



Popular Islamic Modaraba

An Islamic Financial Institution

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2022

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



Popular Islamic Modaraba

An Islamic Financial Institution

TABLE OF CONTENTS

●	Vision Statement, Mission Statement, Statement of Ethics and Business Practices	-01-
●	Corporate Information	-02-
●	Chairman Review Report - English	-03-
●	Chairman Review Report - Urdu	-04-
●	Director's Report - English	-05-
●	Director's Report - Urdu	-10-
●	Statement of Compliance with the Code of Corporate Governance	-14-
●	Review Report to the Members on Statement of Compliance with Best Practices of Code of Corporate Governance	-17-
●	Auditors' Report to the Certificate Holders	-19-
●	Shariah Advisor's Report	-21-
●	Balance Sheet	-22-
●	Profit and Loss Account	-23-
●	Statement of Changes in Equity	-24-
●	Cash Flow Statement	-25-
●	Notes to the Financial Statement	-26-
●	Pattern of Share Holding	-45-
●	Categories of Certificate Holding	-46-
●	Notice of Annual Review Meeting	-47-
●	JamaPunji	-52-



Popular Islamic Modaraba

An Islamic Financial Institution

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.



Popular Islamic Modaraba

An Islamic Financial Institution

CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Ms. Aisha Mughal	- Chairman - Managing Director - Independent Director - Director - Director & Chief Executive - Director & Company Secretary
AUDIT COMMITTEE	Mr. Khurram Abdullah Mr. Shahbaz Ali Malik Mr. Malik Junaid Emam	- Chairman - Member - Member
HR COMMITTEE	Mr. Khurram Abdullah Mr. Malik Junaid Emam Kamran Hussain Mughal	- Chairman - Member - Member
SHARIAH ADVISOR	Al-Hamd Shariah Advisory Services (Pvt.) Limited	
COMPANY SECRETARY	Ms. Aisha Mughal	
CHIEF FINANCIAL OFFICER	Mr. Shoaib Shaikh	
BANKERS	Albaraka Bank (Pakistan) Limited Meezan Bank Limited	
AUDITORS	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	



Popular Islamic Modaraba

An Islamic Financial Institution

Chairman's Review Report

It is my privilege to write to you once more and I welcome this opportunity to share with you our 2021-2022 performance and talk about how we are aligning internally and externally as a company to deliver a more valuable services of Popular Islamic Modaraba - PIM to its stakeholders. The performance of PIM during the period under review was satisfactory. The profit before tax increased from Rs. 7.589 million to Rs. 7.920 million, but profit after tax decreased. This was due to the implication of the income tax on the profit earned by the Modaraba, which become effective from July 01, 2021. The Earning Per Certificate reduced from Re. 0.76 to Re. 048 mainly due to the conversion of loan into equity by issuance of 4,000,000 certificates to the Management Company. 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. 0.3744 per certificate of Rs.10/- each i.e 3.744%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2022.

For the past nine 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, 2022, 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 23, 2022



Popular Islamic Modaraba

An Islamic Financial Institution

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 ۲۰۲۱-۲۰۲۲ کی کارکردگی کے بارے میں بتانا چاہتا ہوں کہ ہم نے بطور کمپنی اندرونی اور بیرونی طور پر کس طرح سے اپنے آپ کو ہم آہنگ کیا تاکہ پاپولر اسلامک مضاربہ اپنے اسٹیٹک و ہولڈرز کو بہتر سروس اور فائدہ دے سکے۔ مضاربہ کے قبل از ٹیکس منافع میں اضافہ ہوا جو پچھلے سال 7.589 ملین تھا جبکہ اس سال 7.920 ملین رہا۔ تاہم بعد از ٹیکس منافع میں کمی ہوئی جسکی وجہ مضاربہ کے ذریعے کمائے گئے منافع پر انکم ٹیکس قوانین میں تبدیلی ہے جو کہ یکم جولائی 2021 سے لاگو ہوا۔ فی سٹیک کی آمدنی 0.76 پیسے سے کم ہو کر 0.48 پیسے ہوئی کیونکہ مضاربہ نے مینجمنٹ کے دیے ہوئے لون کے بدلے اسے 4,000,000 کے سرٹیفکیٹ جاری کئے جس کے بعد مضاربہ کی Paid-up Capital 100 ملین سے بڑھ کر 140 ملین ہو گئی۔ سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر مینجمنٹ نے یہ فیصلہ کیا ہے کہ مینجمنٹ فیصد ۱۰ فیصد کے بجائے صرف ۵ فیصد فی جائے اور 10 روپے والے سرٹیفکیٹ پر 0.3744 پیسے (3.744%) فی سٹیک کی حساب سے نقد منافع تقسیم (Cash Dividend) ادا کیا جائے اور ہم مستقبل میں اس سے زیادہ کی امید کرتے ہیں

گزشتہ 09 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 اتالیقی ہم 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 مومنو 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 بھیجوائی جاتی رہی ہیں۔ اسکے علاوہ بورڈ کے اراکین کو مباحثوں اور فیصلوں کیلئے مینجمنٹ کے متعلق مختلف رپورٹس بھی بروقت ارسال کی جاتی رہی ہیں۔ مزید برآں، بورڈ کے اراکین مختلف معاملات پر آزادانہ طور پر اپنی رائے کا اظہار کرتے رہے ہیں۔ بورڈ اپنی کارکردگی اور موثر 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۔ ۲۰۲۲ جون کو اختتام پر سال میں، بورڈ کی مجموعی کارکردگی اطمینان بخش رہی۔ مزید برآں مضاربہ کی مجموعی کارکردگی شرکاء کے مفاد اور سوسائٹی کیلئے خدمت کا مظہر ہے اور اس سلسلے میں ہر ڈائریکٹر نے اپنا قابل قدر حصہ ڈالا ہے۔

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

- دستخط شدہ -

امام الدین شوقین

چیئرمین

23 ستمبر 2022



Popular Islamic Modaraba

An Islamic Financial Institution

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, 2022.

1. Financial Highlights:

The summarized financial results for the year ended June 30, 2022 are as under:

	2022	2021
	------(Rupees)-----	
Income	23,580,065	39,984,156
Operating expenses	(7,669,081)	(6,814,935)
Depreciation of property and equipment-Ijarah	(8,192,130)	(25,513,881)
Operating profit	7,718,854	7,655,340
Other income	847,284	553,304
(Provision) / reversal for doubtful receivables	-	-
Profit before management fee	8,566,138	8,208,644
Management fee	(428,307)	(410,432)
Sales tax on management fee	(55,680)	(53,356)
Provision for worker's welfare fund	(161,643)	(154,897)
Profit before taxation	7,920,508	7,589,959
Taxation	(1,369,280)	-
Profit after taxation	6,551,228	7,589,959
Other comprehensive income	-	-
Total comprehensive income	6,551,228	7,589,959
Earnings per certificate - basic & diluted	0.48	0.76

2. Review of Operations:

By the Grace of Almighty Allah, the performance of Popular Islamic Modaraba during the period under review continued to be strong in spite of economy slowdown and stiff competition with Financial Institutions. Economic conditions deteriorated significantly towards the end of FY 2022. The country's economy came to standstill due to rising inflation which not only affected the import bill and current account deficit but pushed the country towards the balance of payments crisis. PKR/USD also stated vulnerable during the year. Further, rains and flooding have wreaked havoc on Pakistan.

