

ANNUAL REPORT
2023


OLP Modaraba | OLP
(FORMERLY ORIX MODARABA)



Assisting in Development of the SME Sector in Pakistan



پرواز ہے دونوں کی ایسی ایکے فضا میں
کر کسی کاجہراں اور ہے ناہین کاجہراں اور ہے



YEARS OF
EXCELLENCE



First Grindlays
Modaraba
1987



Standard
Chartered
Modaraba
2004



ORIX
Modaraba | 
ORIX
2016



OLP Modaraba | 
(FORMERLY ORIX MODARABA)
2023



LANDMARKS

- 1) Agreement between Modaraba Management Company and Grindlays Bank PLC.
- 2) Mastered Agreement with Grindlays Bank PLC of PKR 210 Million for Modaraba to use the funds in its business.
- 3) Formation of Share subscription form of First Grindlays Modaraba Managed by Grindlays Services of Pakistan (Pvt) Limited.

1987

Appointment of Mrs Farooq Associates & Co as Share Registrar for Modaraba

1989

1) First Right Issue of 5 Million Share Certificate

- 2) First Modaraba in the world to have created the PERT System Landmark of not having delivery notes written

1990

Third Bonus Issue of 315 Million Modaraba Certificate

1994

- 1) Approval for the issuance of Certificate of Modaraba by Registrar of Modaraba Companies and Modarabas.
- 2) Change of Financial Year from December to June

1995

Registration of Modaraba in Income Tax

1996

Increase in Authorized Capital of Modaraba to 50 Million Modaraba Certificate

2006

Adoption of Islamic Financial Standard-2 (IFAS-2) of SECP

2009

Registration of Modaraba in Sindh Revenue Board

2011

- 1) MOU between ORF Banking Pakistan Limited and Standard Chartered Bank (Pakistan) Limited for the investment of shareholding in Modaraba.
- 2) Profit After Tax increased PKR 100 million for the year.
- 3) Migration from LMS software to AAD software

2015

Change of name from Standard Chartered Modaraba to CIIC Modaraba

2016

Appointment of First Female Director

2019

First Branch office in Lahore

1991

- 1) Second Right Issue of 135 Million Modaraba Certificate
- 2) First Bonus Issue of 15 Million Modaraba Certificate

1992

Second Bonus Issue of 15 Million Modaraba Certificate

1993

Fourth Bonus Issue of 2.77 Modaraba Certificate

1997

- 1) Branch office in Islamabad
- 2) First Annual General Meeting of Modaraba
- 3) Launch of COMS (Corporate Mutual Fund)

2000

- 1) First ever highest Rating of A1+ in Short term and A++ in Long term in the Modaraba and Banking Sector
- 2) Change of name from First Grindlays Modaraba to Standard Chartered Modaraba

2004

Total Assets crossed PKR 6 Billion

2012

Registration of Modaraba in Punjab Revenue Board

2013

Registration of Modaraba in Federal Sales Tax with FBR

2014

Implementation of State of the Art IT Infrastructure to virtually manage the operation for uninterrupted service to the clients in Covid-19

2020

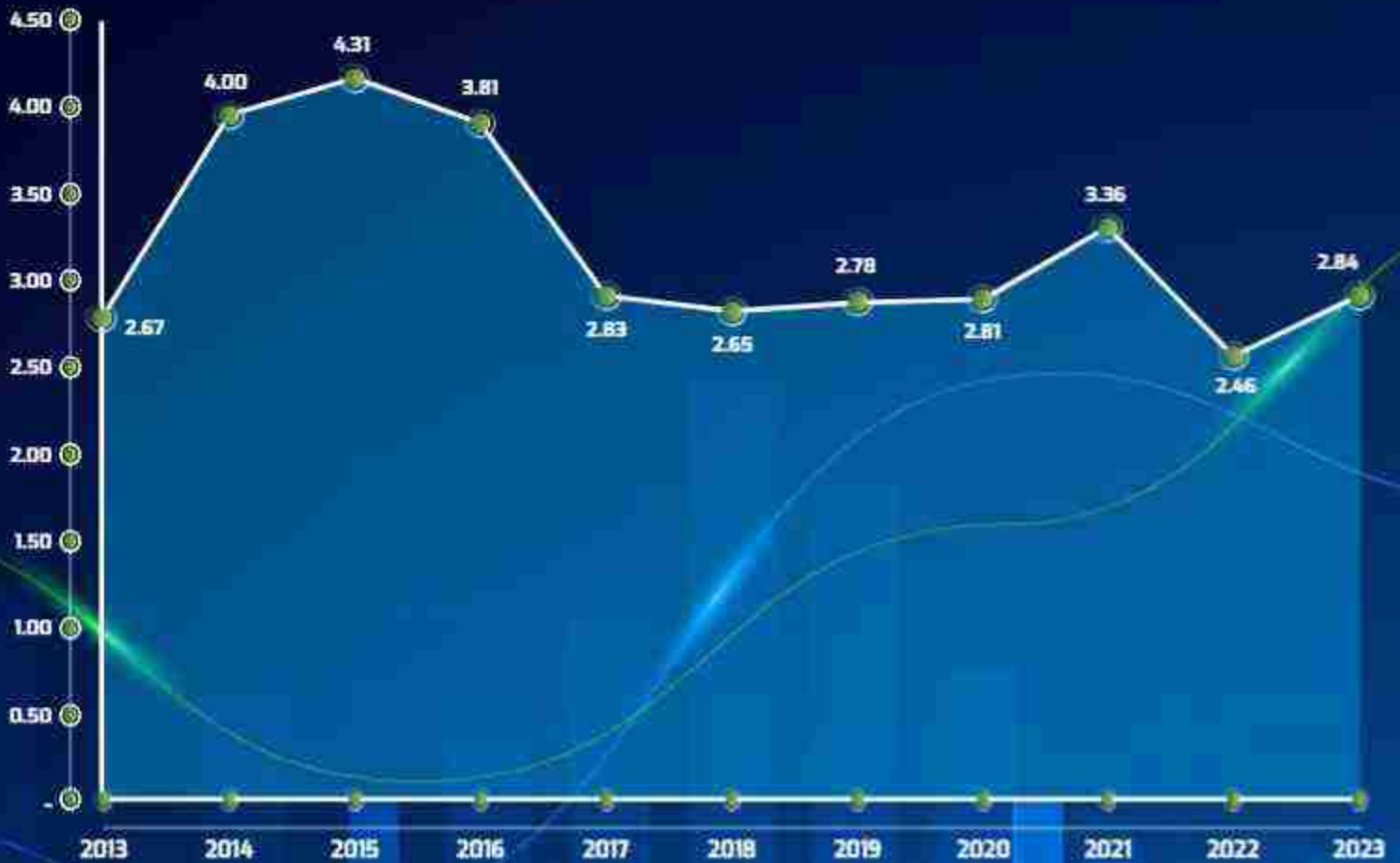
- 1) Re-branding of name from COMS Modaraba to OUP Modaraba
- 2) New Website

2022

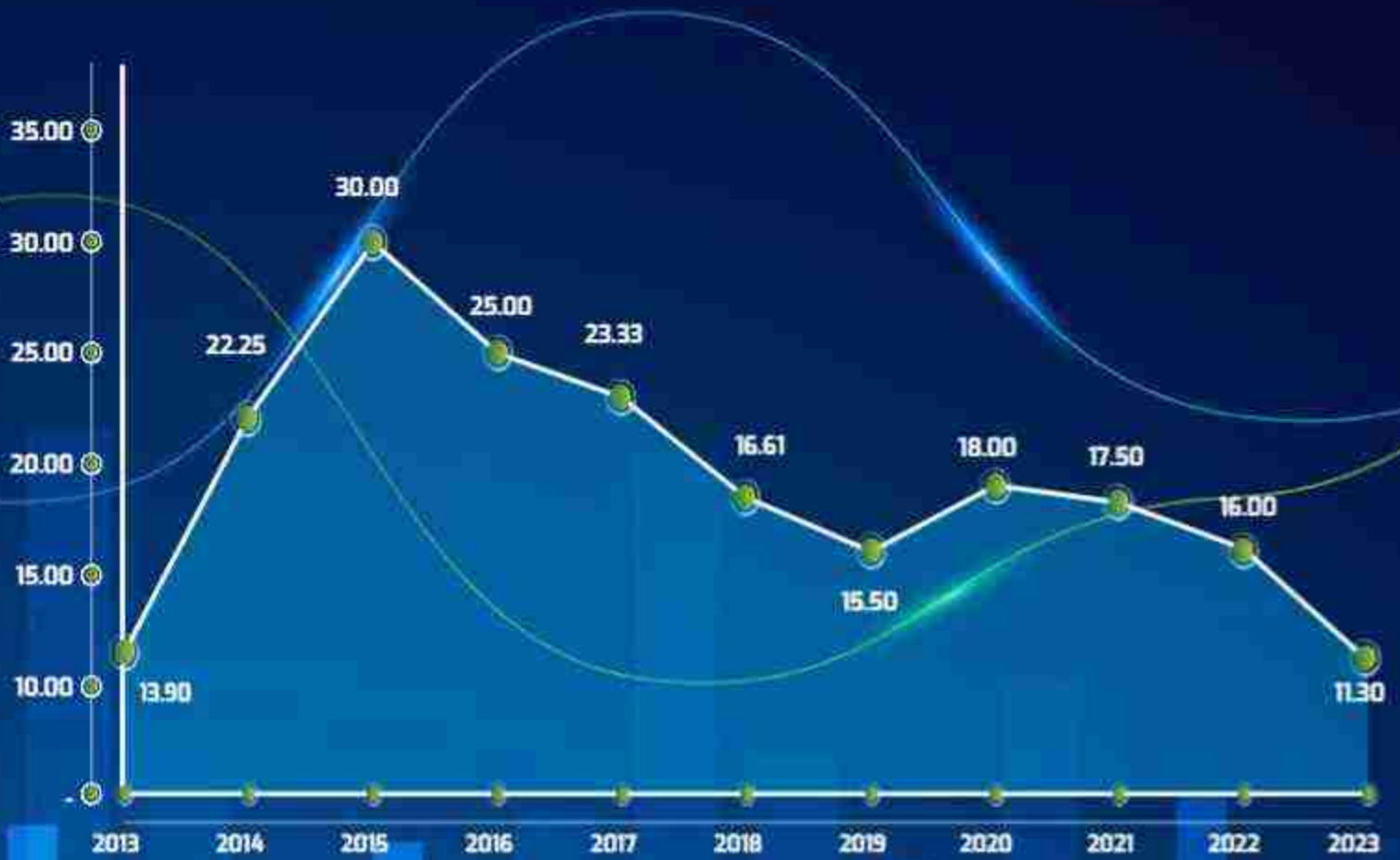
Change in the Registered Address of Management Company

2023

EARNINGS PER CERTIFICATE



MARKET VALUE PER CERTIFICATE



GROUP PROFILE

ORIX Corporation (ORIX) was established in April 1964 with leasing operations in Japan. Since then, ORIX has set up a number of specialized leasing companies to tap new market potential by providing a wide range of innovative financial products and services to clients in Japan. ORIX Group is a diversified multinational financial group operate around 28 different countries/regions in the world in leasing, financing, private equity investment, asset management, renewable energy investment and operations and more. ORIX's expertise and breadth of businesses continue to grow as the Corporation answer client needs and respond to changes in the economic environment. The Corporation has expanded from original leasing business into an enterprise active in

operations and investing in a diverse array of areas around the world, delivering a wide variety of products and services to corporate and individual clients, communities, and in infrastructure.

This has also enabled ORIX to maintain a strong reputation with continuous profit. The ORIX is listed on Tokyo and New York Stock Exchanges. ORIX Shareholders equity as on March 31, 2023 was Yen 3.4 Trillion. It employee 35,000 employees and has over 2000 business locations across the globe.

ORIX Corporation, Japan - Financial Highlights: Years Ended March 31 (Yen in Billion)

	2023	2022	2021	2020	2019
Total revenue	2,666.37	2,520.36	2,292.70	2,280.33	2,434.86
Total expense	2,352.38	2,218.28	2,033.89	2,010.65	2,105.43
"Income before income taxes, discontinued operation and extraordinary gain"	367.17	504.87	287.56	412.56	395.73
Net Income attributable to					
ORIX Corporation shareholders	273.07	312.13	192.38	302.70	323.75
ORIX Corporation Shareholder equity	3,356.58	3,261.41	3,028.46	2,993.61	2,897.07
Total assets	15,226.19	14,270.67	13,563.08	13,067.53	12,175.00
ROE (in percentage)	8.3	9.90	6.40	10.30	11.60
ROA (in percentage)	1.85	2.24	1.44	2.40	2.74
ORIX Corporation shareholder equity per share (Yen)		2,732.88	2,487.77	2,386.35	2,263.41
Cash Dividend (Yen)	85.60	85.00	78.00	76.00	76.00
Number of employees	35,000	32,235	33,000	31,233	32,411

OLP Modaraba (formerly Orix Modaraba) (OLPM) started its operations in 1987 as the First Grindlays Modaraba (FGM). The Modaraba, since then, continues growing its clientele and financial footing. In the year 2000, Standard Chartered Bank acquired the ANZ Grindlays Bank Asia operations. With this acquisition, FGM became a part of the global banking Standard Chartered Group PLC conglomerate. During these years, Standard Chartered Modaraba (SCM) became a pioneering Islamic Financial Institution in Pakistan. In 2016, Orix Group of Japan acquired the SCM shareholding in SCM. This was a landmark transaction where one of the world's largest rental and asset management conglomerates entered into specialized Islamic finance space, acquiring an entity that is undoubtedly a thought leader in the Pakistani Islamic Financial Market.

OLP Financial Services Pakistan Limited (Formerly Orix Leasing Pakistan Limited) and OLP Services Pakistan (Pvt) Limited (formerly Orix Services Pakistan (Pvt) Limited) each own ten percent shareholding in OLPM and hence are the associated companies of OLPM. The OLP Modaraba is a member of NBF & Modaraba Association of Pakistan and operates from offices in Karachi, Lahore and Islamabad.



AWARDS 2023

- **Corporate Excellence Award**

OPL Modaraba has been awarded the 37th Corporate Excellence Award in Modaraba Sector by Management Association of Pakistan (MAP). The Corporate Excellence Awards was instituted by MAP in 1982 with the sole aim to recognize and honour companies showing outstanding performance and demonstrating progress and enlightened management practices.

- **Best Performance Award:**

OPL Modaraba has been awarded by NBF1 & Modaraba Association of Pakistan "Best Performance Award" 3rd Position. The award ceremony was organized to acknowledge and appreciate the businesses across various sectors for their outstanding commitment and services in their respective sectors. The prestigious award was presented by the Chief Guest Mr. Mujtaba Ahmad Lodhi (SCD) Commissioner Security Exchange Company of Pakistan (SECP).

- **Environment, Health & Safety Awards:**

OPL Modaraba has been awarded by the Professional Network the 9th International Conference & Award on Environment, Health & Safety in the categories of 'Support for Health Care Organizations' and 'Environmental Management'. OPL Modaraba received this prestigious award in recognition of the vision of implementation on contributions in EHS / HSE.



- **Corporate Social Responsibility Summit & Awards:**

OLP Modaraba has been awarded the National Award in the 12th Annual Corporate Social Responsibility Summit & Awards in the categories of 'Sustainability Initiatives' and 'Business Practices'. This award is the first and only registered CSR Award of Pakistan registered with IPO Government of Pakistan and was presented to OLPM by the Chief Guest H.E. Mr. Herman Hardynata Ahmad, Consul General, Consulate General of Malaysia. OLP Modaraba received this prestigious award in recognition in promoting recycling, enormous employee response for your charitable volunteer drive.

- **Environmental Management & Social Welfare Excellency Award**

OLP Modaraba has been awarded by the 10th FPCCI Achievement Award Certification in category of Environmental Management & Social Welfare Excellency Award. FPCCI Achievement awards is one of the prestigious events that recognizes performance of delegates for their meritorious services. This award is given in recognition of their result-oriented effort that created impact at regional and National level.







CREDIT RATING BY PACRA

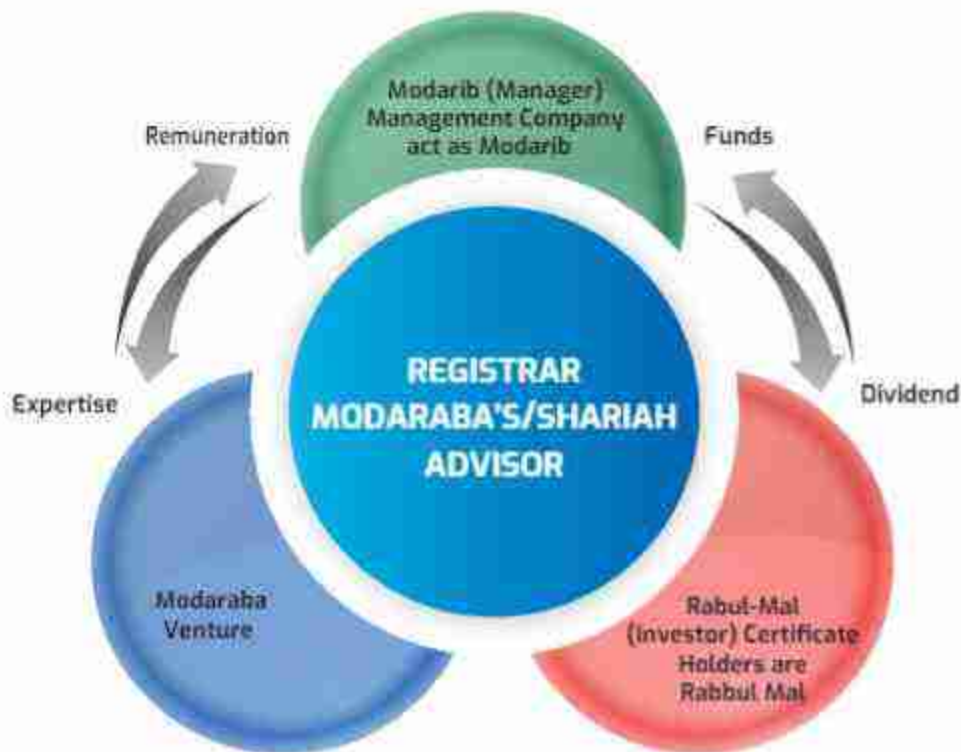


AA
LONG TERM

A1+
SHORT TERM

BUSINESS MODEL

In Islamic Jurisprudence Modaraba is a kind of partnership, wherein one partner provides finance to the other partner for the purpose of carrying on business. The partner who provides the finance is called the "Rabb-ul-Mal", whereas the other party who puts its management skills for the Modaraba is called the "Modarib" (working partner). The operations of Modaraba is being supervised by Registrar Modaraba SECP and also supervised by Shariah Advisor OLPM under the Shariah Governance Mechanism issued by SECP.



Key Inputs

- Rich background of Group ;
- Experienced Management ;
- Shariah Compliant financial services ;
- Strong credit controls protocols ; and
- Effective controls mechanism.

Key Outputs

- Good market reputation ;
- Return on investment ; and
- Consistent profitability.

During the year there has been no change in the business model of Modaraba.

