



Popular Islamic Modaraba

An Islamic Financial Institution

ANNUAL REPORT FOR THE YEAR ENDED JUNE 30, 2025

Managed By:

Popular Islamic Modaraba
Management Company (Private) Limited



Popular Islamic Modaraba

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VISION STATEMENT

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

MISSION STATEMENT

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

We focus on value creation for our stakeholders.

STATEMENT OF ETHICS AND BUSINESS PRACTICES

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



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CORPORATE INFORMATION

BOARD OF DIRECTORS	Mr. Imamuddin Shouqeen Mr. Shahbaz Ali Malik Mr. Khurram Abdullah Mr. Abdul Jaleel Shaikh Mr. Malik Junaid Emam Mr. Kamran Hussain Mughal Ms. Aisha Mughal	- Chairman - Managing Director - Independent Director - Independent 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. Ghulam Mustafa	
BANKERS	Albaraka Bank (Pakistan) Limited	
AUDITORS	BKR Muniff Ziauddin & Co. Chartered Accountant	
LEGAL ADVISOR	Syed Sikandar Ali Shah - Advocate	
MANAGEMENT COMPANY	Popular Islamic Modaraba Management Company (Pvt.) Ltd	
REGISTERED OFFICE	406-410, 4th 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	



Chairman's Review Report

It is a pleasure for me to once again present to you the review of Popular Islamic Modaraba's (PIM) performance for the year ended June 30, 2025, and share how your Modaraba has remained steadfast in its mission of delivering value to stakeholders. During the year under review, PIM continued to operate in a satisfactory manner, demonstrating resilience in a challenging macroeconomic environment.

As Chairman of the Board, it has been my privilege to oversee the progress of the Modaraba during the past decade. PIM has emerged as a forward-looking and responsible institution, serving its stakeholders with dedication while contributing positively to the growth of the Islamic financial sector, our community, and the national economy.

During the year, the Board of Directors diligently discharged its responsibilities by reviewing and approving strategies, corporate objectives, business plans, financial statements, and regulatory reports. Key issues were regularly placed before the Board by the Management, internal and external auditors, legal advisors, and Shariah advisor. The Board has exercised its authority in full compliance with applicable laws, regulations, and the Shariah Governance Framework specified in Shariah Governance Regulation, 2023. Each director has demonstrated commitment to their responsibilities as outlined under the Code of Corporate Governance and relevant regulations.

I am pleased to report that the Modaraba achieved a net profit after tax of Rs. 25.71 million, as compared to Rs. 24.70 million in the previous year. This growth in profitability reflects prudent cost management, diversification of income sources, and effective utilization of resources. While overall income witnessed some moderation due to reduced financing and compression of financing margins from the declining KIBOR, your Modaraba remained successful in maintaining operational stability and delivering sustainable returns to its certificate holders.

I also confirm that the Board meeting agendas, supporting documents, and reports were shared with members in a timely manner, ensuring informed and effective decision-making. Board members actively participated in deliberations, contributing their diverse expertise to address challenges and identify new opportunities. The Board also undertook its annual self-evaluation, with results indicating satisfactory performance in line with the principles of integrity, fairness, and accountability.

On behalf of the Board, I express sincere appreciation for the trust and confidence placed in us by our stakeholders. We remain committed to further strengthening Popular Islamic Modaraba as a reliable and competitive Islamic financial institution, while safeguarding and enhancing the interests of our valued certificate holders.

----SD----

Imamuddin Shouqeen
Chairman

October 03, 2025

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 ۲۰۲۳-۲۰۲۵ کی کارکردگی کے بارے میں بتانا چاہتا ہوں کہ ہم نے بطور کمپنی اندرونی اور بیرونی طور پر کس طرح سے اپنے آپ کو ہم آہنگ کیا تاکہ پاپولر اسلامک مضاربہ اپنے اسٹیک ہولڈرز کو بہتر سروس اور فائدہ دے سکے۔

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

مجھے یہ بتاتے ہوئے خوشی ہو رہی ہے کہ مضاربہ نے بعد از گیس منافع 25.71 ملین روپے حاصل کیا، جو پچھلے سال کے 24.70 ملین روپے کے مقابلے میں بہتر ہے۔ یہ منافع لاگت پر قابو، آمدنی کے ذرائع کی تنوع اور وسائل کے مؤثر استعمال کا عکاس ہے۔ اگرچہ چل آمدنی میں کمی آئی، جو (KIBOR) کی وجہ سے فنڈنگ مارجن کے دباؤ کا نتیجہ تھا، لیکن آپ کا مضاربہ آپریشنل استحکام برقرار رکھنے اور شہریت ہولڈرز کو پائیدار منافع فراہم کرنے میں کامیاب رہا اور پچھلے سال کی طرح اس سال بھی شہریت ہولڈرز کو ایک روپے ڈیویڈنڈ ادا کیا۔ مضاربہ نے شریعہ گورنس ریگولیشن ۲۰۲۳ پر عملدرآمد کو بھی یقینی بنایا ہے۔

بورڈ کے اراکین کو بورڈ اور مضاربہ کے اجلاسوں سے متعلق ایجنڈا اور دیگر متعلقہ دستاویزات تحریری طور پر اجلاسوں سے پہلے بھیجی جاتی رہی ہیں۔ اس کے علاوہ بورڈ کے اراکین کو مباحثوں اور فیصلوں کیلئے مجموعے کے متعلق مختلف رپورٹس بھی ہر وقت 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 مومنو پن کا سالانہ جائزہ لیتا ہے۔ اس تجزیہ کا بنیادی مقصد اصول غیر جانبداری، دیانت داری، اور احتساب کا احاطہ کرتے ہوئے مضاربہ کی کارکردگی کو بڑھانا ہے۔ ۳۰ جون ۲۰۲۵ کو اختتام پزیر 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

03 اکتوبر 2025



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Directors' Report

The Board of Directors of the Popular Islamic Modaraba Management Company (Pvt.) Limited, the Management Company of Popular Islamic Modaraba (the Modaraba), is pleased to present the Directors' Report on the Modaraba together with Notes, Audited Financial Statements and Auditor's Report for the year ended June 30, 2025.

1. REVIEW OF ECONOMY:

The year under review witnessed a challenging yet gradually stabilizing macroeconomic environment in Pakistan. Inflationary pressures remained elevated, averaging around 20–22%, though easing from the historic highs of the prior year. The SBP Policy Rate and KIBOR remained at historically high double-digit levels for most of the fiscal year, exerting pressure on the cost of borrowing and private sector credit offtake.

However, in the last six months of FY 2025, the KIBOR rate started to decline as inflation expectations moderated and monetary easing was initiated by the State Bank of Pakistan. While this reduction supported certain sectors of the economy by lowering financing costs, it also had an adverse impact on the Modaraba sector. Since Modaraba financing and investments are largely benchmarked to KIBOR, the decline in benchmark rates reduced the profitability margins on financing portfolios. The sector, including Popular Islamic Modaraba, faced challenges in maintaining returns to certificate holders while ensuring sustainability of operations in a lower-yield environment.

Despite these challenges, some signs of stability emerged as foreign exchange reserves improved and the rupee remained relatively stable. Fiscal consolidation and external inflows provided temporary relief, though economic growth remained subdued, with GDP expansion estimated around 2.5–3%. Going forward, the outlook depends on sustained structural reforms, improvement in external account position, and careful calibration of monetary policy to balance growth with inflation control.

2. Financial Highlights:

The summarized financial results for the year ended June 30, 2025 are as under:

	2025	2024
	------(Rupees)-----	
Income	41,742,544	45,693,425
Operating expenses	(8,884,417)	(10,177,392)
Depreciation of property and equipment-Ijarah	(4,551,958)	(6,804,518)
Operating profit	28,306,169	28,711,515
Other income	2,458,099	1,837,536
Profit before management fee	30,764,268	30,549,051
Management fee	(1,538,213)	(1,527,453)



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Sales tax on management fee	(230,732)	(198,569)
Provision for worker's welfare fund	(579,906)	(576,461)
Profit before taxation	28,415,416	28,246,569
Taxation	(2,706,683)	(3,550,559)
Profit after taxation	25,708,733	24,696,010
Other comprehensive income	-	-
Total comprehensive income	25,708,733	24,696,010
Earnings per certificate - basic & diluted	1.39	1.76

3. Review of Operations:

By the Grace of Almighty Allah, the performance of Popular Islamic Modaraba during the period under review continued to be strong. During the financial year ended June 30, 2025, Modaraba generated total income of Rs. 41.74 million as compared to Rs. 45.69 million in the preceding year, reflecting a moderate decline primarily due to reduced Ijarah Financing.

Operating expenses were contained at Rs. 8.88 million (FY 2024: Rs. 10.18 million), showing the management's continued focus on cost efficiency and prudent financial discipline. Depreciation on Ijarah assets amounted to Rs. 4.55 million compared to Rs. 6.80 million in the previous year, reflecting a rationalization of the asset base. Consequently, operating profit stood at Rs. 28.31 million (FY 2024: Rs. 28.71 million), demonstrating stability in core operations despite macroeconomic challenges.

Other income increased to Rs. 2.46 million (FY 2024: Rs. 1.84 million), mainly arising from investment income and ancillary business activities. After accounting for management fee, sales tax, Workers' Welfare Fund, and taxation, the Modaraba posted a net profit after tax of Rs. 25.71 million, compared to Rs. 24.70 million in FY 2024. This represents a year-on-year growth in bottom-line profitability, reflecting operational resilience and effective resource deployment. The Modaraba converted the loan through "other than right issue" and issued certificates to the Management company, resultantly, the earning per certificate reduced from Re.1.76 to Re.1.39.

The management remains committed to further diversifying income streams, optimizing the funding mix, and exploring new avenues of Shariah-compliant financing and investment, while continuing to exercise stringent risk management practices.

4. Profit Distributions:

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 Rs. 1/- per certificate of Rs.10/- each i.e 10%, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2025.



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5. Shari'ah Advisor Report:

The Modaraba continues to seek guidance from its Shariah Advisor namely M/s. Alhamad Shariah Advisory Services (Private) Limited as and when required to ensure full compliance of Shariah Governance Regulations, 2023. The Internal Shariah Auditor also handles the day to day affairs of the Modaraba ensuring complete adherence to Shariah policies and principles. The Shariah Advisor Report issued for the affairs of the Modaraba by the Shariah Advisor for the year ended June 30, 2025 is attached with the Annual Financial Statements which confirms that the Business of Modaraba is Shariah Compliant.

6. External Shariah Auditor Report:

In compliance of Shariah Governance Regulations, 2023, the Modaraba has appointed existing external auditor Messrs BKR Muniff Ziauddin & Company, Chartered Accountants to conduct External Shariah Audit of Modaraba. The External Shariah Audit Report issued for the affairs of the Modaraba for the year ended June 30, 2025 is attached with the Annual Financial Statements which confirms that the Business of Modaraba is Shariah Compliant.

7. Compliance with the Code of Corporate Governance:

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

The Directors are pleased to confirm that:

- The 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.



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- 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, 2025 except for those disclosed in the financial statements.
- During the year under review, Four (4) meetings of the Board of Directors were held. Attendance by each Director was as follows:

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

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

8. Sustainability Committee (Regulation 10-A):

In accordance with Clause 10(4)(xiv) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, and Regulation 10A of the SRO 920(I)/2024 dated June 12, 2024 regarding the formation of a sustainability committee, the Modaraba acknowledges the importance of Environmental, Social and Governance (ESG) principles in its business practices.