The Modaraba achieved the income of Rs.23.580 million as compared to the income of last year of Rs 39.984 million the reason of reduction in income was shifting the investment portfolio from Ijarah to Diminishing Musharakah and Morabahah. Withdrawal of tax exemption on income of Modaraba Sector on distribution of 90% and above dividend has been significantly affected the



Popular Islamic Modaraba

An Islamic Financial Institution

profitability of the Modaraba in tune of Rs. 1.369 million. Resultantly, the profit after tax decreased from Rs.7.589 million to Rs. 6.551 million as compared to the profit of corresponding period. The Earning Per Certificate has been worked out at Re. 0.48 as compared to the EPC of corresponding period of last year that was Re. 0.76 The EPC reduced due to the conversion of loan into equity by issuance of 4,000,000 certificates to the Management Company.

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

3. Profit Distributions:

Despite the withdrawal of tax exemption, the Management of Modaraba intend to provide maximum benefits to the Certificateholders. Therefore, the Management of Modaraba has decided in the best interest of Certificate Holders to reduce the Management Fee from 10% to 5% this year and approved the distribution of profit at Re. 0.3744 per certificate of Rs.10/- each i.e 3.744%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2022.

4. Increase in Authorized Capital and Paid up Capital:

During 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.

5. Shari'ah Audit Report:

The Modaraba continues to seek guidance from its Shari'ah Advisor, Mufti Muhammad Ibrahim Essa, CEO Alhamad Shariah Advisory Services (Private) Limited as and when required to ensure full compliance of Shari'ah Audit Mechanism developed in consultation with Registrar Modarabas. The Internal Sharia'ah Auditor also handles the day to day affairs of the Modaraba ensuring complete adherence to Shari'ah policies and principles. The Shari'ah Audit Report issued for the affairs of the Modaraba by the Shari'ah Advisor for the year ended June 30, 2022 is attached with the Annual Financial Statements which confirms that the Business of Modaraba is Shari'ah Compliant.

6. Appointment of Women Director & Change in Chief Executive:

The following changes have taken place in Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Ltd., the management company of Popular Islamic during the period:



Popular Islamic Modaraba

An Islamic Financial Institution

- Ms. Aisha Mughal appointed as Women Director.
- Mr. Muhammad Riaz resigned from the office of Chief Executive Officer and Mr. Kamran Hussain Mughal was appointed in his place.

The Board wishes to place on record its appreciation and gratitude for the valuable contributions made to the outgoing CEO and extends a warm welcome and cooperation to the newly appointed CEO and Women Director in performing their fiduciary responsibility.

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 Board has consistently complied with the relevant principles of corporate governance.
- The financial statements prepared by the management of the Modaraba present its state of affairs fairly which includes the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, and accounting estimates used are based on reasonable and prudent judgment.
- Relevant International Accounting Standards and Islamic Financial Accounting Standards, as applicable in Pakistan, provisions of the Modaraba Companies and Modarabas (Floating and Control) Ordinance, 1980, the Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021 and directives of Securities and Exchange Commission of Pakistan have been followed in preparation of financial statements, and any departures there from have been adequately disclosed.
- The system of internal control which is in place is sound in design, and has been effectively Implemented and monitored.
- The Modaraba is financially sound in design, and has been effectively implemented and monitored.
- 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, 2022 except for those disclosed in the financial statements.



Popular Islamic Modaraba

An Islamic Financial Institution

- During the year under review, Four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

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



Popular Islamic Modaraba

An Islamic Financial Institution

10. External Auditors:

The existing auditors Messrs Baker Tilly Mehmood Idrees Qamar, Chartered Accountants has been completed their period of 5 years. The Management is in dialog with some “Category-A” Audit Firms, the appointment of new Audit Firm will be for financial year ending June 30, 2023 subject to the approval of Registrar Modaraba.

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, 2022 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 Modaraba Regulations, 2021 issued by Securities and Exchange Commission of Pakistan, every Modaraba may create reserves funds to which shall be credited an amount of its after tax profits or any part thereof. The Board of Directors has appropriated 20% of profit after tax towards the Statutory Reserves.

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, NBFBI 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.

--SD--

Kamran Hussain Mughal
Chief Executive

Place: Karachi
Dated: September 23, 2022



Popular Islamic Modaraba

An Islamic Financial Institution

ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2022

پاپولر اسلامک مضاربہ منجمنٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجمنٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو یہ مسرت ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2022 پیش کرتے ہیں۔
مالیاتی نتائج کا خلاصہ برائے سال 30 جون 2022 درج ذیل ہیں:-

۱۔ نمایاں مالیاتی نتائج

برائے جون 2021	برائے جون 2022	
39,984,156	23,580,065	آمدنی
(6,814,935)	(7,669,081)	آپریٹنگ اخراجات
(25,513,881)	(8,192,130)	چارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپریسی ایشن)
7,655,340	7,718,854	آپریٹنگ منافع
553,304	847,284	دیگر آمدنی
8,208,644	8,566,138	تفصیلی ازیمنٹ فیس
(410,432)	(428,307)	منجمنٹ فیس
(53,356)	(55,680)	منجمنٹ فیس پریسٹرنٹس
(154,897)	(161,643)	ورکرز ویلفیئر فنڈ
7,589,959	7,920,508	تفصیلی ازیمنٹ فیس
-	(1,369,280)	ٹیکس
7,589,959	6,551,228	تفصیلی ازیمنٹ فیس
0.76	0.48	آمدنی فی سرٹیفکیٹ

۲۔ کاروبار کا جائزہ

اللہ تعالیٰ کی مہربانی سے، زیر جائزہ مدت کے دوران معاشی ست روی، پالیسی شرح میں اضافہ، مالیاتی اداروں کے ساتھ سخت مسابقت کے باوجود مضاربہ کی کارکردگی انتہائی شاندار رہی۔ مانی سال 2022 کے آخر تک معاشی حالات نمایاں طور پر خراب ہو گئے۔ مہنگائی کی وجہ سے ملکی معیشت رک گئی جس نے نہ صرف درآمدی مل اور کرنٹ اکاؤنٹ خسارہ بلکہ ملک کو ادائیگیوں کے ازن کے بحران کی طرف دھکیل دیا۔ PKR/USD بھی مانی سال کے دوران غیر متوازن رہے۔ مزید یہ کہ بارشوں اور سیلاب نے پاکستان میں تباہی مچا دی۔
اس مانی سال کے اختتام پر مضاربہ کی آمدنی 23,580 ملین رہی جبکہ پچھلے سال کی آمدنی 39,984 ملین روپے تھی، آمدنی میں کمی کی وجہ سے چارہ پورٹ فولیو سے مراد اور ڈیویڈنڈ مشاہدہ پر منتقلی ہے۔ قبل از ٹیکس منافع میں اضافہ ہوا لیکن مضاربہ پر ٹیکس چھوٹ ختم ہونے کی وجہ سے مضاربہ کے منافع پر اثر پڑا اور منافع بعد از ٹیکس میں کمی ہوئی۔ زیر جائزہ مدت کے دوران مضاربہ نے