CHAPTER INSIDE THIS REPORT

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ABOUT THE REPORT

Dear Reader, OLP Modaraba has always been transparent in its practices of value creation for its investors of financial capital. We remain committed to strong corporate governance and leadership as well as transparency in our disclosures. The Report is organized to assist our readers in assessing our business by providing information about the capitals of the Modaraba. We have followed the Best Corporate Reporting Criteria issued by ICAP for the year ended June 30, 2023 to design this Annual Report to give readers an insight into the strategic thinking that drives OLP Modaraba forward, encompassing our strategy, governance, performance and prospects in the context of global environment.

We will continue to review our reporting approach to ensure it meet best practice reporting standards and the expectations of our stakeholders to provide visibility on how we create sustainable value for the community we serve. To ensure that readers are able to correctly understand these activities, we must take a systematic view of financial information linked directly to business activities and non-financial information, and provide explanations accordingly. Such reports help to increase investors' confidence in the corporate practices adopted by the organization.

This report integrates the following sections:

- Organizational overview and external environment
- Risks and opportunities
- Strategy and resource allocation
- Governance
- Stakeholder's relationship and engagement
- Future Outlook
- Sustainability
- Corporate social responsibility
- Excellence in corporate reporting

MODARABA INFORMATION

Modaraba Company
OLP Services Pakistan (Pvt) Limited
(Formerly ORIX Services Pakistan (Pvt) Limited)

Directors of Modaraba Company

Mr. Shaheen Amin	Chairman
Mr. Raheel Qamar Ahmad	Managing Director / Chief Executive Officer
Mr. Ramon Alfrey	Director
Mr. Nausherwan Adil	Independent Director
Mian Faysal Riaz	Director
Ms. Naila Hasan	Independent Director
Ms. Aseya Qasim	Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Nausherwan Adil	Chairman
Mr. Ramon Alfrey	Member
Mian Faysal Riaz	Member

Human Resource and Remuneration (HR&R) Committee

Ms. Naila Hasan	Chairperson
Mr. Shaheen Amin	Member
Mr. Raheel Qamar Ahmad	Member

Risk Committee

Mian Faysal Riaz	Chairman
Mr. Nausherwan Adil	Member
Mr. Raheel Qamar Ahmad	Member

Shariah Advisor

Mufti Faisal Ahmed

Auditors

A.F.Ferguson & Co. Chartered Accountants

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan) Limited (Saadiq)
Meezan Bank Limited
United Bank Limited (UBL Ameen)
Bank Alfalah Limited (Islamic banking)
Allied Bank Limited (Islamic banking)
Bank Al Habib Limited (Islamic banking)
Habib Bank Limited (Islamic banking)
Pakistan Mortgage Refinance Company Limited

Legal Advisors

Haider Ali Khan
Advocate High Court, Partner,
Fazle Ghani Advocates

Modaraba Company Registered Office

OLP Building, Plot no. 16, Sector no. 24,
Korangi Industrial Area Karachi.

Modaraba Head Office

Office No. 601, 6th Floor,
Syedna Tahir Saifuddin Memorial Foundation Building,
Beaumont Road, Civil Lines, Karachi.
Phone: (021) 38341168
Email: askus@olpmodaraba.com

Lahore Branch

Office No-08, 1st floor,
Park Lane Tower (Mall Of Lahore)
172-Tufail Road, Lahore Cantt.
Phone: (042) 38017006

Islamabad Branch

Ground Floor, Phase 1, State Life Building No. 5,
Nazimuddin Road, Blue Area, Islamabad.

Registrars & Share Registration Office

Famco Associates (Private) Limited
8-F, Next to Hotel Faran, Nursery,
Block 6, P.E.C.H.S., Shakra-e-Faisal, Karachi.
Tel: (92-21) 34380101-5
Fax: (92-21) 34380106
Email: info.shares@famco.com.pk

INTRODUCTORY



NOTICE OF DISTRIBUTION OF PROFIT, TRANSFER BOOK CLOSURE AND TWENTY FORTH ANNUAL REVIEW MEETING

At the meeting held on September 14, 2023, the Board of Directors of the OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) was pleased to announce a net profit for OLPM of PKR 128.78 million for the year ended June 30, 2023. The Board also approved a cash dividend @ 20 % (PKR 2.00 per certificate of PKR 10/- each) for the year ended June 30, 2023 after transferring a sum of PKR 6.44 million to statutory reserve.

Twenty Forth Annual Review Meeting (ARM) of certificate-holders of OLPM will be held on Thursday, October 26, 2023 at 10:30 a.m. at The Institute of Chartered Accountants of Pakistan (ICAP), Chartered Accountant Avenue, Clifton, Karachi both in person as well as electronically through video link arrangement to review the performance of the Modaraba for the year ended June 30, 2023.



Closure of Certificate Transfer Books

For the purpose of ascertaining entitlement of the aforementioned dividend and to attend Annual Review Meeting, the certificate transfer books will remain closed from Thursday, October 19, 2023 to Thursday, October 26, 2023 (both days inclusive). Transfers received in order at the office of our Registrar, FAMCO Associates (Pvt.) Ltd. B-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi, before the close of business hours on Wednesday, October 18, 2023 will be treated as in time for the purpose of entitlement to dividend and to attend Annual Review Meeting respectively.

Participation in Annual Review Meeting

Certificate holders who are interested to attend the ARM through online platform and whose names appeared in the book of the Modaraba by the close of business (5:00 PM) on October 18, 2023 are requested to get themselves registered by sending their particulars at the designated email address (Secretariat @olpmodaraba.com), mentioning their names, CNIC number, Folio number, cell phone number and email address. The webinar link would be provided to the registered certificate holders who have provided all the requested information.

Annual Report

In terms of Section 223 (6) and (7) of the Companies Act 2017, the Annual Report for the year ended 2023 will also be placed on the Modaraba's website simultaneously with the dispatch of the same to the members.

Not with standing the above, the Modaraba will provide hard copies of the audited financial statements, to any Member on their request, at their registered address, free of cost, within one (1) week of receiving such request.

On behalf of the Board

MUHAMMAD SIDDIQUE

Company Secretary

October 05, 2023

Notes:

Electronic Transfer of Dividend

As per SECP directives, the dividend of Certificate holders whose CNIC/SNIC are not available with the Shares Registrar could be withheld. Certificate holders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Modaraba's Shares Registrar, FAMCO Associates (Pvt.) Ltd. B-F, Near Hotel Faran, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi. In the absence of a Member's valid CNIC/SNIC, the Modaraba will be constrained to withhold payment of dividend to such Members.

Please also note that in accordance with the provisions of Section 242 of the Companies Act, 2017, it is mandatory for a Modaraba to pay cash dividend to certificate holders only through electronic mode directly into the bank account designated by the entitled certificate holders. In order to receive your dividend directly into your Bank account, please complete the particulars as mentioned in Electronic Credit Mandate Form and return the same duly signed along with a copy of your CNIC to our Registrar.

In case of non-communication of bank account details, the Modaraba would be constrained to act in accordance with the provisions of law, for withholding the amount of dividend which may be payable by the Modaraba. CDC certificate-holders are requested to submit their Dividend Mandate and CNIC directly to their broker (participant)/CDC.

You can find the Electronic Credit Mandate Form on Notices and Announcements Section at OLPM website www.olpmodaraba.com. Further, the same is also available on website of FAMCO Associates (Private) Limited <http://www.famco.com.pk>. You may contact us at askus@olpmodaraba.com for this purpose.

With Holding Tax On Dividend:

Tax Requirements: The dividend income on certificates is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2023, the 'Filer' and 'Non-Filer' certificate holders will pay tax on dividend income @ 15% and 30% respectively. The Filer status of certificate holders will only be determined on the basis of latest available Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk>.

In case a Folio / CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint-holders is pre-defined as per the records of Modaraba's Certificate Registrar and thus tax rates will be applied in line with respective proportions. Those certificate holders, who are holding certificates jointly, are requested to update/notify the certificate holding proportions of Principal and Joint-holder(s) in writing to our certificate Registrar latest by 18 October 2023 at their above referred office address.

In this regard, all certificate holders, whose names are not entered into the ATL despite the fact that they are filers, are advised to make sure that: (i) their names appear into the ATL before start of closed period (referred above), otherwise they will be treated as non-filers for tax deduction purpose, and (ii) a copy of their National Tax Number is submitted to their relevant Participant / CDC Investor Account Services or to our Share Registrar (in case of physical certificate holding only) at their above referred office address.

Corporate certificate holders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG.

(WHT)/ 2008-Vol11-66417-R dated 12-May 2015. In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address

Conversion of Physical Shares into the Book Entry Form

The SECP through its letter No. CSD/ED/Misc/2016-639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Companies Act, 2017 by replacing physical shares issued by them into book entry form.

Members having physical shareholding are encouraged to open CDC sub - account with any of the brokers or Investor Account directly with the CDC to convert their physical shares into scrip less form. This will facilitate them in many ways, including safe custody and sale of

shares any time they want, as the trading of physical shares is not permitted as per existing regulations of the Pakistan Stock Exchange.

Unclaimed certificates and dividends

The members who have not yet claimed their certificates and cash dividends, which are either kept with the members themselves or returned as undelivered to the Share Registrar and Transfer Agent of the Modaraba, are requested to make a claim for such unpaid/unclaimed dividends and/or shares with the Modaraba.

Claims can be lodged by members on claim forms as are available on the Modaraba's website. Claim forms must be submitted to the Modaraba's Share Registrar, M/s. Famco Associates (Pvt) Limited, for receipt of dividend / certificates.

بک انٹری فارم میں فزیکل شیئرز کی تبدیلی

ایس ای سی پی نے اپنے لیٹرنمبر 639-640-2016-CSD/ED/Misc مورخہ 26 مارچ 2021 کے ذریعے لسٹ شدہ کمپنیوں کو ہدایت دی ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 72 کی دفعات پر عمل کریں تاکہ ان کے جاری کردہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کر دیا جائے۔

فزیکل سرٹیفکیٹ رکھنے والے سرٹیفکیٹ ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ سی ڈی سی سب اکاؤنٹ کھولیں یا سی ڈی سی کے ساتھ براہ راست انویسٹر اکاؤنٹ کھولیں تاکہ وہ اپنے فزیکل سرٹیفکیٹ کو اسکرپ کم فارم میں رکھیں، یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا، بشمول سرٹیفکیٹس کی محفوظ تھویل اور فروخت، جب بھی وہ چاہیں، کیونکہ پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے مطابق فزیکل سرٹیفکیٹس کی تجارت کی اجازت نہیں ہے۔

غیر کلیم کردہ سرٹیفکیٹ اور ڈیوڈنڈز:

وہ ممبران جنہوں نے ابھی تک اپنے سرٹیفکیٹ اور کیش ڈیوڈنڈز کا دعویٰ نہیں کیا ہے، جو یا تو ان کے قبضے میں ہیں یا مضاربہ کے شیئرز رجسٹرار اور ٹرانسفر ایجنٹ کو ناقابل ترسیل کے طور پر واپس کر دیے گئے ہیں، ان سے درخواست کی جاتی ہے کہ وہ ان با معاوضہ یا غیر کلیم کردہ ڈیوڈنڈز کا کلیم کرنے کے لیے درخواست/یا مضاربہ کے رجسٹرار کے پاس جمع کرائیں۔

ممبران مضاربہ کی ویب سائٹ پر دستیاب کلیم فارمز کا استعمال کرتے ہوئے اپنے کلیم دائر کر سکتے ہیں۔ یہ کلیم فارم مضاربہ کے سرٹیفکیٹ رجسٹرار منسٹرز فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ کو ڈیوڈنڈ یا سرٹیفکیٹ وصول کرنے کیلئے بھیجے جائیں جس کے وہ حقدار ہیں۔

آپ نوٹسز اور اعلانات کے سیکشن پر الیکٹرانک کریڈٹ مینڈیٹ فارم OLPM کی ویب سائٹ www.olpmodaraba.com پر حاصل کر سکتے ہیں۔ مزید یہ کہ یہ فاکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ کی ویب سائٹ <http://www.famco.com.pk> پر بھی دستیاب ہے۔ اس مقصد کے لیے آپ ہم سے askus@olpmodaraba.com پر رابطہ کر سکتے ہیں۔

ڈیویڈنڈ پروڈ ہولڈنگ ٹیکس:

ٹیکس کی ضروریات: سرٹیفکیٹس پر ڈیویڈنڈ کی آمدنی انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت وہ ہولڈنگ ٹیکس کی کٹوتی کے لیے ذمہ دار ہے اور فنانس ایکٹ 2023 کی دفعات کے مطابق، "فاکرا" اور "نان فاکرا" سرٹیفکیٹ ہولڈرز ڈیویڈنڈ آمدنی پر بالترتیب %15 اور %30 ٹیکس ادا کریں گے۔ سرٹیفکیٹ ہولڈرز کے فاکرا کی حیثیت کا تعین فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے ان کی ویب سائٹ <http://www.fbr.gov.pk> پر اپ لوڈ کردہ تازہ ترین دستیاب ایکٹیو ٹیکس ہیئر زلسٹ (ATL) کی بنیاد پر کیا جائے گا۔

فیلو/اسی ڈی ایس اکاؤنٹ مشترکہ طور پر رکھنے کی صورت میں، ہر جوائنٹ ہولڈر کو فاکرا یا نان فاکرا کے طور پر الگ الگ سمجھا جائے گا اور ہر جوائنٹ ہولڈر کے سٹوکیٹ ہولڈنگ کو مساوی تناسب پر تقسیم کر کے طے شدہ مجموعی منافع کی رقم پر ٹیکس کاٹا جائے گا، سوائے اس کے کہ جہاں مضاربہ کے سٹوکیٹ رجسٹرار کے ریکارڈ کے مطابق جوائنٹ ہولڈرز کا سٹوکیٹ ہولڈنگ کا تناسب پہلے سے طے شدہ ہو۔ اور اس طرح ٹیکس کی شرحیں متعلقہ تناسب کے مطابق لاگو ہوں گی۔ وہ سٹوکیٹ ہولڈرز، جن کے پاس مشترکہ طور پر سٹوکیٹ ہیں، ان سے درخواست کی جاتی ہے کہ وہ پرنسپل اور جوائنٹ ہولڈرز کے سٹوکیٹ ہولڈنگ تناسب کو 18 اکتوبر 2023 تک ہمارے سٹوکیٹ رجسٹرار کو تحریری طور پر اپنے اوپر دینے گئے دفتری پتہ پر اپ ڈیٹ/مطلع کریں۔

اس سلسلے میں، تمام سرٹیفکیٹ ہولڈرز، جن کے نام ATL میں داخل نہیں کیے گئے ہیں باوجود اس کے کہ وہ فاکرا ہیں، انہیں یہ یقینی بنانے کا مشورہ دیا جاتا ہے کہ: (۱) ان کے نام اختتامی مدت کے آغاز سے قبل ATL میں ظاہر ہوتے ہوں (اوپر حوالہ دیا گیا ہے)، بصورت دیگر ان کے ساتھ ٹیکس کٹوتی کے مقصد کے لیے نان فاکرا کے طور پر سمجھا جائے گا، اور (۲) ان کے نمیشنل ٹیکس نمبر کی ایک کاپی ان کے متعلقہ شرکت کنندہ/اسی ڈی ایس سرمایہ کار اکاؤنٹ سرورسز یا ہمارے شیئر رجسٹرار (صرف فزیکل سٹوکیٹ رکھنے کی صورت میں) کو ان کے مذکورہ دفتر کے پتہ پر جمع کرائی جائے۔

کارپوریٹ سرٹیفکیٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹی کی طرف سے جاری کردہ درست انکم ٹیکس اسٹیٹس سرٹیفکیٹ کی ایک کاپی آپ کے ادارے کو فراہم کریں جو کہ FBR کی جانب سے جاری کردہ لیٹر / C.No.1(43)DG(WHT)-Vol.11-66417-R مورسہ 12 مئی 2015 کے تحت ٹیکس سے اسٹیٹس کا دعویٰ کرنے کیلئے لازمی ہے۔ اگر آپ کسی خاص ٹیکس کی شرح کے تابع ہیں، تو براہ کرم متعلقہ اتھارٹی کی طرف سے جاری کردہ متعلقہ سٹوکیٹ کی ایک کاپی بھی فراہم کریں۔ متعلقہ کاپیاں ہمارے شیئر رجسٹرار کو ان کے مذکورہ دفتر کے پتے پر پہنچانی چاہئیں۔

سالانہ رپورٹ:

کمپنیز ایکٹ 2017 کے سیکشن (7) 223 کے تحت، 2023 کو ختم ہونے والے سال کی سالانہ رپورٹ مضاربہ کی ویب سائٹ پر اور ممبران کو ایک ہی وقت روانہ کی جائے گی۔

مذکورہ بالا کے علاوہ، کمپنی آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپیاں، کسی بھی ممبر کو، ان کی درخواست پر، ان کے رجسٹرڈ پتے پر، ایسی درخواست موصول ہونے کے ایک (1) ہفتے کے اندر مفت فراہم کی جائے گی۔

105 اکتوبر 2023ء

بتوسط بورڈ
محمد صدیق
کمپنی سیکریٹری

نوٹس:

ڈیویڈنڈ کی الیکٹرانک طور پر منتقلی:

ایس ای سی پی کی ہدایات کے مطابق، سرٹیفکیٹ ہولڈرز جن کے سی این آئی سی / ایس این آئی سی شیئرز رجسٹرار کے پاس دستیاب نہیں ہیں ان کا ڈیویڈنڈ روک لیا جائے گا۔ لہذا سرٹیفکیٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ مضاربہ کے شیئرز رجسٹرار فاکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ کے دفتر F-8، ہوٹل فاران سے آگے، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی کے پاس اپنے فعال شناختی کارڈ کی فوٹو کاپی (اگر اس سے قبل فراہم نہ کی گئی ہو) جمع کرائیں۔ ممبران کی جانب سے فعال سی این آئی سی / ایس این آئی سی کی کاپی جمع نہ کرانے پر مضاربہ ایسے ممبران کی ڈیویڈنڈ کی ادائیگی روکنے پر مجبور ہوگا۔

براہ کرم یہ بھی نوٹ کریں کہ کمپنیز ایکٹ 2017 کے سیکشن 242 کی دفعات کے تحت، مضاربہ کے لیے لازمی ہے کہ وہ سرٹیفکیٹ ہولڈرز کو نقد ڈیویڈنڈ صرف الیکٹرانک موڈ کے ذریعے براہ راست حقدار سرٹیفکیٹ ہولڈرز کے نامزد کردہ بینک اکاؤنٹ میں ادا کرے۔ اپنا منافع براہ راست اپنے بینک اکاؤنٹ میں وصول کرنے کے لیے، براہ کرم الیکٹرانک کریڈٹ مینڈیٹ فارم میں بیان کردہ تفصیلات کو مکمل کریں اور دستخط کر کے اپنے شناختی کارڈ کی ایک کاپی کے ساتھ ہمارے رجسٹرار کو واپس کریں۔

