



Popular Islamic Modaraba

An Islamic Financial Institution

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2023

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



Popular Islamic Modaraba

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VISION STATEMENT

To be Modaraba of choice adhering to financing principles of Quran and Sunnah.

MISSION STATEMENT

To develop Popular Islamic Modaraba as a leading Financial Institution of the country offering all modes of Islamic Financing to the satisfaction of customers who aspire to realize the growth potential of Shariah Compliant Financing in Pakistan.

We focus on value creation for our stakeholders.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

We believe a complete Code of Ethics is a prerequisite for all Directors and Employers of **Popular Islamic Modaraba**. We Endeavour to have fully groomed employees committed to the philosophy behind the Code of Ethics to carry out honestly activities assigned to them. Our aim is to have highest standard of excellence for the product and the betterment for all those involved directly or indirectly with our Modaraba.



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CORPORATE INFORMATION

| | | |
|--------------------------------|---|---|
| BOARD OF DIRECTORS | Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Ms. Aisha Mughal | - Chairman - Managing Director - Independent Director - Director - Director & Chief Executive - Director & Company Secretary |
| AUDIT COMMITTEE | Mr. Khurram Abdullah Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam | - Chairman - Member - Member |
| HR COMMITTEE | Mr. Khurram Abdullah Mr. Malik Junaid Emam Kamran Hussain Mughal | - Chairman - Member - Member |
| SHARIAH ADVISOR | Al-Hamd Shariah Advisory Services (Pvt.) Limited | |
| COMPANY SECRETARY | Ms. Aisha Mughal | |
| CHIEF FINANCIAL OFFICER | Mr. Shoaib Shaikh | |
| BANKERS | Albaraka Bank (Pakistan) Limited Meezan Bank Limited | |
| AUDITORS | BKR Muniff Ziauddin & Co. Chartered Accountant | |
| LEGAL ADVISOR | Syed Sikandar Ali Shah - Advocate | |
| MANAGEMENT COMPANY | Popular Islamic Modaraba Management Company (Pvt.) Ltd | |
| REGISTERED OFFICE | 15th Floor, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi. | |
| SHARE REGISTRAR | Central Depository Company of Pakistan CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shahra-e-Faisal, Karachi | |



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Chairman's Review Report

It is my privilege to write to you once more and I welcome this opportunity to share with you our 2022-2023 performance and talk about how we are aligning internally and externally as a company to deliver a more valuable services of Popular Islamic Modaraba - PIM to its stakeholders. The performance of PIM during the period under review was satisfactory.

I've had the honour of holding the position of Chairman of the Board for the past ten years, and throughout that time I've made an effort to increase attention to Modaraba's performance, a successful, long-term thinking leader in its field who strives to help our nation, community, and people—both clients and employees.

The year under review, the members diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate objectives, plans, financial statements and other reports. All the significant issues throughout the year were presented before the Board regularly by the Management, internal and external auditors, legal advisor and shariah advisor. The Board has exercised its powers in accordance with the laws and regulations applicable on the Modaraba. All the directors on the Board are fully conversant with their duties and responsibilities as directors of the Modaraba. The Board of your Modaraba has been assigned the role and responsibilities as defined by the Code of Corporate Governance and the relevant regulations.

I confirm that the Board of Directors of your Modaraba, received agendas and supporting written material including follow up materials in sufficient time prior to the board and its committee meetings. The Board received appropriate and adequate various management reports for their discussion and decisions. Further, Board members openly and freely exchanged their views on different matters presented to the Board in their meetings.

The Board also carried out the annual review of its effectiveness and performance on a self-assessment basis. The assessment is based on the basic principles of fairness, integrity and accountability with prime focus to enhance the Modaraba performance. For the Financial year ended June 30, 2023, the overall performance of the Board has been satisfactory. Moreover, the Overall performance of the Modaraba is a manifestation of service to the stakeholders and society, and every Director has made a valuable contribution toward this end.

On behalf of the Board, it is a distinct pleasure for me to express my gratitude to you for the enduring trust and confidence reposed in us for many years.

----SD----

Imamuddin Shouqeen
Chairman

September 22, 2023



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بورڈ آف ڈائریکٹرز کی کارکردگی پر چیئرمین کی جائزہ رپورٹ

یہ میرے لئے اعزاز کی بات ہے میں ایک بار پھر آپ لوگوں سے مخاطب ہوں اور میں اس موقع کو خوش آمدید کرتے ہوئے آپ کو مضاربہ کی ۲۰۲۲-۲۰۲۳ کی کارکردگی کے بارے میں بتانا چاہتا ہوں کہ ہم نے بطور کمپنی اندرونی اور بیرونی طور پر کس طرح سے اپنے آپ کو ہم آہنگ کیا تاکہ پاپولر اسلامک مضاربہ اپنے اسٹیک وہولڈرز کو بہتر سروس اور فائدہ دے سکے۔

مجھے گزشتہ دس سالوں بورڈ کے چیئرمین کے عہدے پر فائز رہنے کا اعزاز حاصل ہے اور اس مدت میں میں نے کوشش کی کہ مضاربہ کی کارکردگی کو مزید بہتر بنایا جائے۔ میرے لیے یہ اعزاز کی بات ہے کہ آپ کے علم میں لاؤں کہ موجودہ بورڈ میں وہ ڈائریکٹرز شامل ہیں جو ادارے میں بصیرت، قیادت، وقار، جدت، کاروباری خطرے کے تخمینہ اور منہجی نظم و ضبط میں اضافہ کرنے کی اہلیت رکھتے ہیں۔

زیر جائزہ سال کے دوران بورڈ ممبران نے اپنی ڈیوٹی کو جانفشانی سے انجام دیا۔ کاروباری حکمت عملی، کارپوریٹ مقاصد، منصوبے اور دوسری مالی دستاویزات کے جائزے میں اہم کردار ادا کیا۔ تمام اہم معلومات کو پورے سال انتظامیہ نے بورڈ کے سامنے پیش کیا، انٹرنل آڈٹ، ایکسٹرنل آڈٹ، قانونی مشیر اور شریعہ آڈیٹر سے مشورے کئے۔ بورڈ نے اپنے اختیارات کو قانون اور ضابطوں کے مطابق جو کہ کمپنی پر لاگو ہوتے ہیں استعمال کیا، تمام بورڈ کے اراکین اپنی ڈیوٹی اور ذمہ داریوں سے پوری طرح آگاہ ہیں۔

بورڈ کے اراکین کو بورڈ اور مضاربہ کے اجلاسوں سے متعلق ایجنڈا اور دیگر متعلقہ دستاویزات تحریری طور پر اجلاسوں سے پہلے بھیجی جاتی رہی ہیں۔ اسکے علاوہ بورڈ کے اراکین کو مباحثوں اور فیصلوں کیلئے ٹیموں کے متعلق مختلف رپورٹس بھی بروقت ارسال کی جاتی رہی ہیں۔ مزید برآں، بورڈ کے اراکین مختلف معاملات پر آزادانہ طور پر اپنی رائے کا اظہار کرتے رہے ہیں۔ بورڈ اپنی کارکردگی اور موثر بین سالانہ جائزہ لیتا ہے۔ اس تخمینہ کا بنیادی مقصد اور اصول غیر جانبداری، دیانت داری، اور احتساب کا احاطہ کرتے ہوئے مضاربہ کی کارکردگی کو بڑھانا ہے۔ ۳۰ جون ۲۰۲۳ کو اختتام پر سال میں، بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔ مزید برآں مضاربہ کی مجموعی کارکردگی شرکاء کے مفاد اور سوسائٹی کیلئے خدمت کا مظہر ہے اور اس سلسلے میں ہر ڈائریکٹر نے اپنا قابل قدر حصہ ڈالا ہے۔

بورڈ کی جانب سے میرے لئے یہ خوشی کا مقام ہے کہ میں آپ سے پاپولر اسلامک مضاربہ پر اعتماد اور بھروسہ کرنے پر شکر یہ ادا کروں۔

-- دستخط شد --

امام الدین شوقین

چیئرمین

22 ستمبر 2023



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Directors' Report

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba), is pleased to present the Directors' Report on the Modaraba together with Audited Financial Statements and Auditor's Report for the year ended June 30, 2023.

1. REVIEW OF ECONOMY:

The outgoing year was a challenging period for the country characterized by significant financial turmoil and the most substantial economic crisis we have ever encountered. It began with a severe political-economic crisis, leading to falling foreign exchange reserves. In order to stabilize the economic situation of the country, the Government made its utmost effort to resume the ongoing IMF program, implementing several policy actions including raising fuel and electricity prices, market determined exchange rate policy, imposing high taxation measures to improve tax collection and increasing the discount rate to decade high of 22% to combat inflationary pressure. These measures resulted in an unprecedented level of inflation, reaching a peak of 38% in May' 23. To combat the situation of falling foreign exchange reserves and the rising current account deficit of the country, varying levels of import restrictions were imposed by the State Bank of Pakistan. While this move did halt the increasing trend of the current account deficit, it resulted in serious challenges for industries relying fully or partially on imported parts and materials. The effect of these import restrictions created a spiral impact on the economy, affecting businesses across various sectors. The global recession also took its toll, impacting the country's exports as well as remittances. The economic challenges faced by our country over the past year have been significant, with adverse impacts on various sectors and businesses. However, amidst these difficulties, we remain optimistic about the potential for positive change. The proposed structural changes by the International Monetary Fund (IMF) have the potential to pave the way for improved financial discipline and stability in our nation. The measures suggested by the IMF, such as increasing electricity prices and gradually phasing out subsidies, are aimed at addressing the pressing economic issues and reducing the burden on the national budget. While these changes may present short-term challenges, they are essential steps towards achieving long-term sustainability. Your Modaraba's leadership is proactively implementing various strategies and plans to mitigate the prevailing challenges impacting the Modaraba's financial performance and operations. The leadership is committed to increasing operational efficiencies through cost optimization, risk management, and employing innovations to deliver value to our stakeholders. We hold the utmost confidence in the strength and perseverance of the business to navigate any challenges and adapt to changing economic scenarios with ease.

2. Financial Highlights:

The summarized financial results for the year ended June 30, 2023 are as under:



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| | 2023 | 2022 |
|---|---------------------|------------------|
| | ------(Rupees)----- | |
| Income | 27,721,389 | 23,580,065 |
| Operating expenses | (8,927,851) | (7,669,081) |
| Depreciation of property and equipment-Ijarah | (9,604,402) | (8,192,130) |
| Operating profit | 9,189,136 | 7,718,854 |
| Other income | 2,030,536 | 847,284 |
| Profit before management fee | 11,219,672 | 8,566,138 |
| Management fee | (560,984) | (428,307) |
| Sales tax on management fee | (72,928) | (55,680) |
| Provision for worker's welfare fund | (211,715) | (161,643) |
| Profit before taxation | 10,374,045 | 7,920,508 |
| Taxation | (2,399,479) | (1,369,280) |
| Profit after taxation | 7,974,566 | 6,551,228 |
| Other comprehensive income | - | - |
| Total comprehensive income | 7,974,566 | 6,551,228 |
| Earnings per certificate - basic & diluted | 0.57 | 0.48 |

3. Review of Operations:

By the Grace of Almighty Allah, the performance of Popular Islamic Modaraba during the period under review continued to be strong in spite of economy slowdown and stiff competition with Financial Institutions. The Modaraba achieved the income of Rs.27.721 million as compared to Rs 23.580 million showing 17.56% increase over the same period of last year. Withdrawal of tax exemption on income of Modaraba Sector on distribution of 90% and above dividend has been significantly affected the profitability of the Modaraba. The profit after tax increased from Rs.6.551 million to Rs. 7.974 as compared to the profit of corresponding period. The Earning Per Certificate has been worked out at Re. 0.57 as compared to the EPC of corresponding period of last year that was Re. 0.48.

The Popular Islamic Modaraba manages and monitors risk exposure very prudently. Using tools of risk management process particularly credit risk management in line with latest techniques including evaluation of borrowers' credit profile includes repayment capability, eCIB clearance, cash flow, experience etc., which are carried out at the time of approval of the facility and regular monitoring thereof. Further, strengthen Shariah governance and compliance culture.

4. Profit Distributions:

Despite the withdrawal of tax exemption, the Management of Modaraba intend to provide maximum benefits to the Certificateholders. Therefore, the Management of Modaraba has decided in the best interest of Certificate Holders to reduce the Management Fee from 10% to 5% this year and approved the distribution of profit at Re. 0.4557 per certificate of Rs.10/- each



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i.e 4.557%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2023.

5. Shari'ah Audit Report:

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Muhammad Ibrahim Essa, CEO Alhamad Shariah Advisory Services (Private) Limited as and when required to ensure full compliance of Shari'ah Audit Mechanism developed in consultation with Registrar Modarabas. The Internal Sharia'ah Auditor also handles the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Audit Report issued for the affairs of the Modaraba by the Shari'ah Advisor for the year ended June 30, 2023 is attached with the Annual Financial Statements which confirms that the Business of Modaraba is Shari'ah Compliant.