Popular Islamic Modaraba

An Islamic Financial Institution

میںجنت کے دیے ہوئے لون کے بدلے اسے 4,000,000 کے سرٹیفکیٹ جاری کئے جس کے بعد مضاربہ کی Paid-up Capital 100 ملین سے بڑھ کر 140 ملین ہو گئی جسکی وجہ سے آمدنی فی سرٹیفکیٹ میں کمی ہوئی۔ پاپولرا اسلامک مضاربہ کسی بھی کلائنٹ کو فنانسنگ کی سہولت دینے سے پہلے اس کی کریڈٹ پروفائل جس میں پیسے واپس کرنے کی صلاحیت، سی آئی بی کی کٹیرٹس، کیش فلو، اس کا روبراوی تجربہ وغیرہ دیکھا جاتا ہے اور ان سب چیزوں کی مسلسل نگرانی بھی کی جاتی ہے۔

۳۔ نقد منافع کی تقسیم (حصصہ منافع)

بورڈ نے 23 ستمبر 2022 کو منعقد ہونے والے اجلاس میں فیصلہ کیا کہ سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر میںجنت فیس صرف 5 فیصد فی جائے اور 10 روپے والے سرٹیفکیٹ پر 0.3744 پیسے (3.744%) فی سرٹیفکیٹ کے حساب سے نقد منافع حصصہ (Cash Dividend) کی منظوری دی ہے، جو 30 جون 2022 کو ختم شدہ سال کے لئے زکوٰۃ اور محسولات کی کٹوتیوں (جہاں لاگو ہوں) سے مشروط ہے۔

۳۔ Authorized Capital اور Paid-up Capital میں اضافہ

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

۵۔ شریعہ آڈٹ رپورٹ:

مضاربہ اپنے شریعہ آڈٹرز مفتی محمد امیر اہم مدنی 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 آڈٹرز مضاربہ کے روزمرہ کاموں کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعہ رپورٹ برائے سال 30 جون 2022 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ بت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۶۔ خاتون ڈائریکٹر کی تقرری اور چیف ایگزیکٹو کی تبدیلی:

زیر جائزہ مدت کے دوران پاپولرا اسلامک مضاربہ میںجنت کمپنی جو کہ پاپولرا اسلامک مضاربہ کی منجمنٹ کمپنی ہے اس میں مندرجہ ذیل تبدیلیاں آچکی ہیں:

- محترمہ عائشہ فضل کی بطور خاتون ڈائریکٹر تقرری۔

- جناب محمد ریاض چیف ایگزیکٹو آفیسر کے عہدے سے مستعفی ہوئے اور ان کی جگہ جناب کامران حسین مغل منتخب ہوئے۔

بورڈ جانے والے چیف ایگزیکٹو آفیسر کی خدمات کو سراہتا ہے اور نئے منتخب چیف ایگزیکٹو آفیسر اور خاتون ڈائریکٹر کا گرم جوشی سے استقبال کرتا 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:

ڈائریکٹرز یہ تصدیق کرتے ہیں کہ:

۱۔ بورڈ متعلقہ اصولوں کی پابندی کر چکا ہے۔



Popular Islamic Modaraba

An Islamic Financial Institution

- ۶۲ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے جس میں تمام ہر معمولات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریٹرز، نقد رقومات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔
- ۶۳ مضاربہ کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- ۶۴ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- ۶۵ تمام مالی حسابات مضاربہ پینڈینڈ مضاربہ (فلوئٹیشن اینڈ کنٹرول) آرڈیننس 1980، مضاربہ پینڈینڈ مضاربہ رولز 1981، مضاربہ ریگولیشن 2021 اور سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہے۔
- ۶۶ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔
- ۶۷ مضاربہ مالی طور پر بے حد مستحکم ہے اور موثر طور پر تمام پالیسیوں کا نفاذ اور نگرانی کی جاتی ہے۔
- ۶۸ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے اور اس سلسلے میں کوئی قابل تفتیش بات نہیں۔
- ۶۹ بورڈ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں سوچ رہا ہے۔
- ۶۱۰ 30 جون 2022 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۔
- ۶۱۱ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

اجلاس کی تعداد جن میں حاضر رہے

4
4
4
4
4
4
4

ڈائریکٹر کا نام

جناب امام الدین شوقین
جناب شہباز علی ملک
جناب خرم عبداللہ
جناب ملک جنید امام
جناب کامران حسین فضل
جناب محمد ریاض

۶۱۲ سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ ہولڈنگ کا طرز اس سالانہ رپورٹ کے ساتھ منسلک ہے۔

۶۱۳ اس سال کے دوران ڈائریکٹرز سی ای او، سی ایف او، کمپنی سیکرٹری، ان کے شریک حیات اور بچوں نے مضاربہ کے سرٹیفکیٹ میں کسی قسم کا لین دین نہیں کیا۔

۸۔ مستقبل کا مہر نامہ:

مضاربہ کی انتظامیہ ان تمام مسائل کو جو مضاربہ کے حصول کے سلسلے میں درپیش تھے حل کرنے میں کامیاب رہی ہے۔

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



Popular Islamic Modaraba

An Islamic Financial Institution

ہیں۔ کاروباری سرگرمیوں کو بڑھانے کیلئے نئی پروڈکٹس اور سروسز کو بھی تلاش کیا جا رہا ہے۔ اسکے علاوہ مزید ایکویٹی ڈالنے اور کسی دوسرے مضاربہ کے حصول کی بھی کوشش کی جا رہی ہے۔ انشاء اللہ ہم اس اضافہ کے رقبان کو برقرار رکھیں گے اور مستقبل میں اپنے سٹیکہولڈرز کو باقاعدگی سے منافع بھی ادا کرتے رہیں گے۔

معیاری کلائینٹ کے اطمینان کے لئے ضروری ہے کہ ہم بہترین خدمات اور مسابقتی منافع کی شرح برقرار رکھیں تاکہ بڑے اسلامی مالیاتی اداروں سے مسابقت ہو سکے، ہمیں اچھے کلائینٹ 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، اہم پیش رفت اور امور سے باخبر رکھنا ہے۔ ان مقاصد کو حاصل کرنے کیلئے مضاربہ کی تمام معلومات سٹیکہولڈرز کو مہیا کی جائے گی 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 ربا کرٹیلی محودا دریس قمر چارڈا کاؤنٹینٹس کے پانچ سال پورے ہو چکے ہیں لہذا منجمنٹ کچھ درجہ اول کی آڈٹ فرمز کے ساتھ بات چیت کر رہی ہے جسکی تقرری آنے والے مالی سال 30 جون 2023 کیلئے ہوگی جو کہ رجسٹرار آف مضاربہ پینل اور مضاربہ چاہے کی منظوری سے مشروط 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 اسٹینڈنٹ آف گورننس میں واضح کئے گئے ہیں۔

۱۲۔ قانونی زخائر:

