle monetization facility for 5 years, and Rs. 131,952 (2025: 180,560) against house furnishing allowance of 3 basic salaries for 3 years (under house furnishing allowance approved by the board), provided to Mr. Adnan Shakeel - CFO & Company Secretary, who is related party to Modaraba.

	Note	2026	2025
		---------- Rupees ----------	
9. LONG TERM ADVANCES			
-Long term advances - unsecured	9.1	**875,686**	1,249,195
-Current portion of long term advances		**(588,540)**	(522,372)
-Long term portion		**287,146**	726,823

9.1 This represents advances against salaries provided to employees in accordance with Sindh Modaraba's Human Resource Policy, including advances of Rs. 0.196 million (2025: Rs. 0.354 million) provided to Key Management Personnel, being related parties. These advances are unsecured and are recoverable through monthly deductions from employees' salaries.

	Note	2026	2025
		---------- Rupees ----------	
10. MORABAHA FINANCE			
Receivables	10.1	**975,249,998**	213,888,889
Less: general provision	10.2	**(4,876,250)**	(1,069,444)
		970,373,748	212,819,445

10.1 This represents the finance provided to corporate clients under murabaha finance which was secured against pledge and personal guarantee of a director.

10.2 This represent general provion made at the rate of 0.5% (2025: 0.5%).

	Note	2026	2025
		---------- Rupees ----------	
11. ADVANCES, PREPAYMENTS AND OTHER RECEIVABLESNote			
Advances	11.1	**156,826,000**	27,800
Profit receivable from Morabaha		**112,788,675**	8,697,432
Accrued income from Diminishing Musharaka	11.2	**21,129,287**	10,792,011
Prepayments		**4,478,633**	3,024,693
Accrued income from bank deposits	11.3	**2,529,200**	4,576,734
Accrued income from Sukuk investment		**1,330,676**	-
Accrued income from term deposits	11.4	**81,507**	-
Other receivables		**5,000**	-
		299,168,978	27,118,670

11.1 These include advances of Rs. 150 million (2025: Nil) given to clients for the manufacturing of goods under Istisna arrangements. Upon the completion of the manufacturing process, the goods will be acquired and subsequently sold or disposed of, with the corresponding advance adjusted against the relevant financing portfolio. It also includes advances to vendors Rs. 6.80 million (2025: Nil) in respect of acquisition of assets under Diminishing Musharaka arrangement for onward delivery to lessee (customers).

	Note	2026	2025
		---------- Rupees ----------	
11.2 Accrued income from Diminishing Musharaka			
Receivable		**26,894,211**	20,794,065
Less: income suspended		**(5,764,924)**	(10,002,054)
		21,129,287	10,792,011

11.3 This includes accrued income of Rs. 30,400 (2025: Rs. 11,112) on bank deposits held with Sindh Bank Limited - Islamic Banking Unit, related party.

11.4 This represents accrued income on term deposit Rs. 50 million for 1 month maturity at the profit rate of 8.50% per annum (2025: Nil) held with Sindh Bank Limited - Islamic Banking Unit, related party.

	Note	2026	2025
		---------- Rupees ----------	
12. CASH AND BANK BALANCES			
Stamp paper in hand		**67,100**	61,900
Deposit accounts	12.1	**302,628,919**	369,372,170
Current accounts	12.2 & 12.3	**55,276**	1,099,445
		302,684,195	370,471,615
Current account - dividend		**1,249,387**	1,190,712
Balances with banks - total		**303,933,582**	371,662,327
		304,000,682	371,724,227

12.1 These carry profit at rates ranging from 2.50% to 10.80% per annum (2025: 4.00% to 10.50% per annum). This includes a balance of Rs. 4.7 million (2025: Rs. 1.73 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

12.2 This includes a balance of Rs. 0.05 million (2025: Rs. 1.07 million) held with Sindh Bank Limited - Islamic Banking Unit, a related party.

12.3 This include bank account maintained by Modaraba with State Bank of Pakistan (SBP) as per the requirements of BSD Circular No. 04 of 2003 for recovering CIB service charges having balance of Rs 1,908 (2025: Rs 26,384).

12.4 All operational bank accounts used by the Modaraba are Shariah compliant.

13. CERTIFICATE HOLDERS' EQUITY

13.1 Authorized certificate capital

2026	2025		2026	2025
Number of certificates			---------- Rupees ----------	
50,000,000	50,000,000	Modaraba certificate of Rs. 10 each	**500,000,000**	500,000,000

13.2 Issued, subscribed and paid - up certificate capital

2026	2025			
Number of certificates				
45,000,000	45,000,000	Modaraba certificates of Rs. 10 each fully paid in cash.	**450,000,000**	450,000,000

13.3 As at June 30, 2026, Sindh Modaraba Management Limited (Management Company) holds 42,446,000 i.e. 94.33% (2025: 42,446,000 i.e. 94.33%) certificates of the Modaraba.

	Note	2026	2025
		---------- Rupees ----------	
14. RESERVES			
Revenue			
Unappropriated profit		**372,435,648**	304,803,450
Capital			
Statutory reserve	14.1	**268,974,487**	236,705,182
		641,410,135	541,508,632

14.1 The statutory reserve represents profit set aside by the Modaraba to comply with the Modaraba Regulations issued by the SECP. During the period, the Modaraba has transferred an amount of Rs. 32,269,305 (2025: Rs. 36,022,758) which represents 20% (2025: 20%) of the net profit after tax for the year.

		Note	2026	2025
			---------- Rupees ----------	
15.	**SUBORDINATED FUNDS - UNSECURED**	15.1	**2,000,000,000**	1,000,000,000

15.1 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.

		Note	2026	2025
			---------- Rupees ----------	
16.	**PAYABLE TO GRATUITY FUND - RELATED PARTY**	16.1	**1,996,390**	1,036,752

16.1 The gratuity liability as at June 30, 2026, has been based on the actuarial valuation report as per IAS-19 by the Nauman Assoicates (actuary).