6. Compliance with the Code of Corporate Governance:

The Modaraba has been and remains committed to the conduct of its business in line with the Listed Companies (Code of Corporate Governance) Regulations, 2019 and the Rule Book of the Pakistan Stock Exchange. As required by the Code of Corporate Governance, following is the statement of compliance with the Corporate and Financial Reporting Framework of the Code:

The Directors are pleased to confirm that:

- The Board has consistently complied with the relevant principles of corporate governance.
- The financial statements prepared by the management of the Modaraba present its state of affairs fairly which includes the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates used are based on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modarabas (Floating and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of financial statements, and any departures there from have been adequately disclosed.
- The system of internal control which is in place is sound in design, and has been effectively Implemented and monitored.
- The Modaraba is financially sound in design, and has been effectively implemented and monitored.



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- There is no significant doubt upon the Modaraba's ability to continue as a going concern, and that is why the Management is considering fresh injection of equity in the Modaraba.
- There are no outstanding statutory payments on account of taxes, duties, levies and charges as on June 30, 2023 except for those disclosed in the financial statements.
- During the year under review, Four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

| Name of Director | Meetings Attended |
|---------------------------|--------------------------|
| Mr. Imamuddin Shouqeen | 4 |
| Mr. Shahbaz Ali Malik | 4 |
| Mr. Khurram Abdullah | 4 |
| Mr. Malik Junaid Emam | 4 |
| Mr. Kamran Hussain Mughal | 4 |
| Ms. Aisha Mughal | 4 |

- The pattern of holding of certificates by the Certificate Holders is included in this annual report.
- The Directors, CEO, CFO/ Company Secretary and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year.

7. Future outlook:

We would continue looking at and choosing high yield enterprises with the goal of expanding with Shariah compliant businesses. We are confident that we will continue to operate in accordance with our short- and long-term plans for the future, and we'll work to improve upon our current performance using cutting-edge strategies that will give Certificate Holders superior returns. The future for the Modaraba is particularly difficult given the current economic climate and the fierce competition for Islamic Financial Products. The management of your Modaraba is continually researching the possibilities that would best safeguard and maintain the interest of certificate holders in the future. We are doing everything we can to improve the system, with a focus on cautious risk management and recoveries in particular.

Effective services and competitive profit margins are necessary for the development of a quality customer base. We must provide extremely competitive profit rates in order to maintain a strong clientele in order to compete with Financial Institutions offering Islamic base funding, particularly Islamic / Commercial Banks.

8. Role of Certificate-Holders:

The Board aims to ensure that the Modaraba's Certificate Holders are kept informed about major developments affecting the Modaraba's state of affairs. To achieve this objective, information is



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communicated to certificate holders through quarterly, half-yearly and annual financial reports, which are also being posted on website i.e www. popularislamicmodaraba.com

9. External Auditors:

The existing auditors Messrs BKR Muniff Ziauddin & Company, Chartered Accountants being eligible for appointment and upon their consent to act as auditors, the Board has approved their appointment as external auditors of the Modaraba for financial year ending June 30, 2024 subject to the approval of Registrar Modaraba.

10. Compliance with the Code of Corporate Governance:

The requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 set out by the Securities and Exchange Commission of Pakistan, relevant for the year ended June 30, 2023 have been duly complied with, and exceptions if any have been disclosed in the Statement of Compliance with the Best Practices of Corporate Governance. A statement to this effect is annexed with this report

11. Statutory Reserves:

As per Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan, every Modaraba may create reserves funds to which shall be credited an amount of its after tax profits or any part thereof. The Board of Directors has appropriated 20% of profit after tax towards the Statutory Reserves.

12. Acknowledgments:

The Modaraba wishes to express its gratitude for the invaluable advice and assistance provided throughout the year by the Registrar Modarabas, the Securities & Exchange Commission of Pakistan, the Pakistan Stock Exchange, NBF, the Modaraba Association of Pakistan, and all staff members of the Modaraba. It also hopes to continue to benefit from these services in the future.

for and on behalf of the Board.

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Kamran Hussain Mughal
Chief Executive

Place: Karachi

Dated: September 22, 2023



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ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2023

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بہ مسرت ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2023 پیش کرتے ہیں۔

مالیاتی نتائج کا خلاصہ برائے سال 30 جون 2023 درج ذیل ہیں:-

۱۔ معیشت کا جائزہ:

پچھلا ختم ہونے والا سال ملک کیلئے ایک مشکل دور تھا جس میں ہم نے مالیاتی انتشار اور معاشی بحران کا سامنا کیا۔ اس کا آغاز ایک شدید سیاسی اور معاشی بحران سے ہوا جس کے نتیجے میں زرمبادلہ کے ذخائر میں کمی واقع ہوئی۔ ملک کی معاشی صورتحال کو مستحکم کرنے کیلئے حکومت نے آئی ایم ایف کے جاری پروگرام کو دوبارہ شروع کرنے کی بھرپور کوشش کی، جس میں ایندھن اور بجلی کی قیمتوں میں اضافہ، مارکیٹ کے طے شدہ شرح مبادلہ کی پالیسی، ٹیکس کی وصولی کو بہتر بنانے کیلئے سہولتیں عائد کرنے کے اقدامات پر عمل درآمد کیا گیا۔ مہنگائی کے دباؤ سے نمٹنے کیلئے شرح سود کو بڑھا کر دہائی کی بلند ترین شرح سود ۲۲ فیصد تک لے جایا گیا۔ ان اقدامات کے نتیجے میں مہنگائی بلند ترین سطح پر پہنچ گئی۔ گرتے ہوئے زرمبادلہ کے ذخائر اور ملک کے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے سے نمٹنے کیلئے مختلف درآمدات پر پابندی عائد کی گئی۔ اگرچہ ان اقدامات نے بڑھتے ہوئے کرنٹ اکاؤنٹ خسارے کو روک دیا لیکن اسکے نتیجے میں درآمدی پرزوں اور مواد پر مکمل یا جزوی طور پر انحصار کرنے والی صنعتوں کیلئے سنگین چیلنجز پیدا ہو گئے۔ ان درآمدی پابندیوں نے معیشت پر بڑے اثرات مرتب کئے جس سے مختلف شعبوں میں کاروبار متاثر ہوئے۔ عالمی مہنگائی کی لہر سے ملک کی برآمدات کے ساتھ ساتھ ترسیلات زر پر بھی اثر پڑا۔ گزشتہ ایک سال کے دوران ملک کو درپیش معاشی چیلنجز کی وجہ سے مختلف شعبوں اور کاروبار پر منفی اثرات مرتب ہوئے ہیں۔ تاہم ان مشکل حالات کے باوجود ہم مثبت تبدیلی کیلئے پرامید ہیں۔ آئی ایم ایف کی مجوزہ ساختی تبدیلیاں ہماری قوم میں بہتر مالیاتی نظم و ضبط اور استحکام کو راہ ہموار کرنے کی صلاحیت رکھتی ہے۔ آئی ایم ایف کی طرف سے تجویز کردہ اقدامات، جیسے کہ بجلی کی قیمتوں میں اضافہ، سہولتوں کو بتدریج ختم کرنا، معاشی مسائل کو حل کرنا اور قومی بجٹ پر پورے پابندی کو متاثر کرنے والے موجودہ چیلنجز کو کم کرنے کیلئے مختلف حکمت عملیوں اور منصوبوں کا فعال طور پر نافذ کر رہی ہے، قیادت الاگت کی اصلاح، رسک منجمنٹ اور ہمارے اسٹیک ہولڈرز کو فائدہ اور منافع فراہم کرنے کیلئے پرعزم ہے۔ ہم کاروبار کی مضبوطی اور استحکام پر مکمل اعتماد رکھتے ہیں تاکہ کسی بھی چیلنج سے اچھی طرح تیار آ رہیں اور آسانی کے ساتھ بدلتے ہوئے معاشی حالات سے نمٹ سکیں۔

۲۔ نمایاں مالیاتی نتائج:

| برائے جون 2022 | برائے جون 2023 | |
|------------------|-------------------|---|
| 23,580,065 | 27,721,389 | آمدنی |
| (7,669,081) | (8,927,851) | آپریٹنگ اخراجات |
| (8,192,130) | (9,604,402) | اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن) |
| 7,718,854 | 9,189,136 | آپریٹنگ منافع |
| 847,284 | 2,030,536 | دیگر آمدنی |
| 8,566,138 | 11,219,672 | نفع قبل از منجمنٹ فیس |



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| | | |
|------------------|-------------------|-----------------------|
| (428,307) | (560,984) | منجنت فیس |
| (55,680) | (72,928) | منجنت فیس پر سٹریٹجکس |
| (161,643) | (211,715) | ورکرز ویلفیئر فنڈ |
| 7,920,508 | 10,374,045 | نفع قلم از ٹیکس |
| (1,369,280) | (2,399,479) | ٹیکس |
| 6,551,228 | 7,974,566 | نفع بعد از ٹیکس |
| 0.48 | 0.57 | آمدنی فی سرٹیفکیٹ |

۳۔ کاروبار کا جائزہ:

اللہ تعالیٰ کی مہربانی سے، زریعہ جائزہ مدت کے دوران معاشی ست روی، پالیسی شرح میں اضافہ، مالیاتی اداروں کے ساتھ سخت مسابقت کے باوجود مضاربہ کی کارکردگی انتہائی شاندار رہی۔ اس مالی سال کے اختتام پر مضاربہ کی آمدنی میں 17.56 فیصد اضافہ ہوا۔ اس سال آمدنی 27.721 ملین رہی جبکہ پچھلے سال کی آمدنی 23.580 ملین روپے تھی۔ مضاربہ پر ٹیکس چھوٹ ختم ہونے کی وجہ سے مضاربہ کے منافع پر اثر پڑا اسکے باوجود مضاربہ کا بعد از ٹیکس منافع 7.974 ملین رہا اسی طرح آمدنی فی سرٹیفکیٹ 0.57 فی سرٹیفکیٹ رکارڈ کی گئی۔

۔ پاپولر اسلامک مضاربہ کسی بھی کلائنٹ کو فنانسنگ کی سہولت دینے سے پہلے اس کی کریڈٹ پروفائل جس میں پیسے واپس کرنے کی صلاحیت، سی آئی بی کی کلیئر ٹیکس، کیش فلو، اس کا کاروباری تجربہ وغیرہ دیکھا جاتا ہے اور ان سب چیزوں کی مسلسل نگرانی بھی کی جاتی ہے۔

۴۔ نقد منافع کی تقسیم (مستعملہ منافع):

بورڈ نے 23 ستمبر 2023 کو منعقد ہونے والے اجلاس میں فیصلہ کیا کہ سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر منجنت فیس صرف 5 فیصد لی جائے اور 10 روپے والے سرٹیفکیٹ پر 0.4557 پیسے (4.557%) فی سرٹیفکیٹ کے حساب سے نقد منافع مستعملہ (Cash Dividend) کی منظوری دی ہے، جو 30 جون 2023 کو ختم شدہ سال کے لئے زکوٰۃ اور محسولات کی کٹوتیوں (جہاں لاگو ہوں) سے مشروط ہے۔

۵۔ شریعہ آڈٹ رپورٹ:

مضاربہ اپنے شریعہ ایڈوائزر مفتی محمد ابراہیم عیسیٰ سربراہ الحمد للہ شریعہ ایڈوائسری سروسز (پرائیویٹ) لمیٹڈ سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے۔ تاکہ رجسٹرڈ مضاربہ کی مشاورت سے تشکیل کردہ شریعہ آڈٹ کے طریقہ کار پر عمل درآمد کو یقینی بنایا جاسکے۔ شریعہ پالیسیوں اور ضوابط پر عمل درآمد یقینی بنانے کیلئے اندرونی شریعہ آڈیٹر مضاربہ کے روزمرہ کے امور کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعہ رپورٹ برائے سال 30 جون 2023 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ ثابت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۶۔ نظم و ضبط کے کوڈ پر عملدرآمد:

مضاربہ نظم و ضبط کے کوڈ پر عملدرآمد کرنے کے سلسلے میں مستقل طور پر جدوجہد کر رہا ہے اور پاکستان اسٹاک ایکسچینج کے قواعد پر عمل کر رہا ہے جیسا کہ نظم و ضبط کے کوڈ میں درکار ہے۔ مالیاتی رپورٹنگ فریم ورک کے سلسلے میں تفصیلات مندرجہ ذیل ہیں:

ڈائریکٹرز یہ تصدیق کرتے ہیں کہ:



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- ☆ بورڈ متعلقہ اصولوں کی پابندی کر چکا ہے۔
- ☆ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے، جس میں تمام تر معاملات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریشنز، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔
- ☆ مضاربہ کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- ☆ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- ☆ تمام مالی حسابات مضاربہ کی انتظامیہ (فلوئیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کی اینڈ مضاربہ رولز 1981، مضاربہ ریگولیشن 2021 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہے۔
- ☆ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔
- ☆ مضاربہ مالی طور پر بے حد مستحکم ہے اور موثر طور پر تمام پالیسیوں کا نفاذ اور نگرانی کی جاتی ہے۔
- ☆ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے اور اس سلسلے میں کوئی قابل تفتیش بات نہیں۔
- ☆ بورڈ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں سوچ رہا ہے۔
- ☆ 30 جون 2023 کی تاریخ پر سیکسز، ڈیویڈنڈ، محصولات اور چارجز کی مدد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے، سوائے اس کے جس کو مالیاتی اسٹیٹمنٹ میں ظاہر کیا گیا ہے۔
- ☆ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

| ڈائریکٹر کا نام | اجلاس کی تعداد جن میں حاضر رہے |
|-----------------------|--------------------------------|
| جناب امام الدین شوقین | 4 |
| جناب شہباز علی ملک | 4 |
| جناب خرم عبداللہ | 4 |
| جناب ملک جنید امام | 4 |
| جناب کامران حسین مغل | 4 |
| محترمہ عائشہ مغل | 4 |