مضاربہ کیلئے سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی طرف سے جاری کردہ مضاربہ ریگولیشن کے مطابق ہر مضاربہ پر زیر و فہد تکمیل دیکھائیں اسکے بعد از نیٹس منافع کی رقم یا اسکا کوئی حصہ جمع کیا جائے گا۔ مضاربہ نے اس سال ۲۰ فیصد اپنے نالیں منافع سے قانونی زخائر 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 ملازمین کی رہنمائی اور تعاون کا اور مسجبل میں بھی اس کی امید رکھتا ہے۔

منجانب بورڈ

- دستخط شدہ -

کامران حسین منٹل

چیف ایگزیکٹو

۲۲ ستمبر ۲۰۲۲



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

Name of Company: POPULAR ISLAMIC MODARABA
Year ending: June 30, 2022

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: 5 (five)
 - b. Female: 1 (one)

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 Ms. Aisha Mughal

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;
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;



Popular Islamic Modaraba

An Islamic Financial Institution

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. Kamran Hussain Mughal (Member)

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:
 - a) Audit Committee Quarterly
 - b) HR and Remuneration Committee Annually
15. The Board has outsourced the Internal Audit function to M/s. Reanda Haroon Zakaria & Company, Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief



Popular Islamic Modaraba

An Islamic Financial Institution

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

S.#	Reg.#	Explanation
1	18	Directors Orientation: All the Directors are highly qualified and experienced; however, the Directors Training Program will be conducted for the Directors very soon.
2	23 & 31	Head of Internal Auditor and Internal Audit Function The Modaraba has outsourced its Internal Audit Function to M/s. Reanda Haroon Zakaria & Co. Chartered Accountants and designated an existing employee who is commerce graduate having 8 years' experience with the Modaraba, as coordinator between firm providing internal audit services and the Board.

--SD--

Mr. Imamuddin Shouqeen

Chairman

Dated: September 23, 2022



Popular Islamic Modaraba

An Islamic Financial Institution



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Merewether Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

**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, 2022 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.

ADVISORY • ASSURANCE • TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



Popular Islamic Modaraba

An Islamic Financial Institution



Based on our review, except for the non-compliance with Regulation no. 6 of the Regulations, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Modaraba Management Company's compliance for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2022.

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.

in


Engagement Partner: Mehmood A. Razzak

Karachi.

Date: September 30, 2022

UDIN: CR2022101516W8ITSDIM



Popular Islamic Modaraba

An Islamic Financial Institution



Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
4th Floor, Central Hotel Building,
Civil Lines, Mereweather Road,
Karachi - Pakistan

T: +92 (021) 35644872-7
F: +92 (021) 35644873

info@bakertilly.pk
www.bakertilly.pk

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of **POPULAR ISLAMIC MODARABA** (the Modaraba) as at June 30, 2022 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;

bnj

ADVISORY • ASSURANCE • TAX

Baker Tilly Mehmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.



Popular Islamic Modaraba

An Islamic Financial Institution



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 Modaraba 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, 2022 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).

M

Mehmood A. Razzak
Engagement Partner: Mehmood A. Razzak

Karachi.

Date: September 30, 2022

UDIN: AR202210151n6xlikpoL



Popular Islamic Modaraba

An Islamic Financial Institution



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Annual Shariah Advisor's Report

For the period ended June 30, 2022

We have reviewed the affairs of Popular Islamic Modaraba managed by Popular Modaraba Management Company (Private) Limited for the Year ended June 30, 2022.

REVIEW OF OPERATIONS:

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 and Transaction Flows were in line with Shariah and duly communicated to the undersigned for Shariah Approval.

INVESTMENTS IN ISLAMIC MUTUAL FUNDS AND EQUITY SHARES

Currently PIM is not dealing in Shariah Complaint Shares listed in Pakistan Stock Exchange (PSX), directly. The management is considering to invest in PSX in due course of time. Therefore, as on June 30, 2022 the Modaraba did not hold shares of any Listed / Unlisted Company or units of any Mutual Fund(s).

TAKAFUL:

During the period Modaraba took most welcomed step in respect of adopting Takaful arrangement for security of the assets and covered its assets from Takaful Companies or Window Takaful of 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.

CONCLUSION:

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

Mufti Muhammad Ibrahim Essa
CEO & Director
Alhamd Shariah Advisory Services (Pvt.) Limited
August 23, 2022

Mufti Ubaid ur Rahman Zubairi
Director



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

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



Popular Islamic Modaraba

An Islamic Financial Institution

BALANCE SHEET AS AT JUNE 30, 2022

ASSETS	Note	2022 Rupees	2021 Rupees
Non-Current Assets			
Property and equipment - owned	5	161,219	80,689
Property and equipment - Ijarah	6	25,868,708	22,559,434
Long term Investment-diminishing musharaka	7	38,534,981	36,313,699
		64,564,908	58,953,822
Current Assets			
Murabaha finance	8	56,048,654	38,831,773
Current portion of diminishing musharaka	7	18,990,347	13,479,037
Advances and other receivables	9	9,903,370	10,289,573
Cash and bank balances	10	2,579,156	7,948,500
		87,521,527	70,548,883
		152,086,435	129,502,705
EQUITY AND LIABILITIES			
Authorized Certificate Capital			
14,000,000 (2021: 14,000,000) modaraba certificates of Rs. 10 each		140,000,000	140,000,000
Certificate Holders' Equity			
Certificate capital	11	140,000,000	100,000,000
Statutory reserve	12	22,691,427	21,381,181
Accumulated losses		(30,108,910)	(29,702,292)
		132,582,517	91,678,889
LIABILITIES			
Non-Current Liabilities			
Security deposits against Ijarah		4,986,900	2,684,900
Deferred liability		1,666,110	1,401,130
		6,653,010	4,086,030
Current Liabilities			
Accrued and other liabilities	13	1,111,570	1,303,479
Current portion of security deposit against Ijarah		991,450	2,273,050
Provision for taxation		1,384,260	14,980
Unclaimed profit distribution		2,025,641	1,674,373
Loan from management company	14	7,000,000	28,000,000
Management fee payable - net		282,307	418,549
Sales tax on management fee		55,680	53,356
		12,850,908	33,737,787
Contingencies and Commitments	15	-	-
		152,086,435	129,502,705

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)

--SD--

Chief Executive Officer

--SD--

Chief Financial Officer

--SD--

Director

--SD--

Director



Popular Islamic Modaraba

An Islamic Financial Institution

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
Income	16	23,580,065	39,984,156
Operating expenses	17	(7,669,081)	(6,814,935)
Depreciation of property and equipment-Ijarah	6	(8,192,130)	(25,513,881)
		(15,861,211)	(32,328,816)
Other income	18	847,284	553,304
Profit before management fee		8,566,138	8,208,644
Management fee		(428,307)	(410,432)
Sales tax on management fee		(55,680)	(53,356)
Provision for worker's welfare fund		(161,643)	(154,897)
		(645,630)	(618,686)
Profit before taxation		7,920,508	7,589,959
Taxation	19	(1,369,280)	-
Profit after taxation		6,551,228	7,589,959
Other comprehensive income		-	-
Total comprehensive income		6,551,228	7,589,959
Earnings per certificate - basic & diluted	20	0.48	0.76

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)