		Note	2026	2025
			---------- Rupees ----------	
16.2	**Reconciliation of balance due to defined benefit plan**			
	Present value of defined benefit obligation	16.3	**7,954,414**	7,700,717
	Less: fair value of plan assets	16.4	**(5,958,024)**	(6,663,965)
	Liability as per statement of financial position		**1,996,390**	1,036,752
16.3	**Movement in the present value of defined benefit obligation**			
	Opening balance		**7,700,717**	6,020,800
	Current service cost		**1,236,572**	1,274,381
	Cost on defined benefit obligation		**823,650**	842,912
	Benefit paid		**(2,223,027)**	-
	Remeasurements charged to other comprehensive income			
	- Actuarial gains from changes in financial assumptions		**(7,011)**	(14,376)
	- Experience adjustments		**423,513**	(423,000)
			416,502	(437,376)
	Present value of defined benefit obligation	16.2	**7,954,414**	7,700,717
16.4	**Changes in fair value of plan assets**			
	Fair value of plan assets		**6,663,965**	4,630,597
	Contributions		**1,036,752**	1,390,203
	Expected income on plan assets		**758,853**	745,598
	Benefit paid		**(2,223,027)**	-
	Return on plan assets excluding expected income		**(278,519)**	(102,433)
	Fair value of plan assets	16.2	**5,958,024**	6,663,965
16.5	**Expense recognized in the statement of profit and loss**			
	Current service cost		**1,236,572**	1,274,381
	Cost on defined benefit obligation		**823,650**	842,912
	Expected income on plan assets		**(758,853)**	(745,598)
	Expense recognized in the statement of profit and loss		**1,301,369**	1,371,695
16.6	**Total remeasurement chargeable in the statement of comprehensive income**			
	Remeasurement of plan obligation:			
	Actuarial (gain) from changes in financial assumptions		**(7,011)**	(14,376)
	Experience adjustments		**423,513**	(423,000)
			416,502	(437,376)
	Less: return on plan assets, excluding expected income		**278,519**	102,433
	Remeasurement of actuarial loss / (gain) on defined benefit liability		**695,021**	(334,943)

	2026	2025
16.7 Changes in net liability	---------- Rupees ----------	
Liability as per statement of financial position	**1,036,752**	1,390,203
Expenses to be charged to the statement of profit and loss	**1,301,369**	1,371,695
Remeasurement chargeable in the statement of comprehensive income	**695,021**	(334,943)
Contributions	**(1,036,752)**	(1,390,203)
	1,996,390	1,036,752

	2026	2025
Significant actuarial assumptions	---------- Percentage ----------	
Discount rate used for cost and expected income in the statement of profit and loss	**12.50%**	14.00%
Discount rate used for year end obligation	**11.75%**	12.50%
Salary increase used for year end obligation		
Salary increase FY 2026	**11.75%**	12.50%
Salary increase FY 2027	**11.75%**	12.50%
Salary increase FY 2028	**11.75%**	12.50%
Salary increase FY 2029	**11.75%**	12.50%
Salary increase FY 2030	**11.75%**	12.50%
Salary increase FY 2031 onwards	**11.75%**	14.00%
Net salary is increased at	**1-Jul-26**	1-Jul-25
Mortality rates	**SLIC (2001-05)-1**	SLIC (2001-05)-1

The mortality rates are provided by the State Life Insurance Corporation of Pakistan (SLIC).

	2026	2025
Withdrawal rates	**Age-based (per appendix)**	Age-based (per appendix)
Retirement assumption	**Age 60**	Age 60

	2026	2025
	---------- Rupees ----------	
Estimated expenses to be charged to the statement of profit and loss		
Current services cost	**1,170,777**	1,274,381
Cost on defined benefit obligation	**920,077**	842,912
Expected income on plan assets	**(746,410)**	(745,598)
	1,344,444	1,371,695
Plan assets comprise of		
Cash and / or deposits	**100%**	100%
Year end sensitivity (+/- 100bps) on defined benefit obligation		
Discount rate +100 bps	**7,068,388**	6,804,055
Discount rate - 100 bps	**8,996,086**	8,756,959
Salary increase +100 bps	**8,996,095**	8,757,162
Salary increase - 100 bps	**7,052,244**	6,787,650
Expected benefit payments for the next 10 years and beyond		
FY 2026	**247,942**	261,043
FY 2027	**281,549**	285,825
FY 2028	**311,236**	321,835
FY 2029	**343,102**	353,301
FY 2030	**1,731,892**	393,952
FY 2031	**383,467**	1,843,963
FY 2032	**430,544**	460,849
FY 2033	**487,679**	517,427
FY 2034	**5,189,969**	592,861
FY 2035	**506,451**	5,283,391
FY 2036 onwards	**135,627,471**	172,863,529
The average duration of the defined benefit obligation is	**12 years**	13 years

	Note	2026	2025
		---------- Rupees	----------
17. PROVISION FOR COMPENSATED ABSENCES			
Opening		**3,021,267**	2,169,030
Charged during the year		**1,214,846**	1,228,842
Less: payment/adjustment made during the year		**(1,038,082)**	(376,605)
Closing		**3,198,031**	3,021,267
18. CREDITORS, ACCRUED AND OTHER LIABILITIES			
Deferred morabaha income		**80,069,956**	6,358,277
Provision for Sindh Sales Tax on management company's remuneration		**3,933,449**	4,006,475
Accrued expenses	18.1	**14,485,623**	10,974,973
Modaraba management company's remuneration payable - related party		**26,222,991**	26,709,832
Advance from client	18.2	**13,083,516**	4,983,418
Other liabilities	18.3	**21,743,451**	12,975,419
Creditors		**6,441**	6,441
		159,545,427	66,014,835

18.1 These include Rs. 468,626 (2025: Rs. 45,518) for branch rent payable to Sindh Bank Limited, related party.

18.2 This includes advances received from clients against Diminishing Musharaka facilities.

18.3 This also includes charity payable amounting to Rs. 4,757,183 (2025: Rs. 763,061).

	Note	2026	2025
		---------- Rupees	----------
Opening balance		**763,061**	124,130
Additions during the year		**6,825,829**	638,931
Less: paid to recognized charitable institutions		**(2,831,707)**	-
Closing balance		**4,757,183**	763,061
19. TAXATION - NET			
Opening balance - provision		**2,035,782**	8,307,484
Provision for taxation:			
- Current year		**70,929,339**	72,374,934
- Prior year		**(202,388)**	(16,106,713)
		70,726,951	56,268,221
Advance tax deducted / paid		**(72,446,339)**	(62,539,923)
Closing balance - provision		**316,394**	2,035,782
19.1 Relationship between accounting profit and taxation			
Accounting profit before taxation		**232,073,474**	236,382,009
Tax at the applicable tax rate of 29% (2025: 29%)		**67,301,307**	68,550,783
Tax effect of:			
- Adjustments relating to prior years		**(202,388)**	(16,106,713)
- Others		**3,628,032**	3,824,151
		70,726,951	56,268,221

19.2 The provision for current tax is based on normal income tax charges as per the relevant sections of the Income Tax Ordinance, 2001.

