



Popular Islamic Modaraba

An Islamic Financial Institution

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2021

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



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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 Mr. Muhammad Riaz	- Chairman - Managing Director - Independent Director - Director - Director & Company Secretary - Chief Executive Officer
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 Saiyed Faiq Hussain	- Chairman - Member - Member
SHARIAH ADVISOR	Al-Hamd Shariah Advisory Services (Pvt.) Limited	
COMPANY SECRETARY	Mr. Kamran Hussain Mughal	
CHIEF FINANCIAL OFFICER	Mr. Shoaib Shaikh	
BANKERS	Albaraka Bank (Pakistan) Limited Meezan Bank Limited	
AUDITORS	Baker Tilly Mehmood Idress Qamar 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 2020-2021 performance and talk about how we are aligning internally and externally as a company to deliver a more valuable services of Popular Islamic Modaraba to its stakeholders. In spite of rapid spread of COVID-19 and lockdown in the country during the year, by the grace of Allah, your Modaraba has had another successful year with increased in Net profit by 37% from Rs. 5.543 million to Rs. 7.589 million. Due to pandemic of COVID-19 and lockdown of business, the Management of Modaraba has decided in the best interest of Certificate holders to charge 5% Management Fee instead of 10% in this year and approved the distribution of profit at Re. 0.4034 per certificate of Rs.10/- each i.e 4.034%, and wish more in future ahead.

The recent amendments in tax laws are a major setback for the Modaraba sector whereby the tax exemption on income of the Modaraba on declaration of 90% and above dividend has been withdrawn. The profitability in future periods will be impacted by this withdrawal.

For the past eight years, I have been entrusted with the responsibility to serve as Chairman of the Board, and during this period I have endeavoured to increase focus on performance of Modaraba. A performing, sustainable thought leader in its category endeavouring to serve our country, community and people, both clients and employees.

We also believe that the role of the Board is as important as the Management and each have their part to play in the leadership of the organization. The Board needs to be far –sighted in its role, while the Managements responsibility is to deliver prompt and oriented results. It is my privilege to share that the composition of current Board includes Directors with competencies in developing vision, leadership, dignity, innovation, risk assessment and effective governance framework.

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, 2021, 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 27, 2021



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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 ۲۰۲۰-۲۰۲۱ کی کارکردگی کے بارے میں بتانا چاہتا ہوں کہ ہم نے بطور کمپنی اندرونی اور بیرونی طور پر کس طرح سے اپنے آپ کو تہم آہنگ کیا تاکہ پاپولر اسلامک مضاربہ اپنے اسٹیک ہولڈرز کو بہتر سروس اور فائدے دے سکے۔ تیزی سے پھیلتی ہوئی کرونا وائرس کی وبا اور ملک میں کاروباری بندش (لوک ڈاؤن) کے باوجود اللہ تعالیٰ کی مہربانی سے آپ کے مضاربہ کیلئے ایک اور کامیاب سال رہا۔ مضاربہ کا خالص منافع 37 فیصد اضافے کے ساتھ 7.589 ملین رہا جو کہ پچھلے سال 5.543 ملین تھا۔ منجمنٹ نے یہ فیصلہ کیا ہے کہ چونکہ موجودہ کووڈ-۱۹ کی وبا کی وجہ سے کاروباری سرگرمیاں معطل رہی ہیں لہذا سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر ۰ فیصد کے بجائے صرف ۵ فیصد منجمنٹ فیس لی جائے اور 10 روپے والے سرٹیفکیٹ پر 0.4034 پیسے (4.034%) فی سرٹیفکیٹ کے حساب سے نقد منافع منقسمہ (Cash Dividend) ادا کیا جائے اور ہم مستقبل میں اس سے زیادہ کی امید کرتے ہیں۔

تیس تو این میں حالیہ ترمیم مضاربہ کیلئے ایک بہت بڑا دھچکا ہے جس کے تحت مضاربہ کی آمدنی پر ۹۰ فیصد اور اس سے زائد منافع کے اعلان پر ٹیکس چھوٹ واپس لے لی گئی ہے۔ مستقبل کے ادوار میں مضاربہ کا منافع اس ترمیم کی وجہ سے متاثر ہوگا۔

گزشتہ آٹھ سالوں میں مجھے بطور چیئرمین خدمات سرانجام دینے کی ذمہ داری دے کر مجھ پر اعتماد کا اظہار کیا گیا ہے اور اس مدت میں میں نے کوشش کی کہ مضاربہ کی کارکردگی کو مزید بہتر بنایا جائے۔ اس حیثیت میں میں تسلسل سے سوچ بچار اور کوشش کرتا رہا کہ اپنے ملک، عوام، کسٹمر اور ملازمین کی بہتر خدمت کر سکوں۔ ہم اس بات پر بھی یقین رکھتے ہیں کہ بورڈ اتنا ہی اہم ہے جیسا کہ انتظامیہ اور ہر ایک ادارے کی قیادت میں اہم کردار ادا کرتا ہے۔ بورڈ کو اپنے کردار میں دورانہ پیش ہونا چاہیے، جبکہ انتظامیہ کی ذمہ داری متاثر دینا ہے۔ 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 منوں نظم و ضبط میں اضافہ کرنے کی اہلیت رکھتے ہیں۔

بورڈ کے اراکین کو بورڈ اور کمیٹی 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 منجمنٹ کے متعلق مختلف رپورٹس بھی بروقت ارسال کی جاتی رہی ہیں۔ مزید، بورڈ کے اراکین مختلف معاملات پر آزادانہ طور پر اپنی رائے کا اظہار کرتے رہے ہیں۔ بورڈ اپنی کارکردگی اور منوں پن کا 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۔ ۲۰۲۱ کو اختتام پر ہر سال میں، بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔ مزید برآں کہ 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۔

امام الدین شوقین

چیئرمین

27 ستمبر 2021



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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, 2021.

1. COVID-19 and Economy:

The rapid spread of the COVID-19 virus since February 2020 has brought Pakistan's economic activity to a near-halt specially the 3rd wave. The Government and the Regulators have been taking several measures for the revival of the economy impacted by the pandemic which are reflected in the country's economic growth. The Budget for the year 2021-2022 is a growth oriented budget and Government has introduced several incentive schemes to support and boost economic activities specially construction sector and allied industries. The Modaraba continues to keep the health and safety of our employees as its top priority till today and will continue to adopt these safety measures till the pandemic is fully eradicated. All our staff and their families are fully vaccinated.

The risk of pandemic still exists with the country in the grip of the Fourth Wave of Covid-19 with intermittent lockdowns affecting economic activities. Further, tax exemption on income of Modaraba Sector on distribution of 90% and above dividend has been withdrawn which will be a significant hit on profitability of the Modaraba Sector.

2. Financial Highlights:

The summarized financial results for the year ended June 30, 2021 are as under:

	2021	2020
	------(Rupees)-----	
Income	39,984,156	34,558,002
Operating expenses	(6,814,935)	(5,487,863)
Depreciation of property and equipment-Ijarah	(25,513,881)	(23,574,586)
Operating profit	7,655,340	5,495,553
Other income	553,304	933,037
(Provision) / reversal for doubtful receivables	-	(772,282)
Profit before management fee	8,208,644	5,656,308
Management fee	(410,432)	-
Sales tax on management fee	(53,356)	-
Provision for worker's welfare fund	(154,897)	(113,126)
Profit before taxation	7,589,959	5,543,182
Taxation		
-Current	-	-
-Prior	-	-
Profit after taxation	7,589,959	5,543,182
Other comprehensive income	-	-
Total comprehensive income	7,589,959	5,543,182
Earnings per certificate - basic & diluted	0.76	0.55



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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, maintained the policy rate at 7% per annum, COVID-19 pandemic and stiff competition with Financial Institutions. The Modaraba's income increased by 15.70% from Rs. 34.558 million to Rs. 39.984 million compared to corresponding period of last year. The operating expenses increased by 24.181% from Rs. 5.487 million to Rs. 6.814 million, depreciation expenses increased due to addition of Ijarah Assets.

The Modaraba's profit after tax increased by 37% from Rs. 5.543 million to Rs. 7.589 million compared to corresponding period of last year. This was achieved mainly due to increase in disbursements and some portfolio alignment. The Earning Per Certificate has been worked out at Re. 0.76 as compared to the EPC of corresponding period of last year that was Re. 0.55.

The Popular Islamic Modaraba manages and monitors risk exposure very prudently. The 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.

The recent amendments in tax laws are a major setback for the Modaraba sector whereby the tax exemption on income of the Modaraba on declaration of 90% and above dividend has been withdrawn. The profitability in future periods will be impacted by this withdrawal.