بینک اکاؤنٹ کی تفصیلات کی اطلاع نہ دینے کی صورت میں، مضاربہ کو قانون کی دفعات کے مطابق عمل کرنے پر مجبور کیا جائے گا، تاکہ مضاربہ کی جانب سے قابل ادائیگی ڈیویڈنڈ کی رقم کو روک دیا جائے۔ سی ڈی سی سرٹیفکیٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ اپنا ڈیویڈنڈ مینڈیٹ اور شناختی کارڈ براہ راست اپنے بروکر (شرکاء) / سی ڈی سی کو جمع کرائیں۔

نوٹس برائے منافع کی تقسیم، ٹرانسفر بک کی بندش اور سالانہ چوبیسویں میٹنگ کا جائزہ

OLP سرہنز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سرہنز پاکستان (پرائیویٹ) لمیٹڈ) کے بورڈ آف ڈائریکٹرز مورخہ 14 ستمبر 2023ء کو ہونے والی منعقدہ میٹنگ میں، 30 جون 2023ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے خالص منافع 128.78 ملین روپے کا اعلان کرتے ہوئے خوشی محسوس کر رہے ہیں۔ بورڈ نے 30 جون 2023ء کو اختتام پذیر ہونے والے سال کیلئے مبلغ 6.44 ملین روپے کی رقم اسٹیجوری ریزرو میں منتقل کرنے کے بعد 20% کے حساب سے (یعنی 10 روپے ہر ایک سٹریٹیکٹ پر فی سٹریٹیکٹ 2 روپے) کیٹش ڈویڈنڈ کی بھی منظوری دی۔

30 جون 2023ء کو ختم ہونے والے سال کیلئے مضاربہ کی کارکردگی کا جائزہ لینے کیلئے ویڈیو لنک کے انتظام کے ذریعے ذاتی طور پر اور الیکٹرانک طریقہ سے OLPM کے حامل سٹریٹیکٹ کی سالانہ جائزہ میٹنگ (ARM) بروز جمعرات 26 اکتوبر 2023ء کو صبح 10:30 بجے انسٹیٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان چارٹرڈ اکاؤنٹنٹس ایویونو، گلشن کراچی میں منعقد کی جائے گی۔

سٹریٹیکٹ ٹرانسفر بکس کی بندش:

مذکورہ بالا منافع کے حقدار کا پتہ لگانے اور سالانہ جائزہ میٹنگ میں شرکت کیلئے سٹریٹیکٹ ٹرانسفر بکس بروز جمعرات 19 اکتوبر 2023ء سے جمعرات 26 اکتوبر 2023ء تک (بشمول دونوں ایام) بند رہیں گی۔ جو ٹرانسفر ہمارے رجسٹرار فاکولٹیوسی ایٹس (پرائیویٹ) لمیٹڈ کے دفتر F-8، ہوٹل فاران سے آگے، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی میں بدھ 18 اکتوبر 2023ء کو بالترتیب ڈیویڈنڈ کے حقدار ہونے اور سالانہ جائزہ میٹنگ میں شرکت کیلئے کاروباری وقت ختم ہونے تک وصول ہونے پر میٹنگ میں شرکت کے لئے موثر ہوگا۔

سالانہ جائزہ اجلاس میں شرکت:

سٹریٹیکٹ ہولڈرز جو ان اگن پلیٹ فارم کے ذریعے اسے آر ایم میں شرکت کرنے میں دلچسپی رکھتے ہیں اور جن کے نام مضاربہ کی کتاب میں 18 اکتوبر 2023ء کو کاروبار کے اختتام پر (5 بجے شام) شائع ہوئے ہیں ان سے درخواست کی جاتی ہے کہ وہ اپنی تفصیلات نام، شناختی کارڈ نمبر، فوٹیو نمبر، سیل فون نمبر، اور ای میل ایڈریس مقررہ ای میل ایڈریس (Secretariat@olpmodaraba.com) پر بھیج کر اپنا اندراج کروالیں۔ ویٹار کالک ان رجسٹرڈ سٹریٹیکٹ ہولڈرز کو فراہم کیا جائے گا جنہوں نے درخواست کردہ تمام معلومات فراہم کی ہوں گی۔

Vision

OLPM vision is to be the leading Shariah compliant financial services entity by constantly anticipating market needs with the aim to create value for stakeholders.

Mission

Our mission is to meet the client needs by ensuring service quality, care for the environment, providing growth opportunities to our employees and creating value for our certificate holders

CORE VALUES



Integrity

We promote honesty and fairness in all our actions.



Respect

We respect each other's feelings and opinions.



Clients Focus

We are because of our client and our success lies in their satisfaction.



Ownership

We protect the interest of the Modaraba as if it is our own Business.



Teamwork

We work together to create synergies.



Innovation

We seek continuous improvement and encourage creativity.



FORWARD LOOKING

Our strategy remains maintaining growth momentum and asset quality, increasing profitability and refining the product mix. We aim to target profitable new market segments and plan to enhance our exposure in high and mid-tier SME under Diminishing Musharika structure and consumer market under an assurance based model or with High Net Worth individuals. We understand that adapting to the change is the way forward.

In line with the same, OLPM has set up a Principals Committee and Strategic Initiatives Unit to synchronize with the ever changing operating environment. Amongst other things, OLPM focuses on IT and system's transactional capability reach and user friendly efficient processes ensuring client's satisfaction by reducing turnaround time without compromising on the control environment.

As the focus is to grow, acquiring and retaining the right quality of human resource will be critical. Accordingly, OLPM will continue to invest in learning and development of its staff i.e. on-the-job learning, learning from others and formal trainings.

We believe that Islamic financing has a bright future in Pakistan. We intend to contribute a fair share to the growth of Islamic financing in the country. We will also look to maintain our thought leader status in the sector and to grow to be largest and most profitable Modaraba in Pakistan.



Key Performance Indicators 2023

- 1). Modaraba's gross revenue increased by 62.91% from PKR 786.28 million to PKR 1280.70 million compared to last year.
- 2). Due to strong recovery efforts reversal of net provision amounting to PKR 6.50 million.
- 3). Profit before management company's remuneration increased by 21.67% from PKR 179.42 million to PKR 218.29 million compared to last year.
- 4). Whereas profit before taxation increased by 21.99% from PKR 152.83 million to PKR 186.43 million compared to last year.
- 5). During the year OLPM booked fresh disbursement of PKR 2782 Million.
- 6). Total assets increased by 1.75% from PKR 6.707 million to PKR 6.825 million.
- 7). The Portfolio of Ijarah Increase, short term Sukuk investment & Diminishing musharaka stood at PKR 6.021 million compare to PKR 5.574 million showry increase of 8.02.

Performance made in 2022

- 1). Modaraba's gross revenue increased by 4.91% from PKR 749.45 million to PKR 786.28 million compared to last year.
- 2). Due to strong recovery efforts reversal of net provision amounting to PKR 6.68 million against net provision charge amounting to PKR 37.78 million during last year.
- 3). Profit before management company's remuneration increased by 21.67% from PKR 179.42 million to PKR 179.42 million compared to last year.
- 4). Whereas profit before taxation increased by 0.20% from PKR 152.52 million to PKR 152.83 million compared to last year.
- 5). During the year OLPM booked fresh disbursement of PKR 2.693 Million.
- 6). Top 25 Companies Awards for the Year 2020 by Pakistan Stock Exchange

MAJOR EVENTS

2022
July

- Successful implementation of Harmony Employees Self-Service facilitation Portal.

2022
August

- Syariah Training on OLPM Products

2022
September

- Announcement of 20% Cash Dividend
- 264th Board Meeting
- 88th Board Audit Committee Meeting
- 9th Board Human Resource & Remuneration Committee Meeting
- 4th Board Risk Committee Meeting
- Anti Bribery Corruption Training Session

2022
October

- 4th Corporate Briefing Session
- Annual Review Meeting
- 265th Board Meeting
- 89th Board audit Committee Meeting
- Change of Registered address of Management Company

2022

2022
November

Distribution of 20% Cash Dividend to Certificate Holders

2023
February

- 266th Board Meeting
- 90th Board Audit Committee Meeting

2023
April

- 267th Board Meeting
- 91st Board Audit Committee Meeting

2023
May

- Election of New Board for next three years

**SUCCESS IS NOT THE KEY
TO HAPPINESS.
HAPPINESS IS THE KEY TO SUCCESS.
IF YOU LOVE WHAT YOU ARE DOING,
YOU WILL BE SUCCESSFUL**

THE BOARD



GET TO KNOW YOUR BOARD OF DIRECTOR

MR. SHAHEEN AMIN

Chairman

Mr. Amin was appointed as the Chairman of the Board of Directors in June 2016. He is also the Chief Executive Officer of OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) (OLPL) since February 2016. He started his career with OLPL in 1986 and he served in various capacities before being appointed as Deputy Managing Director in January 1992. Mr. Amin's appointments since then include General Manager, Oman ORIX Leasing Company SAOG and General Manager, Saudi ORIX Leasing Company. Mr. Amin has an MBA from University of Chicago Booth School of Business and an Executive MS in Risk Management from Stern School, New York University.



MR. RAHEEL QAMAR AHMAD

Managing Director

Mr. Raheel Qamar Ahmad is the CEO of OLPM. He has over 30 years of varied Corporate, Investment Banking and Islamic Finance experience during his various roles with multinational banks, large local banks, and development finance institutions in various geographies. He has also acted as a sell side advisor for entities in the Government of Pakistan privatization programme. He holds the distinction of providing key feedback to various apex regulators on legislation and regulations and representing the country in AML discussions. He holds a Masters in Business Administration from the Illinois Institute of Technology, Chicago (IIT) and a Bachelor of Science in Engineering from the University of Engineering and Technology, Lahore (UET). He is currently an independent Director on the board of AWT Investments Ltd. and an executive committee member of the Public Interest Law Association of Pakistan and the Patients' Behind Society, Aga Khan University Hospital. Mr. Ahmad is a Vice President of the Asian Financial Services Association and also been featured amongst the top 100 CEOs of Pakistan.



MR. NAUSHERWAN ADIL

Independent Director

Mr. Nausherwan Adil has been appointed as a member of the Board of Directors in May 2020. He is an MBA from Fairleigh Dickinson University New Jersey, USA. He has over 30 years of prolific banking experience and has held various senior positions. He has twice served as Group Chief Operations National Bank of Pakistan. During his tenure with NSP, he has also served as Senior Executive Vice President & Regional Chief Executive - Europe Region where he was responsible for NSP Europe Operations in France and Germany. He contributed materially to overall institutional policy debate and strategy formulation.



MR. RAMON ALFREY

Director

Mr. Ramon Alfrey has been appointed as a member of the Board of Directors in May 2020 and he currently holds the office of Deputy Chief Executive Officer & CFO in OLP Financial Services Pakistan Limited (Formerly GRIX Leasing Pakistan Limited) (OLPL). He joined OLPL in 1990 and has served the GRIX Group in various senior capacities in Pakistan and United Arab Emirates. Mr. Alfrey is a fellow member of the Institute of Chartered Accountants of Pakistan and has attended a number of leadership and management training courses in Pakistan and abroad.



MIAN FAYSAL RIAZ

Director

Mian Faysal Riaz has been appointed as a member of the Board of Directors in May 2020. He is currently serving as Chief Operating Officer in OLP Financial Services Pakistan Limited (Formerly GRIX Leasing Pakistan Limited) (OLPL). Having thirty (30) years of diverse experience, having worked in all front line revenue generating business segments of the leasing industry which include Corporate, Commercial Vehicle Division, Auto Lease/Financing, Operating and Micro Finance. Mr. Riaz has served in various capacities at OLPLs including postings as Zonal Head and Country Head Marketing. Mr. Riaz has attended various seminars and courses in Pakistan and abroad to enhance his professional abilities, these include High Impact Leadership Program and Building a Brighter Future which was held under GRIX Corporation's Global Leaders programme Japan.



MS. NAILA HASAN

Female Independent Director

Ms. Naila Hasan has over thirty years experience of working in leading MNC's at both local and international level. She specializes in General Management, Marketing, Business Development, Commercial Operations, Market Access, Distributor Management and Compliance. She was Business Manager, Pakistan at AstraZeneca from 2013-2023. Previously she was Therapy Area Director at GlaxoSmithKline (GSK) Middle East & Africa, based in Dubai. Prior to relocating to Dubai, she worked at GlaxoSmithKline, Pakistan and held various positions, the last one being that of Marketing Director. She started her career at Pfizer Pakistan. She has an MBA degree from Institute of Business Administration (IBA) Karachi. Ms. Hasan has completed her director certification from the Pakistan Institute of Corporate Governance and currently serves on the Board of a Listed Textile Company.



MS. ASEYA QASIM

Female Director

Ms. Aseya Qasim has been appointed as a member of the Board of Directors in February 2023. She has over 30 years experience of working in financial services sector. She started her career with OLPL in 1991 and has served in Corporate Lease, Consumer & Auto Finance and Micro Finance Divisions at various positions. She has also worked as Head of Business in Pak Oman Microfinance Bank Limited. Presently, Ms. Qasim is heading OLPL's Micro & Agri Finance Division and is based in Lahore.

She has done M.Com from Hailey College of Commerce, University of Punjab and has attended various training programs in Pakistan and abroad, notable being 2-week intensive program on Financial Institutions for Private Enterprise Development held at Kennedy School of Government, Harvard University, USA. She has also attended several local & international conferences on Financial Inclusion and Microfinance. Ms. Qasim headed the working group of Pakistan Microfinance Network on Private Sector Credit Information Bureaus for Microfinance.

GET TO KNOW YOUR MANAGEMENT

MR. RAHEEL QAMAR AHMAD

Managing Director





MUHAMMAD SIDDIQUE

CFO & Company Secretary

Muhammad Siddique joined OLP on July 01, 2009 as CFO and Company Secretary. He also holds the positions of Head Wealth Management in OLP. Prior to this assignment, he was Head of Finance - Islamic Banking Division, SCBPL. He was associated with Standard Chartered Group since 2004 before the successful transfer of Modaraba and Modaraba Management Company ownership from SCBPL to OLP in June 2016. He is a fellow member of the Institute of Chartered Accountants of Pakistan and has over 20 years' experience in various financial institutions and audit firms. He is a former member of the Executive Committee of NBF & Modaraba Association of Pakistan.



SALWAT AHMED

Director - Client Relationships Pakistan

Salwat joined OLP for his second tenure with the Modaraba on October 02, 2017. He was with OLP from April 2008 till May 2013, as Head of Client Relationships - Central and North. Salwat moved from Modaraba to Standard Chartered Bank (Pakistan) Limited (SCBPL) and worked as Unit Head, Central for SME Business for one year before moving to Asset Finance & Abu Dhabi National Islamic Finance (ADNIF), F&D Group. During his four years' stay at Asset, he worked on various senior assignments in Credit Risk, Credit for UAE, Compliance and Islamic Subsidiaries. He has over 27 years of work experience in various Leasing/ Finance Companies and Commercial Bank including SCBPL, OLP Financial Services Pakistan Limited, PLCDPP, PJCL, and OLP. Salwat is an MBA from Arkansas State University, USA and M.Sc. Statistics from Punjab University, Lahore, Pakistan. He is also a charter holder from Association of Certified Anti-Money Laundering Specialists (ACAMS).



NADIR SHAH

Director - Employee Finance & Head HR

Currently working as Director Employee Finance and Head of Human Resource. He joined OLP as Head of Human Resource and House Finance Diminishing Musharaka in July 2012. Nadir has also worked as Project Manager with Colmen Group from 1991-2001. He joined SCBPL IT in 2001 for SCB and ANZ Grindlays integration project. He moved to SCBPL HR in 2005. He was working as HR Relationship manager before he joined OLP. Mr. Nadir holds a Bachelor degree in IT.



MOHAMMAD ARIF DAYA

Head of Technology and Operations

Mohammad Arif Daya has been associated with OLP since 1991. Currently working as Head Operations & Technology. Previously, he was the Head of Credit Risk Control Department in OLP since July 2010. Prior to his role as Head CRC, he served as Manager Finance. He is post graduate from Govt. College of Commerce & Economics and has over 27 years' experience in various financial institutions and audit firms.



MUHAMMAD ASIM JAVED

Director - Risk Management

Asim has over 24 years of corporate banking, relationship building/ managing & risk management experience. Structuring, negotiating financial transactions & finding appropriate solutions for corporate clients have been his core competencies. He has been part of renowned financial institutions like Faysal Bank Limited and SCM (Standard Chartered Group). He has extensive Relationship Management experience having dealt with corporate clients belonging to various industry sectors & business segments. Currently, serving as Director - Risk Management at OLP Modaraba, he is responsible for Enterprise wide risk appetite, input, assessment & monitoring. Moreover, this role also encompasses management of Special Assets and the overall recovery drive for the entity. He is also the Vice Chairman for OLP Modaraba's Principal Committee, a senior level internal committee focusing on deciding on the entity's direction and goal settings. Islamic lending/ financing products have been the focus and he has also been involved in development of various Islamic products.



AHSAN ILYAS

Head of Internal Audit

Mr. Ahsan Ilyas has been appointed as Head of Internal Audit w.e.f. January 01, 2018. Previously he held the position of Manager Secretariat & Finance in the Modaraba. He has been associated with OLP Modaraba since May 2012. He is an Associate Member of the Institute of Chartered Accountants of Pakistan and completed his CA training from A. F. Ferguson & Co Chartered Accountants, a member firm of Price Waterhouse Coopers Network. He has over eleven years of experience in the field of Corporate Secretariat, Assurance, Risk Advisory, Internal Audit and Tax.