- ☆ سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ ہولڈنگ کا طرز اس سال لاہور پورٹ کے ساتھ منسلک ہے۔
- ☆ اس سال کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے شریک حیات اور بچوں نے مضاربہ کے سرٹیفکیٹ میں کسی قسم کا لین دین نہیں کیا۔
- ☆ مستقبل کا منظر نامہ:

مضاربہ کی انتظامیہ ان تمام مسائل کو جو مضاربہ کے حصول کے سلسلے میں درپیش تھے، حل کرنے میں کامیاب رہی ہے۔ شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمت عملی کے ساتھ ہم اعلیٰ پیداواری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہیں گے۔ ہم اس یقین کے ساتھ آگے بڑھتے رہیں گے کہ ہمارے قلیل المعاد اور طویل المدت اہداف حاصل ہو جائیں۔ ہم جدید طرز کاروبار کے ساتھ جدوجہد میں مصروف رہیں گے تاکہ موجودہ کاروباری نتائج اور درجہ بندی کے مقابلے میں بہتر نتائج حاصل کر سکیں جس کے ذریعے سرٹیفکیٹ ہولڈرز کو بہتر منافع پہنچا سکیں۔ موجودہ اقتصادی صورتحال اور اس کے ساتھ ساتھ اسلامی مالیاتی مصنوعات کا مسابقتی ماحول مضاربہ کے لئے ایک مشکل صورتحال پیدا کر رہا ہے۔ آپ کے مضاربہ کی انتظامیہ ان تمام دستیاب آپشن پر تحقیق کر رہی ہے جن سے مستقبل میں سرٹیفکیٹ ہولڈرز کے مفادات کا تحفظ کیا جاسکے۔ ہم مضاربہ کے نظام کو بہتر کرنے کے لئے ہر ممکن کوشش کر رہے ہیں خصوصاً طور پر وصولی اور مستقبل میں کسی بھی منفی اثر کی حفاظت اور خطرے کی تخفیف کیلئے انتظام کر رہے



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ہیں۔ کاروباری سرگرمیوں کو بڑھانے کیلئے نئی پروڈکٹس اور سروسز کو بھی تلاش کیا جا رہا ہے۔ اسکے علاوہ مزید ایکویٹی ڈالنے اور کسی دوسرے مضاربہ کے حصول کی بھی کوشش کی جا رہی ہے۔ انشاء اللہ ہم اس اضافہ کے رجحان کو برقرار رکھیں گے اور مستقبل میں اپنے ٹھیکیت ہولڈرز کو باقاعدگی سے منافع بھی ادا کرتے رہیں گے۔ معیاری کلائنٹ کے اطمینان کے لئے ضروری ہے کہ ہم بہترین خدمات اور مسابقتی منافع کی شرح برقرار رکھیں تاکہ بڑے اسلامی مالیاتی اداروں سے مسابقت ہو سکے، ہمیں اچھے کلائنٹ کو برقرار رکھنے کیلئے مسابقتی شرح منافع پیش کرنے کی ضرورت ہے۔

۸۔ سرٹیفکیٹ ہولڈرز کا کردار:

بورڈ کا مقصد مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کے معاملات، اہم پیش رفت اور امور سے باخبر رکھنا ہے۔ ان مقاصد کو حاصل کرنے کیلئے مضاربہ کی تمام معلومات سرٹیفکیٹ ہولڈرز کو سہ ماہی، ششماہی اور سالانہ بنیادوں پر مضاربہ کی ویب سائٹ کے ذریعے فراہم کی جاتی ہے جو کہ www.popularislamicmodaraba.com ہے۔

۹۔ بیرونی آڈیٹر:

حالیہ آڈیٹر میسرز بی کے آر معیت ضیا الدین اینڈ کمپنی نے مالی سال 30 جون 2024 کیلئے اپنی تقرری کیلئے دلچسپی ظاہر کی لہذا بورڈ آف ڈائریکٹرز نے رجسٹر آف مضاربہ کمپنیز اور مضاربہ چاہت کی منظوری سے شروت آڈیٹر مقرر کرنے کی منظوری دے دی ہے۔

۱۰۔ کارپوریٹ گورننس پر عمل درآمد:

مضاربہ نے اس سال کے دوران پاکستان اسٹاک ایکسچینج کے لسٹنگ ریگولیشن میں دیئے گئے کوڈ آف کارپوریٹ گورننس پر مکمل طور پر عمل کیا ہے سوائے ان چند نکات کے جو اسٹیٹمنٹ آف کمپلائنس میں واضح کئے گئے ہیں۔

۱۱۔ قانونی زخائر:

مضاربہ کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ مضاربہ ریگولیشن کے مطابق ہر مضاربہ ریزرو فنڈ تشکیل دینا چاہیے اس کے بعد ازیکس منافع کی رقم یا اس کا کوئی حصہ جمع کیا جائے گا۔ مضاربہ نے اس سال ۲۰ فیصد اپنے خالص منافع سے قانونی زخائر میں منتقل کر دیا ہے۔

۱۲۔ اعتراف:

اس سال کے دوران مضاربہ منگور ہے رجسٹر ارمضاربہ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان، پاکستان اسٹاک ایکسچینج، این بی ایف آئی اینڈ مضاربہ ایسوسی ایشن آف پاکستان اور اپنے تمام ملازمین کی رہنمائی اور تعاون کا، اور مستقبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

کامران حسین مغل

چیف ایگزیکٹو

۲۲ ستمبر ۲۰۲۳



Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of Company: POPULAR ISLAMIC MODARABA
Year ending: June 30, 2023

The company has complied with the requirements of the Regulations in the following manner:

- The total number of directors are 6 (six) as per the following:
 - Male: 5 (five)
 - Female: 1 (one)

- The composition of Board is as follows:

| Category | Names |
|-------------------------------|---|
| Other Non-Executive Directors | Mr. Imamuddin Shouqeen (Chairman) Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam |
| Independent Director | Mr. Khurram Abdullah |
| Executive Directors | Mr. Kamran Hussain Mughal Ms. Aisha Mughal |

- The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
- The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures;
- The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. The Board has ensured that record of particulars of significant policies along with the dates on which they were approved or amended has been maintained;
- All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board of Directors of the Management Company / Certificate Holders of the Modaraba 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 Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
- The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;



Popular Islamic Modaraba

An Islamic Financial Institution

9. The Modaraba will arrange Directors' Training Program (DTP) for Directors in due course of time to meet the requirement of Code of Corporate Governance. However, the following official have completed the DTP;

- **Mr. Adnan Ali – Head of Operations**

10. The Board has approved appointment of Chief Financial Officer, Company Secretary and outsourcing of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board;

12. The Board has formed committees comprising of members given below:

| | |
|-------------------------------|---|
| Audit Committee | Mr. Khurram Abdullah (Chairman) Mr. Shahbaz Ali Malik (Member) Mr. Malik Junaid Emam (Member) |
| HR and Remuneration Committee | Mr. Khurram Abdullah (Chairman) Mr. Malik Junaid Emam (Member) Mr. Kamran Hussain Mughal (Member) |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;

14. The frequency of meetings of the committee were as per following:

- | | | |
|----|-------------------------------|-----------|
| a) | Audit Committee | Quarterly |
| b) | HR and Remuneration Committee | Annually |

15. The Board has outsourced the Internal Audit function to M/s. Reanda Haroon Zakaria & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;

16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP 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 ICAP 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;



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17. 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;
18. We confirm that all requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except Regulation 6 ; and
19. Explanation for the non-compliance with the requirement, other than Regulations 3, 7, 8, 27, 32, 33 and 36 are as follows:

| S.# | Reg.# | Explanation |
|-----|---------|---|
| 1. | 18 | Directors Orientation: All the Directors are highly qualified and experienced; however, the Directors Training Program will be conducted for the Directors very soon. |
| 2. | 23 & 31 | Head of Internal Auditor and Internal Audit Function: The Modaraba has outsourced its Internal Audit Function to M/s. Reanda Haroon Zakaria & Co. Chartered Accountants and designated an existing employee who is commerce graduate having 10 years' experience with the Modaraba, as coordinator between firm providing internal audit services and the Board owing to the reason that he is well acquainted with the Modaraba's accounts |
| 3. | 29 & 30 | Nomination and Risk Management Committee: Currently the Board has not constituted a separate Nomination and Risk Management Committees and the function are being performed by the Board. |

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Mr. Imamuddin Shouqeen

Chairman

Dated: September 22, 2023



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MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Independent Member Firm

B K R
INTERNATIONAL

Business Executive Centre
F/17/3, Block 8, Clifton
Karachi – 75600 - Pakistan
Tel: +92-21-35375127-8,
+92-21-35872283

E-mail: info@mzco.com.pk
Web: bkrpakistan.com

**TO THE CERTIFICATE HOLDERS OF POPULAR ISLAMIC MODARABA
REVIEW REPORT ON STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES
(CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of **Popular Islamic Modaraba** (the Modaraba) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Modaraba Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's personnel and review of various documents prepared by the Modaraba Management Company to comply with the Regulations.

As a part of our audit of 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 of Director's statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Modaraba Management Company's corporate governance procedures and risks.

The Regulations requires the Modaraba 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 and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approvals of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, except for the non-compliance with Regulation no.6 of the Regulations, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2023.

Further, we draw attention to instances of non-compliance with the requirements of the non-mandatory Regulations as reflected in the para no. 19 to the Statement of Compliance with the Regulations.

Muniff Ziauddin & Co.
Chartered Accountants

Place : Karachi

Date: September 22, 2023

UDIN: CR202310153MSZCDV2dm

Other Offices: at Islamabad & Lahore



Popular Islamic Modaraba

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MUNIFF ZIAUDDIN & CO.
Chartered Accountants

Independent Member Firm

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Business Executive Centre

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+92-21-35872283

E-mail: info@mzco.com.pk

Web: bkrpakistan.com

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **POPULAR ISLAMIC MODARABA** (the Modaraba) as at **June 30, 2023** and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended 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.

These financial statements are the Modaraba Management Company's [Popular Islamic Modaraba Management Company (Private) Limited] responsibility who is also responsible to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards as applicable in Pakistan and the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of any material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting policies and significant estimates made by the Modaraba Company, as well as, evaluating the overall presentation of the financial statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) In our opinion, 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), and Modaraba Companies and Modaraba Rules, 1981;
- b) In our opinion:
 - i) the balance sheet and statement of profit or loss and other comprehensive income 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 the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of account are further in agreement with accounting policies consistently applied.
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

Other Offices: at Islamabad & Lahore



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- c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, statement of profit or loss and statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan and given the information required by the Modaraba Companies and the Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, 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, 2023 and of its profit, total comprehensive income, cash flows and changes in equity for the year then ended;
- d) In our opinion, 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 7 of that Ordinance.

Other Matter

The financial statements of the Modaraba for the year and period ended 30 June 2022 was audited by another firm of Chartered Accountants, whose report dated 30 September 2022 expressed an unqualified opinion on such financial statements.

The engagement partner on the audit resulting in this independent auditor's report is Muhammad Moin Khan

Muniff Ziauddin & Co.
Chartered Accountants
Karachi.

Date: September 22, 2023

UDIN: AR202310153otbeIyVI2



Popular Islamic Modaraba

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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Annual Shariah Advisor's Report

For the period ended June 30, 2023

We have conducted a comprehensive review of the activities of Popular Islamic Modaraba, which is managed by Popular Modaraba Management Company (Private) Limited, for the fiscal year ending on June 30, 2023.

OPERATIONAL REVIEW:

In accordance with our examination, the following significant activities and developments related to Shariah compliance occurred during this period:

BANK ACCOUNTS:

The Modaraba exclusively operates bank accounts with Islamic Banks.

DISBURSEMENTS:

The Modaraba executed Ijarah and Diminishing Musharakah transactions for various clients. Our assessment of the documentation, contracts, and transaction flows confirms their alignment with Shariah principles. Additionally, these were duly communicated to us for Shariah approval.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES:

As of June 30, 2023, Popular Modaraba did not hold shares of any listed or unlisted companies, nor units of any mutual funds.

TAKAFUL:

During the period Modaraba covered its assets from Takaful Companies or Window Takaful of conventional Insurance companies.

CHARITABLE CONTRIBUTIONS:

The Modaraba received charity amount due to delayed payments from its clients. These funds were transferred to a dedicated charity account and will subsequently be disbursed to the approved charitable organizations.

CONCLUSION:

The management of Popular Islamic Modaraba has demonstrated a steadfast commitment to adhering to Shariah principles in their true essence. Hence, we affirm that, to the best of our knowledge, the business operations of Popular Islamic Modaraba remain fully Shariah compliant.

Mufti Muhammad Ibrahim Essa
CEO & Director
Alhamd Shariah Advisory Services (Pvt.) Limited
August 24, 2023

Mufti Ubaid ur Rahman Zubairi
Director



Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.