4. Profit Distributions:

Due to pandemic of COVID-19 and lockdown of business. 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. 0.4034 per certificate of Rs.10/- each i.e 4.034%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2021.

5. Increase in Authorized Capital and Paid up Capital:

Subsequent to the period, the Modaraba has issued 4,000,000 certificates as "other than Right Certificate" at par value of Rs.10/- to the Management Company against the loan provided by it. Thereafter, the Paid-up Capital of Modaraba increased from Rs.100 million to Rs.140 million. The Management has decided to increase the Authorized Capital from Rs.140 million to Rs.200 million and inject further equity to enhance the business and profitability of Modaraba, subject to the approval of Securities and Exchange Commission of Pakistan.

6. 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



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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, 2021 is attached with the Annual Financial Statements which confirms that the Business of Modaraba is Shari'ah Compliant.

7. 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 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.
- International Financial Reporting Standards, as applicable to Modarabas in 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.
- 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, 2021 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



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Mr. Khurram Abdullah	4
Mr. Malik Juanid Emam	4
Mr. Kamran Husain Mughal	4
Mr. Muhammad Riaz	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.

8. Future outlook:

With the aim and strategy of growing with Shariah compliant businesses, we would keep exploring and opting high yield businesses. We trust that we would keep going as per our short and long term plans for the future and would endeavor to outperform our existing results with innovative approach that would result in better returns for the Certificate Holders. The current economic situation along with a very competitive environment for Islamic Financial Products has resulted a very challenging outlook for the Modaraba. The Management of your Modaraba is proactively studying available options which would best protect and preserve certificate holders' interest in the future. We are making all possible efforts to augment the system, and special emphasis is being placed on recoveries and careful risk assessment to safeguard any adverse impact in future. New products and services are being explored to enhance our business generating activities. We are fully geared to maintain this upward trend and Inshah Allah foresee to achieve better results and to regularly pay progressive rate of return to the certificate holders of the Modaraba in very near future.

For induction of quality customer base, it requires efficient services and competitive rates of profit. In order to compete with institutions offering Islamic base funding specially Islamic Commercial Banks, we need to offer highly competitive profit rates to keep good clientele.

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

10. External Auditors:

The existing auditors Messrs Baker Tilly Mehmood Idrees Qamar, 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, 2022 subject to the approval of Registrar Modaraba.



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11. 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, 2021 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

12. Statutory Reserves:

As per requirement of Rule 2 of Part III of Prudential Regulation for Modaraba as issued by the Securities and Exchange Commission of Pakistan, the Modaraba has transferred 20% of net profit to its Statutory Reserves.

13. Acknowledgments:

The Modaraba is thankful to the invaluable guidance and support of the Registrar Modarabas, the Securities & Exchange Commission of Pakistan, Pakistan Stock Exchange, NBFIs and Modaraba Association of Pakistan and all Staff Members of the Modaraba during the year, and looks forward to receiving the same in future as well.

for and on behalf of the Board.

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Muhammad Riaz
Chief Executive

Place: Karachi
Dated: September 27, 2021



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ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2021

پاپولر اسلامک مضاربتہ منجھت کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربتہ کی منجھت کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو، پوسٹ ڈائریکٹرز کی رپورٹ مع مضاربتہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2021 پیش کرتے ہیں۔

۱۔ معیشت اور کووڈ-۱۹ (COVID-19)

فروری ۲۰۲۰ کے بعد کووڈ-۱۹ وائرس کے تیزی سے پھیلاؤ کی وجہ سے پاکستان کی معاشی سرگرمیاں تھکنے کا شکار رہی ہیں، حکومت اور ریگولیٹرز ذمہ سے متاثر ہونے والی معیشت کی بحالی کے لیے کئی اقدامات کر رہے ہیں جو کہ ملک کی معاشی نمو کی کارکردگی میں جھٹکتے ہیں۔ ۲۰۲۱-۲۰۲۲ کا بجٹ ترقی پر مبنی بجٹ ہے، حکومت نے معاشی سرگرمیوں کو فروغ دینے کے لیے کئی ترغیبی اسکیمیں متعارف کرائی ہیں، بشمول ترقیاتی شعبے اور اس سے وابستہ صنعتوں کے لیے۔ مضاربتہ آج تک اپنے ملازمین کی صحت اور حفاظت کو اپنی اولین ترجیح کے طور پر برقرار رکھے ہوئے ہے اور کرنا کی وجہ سے عمل ناساتے تک ان حفاظتی اقدامات پر عملدرآمد کرتی رہے گی۔ ہمارے تمام عملے نے کرنا ویکسین کے دونوں انجکشن لگوائے ہیں۔

۲۔ نمایاں مالیاتی نتائج

برائے جون 2020	برائے جون 2021	
----- (روپے) -----		
34,558,002	39,984,156	آمدنی
(5,487,863)	(6,814,935)	آپریٹنگ اخراجات
<u>(23,574,586)</u>	<u>(25,513,881)</u>	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
5,495,553	7,655,340	آپریٹنگ منافع
933,037	553,304	دیگر آمدنی
(772,282)	-	مٹھوک وصولی کے خلاف فراہمی (بروڈیشن)
5,656,308	8,208,644	نفع قفل از منجھت فیس
-	(410,432)	منجھت فیس
-	(53,356)	منجھت فیس پر سیکورٹیکس
(113,126)	(154,897)	ڈرگز ویلفیئر فنڈ
5,543,182	7,589,959	نفع قفل از منجھت
-	-	ٹیکس
5,543,182	7,589,959	نفع بعد از ٹیکس
0.55	0.76	آمدنی فی سرٹیفکیٹ



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۳۔ کاروبار کا جائزہ

اللہ تعالیٰ کی مہربانی سے، زیر جائزہ مدت کے دوران معاشی ست روی، 7 فیصد پالیسی شرح، مالیاتی اداروں کے ساتھ سخت مسابقت اور کووڈ-19 کی تیزی سے پھیلنے والی وبا کے باوجود مضاربہ کی کارکردگی انتہائی شاندار رہی۔ اس مالی سال کے اختتام پر مضاربہ کی آمدنی 39.984 ملین روپے رہی۔ نفع قبل از منجمنت فیس 8.208 ملین روپے رہا جو کہ پچھلے سال 5.656 ملین روپے تھا۔ اس سال کا نالص منافع 7.589 ملین روپے رہا جبکہ پچھلے سال کا نالص منافع 5.543 ملین روپے تھا۔ اسکی بنیادی وجہ سرمایہ کاری میں اضافہ اور پورٹ فولیو کی ہم آہنگی ہے۔ ڈیپ سی ایٹن اخراجات میں اضافہ ہوا جسکی وجہ اجارہ میں زیادہ رہا کاروبار ہے۔ فی سرٹیکلیٹ آمدنی 0.76 پیسے رہی، جو پچھلے سال 0.55 تھی۔

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

ٹیکس قوانین میں حالیہ ترامیم مضاربہ سیکٹر کے لیے ایک بہت بڑا دھچکا ہے جس کے تحت مضاربہ کی آمدنی پر 90 فیصد اور اس سے زائد منافع کے اعلان پر ٹیکس چھوٹ واپس لے لی گئی ہے۔ مستقبل کے ادوار میں مضاربہ کا منافع اس ترمیم کی وجہ سے متاثر ہوگا۔

۳۔ نقد منافع کی تقسیم (مہتممہ منافع)

بورڈ نے 27 ستمبر 2021 کو منعقد ہونے والے اجلاس میں فیصلہ کیا کہ موجودہ کووڈ-19 کی وبا کی وجہ سے کاروباری سرگرمیاں معطل رہی ہیں لہذا سرٹیکلیٹ ہولڈرز کے فائدے کی خاطر منجمنت فیس صرف 5 فیصد لی جائے اور 10 روپے والے سرٹیکلیٹ پر 0.4034 پیسے (4.034%) فی سرٹیکلیٹ کے حساب سے نقد منافع مہتممہ (Cash Dividend) کی منظوری دی ہے۔ جو 30 جون 2021 کو ختم شدہ سال کے لئے زکوٰۃ اور محسولات کی کٹوتیوں (جہاں لاگو ہوگی) سے مشروط ہے۔

۵۔ Authorized Capital اور Paid-up Capital میں اضافہ

زیر جائزہ مدت کے اختتام کے بعد مضاربہ نے منجمنت کے دیے ہوئے لون کے بدلے اسے 4,000,000 کے سرٹیکلیٹ جاری کئے جس کے بعد مضاربہ کی Paid-up Capital 100 ملین سے بڑھ کر 140 ملین ہو گئی۔ منجمنت نے مزید فیصلہ کیا ہے کہ مضاربہ کی Authorized Capital 140 ملین سے بڑھا کر 200 ملین کی جائے اور مزید ایکویٹی ڈائل جانے تاکہ مستقبل میں مضاربہ کے کاروبار اور منافع میں اضافہ ہو۔ یہ ایس ای سی پی کی منظوری سے مشروط ہے۔