--SD--
Chief Executive Officer

--SD--
Chief Financial Officer

--SD--
Director

--SD--
Director



Popular Islamic Modaraba

An Islamic Financial Institution

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2022

	Certificate Capital	Statutory Reserves	Accumulated Losses	Total
----- Rupees -----				
Balance as at July 01, 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
Conversion of loan from management into certificate capital during the year	40,000,000	-	-	40,000,000
Total comprehensive income for the year	-	-	6,551,228	6,551,228
Transferred to statutory reserves at 20%	-	1,310,246	(1,310,246)	-
Transaction with Certificate Holders				
Profit distribution for the year ended June 30, 2021 at Re. 0.565 (5.65%) per certificate	-	-	(5,647,600)	(5,647,600)
Balance as at June 30, 2022	140,000,000	22,691,427	(30,108,910)	132,582,517

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

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)

--SD--	--SD--	--SD--	--SD--
Chief Executive Officer	Chief Financial Officer	Director	Director



Popular Islamic Modaraba

An Islamic Financial Institution

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2022

	Note	2022 Rupees	2021 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		7,920,508	7,589,959
Adjustments for non cash items:			
(Gain) on disposal of investments		(195,117)	(266,902)
Depreciation of property and equipment-owned		63,330	21,155
Provision for worker's welfare fund		161,643	154,897
Provision for gratuity		414,980	377,908
Depreciation of property and equipment-ljarah		8,192,130	25,513,881
		<u>16,557,474</u>	<u>33,390,898</u>
Decrease / (increase) in current assets			
Advances and other receivables		462,936	(5,302,232)
(Decrease) / increase in current liabilities			
Accrued and other liabilities		(353,552)	192,156
Management fee payable		(136,242)	410,432
Sales tax on management fee		2,324	53,356
		<u>16,532,940</u>	<u>28,744,610</u>
Cash generated from operations			
Taxes paid		(76,731)	(33,547)
Gratuity paid		(150,000)	-
Net cash generated from operating activities		<u>16,306,209</u>	<u>28,711,063</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions in property and equipment - owned		(143,860)	(64,000)
Additions in property and equipment - Ijarah		(13,241,000)	(8,479,500)
Disposal of property and equipment-ljarah		1,739,596	9,218,824
Security deposit - net		1,020,400	(7,505,680)
Net Investment in diminishing musharaka		(7,537,475)	(62,722)
Net Investment in Murabaha finance		(17,216,881)	(14,678,642)
Net cash used in investing activities		<u>(35,379,220)</u>	<u>(21,571,720)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from management company		19,000,000	-
Dividend paid		(5,296,332)	(3,726,962)
Net cash used in financing activities		<u>13,703,668</u>	<u>(3,726,962)</u>
Net (decrease) / increase in cash and cash equivalents		<u>(5,369,344)</u>	<u>3,412,381</u>
Cash and cash equivalents at the beginning of the year		7,948,500	4,536,119
Cash and cash equivalents at the end of the year	10	<u>2,579,156</u>	<u>7,948,500</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)

--SD--

Chief Executive Officer

--SD--

Chief Financial Officer

--SD--

Director

--SD--

Director



Popular Islamic Modaraba

An Islamic Financial Institution

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2022

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

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, 2021. 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, 2021 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, 2022 are considered not to be relevant for the Modaraba's financial statements and hence have not been detailed here.



Popular Islamic Modaraba

An Islamic Financial Institution

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	4.7, 5 & 6
b) Classification of investments	4.8
b) Income tax	4.6
c) Provision for non performing assets	4.14 & 7
d) Provision for gratuity	4.12

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 Murabaha investment

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

Murabaha receivables are recorded by the Modaraba at the invoiced amount and disclosed as such in the balance sheet. Purchases and sales under Murabaha and the resultant profit are accounted for on the culmination of Murabaha transaction.

4.4 Diminishing Musharaka financing

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

4.5 Ijarah

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

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

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



Popular Islamic Modaraba

An Islamic Financial Institution

4.6 Taxation

Current

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

Deferred

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

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.

4.7 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 /

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.

4.8 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.



Popular Islamic Modaraba

An Islamic Financial Institution

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

ii. Equity Instruments as FVOCI

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

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.



Popular Islamic Modaraba

An Islamic Financial Institution

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

4.9 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.

4.10 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

4.11 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.

4.12 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.

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.

4.13 Revenue Recognition

Revenue is recognized on the following basis:-

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



Popular Islamic Modaraba

An Islamic Financial Institution

4.14 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.

4.15 Related Party Transactions

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

4.16 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.

4.17 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, 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
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
Year ended June 30, 2022				
Opening net book value	6,316	74,373	-	80,689
Additions (at cost)	36,360	-	107,500	143,860
Depreciation charge for the year	(7,081)	(31,608)	(24,641)	(63,330)
Net Book Value	35,595	42,765	82,859	161,219
As at June 30, 2022				
Cost	69,060	136,975	123,800	329,835
Accumulated depreciation	(33,465)	(94,210)	(40,941)	(168,616)
Net Book Value	35,595	42,765	82,859	161,219
Rate of depreciation	15%	33%	33%	



Popular Islamic Modaraba

An Islamic Financial Institution

6. PROPERTY AND EQUIPMENT - IJARAH

	Vehicles	Equipment	Total
	----- Rupees -----		
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
Year ended June 30, 2022			
Opening net book value	21,627,138	932,296	22,559,434
Additions (at cost)	13,241,000	-	13,241,000
Disposal			
Cost	(5,074,000)	(10,400,000)	(15,474,000)
Accumulated depreciation	4,266,700	9,467,704	13,734,404
	(807,300)	(932,296)	(1,739,596)
Depreciation charge / Reversal for the year	(8,192,130)	-	(8,192,130)
Net Book Value	25,868,708	-	25,868,708
As at June 30, 2022			
Cost	40,445,000	-	40,445,000
Accumulated depreciation	(14,576,292)	-	(14,576,292)
Net Book Value	25,868,708	-	25,868,708



Popular Islamic Modaraba

An Islamic Financial Institution

	Note	2022 Rupees	2021 Rupees
7. DIMINISHING MUSHARAKA			
Investment - Diminishing Musharaka	7.1	57,525,328	49,792,736
Less: Current portion of Diminishing Musharaka		(18,990,347)	(13,479,037)
		38,534,981	36,313,699
7.1 The profit rates on these diminishing musharaka arrangements range between 9.69% and 18.37% (2021: 10.30% and 12.50%). Diminishing musharaka arrangements are secured by way of Modaraba's title over underlying assets and demand promissory notes.			
8. MURABAHA FINANCE - SECURED			
Considered good - Performing	8.1	51,720,322	32,731,952
Considered doubtful - Non-performing		5,100,614	6,872,103
		56,820,936	39,604,055
Provision against non-performing Murabaha finance		(772,282)	(772,282)
		56,048,654	38,831,773
8.1 The profit rates on these murabaha arrangements ranges between 9.41% and 14.86% (2021: 9.41% and 14.86%). These investments are secured against charge over fixed assets, registered and equitable mortgage of properties, personal guarantees of the directors of customer companies, demand promissory notes and post-dated cheques varying from case to case.			
9. ADVANCES AND OTHER RECEIVABLES			
Advances		4,964,501	4,739,912
Loan to employees	9.1	1,439,255	1,845,051
Profit / rental receivable		2,912,503	3,194,231
Other receivable		108,354	108,354
Advance tax		478,757	402,025
		9,903,370	10,289,573
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			
Cash in hand		76,198	59,298
Cash at bank:			
- Deposit accounts	10.1	1,370,472	7,106,756
- Dividend account		1,040,991	689,723
- Balances with State Bank of Pakistan		91,495	92,723
		2,502,958	7,889,202
		2,579,156	7,948,500
10.1 Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 5.79% to 6.25% (2021: 1.38% to 2.85%) per annum.			