+92 322 2671867 | www.alhamdshariahadvisory.com | info@alhamdshariahadvisory.com



Popular Islamic Modaraba

An Islamic Financial Institution

BALANCE SHEET AS AT JUNE 30, 2023

| ASSETS | Note | 2023 Rupees | 2022 Rupees |
|--|------|---------------------|---------------------|
| Non-Current Assets | | | |
| Property and equipment - owned | 4 | 89,151 | 161,219 |
| Property and equipment - Ijarah | 5 | 26,798,053 | 25,868,708 |
| Diminishing musharaka financing | 6 | 37,249,192 | 38,534,981 |
| Deferred tax asset-net | 7 | 1,954,977 | - |
| | | 66,091,373 | 64,564,908 |
| Current Assets | | | |
| Murabaha finance | 8 | 46,690,348 | 56,048,654 |
| Current portion of diminishing musharaka | 6 | 38,682,456 | 18,990,347 |
| Advances and other receivables | 9 | 8,752,463 | 9,903,370 |
| Cash and bank balances | 10 | 8,412,360 | 2,579,156 |
| | | 102,537,627 | 87,521,527 |
| | | 168,629,000 | 152,086,435 |
| EQUITY AND LIABILITIES | | | |
| CAPITAL AND RESERVES | | | |
| Authorized certificate capital 14,000,000 (2022: 14,000,000) modaraba certificates of Rs. 10 each. | | 140,000,000 | 140,000,000 |
| Issued, subscribed and paid-up certificate capital | 11 | 140,000,000 | 140,000,000 |
| Statutory reserve | 12 | 24,286,340 | 22,691,427 |
| Accumulated losses | | (28,970,857) | (30,108,910) |
| | | 135,315,483 | 132,582,517 |
| LIABILITIES | | | |
| Non-Current Liabilities | | | |
| Security deposits against Ijarah | | 5,732,200 | 4,986,900 |
| Deferred liability | | 2,199,164 | 1,666,110 |
| | | 7,931,364 | 6,653,010 |
| Current Liabilities | | | |
| Accrued and other liabilities | 13 | 1,218,515 | 1,111,570 |
| Current portion of security deposit against Ijarah | | 2,609,550 | 991,450 |
| Charity payable | | 560,824 | - |
| Provision for taxation | | 4,367,011 | 1,384,260 |
| Unclaimed profit distribution | | 1,992,342 | 2,025,641 |
| Loan from management company | 14 | 14,000,000 | 7,000,000 |
| Management fee payable - net | | 560,984 | 282,307 |
| Sales tax on management fee | | 72,928 | 55,680 |
| | | 25,382,153 | 12,850,908 |
| Contingencies and Commitments | | | |
| | 15 | | |
| | | 168,629,000 | 152,086,435 |

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

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Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

An Islamic Financial Institution

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|-------------------|------------------|
| Income | 16 | 27,721,389 | 23,580,065 |
| Operating expenses | 17 | 8,927,851 | 7,669,081 |
| Depreciation of property and equipment-Ijarah | 5 | 9,604,402 | 8,192,130 |
| | | 18,532,253 | 15,861,211 |
| Other income | 18 | 2,030,536 | 847,284 |
| Profit before management fee | | 11,219,672 | 8,566,138 |
| Management fee | | 560,984 | 428,307 |
| Sales tax on management fee | | 72,928 | 55,680 |
| Provision for worker's welfare fund | | 211,715 | 161,643 |
| | | 845,627 | 645,630 |
| Profit before taxation | | 10,374,045 | 7,920,508 |
| Taxation | 19 | 2,399,479 | 1,369,280 |
| Profit after taxation | | 7,974,566 | 6,551,228 |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 7,974,566 | 6,551,228 |
| Earnings per certificate - basic & diluted | 20 | 0.57 | 0.48 |

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

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Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

An Islamic Financial Institution

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2023

| | Certificate Capital | Statutory Reserves | Accumulated Losses | Total |
|---|------------------------|-----------------------|-----------------------|--------------------|
| ----- Rupees ----- | | | | |
| Balance as at July 01, 2021 | 100,000,000 | 21,381,181 | (29,702,292) | 91,678,889 |
| Conversion of loan from management into certificate capital during the year | 40,000,000 | - | - | 40,000,000 |
| Total comprehensive income for the year | - | - | 6,551,228 | 6,551,228 |
| Transferred to statutory reserves at 20% | - | 1,310,246 | (1,310,246) | - |
| Transaction with Certificate Holders | | | | |
| Profit distribution for the year ended June 30, 2021 at Re. 0.565 (5.65%) per certificate | - | - | (5,647,600) | (5,647,600) |
| Balance as at June 30, 2022 | 140,000,000 | 22,691,427 | (30,108,910) | 132,582,517 |
| Total comprehensive income for the year | - | - | 7,974,566 | 7,974,566 |
| Transferred to statutory reserves at 20% | - | 1,594,913 | (1,594,913) | - |
| Transaction with Certificate Holders | | | | |
| Profit distribution for the year ended June 30, 2022 at Re. 0.3744 (3.744%) per certificate | - | - | (5,241,600) | (5,241,600) |
| Balance as at June 30, 2023 | 140,000,000 | 24,286,340 | (28,970,858) | 135,315,483 |

* In accordance with the Modaraba Regulations 2021, the Modaraba is required to transfer an amount not less than 20% and not more than 50% of its after tax profits to statutory reserve until the reserve funds equals the paid-up capital. Thereafter, a sum not less than 5% of after tax profits is required to be transferred to statutory reserve.

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

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Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

An Islamic Financial Institution

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2023

| | Note | 2023 Rupees | 2022 Rupees |
|---|------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Profit before taxation | | 10,374,045 | 7,920,508 |
| Adjustments for non cash items: | | | |
| Gain on disposal of investments | | (938,663) | (195,117) |
| Depreciation of property and equipment-owned | | 72,068 | 63,330 |
| Provision for worker's welfare fund | | 211,715 | 161,643 |
| Provision for gratuity | | 533,054 | 414,980 |
| Depreciation of property and equipment-Ijarah | | 9,604,402 | 8,192,130 |
| | | 19,856,622 | 16,557,474 |
| Decrease / (increase) in current assets | | | |
| Advances and other receivables | | 1,269,675 | 462,936 |
| (Decrease) / increase in current liabilities | | | |
| Accrued and other liabilities | | 106,945 | (353,552) |
| Charity payable | | 560,824 | - |
| Management fee payable | | 278,677 | (136,242) |
| Sales tax on management fee | | 17,248 | 2,324 |
| Cash generated from operations | | 22,089,990 | 16,532,940 |
| Taxes paid | | (1,503,028) | (76,731) |
| Gratuity paid | | - | (150,000) |
| Net cash generated from operating activities | | 20,586,962 | 16,306,209 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Additions in property and equipment - owned | | - | (143,860) |
| Additions in property and equipment - Ijarah | | (10,799,000) | (13,241,000) |
| Disposal of property and equipment-Ijarah | | 265,253 | 1,739,596 |
| Security deposit - net | | 2,097,642 | 1,020,400 |
| Net Investment in diminishing musharaka | | (17,467,657) | (7,537,475) |
| Net Investment in Murabaha finance | | 9,358,306 | (17,216,881) |
| Net cash used in investing activities | | (16,545,456) | (35,379,220) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Loan from management company | | 7,000,000 | 19,000,000 |
| Dividend paid | | (5,208,302) | (5,296,332) |
| Net cash used in financing activities | | 1,791,698 | 13,703,668 |
| Net increase / (decrease) in cash and cash equivalents | | 5,833,204 | (5,369,344) |
| Cash and cash equivalents at the beginning of the year | | 2,579,156 | 7,948,500 |
| Cash and cash equivalents at the end of the year | 10 | 8,412,360 | 2,579,156 |

The annexed notes from 1 to 32 form an integral part of these financial statements.

For Popular Islamic Modaraba Management Company (Private) Limited (Management Company)

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---SD---

Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

An Islamic Financial Institution

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2023

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Popular Islamic Modaraba is a multipurpose, perpetual Modaraba formed under the Modaraba and Modaraba (floatation and control) Ordinance, 1980 and the rules framed there under and is managed by the Popular Islamic Modaraba Management Company (Private) Limited, a company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and registered with Registrar of Modaraba Companies. The registered office of the Modaraba is situated at 15th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.

1.2 The Modaraba is engaged in various Islamic modes of financing and business including Ijarah, Musharakah, Murabaha and Diminishing Musharakah arrangements. Further, trading in listed securities and commodities are also under consultation of management. In addition to this, the management is also scrolling venture to enter in Housing Finance.

1.3 In the year 2013-2014, Popular Islamic Modaraba Management Company (Private) Limited purchased the entire shareholding of Islamic Investment Bank Limited (Management Company) along with management and assets of the "First Islamic Modaraba" and the same has been confirmed by the Peshawar High Court vide its order dated March 11, 2013.

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. Such standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Requirements of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, and the Modaraba Companies and Modaraba Rules, 1981; and
- Provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017.

Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFAS), the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP), under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 differ from IFRS, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, IFAS, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Companies Act, 2017 have been followed.

2.2 Permissible Islamic financial products including Murabaha (as a liability) and Musharaka have been used by the Modaraba, in line with similar industry practices. The accounting and presentation of the same are in line with the substance of the transaction and are limited to the extent of actual amount of facility utilized and mutually agreed mark-up / profit thereon.

2.3 Islamic Financial Accounting Standard (IFAS) 2 'Ijarah' issued by the Institute of Chartered Accountants of Pakistan was adopted by the SECP vide SRO 431(1)/ 2007 dated May 22, 2007. Under IFAS 2, the Ijarah transactions are accounted for in the following manner:

- Mustajir (lessors) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use.



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- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

2.4 Basis of measurement

These financial statements have been prepared on historical cost basis except for the measurement at fair value of certain financial instruments in accordance with the requirements of IFRS 9 'Financial Instruments', where applicable.

2.5 Functional and presentation currency

These financial statements have been presented in Pakistani Rupee, which is the functional and presentation currency of the Modaraba.

2.6 New and amended standards and interpretations

2.6.1 Standards, interpretations of and amendments to published approved accounting standards that are effective in the

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2022. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these financial statements.

2.6.2 Standards, interpretations of and amendments to published approved accounting and reporting standards that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2023 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

2.7 KEY JUDGEMENTS AND ESTIMATES

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Modaraba's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under circumstances. However, assumptions and judgements made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year. The areas involving a higher degree of judgements or complexity or areas where assumptions and estimates are significant to the financial estimates are as follows:

| | Note |
|---|-------------|
| a) Useful life of depreciable assets/amortizable assets | 3.5, 4 & 5 |
| b) Classification of investments | 3.6 |
| c) Income tax | 3.4 |
| d) Provision for gratuity | 3.11 |

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless or otherwise stated.



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3.1 Murabaha investment

Murabaha investments are stated net of provision. Provision is recognized for Murabaha investments in accordance with the time based criteria of the Prudential Regulations for Modarabas issued by SECP and subjective evaluation of management. Outstanding balances are written off when there is no realistic prospect of recovery.

Murabaha receivables are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet.

Purchases and sales under Murabaha and the resultant profit are accounted for on the culmination of Murabaha transaction.

3.2 Diminishing Musharaka financing

Diminishing Musharaka financing is stated net of provision for doubtful receivables. Provision for doubtful Musharaka receivables is recognized in accordance with Prudential Regulations for Modarabas issued by SECP or on the estimate of management, whichever is higher. Bad debts are written off when identified.

3.3 Ijarah

The Modaraba provides assets to its clients under Ijarah agreements as approved by the Religious Board.

As per the requirements of IFAS-2, the Modaraba has presented assets subject to Ijarah in its balance sheet according to the nature of the asset, distinguished from the assets in own use. Income from Ijarah is recognized on accrual basis, unless another systematic basis is more representative of the time pattern in which benefit of use derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the Ijarah income are recognized as an expense.

Net investment in Ijarah is stated at present value of minimum Ijarah payments. Impairment losses on non - performing Ijarah are recognized at higher of provision required in accordance with the Prudential Regulations for Modarabas issued by SECP or at a level which in the judgment of the management is adequate to provide for potential Ijarah losses. These losses can be reasonably anticipated as the difference between the carrying amount of receivables and present value of expected cash flows discounted at the rates implicit in the Ijarah agreement.

3.4 Taxation

Current

The charge for taxation is based on taxable income at current rates of taxation after taking into account tax credits and tax rebates available, if any under the provisions of the Income Tax Ordinance, 2001.

Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the tax base. This is recognized on the basis of expected manner of the realization and the settlement of the carrying amount of assets and liabilities using the tax rates enacted or substantially enacted at the balance sheet date. Deferred tax assets are recognized for all deductible temporary differences and carry forward of unused tax losses, if any, to the extent that future taxable profits will be available against which the deductible temporary differences can be utilised. Deferred tax assets are reduced to the extent that is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

However, deferred tax is not accounted for as the management believes that the temporary differences will not reverse in the foreseeable future.



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3.5 Fixed Assets

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to income applying the straight line method where by the cost less estimated residual value, if any, of an asset is written off over its estimated useful life at the rates as mentioned in the Note 5.

Proportionate depreciation is charged on purchases and disposals during the year.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in other income.

Assets leased out under Ijarah and depreciation

Ijarah (lease) assets are stated at cost less accumulated depreciation. Depreciation is charged to income applying the straight line method whereby the cost of an asset less salvage value is written off over the Ijarah (lease) period, which is considered to be the estimated useful life of the asset. In respect of additions and disposals during the year, depreciation is charged proportionately from the date of delivery of assets to the date of its maturity / termination.

Maintenance and repairs are charged to income as and when incurred. Major renewals and improvements are capitalized and the assets so replaced, if any, are retired.