۶۔ شریعہ آڈٹ رپورٹ:

مضاربہ اپنے شریعہ ایڈوائزر مفتی محمد ابراہیم عیسیٰ سربراہ اہمڈ شریعہ ایڈوائسری سروس (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 کو یقینی بنانے کیلئے اندرونی شریعہ آڈیٹر مضاربہ کے روزمرہ کے کاموں کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعہ رپورٹ برائے سال 30 جون 2021 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ بتاتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۷۔ 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:

ڈائریکٹریہ تصدیق کرتے ہیں کہ:



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- ۶۱ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے جس میں تمام معمولات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریٹرز، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔
- ۶۲ مضاربہ کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- ۶۳ 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 دائرہ مشورہ فیصلے کئے گئے ہیں۔
- ۶۴ مالیاتی اسٹیٹمنٹ، پاکستان میں مضاربہ پر لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی بنیاد پر تیار کئے گئے ہیں۔
- ۶۵ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔
- ۶۶ مضاربہ مالی طور پر بے حد مستحکم ہے اور موثر طور پر تمام پالیسیوں کا نفاذ اور نگرانی کی جاتی ہے۔
- ۶۷ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے اور اس سلسلے میں کوئی قابل تفتیش بات نہیں۔
- ۶۸ بورڈ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں موثر رہا ہے۔
- ۶۹ 30 جون 2021 کی تاریخ پر ٹیکسز، ڈیویڈنڈ، محصولات اور چارجز کی مد میں کوئی قانونی ادائیگی واجب الادا نہیں ہے، سوائے اس کے جس کو مالیاتی اسٹیٹمنٹ میں ظاہر کیا گیا ہے۔
- ۷۰ 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 منٹل	4
جناب محمد ریاض	4

- ۷۱ سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ ہولڈنگ کا طرز اس سالانہ رپورٹ کے ساتھ منسلک ہے۔
- ۷۲ اس سال کے دوران ڈائریکٹرز سی ای او، سی ایف او، کمپنی مینیجر، ان کے شریک حیات اور بچوں نے مضاربہ کے سرٹیفکیٹ میں کسی قسم کا لین دین نہیں کیا۔

۸۔ مستقبل کا مختصر ماحولہ

مضاربہ کی انتظامیہ ان تمام مسائل کو جو مضاربہ کے حصول کے سلسلے میں درپیش تھے، حل کرنے میں کامیاب رہا ہے۔ شریعت کے مطابق کاروبار کے ذریعے ترقی کرنے کے مقصد اور حکمت عملی کے ساتھ ہم آہنگی پیدا واری اور منافع بخش کاروبار کی تلاش اور جستجو کرتے رہے گئے۔ 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۔ خصوصی طور پر وصولی اور مستقبل میں کسی بھی منفی اثر کی حفاظت اور خطرے کی تشخیص کیلئے انتظام کر رہے ہیں۔ کاروباری سرگرمیوں کو بڑھانے کیلئے نئی پروڈکٹس اور سروسز کو بھی تلاش کیا جا رہا ہے۔ اس کے علاوہ مزید ایکویٹی ڈالنے اور کسی دوسرے مضاربہ کے حصول کی بھی کوشش کی جا رہی ہے۔ اللہ ہم سے اس اضافہ کے رجاں کو برقرار رکھیں گے اور مستقبل میں اپنے سرٹیفکیٹ ہولڈرز کو باقاعدگی سے منافع بھی ادا کرتے رہیں گے۔



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معیاری کلائیٹ کے اطمینان کے لئے ضروری ہے کی ہم بہترین خدمات اور مسابقتی منافع کی شرح برقرار رکھیں تاکہ بڑے اسلامی مالیاتی اداروں سے مسابقت ہو سکے، ہمیں اچھے کلائیٹ کو برقرار رکھنے کیلئے مسابقتی شرح منافع پیش کرنے کی ضرورت ہے۔

۹۔ سرٹیفکیٹ ہولڈرز کا کردار:

بورڈ کا مقصد مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کے معاملات، انہم 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۔

۱۰۔ بیرونی آڈیٹ:

حالیہ آڈیٹ میسرز ربارتلی محمود اور ایس قمر چارڈ ڈا کاؤٹینٹس نے مالی سال 30 جون 2022 کیلئے اپنی تقرری کیلئے دلچسپی ظاہر کی لہذا بورڈ آف ڈائریکٹرز نے رجسٹرار آف مضاربہ کیٹیز اور مضاربہ جات کی منظوری سے مشرور آڈیٹ مقرر کرنے کی منظوری دے دی ہے۔

۱۱۔ 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 عمل طور پر عمل کیا ہے سوائے ان چند نکات کے جو اسٹیٹمنٹ آف گمپلائنس میں واضح کئے گئے ہیں۔

۱۲۔ قانونی ذخائر:

مضاربہ کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ پروڈینشل ریگولیشن کے حصہ ۳ کے رول ۲ کے مطابق مضاربہ نے اس سال ۲۰ فیصد اپنے خالص منافع سے قانونی ذخائر میں منتقل کر دیا ہے

۱۳۔ اعتراف:

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

منجانب بورڈ

محمد ریاض

چیف ایگزیکٹو

۲۷ ستمبر ۲۰۲۱



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

Name of Company: POPULAR ISLAMIC MODARABA
Year ending: June 30, 2021

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

1. The total number of directors are 6 (six) as per the following:
 - a. Male: 6 (six)
 - b. *Female: 0 (zero)

2. 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 Mr. Muhammad Riaz - Chief Executive Officer (deem to be Director)

* Profiles of some potential candidates are under consideration to induct Lady Director as Non-Executive Independent Director to meet the requirement of Reg. 6 and 7.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. 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;
5. 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;
6. 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;



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7. 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;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
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. Muhammad Riaz (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. Haroon Zakaria & Company, Chartered Accountant 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



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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;

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, 8, 27, 32, 33 and 36 of the Regulations have been complied with except Regulation 6 and 7; and
19. Explanation for the non-compliance with the requirement, other than Regulations 3, 6, 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. Haroon Zakaria & Co. Chartered Accountant and designated an existing employee who is commerce graduate having 7 years' experience with the Modaraba, as coordinator between firm providing internal audit services and the Board.

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Mr. Imamuddin Shouqeen

Chairman

Dated: September 27, 2021



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**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, 2021 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 part of our audit of the financial statements, we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' 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 require 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. We have not carried out procedures to assess and determine the Modaraba Management Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.



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Based on our review, except for the non-compliance with Regulation nos. 6 and 7 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, 2021.

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

Engagement Partner: Mehmood A. Razzak

Karachi.

Date:



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AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **POPULAR ISLAMIC MODARABA** (the Modaraba) as at June 30, 2021 and the related statement of profit or loss and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (*here in after 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 purposes 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 accounts 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 the Modaraba Companies and Modaraba Rules, 1981;



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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 accounts and 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.
- 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 other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof confirm with the approved accounting standards as applicable in Pakistan and give the information required by the Modabara Companies and 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 Modaraba's affairs as at June 30, 2021 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).

Engagement Partner: Mehmood A. Razzak

Karachi.

Date:



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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Annual Shariah Advisor's Report

For the period ended June 30, 2021

We have reviewed the affairs of Popular Islamic Modaraba managed by Popular Modaraba Management Company (Private) Limited for the year ended June 30, 2021. Based on our review, the following were the major activities / developments in respect of Shariah that took place during this period:

BANK ACCOUNTS:

For investment and operational purposes, Modaraba is operating the Bank accounts maintained with Islamic Banks.

FRESH DISBURSEMENTS:

Modaraba has disbursed Ijarah, Diminishing Musharakah and Murabaha Financing Facilities to different clients. We confirm that, all Documentation, Contracts are Shariah compliant and have been executed on the formats as approved by the Shariah Advisor.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES:

The Modaraba don't hold shares of any listed/unlisted company or units of any mutual fund(s).

TAKAFUL:

For risk mitigation, the Modaraba effectively adopted and maintained Takaful coverage(s) with Takaful companies and did not obtain any coverage(s) from conventional insurance companies.

CHARITY:

Modaraba has received some charity amount on account of late payment which has been transferred into separate Charity Account, and donated to a Charitable Organization subsequent to the period.