NABEIL RABBANI

Head of Compliance and Operational Risk

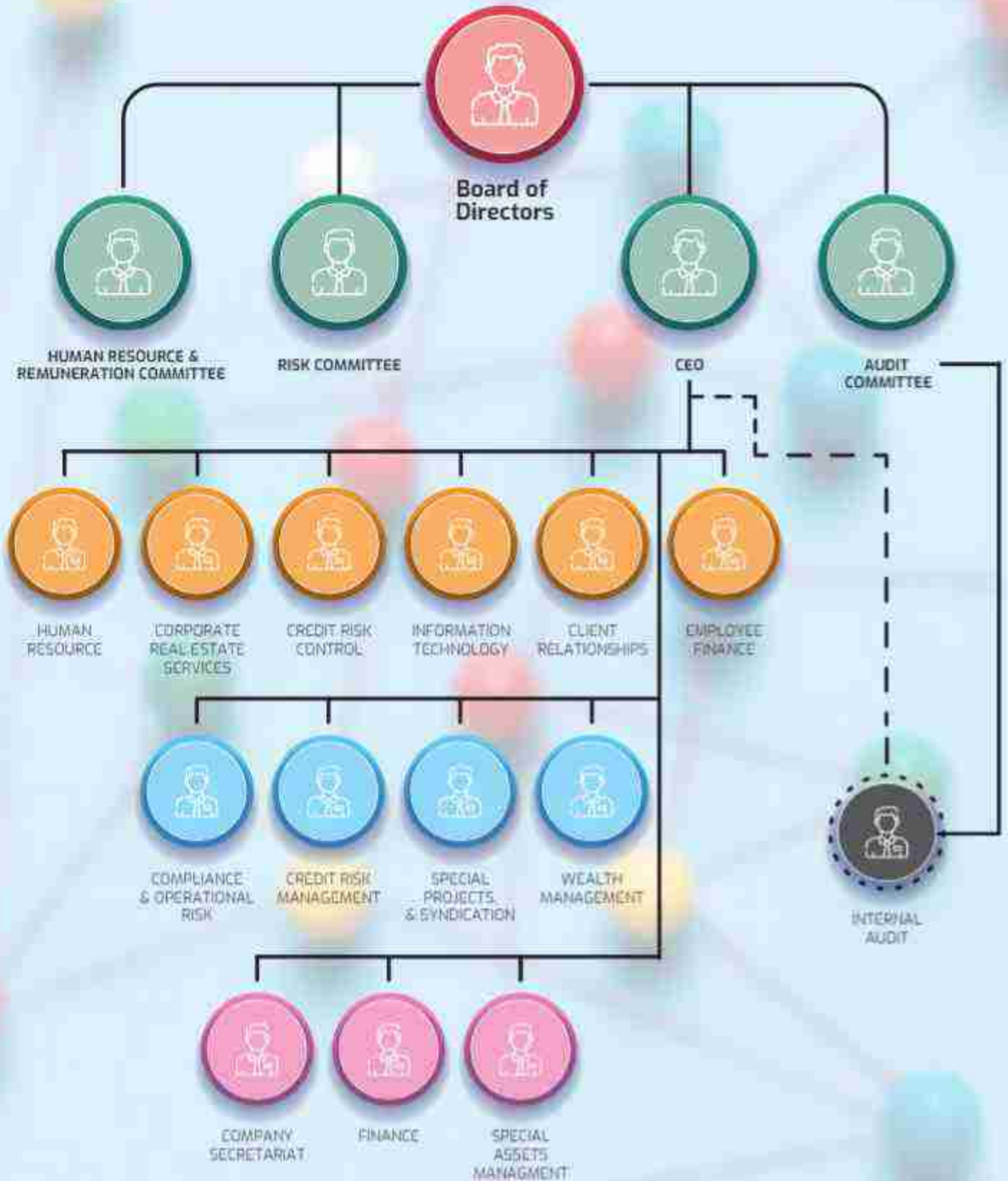
Mr. Nabeil joined OLP Modaraba in March 2023 and is responsible for overall management and execution of all Legal, Compliance and Assurance related functions. He is having 25 years of diversified experience of managing key areas of Consumer Banking which includes: Credit Underwriting, External Agencies, Consumer Operations, Remedial Portfolio Management, Fraud investigation, Operational Risk and Compliance. Comprising flavor of multiple products within and outside Pakistan with leading financial institutes. Mr. Nabeil holds a Bachelor degree in Business Administration.

OUR STAFF





OLPM ORGANOGRAM



ORGANIZATION OVERVIEW & EXTERNAL ENVIRONMENT



MODARABA at a Glance

OLP Modaraba (formerly ORIX Modaraba) - OLPM is widely regarded as the thought leader in the sector. Its strategy is to grow to be the largest and most profitable Modaraba in Pakistan.

OLPM offers Ijarah, Diminishing Musharika (DM), and House Finance under DM structure, Sukuk Murabaha, and Salam to Corporates, SME, High network individuals and employees of selected Corporate Clients under Assurance Model. The funds to finance the assets comes from a mix of Certificate of Musharakah, bank financing, equity and operational inflows. Our total assets balance is PKR 6.824 billion as at June 30, 2023.

OLPM is managed by OLP Services Pakistan (Pvt) Limited (Formerly ORIX Services Pakistan (Private) Limited) which owns 10% certificates capital in OLPM. OLP Financial Services Pakistan Limited

(Formerly ORIX Leasing Pakistan Limited) holds another 10% stake in OLPM. The rest 80% is held by the general public. OLPM is regulated by Securities and Exchange Commission of Pakistan and has branch offices in Lahore and Islamabad with the Head office in Karachi.

Disclosure of Beneficial Owner

No Natural Person directly or indirectly hold more than 25% of OLPM Shares. Details of Modaraba's Certificateholders is disclosed in the pattern of Shareholding in the report. Flowchart of group shareholding and relationship with subsidiary companies is available in the Start of the Report.

OUR HUMAN CAPITAL



Total Headcount
54



20.4 Head Office
Female
Percentage

Locations	HEAD OFFICE	ISLAMABAD	LAHORE	TOTAL
Permanent	34	01	08	43
Contractual	08	01	02	11

FINANCIAL HIGHLIGHTS



Profit After Tax		PKR In Million
2023		128.784
2022		111.55



Earnings		PKR
2023		2.84
2022		2.46



Cash Dividend		PKR In Million
2023		90.77
2022		90.77



Total Assets		PKR In Billion
2023		6.824
2022		6.707



Total Disbursements		PKR In Million
2023		2.782
2022		2.693



Break-up value Per Certificate		PKR
2023		25.93
2022		25.09

OLPM PRODUCTS

OLP Modaraba (formerly ORIX Modaraba) - OLPM offers both Consumer and Wholesale Shariah compliant products. These include: Ijarah/ Leasing, Diminishing Musharakah, House Finance Diminishing Musharakah, Murabaha, Salam, Istisna and Certificates of Musharakah. OLPM also offers Syndicate Financing Facility to the clients that require large amount of financing.

CERTIFICATE OF MUSHARAKAH



OLPM's Certificate of Musharakah is a profit and loss-sharing instrument whereby investors have an opportunity to earn low-risk income. It offers the most secure and rewarding return to its investors given OLPM's AA Rating assigned by Pakistan Credit Rating Agency Limited (PACRA). This strong credit rating assigned to OLPM indicates low expectation of credit risk and strong capacity for timely payment of financial commitments. Launched in the year 2000, this Shariah compliant Deposit Scheme has been formulated under the guidelines issued by SECP Religious Board formed under the Modaraba Ordinance. OLPM's Certificate of Musharakah is an Islamic investment avenue available to Individuals, Corporates, Provident Funds, Gratuity Funds, Mutual Funds, and high Net Worth Individuals. OLPM has tailor-made this product keeping in consideration Islamic Principles and its valued clients' convenience.

MURABAHA FINANCE



OLP also offers Murabaha (selling a commodity as per the purchasing price with an agreed profit). Murabaha refers to the sale of commodity on pre-defined price and profit. Murabaha is completed in two stages. In the first stage, the OLPM purchases a commodity that the client is desirous of acquiring. In the second stage, the client agrees to a payment schedule for repurchasing the goods.

IJARAH

OLPM OFFERS ITS CLIENTS SHARIAH-COMPLIANT INTEGRATED FINANCIAL LEASING SERVICES.



At OLPM, we pride ourselves on our Shariah-based values in offering asset rental solutions with ownership promise that is Ijarah Financing. Ijarah is the best solution as it fulfils the needs and aspirations of all clients, in a flexible timeframe that perfectly fits clients' needs. We offer financing services to our clients in a way that answers their needs and goes hand in hand with their expectations.

One of the most important fields of work at OLPM is the leasing of assets which includes Plant & Machinery, Motor Vehicles, Office and Computer Equipment. We are proud to say that we have experienced team and an in-depth knowledge in this field in Pakistan; our specialization in the field has allowed us to present the best in terms of financial leasing services.

DIMINISHING MUSHARAKAH (DM)



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

transferring ownership of the asset to the client. The client also pays rent for the use of Modaraba's share in the asset.

The clients may approach OLPM for the acquisition of Plant and Machinery, Motor Vehicles, Office and Computer Equipment using DM financing. The asset remains under the charge of OLPM until settlement.

HOUSE FINANCE DIMINISHING MUSHARAKAH (HFDM)



HFDM is based on the concept of mortgage. The clients can avail HFDM facility for the acquisition, construction and renovation of property of their choice. Under this product, ownership and possession of the property is with the client. The financing is done by OLPM and the client jointly in accordance with an agreed percentage. The property remains mortgaged in favor of OLPM and original property documents are held by us till the contract is matured or terminated and settled. Currently, it is being offered to employees of selected corporate clients under Assurance Model.

SALAM



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

Client may approach OLPM for this product to manage its working capital requirements. This may include both core and overheads expenses pertaining to business operations of our esteemed clients.

ISTISNA



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

A client who intends to purchase certain assets to be manufactured or constructed may approach the Modaraba. At this point, Modaraba acting as a seller and the client as purchaser would execute an Istisna contract. Once the asset is complete and in useable condition, the Modaraba would deliver the assets to the client on agreed delivery schedule. The Client would make the payment to the Modaraba pursuant to the terms agreed upon in the Istisna contract either in various instalments or, as the case may be, at the delivery of the asset.

SYNDICATE FINANCING

OLPM also arranges Syndicate Financing facilities for clients (clients that can be Large Corporates, Local Corporates, Medium Enterprises or SMEs).

A traditional syndicated facility, is a facility arranged / offered by a group of Financial Institutions - referred to as a syndicate - who work together to provide funds for a single client.

Such a facility is suitable for clients that are looking for a single contact point solution for their relatively larger financial facility requirements.

OLPM can arrange the following types of facilities for its clients:

- Syndicated Ijarah Facility (Direct and sale & lease back Ijarah).
- Syndicated Diminishing Musharakah Facility (For new & existing assets).

CODE OF CONDUCT

Do the right thing

Our values are integral to the way we work every day. The Code is important because it outlines how we can make sure that the decisions we make are the right ones.

Act responsibly and within authority

Be disciplined, responsible and take accountability for the risks Staff take and make sure they are appropriate to his/her business or activity. Staff must keep to their limits and policies and not make decisions that are beyond their delegated authority.

Use good judgment

Recognise when there are situations without simple solutions. Use the Code's decision making framework to help make decisions well, appropriately and with care.

Speaking Up

Staff have a responsibility to Speak Up when they see behaviour, a process or system they are not comfortable with at work. This helps to maintain a culture of strong ethics, integrity and transparency.

Comply with laws, regulations and standards

Staff are individually responsible for complying with the spirit, not just the letter, of laws, regulations and our standards.

Combat financial crime

It is critically important to protect the worldwide financial system. Staff must comply with laws, regulations and standards on anti-money laundering (including those on tax evasion), preventing financing for terrorism, fraud or sanctions.

Reject bribery and corruption

Bribery is illegal, dishonest and damages the communities where it takes place. Staff must not give or accept bribes nor take part in any form of corruption.

Treat clients fairly

A focus on building long-term relationships helps to increase our business by improving our reputation. This includes having well-designed products and services, which:

- are clearly sold based on suitable advice
- perform as expected
- give clients choice

Manage conflicts of interest

Staff are responsible for identifying, assessing and managing conflicts of interest (whether actual or issues which could be viewed as conflicts) that arise in your daily working life.

Do not engage in or support insider dealing

The misuse of inside information undermines the financial system and unfairly disadvantages others in the market.

Protect confidential information

Building trust is a basic part of all our relationships with clients. Staff must not release confidential information unless authorised to do so.

Compete fairly in the market place

Staff must understand and comply with the laws which affect how you compete in their markets both locally and abroad.

Treat colleagues fairly and with respect

All staff are entitled to a safe working environment that is inclusive and free from discrimination, bullying and harassment. Treating your colleagues as partners helps our people to deliver on the brand promise, resulting in a positive effect on our business results.

Be open and co-operate with regulators

Deal with regulators in a responsive, open and co-operative way and give regulators information they would reasonably expect to be told about.

Respect our communities and the environment

To contribute to economic stability in our markets, we all have a responsibility to reduce our effect on the environment and give back to our communities.



PESTLE ANALYSIS

P POLITICAL

Factors	Description	Response
Government policy's intervention in the economy, other related factors and actions that can affect a business	<ul style="list-style-type: none"> Political uncertainty and inconsistent policies can have adverse impacts; Global decline in demand, trade activity and continuous devaluation of currency; Terrorism and geostrategic considerations; Environmental laws; Fiscal policies; Labour Law; and Trade restrictions. 	<ul style="list-style-type: none"> Modaraba remains focused on enhancing its policies and procedures while working closely with all regulators; Updating internal documents in line with Modaraba's regulations, as and when required; OLPM has embedded Environmental and Social Risk Assessment in products and services that are offered to the clients.

E ECONOMIC

Factors	Description	Response
Various aspects of the economy, and how the outlook on each area could impact your business.	<ul style="list-style-type: none"> Financial distress increasing as a result of an ongoing mismanagement can be expected to further worsen considering interim govt being in place; Increased Labour cost; Rising interest rates; Inflation and its adverse effect on disposable income of businesses and clients; Low economic growth; and Exchange rate fluctuations. 	<ul style="list-style-type: none"> Considering the overall financial stress that the economy has been subjected to for the last couple of years, OLPM continues to assess, evaluate and accordingly strategize w.r.t. smooth operations as well as control over delinquencies; Reduce cost through cost containment initiatives; and Periodic Profit rate adjustments.

S SOCIAL

Factors	Description	Response
Cultural and demographic trends of society. Social norms and pressures are key to determining consumer behavior.	<ul style="list-style-type: none"> CSR responsibilities factors; Charity and donations; Assistance in providing educational facilities; Safe & healthy environment; Social impacts of pandemic and floods in Pakistan; Organizational Reputation; and Fair practices. 	<ul style="list-style-type: none"> OLPM has formed multiple committees related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole; OLPM continues to provide financial assistance to various charitable and non-profit organizations such as Layton Rahmatulla Benevolent Trust Hospital (LRBT), The Kidney Centre, Sindh Institute of Urology and Transplantation (SIUT), Professional Education Network, PSEF; Precautionary measures against pandemics are in place; and Staff has been trained on use of internet and is aware of responsibilities w.r.t. organizational reputation and confidentiality.

T TECHNOLOGICAL

Factors	Description	Response
Innovation in the industry and the overall economy. Not being up to date to the latest trends of a particular industry can have adverse impact on the business.	<ul style="list-style-type: none"> Data Security; Businesses have to keep pace with emerging technology to satisfy their client base; Technological awareness & readiness; Level of innovation and Automation. 	<ul style="list-style-type: none"> OLPM has a reporting process where any actual or suspected incidents are reported without delay to prevent loss or theft of assets or information; Monitored and "Business need based download" to prevent malicious software or viruses; and Managers are responsible to promote awareness of information security to protect Modaraba's information from unauthorized access, modification & deletion; A dedicated resource has been hired to ensure IT and data security.

L LEGAL

Factors	Description	Response
Legal forces define what a business can or cannot do.	<ul style="list-style-type: none"> Corporate & personal Taxes (Tax & Tariffs); Anti-Bribery and Corruption code adherence; Employment and Discrimination laws; and Data protection law. 	<ul style="list-style-type: none"> Modaraba considers the above factors while making decisions to enter or not to enter certain industries, to launch or not to launch certain products; OLPM strictly adheres to Anti-Corruption and client confidentiality protection measures; Adherence to policy on Anti Bribery and Corruption (ABC), for which the employees are periodically trained; Restricted disclosure of information on a "need basis", and A closed process complying with all applicable laws & regulations, including Shariah governance, ensure the highest level of governance.

E ENVIROMENTAL

Factors	Description	Response
Various aspects of the economy, and how the outlook on each area could impact your business.	<ul style="list-style-type: none"> Environmental protection; Climate changes; Carbon Foot prints; and Recycling standards. 	<ul style="list-style-type: none"> OLPM continues its support towards environmental protection, conservation and reduction of carbon emission; OLPM's commitment towards clean environment is also extended to its clients. We have embedded Environmental and Social Risk Assessment in our products and services we offer to our client; and OLPM has shifted its internal processes to paperless environment and has greatly reduced the use of paper.

SWOT ANALYSIS



Strengths

- Experience of Financial Industry
- Highest credit rating
- Footprint in country's major cities



Weaknesses

- Highly regulated industry
- Tax on income
- Limited resource mobilization products
- Banks Competitive edge



Opportunities

- Growing economic activities
- Acceptability in public for Islamic financing
- Potential for growth in Islamic Financing



Threats

- Political instability
- Inflation and PKR devaluation
- Increasing Taxes and Tariffs Sudden move of discounted
- higher working capital requirement

The legislative and regulatory environment in which the organization operates

Currently Modarabas operating in Pakistan are governed under several laws and regulations such as Modaraba Ordinance, Modaraba Rules and Modaraba Regulations 2021 etc. OLP Modaraba is operating under the supervision of Securities & Exchange Commission of Pakistan, as Non-Bank Islamic Financial Institution and contribute as a key player in bringing awareness of Islamic financial system in the Country. For Modaraba structure refer Business Model in the start of the report.

The legitimate needs, interests of key stakeholders and industry trends

OLP Modaraba takes specific measures to understand the needs and interests of all its stakeholders. This involves understanding the needs of the communities through client visits and interactions. The Modaraba disseminates its periodic financial statements together with directors' review report on performance and future outlook. It also holds investors' briefing sessions on an annual basis besides Annual Review Meeting in which address all the queries of the analysts and certificateholders. The Modaraba designs its CSR activities to have maximum impact on the communities particularly to Health, education and environmental protection.

Competitive landscape and market positioning

The Modaraba holds highest credit rating by PACRA (i.e. AA in long term and A1+ in short term) distinct position. Apart from credit rating the Modaraba has achieved numerous accolades from various prestigious national and international bodies. The Modaraba has its presence in major cities of Pakistan with registered headoffice in Karachi and branches in Islamabad and Lahore. This vast network of OLPM is providing Islamic Financial Services to prospective corporate and consumer clients.