Gains and losses on disposal of assets are included in income.

3.6 Financial Assets

All the financial assets and financial liabilities are recognized at the time when Modaraba becomes a party to the contractual provisions of the instruments.

Initial Measurement

The Modaraba classifies its financial assets into the following three categories:

- measured at amortized cost;
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI).

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

Subsequent Measurement

i. Debt Instruments as FVOCI

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

ii. Equity Instruments as FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.



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iii. Financial assets at FVTPL

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in profit or loss.

iv. Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest / markup income, foreign exchange gains and losses and impairment are recognized in the statement of profit or loss.

v. Impairment of Financial Assets

The Modaraba recognises loss allowances for ECLs in respect of financial assets measured at amortised cost.

The Modaraba measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balance for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Modaraba considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Modaraba's historical experience and informed credit assessment and including forward-looking information.

The Modaraba assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Modaraba is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.

The Gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Modaraba individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Modaraba expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Modaraba's procedures for recovery of amounts due.

vi. De-recognition

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Modaraba has transferred substantially all risks and rewards of ownership.

3.7 Financial Liabilities

Financial liabilities are classified as measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.



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3.8 Other Receivables

Other receivables are stated net of impairment loss. Impairment loss is recognized for doubtful receivables on the basis of prudential regulations for Modarabas issued by SECP or based on the estimates of the management under expected credit loss method, whichever is higher. Bad debts are written off when identified. Actual credit loss experience over past years is used to base the calculation of expected credit loss

3.9 Advances

All advances in the form of murabaha and musharaka finances are stated net of provision for doubtful debts. Provision for doubtful debts is made on the basis of Prudential Regulations for Modarabas or based on the estimates of the management under expected credit loss method, whichever is higher.

3.10 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks in current and deposit accounts.

3.11 Staff retirement benefits

Defined benefit plan - Gratuity scheme

The Modaraba operates defined benefit gratuity scheme for its eligible employees. Period expenses relating to gratuity scheme are charged to operating expenses under salaries, wages and other benefits.

Details of entitlement of a staff under this scheme is as follows:

- employees are entitled to defined benefit scheme after completing three years of service with the Modaraba.
- the amount of gratuity payable is equal to one month's last drawn gross salary for each completed year of eligible service with the Modaraba.

3.12 Revenue Recognition

Revenue is recognized on the following basis:-

- Ijarah rentals are recognized as income on a systematic basis over the Ijarah period without considering grace period, if any.
- Profit on finances under Musharaka / Murabaha arrangements is recognized on accrual basis and additional profit, if any, is recognized on declaration by the investee company in accordance with the terms of issue.
- Dividend income is recognized when the right to receive dividend is established.
- Return on deposits with bank is recognized on accrual basis.
- Income from fee and commission is recognized as and when performance obligation is satisfied.

3.13 Provisions

Provisions are recognized when the Modaraba has a present legal or constructive obligation as a result of past 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 can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Provision against ijarah, rental receivables, murabaha finance and diminishing musharaka is maintained as per the requirements of prudential regulations for modarabas. Such provisions or reversals there of is charged to profit or loss and other comprehensive income.

3.14 Related Party Transactions

All transactions with related party, if any, are recorded at an arm's length basis.



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3.15 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are set off and only the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognized amount and the Modaraba intends to either settle on a net basis, or to realize the asset and settle the liability simultaneously.

3.16 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.

3.17 Contingencies

Contingencies are disclosed when the Modaraba has possible obligation that arises from past event and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of entity, or a present obligation that arises from past event but is not recognised because it is not probable that an outflow of resources embodying economic benefit will be required to settle the obligation or, when amount of obligation cannot be measured with sufficient reliability.

3.18 Certificate capital and earning per certificate

The Modaraba presents basic and diluted earnings per certificate data for its ordinary certificates. Basic earning per certificate is calculated by dividing the profit or loss attributable to ordinary certificate holders of the Modaraba by the weighted average number of certificates outstanding during the year. Diluted earning per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders and the weighted average number of ordinary certificates outstanding for the effects of all dilutive potential ordinary certificates.

Ordinary certificates are classified as equity and are recorded at their face value. Incremental costs directly attributable to the issue of new certificates or options are shown in equity as a deduction, net of tax, from the proceeds.

3.19 Profit distribution and other appropriations of profit

Profit distribution and other appropriations of profit are recognized in the year in which these are approved. Transfer to statutory reserve and any of the mandatory appropriations as may be required by law are recognized in the period to which these relate.



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4. PROPERTY AND EQUIPMENT - OWNED

| Particulars | Cost at July 1, 2022 | Additions during the year | Disposal/ Transfer during the year | Cost as at June 30, 2023 | 2023 | | Adjustments for the year | Accumulated depreciation as at June 30, 2023 | Carrying value at June 30, 2021 | Depreciation Rate (%) |
|------------------------|----------------------|---------------------------|------------------------------------|--------------------------|--|---------------------------|--------------------------|--|---------------------------------|-----------------------|
| | | | | | Accumulated depreciation at July 1, 2022 | Depreciation for the year | | | | |
| Rupees | | | | | | | | | | |
| Furniture and fixtures | 69,060 | - | - | 69,060 | 33,465 | 8,453 | - | 41,918 | 27,142 | 15 |
| Office equipment | 136,975 | - | - | 136,975 | 94,210 | 27,781 | - | 121,991 | 14,984 | 33 |
| Computer equipment | 123,800 | - | - | 123,800 | 40,941 | 35,834 | - | 76,775 | 47,025 | 33 |
| TOTAL | 329,835 | - | - | 329,835 | 168,616 | 72,068 | - | 240,684 | 89,151 | |

| Particulars | Cost at July 1, 2021 | Additions during the year | Disposal/ Transfer during the year | Cost as at June 30, 2022 | 2022 | | Adjustments for the year | Accumulated depreciation as at June 30, 2022 | Carrying value at June 30, 2022 | Depreciation Rate (%) |
|------------------------|----------------------|---------------------------|------------------------------------|--------------------------|--|---------------------------|--------------------------|--|---------------------------------|-----------------------|
| | | | | | Accumulated depreciation at July 1, 2021 | Depreciation for the year | | | | |
| Rupees | | | | | | | | | | |
| Furniture and fixtures | 32,700 | 36,360 | - | 69,060 | 26,384 | 7,081 | - | 33,465 | 35,595 | 15 |
| Office equipment | 136,975 | - | - | 136,975 | 62,602 | 31,608 | - | 94,210 | 42,765 | 33 |
| Computer equipment | 16,300 | 107,500 | - | 123,800 | 16,300 | 24,641 | - | 40,941 | 82,859 | 33 |
| TOTAL | 185,975 | 143,860 | - | 329,835 | 105,286 | 63,330 | - | 168,616 | 161,219 | |



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| 5. PROPERTY AND EQUIPMENT - IJARAH | Note | 2023 Rupees | 2022 Rupees | | | | | |
|--|-------------------|--------------------------|-------------------|----------------|---------------------------|---------------------|--------------|------------------|
| Ijarah assets (at cost less accumulated depreciation) | 5.1 | <u>26,798,053</u> | <u>25,868,708</u> | | | | | |
| 5.1 Ijarah assets (at cost less accumulated depreciation) | | | | | | | | |
| 2023 | | | | | | | | |
| | Vehicles | Equipment | Total | | | | | |
| ----- Rupees ----- | | | | | | | | |
| At July 1 2022 | | | | | | | | |
| Cost | 40,445,000 | - | 40,445,000 | | | | | |
| Accumulated depreciation | (14,576,292) | - | (14,576,292) | | | | | |
| Net book value as at July 1, 2022 | <u>25,868,708</u> | - | <u>25,868,708</u> | | | | | |
| Addition during the year | 10,799,000 | - | 10,799,000 | | | | | |
| Disposal during the year | | | | | | | | |
| Cost | (3,149,000) | - | (3,149,000) | | | | | |
| Accumulated depreciation | 2,883,747 | - | 2,883,747 | | | | | |
| | (265,253) | - | (265,253) | | | | | |
| Depreciation charge for the year | (9,604,402) | - | (9,604,402) | | | | | |
| Closing net book value as at June 30, 2023 | <u>26,798,053</u> | - | <u>26,798,053</u> | | | | | |
| At June 30, 2023 | | | | | | | | |
| Cost | 48,095,000 | - | 48,095,000 | | | | | |
| Accumulated depreciation | (21,296,947) | - | (21,296,947) | | | | | |
| Net book value as at June 30, 2023 | <u>26,798,053</u> | - | <u>26,798,053</u> | | | | | |
| 2022 | | | | | | | | |
| | Vehicles | Equipment | Total | | | | | |
| ----- Rupees ----- | | | | | | | | |
| At July 1 2021 | | | | | | | | |
| Cost | 32,278,000 | 10,400,000 | 42,678,000 | | | | | |
| Accumulated depreciation | (10,650,862) | (9,467,704) | (20,118,566) | | | | | |
| Net book value as at July 1, 2021 | <u>21,627,138</u> | <u>932,296</u> | <u>22,559,434</u> | | | | | |
| Addition during the year | 13,241,000 | - | 13,241,000 | | | | | |
| Disposal during the year | | | | | | | | |
| Cost | (5,074,000) | (10,400,000) | (15,474,000) | | | | | |
| Accumulated depreciation | 4,266,700 | 9,467,704 | 13,734,404 | | | | | |
| | (807,300) | (932,296) | (1,739,596) | | | | | |
| Depreciation charge for the year | (8,192,130) | - | (8,192,130) | | | | | |
| Closing net book value as at June 30, 2022 | <u>25,868,708</u> | - | <u>25,868,708</u> | | | | | |
| At June 30, 2022 | | | | | | | | |
| Cost | 40,445,000 | - | 40,445,000 | | | | | |
| Accumulated depreciation | (14,576,292) | - | (14,576,292) | | | | | |
| Net book value as at June 30, 2022 | <u>25,868,708</u> | - | <u>25,868,708</u> | | | | | |
| 5.2 Details of disposal of ijarah assets are as follows: | | | | | | | | |
| Particulars | Cost of asset | Accumulated depreciation | Carrying value | Sales proceeds | Gain / (Loss) on disposal | Purchaser | Relationship | Mode of disposal |
| Suzuki Ravi | 796,000 | 716,400 | 79,600 | 79,600 | - | Khawar Almas Kayani | None | Negotiation |
| Suzuki Ravi | 941,000 | 890,976 | 50,024 | 50,024 | - | Saqib Ali Sajid | None | Negotiation |
| Suzuki Ravi | 1,412,000 | 1,276,371 | 135,629 | 135,629 | - | Arfat Cold services | None | Negotiation |
| | <u>3,149,000</u> | <u>2,883,747</u> | <u>265,253</u> | <u>265,253</u> | - | | | |



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| | | Note | 2023 Rupees | 2022 Rupees |
|-------------|---|------|--------------------------------|---------------------|
| 6. | DIMINISHING MUSHARAKA | | | |
| | Secured | | | |
| | Diminishing Musharaka financing | 6.1 | 75,931,648 | 57,525,328 |
| | Less: Current portion shown in current assets | | (38,682,456) | (18,990,347) |
| | | | 37,249,192 | 38,534,981 |
| 6.1 | This represents diminishing musharaka financing for a term of 1 to 10 years. The profit rates on these diminishing musharaka arrangements range between 18.84% and 26.12% (2022: 9.69% and 18.37%). Diminishing musharaka arrangements are secured by way of Modaraba's title over underlying assets and demand promissory notes. | | | |
| 7 | DEFERRED TAX ASSET- NET | | | |
| | Deductible temporary differences in respect of: | | As at June 30, 2022 | 30, 2023 |
| | - Depreciation on fixed assets | | - (1,317,220) | - (1,317,220) |
| | - Post retirement employee benefits | | - (637,758) | - (637,758) |
| | | | - (1,954,977) | - (1,954,977) |
| | Taxable temporary differences | | - | - |
| | | | - (1,954,977) | - (1,954,977) |
| 8. | MURABAHA FINANCE - SECURED | | | |
| | Considered good - Performing | 8.1 | 46,690,348 | 51,720,322 |
| | Considered doubtful - Non-performing | | - | 5,100,614 |
| | | | 46,690,348 | 56,820,936 |
| | Provision against non-performing Murabaha finance | | - | (772,282) |
| | | | 46,690,348 | 56,048,654 |
| 8.1 | The profit rates on these murabaha arrangements ranges between 12.70% and 26.99% (2022: 9.41% and 14.86%). These investments are secured against charge over fixed assets, registered and equitable mortgage of properties, personal guarantees of the directors of customer companies, demand promissory notes and post-dated cheques varying from case to case. | | | |
| 9. | ADVANCES AND OTHER RECEIVABLES | | | |
| | Advances | | 2,202,000 | 4,964,501 |
| | Loan to employees | 9.1 | 1,125,459 | 1,439,255 |
| | Profit / rental receivable | | 4,072,649 | 2,912,503 |
| | Other receivable | | 754,830 | 108,354 |
| | Advance tax | | 597,525 | 478,757 |
| | | | 8,752,463 | 9,903,370 |
| 9.1 | This includes interest free loan to employees in accordance with the policy of the Modaraba duly approved by the Board. | | | |
| 10. | CASH AND BANK BALANCES | | | |
| | In hand | | 114,128 | 76,198 |
| | At banks | | | |
| | Deposit accounts | 10.1 | 7,199,043 | 1,370,472 |
| | Dividend account | | 1,007,694 | 1,040,991 |
| | State Bank of Pakistan | | 91,495 | 91,495 |
| | | | 8,298,232 | 2,502,958 |
| | | | 8,412,360 | 2,579,156 |
| 10.1 | Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 6.70% to 7.25% (2022: 5.79% to 6.25%) per annum. | | | |
| 11. | CERTIFICATE CAPITAL | | | |
| | | | 2023 | 2022 |
| | Number of Certificates | | | |
| | 14,000,000 | | 14,000,000 | 14,000,000 |
| | | | 140,000,000 | 140,000,000 |
| | Modaraba certificates of Rs. 10 each fully paid-up in cash | | | |
| 12. | STATUTORY RESERVE | | | |
| | Balance at beginning of the year | | 22,691,427 | 21,381,181 |
| | Transferred during the year from profit and loss account | 12.1 | 1,594,913 | 1,310,246 |
| | | | 24,286,340 | 22,691,427 |
| 12.1 | During the year, the Modaraba has transferred 20% of its profit after tax to statutory reserve as per the requirements of prudential regulations. | | | |
| 13. | ACCRUED AND OTHER LIABILITIES | | | |
| | Accrued expenses | | 249,400 | 185,000 |
| | Withholding tax payable | | 3,218 | 5,715 |
| | Worker's welfare fund | | 211,715 | 316,540 |
| | Other liabilities | | 754,182 | 604,315 |
| | | | 1,218,515 | 1,111,570 |