OBSERVATION:

Nil

RECOMMENDATION:

Nil

CONCLUSION:

The Management of Popular Islamic Modaraba has effectively shown its sincerity to comply with Shariah Rulings in its true spirit, therefore, we are of the view that the business operations of Popular Islamic Modaraba are Shariah Compliant up to the best of our knowledge.

Mufti Muhammad Ibrahim Essa
CEO & Director
Alhamd Shariah Advisory Services (Private) Limited
September 20, 2021

Mufti Ubaid ur Rahman Zubairi
Director





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POPULAR ISLAMIC MODARABA
BALANCE SHEET
AS AT JUNE 30, 2021

ASSETS	Note	2021 Rupees	2020 Rupees
Non-Current Assets			
Property and equipment - owned	5	80,689	37,844
Property and equipment - Ijarah	6	22,559,434	48,812,639
Long term murabaha finance	7	-	1,449,310
Long term Investment-diminishing musharaka	8	36,313,699	44,454,026
		58,953,822	94,753,819
Current Assets			
Short term murabaha finance	7	38,831,773	22,703,821
Current portion of diminishing musharaka	8	13,479,037	5,009,086
Advances and other receivables	9	10,289,573	4,953,794
Cash and bank balances	10	7,948,500	4,536,119
		70,548,883	37,202,820
		129,502,705	131,956,639
EQUITY AND LIABILITIES			
Authorized Certificate Capital			
14,000,000 (2020: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate Holders' Equity			
Certificate capital	11	100,000,000	100,000,000
Statutory reserve	12	21,381,181	19,863,189
Accumulated losses		(29,702,292)	(31,739,259)
		91,678,889	88,123,930
LIABILITIES			
Non-Current Liabilities			
Security deposits against Ijarah		2,684,900	2,902,510
Deferred liability		1,401,130	1,023,222
		4,086,030	3,925,732
Current Liabilities			
Accrued and other liabilities	13	1,303,478	956,425
Current portion of security deposit against Ijarah		2,273,050	9,561,120
Provision for taxation		14,980	14,980
Undaunted profit distribution		1,674,373	1,366,335
Loan from management company	14	28,000,000	28,000,000
Management fee payable		418,549	8,117
Sales tax on management fee		53,356	-
		33,737,786	39,906,977
Contingencies and Commitments			
	15	-	-
		129,502,705	131,956,639

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director



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POPULAR ISLAMIC MODARABA
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Income	16	39,984,156	34,558,002
Operating expenses	17	(6,814,935)	(5,487,863)
Depreciation of property and equipment-ljarah	6	(25,513,881)	(23,574,586)
		(32,328,816)	(29,062,449)
Other income	18	553,304	933,037
(Provision) / reversal for doubtful receivables	7	-	(772,282)
Profit before management fee		8,208,644	5,656,308
Management fee		(410,432)	-
Sales tax on management fee		(53,356)	-
Provision for worker's welfare fund		(154,897)	(113,126)
		(618,685)	(113,126)
Profit before taxation		7,589,959	5,543,182
Taxation			
- Current	19	-	-
- Prior		-	-
		-	-
Profit after taxation		7,589,959	5,543,182
Other comprehensive income		-	-
Total comprehensive income		7,589,959	5,543,182
Earnings per certificate - basic & diluted	20	0.76	0.55

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director



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**POPULAR ISLAMIC MODARABA
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021**

	Certificate Capital	Statutory Reserves	Accumulated Losses	Total
----- Rupees -----				
Balance as at July 01, 2019	100,000,000	18,754,553	(32,693,805)	86,060,748
Total comprehensive income for the year	-	-	5,543,182	5,543,182
Transferred to statutory reserves at 20%	-	1,108,636	(1,108,636)	-
Transaction with Certificate Holders				
Profit distribution for the year ended June 30, 2019 at Re. 0.348 (3.48%) per certificate	-	-	(3,480,000)	(3,480,000)
Balance as at June 30, 2020	100,000,000	19,863,189	(31,739,259)	88,123,930
Total comprehensive income for the year	-	-	7,589,959	7,589,959
Transferred to statutory reserves at 20%	-	1,517,992	(1,517,992)	-
Transaction with Certificate Holders				
Profit distribution for the year ended June 30, 2020 at Re. 0.404 (4.04%) per certificate	-	-	(4,035,000)	(4,035,000)
Balance as at June 30, 2021	100,000,000	21,381,181	(29,702,292)	91,678,889

* In accordance with the Prudential Regulations for Modarabas, 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 31 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director



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POPULAR ISLAMIC MODARABA
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	2021	2020
Note	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	7,589,959	5,543,182
Adjustments for non cash items:		
(Gain) on disposal of investments	(266,902)	(275,584)
Depreciation of property and equipment-owned	21,155	8,751
Provision for worker's welfare fund	154,897	113,126
Provision for gratuity	377,908	243,929
Provision / (reversal) for doubtful receivables	-	772,282
Depreciation of property and equipment-Ijarah	<u>25,513,881</u>	<u>23,574,586</u>
	33,390,898	29,980,272
Increase in current assets		
Advances and other receivables	(5,302,232)	(1,836,336)
Increase / (decrease) in current liabilities		
Accrued and other liabilities	192,156	174,280
Management fee payable	410,432	(558,415)
Sales tax on management fee	53,356	(72,594)
Cash generated from operations	<u>28,744,610</u>	<u>27,687,207</u>
Taxes paid	(33,547)	(52,063)
Net cash generated from operating activities	<u>28,711,063</u>	<u>27,635,144</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property and equipment - owned	(64,000)	(30,825)
Additions in property and equipment - Ijarah	(8,479,500)	(53,792,500)
Disposal of property and equipment-Ijarah	9,218,824	2,565,184
Security deposit from Ijarah	(7,505,680)	6,040,450
Investment in diminishing musharakah	(62,722)	5,771,053
Investment in Murabaha finance	(14,678,642)	2,240,074
Net cash used in investing activities	<u>(21,571,720)</u>	<u>(37,206,564)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan from management company	-	3,000,000
Dividend paid	(3,726,962)	(3,098,314)
Net cash used in financing activities	<u>(3,726,962)</u>	<u>(98,314)</u>
Net increase / (decrease) in cash and cash equivalents	<u>3,412,381</u>	<u>(9,669,734)</u>
Cash and cash equivalents at the beginning of the year	4,536,119	14,205,853
Cash and cash equivalents at the end of the year	<u>10</u> <u>7,948,500</u>	<u>4,536,119</u>

The annexed notes from 1 to 31 form an integral part of these financial statements.

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

Chief Executive Officer

Chief Financial Officer

Director

Director



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**POPULAR ISLAMIC MODARABA
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021**

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, Chapal 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 also under consideration of Management. In addition to this, the Management is also scrolling venture to enter in Housing Finance.

2. STATEMENT OF COMPLIANCE

- 2.1** These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Act, 2017, Islamic Financial Accounting Standards (IFASs) issued by the Institute of Chartered Accountant of Pakistan, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981 and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) and directives issued by the SECP differ with the requirements of IFRSs, the requirements of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Islamic Financial Accounting Standards (IFASs) or the directives issued by SECP prevail.

2.2 New and amended standards and interpretations

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

There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for accounting periods beginning on or after July 01, 2020. However, these do not have any significant impact on the Modaraba's financial statements.

2.2.2 Standards, interpretations and amendments to published approved accounting standards that are effective but not relevant

There are certain amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2020 are considered not to be relevant for the Modaraba's financial statements and hence have not been detailed here.

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

The new standard, certain amendments and interpretations that are mandatory for accounting periods beginning on or after July 01, 2021 are considered not to be relevant for the Modaraba's financial statements and hence have not been detailed here.



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3. USE OF 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	4.4, 5 & 6
b) Classification of investments	5.5
b) Income tax	4.3
c) Provision for non performing assets	4.12 & 7
d) Provision for gratuity	4.10

4. SIGNIFICANT ACCOUNTING POLICIES

4.1 Accounting Convention

These financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

4.2 Accrual Basis of Accounting

These financial statements except cash flow information, have been prepared under the accrual basis of accounting.

4.3 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. For items covered under final tax regime, provision is made according to the final tax rate provided in the Income Tax Ordinance, 2001. The income of Modaraba other than trading income is exempt from tax under Clause 100 of Part I of the Second Schedule to the Income Tax Ordinance, 2001. Provided that not less than 90% of its total profits in the year as reduced by the amount transferred to a mandatory reserve, as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 or the rules made thereunder, as are distributed amongst the certificate holders.

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 it 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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4.4 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.

4.5 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



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gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

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 of 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.



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4.6 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.

4.7 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.

4.8 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.

4.9 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.