19.3 During the year, deferred tax asset amounting to Rs. 13.73 million (2025: 16.33 million) has not been recognized on prudence basis. Accordingly, tax reconciliation has not been presented in these financial statements.

19.4 The income tax return of the Modaraba for the tax year 2025 has been duly filed with the relevant tax authorities.

20. CONTINGENCIES AND COMMITMENTS

20.1 CONTINGENCIES

20.1.1 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' favor. Accordingly, no liability in respect of the above has been recognized in these financial statements.

20.1.2 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.

20.2 Commitments

20.2.1 Commitments in respect of financing transactions amounted to Rs. 17.65 million (2025: Rs. Nil)

	2026	2025
	---------- Rupees	----------
20.2.2 Commitments for rental under operating lease	**60,000**	227,590

	Note	2026	2025
		---------- Rupees	----------
21. ADMINISTRATIVE AND OPERATING EXPENSES			
Salaries, allowances and other benefits	21.1 & 21.7	**75,779,090**	61,695,716
Travelling and conveyance		**12,864,149**	9,481,231
Takaful - financing assets		**3,681,330**	1,560,266
Legal and professional charges	21.2	**2,783,136**	2,778,163
Depreciation expense - tangible assets	4.1	**3,060,450**	904,042
Repairs and maintenance		**2,345,842**	1,832,660
Utility services		**1,831,164**	1,870,584
Registration and subscription fee		**1,475,812**	1,364,755
Entertainment		**1,140,033**	854,236
Generator sharing and fuel charges	21.3	**1,323,843**	1,199,819
Rent, rates and taxes	21.4	**1,076,232**	729,372
Printing, stationery and photocopy		**833,805**	711,788
Auditors' remuneration	21.6	**681,221**	442,104
Security services		**600,000**	600,000
Takaful - owned assets		**445,739**	235,358
Advertisement and publications		**286,343**	567,632
Postage, courier and telegraphs		**123,109**	191,588
Staff orientation and training		**116,080**	15,600
Amortization expense - intangible assets	5.1	**24,996**	9,026
Donation	21.5	**150,000**	43,596
Miscellaneous		**459,556**	350,864
		111,081,930	87,438,400

21.1 This includes an amount of Rs. 1,311,294 (2025: Rs. 1,488,935) charged to the provident fund and a provision for gratuity of Rs. 1,301,369 (2025: Rs. 1,371,695).

	2026	2025
	---------- Rupees	----------
21.1.1 Defined contribution plan		
Size of the fund (total assets)	**24,487,315**	19,643,352
Cost of investment made	**24,323,136**	19,508,704
Fair value of investment made	**24,323,136**	19,508,704
	---------- Percentage	----------
Percentage of investment made	**99%**	99%

	2026		2025	
Break up of Investment at cost	**Rupees**	**Percentage**	**Rupees**	**Percentage**
	24,323,136	**99%**	19,508,704	99%

21.2 This includes an amount of Rs. 630,000 (2025: Rs. 600,000) charged to Shariah Advisor as compensation for his service.

21.3 This includes an amount of Rs. 1,080,000 (2025: Rs. 1,080,000) against sharing of expenses with Sindh Insurance Limited - related party.

21.4 This includes an amount of Rs. 876,216 (2025: Rs. 529,356) branch rent to Sindh Bank Limited - related party.

21.5 None of the directors or their spouses have any interest in the donations made.

	2026	2025
	---------- Rupees ----------	
21.6 Auditors' remuneration		
Annual audit fee	**205,427**	178,632
Interim audit fee	**150,000**	-
Half yearly review fee	**61,783**	53,724
Shariah audit fee	**115,000**	100,000
Special certification fee	**48,300**	42,000
Other services	**23,000**	20,000
Sindh sales tax	**50,461**	32,748
Out of pocket expenses	**27,250**	15,000
	681,221	442,104
21.7 The remuneration paid to key management personnel		
Basic salary	**12,547,015**	11,892,923
House rent allowance	**5,646,157**	5,351,815
Medical & utility allowance	**2,509,403**	2,378,585
Bonuses	**3,955,395**	3,542,210
Provident fund	**317,140**	647,819
Other benefits	**10,729,683**	8,810,177
	35,704,793	32,623,529
	----------Number----------	
Number of executives at year end (number)	**5**	7

	Note	2026	2025
		---------- Rupees ----------	
22. REVERSAL OF PROVISION FOR DOUBTFUL RECEIVABLES - NET			
Reversal of provision for doubtful receivables - net		**8,487,693**	4,766,261
		8,487,693	4,766,261
23. INVESTMENT INCOME			
Bank deposits		**43,605,148**	64,232,965
Sukuk		**6,143,265**	-
Term Deposit Receipts (TDRs)		**81,507**	60,233,607
		49,829,920	124,466,572
24. OTHER INCOME			
Documentation and processing fee		**1,228,261**	7,874,632
Gain on disposal of property and equipment		**-**	59,996
Others	24.1	**230,728**	36,361
		1,458,989	7,970,989

24.1 This includes insurance claims of Rs.66,500 (2025: Nill) made by the Modaraba with Sindh Insurance, which is a related party.

25. MODARABA MANAGEMENT COMPANY'S REMUNERATION			
	25.1	**26,222,991**	26,709,832

25.1 The Modaraba Management Company is entitled to remuneration under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of annual profits of the Modaraba computed in the prescribed manner. The remuneration for the period ended June 30, 2026, has been recognized at 10% (2025: 10%) of the profit for the period before charging such remuneration and taxation.

25.2 Sales tax at the rate of 15% (2025: 15%) is provided for on the Modaraba Management Company's remuneration.

	Note	2026	2025
		---------- Rupees ----------	
26. LEVY			
Final tax		**1,535,816**	-
Minimum tax		**-**	-
		1,535,816	-

26.1 This represents final taxes paid under section 5AA of Income Tax Ordinance, 2001, Return on investments in Sukuks.

27. INCOME TAX

Income tax for the year	**69,393,522**	72,374,934
Prior year	**(202,388)**	(16,106,713)
	69,191,134	56,268,221

28. EARNINGS PER CERTIFICATE - BASIC AND DILUTED

28.1 Basic

Basic earnings per certificate is calculated by dividing the net profit after taxation for the year by the weighted average number of certificates outstanding during the year as follows:

	2026	2025
Profit for the period after taxation (Rupees)	**161,346,524**	180,113,788
Weighted average number of certificates (Numbers)	**45,000,000**	45,000,000
Earnings per certificate (Rupees)	**3.59**	4.00

28.2 Diluted

Diluted earnings per certificate is calculated by dividing the net profit after taxation for the year by the weighted average number of certificates outstanding during the year and convertible certificates as follows:

	Note	2026	2025
		---------- Rupees ----------	
Profit for the period after taxation (Rupees)		**161,346,524**	180,113,788
Weighted average number of certificates (Numbers)	28.2.1	**245,000,000**	145,000,000
Earnings per certificate (Rupees)		**0.66**	1.24

28.2.1 As per the agreement of Subordinated Fund between Sindh Modaraba (Modaraba) and Sindh Modaraba Management Limited (Modaraba Company), the Modaraba has the ability to repay the Subordinated Fund to Modaraba Company at its sole discretion and does not have any intention to convert these unpaid funds into modaraba certificates in the foreseeable future. However, in case of the occurrence of inability to repay the unpaid drawn amount, the Modaraba at its sole discretion, may convert such unpaid Funds into ordinary certificates of Modaraba to Modaraba Company subject to Regulatory approval.