Popular Islamic Modaraba

An Islamic Financial Institution

		Note	2022 Rupees	2021 Rupees
11. CERTIFICATE CAPITAL				
	2022	2021		
	Number of Certificates			
	<u>14,000,000</u>	<u>10,000,000</u>	Modaraba certificates of Rs. 10 each fully paid-up in cash	<u>140,000,000</u> <u>100,000,000</u>
12. STATUTORY RESERVE				
Balance at beginning of the year			21,381,181	19,863,189
Transferred during the year from profit and loss account		12.1	1,310,246	1,517,992
			<u>22,691,427</u>	<u>21,381,181</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	2022 Rupees	2021 Rupees
Accrued expenses			185,000	190,400
Withholding tax payable			5,715	5,715
Worker's welfare fund			316,540	154,897
Other liabilities			604,315	952,466
			<u>1,111,570</u>	<u>1,303,479</u>
14. LOAN FROM MANAGEMENT COMPANY		14.1	<u>7,000,000</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. During the financial year, the Management Company provided additional loan of Rs. 19 million to the Modaraba resulting in total loan to Rs. 47 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 during the current 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				
15. CONTINGENCIES AND COMMITMENTS				
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 final disposal of the case. The Management of the Modaraba, in consultation with its advisors is confident that the decision / outcome will be in favour of the Modaraba.				



Popular Islamic Modaraba

An Islamic Financial Institution

16. INCOME	Note	2022 Rupees	2021 Rupees
Income on Murabaha		4,557,771	2,819,248
Income on Ijarah		12,305,142	31,482,537
Income on Diminishing Musharaka		6,717,152	5,682,371
		23,580,065	39,984,156
17. OPERATING EXPENSES			
Salaries, wages and other benefits	17.1	4,080,097	3,278,022
Auditors' remuneration	17.2	185,000	185,000
CDC charges / registrar services		510,569	457,254
Computer software charges		55,000	55,000
Postage and delivery		150	3,740
Printing and stationery		157,952	129,365
Fees and subscription		996,747	660,621
Legal and professional fee		278,300	887,920
Repair and maintenance		360,664	389,930
Travelling and conveyance		266,144	64,480
Advertisement		149,500	46,350
Telecommunication		333,960	330,130
Entertainment		149,310	93,275
Bank charges		2,358	10,393
Depreciation of property and equipment-owned	5	63,330	21,155
Professional tax		80,000	202,300
		7,669,081	6,814,935
17.1 Remuneration of officers and other employees			
		2022	2021
		Officers	Other employees
		Officers	Other employees
		----- Rupees -----	
Salaries and allowances			
Basic salary		1,084,500	1,089,192
Allowances		542,244	544,584
		1,626,744	1,633,776
		1,246,074	1,370,860
Number of employees		2	4
		2	3
17.2 Auditors' remuneration			
		2022	2021
		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



Popular Islamic Modaraba

An Islamic Financial Institution

18. OTHER INCOME	Note	2022 Rupees	2021 Rupees
Profit on deposit accounts	18.1	511,547	223,648
Gain on early termination of diminishing musharaka / ijarah		195,117	266,902
Other income - processing fee		140,620	62,754
		847,284	553,304

18.1 These are earned under a Shariah permissible arrangement.

19. TAXATION			
Current year	19.1	1,369,280	-
Deferred tax	19.2	-	-
		1,369,280	-

19.1 The provision for currency tax year is based on normal income tax charged as per the second schedule part II clause 18 of Income Tax Ordinance, 2001. The Modaraba availed benefit for tax exemption for the year ended June 30, 2021. Therefore, no current tax is charged in comparative figures.

19.2 Deferred tax assets amounting to Rs. 87,967 has not been accounted for in these financial statements due to uncertainties regarding the future taxable profit against which such assets would be utilized.

20. EARNINGS PER CERTIFICATE- BASIC & DILUTED	2022	2021
Profit after taxation	6,551,228	7,589,959
Weighted average number of certificates	13,666,667	10,000,000
	0.48	0.76

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.	2022 Rupees	2021 Rupees
Management fee - payment during the year	Management company	218,549	-
Gratuity expense	Gratuity scheme	414,980	377,908
Certificate issued during the year (4,000,000 Certificates @ Rs. 10 each)	Management company	40,000,000	-
Provision for management fee	Management company	428,307	410,432
Balance as at the year end			
Loan payable to modaraba management company	Management company	7,000,000	28,000,000
Payable to modaraba management company	Management company	282,307	418,549
Gratuity payable	Gratuity scheme	1,666,110	1,401,130



Popular Islamic Modaraba

An Islamic Financial Institution

22. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

22.1 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

22.2 Credit risk and concentration of credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Modaraba attempts to control credit risk by monitoring credit exposures, limiting transactions with various parties and continuous monitoring of credit worthiness of dealing parties. The management understands that the Modaraba is not exposed to any major concentration of credit risk.

Exposure to Credit Risk

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

Business	2022	2021
	Rupees	Rupees
Murabaha finance	56,048,654	38,831,773
Diminishing musharaka	57,525,328	49,792,736
Loan and other receivable	4,460,112	5,147,636
Cash and bank balances	2,579,156	7,948,500
	120,613,249	101,720,645

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	2022		2021	
	Rupees	%	Rupees	%
Cargo, trading and distribution	22,191,500	54.87	16,194,500	37.95
Individual	16,153,500	39.94	13,983,500	32.77
Hotels and resorts	2,100,000	5.20	12,500,000	29.29
	40,445,000	100	42,678,000	100



Popular Islamic Modaraba

An Islamic Financial Institution

Segment by class of business of Diminishing Musharaka and Murabaha

	2022		2021	
	Rupees	%	Rupees	%
Diminishing Musharaka				
Hotels and resorts	2,160,623	3.76	3,961,148	7.96
Investment companies, firms & bank	45,698,140	79.44	34,540,716	69.37
Individuals	9,666,565	16.80	11,290,872	22.68
	57,525,328	100	49,792,736	100
Murabaha				
Manufacturers and Exporters	12,000,000	21.12	2,500,000	6.31
Spare parts manufacturers	14,972,500	26.35	14,990,600	37.85
Individual	29,848,436	52.53	22,113,455	55.84
	56,820,936	100	39,604,055	100

22.2.1 Modaraba's operations are restricted to Pakistan only.

22.3 Credit quality

The credit quality of Modaraba's liquid funds can be assessed with reference to external credit ratings as follows:

	Rating Long Term	Rating Agency	2022 Rupees	2021 Rupees
Al-Baraka Bank Limited	A+	JCR - VIS	<u>2,411,463</u>	<u>7,796,479</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, 2022				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Murabaha Finance - Secured	2,897,932	-	-	2,202,682	5,100,614
	2,897,932	-	-	2,202,682	5,100,614
	As at June 30, 2021				
	OAEM	Substandard	Doubtful	Loss	Total
	----- Rupees -----				
Murabaha Finance - Secured	1,349,310	-	-	5,522,793	6,872,103
	1,349,310	-	-	5,522,793	6,872,103



Popular Islamic Modaraba

An Islamic Financial Institution

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.