The political environment where the organization operates and other countries that may affect the ability of the organization to implement its strategy

The political environment has a significant impact on the ability of any organization to implement its strategy. Political uncertainties lead toward negative effects on consumers, businesses, investors, financial markets and economic policymakers. In the case of Pakistan, the

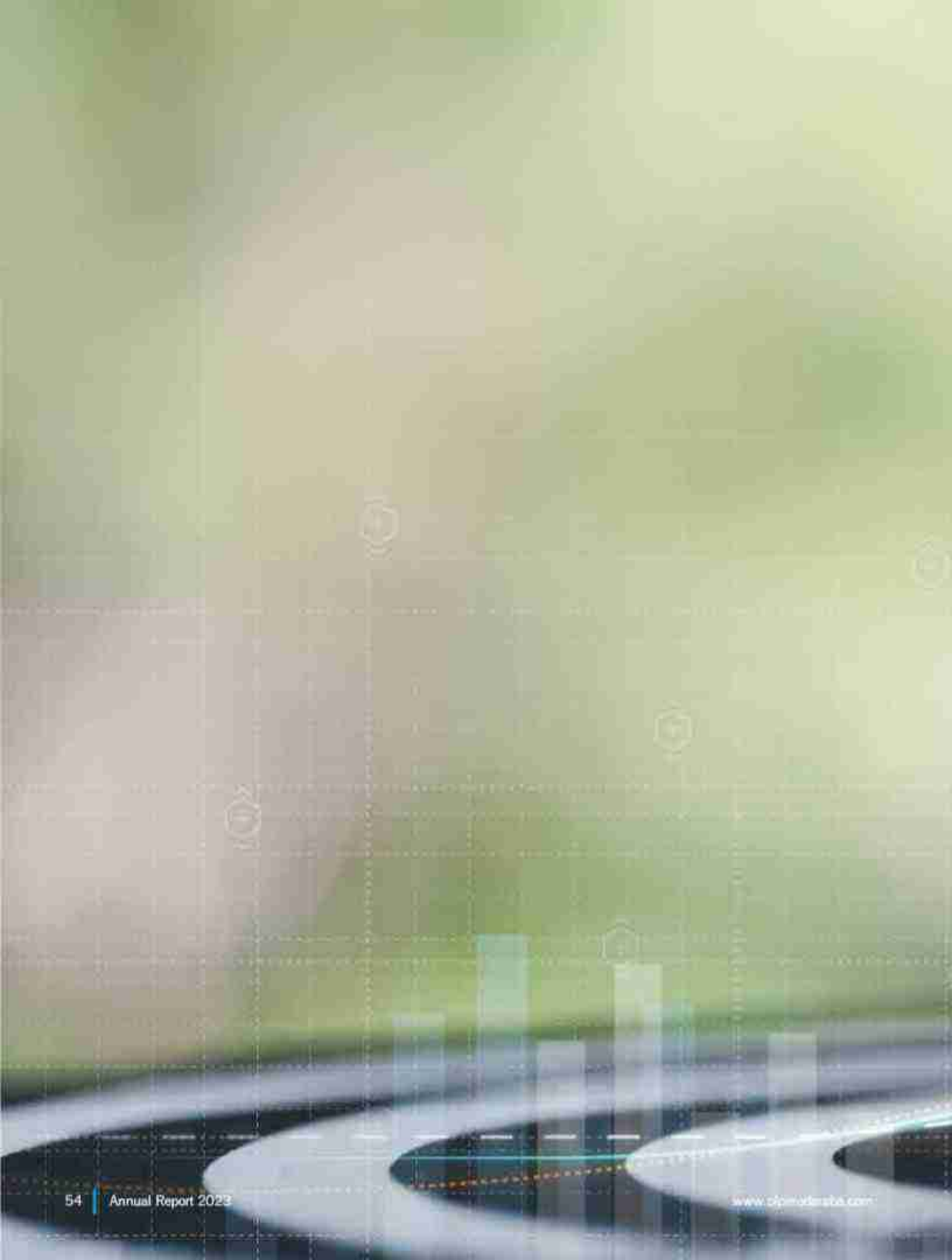
Chronic political instability has hampered the Country's economic growth the most. Currently the Country is facing challenges like depleting foreign exchange reserves, soaring inflation and increasing interest rates lead to reduced Government's spending on infrastructure development. Considering the current circumstances and to safeguard the modaraba stakeholder interest, the OLP Modaraba remain focused on enhancing its policies and procedures with close interaction with Regulators. Further, the business has been driven mainly by deepening relationships with selective clientele and initiating relationships with good names. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships. Besides smart strategy of asset portfolio, the modaraba also manage and monitors risk exposure very prudently both at the time of granting the facility and on regular interval to assess the repayment ability of customer.

Details of significant events occurred during the year and after the reporting period

The significant events which occurred during the year ended June 30, 2023 are reported in the 'Calendar of major events' and 'Road to Success' sections of this report.

Position of the reporting organization within the value chain showing connection with other businesses in the upstream and downstream value chain

OLPM manages its liquidity position and funding profile through Asset Liability Committee (ALCO) chaired by the Chief Executive. It meets on a monthly basis and is represented by CFO and Business Heads. It reviews monthly and quarterly cash flow projections. The approach to manage liquidity ensures that it will always have adequate liquidity to meet its commitments under normal and stressed conditions.



STRATEGY AND RESOURCE ALLOCATION

A large red dart is shown in mid-air, having just struck the bullseye of a target board. The target board is a circular white disc with a red bullseye in the center. The dart is red with a silver-colored barrel and a black grip. The background is a blurred, futuristic scene with a bar chart and a glowing blue line graph. The overall color palette is dominated by red, blue, and green.

Innovation prowess especially in Shariah compliant products, close ties with our partners, expertise honed over decades and customized Shariah compliant solutions are some of our key strengths

Short, medium and long-term strategic objectives and strategies in place to achieve these objectives

Our strategy is geared towards generating growth over the next few years. We will continue with our strength in Corporates, high end SMEs, and HNW individuals. We will also expand into mid-tier SME and employees of selected Corporate Clients under Assurance Model. The cornerstones of our strategy are:

- Expanding our Diminishing Musharika portfolio;
- Stable and constant growth of the housing finance product;
- New business with High Net Worth customers and target employees of selected blue-chip entities;
- Syndication with OLPL and other entities;
- Synergy within OLP group with two way referrals, syndication, use of common resources and profiling including utilize existing OLPL branch network for mobilization of Islamic funds and new products; and
- Advisory transactions where risk reward parameters are met.

Resource allocation plans to implement the strategy

Every element of our business model is unique to our Modaraba and has a role to play in our future long-term success.

a) Financial Capital:

All the financial resources of the OLPM are utilized effectively and efficiently under Shariah guidelines and policies and procedures framed by the Board of Directors. These resources are greatly support for smooth business operations of the entity.

b) Human Capital:

Our people bring talent and strong capabilities relevant to all aspects of our business, from

community and customer relations to the innovative thinking necessary to drive value growth and efficiency.

c) Intellectual Capital:

Through capacity building, develop intellectual capital for best corporate culture, good governance and to follow best business Practices.

d) Social and Relationship Capital:

Our social 'license to operate' is due to our reputation and the trust of key stakeholders. Our most valuable stakeholder relationships are with our investors, our community, employees, Clients as well as government and regulators.

Critical Performance Indicators

Critical performance indicators that are in place to appraise OLPM performance include:

Strategic Direction: To ensure that the management is involved in setting and devising key strategies that provide the Modaraba with correct futuristic direction, and all of the management proposals, challenges, assumptions and alternatives are duly considered prior to deciding such strategy.

Management Financial Performance: To ensure that the management's performance in terms of revenue, profitability and cost control and its progress towards achieving its set targets is periodically monitored by the Board members of Modaraba Management Company.

Internal Controls: To oversee and ensure that appropriately designed internal control framework is in place and is routinely tested to address top risks.

Compliance: To ensure that there is an active compliance function at the Modaraba; and to monitor its compliance with external laws & regulations (including anti money laundering requirements) and internal policies, and to monitoring of controls through Control Sample Testing (CST).

Understanding of Corporate Governance and Code of Conduct: To ensure that the management fully understand the Code of Corporate Governance and Ethics.

Committee Composition: To ensure that each of the Board and management Committees are appropriately structured to effectively achieve its underlying goals and objectives, and its key functions are also clear and well defined.

The capabilities and resources of the company to provide sustainable competitive advantage

OLPM has a multitude of strengths that has contributed to our success in the past and will also set us apart from our competitors in future. These include:

- Strong evaluation of client's credit profile including repayment ability.
- Post disbursement monitoring of risk exposure.
- Experienced management team.
- Efficient IT systems that support core competencies and improves overall efficiency and responsiveness to-market development.
- Continuous re-engineering of policies, procedures, SOPs, SLAs and TATs, ensuring operational efficiencies through effective management of key resources without any compromise on control environment.
- Strong customer loyalty, supported by the OLP premium brand.
- Differentiated product suite including the Pioneer Modaraba offering Shariah compliant house finance facility to individual.

Board's statement on the significant plans and decisions such as corporate restructuring, business expansion, major capital expenditure or discontinuance of operations

OLPM is on its way to achieve the overall objectives set by its Board of Directors. There are no significant changes in objectives & strategies of OLPM as compared to last

year. Furthermore, there are no significant plans and decisions including corporate restructuring, business expansion and discontinuance of operations, etc. in the light of OLPM's existing objectives & strategies.

Information about defaults in payment of any debts with reasons

Over the period of 37 Years, OLP Modaraba has never failed to settle its obligation timely. This is mainly because, OLPM manages its liquidity position and funding profile through Asset Liability Committee (ALCO). The Committee meets on a monthly basis and is represented by CFO, Business Heads and chaired by CEO. It reviews monthly and quarterly cash flow projections. This approach to manage liquidity helps to ensures that the Modaraba will always have adequate liquidity to meet its commitments under normal and stressed conditions.

Board strategy to overcome liquidity problem and its plan to manage repayment of debts and meet operational losses

OLPM manages its liquidity position and funding profile primarily through Asset Liability Committee (ALCO) represented by CEO, CFO and key personnel from Business, Operations and Wealth management (WM). ALCO regularly reviews upcoming monthly and quarterly cash flow projections with respect to disbursements in pipeline, CQMs portfolio proceeding towards maturity considering respective reinvestment probabilities, bank financings repayments, available drawing limits of banking lines, status of processing of new banking lines and other major operational cash flows falling due. In addition, ALCO sets guidelines for Maximum Cumulative Outflows (MCO), and Medium Term Funding Ratio (MTFR). The same is monitored regularly.

Accordingly, Balance Sheet position, Assets-liabilities gap/maturity mismatch and funding profile are operationally managed in ensuring that liquidity remains adequate and Balance sheet continues to be well funded with focus on the targets and guidelines set under Board's approved Annual Financial Plan as overall financial strategy.

Liquidity Strategy

- OLPM-ALCO holds the ownership of Liquidity Contingency Plan which ensures that all financial

liabilities that are falling due are either re-invested or re-financed with other feasible sources.

- The main source of fund to OLPM for extending Islamic financings is issuance of Certificate of Musharaka (COMs). Since COMs are the most economical source of funds available to Madaraba, OLPM focused on COMs to manage its financial cost efficiently.
- OLPM effectively markets the COMs in a way that maturing COMs are replenished with new issue of COMs.

Considering frequent changes in discount rate, COM clients these days are being encouraged to invest for a period over 1 year due to high profit rate being offered. Although there is substantial contractual maturity mismatch, however there is nominal behaviour maturity mismatch as most of the COMs were re-invested after maturity.

On the asset side, OLPM portfolio includes Ijarah and Diminishing Musharaka products with maturity period of minimum three (03) years.

OLPM avails long term finance facilities from Islamic banks and Islamic windows of conventional banks to reduce contractual maturity mismatch and holds substantial unutilized financing facilities from Islamic Banks with the help of which OLPM manages the remaining mismatch.



RISK & UNCERTAINTIES



Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals

Primarily non-availability of funds shall result in initially reduction and ultimately loss of business and market share. Funds being used for business development shall be priced at a level where OLPM can make enough spread over and above which delivers value and benefit for Modaraba certificateholders.

OLPMs overall liabilities include substantial long term bank borrowing lines and an ever increasing pool of a CDM depositors. Alongside the equity base, the long term bank lines and continuous inflow of CDMs ensures availability of high quality and affordable capital.

Board Statement for determining the company's level of risk tolerance by establishing risk management policies

OLPM maintains a very high level of risk management policies and procedures. There is a detailed Risk Management Framework approved by the Board of Directors which governs all business areas ensuring each activity being carried out in the Modaraba remains covered in terms of all risks.

There is a multiple layered risk handling capability which delivers smooth business operations including various committees like Board Risk Committee (BRC) MANCO and Country Operation Risk Committee (CORC).

The company has carried out a robust assessment of the principal risks facing the company, including those that would threaten the business model, future performance and solvency or liquidity

At OLPM a continuous assessment covering all possible areas of risks just to give an example few are described below.

Availability of funds: A monthly senior level ALCO is carried out wherein threadbare analysis and discussion takes place ensuring that affordable long term funds are available as required for timely disbursements.

Default risk: Being a FI involved in lending business, timely recovery of all repayments from all clients remains the most important point. To ensure that there are minimal overdues/ defaults, early alert and SAM Committees are held on a monthly basis to discuss and

evaluate all situation where there are overdues or other reasons which could result in a default.

Overdue meetings with business teams from all regions are carried out 1-2 times a week where every client, even delayed by 2-3 days is discussed in detail and senior team members from client relationships and risk management take followups and updates on the previously agreed recovery related actual plans as well as provide a continuing guidance as to how various different client with different situations should be handled.

The above measure have thus far resulted in OLPM maintaining an excellent recovery rate and very low NPLs.

Human capital risk: we continuously add relevant and experienced human resource to our teams and provide them with excellent opportunities to learn and grow. This alongside a very attrition rate are a testament to OLPMs vision of retaining its teams and keeping the human capital risk at a minimum.

Government policies: Though this aspect remains a challenge for all and sundry, however, continuous monitoring of the overall fiscal environment through senior level committees such as MANCO, Principals committee etc OLPM ensures that there are no or minimum possibilities of exposure to risk due to government policies.

Risk Management Framework covering principal risk and uncertainties facing the company, risk methodology, risk appetite and risk reporting

A full fledged risk management framework has been approved by the BOD which covers all areas pertaining to Regulatory risk, Credit risk, Operational risk, Liquidity risk, Human capital risk, Technology risk etc.

Specific steps being taken to mitigate or manage key risks or to create value from key opportunities by identifying the associated strategic objectives, strategies, plans, policies, targets and KPIs

OLPM continuously gauges possibilities where a rate negotiation with a client could be used for increasing our spreads, considering any regulatory or other change in the environment, an example could be when banks stop financing imported vehicles of greater than PKR 2.5 M.

OLPM using this as an opportunity booked substantial business at higher rates.

Disclosure of a risk of supply chain disruption due to an environmental, social or governance incident and company's strategy for monitoring and mitigating these risks (is any)

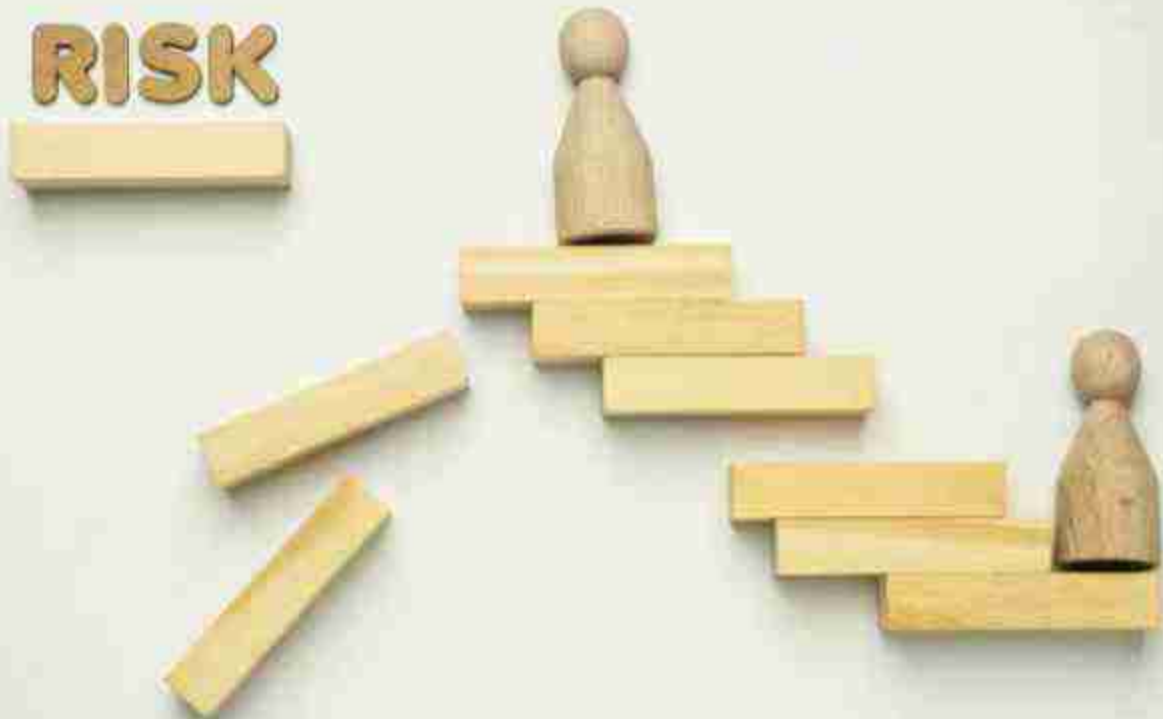
Due to robust risk management frameworks and ongoing senior level committee iterations, thus far no such disruption related incident has occurred.

In the context of Operational Risk (OR), the Entity's RT statement is as follows:

The OLPM aims to control operational risks to ensure that operational losses (financial or reputational), including any related to conduct of business matters, do not cause material damage to the Entity.

In order to comply with this statement the OR management approach includes the following requirements:

- The OLPM will systematically identify Top Risks and emerging risks with the involvement of Senior Management and the Board, and define the appropriate treatment which may include business restrictions;
- All processes will be mapped and owned with appropriate key control standards defined to mitigate risks;
- The OLPM will not miss any opportunity to learn lessons from internal or external events and will implement relevant mitigation actions; and
- The OLPM will systematically test internal capital adequacy through scenario analysis and stress testing.



**FAITH IS THE KEY THAT UNLOCKS THE
DOOR TO A WORLD OF ENDLESS
POSSIBILITIES**

GOVERNANCE





REVIEW REPORT

SHAHEEN AMIN

Chairman

With the close of another financial year, it is my privilege to write to you once more. At OLP Modaraba (OLPM), we live by our core values of integrity, customer focus, teamwork, innovation, respect and Ownership.

Year 2022-2023 for Pakistan:

Economic instability, weakening currency and pricing dilemma have negatively impacted the Modaraba/leasing sector in Pakistan, especially in the last quarter of the financial year 2023. The unprecedented devaluation of the local currency along with high fuel, energy and borrowing costs resulted in a heavy cost-push impact across all industries. These unfavorable movements in macro-economic factors coupled with deteriorating consumer propensity to pay, and restrictions on imports impacted the Modaraba's financial performance during

the current year and increased risk across the portfolio. The trending margins remained under pressure due to continued devaluation of our currency and inflation. Your Modaraba through its resilience and commitment is managing these challenges to ensure uninterrupted services to our customers and creating value for our Certificate holders.

Year 2022-2023 for OLP Modaraba:

Our performance has been encouraging in the last couple of years showing sustainable growth creating value for certificate holders in terms of profitability and dividend distribution. The team of OLPM did exceptionally well in key business segments. Total disbursement during the year touched to PKR. 2,782 Million which is higher than last year. The size of balance sheet has also

reached to PKR. 6.824 billion as compared to last of PKR. 6.707 billion which reflect growth of around 1.75%. Handsome increase in profitability was also made. Profit before management fee increased by 21.67% i.e. from PKR 179.4 million to PKR. 218.3 million for the period ended 30th June, 2023.

It is also great source of satisfaction that constant commitment by team of OLPM for corporate excellence have not only kept OLPM as the leading Modaraba within the sector but also earned recognition at both national and international level such as best performance award, MAP corporate excellence trophy and Corporate and Social Responsibility Award in following categories (Business Practices, Green Environmental Stewardship and Collaboration Partnership) and 9th FPCCI Achievements Awards.

The Review of Board and its Functions:

During the FY 2023, the Board was re-elected for next three year period. The Board has also formed an Audit Committee, Risk Committee and Human Resource and Remuneration Committee and has also approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities. The Board has approved the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit. The Board has ensured that the adequate system of internal control is in place and is assessed regularly through self-assessment mechanism and /or internal audit activities. The Board has developed and adopted a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee.

Credit Rating:

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of OLP Modaraba as AA (Double A) and A1+ (A one plus) for long-term and short-term respectively.