	2026	2025
	---------- Numbers ----------	
29. NUMBER OF EMPLOYEES		
Total numbers of employees at period and year end	**21**	18
Average number of employees	**20**	17

30. RELATED PARTY BALANCES AND TRANSACTIONS

The Modaraba has related party relationship with the Management Company, its associated companies, directors and key management personnel.

The details of related party transactions and balances otherwise than disclosed else where in these financial statement are as follows:

	Note	2026	2025
		---------- Rupees	----------
30.1 TRANSACTIONS FOR THE YEAR			
Sindh Bank Limited - associated company			
Income from bank deposit		**10,650,774**	131,633
Income from term deposit		**81,507**	-
Branch rent paid		**876,216**	537,838
		11,608,497	669,471
Sindh Modaraba Management Limited - management company			
Modaraba management company's remuneration paid		**26,709,832**	34,631,681
Dividend paid / distributed		**57,302,100**	53,057,500
Subordinated fund received		**1,000,000,000**	-
		1,084,011,932	87,689,181
Sindh Insurance Limited - associated company			
Takaful paid		**7,097,489**	5,001,887
Sharing of expenses paid		**1,094,280**	1,080,000
		8,191,769	6,081,887
Key Management Personnel			
Salaries, allowances and benefits paid	21.7	**35,704,793**	32,623,529
Sindh Modaraba Employees Provident Fund - employee fund			
Contribution paid (both employer's and employee's contribution)		**7,187,663**	2,977,870
Sindh Modaraba Employees Gratuity Fund - employee fund			
Contribution paid		**1,036,752**	1,390,203

31. FINANCIAL INSTRUMENTS BY CATEGORY

Financial assets as per the statement of financial position

At amortized cost		
Non-current assets		
- Long term portion of diminishing musharaka	**815,787,795**	716,692,373
- Long term investments	**31,233,766**	-
- Long term advances	**287,146**	726,823
- Long term facility	**4,332,492**	4,240,649
	851,641,199	721,659,845
Current assets		
- Cash and cash equivalent	**354,000,682**	371,724,227
- Current portion of long term investments	**12,493,507**	-
- Advances, deposits and other receivables	**137,859,345**	27,090,870
- Current portion of diminishing musharaka	**750,635,176**	726,974,570
- Morabaha	**970,373,748**	212,819,445
- Current portion of long term advances	**588,540**	522,372
- Current portion of long term facility	**2,282,520**	2,299,116
	2,228,233,518	1,338,433,707
	3,079,874,717	2,060,093,552

	2026	2025
	---------- Rupees ----------	
Financial liabilities as per the statement of financial position		
At amortized cost		
Non-current liabilities		
- Payable to gratuity fund	**1,996,390**	1,036,752
- Provision for compensated absences	**3,198,031**	3,021,267
Current liabilities		
- Creditors, accrued and other liabilities	**159,545,427**	69,036,102
- Profit distribution payable	**1,248,951**	1,190,116
	160,794,378	71,262,970

32. FINANCIAL RISK MANAGEMENT FRAMEWORK

The activities of the Modaraba is exposed to a variety of financial risks: market risk, credit risk and liquidity risk. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activity which are viably setup based on the limit established by the Management company.The Board of Directors of the Management Company has the overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

32.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises of three types of risks: currency risk, profit rate risk and other price risk.

32.2 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Foreign currency risk arises mainly where receivables and payables exist in foreign currencies. As at June 30, 2026, Modaraba has no financial assets and liabilities in foreign currencies.

32.3 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market profit rates. The Modaraba has adopted appropriate policies to minimise its exposure to this risk.

32.4 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As on June 30, 2026, the Modaraba did not hold any instruments which exposes it to price risk.

32.5 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk generally emanates from balances with banks, Ijarah rentals receivable, Investments and Diminishing Musharaka arrangements, deposits and other receivables.

The maximum exposure to credit risk at the end of the reporting period without taking into account any collateral held or other credit enhancement amounts are as follows:

	2026	2025
	---------- Rupees ----------	
Cash and cash equivalent	**354,000,682**	371,724,227
Long term investments	**43,727,273**	-
Diminishing Musharaka	**1,566,422,971**	1,443,666,943
Morabaha	**970,373,748**	212,819,445
Advances, deposits and other receivables	**137,859,345**	24,093,977
Long term advances	**875,686**	1,249,195
Long term facility	**6,615,012**	6,539,765
	3,079,874,717	2,060,093,552

As at June 30, 2026, there were no financial assets which were pledged as collateral for liabilities or contingent liabilities of the Modaraba.

32.6 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors affect groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure. Concentrations of credit risk indicate the relative sensitivity of the Modaraba's performance to developments affecting a particular industry.

The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

32.6.1 Details of the sector analysis of gross investment portfolio is as follows:

	2026		2025	
	Rupees	%	Rupees	%
Sectors				
Sugar	**1,339,251,162**	**51.98**	631,307,316	37.04
Health	**261,825,731**	**10.16**	245,779,691	14.42
Chemical & Allied	**199,798,837**	**7.76**	163,279,524	9.58
Individual	**155,100,214**	**6.02**	58,781,968	3.45
Textile & Allied	**115,990,564**	**4.50**	108,370,769	6.36
Energy	**91,523,236**	**3.55**	38,762,198	2.27
Metal and Steel	**85,416,669**	**3.32**	100,000,000	5.87
Pharmaceuticals	**78,090,378**	**3.03**	75,000,000	4.40
Oil & Gas	**47,346,931**	**1.84**	45,991,209	2.70
Printing & Packaging	**47,301,120**	**1.84**	33,931,116	1.99
Construction	**48,001,622**	**1.86**	56,786,113	3.33
Services	**37,256,711**	**1.45**	33,890,677	1.99
Auto & Allied	**18,114,094**	**0.70**	-	-
Transport	**14,966,662**	**0.58**	48,756,750	2.86
Poultry	**25,243,059**	**0.98**	37,835,271	2.22
Others	**9,023,201**	**0.35**	8,953,700	0.53
Food	**2,103,750**	**0.08**	15,305,000	0.90
Electric & power	**-**	**-**	1,800,000	0.11
	2,576,353,941	**100**	1,704,531,302	100

32.6.2 Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management polices and the requirements of the Prudential Regulations (PRs) for Modarabas issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its diminishing musharka and morabaha arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses.