	2022			Total
	Upto one year	One year to five years	Over five years	
-----Rupees-----				
Financial assets				
Murabaha finance	56,048,654	-	-	56,048,654
Diminishing musharaka	18,990,347	38,534,981	-	57,525,328
Advances and other receivables	4,460,112	-	-	4,460,112
Cash and bank balances	2,579,156	-	-	2,579,156
	82,078,269	38,534,981	-	120,613,250
Financial liabilities				
Deferred liability	-	1,666,110	-	1,666,110
Loan from management company	7,000,000	-	-	7,000,000
Accrued and other liabilities	1,111,570	-	-	1,111,570
Unclaimed profit distribution	2,025,641	-	-	2,025,641
Management fee payable - net	282,307	-	-	282,307
Sales tax on management fee	55,680	-	-	55,680
	10,475,198	1,666,110	-	12,141,308
On-balance sheet gap	71,603,070	36,868,871	-	108,471,942
	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	5,147,636	-	-	5,147,636
Cash and bank balances	7,948,500	-	-	7,948,500
	65,406,947	36,313,699	-	101,720,646
Financial liabilities				
Deferred liabilities	-	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
Management fee payable	418,549	-	-	418,549
Sales tax on management fee	53,356	-	-	53,356
	31,449,756	1,401,130	-	32,850,886
On-balance sheet gap	33,957,190	34,912,569	-	68,869,760



Popular Islamic Modaraba

An Islamic Financial Institution

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.

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).



Popular Islamic Modaraba

An Islamic Financial Institution

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:

2022	Effective yield / Profit risk	Yield / Profit bearing maturity			Non Yield / Profit bearing maturity			Grand total
		within one year	After one year	sub total	within one year	After one year	sub total	
----- Rupees -----								
	%							
Financial assets								
Murabaha Finance	9.41% - 14.86%	56,048,654	-	56,048,654	-	-	-	56,048,654
Diminishing Musharaka Finance	9.69% - 18.37%	18,990,347	38,534,981	57,525,328	-	-	-	57,525,328
Advances and other receivables		-	-	-	4,460,112	-	4,460,112	4,460,112
Cash and bank balances	5.79% - 6.25%	1,370,472	-	1,370,472	1,208,684	-	1,208,684	2,579,156
	(A)	76,409,473	38,534,981	114,944,454	5,668,796	-	5,668,796	120,613,250
Financial liabilities								
Loan from Management company		-	-	-	7,000,000	-	7,000,000	7,000,000
Deferred liability		-	-	-	-	1,666,110	1,666,110	1,666,110
Accrued and other liabilities		-	-	-	1,111,570	-	1,111,570	1,111,570
Unclaimed profit distribution		-	-	-	2,025,641	-	2,025,641	2,025,641
Management fee payable - net		-	-	-	282,307	-	282,307	282,307
Sales tax on management fee		-	-	-	55,680	-	55,680	55,680
	(B)	-	-	-	10,475,198	1,666,110	12,141,308	12,141,308
Total yield / profit risk sensitivity gap	(A) - (B)	76,409,473	38,534,981	114,944,454	(4,806,402)	(1,666,110)	(6,472,512)	108,471,942



Popular Islamic Modaraba

An Islamic Financial Institution

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		-	-	-	5,147,636	-	5,147,636	5,147,636
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	95,731,266	5,989,380	-	5,989,380	101,720,645
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	95,731,266	(25,460,376)	(1,401,130)	(26,861,506)	68,869,759

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



Popular Islamic Modaraba

An Islamic Financial Institution

25. INFORMATION ABOUT BUSINESS SEGMENTS

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



Popular Islamic Modaraba

An Islamic Financial Institution

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:

- 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

	2022	2021
Total number of employees end of the year	6	5
Average number of employees during the year	6	5

28. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of Rs. 0.3744 per certificate (2021: Re.0.565 per certificate) for the year ended June 30, 2022, resulting in a total distribution of profit amounting to Rs. 5.2416 million (2021: Rs. 5.65 million), in its meeting held on September 23, 2022. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2023.

29. CORRESPONDENCE FIGURES

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

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 September 23, 2022.

31. GENERAL

The figures have been rounded off to the nearest rupees.

--SD--	--SD--	--SD--	--SD--
Chief Executive Officer	Chief Financial Officer	Director	Director



Popular Islamic Modaraba

An Islamic Financial Institution

Pattern of Shareholding

As of June 30, 2022

# Of Shareholders	Shareholdings'Slab			Total Shares Held
34	1	To	100	1,468
780	101	To	500	385,598
67	501	To	1000	66,001
65	1001	To	5000	174,163
20	5001	To	10000	169,900
14	10001	To	15000	189,025
8	15001	To	20000	142,200
7	20001	To	25000	163,811
2	25001	To	30000	56,000
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	121,500
4	775001	To	780000	3,113,252
2	1555001	To	1560000	3,113,050
1	5560001	To	5565000	5,564,999
1016				14,000,000



Popular Islamic Modaraba

An Islamic Financial Institution

Pattern of Shareholding Report

As of June 30, 2022

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Executive Officer, and their spouse(s) and minor children			
MALIK JUNAID EMAM	1	1,556,625	11.12
IMAMUDDIN SHOUQEEN	1	1,556,425	11.12
SHAHBAZ ALI MALIK	1	778,313	5.56
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00
Associated Companies, undertakings and related parties	4	7,899,938	56.43
NIT & ICP	1	16,700	0.12
Banks Development Financial Institutions, Non Banking Financial Financial In	3	28,000	0.20
Insurance Companies	-	-	-
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	989	1,963,799	14.03
b. Foreign	4	3,000	0.02
Foreign Companies	-	-	-
Others	11	197,100	1.41
Totals	1,016	14,000,000	100.00
Share holders holding 10% or more			
		Shares Held	Percentage
IMAMUDDIN SHOUQEEN		1,556,425	11.12
MALIK JUNAID EMAM		1,556,625	11.12
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED		5,564,999	39.75



Popular Islamic Modaraba

An Islamic Financial Institution

NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Ninth (9th) Annual Review Meeting of **Popular Islamic Modaraba** will be held on Thursday, October 27, 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, 2022.

By order of the Board

Aisha Mughal
(Company Secretary)

Karachi : October 05, 2022

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Modaraba Certificates Transfer Book will remain closed from October 20, 2022 to October 27, 2022 (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 19, 2022 will be considered the eligibility to attend the Annual Review Meeting.

2. 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.

3. 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 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.

4. WITHHOLDING TAX ON DIVIDEND:

Withholding tax on dividend will be deducted in pursuant to the Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to the Filer and Non-Filers, accordingly.

5. 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



Popular Islamic Modaraba

An Islamic Financial Institution

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)

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

The audited financial statements of the Modaraba for the year ended June 30, 2022 have been placed on the Modaraba's website www.popularislamicmodaraba.com.