Acknowledgement:

Finally, I would like to thank all our Board Members for their commitment and contribution in the overall performance of Modaraba and to the certificate holders for their trust in the Board and the management. I would also like to thank our employees for their hard work and continuous support in year ended 2023 and I look forward to continue working with them to attain success in 2024.



Shaheen Amin
Chairman

Karachi September 14, 2023

بورڈ کا جائزہ اور اس کے افعال:

مالی سال 2023 کے دوران، بورڈ کو اگلے تین سال کی مدت کے لیے دوبارہ منتخب کیا گیا۔ بورڈ نے ایک آڈٹ کمیٹی، رسک کمیٹی اور ہیومن ریسورس اینڈ ریمرٹیشن کمیٹی بھی تشکیل دی ہے اور ان کے متعلقہ ٹرمز آف ریفرنسز کی منظوری بھی دی ہے اور مناسب وسائل تفویض کیے ہیں تاکہ کمیشیاں اپنی ذمہ داریاں سرانجام دیں۔ بورڈ نے چیف ایگزیکٹو اور چیف فنانشل آفیسر، کمپنی سیکرٹری اور ہیڈ آف انٹرنل آڈٹ سمیت دیگر اہم ایگزیکٹوز کی تقرری، تنفیص اور معاوضے کی منظوری دے دی ہے۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ داخلی کنٹرول کا مناسب نظام موجود ہے اور خود تنفیص کے طریقہ کار اور/یا اندرونی آڈٹ سرگرمیوں کے ذریعے باقاعدگی سے اس کا جائزہ لیا جاتا ہے۔ بورڈ نے پیشہ ورانہ معیارات اور کمپنی کے ذریعے کارپوریٹ اقدار کی تعمیل کرتے ہوئے ایک ضابطہ اخلاق تیار کیا ہے اور اسے اپنایا ہے اور ہموار کام کرنے کے لیے اہم پالیسیاں تیار کی ہیں۔ کارپوریٹ فیصلہ سازی کے عمل کو مضبوط اور باضابطہ بنانے کے لیے سال بھر کے تمام اہم معاملات بورڈ یا اس کی کمیٹیوں کے سامنے پیش کیے گئے تھے اور خاص طور پر کمپنی کے ذریعے کیے گئے تمام متعلقہ فریق لین دین کو آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا تھا۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضماریہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو بالترتیب AA (ڈبل اے) اور A1+ (پلس اے ون) کے طور پر برقرار رکھا ہے۔

اعمال شکر:

آخر میں، میں مضماریہ کی مجموعی کارکردگی میں اپنے تمام بورڈ ممبران کی لگن اور تعاون کے لیے شکر یہ ادا کرنا چاہوں گا۔ میں بورڈ اور انتظامیہ پر اعتماد کے لیے شوقین ہولڈرز کا شکر یہ ادا کرتا ہوں۔ میں اپنے ملازمین کو 2023 میں ختم ہونے والے سال میں ان کی انتھک کوششوں اور غیر متوازن تعاون کے لیے بھی تسلیم کرنا اور ان کی تعریف کرنا چاہتا ہوں۔ میں 2024 میں کامیابی حاصل کرنے کے لیے ان کے ساتھ کام جاری رکھنے کی توقع کرتا ہوں۔



شاہین امین

چیئرمین

کراچی، 14 ستمبر 2023

چیمبر مین کی جائزہ رپورٹ

ایک اور مالی سال کے اختتام پر، یہ میرے لیے اعزاز کی بات ہے کہ میں آپ کو ایک بار پھر تحریر لکھ رہا ہوں۔ OLP مضاربہ (OLPM) میں، ہم دیانتداری، کسٹمر کی توجہ، ٹیم ورک، جدت، احترام، اور ملکیت کی اپنی بنیادی اقدار پر کاربند ہیں۔

پاکستان کیلئے سال 2022-2023:

معاشی عدم استحکام، کمزور ہوتی کرنسی، اور قیمتوں کے تعین کے چیلنجز نے پاکستان میں خاص طور پر 2023 کے مالی سال کی آخری سہ ماہی میں مضاربہ اور لیزنگ سیکٹر پر منفی اثرات مرتب کیے ہیں۔ فیول، توانائی، اور قرض کے زائد اخراجات کے ساتھ ملکی کرنسی کی قدر میں نمایاں کمی، تمام صنعتوں میں لاگت کے دباؤ کا باعث بنی۔ میکرو اکنامک عوامل میں یہ ماموافق تبدیلیاں، صارفین کی ادائیگی کی صلاحیت میں کمی کا رجحان اور درآمدی پابندیوں کی وجہ سے رواں سال کے دوران مضاربہ کی مالی کارکردگی کو بری طرح متاثر کیا ہے اور پورے پورٹ فولیو میں خطرات میں اضافہ کیا ہے۔

ہماری کرنسی کی قدر میں مسلسل کمی اور افراط زر کی وجہ سے قرضہ جات کے مارجن کو مسلسل دباؤ کا سامنا ہے۔ آپ کی مضاربہ، اپنی کاروباری چمکت محنت و لگن کے ذریعے، اپنے صارفین کے لیے بلا تامل خدمات کو یقینی بنانے اور ہمارے سرٹیفکیٹ ہولڈرز کے لیے قدر پیدا کرنے کے لیے ان چیلنجوں سے نمٹ رہی ہے۔

OLPM مضاربہ کیلئے سال 2022-2023:

گذشتہ سالوں میں ہماری کارکردگی امید افزا رہی ہے، اور پائیدار ترقی کا مظاہرہ کرتی ہے جس نے منافع میں اضافہ اور منافع کی تقسیم کے ذریعے ہمارے سرٹیفکیٹ ہولڈرز کے لیے قدر میں اضافہ ظاہر کرتی ہے۔ OLPM ٹیم نے اہم کاروباری شعبوں میں شاندار کارکردگی کا مظاہرہ کیا ہے۔ دوران سال کل ادائیگی 2.782 بلین روپے تک پہنچی گئی جو کہ گذشتہ سال کی ادائیگیوں سے زیادہ ہے۔ بیلنس شیٹ کا حجم بھی گذشتہ سال 6.707 بلین روپے کے مقابلے میں 6.825 بلین روپے تک پہنچ گیا جو تقریباً 1.75 فیصد کی شرح نمو کو ظاہر کرتا ہے۔ منافع میں بھی بہترین اضافہ ہوا۔ منجنت فیس سے قبل از منافع میں 21.67 فیصد کا اضافہ ہوا جو کہ 218.3 بلین روپے تک ہو گیا جبکہ 30 جون 2023 کو ختم ہونے والی مدت کے لیے 179.4 بلین روپے تھا۔

یہ نوٹ کرنا بھی انتہائی اطمینان بخش ہے کہ کارپوریٹ ایکسیلنس کے لیے OLPM ٹیم کی فیئر متزلزل عزم نے نہ صرف OLPM کو اس شعبے میں ایک سرکردہ مضاربہ کے طور پر برقرار رکھا ہے بلکہ اسے قومی اور بین الاقوامی دونوں سطحوں پر پہچان بھی ملی ہے۔ ان تعریفوں میں بیسٹ پرفارمنس ایوارڈ، MAP کارپوریٹ ایکسیلنس ٹرافی، اور کارپوریٹ اینڈ سوشل رسپانسیبلیٹی ایوارڈز شامل ہیں جیسے کہ بزنس پریکٹس، گرین انوائرنمنٹل اسٹیورڈ شپ، اور کولابریشن پائزر شپ۔ مزید برآں، OLPM نے نواں IFPCCI چیومنٹ ایوارڈ بھی حاصل کیا ہے۔

Fortieth Report of the Directors of Modaraba Company

For the year ended June 30, 2023

The Board of Directors of OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPL), the Management Company of OLP Modaraba (formerly ORIX Modaraba) (OLPM), is pleased to present the Fortieth Directors' report of OLPM, together with audited financial statements and auditors' report thereon for the year ended June 30, 2023.

1. Economy

Pakistan remains fragile due to political instability and security issues. The country is experiencing low economic growth at -0.5 percent, coupled with 29.6 percent inflation and 8 percent unemployment. Additionally, the 22 percent interest rate has severely damaged the business environment without achieving its intended objective of controlling inflation. Pakistan also struggles with low foreign exchange reserve, with the State Bank of Pakistan holding just US\$ 8.2 billion. Over US\$ 25 billion is needed to manage debt requirements, yet the tax revenue in FY2023 was only US\$ 32 billion. Though the recent US\$ 3 billion Stand-By Arrangement with the International Monetary Fund (IMF) has provided much-needed financial relief alongside the financial aid and investment from several strategic partners, including Saudi Arabia, the United Arab Emirates and China. The reforms linked to the bailout, includes an ease of import restrictions and a demand that subsidies be removed, have already fuelled annual inflation.

The country is heading towards a general election in near future, potentially exposing a new government to these challenges.

Overcoming these structural economic and political issues and breaking the cycle of IMF dependency requires a holistic approach to unleash Pakistan's growth potential and address the root causes of these challenges through critical reforms such as:

- Bringing a business-friendly climate that helps to attract domestic and foreign investments, spur innovation, create jobs, and grow the economy through streamlining regulatory processes, and easing the burden of compliance.
- Embracing digitalization and emerging technologies that will drive productivity, efficiency, and global competitiveness, paving the way for inclusive and sustainable growth.
- Improving tax compliance and encourage investment by simplifying the tax system, reducing the compliance burden on businesses, and ensuring a level playing field.

2. Operating Results and Business Overview

Balance Sheet

Certificate capital	
Total equity	
Investment in Ijarah finance and Ijarah Assets	
Investments in Diminishing Musharika and Sukuk	
Redeemable capital	

Profit and Loss

Revenue (net of Ijarah assets depreciation)	
Financial charges	
Reversal of provisions / (provisions)	
Operating expenses	
Profit before management fee	
Profit before taxation	
Net profit	

Appropriations	
Net profit for the year	
Add: Unappropriated profit brought forward	

Profit available for appropriation

Profit distribution @ 20% (2022 @ 20%)	
Statutory reserve	

Unappropriated profit carried forward	
Earnings per certificate	

	June 30, 2023	June 30, 2022
(Rupees)		
	453,835	453,835
	1,176,623	1,138,605
	1,627,562	1,811,424
	4,269,916	3,762,885
	2,896,605	3,013,905
	1,280,969	786,281
	825,518	420,288
	6,496	6,678
	243,657	193,252
	218,291	179,419
	186,434	152,830
	128,784	111,545
	128,784	111,545
	21,554	6,353
	150,338	117,898
	90,767	90,767
	6,439	5,577
	97,206	96,344
	53,132	21,554
	2,84	2,46



By the Grace of Allah, your Modaraba's performance during the year under review continued to be very strong. Modaraba's gross revenue (net of Ijarah assets depreciation and including other income) increased by 62.91% from PKR 786.28 million to PKR 1,280.70 million compared to the corresponding last year. The main reason behind this was the increase in discount rate since April 2022 as the whole portfolio is on floating rate basis. Our challenge during this period remained the rapid and large movement of the SBP's discount rate which prompted immediate increase in deposit rates and financial charges but which translated into asset repricing with a lag. Similarly, financial and other charges also increased by 96.42% from PKR 420.29 million to PKR 825.52 million compared to the corresponding last year mainly due to upward movement of KIBOR as stated above. Due to strong recovery efforts, there is reversal of net provision amounting to PKR 6.50 million as compared to PKR 6.68 million reversal during last year. Due to high inflation rate in the country, administrative and operating expenses have increased by 26.08% only from PKR 193.25 million to PKR 243.66 million. Profit before Management Company's remuneration increased by 21.67% from PKR 179.42 million to PKR 218.29 million compared last year. Profit before taxation increased by 21.99% from PKR 152.83 million to PKR 186.43 million compared to last year. Resultantly, net profit for the year increased by 15.45% from PKR 111.55 million to PKR 128.78 million.

The portfolio of Ijarah finance, short term/ sukuk investment and diminishing musharaka finances stood at PKR 6,021 million compared to PKR 5,574 million as at June 30, 2022, showing increase of 8.02%. Total assets increased by 1.75% from PKR 6,707 million to PKR 6,825 million compared to last year. During the year under review, the Modaraba booked fresh disbursements to the tune of PKR 2,782 million compared to last year disbursements of PKR 2,693 million.

On the liability side, portfolio of Certificates of Musharika (COMs) has decreased by 3.89% from PKR 3,014 million to PKR 2,897 million whereas bank financing increased by 3.96% from PKR 1,587 million to PKR 1,650 million compared to the corresponding last year. Although majority of COMs

are maturing within next 12 months, their behavioral maturity is more than 12 months as majority of our COMs customers reinvest their funds at or after maturity.

The business has been driven mainly by deepening relationships with selective clientele and initiating relationships with good names. The asset portfolio has a good mix of multi-nationals, large and medium sized local corporate and selective SME relationships.

OLP Modaraba manages and monitors risk exposure very prudently. The evaluation of borrower's credit profile including repayment ability is made at the time of grant of facility and regular oversight thereon. Further, there are Portfolio Management and Early Alert committees which are responsible to ensure portfolio monitoring and timely alerts for possible untoward scenarios.

3. Future Outlook

OLP Modaraba manages and monitors risk exposure very prudently. We have re-evaluated our entire portfolio to ascertain risks associated with our existing customers and adjusted risk classification of those customers accordingly. Credit policies have been further tuned accordingly to evaluate customers that are to be on-boarded in future. Stricter monitoring and data gathering is also in place for existing clients. While reviewing credit policies, due weightage is given to various geographies, business sectors and their ability to sustain any future business disruptions. Our sensible and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector.



OLPM has always taken all necessary precautions to ensure health and safety of its staff and to offer sustained and persistent services to our customers with a safe environment.

4. Pattern of Shareholding

The Modaraba certificates are traded on the Pakistan Stock Exchange Limited. The certificate holding information as of June 30, 2023 is provided in the relevant section of this annual report. The Directors, CEO, CFO/ Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year except already disclosed to the regulatory bodies and included in the pattern of shareholding.



5. Profit Distribution

The Board in its meeting held on September 14, 2023 has approved the distribution of profit of PKR 2.00 (20%) per certificate of Rs.10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2023.

An amount of PKR 6,439 million has been transferred to statutory reserve in compliance with the Modaraba Regulations, 2021 which require that not less than 20% and not more than 50% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid-up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.



6. Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, 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. Accounting estimates used are based on reasonable and prudent judgment.



- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2023 except for those disclosed in the financial statements.

7. The Board of Directors' Meetings and Attendance

During the year, four (04) meetings of the Board of Directors were held. No Board meeting was held outside Pakistan. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Shaheen Amin	04
Raheel Qamar Ahmad	04
Ramon Alfrey	04
Mian Faysal Riaz	04
Nausherwan Adil	04
Nadim D. Khan *	04
Aseya Qasim	04
Naila Hasan *	00

* Nadim D. Khan was replaced by Ms. Naila Hasan in election of Board of Directors held on May 09, 2023.

During the year, four (04) meetings of the Board Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings Attended
Mr. Nausherwan Adil - Chairman	04
Mian Faysal Riaz	04
Mr. Ramon Alfrey	04

During the year, only one meeting was held by Board Human Resource and Remuneration Committee to finalize the recommendation for the yearly staff compensation amounts which was attended by all members at that time.

Name of Member	No. of Meetings Attended
Mr. Nadim D Khan - Chairman	01
Mr. Shaheen Amin	01
Mr. Raheel Qamar Ahmad	01

During the year, one meeting was held by Board Risk Committee was held which was attended by all members at that time:

Name of Member	No. of Meetings Attended
Mian Faysal Riaz - Chairman	01
Mr. Raheel Qamar Ahmad	01
Mr. Nausherwan Adil	01

B. Current Structure of Board and its Committees

The total number of directors are 07 as per the following:-

- a. Male: 05
- b. Female: 02

The composition of the board and its committees are as follows:

Names of Board Members	Member in Committees	Category
Mr. Nausherwan Adil	Chairman Audit and Member Risk Committee	Independent Directors
Ms. Naila Hasan	Chairman HR&R Committee	
Mr. Raheel Q. Ahmad	Member Risk, HR&R Committee	Executive Director
Mr. Shaheen Amin	Chairman of the Board and Member HR&R Committee	Non-Executive Directors
Mr. Ramon Alfrey	Member Audit Committee	
Mian Faysal Riaz	Chairman Risk Committee and Member Audit Committee	
Ms. Aseya Qasim		

On May 09, 2023, OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited) (OSPL) the Management Company of OLP Modaraba (Formerly ORIX Modaraba) (OLPM) has conducted its Board of Directors election for a period of next three years. In the election, Ms. Naila Hasan joined the board as an independent director in place of Mr. Nadim D. Khan.

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

In accordance with Regulation 7 of Listed Companies Code of Corporate Governance 2019, Ms. Naila Hasan were appointed as the female director.

The remuneration of the Executive Directors and Independent Directors were paid by Modaraba management Company.

All seven directors have completed their training under the Director Training Program.

9. Management Committee

The Management Committee comprises of seven (07) senior members and the managing director, who meet and discuss major business plans, issues and share progress/ update of their respective functions. The major matters are then put forth in the Board for consideration and approvals.

10. Social Responsibility

OLPM is committed for conducting business responsibly and investing in communities for their sustainable development. Corporate Social Responsibility is, therefore, an integral part of OLPM's ways of working. At OLPM, we believe in building long term relationships with neighboring communities, stakeholders and embrace transparency in all work processes. Detailed policies and procedures are in place to enable us to meet the legal, ethical, commercial and public expectations of the communities in which we operate.



At OLPM, we have formed multiple committees on different initiatives related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole. These committees include Corporate Social Responsibility and Environment Committee, Carbon Reduction Initiative, Volunteering Committee, Well-Being Committee, Support/ Initiative Committee for Social Welfare.

Under the guidance of healthcare professionals, OLPM organize a "Medical Camp" on the office premises. The camp provided employees with complimentary basic tests, discounted rates for other medical tests, and free medical consultations with General Physicians

OLPM's employee volunteering initiatives take on a diverse array of forms, painting a rich tapestry of meaningful engagement. From visits to renowned health institutions that nurture health and wellness, to educational trips that spark curiosity and ignite a passion for learning, OLPM's impact transcends boundaries. Awareness campaigns on a spectrum of topics bring critical issues to the forefront, fostering informed communities. Collaborative sports events not only promote a healthy lifestyle but also serve as platforms for teamwork and camaraderie.

Demonstrating gender diversity and wellness awareness, OLPM organized a "Breast Cancer Awareness Session" conducted by a professional Oncologist for its female staff. In solidarity with the cause, OLPM staff wore pink ribbons. The session included free mammograms and medical consultations.

In consonance with its unwavering dedication to sustainable practices, OLPM continued its collaboration with institutions that supports the cause of energy-efficient lighting. This strategic partnership is not only a testament to OLPM's commitment to environmental stewardship but also a decisive step towards a greener, more sustainable future.