4.10 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.

4.11 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 / Modaraba/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.



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4.12 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.

4.13 Related Party Transactions

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

4.14 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.

4.15 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.

5. PROPERTY AND EQUIPMENT - OWNED

	Furniture and fixture	Office Equipment	Computer Equipment	Total
----- Rupees -----				
As at June 30, 2019				
Cost	32,700	42,150	16,300	91,150
Accumulated depreciation	(16,930)	(42,150)	(16,300)	(75,380)
Net Book Value	15,770	-	-	15,770
Year ended June 30, 2020				
Opening net book value	15,770	-	-	15,770
Additions (at cost)	-	30,825	-	30,825
Depreciation charge for the year	(4,905)	(3,846)	-	(8,751)
Net Book Value	10,865	26,979	-	37,844
As at June 30, 2020				
Cost	32,700	72,975	16,300	121,975
Accumulated depreciation	(21,835)	(45,996)	(16,300)	(84,131)
Net Book Value	10,865	26,979	-	37,844
Year ended June 30, 2021				
Opening net book value	10,865	26,979	-	37,844
Additions (at cost)	-	64,000	-	64,000
Depreciation charge for the year	(4,549)	(16,606)	-	(21,155)
Net Book Value	6,316	74,373	-	80,689



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As at June 30, 2021

Cost	32,700	136,975	16,300	185,975
Accumulated depreciation	(26,384)	(62,602)	(16,300)	(105,286)
Net Book Value	6,316	74,373	-	80,689
Rate of depreciation	15%	33%	33%	

6. PROPERTY AND EQUIPMENT - IJARAH

	Vehicles	Equipment	Total
	----- Rupees -----		
As at June 30, 2019			
Cost	30,525,800	11,550,000	42,075,800
Accumulated depreciation	(14,081,817)	(6,834,074)	(20,915,891)
Net Book Value	16,443,983	4,715,926	21,159,909
Year ended June 30, 2020			
Opening net book value	16,443,983	4,715,926	21,159,909
Additions (at cost)	38,792,500	15,000,000	53,792,500
Disposal			
Cost	(8,469,000)	(1,150,000)	(9,619,000)
Accumulated depreciation	5,938,317	1,115,499	7,053,816
	(2,530,683)	(34,501)	(2,565,184)
Depreciation charge for the year	(9,381,019)	(14,193,567)	(23,574,586)
Net Book Value	43,324,781	5,487,858	48,812,639
As at June 30, 2020			
Cost	60,849,300	25,400,000	86,249,300
Accumulated depreciation	(17,524,519)	(19,912,142)	(37,436,661)
Net Book Value	43,324,781	5,487,858	48,812,639
Year ended June 30, 2021			
Opening net book value	43,324,781	5,487,858	48,812,639
Additions (at cost)	8,479,500	-	8,479,500
Disposal			
Cost	(37,050,800)	(15,000,000)	(52,050,800)
Accumulated depreciation	29,331,976	13,500,000	42,831,976
	(7,718,824)	(1,500,000)	(9,218,824)
Depreciation charge for the year	(22,458,319)	(3,055,562)	(25,513,881)
Net Book Value	21,627,138	932,296	22,559,434
As at June 30, 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	21,627,138	932,296	22,559,434



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7. MURABAHA FINANCE - SECURED	Note	2021 Rupees	2020 Rupees
Considered good - Performing	7.1	32,731,952	22,722,731
Considered doubtful - Non-performing		6,872,103	2,202,682
		39,604,055	24,925,413
Provision against non-performing Murabaha finance		(772,282)	(772,282)
Less: Current portion of murabaha finance		(38,831,773)	(22,703,821)
		<u>-</u>	<u>1,449,310</u>

7.1 The profit rates on these murabaha arrangements ranges between 10.00% and 11.17% (2020: 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.

8. DIMINISHING MUSHARAKA	Note	2021 Rupees	2020 Rupees
Investment - diminishing musharaka	8.1	49,792,736	49,463,112
Less: Current portion of diminishing musharaka		(13,479,037)	(5,009,086)
		<u>36,313,699</u>	<u>44,454,026</u>

8.1 The profit rates on these diminishing musharaka arrangements range between 10.30% and 12.50% (2020: 9.36% and 16.6%). Diminishing musharaka arrangements are secured by way of Modaraba's title over underlying assets and demand promissory notes.

9. ADVANCES AND OTHER RECEIVABLES	Note	2021 Rupees	2020 Rupees
Advances		4,739,912	2,761,001
Loan to employees	9.1	1,845,051	-
Profit / rental receivable		3,194,231	1,715,961
Other receivable		108,354	108,354
Advance tax		402,025	368,478
		<u>10,289,573</u>	<u>4,953,794</u>

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	Note	2021 Rupees	2020 Rupees
Cash in hand		59,298	35,568
Cash at bank:			
- Deposit accounts	10.1	7,106,756	4,016,202
- Dividend account		689,723	381,685
- Balances with State Bank of Pakistan		92,723	102,664
		7,889,202	4,500,551
		<u>7,948,500</u>	<u>4,536,119</u>



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10.1 Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 1.38% to 2.85% (2020: 3.75% to 3.8%) per annum.

11. CERTIFICATE CAPITAL		Note	2021 Rupees	2020 Rupees
2021	2020			
Number of Certificates				
<u>10,000,000</u>	<u>10,000,000</u>	Modaraba certificates of Rs. 10 each fully paid-up in cash	<u>100,000,000</u>	<u>100,000,000</u>

12. STATUTORY RESERVE			2021 Rupees	2020 Rupees
Balance at beginning of the year			19,863,189	18,754,553
Transferred during the year from profit and loss account		12.1	1,517,992	1,108,636
			<u>21,381,180</u>	<u>19,863,189</u>

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		Note	2021 Rupees	2020 Rupees
Accrued expenses			190,400	359,474
Withholding tax payable			5,715	6,915
Worker's welfare fund			154,897	458,083
Other liabilities			952,466	131,953
			<u>1,303,478</u>	<u>956,425</u>

14. LOAN FROM MANAGEMENT COMPANY		Note	2021 Rupees	2020 Rupees
		14.1	<u>28,000,000</u>	<u>28,000,000</u>

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. Subsequent to the financial year end, the Management Company provided additional loan of Rs. 12 million to the Modaraba resulting in total loan to Rs. 40 million. On August 04, 2021, the Securities and Exchange Commission of Pakistan (SECP) vide its circular no SC/M/PRDD/Popular/2021-MS-26/39 gives approval to convert this loan into equity by issuance of other than Right Certificate at Par value of Rs. 10/- per certificate. The procedure of conversion of loan into equity has been completed subsequent to the close of financial year by depositing 4,000,000 certificates in CDC Investor Account of Management Company on August 27, 2021. After the issuance of 4,000,000 certificates, the Paid-up capital of Modaraba increased from Rs. 100 million to Rs. 140 million and Certificate Capital from 10 million certificates to 14 million certificates.

15. CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments at the end of year.

During the year, the Modaraba received a demand order by DCIR dated November 30, 2020 under section 122(1) of the Income Tax Ordinance, 2001 creating a demand of Rs. 31,924,536 pertaining to tax year 2016. The Modaraba filed an appeal against the said demand order dated December 17, 2020 before Commissioner Inland Revenue (Appeal - III) Karachi, which was dismissed as against the Modaraba. Further, the Modaraba filed revised appeal before Appellate Tribunal Inland Revenue through letter reference no. ITA No. 245/KB-2021 and, in pursuance thereof the Modaraba was granted stay against recovery proceeding vide M.A stay no. 185/KB-2021. Currently, the stay (next date of hearing) is valid till September 28, 2021. The Management of the Modaraba, in consultation with its advisors is confident that the decision / outcome will be in favour of the Modaraba.