7. 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 Holders maintaining Certificate holding under CDS are advised to submit their Bank account mandate information directly to the relevant participant / CDC Investor Account Service.

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

8. 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.



Popular Islamic Modaraba

An Islamic Financial Institution

9. UNCLAIMED DIVIDENDS:

In accordance with the provisions of Section 244 of the Companies Act, 2017, any dividend declared by the Modaraba, which remain unclaimed for a period of three years from the date it is due and payable, the Modaraba shall give ninety days notices to the Certificate Holders to file claim, if no claim is made before the Modaraba by the Certificate Holders, the Modaraba shall proceed to deposit the unclaimed Dividends with the Federal Government in compliance with the Section 244 of the Companies Act, 2017. In case no claim is received within the given period from the aforesaid Notice, the Modaraba shall proceed to deposit the unclaimed amount with the Federal Government pursuant to provision of sub-section (2) of Section 244 of the Companies Act, 2017.



Popular Islamic Modaraba

An Islamic Financial Institution

اطلاع برائے سالانہ جائزہ اجلاس

بزریعہ نوٹس مطلع کیا جاتا ہے کہ پاپولر اسلامک مضاربہ کے سرٹیفکیٹ ہولڈرز کا سالانہ جائزہ اجلاس 30 جون 2022 کو ختم ہونے والے سال کے لیے مضاربہ کے رجسٹرار آفس پندرہ منزل، پیپل پلازہ، حسرت موہانی روڈ، آئی، آئی، چندریگر روڈ، کراچی بروز جمعرات 27 اکتوبر 2022 بوقت صبح 11:00 بجے منعقد ہوگا۔

بجلم بورڈ

عائشہ مغل
(کمپنی سیکریٹری)

05 اکتوبر 2022

کراچی۔

نوٹس:

۱۔ سرٹیفکیٹ ڈائنسفریکس:

مضاربہ کا سرٹیفکیٹ ڈائنسفریکس مورخہ 20 اکتوبر 2022 سے 27 اکتوبر 2022 (شامل 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، 99 بی، بلاک بی، مین شارع فیصل، کراچی کو مورخہ 19 اکتوبر 2022 کو ڈیجیٹل اوقات ختم ہونے تک موصول ہوئے ڈائنسفریکس وقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

۲۔ پے من تہ لیلی کی اطلاع:

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

۳۔ قومی شناختی کارڈ/بھیل ٹیکس 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 فوئیو 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 ڈیویڈنڈ وارنٹ روکے جاسکتے ہیں

۴۔ منافع حصصہ پروہولڈنگ ٹیکس کی کوتاہی:

ڈیویڈنڈ پروہولڈنگ ٹیکس کی کوتاہی اگرم ٹیکس آرڈیننس کی شق 150 کے مطابق فائلرز اور نوٹ فائلرز سے علیحدہ کی جائے گی۔



Popular Islamic Modaraba

An Islamic Financial Institution

۵۔ جو انٹ ہولڈرز کی صورت میں منافع منقسمہ پروو ہولڈنگ ٹیکس:

ان منافع منقسمہ ہولڈرز کیلئے جن کے سرٹیفکیٹس ایف بی آر کی جانب سے جاری کردہ وضاحت کے مطابق مشترکہ طور پر رکھے ہوئے ہیں ان کا وہ ہولڈنگ ٹیکس اصل منافع منقسمہ ہولڈرز کے ایکٹو/نان ایکٹو حیثیت پر ملجودہ سے متعین کیا جائے گا۔ اس لئے تمام منافع منقسمہ 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 منافع منقسمہ ہولڈرز اور جو انٹ ہولڈرز (ز) کے منافع منقسمہ ہولڈنگ حصوں کو درج ذیل کے مطابق فراہم کر دیں بصورت دیگر تصور کر لیا جائے گا کہ سرٹیفکیٹس اصل (پرنسپل) سرٹیفکیٹ ہولڈرز اور جو انٹ ہولڈرز (ز) کی جانب سے مساوی ہیں۔

فولیو نمبر/ای ڈی سی اکاؤنٹ نمبر	کل سرٹیفکیٹس	بنیادی منافع منقسمہ ہولڈرز	جو انٹ منافع منقسمہ ہولڈرز (ز)
		نام اور شناختی کارڈ نمبر سرٹیفکیٹ کا تناسب (تعداد)	نام اور شناختی کارڈ نمبر سرٹیفکیٹ کا تناسب (تعداد)

۶۔ سالانہ گوشواروں کی دستیابی:

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

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

اپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۳۳۲ کے مطابق لحد کھینی کیلئے یہ لازمی قرار دیا گیا ہے کہ سرٹیفکیٹ ہولڈر کو منافع منقسمہ کی ادائیگی برقیاتی طریقے سے کرے۔ اسلئے پاپولر اسلامک مضاربہ کے تمام سرٹیفکیٹ ہولڈرز 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۔ وجہ سرٹیفکیٹ ہولڈرز 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/ای ڈی سی انوسٹرا کاؤنٹ کو جمع کرادیں۔ 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۔

۸۔ فزیکل سرٹیفکیٹس کا سی ڈی ایس میں تبادلہ:

اپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۷ کے مطابق لحد کھینی کیلئے یہ لازمی قرار دیا گیا ہے کہ وہ اپنیز ایکٹ کے آغاز (بتاریخ ۳۰ مئی ۲۰۱۷) کے چار سالوں کے اندر تمام فزیکل سرٹیفکیٹس کو برقی (ایکٹو ایکٹو) 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 مینڈیٹ سرٹیفکیٹس کے اجراء کیلئے درکار رسمی تقاضوں سے گریز اور بہتر نرخوں پر اوپن مارکیٹ میں خرید و فروخت کیلئے آسانی سے دستیابی۔

۹۔ غیر رجسٹرڈ منافع منقسمہ:

اپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۳۳۲ 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 رجسٹرڈ رہتا ہے اسے مضاربہ نوٹس دے گا۔ اسکے بعد بھی اگر کوئی رجسٹرڈ نہیں آیا تو مضاربہ یا اسے تمام غیر رجسٹرڈ منافع منقسمہ وفاقی حکومت کو ادا کر دے گا۔



Popular Islamic Modaraba

An Islamic Financial Institution

www.jamapunji.pk



Be aware, Be alert, Be safe

Learn about investing at
www.jamapunji.pk

Key features:

- 📄 Licensed Entities Verification
- 🔍 Scam meter*
- 🎮 Jamapunji games*
- 📊 Tax credit calculator*
- 🏢 Company Verification
- 📋 Insurance & Investment Checklist
- ❓ FAQs Answered

- 📈 Stock trading simulator (based on live feed from KSE)
- 📖 Knowledge center
- 📊 Risk profiler*
- 📊 Financial calculator
- 📱 Subscription to Alerts (event notifications, corporate and regulatory actions)
- 📱 Jamapunji application for mobile device
- 📖 Online Quizzes



Jama Punji is an Investor Education Initiative of Securities and Exchange Commission of Pakistan

jamapunji.pk

[@jamapunji_pk](https://twitter.com/jamapunji_pk)

*Mobile apps are also available for download for android and ios devices