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| | Note | 2023 Rupees | 2022 Rupees | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|---|--|------------------|---------------------------------------|-----------------|-----------|--|------|--|--|---------------------------------------|-----------------|-------|---------------------------------------|-----------------|-------|--------------------------------|--|--|--|--|--|--|--------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|---------|---------|-----------|---------|---------|-----------|--|------------------|------------------|------------------|-----------|-----------|-----------|---------------------|---|---|---|---|---|---|
| 14. LOAN FROM MANAGEMENT COMPANY | 14.1 | 14,000,000 | 7,000,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 14.1 | This represents interest free loan received from Management Company which was obtained to meet working capital requirements and the loan was repayable within 1 year. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 15. CONTINGENCIES AND COMMITMENTS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | In the Banking Court Suit No. 2/2002 FIM v/s Trade & Others was decreed on 25-07-2003 in favour of Modaraba and Execution Application bearing No. 74/2003 was filed. Thereafter, In Honorable High Court of Sindh an Appeal (1st Appeal 67/2019) was filed for the same case. The case was fixed on January 20, 2022, May 10, 2022, June 02, 2022 for clear the office objection. Next date of the case is not yet fixed by the court and the Modaraba's legal counsel is confident that the same will be decided in favour of the Company. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 16. INCOME | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income on Murabaha | | 5,437,403 | 4,557,771 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income on Ijarah | | 13,128,332 | 12,305,142 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Income on Diminishing Musharaka | | 9,155,654 | 6,717,152 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 27,721,389 | 23,580,065 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17. OPERATING EXPENSES | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries, wages and other benefits | 17.1 | 4,750,875 | 4,080,097 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Auditors' remuneration | 17.2 | 225,000 | 185,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| CDC charges / registrar services | | 442,384 | 510,569 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Computer software charges | | 60,000 | 55,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Postage and delivery | | 6,800 | 150 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Printing and stationery | | 169,960 | 157,952 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Fees and subscription | | 1,101,751 | 996,747 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Legal and professional fee | | 929,240 | 278,300 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Repair and maintenance | | 452,723 | 360,664 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Travelling and conveyance | | 206,420 | 266,144 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Advertisement | | 56,300 | 149,500 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Telecommunication | | 144,322 | 333,960 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Entertainment | | 142,610 | 149,310 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Bank charges | | - | 2,358 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Depreciation of property and equipment-owned | 4 | 72,068 | 63,330 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Professional tax | | 167,398 | 80,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 8,927,851 | 7,669,081 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17.1 Remuneration of executives and other employees | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | <table border="1"> <thead> <tr> <th rowspan="2"></th> <th colspan="3">2023</th> <th colspan="3">2022</th> </tr> <tr> <th>Executives (Key management personnel)</th> <th>Other employees</th> <th>Total</th> <th>Executives (Key management personnel)</th> <th>Other employees</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Salaries and allowances</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Basic salary</td> <td>1,183,907</td> <td>1,208,162</td> <td>2,392,068</td> <td>1,084,500</td> <td>1,089,192</td> <td>2,173,692</td> </tr> <tr> <td>Allowances</td> <td>591,953</td> <td>604,081</td> <td>1,196,034</td> <td>542,244</td> <td>544,584</td> <td>1,086,828</td> </tr> <tr> <td></td> <td>1,775,860</td> <td>1,812,242</td> <td>3,588,102</td> <td>1,626,744</td> <td>1,633,776</td> <td>3,260,520</td> </tr> <tr> <td>Number of employees</td> <td>2</td> <td>4</td> <td>6</td> <td>2</td> <td>3</td> <td>5</td> </tr> </tbody> </table> | | | 2023 | | | 2022 | | | Executives (Key management personnel) | Other employees | Total | Executives (Key management personnel) | Other employees | Total | Salaries and allowances | | | | | | | Basic salary | 1,183,907 | 1,208,162 | 2,392,068 | 1,084,500 | 1,089,192 | 2,173,692 | Allowances | 591,953 | 604,081 | 1,196,034 | 542,244 | 544,584 | 1,086,828 | | 1,775,860 | 1,812,242 | 3,588,102 | 1,626,744 | 1,633,776 | 3,260,520 | Number of employees | 2 | 4 | 6 | 2 | 3 | 5 |
| | 2023 | | | | 2022 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Executives (Key management personnel) | Other employees | Total | Executives (Key management personnel) | Other employees | Total | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Salaries and allowances | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Basic salary | 1,183,907 | 1,208,162 | 2,392,068 | 1,084,500 | 1,089,192 | 2,173,692 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Allowances | 591,953 | 604,081 | 1,196,034 | 542,244 | 544,584 | 1,086,828 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | 1,775,860 | 1,812,242 | 3,588,102 | 1,626,744 | 1,633,776 | 3,260,520 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Number of employees | 2 | 4 | 6 | 2 | 3 | 5 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | Rupees | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 17.2 Auditors' remuneration | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Audit fee | | 150,000 | 135,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Out of pocket | | - | 10,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Half year review | | 75,000 | 40,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 225,000 | 185,000 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18. OTHER INCOME | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Profit on deposit accounts | 18.1 | 791,789 | 511,547 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gain on early termination of diminishing musharaka / ijarah | | 938,663 | 195,117 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Other income - processing fee | | 300,084 | 140,620 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | 2,030,536 | 847,284 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 18.1 | These are earned under a Shariah permissible arrangement. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



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| | | | |
|--|--|-------------------------|-------------------------|
| 19. TAXATION | | | |
| | Current year | 4,354,456 | 1,369,280 |
| | Deferred tax | (1,954,977) | - |
| | | <u>2,399,479</u> | <u>1,369,280</u> |
| 19.1 | Returns of income of the Modaraba up to tax year 2022 (financial year ended 30 June 2022) have been filed and as per the provision of section 120 of the Income Tax Ordinance, 2001 (Ordinance) the said returns are deemed to be assessment orders. | | |
| 19.2 | Relationship between accounting profit and tax expense for the year | | |
| | Accounting profit before taxation | 10,374,045 | 7,920,508 |
| | Tax at applicable rate of 29% (2022: 20%) | 3,008,473 | 1,584,102 |
| | Tax effect of: | | |
| | - Final tax regime and income subject to lower tax rate | (700,295) | (176,810) |
| | - Permanent differences | - | - |
| | - Others | 91,301 | (38,012) |
| | | <u>2,399,479</u> | <u>1,369,280</u> |
| 20. EARNINGS PER CERTIFICATE- BASIC & DILUTED | | | |
| | Profit after taxation | 7,974,566 | 6,551,228 |
| | Weighted average number of certificates | 14,000,000 | 13,666,667 |
| | | <u>0.57</u> | <u>0.48</u> |



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21. RELATED PARTY TRANSACTIONS

The related parties comprise of associated undertakings, directors of the Modaraba Management Company. The Modaraba, in the normal course of business carries out transactions with these related parties. Significant transactions with related parties are as follows:

| Name of the related party | Nature of transactions | Relationship | 2023 Rupees | 2022 Rupees |
|--|---|--------------------|----------------|----------------|
| Popular Islamic Modaraba Management Company (Pvt) Ltd. | Modaraba management fee paid | Associated Company | 282,307 | 218,549 |
| | Sales tax on modaraba management fee | Associated Company | 55,680 | 53,356 |
| | Gratuity expense | Gratuity scheme | 533,054 | 414,980 |
| | Certificate issued during the year | Associated Company | - | 40,000,000 |
| | Modaraba management fee payable | Associated Company | 560,984 | 428,307 |
| | Sales tax on modaraba management fee payable | Associated Company | 72,928 | 55,680 |
| | Loan from modaraba management company | Associated Company | 7,000,000 | - |
| Popular Islamic Modaraba Management Company (Pvt) Ltd. | Balance as at the year end | | | |
| | Loan payable to modaraba management company | Associated Company | 14,000,000 | 7,000,000 |
| | Modaraba management fee payable | Associated Company | 560,984 | 428,307 |
| | Sales tax on modaraba management fees payable | Associated Company | 72,928 | 55,680 |
| | Gratuity payable | Gratuity scheme | 2,199,164 | 1,666,110 |

22. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

22.1 Financial risk management

The Modaraba's objective in managing risks is the creation and protection of Certificate holder's value. Risk is inherent in the Modaraba activities, but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. The process of risk management is critical to the Modaraba's continuing profitability. The Modaraba is exposed to market risk (which includes profit rate risk and price risk), credit risk and liquidity risk arising from the financial instruments it holds.

- Credit risk
- Liquidity risk
- Market risk

22.2 Credit risk and concentration of 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 Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Exposure to Credit Risk

The maximum exposure to credit risk before any credit enhancements at June 30, 2022 is the carrying amount of the financial assets as set out below:

| Business | 2023 Rupees | 2022 Rupees |
|---------------------------|--------------------|--------------------|
| Murabaha finance | 46,690,348 | 56,048,654 |
| Diminishing musharaka | 75,931,648 | 57,525,328 |
| Loan and other receivable | 5,952,938 | 4,460,112 |
| Cash and bank balances | 8,412,360 | 2,579,156 |
| | 136,987,294 | 120,613,249 |

Concentration of credit risk

Concentration is the relative sensitivity of the Modaraba's performance to development affecting a particular industry or geographical location.

Concentration of risks arise when a number of financial instruments or contracts are entered into with the same counterparty, or where a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic, political and other conditions.

The Modaraba's portfolio of financial assets is broadly diversified and transactions are entered into with diverse credit worthy counterparties thereby mitigating any significant concentration of credit risk. Details of Modaraba's concentration of credit risk by industrial distribution are as follows:

| Segment by class of business of Ijarah assets | 2023 | | 2022 | |
|---|-------------------|------------|-------------------|------------|
| | Rupees | % | Rupees | % |
| Cargo, trading and distribution | 28,006,500 | 58.23 | 22,191,500 | 54.87 |
| Individual | 17,988,500 | 37.40 | 16,153,500 | 39.94 |
| Hotels and resorts | 2,100,000 | 4.37 | 2,100,000 | 5.19 |
| | 48,095,000 | 100 | 40,445,000 | 100 |