While a formal ESG policy and committee have not yet been constituted, the management of Popular Islamic Modaraba has voluntarily undertaken several initiatives in line with ESG considerations. These include measures relating to responsible financing, energy conservation, employee welfare, Shariah-compliant investment practices, and community support programs. These steps reflect the Modaraba's commitment to gradually integrating sustainability into its operations, in the spirit of the Code and the SECP's directives.

The Modaraba remains mindful of its ESG-related risks and opportunities. Its operational and investment policies incorporate guidelines on mitigating these risks and ensuring that growth



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strategies are consistent with long-term sustainability objectives. The management intends to progressively strengthen its ESG framework, including the eventual adoption of a formal sustainability policy and committee structure, to further align with evolving regulatory expectations and stakeholder needs.

9. Future outlook:

Going forward, your Modaraba will continue to explore and invest in high-yield and Shariah-compliant enterprises, with a focus on sustainable growth and diversification of income streams. The management remains committed to pursuing both short-term opportunities and long-term strategic initiatives that will enhance operational efficiency and deliver superior returns to certificate holders.

The declining KIBOR environment presents both challenges and opportunities. While reduced benchmark rates put pressure on financing margins, they also open avenues for expansion of customer base by offering competitive and affordable Shariah-compliant financial solutions. The management intends to leverage this situation by targeting growth sectors, improving asset quality, and carefully aligning financing structures to maintain healthy spreads.

We recognize that the operating environment remains highly competitive, particularly with Islamic and commercial banks aggressively expanding their footprint in Islamic finance. To address this, the Modaraba will focus on customer-centric services, innovative product structuring, prudent risk management, and enhanced recoveries. Our objective is to safeguard the interests of certificate holders while continuing to strengthen the Modaraba's market position.

With a disciplined approach, emphasis on risk-adjusted returns, and adoption of modern business strategies, we are confident that the Modaraba will continue to create value for all stakeholders despite the prevailing economic challenges.

10. 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](http://www.popularislamicmodaraba.com)

11. External Auditors:

The existing auditors Messrs BKR Muniff Ziauddin & Company, Chartered Accountants offered themselves for appointment as on External Auditor for the year ending June 30, 2026. The Board has recommended the reappointment of existing external auditor. Application for appointment of external auditors of the Modaraba for financial year ending June 30, 2026 will be submitted to approval of the Registrar Modaraba-SECP.



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12. 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, 2025 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

13. Acknowledgments:

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

for and on behalf of the Board.

----SD----

Kamran Hussain Mughal
Chief Executive

Place: Karachi
Dated: October 03, 2025

ڈائریکٹرز کی رپورٹ برائے سال 30 جون 2025

پاپولر اسلامک مضاربہ منجھٹ کمپنی (پرائیویٹ) لمیٹڈ جو پاپولر اسلامک مضاربہ کی منجھٹ کمپنی ہے، اسکے بورڈ آف ڈائریکٹرز اپنے سرٹیفکیٹ ہولڈرز کو بہ سمرٹ ڈائریکٹرز کی رپورٹ مع مضاربہ کے آڈٹ شدہ گوشوارے برائے سال 30 جون 2025 پیش کرتے ہیں۔

۱۔ معیشت کا جائزہ:

مالی سال ۲۰۲۴-۲۰۲۵ کے دوران پاکستان کا معاشی ماحول مشکل مگر بتدریج مستحکم رہا۔ افراط زر اور سٹاپ 20۲۵ 22۲ فیصد تک بلند سطح پر رہا، تاہم گزشتہ سال کی تاریخی بلند ترین سطح کے مقابلے میں اس میں کمی دیکھنے میں آئی۔ اسٹیٹ بینک کی پالیسی ریٹ اور (KIBOR) مالی سال کے بیشتر حصے میں بلند ترین سطح پر رہا جس کے باعث قرضوں کی لاگت میں اضافہ اور نجی شعبے کے قرض لینے کی رفتار میں کمی واقع ہوئی۔ تاہم، مالی سال 2025 کی آخری چھ ماہ میں (KIBOR) میں کمی شروع ہوئی کیونکہ افراط زر کی توقعات کم ہوئیں اور اسٹیٹ بینک نے مالیاتی نرمی کا آغاز کیا۔ اگرچہ اس کی سے کچھ شعبوں کو فائدہ ہوا لیکن اس کا مضاربہ سیکٹر پر منفی اثر مرتب ہوا۔ چونکہ مضاربہ کی فنڈنگ اور سرمایہ کاری زیادہ تر (KIBOR) سے منسلک ہوتی ہیں، اس لیے شرح میں کمی نے فنڈنگ پورٹ فولیو کے منافع کے مارجن کو کم کر دیا۔ اس کے نتیجے میں مضاربہ سیکٹر کو سرٹیفکیٹ ہولڈرز کو مناسب منافع برقرار رکھنے اور کم منافع والے ماحول میں پائیدار کارکردگی کو یقینی بنانے میں مشکلات پیش آئیں۔ اس کے باوجود، زرمبادلہ کے ذخائر میں بہتری اور روپے کی نسبی استحکام نے معیشت کو کچھ سہارا دیا۔ مالیاتی نظم و ضبط اور بیرونی معاونت نے وقتی ریلیف فراہم کیا، تاہم مجموعی قومی پیداوار (GDP) کی شرح نمو تقریباً 2.5% 3۲ فیصد رہی جو صنعتی سرگرمیوں کی کمزوری اور محدود صارفین کی طلب کو ظاہر کرتی ہے۔ مستقبل کا انحصار ساختی اصلاحات، بیرونی کھاتوں کی بہتری اور مالیاتی پالیسی کے متوازن رویے پر ہے تاکہ ترقی اور افراط زر دونوں کو قابو میں رکھا جاسکے۔

۲۔ نمایاں مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ برائے سال 30 جون 2025 درج ذیل ہیں:-

برائے جون 2025	برائے جون 2024	
----- (روپے) -----		
41,742,544	45,693,425	آمدنی
(8,884,417)	(10,177,392)	آپریٹنگ اخراجات
(4,551,958)	(6,804,518)	اجارہ اثاثوں کی فرسودگی کے اخراجات (ڈیپری سی ایشن)
13,436,375	16,981,911	آپریٹنگ منافع
2,458,099	1,837,536	دیگر آمدنی
30,764,268	30,549,051	نفع قبل از منجھٹ فیس
(1,538,213)	(1,527,453)	منجھٹ فیس
(230,732)	(198,569)	منجھٹ فیس پر سٹونگس
(579,906)	(576,461)	ورکرز ویلفیئر فنڈ
28,415,416	28,246,569	نفع قبل از ٹیکس
(2,706,683)	(3,550,559)	ٹیکس
25,708,733	24,696,010	نفع بعد از ٹیکس
1.39	1.76	آمدنی فی سرٹیفکیٹ

۳۔ کاروبار کا جائزہ:

اللہ تعالیٰ کی مہربانی سے اس مالی سال کے اختتام پر پاپولر اسلامک مڈاربا نے کل آمدن 41.74 ملین روپے حاصل کی جو گزشتہ سال کی آمدن 45.69 ملین روپے کے مقابلے میں قدرے کمی کو ظاہر کرتی ہے۔ اس کی بنیادی وجہ اجارہ فنانسنگ میں کمی تھی۔

آپریٹنگ اخراجات کو 8.88 ملین روپے (10.18:2024 ملین روپے) تک محدود رکھا گیا جو انتظامیہ کی لاگت پر قابو پانے اور مالی نظم و ضبط کی پالیسی کو ظاہر کرتا ہے۔ اجارہ جات پر فربسودگی کی مد میں 4.55 ملین روپے خرچ ہوئے جو گزشتہ سال کے 6.80 ملین روپے کے مقابلے میں کم ہیں، جس سے اثاثہ جات کے موثر انتظام کی عکاسی ہوتی ہے۔ نتیجتاً آپریٹنگ منافع 28.31 ملین روپے (28.71:2024 ملین روپے) رہا، جو مشکل معاشی حالات کے باوجود بنیادی کاروبار میں استحکام کو ظاہر کرتا ہے۔ دیگر آمدن میں اضافہ ہو کر یہ 2.46 ملین روپے تک پہنچ گئی جو گزشتہ سال 1.84 ملین روپے تھی۔ منجمنٹ فیس، سیلوننگس، ورکرز ویلفیئر فنڈ اور انویسٹیشن کو مد نظر رکھنے کے بعد، مضاربہ نے ٹیکس کے بعد خالص منافع 25.71 ملین روپے کمایا جو گزشتہ سال کے 24.70 ملین روپے کے مقابلے میں زیادہ ہے۔ اس سے سال بہ سال منافع میں بہتری ظاہر ہوتی ہے جو آپریٹنگ چارج اور وسائل کے موثر استعمال کا نتیجہ ہے۔ آمدنی فی سرٹیفکیٹ میں کمی کی وجہ منجمنٹ کمپنی کو لون کے عوض سے سرٹیفکیٹ کا اجرا ہے۔

انتظامیہ آمدن کے ذرائع کو مزید متنوع بنانے، فنڈنگ کس کو بہتر کرنے اور شرعی اصولوں کے مطابق نئی فنڈنگ اور سرمایہ کاری کے مواقع تلاش کرنے کے لیے پرعزم ہے، ساتھ ہی سخت رسک منجمنٹ پالیسی پر بھی عمل جاری رکھا جائے گا۔

۴۔ نقد منافع کی تقسیم (مقسمہ منافع):

بورڈ نے 103 اکتوبر 2025 کو منعقد ہونے والے اجلاس میں فیصلہ کیا کہ سرٹیفکیٹ ہولڈرز کے فائدے کی خاطر منجمنٹ فیس صرف 5 فیصد لی جائے اور 10 روپے والے سرٹیفکیٹ پر ایک روپیہ (10%) فی سرٹیفکیٹ کے حساب سے نقد منافع (Cash Dividend) کی منظوری دی ہے، جو 30 جون 2025 کو ختم شدہ سال کے لئے زکوٰۃ اور محصولات کی کٹوتیوں (جہاں لاگو ہوں) سے مشروط ہے۔

۵۔ شریعہ ایڈوائزر رپورٹ:

مضاربہ اپنے شریعہ ایڈوائزر الحمد شریعہ ایڈوائسری سرویس (پرائیویٹ) لمیٹڈ سے حسب ضرورت رہنمائی حاصل کرتا رہتا ہے۔ تاکہ شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل درآمد کو یقینی بنایا جاسکے۔ شریعہ پالیسیوں اور ضوابط پر عمل درآمد یقینی بنانے کیلئے اندرونی شریعہ آڈیٹر مضاربہ کے روزمرہ کے امور کی دیکھ بھال کرتا ہے۔ مضاربہ کے امور پر جاری کردہ شریعہ ایڈوائزر رپورٹ برائے سال 30 جون 2025 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ ثابت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۶۔ ایکسٹرنل شریعہ آڈٹ رپورٹ:

شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل کرتے ہوئے مضاربہ نے اپنے موجودہ آڈیٹر کی آرمنیف ضیاء الدین اینڈ کمپنی کو ایکسٹرنل شریعہ آڈٹ کی ذمہ داری سونپی ہے تاکہ شریعہ گورننس ریگولیشن ۲۰۲۳ پر عمل درآمد کو یقینی بنایا جاسکے۔ مضاربہ کے امور پر جاری کردہ ایکسٹرنل شریعہ آڈٹ رپورٹ برائے سال 30 جون 2025 سالانہ مالیاتی گوشواروں کے ساتھ منسلک ہے جو کہ یہ ثابت کرتا ہے کہ مضاربہ کا کاروبار شریعہ کے مطابق ہے۔

۷۔ نظم و ضبط کے کوڈ پر عملدرآمد:

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

ڈائریکٹریہ تصدیق کرتے ہیں کہ:

- ☆ بورڈ متعلقہ اصولوں کی پابندی کر چکا ہے۔
- ☆ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کیا ہے جس میں تمام تر معاملات صحیح طور پر پیش کئے گئے ہیں جس میں اس کے آپریشنز، نقد قومات کے بہاؤ اور ایکویٹی میں تبدیلی کے نتائج شامل ہیں۔
- ☆ مضاربہ کے حسابات کیلئے کھاتوں کو درست طور پر مرتب کیا گیا ہے۔
- ☆ مالیاتی اسٹیٹمنٹ کی تیاری میں ہر جگہ حسابات کی پالیسی کو درست طور پر استعمال کیا گیا ہے اور حسابات کے تخمینے کے سلسلے میں مناسب ترین اور دانشمندانہ فیصلے کئے گئے ہیں۔
- ☆ تمام مالی حسابات مضاربہ کی اینڈ مضاربہ (فلوشین اینڈ کنٹرول) آرڈیننس 1980، مضاربہ کمپنیز اینڈ مضاربہ رولز 1981، مضاربہ ریگولیشن 2021 اور سیکوریٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی ہدایات کی روشنی میں انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز اور اسلامک اکاؤنٹنگ اسٹینڈرڈز اپناتے ہوئے تیار کی گئی ہے۔
- ☆ اندرونی کنٹرول کا سسٹم بے حد مضبوط ہے اور موثر طور پر عملدرآمد کیا جا رہا ہے۔
- ☆ مضاربہ مالی طور پر بے حد مستحکم ہے اور موثر طور پر تمام پالیسیوں کا نفاذ اور نگرانی کی جاتی ہے۔
- ☆ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے میں کسی رکاوٹ کا شائبہ نہیں ہے اور اس سلسلے میں کوئی قابل تفتیش بات نہیں۔
- ☆ بورڈ مضاربہ کی موجودہ صلاحیت میں کام جاری رکھنے سے مطمئن ہے اور اسی وجہ سے بورڈ مزید ایکویٹی ڈالنے کے بارے میں سوچ رہا ہے۔
- ☆ 30 جون 2025 کی تاریخ پر ٹیکسز، ڈیوٹیز، 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۔
- ☆ اس سال کے دوران بورڈ آف ڈائریکٹرز کے 4 اجلاس منعقد ہوئے۔ ان میں ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

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

☆ سرٹیفکیٹ ہولڈرز کے لئے سرٹیفکیٹ ہولڈنگ کا طرز اس سال اندر پورٹ کے ساتھ منسلک ہے۔

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

۸۔ سسٹین ایبلٹی کمیٹی:

لنچمنٹ (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی کلاز 10 (4) (xiv) اور سکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کے نوٹیفکیشن (S.R.O. (1) / 2024 عر 12 جون 2024 کی ریگولیشن 10A کے مطابق، جو سسٹین ایبلٹی کمیٹی کے قیام سے متعلق ہے، مضاربہ کاروباری عمل میں ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کی اہمیت کو تسلیم کرتا ہے۔

اگرچہ ایک مضابطہ ESG پالیسی اور کمیٹی کا حال تشکیل نہیں دی گئی، تاہم پاپولر اسلامک مضاربہ کی مینجمنٹ نے رضاکارانہ طور پر مختلف اقدامات اختیار کیے ہیں جو ESG کے تقاضوں کے مطابق ہیں۔ ان میں ذمہ دارانہ فنڈنگ، توانائی کی بچت، ملازمین کی فلاح و بہبود، شریعہ کے مطابق سرمایہ کاری کے طریقے اور کمیونٹی سپورٹ پروگرام شامل ہیں۔ یہ اقدامات موداربہ کے اس عزم کی عکاسی کرتے ہیں کہ وہ ہندرتج اپنے آپریشنز میں پائیداری کو شمول دے گا، جیسا کہ کوڈ آف گورننس ای سی بی کی ہدایات کے مطابق ہے۔ مضاربہ اپنے ESG سے متعلقہ خطرات اور مواقع سے بخوبی آگاہ ہے۔ اس کی آپریشنل اور انویسٹمنٹ پالیسیز میں ایسے رہنما اصول شامل ہیں جو ان خطرات کو کم کرنے اور ترقی کی حکمت عملی کو طویل المدتی پائیداری کے مقاصد کے ساتھ ہم آہنگ بنانے پر مرکوز ہیں۔ مینجمنٹ مستقل طور پر ESG فریم ورک کو مزید مضبوط بنانے کا ارادہ رکھتی ہے، جس میں ایک مضابطہ پائیداری پالیسی اور کمیٹی کے حوالے کرنا بھی شامل ہوگا تاکہ ریگولیٹری تقاضوں اور اسٹیک ہولڈرز کی ضروریات کے ساتھ بہتر ہم آہنگی قائم کی جاسکے۔

۹۔ مستقبل کا منظر نامہ:

مستقبل میں، آپ کا مضاربہ اپنی منافع بخش اور شرعی اصولوں کے مطابق کاروباری مواقع تلاش کرنے اور ان میں سرمایہ کاری کرنے کا سلسلہ جاری رکھے گا تاکہ پائیدار ترقی اور آمدن کے ذرائع میں تنوع پیدا کیا جاسکے۔ انتظامیہ قلیل المدتی مواقع اور طویل المدتی حکمت عملیوں دونوں پر توجہ مرکوز رکھے گی تاکہ آپریشنل استعداد میں اضافہ کیا جاسکے اور شفافیت ہولڈرز کو بہتر منافع دیا جاسکے۔

کیوریٹر میں مضاربہ کے لیے مواقع اور چیلنجز دونوں کا باعث ہے۔ اگرچہ اس سے فنڈنگ کے مارجن پر دباؤ پڑ رہا ہے، تاہم یہ صارفین کی بنیاد میں اضافے کا موقع بھی فراہم کر رہا ہے کیونکہ اس کے ذریعے زیادہ مسابقتی اور سستے شرعی خلائش سلوشنز فراہم کیے جاسکتے ہیں۔ انتظامیہ کا منصوبہ ہے کہ اس صورتحال سے فائدہ اٹھا کر ترقی کے شعبوں کو مدد دیا جائے، اثاثوں کے معیار کو بہتر بنایا جائے اور فنڈنگ ڈھانچے کو اس انداز میں ترتیب دیا جائے کہ سخت مندرجہ ذیل برقرار رکھیں۔ ہم یہ بھی تسلیم کرتے ہیں کہ آپریٹنگ ماحول انتہائی مسابقتی ہے، خاص طور پر اس وقت جب اسلامی اور کمرشل بینک اسلامی فنانس میں تیزی سے اپنی موجودگی بڑھا رہے ہیں۔ اس مسابقت سے نمٹنے کے لیے مضاربہ کا فوکس صارفین کو بہتر خدمات فراہم کرنے، نئی مصنوعات کی تشکیل جتنا طر مسک مینجمنٹ اور وصولیوں میں بہتری پر ہوگا۔ ہمارا مقصد شفافیت ہولڈرز کے مفادات کا تحفظ کرتے ہوئے مضاربہ کی مارکیٹ میں پوزیشن کو مزید مستحکم کرنا ہے۔

انتظامی نظم و ضبط، رسک ایڈمنسٹریشن پر زور اور جدید کاروباری حکمت عملیوں کو اپنانے کے ساتھ، ہمیں یقین ہے کہ مضاربہ موجودہ معاشی چیلنجز کے باوجود تمام اسٹیک ہولڈرز کے لیے قدر پیدا کرنے کا سلسلہ جاری رکھے گا۔

۱۰۔ سرٹیفکیٹ ہولڈرز کا کردار:

بورڈ کا مقصد مضاربہ کے سرٹیفکیٹ ہولڈرز کو مضاربہ کے معاملات، اہم پیش رفت اور امور سے باخبر رکھنا ہے۔ ان مقاصد کو حاصل کرنے کیلئے مضاربہ کی تمام معلومات سرٹیفکیٹ ہولڈرز کو سرمایہ، ششماہی اور سالانہ بنیادوں پر مضاربہ کی ویب سائٹ کے ذریعے فراہم کی جاتی ہے جو کہ www.popularislamicmodaraba.com ہے۔ ۱۲

۱۱۔ بیرونی آڈیٹر:

حالیہ آڈیٹر مسز نبی کے ارمینہ ضیاء الدین اینڈ کمپنی نے مالی سال 30 جون 2026 کیلئے اپنی تقرری کیلئے دلچسپی ظاہر کی ہے۔ جسکی درخواست جلد ہی رجسٹرڈ مضاربہ پینچنیز اور مضاربہ کو ارسال کر دی جائے گی۔

۱۲۔ کارپوریٹ گورننس پر عمل درآمد:

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



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۱۳۔ اعتراف:

اس سال کے دوران مضاربہ مشکور ہے رجسٹرڈ 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 مستقبل میں بھی اس کی امید رکھتا ہے۔

مفتاح بورڈ

-- دستخط شدہ --

کامران حسین مغل

چیف ایگزیکٹو

۰۳ اکتوبر ۲۰۲۵



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

Name of Company: POPULAR ISLAMIC MODARABA
Year ending: June 30, 2025

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

1. The total number of directors are 7 (seven) as per the following:

- a. Male: 6 (six)
- 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 Mr. Abdul Jaleel Shaikh
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;



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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.
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. Suriya Nauman Rehan & Co. Chartered Accountant who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company;
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;



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17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the Regulations 3, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with; 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. Suriya Nauman Rehan & Co. Chartered Accountant and designated an existing employee who is commerce graduate having 12 years' experience with the Modaraba, as coordinator between firm providing internal audit services and the Board owing to the reason that he is well acquainted with the Modaraba's accounts
3.	29 & 30	Nomination and Risk Management Committee: Currently the Board has not constituted a separate Nomination and Risk Management Committees and the function are being performed by the Board.

-----SD-----

Mr. Imamuddin Shouqeen

Chairman

Dated: October 03, 2025



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MUNIFF ZIAUDDIN & CO.
Chartered Accountants

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INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

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 (the Board) of Popular Islamic Modaraba Management Company (Private) Limited (the Modaraba Management Company) for and on behalf of Popular Islamic Modaraba (the Modaraba) for the year ended **June 30, 2025** in accordance with the requirements of regulation 36 of the Regulations.