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16. INCOME	Note	2021	2020
		Rupees	Rupees
Income on Murabaha		2,819,248	2,925,930
Income on Modaraba		-	-
Income on Ijarah		31,482,537	24,942,796
Income on Diminishing Musharaka		5,682,371	6,689,276
		39,984,156	34,558,002
17. OPERATING EXPENSES			
Salaries, wages and other benefits	17.1	3,278,022	3,121,264
Auditors' remuneration	17.2	185,000	185,000
CDC charges / registrar services		457,254	448,441
Computer software charges		55,000	30,000
Postage and delivery		3,740	315
Printing and stationery		129,365	123,413
Fees and subscription		660,621	673,582
Legal and professional fee		887,920	299,200
Repair and maintenance		389,930	65,377
Travelling and conveyance		64,480	79,550
Advertisement		46,350	45,500
Telecommunication		330,130	272,100
Entertainment		93,275	56,390
Bank charges		10,393	18,980
Depreciation of property and equipment-owned	5	21,155	8,751
Professional tax		202,300	60,000
		6,814,935	5,487,863

17.1 Remuneration of officers and other employees

	2021		2020	
	Officers	Other employees	Officers	Other employees
	----- Rupees -----			
Salaries and allowances				
Basic salary	830,716	913,907	985,444	727,626
Allowances	415,358	456,953	492,722	363,812
	1,246,074	1,370,860	1,478,166	1,091,438
Number of employees	2	3	2	3

17.2 Auditors' remuneration

	Note	2021	2020
		Rupees	Rupees
Audit fee		135,000	135,000
Out of pocket		10,000	10,000
Half year review		40,000	40,000
		185,000	185,000



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18. OTHER INCOME

Profit on deposit accounts	18.1	223,648	520,632
Gain on early termination of Musharaka		266,902	275,584
Other income - processing fee		62,754	136,821
		<u>553,304</u>	<u>933,037</u>

18.1 These are earned under a Shariah permissible arrangement.

19. TAXATION

As per the Second Schedule to the Income Tax Ordinance, 2001, the income of a non-trading modaraba is exempt from income tax provided that not less than ninety percent of their profits for the year as reduced by the amount transferred to statutory (mandatory) reserves are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note no. 28, no provision for taxation has been made in these financial statements.

20. EARNINGS PER CERTIFICATE- BASIC & DILUTED

	2021	2020
Profit after taxation	7,589,959	5,543,182
Weighted average number of certificates	10,000,000	10,000,000
	<u>0.76</u>	<u>0.55</u>

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:

Nature of transactions	Relationship with the Co.	2021 Rupees	2020 Rupees
Management fee- payment during the year	Management company	-	558,415
Gratuity expense	Gratuity scheme	377,908	243,929
Balance as at the year end			
Loan payable to modaraba management company	Management company	28,000,000	28,000,000
Payable to modaraba management company	Management company	418,549	8,117
Gratuity payable	Gratuity scheme	1,401,130	1,023,222

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



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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, 2021 is the carrying amount of the financial assets as set out below:

Business	2021	2020
	Rupees	Rupees
Murabaha finance	38,831,773	24,153,131
Diminishing musharaka	49,792,736	49,463,112
Advances and other receivables	8,042,497	4,585,316
Cash and bank balances	7,948,500	4,536,119
	104,615,506	82,737,678

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	2021		2020	
	Rupees	%	Rupees	%
Cargo, trading and distribution	11,215,000	32.79	36,400,000	42.20
Investment companies, firms & bank	-	-	4,816,000	5.58
Individual	10,483,500	30.65	28,808,300	33.40
Hotels and resorts	12,500,000	36.56	16,225,000	18.82
	34,198,500	100	86,249,300	100

Segment by class of business of Diminishing Musharaka and Murabaha

	2021		2020	
	Rupees	%	Rupees	%
Diminishing Musharaka				
Hotels and resorts	3,961,148	7.96	4,201,216	8.49
Investment companies, firms & bank	34,540,716	69.37	36,181,983	73.15
Individuals	11,290,872	22.68	9,079,913	18.36
	49,792,736	100	49,463,112	100
Murabaha				
Manufacturers and Exporters	2,500,000	6.31	1,350,000	5.42
Spare parts manufacturers	14,990,600	37.85	12,676,880	50.86
Individual	22,113,455	55.84	10,898,533	43.72
	39,604,055	100	24,925,413	100



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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 Long Term	Rating Agency	2021 Rupees	2020 Rupees
Al-Baraka Bank Limited	A+	JCR - VIS	<u>7,796,479</u>	<u>4,397,887</u>

22.4 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Prudential Regulations for Modarabas is as follows:

	As at June 30, 2021				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Murabaha Finance - Secured	1,349,310	-	-	5,522,793	6,872,103
	<u>1,349,310</u>	<u>-</u>	<u>-</u>	<u>5,522,793</u>	<u>6,872,103</u>
	As at June 30, 2020				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Murabaha Finance - Secured	-	-	-	2,202,682	2,202,682
	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,202,682</u>	<u>2,202,682</u>

22.5 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.

	2021			Total
	Upto one year	One year to five years	Over five years	
	----- Rupees -----			
Financial assets				
Murabaha finance	38,831,773	-	-	38,831,773
Diminishing musharaka	13,479,037	36,313,699	-	49,792,736
Advances and other receivables	9,887,548	-	-	9,887,548
Cash and bank balances	7,948,500	-	-	7,948,500
	<u>70,146,858</u>	<u>36,313,699</u>	<u>-</u>	<u>106,460,557</u>
Financial liabilities				
Deferred liability	-	1,401,130	-	1,401,130
Loan from management company	28,000,000	-	-	28,000,000
Accrued and other liabilities	1,303,478	-	-	1,303,478
Unclaimed profit distribution	1,674,373	-	-	1,674,373



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Management fee payable	418,549	-	-	418,549
Sales tax on management fee	53,356	-	-	53,356
	31,449,755	1,401,130	-	32,850,886
On-balance sheet gap	38,697,102	34,912,569	-	73,609,671

	2020			Total Rupees
	Upto one year	One year to five years	Over five years	
	Rupees	Rupees	Rupees	
Financial assets				
Murabaha finance	22,703,821	1,499,310	-	24,153,131
Diminishing musharaka	5,009,086	44,454,026	-	49,463,112
Advances and other receivables	4,585,316	-	-	4,585,316
Cash and bank balances	4,536,119	-	-	4,536,119
	36,834,342	45,953,336	-	82,737,678
Financial liabilities				
Deferred liabilities	-	1,023,222	-	1,023,222
Loan from management company	28,000,000	-	-	28,000,000
Accrued and other liabilities	956,425	-	-	956,425
Unclaimed profit distribution	1,366,335	-	-	1,366,335
Management fee payable	8,117	-	-	8,117
sales tax on management fee	-	-	-	-
	30,330,877	1,023,222	-	31,354,099
On-balance sheet gap	6,503,465	44,930,114	-	51,383,579

22.6 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. 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.



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23.1 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).

23.2 Financial instruments by category	2021 Rupees	2020 Rupees
Amortised Cost		
Diminishing musharaka	49,792,736	49,463,112
Murabaha finance	38,831,773	24,153,131
Advances and other receivables	9,887,548	4,585,316
Cash and bank balances	7,948,500	4,536,119
	106,460,557	82,737,678
Financial liabilities		
Financial liabilities at amortised cost		
Deferred liability	1,401,130	1,023,222
Loan from management company	28,000,000	28,000,000
Accrued and other liabilities	1,303,478	956,425
Unclaimed profit distribution	1,674,373	1,366,335
Management fee payable	418,549	8,117
Sales tax on management fee	53,356	-
	32,850,886	31,354,099
	73,609,671	51,383,579

23.3 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.

26. 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:



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24. 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:

2021	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%	38,831,773	-	38,831,773	-	-	-	38,831,773
Diminishing Musharaka Finance	10.30% - 12.5%	13,479,037	36,313,699	49,792,736	-	-	-	49,792,736
Advances and other receivables		-	-	-	9,887,548	-	9,887,548	9,887,548
Cash and bank balances	1.38% - 2.85%	7,106,756	-	7,106,756	841,744	-	841,744	7,948,500
	(A)	59,417,566	36,313,699	95,731,265	10,729,292	-	10,729,292	106,460,557
Financial liabilities								
Loan from Management company		-	-	-	28,000,000	-	28,000,000	28,000,000
Deferred liability		-	-	-	-	1,401,130	1,401,130	1,401,130
Accrued and other liabilities		-	-	-	1,303,478	-	1,303,478	1,303,478
Unclaimed profit distribution		-	-	-	1,674,373	-	1,674,373	1,674,373
Management fee payable		-	-	-	418,549	-	418,549	418,549
Sales tax on management fee		-	-	-	53,356	-	53,356	53,356
	(B)	-	-	-	31,449,756	1,401,130	32,850,886	32,850,886
Total yield / profit risk sensitivity gap	(A)-(B)	59,417,566	36,313,699	95,731,265	(20,720,464)	(1,401,130)	(22,121,594)	73,609,671