OLPM maintains its dedication to environmental protection, conservation, and carbon emissions reduction. In alignment with this commitment, OLPM observes one hour of Earth time across all its offices to promote energy conservation. Notable efforts towards a paperless environment and the use of appropriate technologies have led to reduced carbon emissions and increased cost efficiency. We have embedded Environmental and Social Risk Assessment in our products and services we offer to our client. All activities of clients must comply with our environmental & social risk policies and an Environmental and Social Risk Assessment is performed for all our corporate clients.

Our commitment is to extend volunteering opportunities to employees across OLPM, enabling employees to volunteer with non-profit organizations in the communities we live and work in. At OLPM, we believe that when employees feel their best, they perform at their best. We view volunteering as a way for our employees to keep growing their skills, capabilities and team engagement as well as feel good about giving back to local communities.

OLPM continues to provide financial assistance to various charitable and non-profit organizations. We support a range of fund-raising events and projects, which focuses on children's health and education in under privileged members of society.

11. Our People

People at OLP Modaraba are crucial to the delivery of its sustainable business model. In our continuous drive to make OLPM a great place to work, focus is on attracting the best talent across our footprint and employee engagement. At OLP Modaraba, we believe high performance is not just about generating high profits; it is about living our values.

The Board places on record its appreciation of the services rendered by the staff members responsible for Modaraba affairs. Modaraba's record of achievements would not have been possible without the efforts of every employee. It is indeed the dedication and hard work of each one of them that has brought OLPM to where it stands now. We will continue to invest in our Human Resources.



12. Equal Opportunity Employer

OLPM is an equal opportunity employer and does not discriminate on the basis of gender, language, race, religion and disability. In compliance with all legal requirements OLPM appoints special persons. The responsibility of HR is to ensure transparency in regard of suitable recruitment and compensation on the basis of merit, experience and qualification.

We specially encourage minorities, ladies and differently abled individuals to apply for each role in our recruitment process.



13. Environmental Protection Measures

At OLPM, it is our resolve to ensure sustainability in our portfolio and in our practices. In order to protect an environment which is a global cause, we have formed a "Carbon Footprint Reduction Committee". We through our carbon committee continuously strive and find new ways to reduce carbon emissions and to implement that business practices which are environmentally friendly. The Company strongly discourages un-necessary or wasteful use of resources and encourages re-cycling for internal office use.



14. Consumer Protection and Anti-Corruption Measures

Business ethics, anti-corruption and customer confidentiality protection measures are taken seriously at OLPM as we believe, that ethics of employees play a vital role in the development of institutional reputation and sustainability. On one hand our relationship with customers relies on mutual trust, and to retain this trust we set out customer's interest first while ensuring to provide highest standard of service, treating all customers fairly with transparency and responsibility. Whilst on the other hand our processes are such that ensure that trust is not violated. Adherence to a policy on Anti-Bribery and Corruption (ABC), for which the employees are trained regularly and restriction of information to a need basis only with adequate back up of data and a closed process

complying with all applicable laws & regulations, including Shariah governance, ensure the highest level of governance.

15. External Annual Audit

The financial statements of OLPM have been audited along with the review of Statement of Compliance with the requirements of Listed Companies Code of Corporate Governance 2019, without any qualification by the auditors namely M/s. A. F. Ferguson & Co., Chartered Accountants.

16. Auditors

On the recommendation of Audit Committee, the Board has approved the appointment of the Messrs. A.F. Ferguson & Co., Chartered Accountants, as auditors for the year ending June 30, 2024 at a fee mutually agreed with the auditors and subject to approval by the Registrar of Modaraba Companies and Modarabas.

17. Awards

During the period from last annual Directors' Report, your Modaraba has been rewarded with prestigious awards such as OLPM have received "Best Corporate Excellence Award" in Modaraba Sector from Management Association of Pakistan in its 37th Corporate Excellence Award Ceremony, "Best Corporate Social Responsibility Award in the category of Governance Awards" from NFEH. OLPM has also been awarded by FPCCI with "Annual Environment Excellence Award". OLPM has been awarded with 3rd Position by NBF as Best performance award

18. Entity Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of OLP Modaraba as AA (Double A) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and exceptionally strong capacity for timely payment of financial commitments.

19. Value of Investment of Provident, Gratuity Funds

The Modaraba maintains retirement benefit plans for its employees. These funds are mainly invested in profit bearing accounts maintained with Islamic branch of a bank. However, for better return and to bring diversification in investment, we invested PKR 25 million and each PKR 20 million from Provident and Gratuity fund respectively in Collective Investment Schemes of renowned Asset management Companies. The bank balance and investment value of staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2023 are as follows:

Provident Fund	PKR 63.498 million
Gratuity Fund	PKR 52.320 million

20. Subsequent Events

No material changes or commitments affecting the financial position of the company have occurred between the end of the financial year of the company and the date of this report.

21. Acknowledgment

The Board would like to thank the SECP for its continued guidance and support.

The Board would also like to thank its valued customers and investors for their continued trust and support.

Karachi: September 14, 2023



Raheel Qamar Ahmad
Managing Director/ CEO



Ramon Alfrey
Director

۱۵۔ ایکٹیوٹا سٹارٹ آؤٹ:

فہرست شدہ کمپنیوں کے شاہد کارپوریشن گورننس 2019 کے ضروریات کے تحت اسٹینڈنٹ آف کمپلائنس کو میٹرزز AF فرگورن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے بغیر کسی کوالیفیکیشن کے OLPM کے مالیاتی گوشوارے کے ساتھ آؤٹ کیا ہے۔

۱۶۔ آؤٹسٹرز:

آؤٹسٹنگ کی سفارش پر، بورڈ نے میٹرزز AF فرگورن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2024 کو ختم ہونے والے سال کے لیے بطور آؤٹسٹرز مقرر کرنے کی منظوری دی ہے جو گیارہ ماہ کے ساتھ باہمی رضامندی سے مضامین اور مضامین کے رجسٹرار کی منظوری سے مشروط ہے۔

۱۷۔ ایوارڈز:

یکمئی سالانہ ڈائریکٹرز کی رپورٹ کے دوران، مضامین کو باوقار ایوارڈز سے نوازا گیا ہے جیسے کہ OLPM نے اپنی 37 ویں کارپوریٹ ایکٹیوٹا ایوارڈز تقریب میں بیننسٹ ایسوسی ایشن آف پاکستان سے مضامین کے لیے "بیننسٹ کارپوریٹ ایکٹیوٹا ایوارڈ" NFEH کی جانب سے گورننس ایوارڈز کی کٹگری میں "بیننسٹ کارپوریٹ سوشل رسپانسیوٹا ایوارڈ" حاصل کیا ہے۔ OLPM کو FPCCI کی جانب سے "اینگل انٹرنیشنل ایوارڈ" سے بھی نوازا گیا ہے۔ OLPM کو NBFPI کی طرف سے بہترین کارکردگی کے ایوارڈ کے طور پر تیسری پوزیشن سے نوازا گیا ہے۔

۱۸۔ کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضامین کی طویل مدتی اور مختصر مدتی درجہ بندی کو بالترتیب AA (ڈبل اے) اور A1 (اس اے ون) کے طور پر برقرار رکھا ہے۔ یہ ریٹنگ کریڈٹ ریسک کی کم توقع اور مالی مددوں کی بروقت ادائیگی کے لیے غیر معمولی مضبوط صلاحیت کی نشاندہی کرتی ہے۔

۱۹۔ پروویڈنٹ گریجویٹ فنڈ کی سرمایہ کاری کی دلچسپی:

مضامین اپنے ملازمین کے لیے ریٹائرمنٹ کے فوائد کے منصوبوں کو برقرار رکھے ہوئے ہے۔ یہ فنڈ ز بنیادی طور پر ایک بینک کی اسلامی برانچ میں منافع اکاؤنٹس میں لگانے جاتے ہیں۔ تاہم، بہتر منافع اور سرمایہ کاری میں تنوع لانے کے لیے سب اہم نے معروف ایسٹ بیننسٹ کمپنیوں کی ایجنسی سرمایہ کاری کی اکیٹیوٹا میں بالترتیب 100 پروویڈنٹ اور گریجویٹ فنڈ سے 25 ملین روپے اور 20 ملین روپے کی سرمایہ کاری کی ہے۔ 30 جون 2023 تک ان کے متعلقہ فیڈ آؤٹ شدہ کھاتوں کی بنیاد پر اسٹاف ریٹائرمنٹ بیننسٹ فنڈز کا بینک بیلنس اور سرمایہ کاری کی قیمت درج ذیل ہے:

پروویڈنٹ فنڈ	63,498 ملین پاکستانی روپے
گریجویٹ فنڈ	52,320 ملین پاکستانی روپے

۲۰۔ بعد از انعقاد:

مدار کے مالیاتی سال کے اختتام 2023 میں رپورٹ کی تاریخ کے درمیان مدار کے مالیاتی سال کو متاثر کرنے والی کوئی مادی تبدیلیاں باوجود نہیں ہوئے ہیں۔

۲۱۔ اظہار تشکر:

بورڈ SECPC کی مسلسل رہنمائی اور تعاون کا شکریہ ادا کرتا چاہتا ہے۔ بورڈ اپنے قابل قدر تعاون اور سرمایہ کاروں کے مسلسل اعتماد اور تعاون کے لیے بھی ان کا شکریہ ادا کرتا چاہتا ہے۔

کراچی، 14 ستمبر 2023ء



رائسٹریٹرز

ڈائریکٹرز آف ایف ڈی او



رائسٹریٹرز

ڈائریکٹرز

OLPM، اجولیاتی تحفظ، اور کاربن کے اخراج میں کمی کے لیے اپنے مزم میں ثابت قدم ہے۔ اس لگن کے تحت، OLPM توانائی کے تحفظ کو فروغ دینے کے لیے اپنے تمام وقت میں ایک گھنٹہ زمین کے لیے وقف کا مظاہرہ کرتا ہے۔ کانڈ کے بغیر کام کا ماحول بنانے اور مناسب ٹیکنالوجی کو اپنانے کی طرف اہم پیش رفت کی گئی ہے، جس کے نتیجے میں کاربن کے اخراج میں کمی اور لاگت کی کارکردگی میں بہتری آئی ہے۔ ہم نے اپنے کانٹریکٹس کو فراہم کی جانے والی مصنوعات اور خدمات میں ماحولیاتی اور سماجی رسک اسٹیمٹ کو فراہم کر دیا ہے۔ کلائنٹ کی تمام سرگرمیاں ہماری ماحولیاتی اور سماجی رسک پالیسیوں پر عمل پیرا ہونے کے لیے ضروری ہیں، اور ہمارے تمام کارپوریٹ کانٹریکٹس کے لیے ماحولیاتی اور سماجی رسک اسٹیمٹ کا انعقاد کیا جاتا ہے۔

ہمارا مزم OLPM میں ملازمین کو رضا کارانہ مواقع فراہم کرتا ہے، جس سے وہ ان کیونٹری میں جہاں ہم رہتے ہیں اور کام کرتے ہیں وہاں غیر منافع بخش تنظیموں کے ساتھ رضا کارانہ طور پر کام کر سکتے ہیں۔ OLPM میں، ہم اس بات پر یقین رکھتے ہیں جب ملازمین بہترین محسوس کرتے ہوں تو وہ اپنی بہترین کارکردگی پیش کرتے ہیں۔ ہم رضا کارانہ خدمات کو اپنے ملازمین کے لیے اپنی مہارتوں، صلاحیتوں اور انجمن کی شمولیت کو مسلسل فروغ دینے کے ایک ذریعہ کے طور پر دیکھتے ہیں، جبکہ مقامی کیونٹری میں تعاون کرنے سے انجمن کو بھی حاصل کرتے ہیں۔

OLPM مختلف غیر منافع بخش تنظیموں کو مالی امداد کی فراہمی جاری رکھے ہوئے ہے۔ ہم فنڈ اکٹھا کرنے کے بہت سے پروگراموں اور منصوبوں کی حمایت کرتے ہیں، جو معاشرے کے کمزور یا ترقی پزیر افراد میں بچوں کی صحت اور تعلیم پر توجہ مرکوز کرتے ہیں۔

۱۱۔ ہمارے لوگ

OLP مقصد ہمارے لوگ اس کے تنظیم کاروباری ماڈل کی فراہمی کے لیے اہم ہیں۔ ہماری مسلسل مہم میں ہماری توجہ OLPM کو کام کرنے کیلئے ایک بہترین جگہ بنانے، ہمارے تنظیمی قدم اور ملازمین کی مصروفیت میں بہترین ٹیکنالوجی کو اپنی طرف متوجہ کرنے پر مرکوز ہے۔ OLP مقصد ہمارا خیال ہے کہ اعلیٰ کارکردگی کی طرف زیادہ منافع کمانے کے بارے میں نہیں ہے۔ یہ ہمارے اقدار کو زور دینے کے لئے بھی ہے۔

مضامین پروردگار اور ذمہ دارانہ کے اقدار کی خدمات کو سہا ہے۔ مضامین کی کامیابیاں ہر ملازم کی کوششوں کے بغیر ممکن نہیں تھیں۔ یہ حقیقت ان میں سے ہر ایک کی لگن اور محنت ہے جس نے OLPM کو اس مقام تک پہنچایا ہے جہاں یہ اب کھڑا ہے۔ ہم اپنے انسانی وسائل میں سرمایہ کاری جاری رکھیں گے۔

۱۲۔ مساوی مواقع فراہم کرنے والا آہم

OLPM ایک مساوی مواقع فراہم کرنے والا کاروبار ہے اور جنس، زبان، نسل، مذہب اور عقیدے کی بنیاد پر امتیازی سلوک نہیں کرتا۔ OLPM تمام قانونی تقاضوں کی تعمیل میں خصوصی افراد کو ترقی دیتا ہے۔ قابلیت، تجربے اور قابلیت کی بنیاد پر ہر مناسب تقرری اور معاوضے کے سلسلے میں شفافیت کو یقینی بنانا HR کی ذمہ داری ہے۔ ہم خاص طور پر اقلیتوں، توجہ اور مختلف معذور افراد کی حوصلہ افزائی کرتے ہیں کہ وہ ہمارے تقرری کے عمل میں برکراور کے لیے درخواست دیں۔

۱۳۔ اقدامات ہمارے ماحولیاتی تحفظ

OLPM میں، ہمارا مزم ہے کہ ہم اپنے پورے فوٹیور اور اپنے طریقوں میں استحکام کو یقینی بنائیں۔ ہم نے ایک ایسے ماحول کے تحفظ کے لیے ہر ایک عالمی مقصد ہے، "کاربن فوٹ پرنٹ ریڈکشن کیمپ" تشکیل دی ہے۔ ہم اپنی کاربن کیمپ کے ذریعے کاربن کے اخراج کو کم کرنے کیلئے نئے طریقے تلاش کرتے ہیں اور ان کاروباری ماحول دوست طریقوں کو نافذ کرنے کیلئے مسلسل کوشاں ہیں۔ کیمپ ہمارے غیر ضروری یا فضول استعمال کی نشانی سے حوصلہ شکنی کرتی ہے اور دفتر کے اندرونی استعمال کے لیے دوبارہ سامان کٹنگ کی حوصلہ افزائی کرتی ہے۔ قرض دینے کے طریقے بھی گائیڈ لائنز کے اصولوں کی پیروی کرتے ہیں۔

۱۴۔ صارفین کا تحفظ اور انہماک ہمارے اقدار

OLPM میں کاروباری اقدار، انہماک اور مہنوی اور کسٹمر کی رازداری کے تحفظ کے اقدار کو یقینی بنانے سے لیا جاتا ہے جیسا کہ ہم سمجھتے ہیں کہ ملازمین کی اطلاعات اور مہنوی ساتھ ساتھ کاروباری اقدار کی ترقی میں اہم کردار ادا کرتی ہیں۔ ایک طرف صارفین کے ساتھ ہمارا رشتہ باہمی انہماک ہمارا اہم کردار ہے، اور اس انہماک کو برقرار رکھنے کے لیے ہم سب سے پہلے صارف کی دلچسپی کا تعین کرتے ہیں اور اعلیٰ ترین معیار کی سروس فراہم کرنے کو یقینی بناتے ہیں۔ تمام صارفین کے ساتھ شفافیت اور ذمہ داری کے ساتھ منصفانہ سلوک کرتے ہیں، جبکہ دوسری جانب ہم اپنے عمل سے اس بات کو یقینی بناتے ہیں کہ ہمارا کلائنٹ کی طرف سے ہر ذمہ داری اور مہنوی (ABC) سے متعلق پالیسیوں پر عمل پیرا ہونے کے لیے ملازمین کو باقاعدگی سے تربیت دی جاتی ہے جو معلومات کی ضرورت کی بنیاد پر پابندی صرف دینا کے مناسب۔ ایک آپ کے ساتھ ضرورت کی بنیاد پر معلومات کی پابندی اور شرمناک شرمناک سمیت تمام قابل اطلاعات کو انجمن اور شراہ کی تعمیل کرنے والا عمل اعلیٰ ترین سطح کی شرمناک کو یقینی بناتا ہے۔

09 مئی 2023 کو OLP سروسر پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سروسر پاکستان (پرائیویٹ) لمیٹڈ) (OSPL) OLP (OSPL) (سابقہ ORIX سروسر پاکستان (پرائیویٹ) لمیٹڈ) (OSPL) OLP (OSPL) کی انتظامی کھپٹی نے اگلے تین سال کی مدت کے لیے اپنے بورڈ آف ڈائریکٹرز کے انتخابات کرائے ہیں۔ انتخابات میں مختصر مدت تک جس نے جناب ندیم ڈی خان کی جگہ ایک ڈائریکٹر کے طور پر بورڈ میں شمولیت اختیار کی۔ ایگزیکٹو ڈائریکٹرز اور ڈائریکٹرز کے معاوضے مضامین 16، 17 اور 18 کے تحت ہیں۔

بورڈ سیکشن ہونے والے ڈائریکٹرز کی گرانقدر خدمات کے لیے ان کی تعریف اور شکریہ ادا کرنا چاہتا ہے اور اسے تقرر ہونے والے ڈائریکٹرز کو ان کی ذمہ داری نبھانے میں ان کا غیر مقدم کرتا ہے اور اپنے تعاون کا اظہار کرتا ہے۔

ایگزیکٹو ڈائریکٹرز اور ڈائریکٹرز کے معاوضے مضامین 16، 17 اور 18 کے تحت ہیں اور مختصر مدت تک جس نے جناب ندیم ڈی خان کی جگہ ایک ڈائریکٹر مقرر کیا گیا ہے۔

ایگزیکٹو ڈائریکٹرز اور ڈائریکٹرز کے معاوضے مضامین 16، 17 اور 18 کے تحت ہیں اور مختصر مدت تک جس نے جناب ندیم ڈی خان کی جگہ ایک ڈائریکٹر مقرر کیا گیا ہے۔

تمام ساتوں ڈائریکٹرز نے ڈائریکٹرز ٹیم پر گورننس کے تحت اپنی تربیت مکمل کر لی ہے۔

4۔ منجبت کھپٹی

منجبت کھپٹی سات (07) ممبران اور منجبت ڈائریکٹرز مشتمل ہے، جو بڑے کاروباری منصوبوں، مسائل اور اپنے متعلقہ کاموں کی پیشرفت کے اپ ڈیٹس سے حاصل کرتے ہیں اور ان پر تبادلہ خیال کرتے ہیں۔ ان کے بعد اہم معاملات کو بورڈ میں غور اور منظوری کے لیے پیش کیا جاتا ہے۔