The credit quality of Modaraba's financial assets with banks is assessed with reference to external credit ratings.

Credit risk ratings	Rating	2026	2025
		---------- Rupees ----------	
Bank balances - Sindh Bank Limited	AA- / A-1+	**4,772,232**	2,847,998
Bank balances - Meezan Bank Limited	AAA /A-1+	**20,210**	19,992
Bank balances - MCB Islamic Bank Limited	A+ / A-1	**1,543**	1,394
Bank balances - NRSP Micro Finance Bank Limited	A- / A-2	**22,168**	20,783
Bank balances - Soneri Bank Limited	AA- / A1+	**105,711,150**	205,827,914
Bank balances - Al-Baraka Bank Pakistan Limited	A+ / A-1	**193,403,177**	162,916,726
Bank balances - Habib Metropolitan Bank Limited	AA+ / A-1+	**1,194**	1,136
Bank balances - State Bank of Pakistan		**1,908**	26,384
		303,933,582	371,662,327

32.6.3 Liquidity risk

Liquidity risk is the risk that the Modaraba will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Modaraba will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Modaraba's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Modaraba's reputation. The maturity profile of Modaraba's financial assets and liabilities based on the contractual maturities is as follows:

Maturities of assets and liabilities	2026						Total
	Profit bearing			Non - profit bearing			
	Maturity upto 1 year year	Maturity after 1 year and upto 5 years	Sub total	Maturity upto 1 year year	Maturity after 1 year and upto 5 years	Sub total	
	----------Rupees----------						
Financial assets							
Cash and bank balances	302,628,919	-	302,628,919	1,304,663	-	1,304,663	303,933,582
Short term investments	50,000,000	-	50,000,000	-	-	-	50,000,000
Diminishing Musharaka	750,635,176	815,787,795	1,566,422,971	-	-	-	1,566,422,971
Morabaha	970,373,748	-	970,373,748	-	-	-	970,373,748
Long term investments	12,493,507	31,233,766	43,727,273	-	-	-	43,727,273
Long term facility	-	-	-	2,282,520	4,332,492	6,615,012	6,615,012
Long term advances	-	-	-	588,540	287,146	875,686	875,686
Advances and other receivables	-	-	-	137,859,345	-	137,859,345	137,859,345
	2,086,131,350	847,021,561	2,933,152,911	142,035,068	4,619,638	146,654,706	3,079,807,617
Financial liabilities							
Creditors, accrued and other liabilities	-	-	-	159,545,427	-	159,545,427	159,545,427
Payable to gratuity fund	-	-	-	-	1,996,390	1,996,390	1,996,390
Provision for compensated absences	-	3,198,031	3,198,031	3,198,031			
Profit distribution payable	-	-	-	1,248,951	-	1,248,951	1,248,951
	-	-	-	160,794,378	5,194,421	165,988,799	165,988,799

Maturities of assets and liabilities	2025						Total
	Profit bearing			Non - profit bearing			
	Maturity upto 1 year year	Maturity after 1 year and upto 5 years	Sub total	Maturity upto 1 year year	Maturity after 1 year and upto 5 years	Sub total	
	----------Rupees----------						
Financial assets							
Cash and bank balances	369,372,170	-	369,372,170	2,290,157	-	2,290,157	371,724,227
Diminishing Musharaka	726,974,570	716,692,373	1,443,666,943	-	-	-	1,443,666,943
Morabaha	212,819,445	-	212,819,445	-	-	-	212,819,445
Long term facility	-	-	-	2,299,116	4,240,649	6,539,765	6,539,765
Long term advances	-	-	-	522,372	726,823	1,249,195	1,249,195
Advances and other receivables	-	-	-	27,090,870	-	27,090,870	27,090,870
	1,309,166,185	716,692,373	2,025,858,558	29,267,522	4,967,472	34,234,994	2,060,093,552
Financial liabilities							
Creditors, accrued and other liabilities	-	-	-	66,014,835	-	66,014,835	66,014,835
Payable to gratuity fund	-	-	-	-	1,036,752	1,036,752	1,036,752
Provision for compensated absences					3,021,267	3,021,267	3,021,267
Profit distribution payable	-	-	-	1,190,116	-	1,190,116	1,190,116
	-	-	-	71,262,970	-	71,262,970	71,262,970

33. CAPITAL RISK MANAGEMENT

The Board's policy is to maintain a sound capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital, which the Modaraba defines as net profit for the year divided by total Certificate holders' equity. The Board of Directors also monitors the level of dividend to ordinary certificate holders.

The Modaraba is not a Certificate of Musharakah raising modaraba and is accordingly not subject to the minimum equity requirement under Regulation 17(1)(b) or the capital adequacy ratio requirement under Regulation 20 of the Modaraba Regulations, 2021. The Modaraba is, however, required to maintain its aggregate liabilities within ten times of its equity under Regulation 12(1). The Modaraba has complied with these requirements during the year.

The Modaraba finances its operations through equity and management of working capital with a view to maintain an appropriate mix between various sources of finance to minimize risk. There is no borrowing made by the Modaraba as at the statement of financial position date, therefore, no gearing ratio is calculated.

34. 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) 13, 'Fair value measurements' 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 June 30, 2026, there were no financial instruments which were measured at fair values in the financial statements.

35. 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 investment in entities incorporated in Pakistan.

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

Revenue from operations from ten major customers of the Modaraba constitutes 67.88% (June 2025: 63.81% from ten major customers) of the total revenue from operations during the period ended June 30, 2026.