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| Segment by class of business of Diminishing Musharaka and Murabaha | | | | | |
|--|---|----------------------|-------------------------------|------------------------|--------------------|
| | | 2023 | | 2022 | |
| | | Rupees | % | Rupees | % |
| Diminishing Musharaka | | | | | |
| Hotels and resorts | | 840,238 | 1.11 | 2,160,623 | 7.96 |
| Investment companies, firms & bank | | 61,550,839 | 81.06 | 45,698,140 | 69.37 |
| Individuals | | 13,540,571 | 17.83 | 9,666,565 | 22.68 |
| | | 75,931,648 | 100 | 57,525,328 | 100 |
| Murabaha | | | | | |
| Manufacturers and Exporters | | 37,990,380 | 81.37 | 12,000,000 | 6.31 |
| Spare parts manufacturers | | 7,500,000 | 16.06 | 14,972,500 | 37.85 |
| Individual | | 1,199,968 | 2.57 | 29,848,436 | 55.84 |
| | | 46,690,348 | 100 | 56,820,936 | 100 |
| 22.2.1 | Modaraba's operations are restricted to Pakistan only. | | | | |
| 22.3 | Credit quality | | | | |
| | The credit quality of Modaraba's liquid funds can be assessed with reference to external credit ratings as follows: | | | | |
| | | Rating | Rating Agency | 2023 | 2022 |
| | | Long | | Rupees | Rupees |
| | Al-Baraka Bank Limited | A+ | JCR - VIS | <u>8,206,737</u> | <u>2,411,463</u> |
| 22.4 | Liquidity risk | | | | |
| | The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due. | | | | |
| | A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business. | | | | |
| | | 2023 | | | |
| | | Upto one year | One year to five years | Over five years | Total |
| | | -----Rupees----- | | | |
| Financial assets | | | | | |
| Murabaha finance | | 46,690,348 | - | - | 46,690,348 |
| Diminishing musharaka | | 38,682,456 | 37,249,192 | - | 75,931,648 |
| Advances and other receivables | | 5,952,938 | - | - | 5,952,938 |
| Cash and bank balances | | 8,412,360 | - | - | 8,412,360 |
| | | 99,738,102 | 37,249,192 | - | 136,987,294 |
| Financial liabilities | | | | | |
| Deferred liability | | - | 2,199,164 | - | 2,199,164 |
| Loan from management company | | 14,000,000 | - | - | 14,000,000 |
| Accrued and other liabilities | | 1,003,582 | - | - | 1,003,582 |
| Unclaimed profit distribution | | 1,992,342 | - | - | 1,992,342 |
| Management fee payable - net | | 560,984 | - | - | 560,984 |
| | | 17,556,908 | 2,199,164 | - | 19,756,073 |
| On-balance sheet gap | | 82,181,193 | 35,050,028 | - | 117,231,221 |
| | | 2022 | | | |
| | | Upto one year | One year to five years | Over five years | Total |
| | | -----Rupees----- | | | |
| Financial assets | | | | | |
| Murabaha finance | | 56,048,654 | - | - | 56,048,654 |
| Diminishing musharaka | | 18,990,347 | 38,534,981 | - | 57,525,328 |
| Advances and other receivables | | 4,460,112 | - | - | 4,460,112 |
| Cash and bank balances | | 2,579,156 | - | - | 2,579,156 |
| | | 82,078,269 | 38,534,981 | - | 120,613,250 |
| Financial liabilities | | | | | |
| Deferred liabilities | | - | 1,666,110 | - | 1,666,110 |
| Loan from management company | | 7,000,000 | - | - | 7,000,000 |
| Accrued and other liabilities | | 1,111,570 | - | - | 1,111,570 |
| Unclaimed profit distribution | | 2,025,641 | - | - | 2,025,641 |
| Management fee payable | | 282,307 | - | - | 282,307 |
| Sales tax on management fee | | 55,680 | - | - | 55,680 |
| | | 10,475,198 | 1,666,110 | - | 12,141,308 |
| On-balance sheet gap | | 71,603,071 | 36,868,871 | - | 108,471,942 |



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22.5 Market risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market.

Risk management

The Modaraba's policy is to manage price risk through diversified and selection of securities and other financial instruments within specified limits set by relevant Committee. The majority of the Modaraba's investments are publicly traded and are valued at the rates provided by State Bank of Pakistan and/or stock exchange at which is set as per the trading trend and volumes in the security.

Profit rate risk

Profit rate risk arises from the effects of fluctuations in the prevailing levels of market profit rates on the fair value of financial assets and liabilities and future cash flows.

23. CAPITAL RISK MANAGEMENT

The Modaraba's objectives when managing capital are to safeguard the Modaraba's ability to continue as a going concern in order to provide returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure.

In order to maintain or adjust the capital structure, the Modaraba may adjust the amount of dividends paid to certificate holders, return capital to Certificate holders or issue new certificates or sell assets to reduce debt.

Consistent with others in the industry, the Modaraba manages its capital risk by monitoring its liquid assets and keeping in view future investment requirements and expectation of the certificate holders

As at June 30, 2023 and 2022, the Modaraba had surplus reserves to meets its requirements.

24. FAIR VALUE OF FINANCIAL INSTRUMENTS

The Modaraba is of the view that the fair market value of most of the remaining financial assets and financial liabilities are not significantly different from their carrying amounts.

24.1 Fair value hierarchy

Fair value is defined as 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.

Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1 : Fair value measurements using quoted (unadjusted) in active markets for identical asset or liability.

Level 2 : Fair value measurements using 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 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

| 24.2 Financial instruments by category | 2023 Rupees | 2022 Rupees |
|--|--------------------|--------------------|
| Amortised Cost | | |
| Diminishing musharaka | 75,931,648 | 57,525,328 |
| Murabaha finance | 46,690,348 | 56,048,654 |
| Loan and other receivable | | |
| Cash and bank balances | 5,952,938 | 4,460,112 |
| | <u>8,412,360</u> | <u>2,579,156</u> |
| | <u>128,574,934</u> | <u>120,613,250</u> |
| Financial liabilities | | |
| Financial liabilities at amortised cost | | |
| Deferred liability | 2,199,164 | 1,666,110 |
| Loan from management company | 14,000,000 | 7,000,000 |
| Accrued and other liabilities | 1,003,582 | 1,111,570 |
| Unclaimed profit distribution | 1,992,342 | 2,025,641 |
| Management fee payable - net | 560,984 | 282,307 |
| | <u>19,756,072</u> | <u>12,085,628</u> |
| | <u>108,818,862</u> | <u>108,527,622</u> |

24.3 Fair value sensitivity analysis for fixed rate instruments

The Modaraba does not account for any fixed rate financial assets and liabilities at fair value through profit and loss. Therefore a change in interest rates at the reporting date would not affect profit and loss account.



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25. YIELD/PROFIT RATE RISK EXPOSURE

The information about Modaraba's exposure to yield rate risk, based on contractual refinancing or maturity dates whichever is earlier, is as follows:

| 2023 | Effective yield / Profit risk | Yield / Profit bearing maturity | | | Non Yield / Profit bearing maturity | | | Grand total |
|--|-------------------------------|---------------------------------|-------------------|--------------------|-------------------------------------|--------------------|---------------------|--------------------|
| | | within one year | After one year | sub total | within one year | After one year | sub total | |
| | % | ----- Rupees ----- | | | | | | |
| Financial assets | | | | | | | | |
| Murabaha Finance | 9.41% - 14.86% | 46,690,348 | | 46,690,348 | - | - | - | 46,690,348 |
| Diminishing Musharaka Finance | 18.84% - 26.12% | 38,682,456 | 37,249,192 | 75,931,648 | - | - | - | 75,931,648 |
| Advances and other receivables | | - | - | - | 5,952,938 | - | 5,952,938 | 5,952,938 |
| Cash and bank balances | 6.70% - 7.25% | 7,199,043 | - | 7,199,043 | 1,213,317 | - | 1,213,317 | 8,412,360 |
| | (A) | 92,571,847 | 37,249,192 | 129,821,039 | 7,166,255 | - | 7,166,255 | 136,987,294 |
| Financial liabilities | | | | | | | | |
| Loan from Management company | | - | - | - | 14,000,000 | - | 14,000,000 | 14,000,000 |
| Deferred liability | | - | - | - | - | 2,199,164 | 2,199,164 | 2,199,164 |
| Accrued and other liabilities | | - | - | - | 1,003,582 | - | 1,003,582 | 1,003,582 |
| Unclaimed profit distribution | | - | - | - | 1,992,342 | - | 1,992,342 | 1,992,342 |
| Management fee payable - net | | - | - | - | 560,984 | - | 560,984 | 560,984 |
| | (B) | - | - | - | 17,556,908 | 2,199,164 | 19,756,073 | 19,756,073 |
| Total yield / profit risk sensitivity | (A)-(B) | 92,571,847 | 37,249,192 | 129,821,039 | (10,390,653) | (2,199,164) | (12,589,818) | 117,231,221 |

| 2022 | Effective yield / Profit risk | Yield / Profit bearing maturity | | | Non Yield / Profit bearing maturity | | | Grand total |
|--|-------------------------------|---------------------------------|-------------------|--------------------|-------------------------------------|--------------------|--------------------|--------------------|
| | | within one year | After one year | sub total | within one year | After one year | sub total | |
| | % | ----- Rupees ----- | | | | | | |
| Financial assets | | | | | | | | |
| Murabaha Finance | 12.70% - 26.99% | 56,048,654 | - | 56,048,654 | - | - | - | 56,048,654 |
| Diminishing musharaka finance | 9.69% - 18.37% | 18,990,347 | 38,534,981 | 57,525,328 | - | - | - | 57,525,328 |
| Advances and other receivables | | - | - | - | 4,460,112 | - | 4,460,112 | 4,460,112 |
| Cash and bank balances | 5.79% - 6.25% | 1,370,472 | - | 1,370,472 | 1,208,684 | - | 1,208,684 | 2,579,156 |
| | (A) | 76,409,473 | 38,534,981 | 114,944,455 | 5,668,796 | - | 5,668,796 | 120,613,249 |
| Financial liabilities | | | | | | | | |
| Loan from Management company | | - | - | - | 7,000,000 | - | 7,000,000 | 7,000,000 |
| Deferred liability | | - | - | - | - | 1,666,110 | 1,666,110 | 1,666,110 |
| Accrued and other liabilities | | - | - | - | 1,111,570 | - | 1,111,570 | 1,111,570 |
| Unclaimed profit distribution | | - | - | - | 2,025,641 | - | 2,025,641 | 2,025,641 |
| Management fee payable | | - | - | - | 282,307 | - | 282,307 | 282,307 |
| Sales tax on management fee | | - | - | - | 55,680 | - | 55,680 | 55,680 |
| | (B) | - | - | - | 10,475,198 | 1,666,110 | 12,141,307 | 12,141,307 |
| Total yield / profit risk sensitivity gap | (A)-(B) | 76,409,473 | 38,534,981 | 114,944,455 | (4,806,402) | (1,666,110) | (6,472,511) | 108,471,942 |

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.



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26. INFORMATION ABOUT BUSINESS SEGMENTS

| Description | June 30, 2023 | | | | |
|-------------------------------|--------------------------|-------------|------------|------------|--------------------|
| | Diminishing Musharaka | Ijarah | Murabaha | Others | Total |
| ----- Rupees ----- | | | | | |
| Segment revenues | 9,155,654 | 13,128,332 | 5,437,403 | 2,030,536 | 29,751,925 |
| Segment Results | | | | | |
| Segment income | 9,155,654 | 13,128,332 | 5,437,403 | 2,030,536 | 29,751,925 |
| Operating expenses | 2,747,396 | 3,939,503 | 1,631,636 | 609,316 | 8,927,851 |
| Depreciation - Ijarah | - | (9,604,402) | - | - | (9,604,402) |
| Workers' welfare fund | - | - | - | 211,715 | 211,715 |
| Segment results | 11,903,050 | 7,463,433 | 7,069,039 | 2,851,567 | 29,287,089 |
| Other Information | | | | | |
| Fresh disbursements | 60,492,000 | 10,799,000 | 25,000,000 | - | 96,291,000 |
| Depreciation | - | (9,604,402) | - | - | (9,604,402) |
| Assets and Liabilities | | | | | |
| Segment assets | 75,931,648 | 26,798,053 | 46,690,348 | 8,752,463 | 158,172,512 |
| Unallocated assets | - | - | - | 10,456,488 | 10,456,488 |
| Total segment assets | 75,931,648 | 26,798,053 | 46,690,348 | 19,208,951 | 168,629,000 |
| Segment liabilities | | | | | |
| Security deposits | - | 8,341,750 | - | - | 8,341,750 |
| Loan from management company | - | - | - | 14,000,000 | 14,000,000 |
| Unallocated liabilities | - | - | - | 10,971,768 | 10,971,768 |
| Total segment liabilities | - | 8,341,750 | - | 24,971,768 | 33,313,518 |
| Total net assets | | | | | 135,315,482 |



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| Description | June 30, 2022 | | | | |
|-------------------------------|-------------------------|-------------|-------------|------------|--------------------|
| | Diminshing Musharaka | Ijarah | Murabaha | Others | Total |
| | ----- Rupees ----- | | | | |
| Segment revenues | 6,717,152 | 12,305,142 | 4,557,771 | 847,284 | 24,427,349 |
| Segment Results | | | | | |
| Segment income | 6,717,152 | 12,305,142 | 4,557,771 | 847,284 | 24,427,349 |
| Operating expenses | (2,108,881) | (3,863,257) | (1,430,934) | (266,009) | (7,669,081) |
| Depreciation - Ijarah | - | (8,192,130) | - | - | (8,192,130) |
| Workers' welfare fund | - | - | - | (161,643) | (161,643) |
| Segment results | 4,608,271 | 249,755 | 3,126,837 | 419,632 | 8,404,495 |
| Other Information | | | | | |
| Fresh disbursements | 24,964,900 | 13,241,000 | 120,173,981 | - | 158,379,881 |
| Depreciation | - | (8,192,130) | - | - | (8,192,130) |
| Assets and Liabilities | | | | | |
| Segment assets | 57,525,328 | 25,868,708 | 56,048,654 | 9,903,370 | 149,346,060 |
| Unallocated assets | - | - | - | 2,740,375 | 2,740,375 |
| Total segment assets | 57,525,328 | 25,868,708 | 56,048,654 | 12,643,745 | 152,086,435 |
| Segment liabilities | | | | | |
| Security deposits | - | 5,978,350 | - | - | 5,978,350 |
| Loan from management company | - | - | - | 7,000,000 | 7,000,000 |
| unallocated liabilities | - | - | - | 6,525,568 | 6,525,568 |
| Total segment liabilities | - | 5,978,350 | - | 13,525,568 | 19,503,918 |
| Total net assets | | | | | <u>132,582,517</u> |



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27. OPERATING RISK

Operational Risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Modaraba's operations either internally within the Modaraba or externally at the Modaraba's service providers, and from external factors other than credit market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Modaraba's activities.