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

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

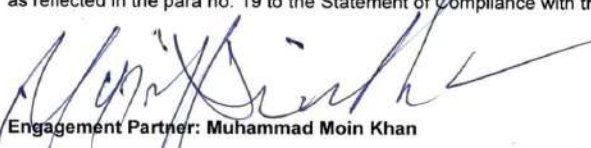
The Regulations require the Modaraba Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Following instance of non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

- 1) The Modaraba Management Company, as per Regulation 6 of the Regulations is required to have 1/3 of the Board as independent directors, which come out to 3 (2.33 fraction). There are only 2 independent directors, and the Modaraba Management Company has not explained the reasons, in the compliance report, if any fraction contained in such one-third number which is not rounded up as one.

Based on our review, except for the above instance of non-compliance, 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, 2025**.

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


Engagement Partner: Muhammad Moin Khan

Karachi.
Date: October 03, 2025
UDIN: CR202510153QvEz3urdc

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Islamabad & Lahore



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MUNIFF ZIAUDDIN & CO.
Chartered Accountants

INDEPENDENT AUDITORS' REPORT TO THE CERTIFICATE HOLDERS OF POPULAR ISLAMIC MODARABA

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Opinion

We have audited the annexed financial statements of Popular Islamic Modaraba (the "Modaraba"), which comprise the statement of financial position as at **June 30, 2025**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2025 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matter

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

S. No	Key Audit Matter	How the matter was addressed in our audit
1	Income from Diminishing Musharaka	
	Modaraba earns income from the Diminishing Musharaka financing which is its substantial income source (Refer note 17 to the financial statement). During the year, the Modaraba has recognized income of Rs. 31.28 million which represents an increase of Rs.0.19 million over last year.	Our audit procedures in respect of this matter included the following: Obtained an understanding, including the design and implementation of internal controls over recording and processing of diminishing musharaka income.

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S. No	Key Audit Matters	How the matter was addressed in our audit
	We identified income from diminishing musharaka financing as a key audit matter as it is one of the key performance indicators of the Modaraba and because of the potential risk that income from diminishing musharaka transactions may not be accurately recorded, recognized in the appropriate period, and not properly disclosed in the financial statements.	- Assessed the appropriateness of the Modaraba's accounting policy for recording of income and in line with the requirements of applicable law, accounting and reporting standards; - Matched customer contracts with the income schedule and performed recalculation on sample basis to ensure that income is appropriately recorded and also evaluated that these contracts were appropriately classified and recorded in the appropriate accounting period. - On sample basis, traced the rentals received from the underlying records issued to contract holders and applied substantive analytical procedures to determine any variations; - Recalculated the unearned portion of income and check the appropriate amount has been recorded as unearned income in liabilities. We also evaluated the adequacy of the overall disclosures in the financial statements in respect of income from diminishing musharaka financing in accordance with the requirements of applicable financial reporting frameworks.

Information Other than the Financial Statements and Auditors' Report Thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information; we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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



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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are



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therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

- proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980);
- the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Flotation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- 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.

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



Chartered Accountants
Karachi

Date: October 03, 2025
UDIN: AR202510153hFKGIqXWp



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Independent Assurance Report on Compliance with the Shariah Governance Regulations, 2023 Web: bkrpakistan.com

To the Board of Directors of
Popular Islamic Modaraba

1. Introduction

We have undertaken a reasonable assurance engagement that the Securities and Exchange Commission of Pakistan (SECP) has required in terms of its Shariah Governance Regulations, 2023 (the Regulations) – External Shariah Audit of the Popular Islamic Modaraba (“the Modaraba”) for assessing compliance of the Modaraba’s financial arrangements, contracts, and transactions having Shariah implications with Shariah principles for the year ended June 30, 2025. This engagement was conducted by a multidisciplinary team including assurance practitioners and independent Shariah scholar.

2. Applicable Criteria

The criteria for the assurance engagement, against which the underlying subject matter (financial arrangements, contracts, and transactions having Shariah implications for the year ended June 30, 2025) is assessed, comprise of the Shariah principles and rules, as defined in the Regulations and reproduced as under:

- Legal and regulatory framework administered by the Commission;
- Shariah standards issued by the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), as notified by the Commission;
- Islamic Financial Accounting Standards, developed by the Institute of Chartered Accountants of Pakistan, as notified by the Commission;
- Guidance and recommendations of the Shariah advisory committee, as notified by the Commission; and
- Approvals, rulings or pronouncements of the Shariah Supervisory Board or the Shariah advisor of the Islamic financial institution, in line with (i) to (iv) above.

The above criteria were evaluated for their implications on the financial statements of the Modaraba for the year ended June 30, 2025 which are annexed.

3. Management’s Responsibility for Shariah Compliance

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

4. Our Independence and Quality Control

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



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

5. Our responsibility and summary of the work performed

Our responsibility in connection with this engagement is to express an opinion on compliance of the Modaraba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles, in all material respects, for the year ended **June 30, 2025** based on the evidence we have obtained. We conducted our reasonable assurance engagement in accordance with International Standard on Assurance Engagements 3000, 'Assurance Engagements other than audits or reviews of historical financial statements', issued by the International Auditing and Assurance Standards Board. That standard requires that we plan and perform this engagement to obtain reasonable assurance about whether the compliance of the Modaraba's financial arrangements, contracts, and transactions having Shariah implications with Shariah principles is free from material misstatement.

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

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

6. Conclusion

Based on our reasonable assurance engagement, we report that in our opinion, the Modaraba financial arrangements, contracts and transactions for the year ended **June 30, 2025** are in compliance with the Shariah principles, in all material respects.



Muniff Ziauddin & Co.
Chartered Accountants
Karachi

Date: October 03, 2025

Name of Engagement Partner: Muhammad Moin Khan



Popular Islamic Modaraba

An Islamic Financial Institution



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

نحمده و نصلى على رسوله الكريم

Shari'ah Advisor's Report

For the period ended June 30, 2025

We have conducted the Shari'ah review of Popular Islamic Modaraba, managed by its Popular Modaraba Management Company (Private) Limited, for the financial year ended June 30, 2025, in accordance with the requirements of the Shariah Governance for Modarabas and report that, in our opinion:

- i. The Modaraba has introduced mechanisms that have strengthened Shari'ah compliance in letter and spirit, and the systems, procedures, and policies adopted by the Modaraba are in line with the principles of Shari'ah.
- ii. The agreements entered into by the Modaraba are Shari'ah-compliant, and the financing agreements have been executed on the formats approved by the Religious Board. All related conditions have been duly observed.
- iii. To the best of our knowledge and according to the explanations provided to us, the business transactions undertaken by the Modaraba and all other matters incidental thereto are in conformity with Shari'ah requirements, the requirements of the Prospectus and the Shari'ah Governance for Modarabas.
- iv. Profit-sharing ratios, distribution of profits, and charging of losses (if any) relating to any deposit-raising product conform to the basis and principles of Shari'ah.
- v. The earnings realized from sources or by means prohibited by Shari'ah have been duly credited to the charity account.

Conclusion

Based on our review, we are satisfied that the affairs of Popular Islamic Modaraba have been conducted in accordance with the principles of Shari'ah.

We pray to Allah Almighty to grant us success, protect us from hindrances and difficulties, and bestow financial prosperity upon Popular Islamic Modaraba.

For and on behalf of Alhamd Shariah Advisory Services (Pvt.) Ltd

Mufti Ibrahim Essa
Chief Executive Officer



Mufti Ubaid Ur Rahman Zubairi
Director

Dated: October 1, 2025

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Popular Islamic Modaraba

An Islamic Financial Institution

STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2025

ASSETS	Note	2025 Rupees	2024 Rupees
Non-Current Assets			
Property and equipment - owned	4	15,902	32,453
Property and equipment - Ijarah	5	6,475,296	14,831,415
Diminishing musharaka financing	6	112,433,767	79,593,213
Deferred tax asset-net	7	5,395,763	3,206,335
		124,320,728	97,663,416
Current Assets			
Murabaha finance	8	31,228,831	37,823,806
Current portion of diminishing musharaka	6	56,502,625	33,708,297
Advances and other receivables	9	22,097,507	9,377,656
Cash and bank balances	10	3,933,087	54,080,582
		113,762,050	134,990,341
		238,082,778	232,653,757
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized certificate capital 20,000,000 (2024: 14,000,000) modaraba certificates of Rs. 10 each.		200,000,000	140,000,000
Issued, subscribed and paid-up certificate capital	11	200,000,000	140,000,000
Statutory reserve	12	28,982,350	29,225,542
Accumulated losses		(9,641,925)	(15,593,849)
Advance against equity		-	60,000,000
		219,340,425	213,631,692
LIABILITIES			
Non-Current Liabilities			
Security deposits against Ijarah		1,299,279	3,523,900
Deferred liability		2,830,002	2,344,720
		4,129,281	5,868,620
Current Liabilities			
Accrued and other liabilities	13	1,367,724	1,329,083
Current portion of security deposit against Ijarah		1,095,620	696,800
Charity payable		-	677,553
Advance Rentals Received	14	2,024,116	-
Provision for taxation		5,151,656	6,402,191
Unclaimed profit distribution		3,205,011	2,321,797
Loan from management company	15	-	-
Management fee payable - net		1,538,213	1,527,453
Sales tax on management fee		230,732	198,569
		14,613,072	13,153,446
Contingencies and Commitments	16		
		238,082,778	232,653,757

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

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Chief Executive Officer

Chief Financial Officer

Director

Director



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STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
Income	17	41,742,544	45,693,425
Operating expenses	18	8,884,417	10,177,392
Depreciation of property and equipment-Ijarah	5	4,551,958	6,804,518
		13,436,375	16,981,911
Other income	19	2,458,099	1,837,536
Profit before management fee		30,764,268	30,549,051
Management fee		1,538,213	1,527,453
Sales tax on management fee		230,732	198,569
Provision for worker's welfare fund		579,906	576,461
		2,348,852	2,302,482
Profit before taxation		28,415,416	28,246,569
Taxation	20	2,706,683	3,550,559
Profit after taxation		25,708,733	24,696,010
Other comprehensive income		-	-
Total comprehensive income		25,708,733	24,696,010
Earnings per certificate - basic & diluted	21	1.39	1.76

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

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Chief Executive Officer

Chief Financial Officer

Director

Director



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STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2025

	Certificate capital	Statutory reserves	Accumulated losses	Advance against equity	Total
	Rupees				
Balance as at July 1, 2023	140,000,000	24,286,340	(28,970,857)	-	135,315,483
Profit for the year	-	-	24,696,010	-	24,696,010
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	24,696,010	-	24,696,010
Transferred to statutory reserves at 20%	-	4,939,202	(4,939,202)	-	-
Advance against equity	-	-	-	60,000,000	60,000,000
Transaction with Certificate Holders					
Profit distribution for the year ended June 30, 2023 at Re. 0.4557 (4.557%) per certificate	-	-	(6,379,800)	-	(6,379,800)
Balance as at June 30, 2024	140,000,000	29,225,542	(15,593,849)	60,000,000	213,631,692
Profit for the year	-	-	25,708,733	-	25,708,733
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the year	-	-	25,708,733	-	25,708,733
Advance against equity	60,000,000	-	-	(60,000,000)	-
Transaction with Certificate Holders					
Profit distribution for the year ended June 30, 2024 at Re.1 (10%) per		(243,192)	(19,756,808)		(20,000,000)
Balance as at June 30, 2025	200,000,000	28,982,350	(9,641,925)	-	219,340,425

The annexed notes from 1 to 33 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