36. 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 lease financing) obtained as per Islamic mode	None.
iii)	Long-term and short-term Shariah compliant Investments	Placed under Shariah permissible arrangement as disclosed in Note 7 & 37.1.
iv)	Shariah compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in Note 12.
v)	Profit earned from shariah compliant bank deposits/bank balances	Placed under Shariah permissible arrangement as disclosed in statement of profit or loss & other comprehensive income. Refer Note 23.
vi)	Revenue earned from a shariah compliant business segment	All revenue earned is from shariah compliant business segment. Refer note 35.
vii)	Break-up of late payments or liquidated damages	None.
viii)	Gain/loss or dividend earned from shariah compliant investments	Refer statement of profit or loss and other comprehensive income.
ix)	Share of profit from Shariah-compliant associates	None.
x)	Exchange gain earned from actual currency	None.
xi)	Exchange gains 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)	Relationships with Shariah-compliant financial institutions, including banks, takaful operators and their windows, etc.	**Banker:** Al Baraka Bank Limited, Soneri Bank Limited, Sindh Bank Limited, Meezan Bank Limited, MCB Islamic Bank, NRSP Microfinance bank **Lessor:** None. **Takaful operators:** Sindh Insurance Limited -Window Takaful

	Note	2026	2025
		---------- Rupees ----------	
37. CASH AND CASH EQUIVALENT			
Cash and bank balances	12	**304,000,682**	371,724,227
Short term investments	37.1	**50,000,000**	-
		354,000,682	371,724,227

37.1 This represents investment made during the year in TDRs for a period of 1 month maturity at a special profit rate of 8.50% per annum (2025: Nil) in Sindh Bank Limited - Islamic Banking, a related party.

38. NON - ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on 23 September 2026 approved a cash distribution of Rs.1.40 (2025: Rs.1.35 per certificte) per certificate.

39. CORRESPONDING FIGURES

Prior year's figures have been reclassified for the purpose of better presentation and comparison where considered necessary.

40. DATE OF AUTHORISATION

These financial statements were authorized for issue on 23 September 2026 by the Board of Directors of the Management Company.

41. GENERAL

The figures have been rounded off to the nearest rupees.

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

Chairman	Chief Executive Officer	Director	Chief Financial Officer

Gender Pay Statement Under Securities and Exchange Commission of Pakistan Circular No.10 of 2025 for the Year Ended June 30, 2026

In accordance with the Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024, the disclosure related to the gender pay gap for the year ended 30 June 2026 is provided below. The gender pay gap is calculated based on the mean and median hourly rates of pay for full-pay relevant employees.

Mean Gender Pay Gap:	**57.78%**
Median Gender Pay Gap:	**54.58%**

Additional Data/Details:

Number of Male Employees	19
Number of Female Employees	2

Chief Executive Officer
On behalf of Board of Directors
Dated: 23 September 2026

Pattern of Certificate holdings
as at June 30, 2026

Number of Certicate Holders	Certificate Holding		Total Certificate Held
	From	To	
392	1	100	5,695
464	101	500	215,236
103	501	1000	87,486
133	1001	5000	343,765
30	5001	10000	218,851
15	10001	15000	187,769
12	15001	20000	216,899
2	20001	25000	48,314
1	30001	35000	32,000
1	35001	40000	35,900
2	45001	50000	100,000
2	50001	55000	104,500
1	65001	70000	68,000
1	70001	75000	73,781
2	75001	80000	152,703
1	90001	95000	90,101
1	245001	250000	249,000
1	320001	325000	324,000
1	42445001	42450000	42,446,000
1,165			45,000,000

	Categories Of Shareholders	Shares Held	Percentage
(i)	**Government;**	**NIL**	
(ii)	**Associated Companies, Undertakings and Related Parties (name wise details);**		
	Sindh Modaraba Management Ltd.	**42,446,000**	**94.32**
(iii)	**Mutual Funds;**	**NIL**	
(iv)	**Directors, Chief Executive, and their spouse and minor children (name wise details);**		
	Abdul Rauf Chandio - CEO/Director	**500**	**0.00**
	Naila Asad Shaikh - Director	**500**	**0.00**
	Asadullah Shaikh - Spouse (Naila Asad Shaikh)	**500**	**0.00**
		1500	**0.00**
(v)	**Executives;**	**NIL**	
	Ishfaque Ahmed - Head of Copliance, Legal & SAM	1,000	**0,00**
	Tahoora Ishfaque - Spouse	**500**	**0.00**
		1,500	**0.00**
(vi)	**Public Sector Companies and corporations;**	**NIL**	
(vii)	**Banks, Development Finance Institutions, Non-Banking Finance Companies, Insurance Companies,Takaful Companies and Modarabas;**		
	Hafiz Limited	**10,000**	**0.02**
	Sherman Securities (Private) Limited	**25,000**	**0.06**
	MRA Securities Limited	**393**	**0.00**
		35,393	**0.08**
Individual			
	Individuals	**2,515,607**	**5.59**
	Grand Total:	**45,000,000**	**100.00**

Certificate holders holding five percent or more voting rights in the Public Sector Company

	Certificates Held	**Percentage**
Sindh Modaraba Management Ltd.	**42,446,000**	**94.32**

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given that the 12th Annual Review Meeting of certificate holders of Sindh Modaraba will be held on 20th October 2026 at 11:00 A.M. at 602, Progressive Centre, 30-A, Block-6, P.E.C.H.S., Shahrah-e-Faisal, Karachi to review the performance of the Modaraba for the year ended June 30, 2026 in terms of clause 20 of the Prudential Regulations for Modaraba issued vide Circular number 4/2004 by Registrar Modaraba Companies and Modarabas.

The Board of Directors of Sindh Modaraba has approved a final cash dividend of 14% (Rs. 1.40 per certificate) for the year ended June 30, 2026.

Weblink & QR Code:

https://sindhmodarabaltd.com/page-financial-reports

Karachi
September 29,2026

M. Adnan Shakeel
Company Secretary

Note:

1. The Modaraba Certificate transfer book shall remain closed from October 13, 2026 to October 20, 2026 (both days inclusive) to determine the names of Certificate Holders entitled to receive dividends and to attend the Annual Review Meeting. Transfers received in order at the registrar's office of the Modaraba up to the close of business on October 12, 2026, will be treated in time for the entitlement of profit distribution and to attend theAnnual Review Meeting.

2. The certificate holders are advised to notify the Registrar of Sindh Modaraba of any change in their addresses.

3. CDC certificate holders desiring to attend the meeting are requested to bring their original CNIC, Account, and Participant's ID number for identification purposes.

4. Since the members'/certificate holders of the Modaraba have approved the transmission /circulation of the annual audited financial statements via QR-enabled code and Weblink in its last Annual Review Meeting, the Modaraba has provided above the QR code and Weblink to facilitate its members'/certificate holders.