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2020	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%	22,703,821	1,449,310	24,153,131	-	-	-	24,153,131
Diminishing musharaka finance	9.36% - 16.6%	5,009,086	44,454,026	49,463,112	-	-	-	49,463,112
Advances and other receivables		-	-	-	4,585,316	-	4,585,316	4,585,316
Cash and bank balances	3.75% - 3.8%	4,016,202	-	4,016,202	519,917	-	519,917	4,536,119
	(A)	31,729,109	45,903,336	77,632,445	5,105,233	-	5,105,233	82,737,678
Financial liabilities								
Loan from Management company		-	-	-	28,000,000	-	28,000,000	28,000,000
Deferred liability		-	-	-	-	1,023,222	1,023,222	1,023,222
Accrued and other liabilities		-	-	-	956,425	-	956,425	956,425
Unclaimed profit distribution		-	-	-	1,366,335	-	1,366,335	1,366,335
Management fee payable		-	-	-	8,117	-	8,117	8,117
	(B)	-	-	-	30,330,877	1,023,222	31,354,099	31,354,099
Total yield / profit risk sensitivity gap	(A)-(B)	31,729,109	45,903,336	77,632,445	(25,225,643)	(1,023,222)	(26,248,865)	51,383,579

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



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25. INFORMATION ABOUT BUSINESS SEGMENTS

Description	June 30, 2021				
	Diminishing Musharaka	Ijarah	Murabaha	Others	Total
----- Rupees -----					
Segment revenues	5,682,371	31,482,537	2,819,248	553,304	40,537,460
Segment Results					
Segment income	5,682,371	31,482,537	2,819,248	553,304	40,537,460
Operating expenses	(955,289)	(5,292,671)	(473,956)	(93,019)	(6,814,935)
Depreciation - Ijarah	-	(25,513,881)	-	-	(25,513,881)
Provision against Morabaha	-	-	-	-	-
Workers' welfare fund	-	-	-	(154,897)	(154,897)
Segment results	4,727,082	675,985	2,345,292	305,388	8,053,747
Other Information					
Fresh disbursements	9,069,500	8,479,500	68,070,510	-	85,619,510
Depreciation	-	(25,513,881)	-	-	(25,513,881)
Assets and Liabilities					
Segment assets	49,792,736	22,559,434	38,831,773	10,289,573	121,473,516
Unallocated assets	-	-	-	8,029,189	8,029,189
Total segment assets	49,792,736	22,559,434	38,831,773	18,318,762	129,502,705
Segment liabilities					
Security deposits	-	4,957,950	-	-	4,957,950
Loan from management company	-	-	-	28,000,000	28,000,000
Unallocated liabilities	-	-	-	4,865,866	4,865,866
Total segment liabilities	-	4,957,950	-	32,865,866	37,823,816
Total net assets					91,678,889



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Description	June 30, 2020				
	Diminshing Musharaka	Ijarah	Murabaha	Others	Total
	----- Rupees -----				
Segment revenues	6,689,276	24,942,796	2,925,930	933,037	35,491,039
Segment Results					
Segment income	6,689,276	24,942,796	2,925,930	933,037	35,491,039
Operating expenses	(1,034,341)	(3,856,823)	(452,427)	(144,272)	(5,487,863)
Depreciation - Ijarah	-	(23,574,586)	-	-	(23,574,586)
Provision against Morabaha	-	-	-	(772,282)	(772,282)
Workers' welfare fund	-	-	-	(113,126)	(113,126)
Segment results	5,654,935	(2,488,613)	2,473,503	(96,644)	5,543,182
Other Information					
Fresh disbursements	10,468,800	53,792,500	46,864,251	-	111,125,551
Depreciation	-	(23,574,586)	-	-	(23,574,586)
Assets and Liabilities					
Segment assets	49,463,112	48,812,639	24,153,131	4,953,794	127,382,676
Unallocated assets	-	-	-	4,573,963	4,573,963
Total segment assets	49,463,112	48,812,639	24,153,131	9,527,757	131,956,639
Segment liabilities					
Security deposits	-	12,463,630	-	-	12,463,630
Loan from management company	-	-	-	28,000,000	28,000,000
unallocated liabilities	-	-	-	3,369,079	3,369,079
Total segment liabilities	-	12,463,630	-	31,369,079	43,832,709
Total net assets					88,123,930



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- 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.

27. NUMBER OF EMPLOYEES	2021	2020
Total number of employees end of the year	<u>5</u>	<u>5</u>
Average number of employees during the year	<u>5</u>	<u>7</u>

28. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of Rs. _____ per certificate (2020: Re.0.404 per certificate) for the year ended 30 June 2021, resulting in a total distribution of profit amounting to Rs. _____ million (2020: Rs. 4.035 million), in its meeting held on _____ which is more than 90% of the net profit for the year ended 30 June, 2021, after appropriation to the statutory (mandatory) reserve as required under the Modaraba Regulations. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2022.

29. CORRESPONDENCE FIGURES

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

30. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Management Company and authorized for issue on _____.

31. GENERAL

The figures have been rounded off to the nearest rupees.

Chief Executive Officer

Chief Financial Officer

Director

Director



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Pattern of Shareholding

As of June 30, 2021

# Of Shareholders	Shareholdings' Slab			Total Shares Held
36	1	to	100	1,470
784	101	to	500	387,918
76	501	to	1000	75,001
63	1001	to	5000	177,341
22	5001	to	10000	175,400
13	10001	to	15000	178,025
7	15001	to	20000	125,700
6	20001	to	25000	142,311
3	25001	to	30000	82,500
3	35001	to	40000	106,340
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	124,000
4	775001	to	780000	3,113,252
2	1555001	to	1560000	3,113,050
1	1560001	to	1565000	1,564,999
1029				10,000,000



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POPULAR ISLAMIC MODARABA
Pattern of Shareholding Report
As of June 30, 2021

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors and their spouse(s) and minor children			
MALIK JUNAID EMAM	1	1,556,625	15.57
IMAMUDDIN SHOUQEEN	1	1,556,425	15.56
SHAHBAZ ALI MALIK	1	778,313	7.78
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00
Associated Companies, undertakings and related parties			
NIT & ICP	1	16,700	0.17
Banks Development Financial Institutions, Non Banking Financial Financial Institu	4	50,500	0.51
Insurance Companies	-	-	-
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	1,002	1,954,799	19.55
b. Foreign	2	4,500	0.05
Foreign Companies	-	-	-
Others	12	182,100	1.82
Totals	1,029	10,000,000	100.00
Share holders holding 10% or more			
		Shares Held	Percentage
IMAMUDDIN SHOUQEEN		1,556,425	15.56
MALIK JUNAID EMAM		1,556,625	15.57
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED		1,564,999	15.65



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NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Eight (8th) Annual Review Meeting of **Popular Islamic Modaraba** will be held on Tuesday, October 26, 2021 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, 2021.

By order of the Board

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Kamran Hussain Mughal
(Company Secretary)

Karachi : October 05, 2021

Notes:

1. **CLOSURE OF SHARE TRANSFER BOOKS:**

The Modaraba Certificates Transfer Book will remain closed from October 19, 2021 to October 26, 2021 (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 18, 2021 will be considered the eligibility to attend the Annual Review Meeting.

2. **VIDEO CONFERENCE FACILITY:**

In wake of the prevalent COVID-19 pandemic situation and in the light of the relevant guidelines issued by the SECP. The Certificate Holders who are interested to attend the ARM through Video Conference, are hereby requested to get themselves registered at the earliest but not later than 48 hours before the time of ARM through email at info@popularislamicmodaraba.com. Certificate Holders are advised to mention Name, CNIC Number, Folio/CDC Account No., Cell Number and registered email for identification.

For attending ARM in person, original valid CNIC required. Further, Certificate Holders may be advised to strictly observe the prescribed SOPs for prevention of COVID-19.

3. **NOTIFY THE CHANGES IN ADDRESS:**

The Certificate Holders are advised to notify to the Registrar of Popular Islamic Modaraba of any change in their addresses immediately.

4. **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. Corporate account holders should submit



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National Tax Number, if not yet submitted. In case of non-submission of CNIC/NTN Certificate (copy), all future dividends will be withhold till provision of these documents.

5. **WITHHOLDING TAX ON DIVIDEND:**

Government of Pakistan through Finance Act, 2019, made certain amendments to Section 150 of the Income Tax Ordinance, 2001 whereby different rates have been prescribed for deduction of withholding tax on the amount of dividend paid by the companies in the following manner:

a)	Rate of tax deduction for filers of income tax returns	25.00%
b)	Rate of tax deduction for non-filers of income tax returns	50.00%

6. **WITHHOLDING TAX ON DIVIDEND IN CASE OF JOINT ACCOUNT HOLDERS:**

In case of joint accounts, FBR has clarified that, withholding tax will be determined separately on “Active / Non Active” status of the principal certificate holder as well as the joint-holder(s) based on their certificate holding proportions. Therefore, all certificate holders who hold certificates jointly are requested to provide certificate holding proportions of principal certificate holder and join-holder(s) in respect of certificates held by them to our Share Registrar as follows, otherwise it will be assumed that certificates are held in equal proportion:

Folio No. / CDC Account No.	Total Certificates	Principal Certificate Holder		Joint Certificate Holder(s)	
		Name and CNIC No.	Certificate Holding Proportion (Number of Certificates)	Name and CNIC No.	Certificate Holding Proportion (Number of Certificates)

7. **AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON MODARABA’S WEBSITE:**

The audited financial statements of the Modaraba for the year ended June 30, 2021 have been placed on the Modaraba’s website www.popularislamicmodaraba.com.