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STATEMENT OF CASH FLOW FOR THE YEAR ENDED JUNE 30, 2025

	Note	2025 Rupees	2024 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		28,415,416	28,246,569
Adjustments for non cash items:			
Gain on disposal of investments		(313,706)	(324,195)
Depreciation of property and equipment-owned		16,551	56,698
Provision for worker's welfare fund		-	576,461
Provision for gratuity		705,899	375,274
Depreciation of property and equipment-Ijarah		4,551,958	6,804,518
		<u>33,376,119</u>	<u>35,735,325</u>
Decrease / (increase) in current assets			
Advances and other receivables		(12,477,896)	(594,037)
(Decrease) / increase in current liabilities			
Accrued and other liabilities		38,641	110,568
Advance rental received		2,024,116	-
Charity payable		(677,553)	116,729
Management fee payable		10,760	966,469
Sales tax on management fee		32,163	125,641
Cash generated from operations		<u>22,326,350</u>	<u>36,460,696</u>
Taxes paid		(6,388,602)	(2,797,893)
Gratuity paid		(220,617)	(229,719)
Net cash generated from operating activities		<u>15,717,131</u>	<u>33,433,084</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of property and equipment-Ijarah		4,117,867	5,401,943
Security deposit - net		(1,825,801)	(4,121,050)
Net Investment in diminishing musharaka		(55,634,882)	(37,203,041)
Net Investment in Murabaha finance		6,594,975	8,866,542
Net cash used in investing activities		<u>(46,747,841)</u>	<u>(27,055,606)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Loan from management company		-	-
Advance against equity		-	46,000,000
Dividend paid		(19,116,786)	(6,709,255)
Net cash (used in) / generated from financing activities		<u>(19,116,786)</u>	<u>39,290,745</u>
Net (decrease) / increase in cash and cash equivalents		<u>(50,147,496)</u>	<u>45,668,222</u>
Cash and cash equivalents at the beginning of the year		54,080,582	8,412,360
Cash and cash equivalents at the end of the year	10	<u>3,933,087</u>	<u>54,080,582</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

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

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--SD--

Chief Executive Officer

Chief Financial Officer

Director

Director



Popular Islamic Modaraba

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025

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 406-410, 4th Floor, Chappal Plaza, Hasrat Mohani Road, Off I.I.Chundrigar Road, Karachi. The Modaraba is listed on the Pakistan Stock Exchange.
- 1.2** The Modaraba is engaged in various Islamic modes of financing and business including Ijarah, Musharakah, Murabaha and Diminishing Musharakah arrangements. Further, trading in listed securities and commodities are also under consultation of management. In addition to this, the management is also scrolling venture to enter in Housing Finance.
- 1.3** In the year 2013-2014, Popular Islamic Modaraba Management Company (Private) Limited purchased the entire shareholding of Islamic Investment Bank Limited (Management Company) along with management and assets of the "First Islamic Modaraba" and the same has been confirmed by the Peshawar High Court vide its order dated March 11, 2013.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. Such standards as applicable in Pakistan comprises of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued by the under the Companies Act, 2017.
- Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations 2021 and directives issued by the Securities and Exchange Commission of Pakistan (SECP).

Where provisions of and directives issued under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ from IFRS and IFAS, the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, Modaraba Companies and Modaraba Rules, 1981, Modaraba Regulations, 2021, the Companies Act, 2017 and provisions of and directives issued by the Securities and Exchange Commission of Pakistan (SECP) have been followed.



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

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

- Mustajir (lessors) presents the assets subject to Ijarah in their balance sheet according to the nature of the asset. The Mustajir is required to distinguish these Ijarah assets from the assets in own use.
- Costs, including depreciation on the assets given on Ijarah, incurred in earning the Ijarah income are recognised as expenses.
- Ijarah income is recognised in income on an accrual basis as and when the rental becomes due, unless another systematic basis is more representative of the time pattern in which the benefit of the use derived from the leased asset is diminished.

2.4 Basis of measurement

These financial statements have been prepared on the historical cost basis, unless otherwise stated.

2.5 Functional and presentation currency

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

2.6 APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO BE PUBLISHED APPROVED ACCOUNTING AND REPORTING STANDARDS

2.6.1 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2025

The following standards, amendments and interpretations are effective for the year ended June 30, 2025. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	01-Jan-2024
Amendments to IFRS 16 'Leases' - Amendments to clarify how a sellerlessee subsequently measures sale and leaseback transactions	01-Jan-2024
Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current	01-Jan-2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	01-Jan-2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance	01-Jan-2024



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2.6.2 New accounting standards, amendments and interpretations that are not yet effective

The following standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, amendments and interpretations are either not relevant to the Modaraba's operations or are not expected to have significant impact on the Modaraba's financial statements other than certain additional disclosures.

	Effective date (annual reporting periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	01-Jan-2026
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	01-Jan-2025
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01-Jan-2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding nature-dependent electricity contracts that are often structured as power purchase agreements (PPAs)	01-Jan-2026
IFRS 17 Insurance Contracts	01-Jan-2027

Certain annual improvements have also been made to a number of IFRSs and IASs.

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP)

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the revised timeframe for the adoption of IFRS - 17 which will be

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).



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2.7 Significant accounting estimates and judgments

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 historic experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future period effected. In the process of applying the Modaraba's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

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

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies applied in the preparation of these financial statements are set out below.

3.1 Murabaha investment

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

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

3.2 Diminishing Musharaka financing

Diminishing musharaka financing are stated net of provision and suspense income. Provision is recognized for Diminishing musharaka financing, in accordance with the Modaraba Regulations 2021 for Modarabas. Bad debts are written-off when identified.

3.3 Ijarah

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

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

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



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An Islamic Financial Institution

Assets leased out under Ijarah and depreciation

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

3.4 Taxation and Levy

a) Levy

In accordance with the Income Tax Ordinance, 2001, computation of final taxes is not based on taxable income, therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the ICAP, these fall within the scope of IFRIC 21 / IAS 37 and accordingly have been classified as levy in these financial statements.

b) Income Tax

Current

Provision for current taxation is based on taxable income at the enacted / corporate tax rate after taking into account tax credits and rebates available, if any, as per the Income tax Ordinance, 2001.

Deferred

Deferred tax is accounted for using the statement of financial position method in respect of all taxable temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized. Deferred tax assets are reduced to the extent it is no longer probable that the related tax benefit will be realized.

3.5 Fixed Assets

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to statement of profit and loss and other comprehensive 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 4.

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.

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.



Popular Islamic Modaraba

An Islamic Financial Institution

3.6 Financial Assets

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

Initial Measurement

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

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

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

Subsequent Measurement

i. Debt Instruments as FVOCI

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

ii. Equity Instruments as FVOCI

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

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 has adopted the requirement of IFRS 9, 'Financial Instruments' with respect to Expected Credit Loss (ECL) model. The ECL has an impact on the assets of the Modaraba which are exposed to credit risk. Provision for non performing Islamic financing is made in accordance with the Modaraba Regulation 2021 for modarabas issued by SECP vide SRO 284 (I) / 2021 dated March 05, 2021 and subsequent amendments made therein, and is charged to profit or loss. The Modaraba while recognizing provisioning for impaired assets has considered the amount which is higher of:

- the provisioning required under the Modaraba Regulation, 2021; and
- the provisioning required under IFRS 9 using the Expected Credit Loss (ECL) model.



Popular Islamic Modaraba

An Islamic Financial Institution

The management also evaluates the Islamic financing receivable subjectively to further down-grade if required.

The Modaraba has adopted the requirements of ECL model as given in IFRS 9 using the modified retrospective approach. A lifetime ECL is recorded on Diminishing Musharakah Financing in which there have been significant increase in Credit Risk and which are credit impaired as on the reporting date.

Furthermore, the management has made an assessment of impairment under expected credit loss model of IFRS 9 for financial assets other than financing assets i.e. balances with banks and other financial assets, and concluded that impact is not material to the financial statements.

vi. De-recognition

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

3.7 Financial Liabilities

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

3.8 Other Receivables

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

3.9 Advances

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

3.10 Cash and cash equivalents

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

3.11 Staff retirement benefits

Defined benefit plan - Gratuity scheme

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

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

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



Popular Islamic Modaraba

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3.12 Revenue Recognition

Revenue is recognized on the following basis:-

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

3.13 Provisions

Lease financing installments and Diminishing musharaka financing are stated net of provision and suspense income. Provision is recognized for Lease financing installments and Diminishing musharaka financing, in accordance with the Modaraba Regulations 2021 for Modarabas. Bad debts are written-off when identified.

3.14 Related Party Transactions

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

Details of related parties of the Modaraba

Name of related party	Nature of relationship	Basis of relationship	Percentage of Certificate
Popular Islamic Modaraba Management Company (Private) Limited	Management Company	Management Company of the Modaraba	57.82%
Staff Gratuity Fund	Associate	Common Management	

3.15 Offsetting of Financial Assets and Financial Liabilities

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

3.16 Segment Reporting

As per IFRS 8: "Operating Segments", segments are reported in a manner consistent with the internal reporting used by the chief operating decision-maker. The Chief Executive Officer has been identified as the chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments. Segments reported are Ijarah, Murabaha and diminishing musharaka financing.



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3.17 Contingencies

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

3.18 Certificate capital and earning per certificate

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

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

3.19 Profit distribution and other appropriations of profit

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

4. PROPERTY AND EQUIPMENT - OWNED

					2025					
Particulars	Cost at July 1, 2024	Additions during the year	Disposal/ Transfer during the year	Cost as at June 30, 2025	Accumulate d depreciation at July 1, 2024	Depreciation for the year	Adjustment s for the year	Accumulated depreciation as at June 30, 2025	Carrying value at June 30, 2025	Depreciation Rate (%)
Rupees										
Furniture and fixtures	69,060	-	-	69,060	47,702	5,456	-	53,158	15,902	15
Office equipment	136,975	-	-	136,975	136,975	-	-	136,975	-	33
Computer equipment	123,800	-	-	123,800	112,705	11,095	-	123,800	-	33
TOTAL	329,835	-	-	329,835	297,382	16,551	-	313,933	15,902	
2024										
Particulars	Cost at July 1, 2023	Additions during the year	Disposal/ Transfer during the year	Cost as at June 30, 2024	Accumulated depreciation at July 1, 2023	Depreciation for the year	Adjustments for the year	Accumulated depreciation as at June 30, 2024	Carrying value at June 30, 2024	Depreciation Rate (%)
Rupees										
Furniture and fixtures	69,060	-	-	69,060	41,918	5,784	-	47,702	21,358	15
Office equipment	136,975	-	-	136,975	121,991	14,984	-	136,975	-	33
Computer equipment	123,800	-	-	123,800	76,775	35,930	-	112,705	11,095	33
TOTAL	329,835	-	-	329,835	240,684	56,698	-	297,382	32,453	