5. Dividend income is liable to deduction of withholding tax under Section 151 of the Income Tax Ordinance, 2001. Withholding of tax on dividends is based on 'Active' and 'Non- Active' status of certificate holders, where 'Active'means a person whose name appears on the Active Taxpayers List available at e-portal of FBR (http://www.fbr.gov.pk/) and 'Non- Active' means a person whose name does not appear on the Active Taxpayers List.

6. In case a Folio/CDS Account is jointly held, each joint-holder is to be treated separately as Active or Non-Active, In terms of the said clarification, tax of each joint-holder has been deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint- holder(s) is pre-defined as per the records of our Share Registrar and thus tax rates are applied in line with respective proportions, Those certificate holders who are holding Folio/CDS jointly: are requested to notify (in writing) any change in their certificate holding proportions to our Share Registrar (in case of physical certificate holding) or their Participants/CDC Investor Account Services so that their revised certificate holding proportions are considered by the Modaraba in all prospective dividend payouts, if any. Certificate holders seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax exemption certificate or necessary documentary evidence as the case may be to the Share Registrar of Modaraba.

7. Under the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a listed company to pay cash dividend to its shareholders only through electronic mode directly into a bank account designated by the entitled shareholders. Therefore, all the certificate holders of Sindh Modaraba are hereby advised to provide a dividend mandate of their respective banks in the "Dividend Mandate Form" available on the website of the Share Registrar. Certificate holders maintaining holding under Central Depository System (CDS) are advised to submit their bank mandate information directly to the relevant participant / CDC Investor Account Service. In the absence of bank account details or in case of incomplete details, Modaraba will be constrained to withhold the payment of cash dividend of those certificate holders who have not provided the same.

8. Certificate holders, who by any reason, could not claim their dividends or did not collect their physical Modaraba certificates, are advised to contact our Share Registrar to enquire about their unclaimed dividend or pending Modaraba certificates.

   Please note that in compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all dividends unclaimed for a period of three years from the date due and payable shall be deposited to the credit of the Federal Government /SECP and, in case of shares, shall be delivered to the Securities & Exchange Commission of Pakistan (SECP).

9. As per the requirement of the Companies Act, 2017, all listed companies are required to replace the Certificates held in physical form with the Certificates to be issued in Book- Entry. All Certificate holders holding Certificates in physical form are requested to convert their shares in Book-Entry Form to comply with the provisions of the Companies Act, 2017. Certificate holders may contact the Modaraba's Share Registrar to understand the process of conversion of Certificates held in physical form into the Book-Entry Form.

10. In view of the prohibition under Section 185 of the Companies Act, 2017, the Company does not distribute gifts in any form to its members in the general meetings.

اطلاع برائے سالانہ جائزہ اجلاس اور کیش ڈیویڈنڈ کا اعلان

بزریعہ ہذا اِطلاع دی جاتی ہے کہ رجسٹرار مضاربہ کمپنیز اور مضاربہ کی جانب سے سرکلر ۲۰۰۴ / ۴ اور پروڈیشل ریگولیشن کے شق ۲۰ کی شرائط کے تحت، ۳۰ جون ۲۰۲۶ء کو ختم ہونے والے سال کیلئے مضاربہ کی کارگزاری کی جائزہ کیلئے سندھ مضاربہ کے سرٹیفکیٹ ہولڈرز کا بارھواں سالانہ جائزہ اِجلاس ۲۰، اکتوبر ۲۰۲۶ء کو صبح 11:00 بجے کمرہ نمبر ۶۰۲، چھٹی منزل، پروگیریسیو سینٹر، ۳۰۔اے، بلاک نمبر ۶، PECHS شارع فیصل، کراچی میں منعقد ہوگا۔

مضاربہ کے بورڈ آف ڈائریکٹرز نے ۳۰، جون ۲۰۲۶ء کو ختم ہونے والے سال کیلئے **14%** (فی سرٹیفکیٹ **1.40**) کی شرح سے سئ حتمی کیش ڈیونڈنڈ منظور کیا ہے۔

ویب لنک اور کیو آر کوڈ:

https://sindhmodarabaltd.com/page-financial-reports

ایم ۔ عدنان شکیل
کمپنی سیکریٹری

کراچی
تاریخ: 29 ستمبر 2026

نوٹ:

۱۔ سرٹیفکیٹس ٹرانسفر بکس ۱۳، اکتوبر ۲۰۲۶ء سے ۲۰، اکتوبر ۲۰۲۶ء تک (بشمول دونوں ایام) بند رہیں گی تا کہ اجلاس میں شرکت اور ڈویڈنڈ کے حقدار کا تعین ہو سکے۔ سرٹیفکیٹ منتقلی کے لئے ۱۲، اکتوبر ۲۰۲۶ء کو کاروباری اوقات ختم ہونے سے پہلے تک سندھ مضاربہ کے رجسٹرار آفس میں موصول ہونے والی تمام درخواست سالانہ جائزہ اجلاس میں شرکت اور ڈویڈنڈ کی تقسیم کیلئے بَروقت تصور کی جائیں گی۔

۲۔ سرٹیفکیٹ ہولڈر سے درخواست ہے کہ اگر ان کے ایڈریس میں کوئی تبدیلی ہو تو رجسٹرار کو آگاہ کریں۔

۳۔ سی ڈی سی سرٹیفکیٹ ہولڈرز جو اجلاس میں شرکت کرنا چاہتے ہیں، اپنے ساتھ اصل شناختی کارڈ، اکاؤنٹ نمبر (آئی بی اے این) اور پارٹیسپنٹ آئی دی نمبر لازمی لائیں۔

۴۔ چونکہ مضاربہ کے ارکان/سرٹیفکیٹ ہولڈرز نے پچھلے سالانہ جائزہ اجلاس میں منظوری دی تھی کہ سالانہ آڈٹ شدہ مالیاتی بیانات کی ترسیل/ گردش کیو آر کوڈ اور ویب لنک کے ذریعے کی جائے، اس لئے مضاربہ نے اپنے ارکان/سرٹیفکیٹ ہولڈرز کی سہولت کے لئے اوپر کیو آر کوڈ اور ویب لنک فراہم کیا ہے۔

۵۔ ڈیویڈنڈ انکم پر انکم ٹیکس آرڈیننس، 2001 کے سیکشن 151 کے تحت ود ہولڈنگ ٹیکس کی کٹوتی لاگو ہوتی ہے۔ ڈیویڈنڈ پر ٹیکس کی کٹوتی سرٹیفکیٹ ہولڈر کی "Active" اور "Non-Active" حیثیت پر مبنی ہے۔ جہاں "Active" کا مطلب ایک ایسا شخص ہے جس کا نام ایف بی آر (FBR) کے ای۔ پورٹل (http://www.fbr.gov.pk) پر دستیاب Active Taxpayers List میں موجود ہے اور "Non-Active" کا مطلب ایک ایسا شخص ہے جس کا نام Active Taxpayers List میں موجود نہیں ہے۔