The Modaraba's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for certificate holders. The primary responsibility for the development and implementation of controls over operational risk rests with the Board of Directors of the Management Company. This responsibility encompasses the controls in the following areas:

- Requirements for appropriate segregation of duties between various functions, roles and responsibilities;
- Requirements for the reconciliation and monitoring of transactions;
- Compliance with regulatory and other legal requirements;
- Documentation of controls and procedures;
- Requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- Ethical and business standards;
- Risk mitigation, including insurance where this is effective.

28. NUMBER OF EMPLOYEES

| | 2023 | 2022 |
|---|----------|----------|
| Total number of employees end of the year | <u>6</u> | <u>6</u> |
| Average number of employees during the year | <u>6</u> | <u>6</u> |

29. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of Rs. 0.4557 per certificate (2022: Re.0.3744 per certificate) for the year ended June 30, 2023, resulting in a total distribution of profit amounting to Rs. 6.379 million (2022: Rs. 5.24 million), in its meeting held on September 22, 2023. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2023.

30. CORRESPONDENCE FIGURES

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

31. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Management Company and authorized for issue on September 22, 2023

32. GENERAL

The figures have been rounded off to the nearest rupees.

---SD---

---SD---

---SD---

---SD---

Chief Executive Officer

Chief Financial Officer

Director

Director



**Pattern of Shareholding
As of June 30, 2023**

| # Of Shareholders | Shareholdings'Slab | | | Total Shares Held |
|--------------------------|---------------------------|----|---------|--------------------------|
| 36 | 1 | to | 100 | 1,471 |
| 780 | 101 | to | 500 | 385,960 |
| 62 | 501 | to | 1000 | 61,001 |
| 59 | 1001 | to | 5000 | 161,163 |
| 20 | 5001 | to | 10000 | 171,400 |
| 13 | 10001 | to | 15000 | 178,025 |
| 7 | 15001 | to | 20000 | 125,700 |
| 7 | 20001 | to | 25000 | 163,811 |
| 2 | 25001 | to | 30000 | 56,000 |
| 3 | 35001 | to | 40000 | 106,340 |
| 1 | 40001 | to | 45000 | 44,135 |
| 2 | 45001 | to | 50000 | 95,500 |
| 1 | 65001 | to | 70000 | 65,660 |
| 2 | 70001 | to | 75000 | 141,700 |
| 1 | 95001 | to | 100000 | 100,000 |
| 1 | 110001 | to | 115000 | 111,500 |
| 1 | 115001 | to | 120000 | 118,333 |
| 1 | 120001 | to | 125000 | 121,000 |
| 4 | 775001 | to | 780000 | 3,113,252 |
| 2 | 1555001 | to | 1560000 | 3,113,050 |
| 1 | 5560001 | to | 5565000 | 5,564,999 |
| 1006 | | | | 14,000,000 |



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Pattern of Shareholding Report As of June 30, 2023

| Categories of Shareholders | Shareholders | Shares Held | Percentage |
|---|--------------|-------------------|---------------|
| Directors, Chief Executive Officer, and their spouse(s) and minor children | | | |
| MALIK JUNAID EMAM | 1 | 1,556,625 | 11.12 |
| IMAMUDDIN SHOUQEEN | 1 | 1,556,425 | 11.12 |
| SHAHBAZ ALI MALIK | 1 | 778,313 | 5.56 |
| NAWABZADA KAMRAN HUSSAIN MUGHAL | 1 | 100 | 0.00 |
| Associated Companies, undertakings and related parties | 4 | 7,899,938 | 56.43 |
| NIT & ICP | 1 | 16,700 | 0.12 |
| Banks Development Financial Institutions, Non Banking Financial Finan | 3 | 28,000 | 0.20 |
| Insurance Companies | - | - | - |
| Modarabas and Mutual Funds | - | - | - |
| General Public | | | |
| a. Local | 979 | 1,963,799 | 14.03 |
| b. Foreign | 3 | 2,500 | 0.02 |
| Foreign Companies | - | - | - |
| Others | 12 | 197,600 | 1.41 |
| Totals | 1,006 | 14,000,000 | 100.00 |
| Share holders holding 10% or more | | | |
| MALIK JUNAID EMAM | | 1,556,625 | 11.12 |
| IMAMUDDIN SHOUQEEN | | 1,556,425 | 11.12 |
| POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED | | 5,564,999 | 39.75 |



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NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Tenth (10th) Annual Review Meeting of **Popular Islamic Modaraba** will be held on **Monday October 23, 2023 at 11:00 a.m.** at the Registered Office of the Modaraba at 15th Floor, Chapal Plaza, Hasrat Mohani Road, Off. I.I.Chundrigar Road, Karachi for review the performance of the Modaraba for the year ended June 30, 2023.

By order of the Board

---SD---

Aisha Mughal
(Company Secretary)

Karachi : October 02, 2023

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Modaraba Certificates Transfer Book will remain closed from **October 16, 2023 to October 23, 2023** (both days inclusive) to determine the names of Certificate Holders eligible to attend the Annual Review Meeting. The transfers received in order at the office of the Share Registrar, M/s. Central Depository Company of Pakistan, CDC House, 99-B, Block 'B', S.M.C.H.S., Main Shakra-e-Faisal, Karachi by the close of business hours on **October 13, 2023** will be considered the eligibility to attend the Annual Review Meeting.

2. SUBMISSION OF COPIES OF CNIC (MANDATORY):

Certificate Holders are once again reminded to submit a copy of their valid CNIC, if not already provided to the Share Registrar of the Modaraba immediately.

3. WITHHOLDING TAX ON DIVIDEND:

Withholding tax on dividend will be deducted in pursuant to the relevant section of the Income Tax Ordinance, 2001, from payment of dividend to the Filer and Non-Filers, accordingly.

4. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON MODARABA'S WEBSITE:

The audited financial statements of the Modaraba for the year ended June 30, 2023 have been placed on the Modaraba's website i.e www.popularislamicmodaraba.com.

5. PAYMENT OF DIVIDEND THROUGH ELECTRONIC MODE:

Under the provisions of Section 242 of the Companies Act 2017, it is mandatory for a listed Company to pay cash dividend to its Certificate Holders only through electronic mode directly



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into Bank account designated by the entitled Certificate Holders. Therefore, all the Certificate Holders of Popular Islamic Modaraba are hereby advised to provide dividend mandate of their respective Banks in the Dividend Mandate Form available on Modaraba's website. Certificate Holders maintaining Certificate holding under CDS are advised to submit their Bank account mandate information directly to the relevant participant / CDC Investor Account Service.

In case of non-compliance, the Modaraba will be constrained to withhold payment of dividend to such Certificate Holder.

6. CONVERSION OF PHYSICAL CERTIFICATES INTO CDS:

In compliance with the requirements of Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace physical certificates with book-entry form in a manner as may be specified and from the date notified by the SECP, with a period not exceeding four years from the commencement of the Companies Act, that is May 30, 2017.

Certificate Holders having physical certificates are requested to convert their certificates from physical form into book entry form as early as possible. It would facilitate the certificate holders in many ways including safe custody of certificates, no loss of certificates, avoidance of formalities required for issuance of duplicate certificates and readily available for sale and purchase in open market at better rates.

7. UNCLAIMED DIVIDENDS:

In accordance with the provisions of Section 244 of the Companies Act, 2017, any dividend declared by the Modaraba, which remain unclaimed for a period of three years from the date it is due and payable, the Modaraba shall give ninety days notices to the Certificate Holders to file claim, if no claim is made before the Modaraba by the Certificate Holders, the Modaraba shall proceed to deposit the unclaimed Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017. In case no claim is received within the given period from the aforesaid Notice, the Modaraba shall proceed to deposit the unclaimed amount with the Federal Government



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اطلاع برائے سالانہ جائزہ اجلاس

بزرگوں کو مطلع کیا جاتا ہے کہ پاپولر اسلامک مڈاربا کے سرٹیفکیٹ ہولڈرز کا (دسواں) سالانہ جائزہ اجلاس 30 جون 2023 کو ختم ہونے والے سال کے لیے مڈاربا کے رجسٹرڈ آفس پندرہ منزل، چیمپلن پلازہ، حسرت موہانی روڈ، آئی، آئی، چندریگر روڈ، کراچی بروز پیر 23 اکتوبر 2023 بوقت صبح 11:00 بجے منعقد ہوگا۔

بحکم پورڈ

--- دستخط شدہ ---

عائشہ منغل

(کمپنی سیکریٹری)

02 اکتوبر 2023

کراچی۔

نوٹس:

۱۔ سرٹیفکیٹ ٹرانسفر بکس:

مڈاربا کے سرٹیفکیٹ ٹرانسفر رجسٹر مورخہ 16 اکتوبر 2023 سے 23 اکتوبر 2023 (بشمول دونوں دن) تک بند رہیگا اور درج بالا دنوں میں کوئی منتقلی قبول نہیں ہوگی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئر رجسٹرار، سی ڈی سی پاکستان، ۹۹، بی، بلاک بی، مین شارع فیصل، کراچی کو مورخہ 13 اکتوبر 2023 کو دفتری اوقات ختم ہونے تک موصول ہوئے ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

۲۔ قومی شناختی کارڈ نمبر کی فراہمی (لازمی):

سرٹیفکیٹ ہولڈرز کو ایک بار پھر سے یاد دہانی کروائی جاتی ہے کہ وہ اپنے قومی شناختی کارڈ کی کاپی اپنے نو لیو نمبر کے ساتھ جلد سے جلد مڈاربا کے آفس یا مڈاربا کے شیئر رجسٹرار کے پاس جمع کروادیں۔

۳۔ منافع منقسمہ پر وہ ہولڈنگ ٹیکس کی کوٹنی:

ڈیویڈنڈ پر وہ ہولڈنگ ٹیکس کی کوٹنی انکم ٹیکس آرڈیننس کی متعلقہ شق کے مطابق فائلرز اور نوٹن فائلرز سے علیحدہ کی جائے گی۔

۴۔ سالانہ گوشواروں کی دستیابی:

پاپولر اسلامک مڈاربا کے سالانہ گوشوارے مڈاربا کی ویب سائٹ www.popularislamicmodaraba.com پر معائنے کیلئے دستیاب ہیں۔



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۵۔ منافع منقسمہ کی برقیاتی طریقے سے ادائیگی (لازمی):

کیونیز ایکٹ ۲۰۱۷ء کی شق نمبر ۲۳۲ کے مطابق لسٹڈ کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ سرٹیفکیٹ ہولڈر کو نقد منافع منقسمہ کی ادائیگی برقیاتی طریقے سے کرے۔ اسلئے پاپولر اسلامک مضاربہ کے تمام سرٹیفکیٹ ہولڈر کو مشورہ دیا جاتا ہے کہ مضاربہ کی ویب سائٹ پر دستیاب ڈیویڈنڈ مینڈیٹ فارم میں اپنے متعلقہ بنک کو اختیار منافع منقسمہ (یعنی ڈیویڈنڈ مینڈیٹ) فراہم کرے۔ وہ سرٹیفکیٹ ہولڈر جو سی ڈی ایس کے تحت سرٹیفکیٹ ہولڈنگ برقرار رکھے ہوئے ہیں کو مشورہ دیا جاتا ہے کہ وہ اپنی بنک مینڈیٹ انفارمیشن براہ راست متعلقہ شریک/سی ڈی سی انوسٹر اکاؤنٹ کو جمع کرا دیں۔ بنک اکاؤنٹ کی عدم دستیابی یا نامکمل معلومات کی صورت میں مضاربہ ایسے سرٹیفکیٹ ہولڈرز کے منافع منقسمہ کی ادائیگی روک لی جائے گی۔

۶۔ فزیکل سرٹیفکیٹس کا سی ڈی ایس میں تبادلہ:

کیونیز ایکٹ ۲۰۱۷ء کی شق نمبر ۲۳۲ کے مطابق لسٹڈ کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ ڈیپوٹیز ایکٹ کے آغاز (تاریخ ۳۰ مئی ۲۰۱۷ء کے چار سالوں کے اندر تمام فزیکل سرٹیفکیٹس کو برقی (الیکٹرانک) میں تبدیل کر لیں۔ لہذا، ایسے سرٹیفکیٹ ہولڈرز جن کے پاس مضاربہ کے فزیکل سرٹیفکیٹس موجود ہیں جلد از جلد انہیں سی ڈی ایس میں تبدیل کروا لیں۔ اس سے سرٹیفکیٹ ہولڈرز کو بہت سے فوائد حاصل ہونگے جیسا کہ، سرٹیفکیٹس کی محفوظ تھویل، ڈیویڈنڈ سرٹیفکیٹس کے اجراء کیلئے درکار رسمی تقاضوں سے گریز اور بہتر نرخوں پر اوپن مارکیٹ میں خرید و فروخت کیلئے آسانی سے دستیابی۔

۷۔ غیر دعویہ دار منافع منقسمہ:

کیونیز ایکٹ ۲۰۱۷ء کی شق نمبر ۲۳۲ کے مطابق، مضاربہ کی جانب سے اعلان کردہ کوئی بھی منافع منقسمہ، جو کہ تاریخ اور ادائیگی کی تاریخ سے تین سال کی مدت تک غیر دعویہ دار رہتا ہے اسے مضاربہ نوے دن کا نوٹس دے گا۔ اسکے بعد بھی اگر کوئی دعویہ دار نہیں آیا تو مضاربہ ایسا تمام غیر دعویہ دار منافع منقسمہ وفاقی حکومت کو ادا کر دے گا۔



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