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5. PROPERTY AND EQUIPMENT - IJARAH		Note	2025 Rupees	2024 Rupees				
Ijarah assets (at cost less accumulated depreciation)		5.1	6,475,296	14,831,415				
5.1 Ijarah assets (at cost less accumulated depreciation)								
At July 1 2024								
Cost			31,066,500	31,066,500				
Accumulated depreciation			(16,235,085)	(16,235,085)				
Net book value as at July 1, 2024			14,831,415	14,831,415				
Addition during the year			-	-				
Disposal during the year			-	-				
Cost			(11,114,000)	(11,114,000)				
Accumulated depreciation			7,309,839	7,309,839				
			(3,804,161)	(3,804,161)				
Depreciation charge for the year			(4,551,958)	(4,551,958)				
Closing net book value as at June 30, 2025			6,475,296	6,475,296				
At June 30, 2025								
Cost			19,952,500	19,952,500				
Accumulated depreciation			(13,477,204)	(13,477,204)				
Net book value as at June 30, 2025			6,475,296	6,475,296				
At July 1 2023								
Cost			48,095,000	48,095,000				
Accumulated depreciation			(21,296,947)	(21,296,947)				
Net book value as at July 1, 2023			26,798,053	26,798,053				
Addition during the year			-	-				
Disposal during the year			-	-				
Cost			(17,028,500)	(17,028,500)				
Accumulated depreciation			11,866,380	11,866,380				
			(5,162,120)	(5,162,120)				
Depreciation charge for the year			(6,804,518)	(6,804,518)				
Closing net book value as at June 30, 2024			14,831,415	14,831,415				
At June 30, 2024								
Cost			31,066,500	31,066,500				
Accumulated depreciation			(16,235,085)	(16,235,085)				
Net book value as at June 30, 2024			14,831,415	14,831,415				
5.2 Details of disposal of ijarah assets are as follows:								
Particulars	Cost of asset	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (Loss) on disposal	Purchaser	Relationship	Mode of disposal
Suzuki Cultus	1,870,000	1,683,000	187,000	187,000	-	Mr. Noman Iqbal Baqali	None	Negotiation
Suzuki Swift	2,100,000	1,890,000	210,000	210,000	-	Avani Hotels	None	Negotiation
Forland Pickup	1,499,000	1,199,200	299,800	299,800	-	Mr. Kirshan Lal	None	Negotiation
Suzuki Cultus	1,845,000	888,543	956,457	1,183,092	226,635	Mr. Abdul Haq	None	Negotiation
Toyota Yaris	3,800,000	1,649,096	2,150,904	2,237,975	87,071	Value Added Services Corporation	None	Negotiation
	11,114,000	7,309,839	3,804,161	4,117,867	313,706			
5.3 Contractual rentals receivable								
	June 30, 2025				June 30, 2024			
	Not later than one year	Later than one year and less than five years	Later than five years	Total	Not later than one year	Later than one year and less than five years	Later than five years	Total
Rentals receivable	4,428,789	2,619,166	-	7,047,955	8,123,993	9,517,385	-	17,641,378
Residual value	1,095,620	1,299,300	-	2,394,920	1,120,550	3,100,150	-	4,220,700
Total future Ijarah payment receivable	5,524,409	3,918,466	-	9,442,875	9,244,543	12,617,535	-	21,862,078



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			2025 Rupees	2024 Rupees
6. DIMINISHING MUSHARAKA	Note			
Secured				
Diminishing Musharaka financing	6.1	168,936,392	113,301,510	
Less: Current portion shown in current assets		(56,502,625)	(33,708,297)	
		112,433,767	79,593,213	
6.1	This represents diminishing musharaka financing for a term of 1 to 10 years. The profit rates on these diminishing musharaka arrangements range between 13.61% and 22.79% (2024: 10.30% and 26.12%). Diminishing musharaka arrangements are secured by way of Modaraba's title over underlying assets and demand promissory notes.			
7 DEFERRED TAX ASSET- NET				
Deductible temporary differences in respect of:		As at June 30, 2024	Profit or Loss	OCI
- Depreciation on fixed assets		-	(3,988,069)	-
- Post retirement employee benefits		-	(820,701)	-
- Unearned Income		-	(586,994)	-
		-	(5,395,763)	-
Taxable temporary differences		-	-	-
		-	(5,395,763)	-
Deductible temporary differences in respect of:		As at June 30, 2023	Profit or Loss	OCI
- Depreciation on fixed assets		-	(2,526,366)	-
- Post retirement employee benefits		-	(679,969)	-
		-	(3,206,335)	-
Taxable temporary differences		-	-	-
		-	(3,206,335)	-
8. MURABAHA FINANCE - SECURED				
Considered good - Performing	8.1	31,228,831	37,823,806	
Considered doubtful - Non-performing		-	-	
		31,228,831	37,823,806	
Provision against non-performing Murabaha finance		-	-	
		31,228,831	37,823,806	
8.1	The profit rates on these Murabaha arrangements ranges between 13.06% and 19.8% (2024: 12.70% and 26.99%). 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		18,356,388	4,024,500	
Loan to employees	9.1	369,850	732,663	
Profit / rental receivable		2,031,368	3,680,788	
Other receivable		469,265	311,024	
Advance income tax		870,636	628,681	
		22,097,507	9,377,656	
9.1	This includes interest free loan to employees in accordance with the policy of the Modaraba duly approved by the Board.			
10. CASH AND BANK BALANCES				
In hand		133,370	116,520	
At banks				
Deposit accounts	10.1	2,411,478	52,542,271	
Dividend account		1,310,168	1,337,149	
State Bank of Pakistan		78,071	84,642	
		3,799,717	53,964,062	
		3,933,087	54,080,582	
10.1	Deposit accounts are Shariah compliant and rate of profit on deposit accounts ranges from 5.72% to 7.25% (2024: 6.75% to 7.25%) per annum.			
10.2	All bank accounts are maintained within Pakistan.			
11. CERTIFICATE CAPITAL				
2025	2024	2025	2024	
Number of Certificates				
20,000,000	14,000,000	200,000,000	140,000,000	Modaraba certificates of Rs. 10 each fully paid-up in cash



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12.	STATUTORY RESERVE	Note	2025 Rupees	2024 Rupees
	Balance at beginning of the year		29,225,542	24,286,340
	Transferred during the year from statement of profit or loss		-	4,939,202
			<u>29,225,542</u>	<u>29,225,542</u>
13.	ACCRUED AND OTHER LIABILITIES			
	Accrued expenses		281,000	261,400
	Withholding tax payable		26,776	8,568
	Worker's welfare fund		579,906	788,176
	Other liabilities		480,042	270,940
			<u>1,367,724</u>	<u>1,329,083</u>
13.1	Reconciliation of charity payable:			
	Balance as at July 01,		677,553	560,824
	Addition during the year		242,019	116,729
	Paid to recognized charitable organizations		(919,572)	-
	Balance as at June 30,		-	677,553
14.	ADVANCE RENTALS RECEIVED			
	Advance rentals received		<u>2,024,116</u>	<u>-</u>
15.	LOAN FROM MANAGEMENT COMPANY		<u>-</u>	<u>-</u>
16.	CONTINGENCIES AND COMMITMENTS			
	In the Banking Court Suit No. 2/2002 FIM v/s Trade & Trade & Others was decreed on 25-07-2003 in favor of Modaraba and Execution Application bearing No. 74/2003 was filed. Thereafter, In Honorable High Court of Sindh an Appeal (1st Appeal 67/2019) was filed for the same case. The case was fixed on March 24,2025 for serving frsh notices. The last case was fixed on April 23, 2025 for order, but "Discharged" by the Honorable court. The next date of the case is fixed on October 7, 2025 by the Roster Fixation and the Modaraba's legal counsel is confident that the same will be decided in favor of the Modaraba.			
17.	INCOME			
	Income on Murabaha		3,756,215	3,515,058
	Income on Ijarah		6,702,389	11,085,876
	Income on Diminishing Musharaka		31,283,940	31,092,491
			<u>41,742,544</u>	<u>45,693,425</u>
18.	OPERATING EXPENSES			
	Salaries, wages and other benefits	18.1	4,370,908	4,291,130
	Auditors' remuneration	18.2	431,000	255,000
	CDC charges / registrar services		491,141	429,737
	Computer software charges		167,000	150,000
	Postage and delivery		390	-
	Printing and stationery		164,495	234,420
	Fees and subscription		1,089,117	1,621,878
	Legal and professional fee		817,832	1,453,496
	Repair and maintenance		395,312	381,059
	Travelling and conveyance		69,660	125,131
	Advertisement		59,500	52,000
	Telecommunication		365,240	372,762
	Entertainment		279,700	209,608
	Bank charges		6,571	6,853
	Depreciation of property and equipment-owned	4	16,551	56,698
	Professional tax		160,000	-
	Miscellaneous expense		-	537,620
			<u>8,884,417</u>	<u>10,177,392</u>
18.1	Remuneration of executives and other employees			



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	Note	2025 Rupees	2024 Rupees
18.2 Auditors' remuneration			
Audit fee and other certifications		200,000	180,000
Shariah audit		150,000	-
Out of pocket		-	-
Half year review		81,000	75,000
		<u>431,000</u>	<u>255,000</u>
19. OTHER INCOME			
Income from financial assets			
Profit on deposit accounts	19.1	1,613,041	1,255,361
Other income - processing fee		518,896	257,980
Income from non-financial assets			
Gain on early termination of diminishing musharaka / ijarah		326,162	324,195
		<u>2,458,099</u>	<u>1,837,536</u>
19.1 These are earned under a Shariah permissible arrangement.			
20. TAXATION			
Current year		5,151,656	4,801,917
Prior year		(255,544)	-
Deferred tax		(2,189,428)	(1,251,357)
		<u>2,706,683</u>	<u>3,550,559</u>
20.1 Returns of income of the Modaraba up to tax year 2024 (financial year ended 30 June 2024) have been filed and as per the provision of section 120 of the Income Tax Ordinance, 2001 (Ordinance) the said returns are deemed to be assessment orders.			
20.2 Relationship between accounting profit and tax expense for the year			
Accounting profit before taxation		28,415,416	28,246,569
Tax at applicable rate of 29% (2024: 29%)		8,240,471	8,191,505
Tax effect of:			
- Final tax regime and income subject to lower tax rate		(3,680,178)	(1,722,550)
- Permanent differences		-	-
- Others		(1,853,609)	(2,913,680)
		<u>2,706,683</u>	<u>3,555,275</u>
21. EARNINGS PER CERTIFICATE- BASIC & DILUTED			
Profit after taxation		25,708,733	24,696,010
Weighted average number of certificates		18,500,000	14,000,000
		<u>1.39</u>	<u>1.76</u>
There is no dilutive effect on basic earnings per share (2024: Nil)			



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22. RELATED PARTY TRANSACTIONS

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

Name of the related party	Nature of transactions	Relationship	2025 Rupees	2024 Rupees
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Modaraba management fee paid	Associated Company	1,527,453	560,984
	Sales tax on modaraba management fee	Associated Company	198,569	72,928
	Gratuity expense	Gratuity scheme	705,899	375,274
	Modaraba management fee payable	Associated Company	1,538,213	1,527,453
	Sales tax on modaraba management fee payable	Associated Company	22.1 230,732	198,569
	Loan from modaraba management company	Associated Company	10,500,000 (10,500,000)	-
	Advance against equity	Certificate holders	-	60,000,000
	Advance against equity - converted to equity		60,000,000	
	Balance as at the year end			
	Loan payable to modaraba management company	Associated Company	-	-
Popular Islamic Modaraba Management Company (Pvt) Ltd.	Modaraba management fee payable	Associated Company	1,538,213	1,527,453
	Sales tax on modaraba management fees payable	Associated Company	230,732	198,569
	Gratuity payable	Gratuity scheme	2,830,002	2,344,720
	Advance Against equity	Associated Company	-	60,000,000

22.1 The Sindh sales tax levied on remuneration of Modaraba Management Company has been charged at the rate of 15% (2024: 13%).

23. FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 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.

The Modaraba primarily invests in Ijarah (lease) assets, diminishing musharaka and diversified portfolio of listed securities. Such investments are subject to varying degrees of risk, which emanate from various factors that include but are not limited to:

- Credit risk
- Liquidity risk
- Market risk

23.2 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, 2025 is the carrying amount of the financial assets as set out below:

Business	2025 Rupees	2024 Rupees
Murabaha finance	31,228,831	37,823,806
Diminishing musharaka	168,936,392	113,301,510
Loan and other receivable	2,870,483	4,724,475
Bank balances	3,799,717	53,964,062
	206,835,423	209,813,853

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:



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Impaired Assets

Based on management assessment, no provision is required on the financial assets during the year.

Segment by class of business of Ijarah assets

	2025		2024	
	Rupees	%	Rupees	%
Cargo, trading and distribution	3,687,327	56.94	8,437,064	56.89
Individual	2,787,968	43.06	6,033,151	40.68
Hotels and resorts	-	-	361,200	2.44
	6,475,295	100	14,831,415	100

Segment by class of business of Diminishing Musharaka and Murabaha

	2025		2024	
	Rupees	%	Rupees	%
Diminishing Musharaka				
Investment companies, firms & bank	70,153,261	41.53	91,118,535	80.42
Individuals	98,783,131	58.47	22,182,975	19.58
	168,936,392	100	113,301,510	100
Murabaha				
Manufacturers and Exporters	23,330,743	74.71	29,690,718	78.50
Spare parts manufacturers	6,467,688	20.71	6,702,688	17.72
Individual	1,430,400	4.58	1,430,400	3.78
	31,228,831	100	37,823,806	100

23.2.1 Modaraba's operations are restricted to Pakistan only.

23.3 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 Short Term	Rating Agency	2025 Rupees	2024 Rupees
Al-Baraka Bank Limited	A+	A-1	JCR - VIS	3,721,646	53,879,420

23.4 Liquidity risk

The Modaraba defines liquidity risk as the risk that funds will not be available to meet liabilities as they fall due.

A range of tools is used for the management of liquidity. These comprise commitment and under writings guidelines, key balance sheet ratios and medium-term funding requirements. Moreover, day-to-day monitoring of future cash flows takes place and suitable levels of liquid reserves are maintained by the business.

	2025			
	Up to one year	One year to five years	Over five years	Total
	-----Rupees-----			
Financial assets				
Murabaha finance	31,228,831	-	-	31,228,831
Diminishing musharaka	56,502,625	112,433,767	-	168,936,392
Advances and other receivables	2,870,483	-	-	2,870,483
Cash and bank balances	3,933,087	-	-	3,933,087
	94,535,026	112,433,767	-	206,968,793
Financial liabilities				
Loan from management company	-	-	-	-
Accrued and other liabilities	761,042	-	-	761,042
Charity payable	-	-	-	-
Unclaimed profit distribution	3,205,011	-	-	3,205,011
Management fee payable - net	1,538,213	-	-	1,538,213
	5,504,266	-	-	5,504,267
On-balance sheet gap	89,030,759	112,433,767	-	201,464,525
	-----Rupees-----			
	2024			
	Up to one year	One year to five years	Over five years	Total
	-----Rupees-----			
Financial assets				
Murabaha finance	37,823,806	-	-	37,823,806
Diminishing musharaka	33,708,297	79,593,213	-	113,301,510
Advances and other receivables	4,724,475	-	-	4,724,475
Cash and bank balances	54,080,582	-	-	54,080,582
	130,337,160	79,593,213	-	209,930,373
Financial liabilities				
Loan from management company	-	-	-	-
Accrued and other liabilities	532,340	-	-	532,340
Charity payable	677,553	-	-	677,553
Unclaimed profit distribution	2,321,797	-	-	2,321,797
Management fee payable - net	1,527,453	-	-	1,527,453
	5,059,142	-	-	5,059,142
On-balance sheet gap	125,278,018	79,593,213	-	204,871,231



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23.5 Market risk

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

Market price risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market segments, speculative activities, supply and demand of securities and liquidity in the market. The Modaraba is not exposed to any price risk.

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.

Risk Exposure

The Modaraba has diminishing musharaka financing portfolio and certificate of musharaka. The majority of diminishing musharaka financing portfolio and certificate of musharaka is linked with KIBOR rate as a bench mark. The Modaraba reviews KIBOR on diminishing musharaka financing portfolio and certificate of musharaka on six monthly basis.

As at June 30, 2025, the profile of the Modaraba's variable value financial instruments were as follows:

Variable rate instruments

	2025 Rupees	2024 Rupees
Assets		
Diminishing Musharaka	168,936,392	113,301,510
Murabaha	31,228,831	37,823,806
	<u>200,165,223</u>	<u>151,125,316</u>

Fair value sensitivity analysis for variable rate instruments

An increase of 100 basis points in profit rates would have increased / decreased the profit and loss by the amounts shown below. Reduction in profit rates by 100 basis points would have a vice versa impact. This analysis assumes that all variables remain constant. The analysis is performed on the same basis for the comparative period.

Asset class (Having variable interest rates)	(Increase / Decrease) (+/-)	Changes in Profits/(Loss) Rupees	
Assets			
Diminishing Musharaka	100 basis points	1,689,364	1,133,015
Murabaha	100 basis points	312,288	378,238

Above sensitivities are calculated on the assumption that all factors remain constant except profit rates and resulting variation in fair values of the subjugated investments and impact on the profit and loss.

Risk Management / Mitigation

The Modaraba monitors the profit rate environment on a regular basis to manage its exposure to profit rate fluctuations. As the Modaraba holds only floating rate instruments, its risk management focuses on monitoring the profit rate sensitivity gap between financial assets and liabilities. The Modaraba ensures that any mismatch in repricing tenors is managed within defined risk limits. In line with its policy, the Modaraba refrains from holding profit-bearing instruments that could significantly increase sensitivity to market profit rate movements beyond the acceptable threshold.

Fair value sensitivity analysis for fixed rate instruments

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

24. CAPITAL RISK MANAGEMENT

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

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

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

As at June 30, 2025 and 2024, the Modaraba had surplus reserves to meets its requirements.

25. 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.

25.1 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).



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25.2 Financial instruments by category		2025 Rupees	2024 Rupees
Financial assets			
at amortized cost			
Diminishing musharaka		168,936,392	113,301,510
Murabaha finance		31,228,831	37,823,806
Loan and other receivable		2,870,483	4,724,475
Cash and bank balances		3,933,087	54,080,582
		206,968,793	209,930,373
Financial liabilities			
at amortized cost			
Loan from management company		-	-
Accrued and other liabilities		761,042	532,340
Charity payable		-	677,553
Unclaimed profit distribution		3,205,011	2,321,797
Management fee payable - net		1,538,213	1,527,453
		5,504,266	5,059,143
		201,464,526	204,871,231

26. 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:								
2025	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	13.06% - 19.08%	31,228,831	-	31,228,831	-	-	-	31,228,831
Diminishing Musharaka Finance	13.06% - 22.79%	56,502,625	112,433,767	168,936,392	-	-	-	168,936,392
Advances and other receivables		-	-	-	2,870,483	-	2,870,483	2,870,483
Cash and bank balances	5.72% - 7.25%	2,411,478	-	2,411,478	1,521,609	-	1,521,609	3,933,087
(A)		90,142,934	112,433,767	202,576,701	4,392,092	-	4,392,092	206,968,793
Financial liabilities								
Deferred liability		-	-	-	-	2,830,002	2,830,002	2,830,002
Accrued and other liabilities		-	-	-	761,042	-	761,042	761,042
Charity payable		-	-	-	-	-	-	-
Unclaimed profit distribution		-	-	-	3,205,011	-	3,205,011	3,205,011
Management fee payable - net		-	-	-	1,538,213	-	1,538,213	1,538,213
(B)		-	-	-	5,504,266	2,830,002	8,334,270	8,334,270
Total yield / profit risk sensitivity gap	(A)-(B)	90,142,934	112,433,767	202,576,701	(1,112,174)	(2,830,002)	(3,942,178)	198,634,523

2024	Effective yield / Profit risk	Yield / Profit bearing maturity			Non Yield / Profit bearing maturity			Grand total
		within one year	After one year	sub total	within one year	After one year	sub total	
	%	Rupees						
Financial assets								
Murabaha Finance	12.70% - 26.99%	37,823,806	-	37,823,806	-	-	-	37,823,806
Diminishing musharaka finance	10.30% - 26.12%	33,708,297	79,593,213	113,301,510	-	-	-	113,301,510
Advances and other receivables		-	-	-	4,724,475	-	4,724,475	4,724,475
Cash and bank balances	6.75% - 7.25%	52,542,271	-	52,542,271	1,538,311	-	1,538,311	54,080,582
(A)		124,074,374	79,593,213	203,667,587	6,262,786	-	6,262,786	209,930,373
Financial liabilities								
Deferred liability		-	-	-	-	2,344,720	2,344,720	2,344,720
Accrued and other liabilities		-	-	-	532,340	-	532,340	532,340
Charity payable		-	-	-	677,553	-	677,553	677,553
Unclaimed profit distribution		-	-	-	2,321,797	-	2,321,797	2,321,797
Management fee payable - net		-	-	-	1,527,453	-	1,527,453	1,527,453
(B)		-	-	-	5,059,143	2,344,720	7,403,864	7,403,863
Total yield / profit risk sensitivity gap	(A)-(B)	124,074,374	79,593,213	203,667,587	1,203,644	(2,344,720)	(1,141,078)	202,526,510
Yield risk is the risk of decline in earnings due to adverse movements of the yield curve.								