۶۔ اگر کوئی فولیو/سی ڈی ایس اکاؤنٹ مشترکہ طور پر کھولا گیا ہے، تو ہر مشترکہ ہولڈر کو علیحدہ سے "Active" یا "Non-Active" سمجھا جائے گا۔ اس وضاحت کے مطابق، ہر مشترکہ ہولڈر کے ڈیویڈنڈ کی کل رقم پر ٹیکس کی کٹوتی برابر تناسب سے حصص کو تقسیم کرتے ہوئے کی گئی ہے، سوائے اس کے جہاں مشترکہ ہولڈر کے حصص کا تناسب ہمارے شیئر رجسٹرار کے ریکارڈ کے مطابق پہلے سے طے شدہ ہو۔ ایسی صورت میں، ٹیکس کی شرحیں انہی تناسب کے مطابق لاگو کی جاتی ہیں۔

وہ سرٹیفکیٹ ہولڈر جو مشترکہ طور پر فولیو/سی ڈی ایس رکھتے ہیں، ان سے گزارش ہے کہ وہ اپنے حصص کے تناسب میں کسی بھی تبدیلی کے بارے میں ہمارے شیئر رجسٹرار (اگر فزیکل سرٹیفکیٹ ہولڈنگ ہو) یا اپنے بارٹیسپنٹس/سی ڈی سی انویسٹرا کاؤنٹ سروسز کو تحریری طور پر مطلع کریں تاکہ موڈرابہ آئندہ ڈیویڈنڈ کی ادائیگیوں میں ان کے لئے تناسب کو منتظر رکھ سکے۔

جو سرٹیفکیٹ ہولڈر انکم ٹیکس کی کٹوتی سے چھوٹ جاتے ہیں یا کم شرح پر کٹوتی کے اہل ہیں۔ ان سے درخواست ہے کہ وہ مضاربہ کے شیئر رجسٹرار کو ایک درست ٹیکس چھوٹ سرٹیفکیٹ یا ضروری دستاویزی ثبوت، جیسا کہ معاملہ ہو، جمع کرائیں۔

۷۔ کمپنیز ایک، 2017 کے سیکشن 242 کی دفعات کے تحت، کسی بھی لسٹڈ کمپنی کے لیے یہ لازم ہے کہ وہ اپنے شیئر ہولڈرز کو نقد ڈیویڈنڈ کی ادائیگی صرف الیکٹرانک طریقے سے اور براہ راست ان کے نامزد کردہ بینک اکاؤنٹ میں کرے۔

لہذا سندھ مضاربہ کے تمام سرٹیفکیٹ ہولڈر کو مشورہ دیا جاتا ہے کہ وہ اپنے متعلقہ بینک کی تفصیلات ''ڈیویڈنڈ مینڈیٹ فارم'' میں فراہم کریں جو شیئر رجسٹرار کی ویب سائٹ پر دستیاب ہے۔ جو سرٹیفکیٹ ہولڈرز سینٹرل ڈیپازٹری سسٹم (CDS) کے تحت اپنے حصص رکھتے ہیں، انہیں مشورہ دیا جاتا ہے کہ وہ اپنی بینک تفصیلات براہ راست اپنے متعلقہ بارٹیسنٹ/سی ڈی سی انویسٹر اکاؤنٹ سروس کو جمع کرائیں۔

بینک اکاؤنٹ کی تفصیلات فراہم نہ کرنے یا ادھوری معلومات کی صورت میں مضاربہ ایسے سرٹیفکیٹ ہولڈر کی نقد ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہو جائے گا جنہوں نے یہ تفصیلات فراہم نہیں کی ہیں۔

۸۔ جن سرٹیفکیٹ ہولڈر نے کسی بھی وجہ سے اپنے ڈیویڈنڈز کا دعوی نہیں کیا یا اپنے فزیکل مضاربہ سرٹیفکیٹس وصول نہیں کئے، انہوں مشورہ دیا جاتا ہے کہ وہ اپنے غیر دعوی شدہ ڈیویڈنڈ یا زیر التواء موڈرابہ سرٹیفکیٹس کے بارے میں معلومات حاصل کرنے کے لئے ہمارے شیئر رجسٹرار سے رابطہ کریں۔

براہ کرم نوٹ کریں کہ کمپنیز ایکٹ، 2017 کے سیکشن 244 کی تعمیل میں، مقررہ طریقہ کار مکمل کرنے کے بعد تمام ایسے ڈیویڈنڈز جن کا ان کی ادائیگی کی تاریخ سے تین سال تک دعوی نہیں کیا گیا، وفاقی حکومت/ ایس ای سی پی (SECP) کے اکاؤنٹ میں جمع کرا دیئے جائیں گے اور حصص کی صورت میں، یہ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) کے حوالے کر دیئے جائیں گے۔

۹۔ کمپنیز ایکٹ، 2017 کی ضرورت کے مطابق، تمام لسٹڈ کمپنیوں کے لیے یہ لازم ہے کہ وہ فزیکل (کاغذی) شکل میں رکھے گئے سرٹیفکیٹس کو بک۔ اینٹری (الیکٹرانک) شکل میں جاری کئے جانے والے سرٹیفکیٹس سے تبدیل کریں۔ لہذا، تمام سرٹیفکیٹ ہولڈر جو اپنے حصص فزیکل شکل میں رکھتے ہیں، ان سے درخواست کی جاتی ہے کہ وہ کمپنیز ایکٹ، 2017 کی دفعات کی تعمیل کرنے کے لئے اپنے حصص کو بک۔ اینٹری فارم میں منتقل کرائیں۔ سرٹیفکیت ہولڈر فزیکل سرٹیفکیٹس کو بک۔ انٹری فارم میں تبدیل کرنے کا طریقہ کار سمجھنے کے لئے مضاربہ کے شیئر رجسٹرار سے رابطہ کر سکتے ہیں۔

۱۰۔ کمپنیز ایکٹ، 2017 کے سیکشن 185 کے تحت عائد پابندی کے پیش نظر، کمپنی اپنی جنرل میٹنگز میں اپنے اراکین کو کسی بھی قسم کے تحائف تقسیم نہیں کرتی۔

IN MEMORY OF SHAHEED MOHTARMA BENAZIR BHUTTO

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