8. **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 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



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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 divided to such Certificate Holder.

9. 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 many 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.

10. 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 with in the given period from the aforesaid Notice, the Modaraba shall proceed to deposit the unclaimed amount with the Federal Government pursuant to provision of sub-section (2) of Section 244 of the Companies Act, 2017.



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اطلاع برائے سالانہ جائزہ اجلاس

بزرگیہ نوٹس مطلع کیا جاتا ہے کہ پاپولر اسلامک مضاربہ کے سرٹیفکیٹ ہولڈرز کا سالانہ جائزہ اجلاس 30 جون 2021 کو ختم ہونے والے سال کے لیے مضاربہ کے رجسٹرڈ آفس پندرہ منزل، پیپل پلازہ، حسرت موہانی روڈ، آئی، آئی، چندریگر روڈ، کراچی پرویز منگل 26 اکتوبر 2021 بوقت صبح 11:00 بجے منعقد ہوگا۔

بحکم بورڈ

کامران حسین مغل
(کمپنی سیکریٹری)

05 اکتوبر 2021

کراچی۔

نوٹس:

۱۔ سرٹیفکیٹ ٹرانسفر کیس:

مضاربہ کا سرٹیفکیٹ ٹرانسفر رجسٹر مورخہ ۱۹ اکتوبر ۲۰۲۱ء سے ۲۶ اکتوبر ۲۰۲۱ء (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 کومورخہ ۱۸ اکتوبر ۲۰۲۱ء کو ذریعہ اوقات ختم ہونے تک موصول ہوئے ٹرانسفر وقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

۲۔ ویڈیو کانفرنس کی سہولت:

کرونا وائرس کی وبائی صورتحال اور ایس ای سی پی کی ہدایت کے پیش نظر جو سرٹیفکیٹ ہولڈرز مضاربہ کے سالانہ جائزہ کے اجلاس میں ویڈیو لنک کے ذریعے شرکت کے خواہش مند ہیں ان سے درخواست کی جاتی ہے کہ وہ مندرجہ ذیل معلومات اجلاس سے کم از کم ۴۸ گھنٹے پہلے بذریعہ ای میل رجسٹر کروائیں۔ سرٹیفکیٹ ہولڈرز کو ہدایت کی جاتی ہے کہ اپنا مکمل نام قومی شناختی کارڈ نمبر، فوئیو/سی ڈی سی اکاؤنٹ نمبر، موبائل نمبر اور ای میل واضح کریں۔ info@popularislamicmodaraba.com

وہ سرٹیفکیٹ ہولڈرز جو بذات خود اجلاس میں شرکت کے خواہش مند ہیں وہ اپنا اصل قومی شناختی کارڈ یا اصل پاسپورٹ اپنے ہمراہ لے کر آئیں تاکہ ان کی تصدیق کی جاسکے۔ مزید سرٹیفکیٹ ہولڈرز کو ہدایت کی جاتی ہے کہ کرونا کی روک تھام کے لیے مقرر کردہ ایس او بیز پر سختی سے عمل کریں۔



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۳۔ پتہ میں تبدیلی کی اطلاع:

سرٹیفکیٹ ہولڈرز کو ہدایت کی جاتی ہے کہ اپنے پتے میں کسی بھی قسم کی تبدیلی کے بارے میں فوری طور پر مضاربہ کے شیئر رجسٹرار کو مطلع کریں۔

۴۔ قومی شناختی کارڈ/بئٹل 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 فولیو نمبر کے ساتھ جلد سے جلد کمپنی کے شیئر رجسٹرار کے پاس جمع کروادیں۔ کمپنیوں سے درخواست ہے کہ وہ اپنا NTN Certificate کمپنی کے شیئر رجسٹرار کے پاس جمع کروادیں۔ بصورت دیگر ڈیپوزیٹ واریٹ روکے جاسکتے ہیں

۵۔ منافع محترمہ پرووہولڈنگ ٹیکس کی کٹوتی:

حکومت پاکستان نے فنانس ایکٹ ۲۰۱۹ کے ذریعے اگم ٹیکس آرڈیننس ۲۰۰۱ء کی شق ۱۵۰ میں کچھ ترمیمات کی ہیں جس کے ذریعے کمپنیوں کی جانب سے ادا کردہ منافع منقسمہ کی رقم پر دوہولڈنگ ٹیکس کی کٹوتی کیلئے مختلف شرحیں تجویز کی گئی ہیں۔ یہ شرح ہائے ٹیکس درج ذیل ہیں:

- (الف) اگم ٹیکس گوشوارے جمع کروانے والوں کیلئے - ۲۵ فیصد
(ب) اگم ٹیکس گوشوارے ناجمع کروانے والوں کیلئے - ۵۰ فیصد

۶۔ جوائنٹ ہولڈرز کی صورت میں منافع محترمہ پرووہولڈنگ ٹیکس:

ان سرٹیفکیٹ ہولڈرز کیلئے جن کے سرٹیفکیٹس ایف بی آر کی جانب سے جاری کردہ وضاحت کے مطابق مشترکہ طور پر رکھے ہوئے ہیں ان کا دوہولڈنگ ٹیکس اصل سرٹیفکیٹ ہولڈر کے ایکٹو/مان ایکٹو حیثیت پر علیحدہ سے متعین کیا جائے گا۔ اس لئے تمام سرٹیفکیٹ ہولڈرز جو مشترکہ طور پر سرٹیفکیٹس رکھتے ہیں سے درخواست کی جاتی ہے کہ وہ ہمارے شیئر رجسٹرار کو تحریری طور پر ان کی جانب سے سرٹیفکیٹس رکھنے کے لحاظ سے اصل سرٹیفکیٹ ہولڈر اور جوائنٹ ہولڈر (ز) کے سرٹیفکیٹ ہولڈنگ حصوں کو درج ذیل کے مطابق فراہم کر دیں بصورت دیگر تصور کر لیا جائے گا کہ سرٹیفکیٹس اصل (پرنسپل) سرٹیفکیٹ ہولڈر اور جوائنٹ ہولڈر (ز) کی جانب سے مساوی ہیں۔

فولیو نمبر/سی ڈی سی اکاؤنٹ نمبر	کل سرٹیفکیٹس	بنیادی سرٹیفکیٹ ہولڈر	جوائنٹ سرٹیفکیٹ ہولڈر (ز)
		نام اور شناختی کارڈ نمبر سرٹیفکیٹ کا تناسب (تعداد)	نام اور شناختی کارڈ نمبر سرٹیفکیٹ کا تناسب (تعداد)

۷۔ سالانہ گوشواروں کی دستیابی:

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



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

مبینز ایکٹ ۲۰۱۷ کی شق نمبر ۲۳۲ کے مطابق اسٹاک 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 بینک 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 بینک مینڈیٹ انفارمیشن براہ راست متعلقہ شریک/سی ڈی سی انوسٹر اکاؤنٹ کو جمع کرا دیں۔ بینک اکاؤنٹ کی عدم دستیابی یا نامکمل معلومات کی صورت میں مضاربہ یا اسے سرٹیفکیٹ ہولڈرز کے منافع منقسمہ کی ادائیگی روک لی جائے گی۔

۹۔ فزیکل سرٹیفکیٹس کا سی ڈی ایس میں تبادلہ:

مبینز ایکٹ ۲۰۱۷ کی شق نمبر ۲۳۲ کے مطابق اسٹاک کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ وہ مبینز ایکٹ کے آغاز (تاریخ ۳۰ مئی ۲۰۱۷ کے چار سالوں کے اندر تمام فزیکل سرٹیفکیٹس کو برقی (الیکٹرانک بک انٹری) 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۔

۱۰۔ غیر دعویدار منافع منقسمہ:

مبینز ایکٹ ۲۰۱۷ 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 دعویدار رہتا ہے اسے مضاربہ نوے دن کا نوٹس دے گا۔ اسکے بعد بھی اگر کوئی دعویدار نہیں آیا تو مضاربہ یا اسے تمام غیر دعویدار منافع منقسمہ وفاقی حکومت کو ادا کر دے گا۔



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