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27. INFORMATION ABOUT BUSINESS SEGMENTS

Description	June 30, 2025				
	Diminishing Musharaka	Ijarah	Murabaha	Others	Total
	Rupees				
Segment revenues	31,283,940	6,702,389	3,756,215	2,458,099	44,200,643
Segment Results					
Segment income	31,283,940	6,702,389	3,756,215	2,458,099	44,200,643
Operating expenses	6,288,134	1,347,193	755,007	494,083	8,884,417
Depreciation - Ijarah	-	(4,551,958)	-	-	(4,551,958)
Workers' welfare fund	-	-	-	579,906	579,906
Segment results	37,572,074	3,497,624	4,511,222	3,532,088	49,113,009
Other Information					
Fresh disbursements	79,343,748	-	-	-	79,343,748
Depreciation	-	(4,551,958)	-	-	(4,551,958)
Assets and Liabilities					
Segment assets	168,936,392	6,475,296	31,228,831	22,097,507	228,738,026
Unallocated assets	-	-	-	9,344,752	9,344,752
Total segment assets	168,936,392	6,475,296	31,228,831	31,442,259	238,082,777
Segment liabilities					
Security deposits	-	2,394,899	-	-	2,394,899
Unallocated liabilities	-	-	-	16,347,455	16,347,455
Total segment liabilities	-	2,394,899	-	16,347,455	18,742,354
Total net assets					219,340,424



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Description	June 30, 2024				
	Diminishing Musharaka	Ijarah	Murabaha	Others	Total
	Rupees				
Segment revenues	31,092,491	11,085,876	3,515,058	1,837,536	47,530,962
Segment Results					
Segment income	31,092,491	11,085,876	3,515,058	1,837,536	47,530,962
Operating expenses	6,657,565	2,373,722	752,649	393,456	10,177,392
Depreciation - Ijarah	-	(6,804,518)	-	-	(6,804,518)
Workers' welfare fund	-	-	-	576,461	576,461
Segment results	37,750,056	6,655,080	4,267,707	2,807,453	51,480,297
Other Information					
Fresh disbursements	65,130,580	-	-	-	65,130,580
Depreciation	-	(6,804,518)	-	-	(6,804,518)
Assets and Liabilities					
Segment assets	113,301,510	14,831,415	37,823,806	9,377,656	175,334,387
Unallocated assets	-	-	-	57,319,370	57,319,370
Total segment assets	113,301,510	14,831,415	37,823,806	66,697,027	232,653,757
Segment liabilities					
Security deposits	-	4,220,700	-	-	4,220,700
Loan from management company	-	-	-	14,801,366	14,801,366
unallocated liabilities	-	-	-	-	-
Total segment liabilities	-	4,220,700	-	14,801,366	19,022,066
Total net assets					213,631,692



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28. 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.

29. NUMBER OF EMPLOYEES

	2025	2024
Total number of employees end of the year	<u>4</u>	<u>6</u>
Average number of employees during the year	<u>4</u>	<u>6</u>

30. NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company has approved dividend at the rate of **Rs. 1** per certificate (2024: Re.1 per certificate) for the year ended June 30, 2025, resulting in a total distribution of profit amounting to **Rs. 20 million** (2024: Rs. 20 million), in its meeting held on **October 03, 2025**. These financial statements do not reflect this proposed distribution which will be incorporated in the financial statements for the year ending June 30, 2025.

31. CORRESPONDENCE FIGURES

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

32. DATE OF AUTHORIZATION FOR ISSUE

The financial statements were approved by the board of directors of the Management Company and authorized for issue on **October 03, 2025**.

33. GENERAL

The figures have been rounded off to the nearest rupees.

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

--SD--

--SD--

--SD--

--SD--

Chief Executive Officer

Chief Financial Office

Director

Director



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Pattern of Shareholdings

# Of Shareholders	Shareholdings'Slab			Total Shares Held
81	1	to	100	2,402
771	101	to	500	380,592
61	501	to	1000	58,420
43	1001	to	5000	122,697
17	5001	to	10000	145,900
12	10001	to	15000	165,025
7	15001	to	20000	125,700
6	20001	to	25000	142,311
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	80001	to	85000	84,189
1	95001	to	100000	100,000
1	110001	to	115000	111,500
1	115001	to	120000	118,333
1	185001	to	190000	186,430
4	775001	to	780000	3,113,252
2	1555001	to	1560000	3,113,050
1	11560001	to	11565000	11,564,999
1020				20,000,000



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Pattern of Shareholding Report

As of June 30, 2025

Categories of Shareholders	Shareholders	Shares Held	Percentage
Directors, Cheif Executive Officer, and their spouse(s) and minor children			
MALIK JUNAID EMAM	1	1,556,625	7.78
IMAMUDDIN SHOUQEEN	1	1,556,425	7.78
SHAHBAZ ALI MALIK	1	778,313	3.89
NAWABZADA KAMRAN HUSSAIN MUGHAL	1	100	0.00
Associated Companies, undertakings and related parties	4	13,899,938	69.50
NIT & ICP	1	16,700	0.08
Banks Development Financial Institutions, Non Banking Financial Financial In	3	28,000	0.14
Insurance Companies	-	-	-
Modarabas and Mutual Funds	-	-	-
General Public			
a. Local	988	1,963,567	9.82
b. Foreign	8	2,833	0.01
Foreign Companies	-	-	-
Others	12	197,499	0.99
Totals	1,020	20,000,000	100.00
Share holders holding 10% or more		Shares Held	Percentage
POPULAR ISLAMIC MODARABA MANAGEMENT COMPANY (PVT.) LIMITED		11,564,999	57.82



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NOTICE OF ANNUAL REVIEW MEETING

Notice is hereby given to the certificate holders that Eleventh (12th) Annual Review Meeting of **Popular Islamic Modaraba** will be held on **Tuesday October 28, 2025 at 10:00 a.m.** at 406-410, 4th Floor, 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, 2025.

By order of the Board

--SD--

Aisha Mughal
(Company Secretary)

Karachi : October 07, 2025

Notes:

1. CLOSURE OF SHARE TRANSFER BOOKS:

The Modaraba Certificates Transfer Book will remain closed from **October 21, 2025 to October 28, 2025** (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 Shahra-e-Faisal, Karachi by the close of business hours on **October 20, 2025** will be considered the eligibility to attend the Annual Review Meeting.

2. WITHHOLDING TAX ON DIVIDEND:

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

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

The Annual Audited Financial Statement alongwith Reports of the Modaraba can be accessed through the following weblink and QR enabled code.

Weblink	QR Code
https://popularislamicmodaraba.com/financial-reports/	



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4. 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.

5. CONVERSION OF PHYSICAL CERTIFICATES INTO CDS:

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

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

6. 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.



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اطلاع برائے سالانہ جائزہ اجلاس

بزرگوار! مطلع کیا جاتا ہے کہ پاپولر اسلامک مضاربہ کے سرٹیفکیٹ ہولڈرز کا (گیا رواں) سالانہ جائزہ اجلاس 30 جون 2025 کو ختم ہونے والے سال کے لیے 410-406، چھوٹی منزل چیمپل پلازہ، حسرت موہانی روڈ، آئی، آئی، چندریگر روڈ، کراچی بروز منگل 28 اکتوبر 2025 بوقت صبح 10:00 بجے منعقد ہوگا۔

بجلم پورڈ

--- دستخط شدہ ---

عائشہ منغل

(کمپنی سیکریٹری)

07 اکتوبر 2025

کراچی۔

نوٹس:

۱۔ سرٹیفکیٹ ٹرانسفر بکس:

مضاربہ کا سرٹیفکیٹ ٹرانسفر رجسٹر مورخہ 21 اکتوبر 2025 سے 28 اکتوبر 2025 (بشمول دونوں دن) تک بند رہیگا اور درج بالا دنوں میں کوئی منتقلی قبول نہیں ہوگی۔ سالانہ اجلاس میں شرکت کے سلسلے میں ہمارے شیئر رجسٹرار، سی ڈی سی پاکستان، ۹۹ بی، بلاک بی، مین شارع فیصل، کراچی کو مورخہ 20 اکتوبر 2025 کو دفتری اوقات ختم ہونے تک موصول ہوئے ٹرانسفر بروقت اور سالانہ جائزہ اجلاس میں شرکت کے اہل تصور کیے جائیں گے۔

۳۔ منافع منقسمہ پر وہولڈنگ ٹیکس کی کوٹہ:

ڈیویڈنڈ پر وہولڈنگ ٹیکس کی کوٹہ انکم ٹیکس آرڈیننس کی متعلقہ شق کے مطابق فائلر اور فائلر سے علیحدہ کی جائے گی۔

۴۔ سالانہ گوشواروں کی دستیابی:

پاپولر اسلامک مضاربہ کے سالانہ گوشواروں تک مندرجہ ذیل ویب لنک اور کیو آر کوڈ کے ذریعے رسائی حاصل کی جاسکتی ہے۔

ویب لنک

کیو آر کوڈ

<https://popularislamicmodaraba.com>

/financial-reports/



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

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق لہذا کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ سرٹیفکیٹ ہولڈر کو نقد منافع منقسمہ کی ادائیگی برقیاتی طریقے سے کرے۔ اسلئے پاپولر اسلامک مضاربہ کے تمام سرٹیفکیٹ ہولڈر کو مشورہ دیا جاتا ہے کہ مضاربہ کی ویب سائٹ پر دستیاب ڈیویڈنڈ مینڈیٹ فارم میں اپنے متعلقہ بینک کو اختیار منافع منقسمہ (یعنی ڈیویڈنڈ مینڈیٹ) فراہم کرے۔ وہ سرٹیفکیٹ ہولڈر جو سی ڈی ایس کے تحت سرٹیفکیٹ ہولڈنگ برقرار رکھے ہوئے ہیں کو مشورہ دیا جاتا ہے کہ وہ اپنی بینک مینڈیٹ انفارمیشن براہ راست متعلقہ شریک/سی ڈی سی انومشرا کا ڈسٹ کو جمع کرا دیں۔ بینک اکاؤنٹ کی عدم دستیابی یا نامکمل معلومات کی صورت میں مضاربہ ایسے سرٹیفکیٹ ہولڈرز کے منافع منقسمہ کی ادائیگی روک لی جائے گی۔

۶۔ فزیکل سرٹیفکیٹس کا سی ڈی ایس میں تبادلہ:

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق لہذا کمپنی کیلئے یہ لازمی قرار دیا گیا ہے کہ کمپنیز ایکٹ کے آغاز (تاریخ ۳۰ مئی ۲۰۱۷) کے چار سالوں کے اندر تمام فزیکل سرٹیفکیٹس کو برقی (الیکٹرانک) میں تبدیل کر لیں۔ لہذا، ایسے سرٹیفکیٹ ہولڈرز جن کے پاس مضاربہ کے فزیکل سرٹیفکیٹس موجود ہیں جلد از جلد انہیں سی ڈی ایس میں تبدیل کروا لیں۔ اس سے سرٹیفکیٹ ہولڈرز کو بہت سے فوائد حاصل ہونگے جیسا کہ، سرٹیفکیٹس کی محفوظ تحویل، ڈیویڈنڈ سرٹیفکیٹس کے اجراء کیلئے درکار رسمی تقاضوں سے گریز اور بہتر نرخوں پر اوپن مارکیٹ میں خرید و فروخت کیلئے آسانی سے دستیابی۔

۷۔ غیر دعویدار منافع منقسمہ:

کمپنیز ایکٹ ۲۰۱۷ کی شق نمبر ۲۴۲ کے مطابق، مضاربہ کی جانب سے اعلان کردہ کوئی بھی منافع منقسمہ، جو کہ تاریخ اور ادائیگی کی تاریخ سے تین سال کی مدت تک غیر دعویدار رہتا ہے اسے مضاربہ نوے دن کا نوٹس دے گا۔ اسکے بعد بھی اگر کوئی دعویدار نہیں آیا تو مضاربہ ایسا تمام غیر دعویدار منافع منقسمہ وفاقی حکومت کو ادا کر دے گا۔



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Gender Pay Gap Statement under Circular 10 of 2024

Following is Gender Pay Gap calculated for the year ended June 30, 2025.

I.	Mean Gender Pay Gap	:	100%
II.	Median Gender Pay Gap	:	100%
III.	Any other data / detail as deemed relevant	:	Nil

For and on behalf of Board of Directors

--SD--

(Kamran Hussain Mughal)
Chief Executive Officer

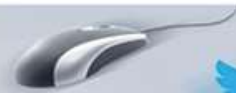
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