4۔ سماجی ذمہ داری

OLPM ذمہ داری کے ساتھ کاروبار کرنے اور کیونٹری میں ان کی ترقی کے لیے سرمایہ کاری کے لیے عزم ہے۔ لہذا کاروبار بہت سماجی ذمہ داری OLP کے کام کرنے کے طریقوں کا ایک لازمی حصہ ہے۔ OLP میں ہم بڑی کیونٹری، اسٹیک ہولڈرز کے ساتھ طویل مدتی تعلقات استوار کرنے اور تمام کام کے عمل میں شفافیت کو اپنانے پر یقین رکھتے ہیں۔ ہم جن کیونٹری میں کام کرتے ہیں ان کی قانونی، اخلاقی، تجارتی اور سماجی توقعات کو پورا کرنے کے لیے تعمیلی پالیسیاں اور طریقہ کار موجود ہیں۔

OLPM میں ہمارے پاس کاروبار بہت سماجی ذمہ داری، صحت اور حفاظت، وسائل کے استعمال اور انصاف اور مجموعی طور پر معاشرے کی فلاح و بہبود سے متعلق مختلف اقدامات موجود ہیں۔ ان اقدامات کے لیے ذمہ دار کمیٹیوں میں کاروبار بہت سماجی ذمہ داری اور ماحولیاتی کھپٹی، کاروبار بہت کھپٹی، ایجوکیشن اور رضا کارانہ کھپٹی، فلاح و بہبود کھپٹی، سماجی بہبود کے لیے سپورٹ، اعلیٰ بیورو کھپٹی شامل ہیں۔

OLPM نے چند اہم انفرادی نگرانی میں دفتر کے احاطے میں ملازمین کے لیے "میڈیکل کیمپ" کا انعقاد کیا۔ اس کیمپ میں ملازمین کو منت بنیادی ہیلتھ، رعایتی قیمت پر دیگر طبی سہولت اور جزل فریزیشن سے متعلق طبی مشاورت فراہم کی گئی۔

OLPM کے ملازمین کے رضا کارانہ اقدامات میں سرگرمیوں کی ایک وسیع رینج شامل ہے، جس سے مشغولیت کا ایک متنوع اور پائیدار تجربہ ہوتا ہے۔ ان اقدامات میں صحت اور خودستی کو فروغ دینے والے مہرول صحت کی دیکھ بھال کرنے والے اداروں کے دورے، تعلیمی دورے جو تجسس اور سیکھنے کے لیے صحت پیدا کرتے ہیں، اور مختلف اہم مسائل سے نمٹنے کے لیے آگاہی مہمیں، بیاری پیدا کرنا اور بائو کیونٹری کو فروغ دینا شامل ہیں۔ مزید برآں، باہمی تعاون کے ساتھ کمیٹیوں کی تقریبات کا انعقاد نہ صرف صحت مند طرز زندگی کی حوصلہ افزائی کے لیے کیا جاتا ہے بلکہ ہم ورک اور دستی کے مواقع بھی فراہم کیے جاتے ہیں۔

صنعتی نوع کو ظاہر کرنے اور خودستی سے متعلق آگاہی کو فروغ دینے کے لیے OLP نے اپنی نوجوان ملازمین کے لیے ایک سرٹیفائیڈ اوپن لووسٹ کی سربراہی میں "پہناتی کے کینسر سے متعلق آگاہی سیشن" کا اہتمام کیا۔ مقصد کے لیے حمایت کے اظہار کے طور پر OLP کے مہلنے نے گلانی رہن جین رکھے تھے۔ سیشن میں مقصد میموگرام اور طبی مشاورت شامل تھی۔

پائیدار طریقوں کے لیے اپنی منجبت کا اظہار کرتے ہوئے OLP نے ان اداروں کے ساتھ اپنے تعاون کو بڑھایا جو موثر توانائی روشنی کے لیے استعمال کرتے ہیں۔ یہ اسٹریٹجک پائرسپ ماحولیاتی ذمہ داری کے لیے OLP کی گن کی تصدیق اور سرسبز و شاداب اور زیادہ پائیدار منجبت کی جانب ایک اہم پیش رفت دونوں کے طور پر کام کرتی ہے۔

دوران سال آؤٹ کھٹی کی چار (4) میٹنگز منعقد ہوئیں، میٹنگ میں ہر ایک ممبر کی حاضری درج ذیل تھی:

ممبر کا نام	میٹنگ میں حاضری کی تعداد
جناب نوشروان عادل، چیئرمین	04
میاں فیصل ریاض	04
جناب راسن اختر سے	04

دوران سال بیومن ریٹورس اور ریٹورنیشن کمیٹی کی طرف سے اسٹاف کے سالانہ معاوضے کی رقم کی سفارشات کو تاحی شکل دینے کے لیے ایک میٹنگ منعقد کی گئی جس میں اس وقت کے تمام راکٹین نے شرکت کی۔

ممبر کا نام	میٹنگ میں حاضری کی تعداد
جناب محمد ذی خان، چیئرمین	01
جناب شاجین امین	01
جناب رائیل قراہ	01

دوران سال بورڈ رٹنگ کمیٹی کی ایک میٹنگ منعقد ہوئی، جس میں اس وقت کے تمام ممبران نے شرکت کی۔

ممبر کا نام	میٹنگ میں حاضری کی تعداد
میاں فیصل ریاض، چیئرمین	01
جناب رائیل قراہ	01
جناب نوشروان عادل	01

۸۔ بورڈ اور اس کی کمیٹیوں کا موجودہ اسٹریکچر:

درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 07 ہے:

- ایس۔ مراد 05
- بی۔ خواجہ امین 02

بورڈ اور اس کی کمیٹیوں کی تفصیلی درج ذیل ہے:

ممبران کے نام	کمیٹیوں میں ممبر	اپنی ہندسی
جناب نوشروان عادل	چیئرمین آؤٹ اور ممبر رٹنگ کمیٹی	آزاد ڈائریکٹر
محمد سعید الحسن	چیئرمین بیومن ریٹورس اینڈ ریٹورنیشن کمیٹی	آزاد ڈائریکٹر
جناب رائیل قراہ	ممبر رٹنگ، بیومن ریٹورس اینڈ ریٹورنیشن کمیٹی	ایگزیکٹو ڈائریکٹر
جناب شاجین امین	بورڈ چیئرمین اور بیومن ریٹورس اینڈ ریٹورنیشن کمیٹی	جان ایگزیکٹو ڈائریکٹر
جناب راسن اختر سے	ممبر آؤٹ کمیٹی	جان ایگزیکٹو ڈائریکٹر
میاں فیصل ریاض	چیئرمین رٹنگ کمیٹی اور ممبر آؤٹ کمیٹی	جان ایگزیکٹو ڈائریکٹر
محمد سعید عامر		جان ایگزیکٹو ڈائریکٹر

۵۔ منافع کی تقسیم:

بہر ذمے 14 ستمبر 2023 کو اپنے متعلقہ واجبات میں 30 جون 2023 کو اختتام پذیر ہونے والے سال کیلئے مبلغ 2 روپے (20 فیصد) بحساب فی سرگھنٹ کیلئے 10 روپے کے منافع کی تقسیم کی منظوری دی ہے جو کہ جہاں قابل اطلاق ہو وہاں ڈکوریٹ اور انڈیکس کی کوئی سے مشروط ہوگا۔

مضاربہ کے پروڈنٹس ریگولیشنز 2021 کی قیمل میں مبلغ 6,439 ملین روپے کی رقم قانونی ریور میں منتقل کی گئی ہے جس کا اطلاق ہے کہ مضاربہ کے بعد از انڈیکس منافع کا کم سے کم 20% اور زیادہ سے زیادہ 50% سے زیادہ اس ریور کو اس وقت تک منتقل کیا جائے جب تک کہ ریور کا بیٹنس ادا شدہ سرمایہ کے 100% کے برابر ہو۔ اس کے بعد بعد از انڈیکس منافع کی کم سے کم 5% رقم منتقل کی جائے۔

۶۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

مالیاتی حسابات جو کہ کمپنی کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے آپریشن، انڈیکس، لین دین اور ایکویٹی میں تبدیلیاں شامل ہیں۔

مضاربہ کے حساب کتاب کے کھاتے مناسب طریقے سے مرتب کئے ہیں۔

مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیاں مستعمل طور پر اگوتی ہیں اور اکاؤنٹنگ کا تخمینہ معقول اور مکمل فیصلے پر مبنی ہوتا ہے۔

انڈیکس فیصلے رپورٹنگ کا معیار جو کہ پاکستان میں مضاربہ کیلئے قابل اطلاق ہے کے مطابق مالیاتی حسابات کی تیاری میں عمل میں لایا جا رہا ہے۔

آپریٹنگ کو موثر انداز میں انجام دینے، ادا شدہ پات کی حتمت، قابل اطلاق قوانین اور شواہد کی قیمل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی کنٹرولز کا ایک موثر انتظام قائم کیا ہے۔

مضاربہ کو مسلسل چلانے کیلئے اس کی اہلیت پر کوئی شبہ نہیں ہے۔

کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے متعلق نہیں ہے جس کی تفصیلات ریگولیشن کی فہرست میں دی گئی ہے۔

گورننس چیمبروں کا ہم آہم آڈیٹ اور مالیاتی ڈیٹا کی تفصیلی مشکوک ہے۔

ٹیکس ریویو، ریویو اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2023 تک بتایا ہوں۔ سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

۷۔ بورڈ آف ڈائریکٹرز کی میٹنگ اور حاضری:

وردان سال بورڈ آف ڈائریکٹرز کی چار (4) میٹنگز منعقد ہوئیں۔ بورڈ کی کوئی میٹنگ پاکستان سے باہر نہیں ہوئی۔ میٹنگ میں ہر ڈائریکٹر کی حاضری درج ذیل تھی:

ڈائریکٹر کا نام	میٹنگ میں حاضری کی تعداد
شاہین امین	04
دانیل قرآن	04
رامن الفرس	04
میاس فیصل ریاض	04
نوشروان عادل	04
نہیم اوی خان	04
عامرہ قائم	04
ناگہ حسن	00

نوٹ: محترمہ نائلہ حسن کا تقرر جناب نہیم اوی خان کی جگہ ہوا۔

گزشتہ سال کے 420.29 ملین روپے سے بڑھ کر 825.52 ملین روپے ہو گئے۔ یہ اضافہ بنیادی طور پر KIBOR کی اوپری جانب حرکت کی وجہ سے ہوا ہے۔ ایسا کہ اوپر بتایا گیا ہے۔ ریگوری کی مقبوضہ کوششوں کی وجہ سے خاص طور پر دو عرصوں کی ریگوری رٹم 6.50 ملین روپے رہی جو کہ گزشتہ سال 6.68 ملین روپے تھی۔ ملک میں افزائے زر کی بلند شرح کے باعث، انتظامی اور آپریٹنگ اخراجات میں 26.08 فیصد کا اضافہ ہوا جو کہ گزشتہ سال 193.25 ملین روپے سے بڑھ کر 243.68 ملین روپے ہو گئے۔ عہدہ کھنڈی کا معاوضہ سے قبل ارمناغ میں 21.67 فیصد کا اضافہ ہوا جو کہ گزشتہ سال کی اسی مدت کے 179.42 ملین روپے سے بڑھ کر 218.29 ملین روپے ہو گیا۔ قبل از ٹیکس منافع میں 21.99 فیصد کا اضافہ ہوا جو کہ گزشتہ سال کے 152.83 ملین روپے سے بڑھ کر 186.43 ملین روپے ہو گیا۔ نتیجتاً، سال کے لیے خاص منافع میں 15.45 فیصد کا اضافہ ہوا جو کہ 111.55 ملین روپے سے بڑھ کر 128.78 ملین روپے ہو گیا۔

اچھارہ فیض، سٹوک الومینٹ اور ڈی مینگ مشارکتی فنڈس کا پورٹ فولیو 6,021 ملین روپے رہا جو کہ 30 جون 2022 تک 5,574 ملین روپے تھا، جو کہ 8.02 فیصد کا اضافہ ہے۔ مجموعی اثاثہ جات 1.75 فیصد کا اضافہ ہوا جو کہ گزشتہ سال کے مقابلے میں 6,707 ملین روپے سے بڑھ کر 6,825 ملین روپے ہو گئے۔ زیر جائزہ سال کے دوران، مضار پنے گزشتہ سال کی 2,693 ملین روپے کی ادائیگیوں کے مقابلے میں 2,782 ملین روپے کی نازہ ادائیگیاں کیں۔

قرضہ جات کے سطح میں سرٹیفیکیشن آف مشارک (COMs) میں 3.89 فیصد کی کمی ہوئی جو کہ 3,014 ملین روپے سے کم ہو کر 2,897 ملین روپے ہو گیا، جبکہ بینک فنڈنگ 1,587 ملین روپے سے 3.96 فیصد اضافہ کے ساتھ 1,650 ملین روپے ہو گیا۔ اگرچہ COMs کی اکثریت اگلے 12 مہینوں میں ختم ہو رہی ہے، لیکن ان کی تاریخی طور پر سرمایہ کاری 12 ماہ سے زائد مدت کے لیے ہوتی ہے کیونکہ ہمارے COMs صارفین کی اکثریت مدت ختم ہونے کے بعد اپنے فنڈز کی دوبارہ سرمایہ کاری کرتی ہے۔

کاروبار بنیادی طور پر منتخب کلائنٹس کے ساتھ تعلقات کو منظم طور پر استوار کرنے اور اچھے ناموں کے ساتھ تعلقات کی شروعات کرنے سے چلایا گیا ہے۔ اثاثہ جات کے پورٹ فولیو میں ملٹی سیکٹر، بلا سے اور متنوع ماہر کے مقامی کارپورٹ اور منتخب SME تعلقات کا ایک اچھا امتزاج ہے۔

OLP مضار پر گماہری خطرات کا انتظام اور گمرانی کرتا ہے۔ قرض حاصل کنندہ کے کریڈٹ پر وفاق کا جائزہ بشمول ادائیگی کی اہلیت سمیت فراہم کرنے اور اس پر باقاعدہ گمرانی کے وقت کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو عہدہ اور ادائیگی اہلیت کی بنیاد پر جو ممکنہ طور پر حالات کے لیے پورٹ فولیو کی گمرانی اور بروقت الرٹ کو یقینی بنانے کی ذمہ دار ہیں۔

۳۔ مستقبل کا نظریہ

OLPM نے ہمارے موجودہ صارفین سے وابستہ خطرات کا پتہ لگانے کے لیے اپنے تمام پورٹ فولیو کا از سر نو جائزہ لیا اور اس کے مطابق ان صارفین کی خطرات کی درجہ بندی کو ایڈجسٹ کیا۔ مستقبل میں آن بورڈ ہونے والے صارفین کا اندازہ لگانے کے لیے کریڈٹ پالیسیوں کو ان کے مطابق مرتب کیا گیا ہے۔ موجودہ کلائنٹس کے لیے سخت گمرانی اور ڈیٹا کا حصول بھی یقینی بنا دیا گیا ہے۔ کریڈٹ پالیسیوں پر نظر ثانی کرتے ہوئے مختلف جغرافیائی کاروباری شعبہ جات اور مستقبل میں کسی بھی کاروباری رکاوٹ کے حالات کے دوران قائم رہنے کی صلاحیت کو اہمیت دی جاتی ہے۔ ہمارے پاس موجود اور فعال رسک مینجمنٹ اپروچ نے مضار پر سیکٹر میں ایک اہم پوزیشن کو برقرار رکھنے میں ہمیں مدد کی ہے۔

OLPM نے اپنے اثاثہ کی صحت اور حفاظت کو یقینی بنانے اور محفوظ ماحول کے ساتھ اپنے صارفین کو مستقل خدمات پیش کرنے کے لیے ہمیشہ ضروری اعلیٰ تہذیب اختیار کی ہیں۔

۴۔ فیڈ بک کا بہتر

مضار پر سیکٹس کی تجارت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ اس سالانہ رپورٹ کے متعلقہ حصے میں 30 جون 2023 تک کے خوبصورت کی معلومات فراہم کی گئی ہیں۔ ڈائریکٹرز سی ای او ایس ایف اور ایف آئی اے اور ان کی شریک حیات اور نائیل جیوں نے دوران سال مضار پر کے سیکٹس میں کوئی لین دین نہیں کیا ہوا ہے اس کے کو ریگولیشن اور ان کو پہلے سے نما بر کر دیا گیا ہوا اور فیڈ بک کے پین میں شامل ہو۔

عملی نتائج اور کاروباری جائزہ

30 جون 2022ء	30 جون 2023ء	
(روپے '000)	(روپے '000)	
453,835	453,835	تینس شیت
1,138,605	1,176,623	سرملچلیٹ کھجول
1,811,424	1,627,562	جمہوری ایکویٹی
3,762,885	4,269,916	اپارہ ہئٹس اور اپارہ ہٹس ہجارت میں سرمایہ کاری
3,013,905	2,896,605	ڈیٹیلنگ، شٹارک اور منسلک میں سرمایہ کاری
		ریٹیم ہنٹل کھجول
		منافع اور خسارہ
786,281	1,280,969	آمدنی (اپارہ ہٹس ہجارت کی قدر میں کمی)
420,288	825,518	مالیاتی چارجز
6,678	6,496	(پر وہج ٹریڈ) کاروبار میں
193,252	243,657	انتظامی اخراجات
179,419	218,291	انتظامی ٹیکس سے قبل از منافع
152,830	186,434	عملی از ٹیکس منافع
111,545	128,784	خالص منافع
		تخصیص
111,545	128,784	سالانہ خالص منافع
6,353	21,554	شامل: غیر تخصیص شدہ منافع 21/1
		اکاؤنٹنگ پالیسی میں تبدیلی کا اثر IFRS 9 کا اثر
117,898	150,338	دستیاب منافع برائے شخص
		منافع کی تقسیم 29% @ (2021)
90,767	90,767	قانونی ریخرو
5,577	6,439	
96,344	97,206	
21,554	53,132	غیر تخصیص شدہ منافع 21/1
246	284	آمدنی فی سرملچلیٹ

اللہ کے فضل و کرم سے زمر جائزہ سال کے دوران آپ کے مضارہ کی کارکردگی مسلسل بہتر رہی۔ مضارہ کی مجموعی آمدنی (شامل اپارہ ہٹس ہجارت کی قدر میں کمی اور دیگر آمدنی) 62.91 فیصد اضافہ کے ساتھ گزشتہ سال کے مقابلے میں 786.28 ملین پاکستانی روپے سے بڑھ کر مبلغ 1,280.70 ملین پاکستانی روپے ہو گئی۔ اس کی بنیادی وجہ اپریل 2022ء سے فاسٹ ڈیٹ میں مسلسل اضافہ تھا کیونکہ پورا پورا فوئو فلونگ ڈیٹ کی بنیاد پر ہے۔ اس مرحلے کے دوران ہمارا تخلیق اسٹیٹ بینک آف پاکستان (SBP) کے اسکاؤٹ ریٹ میں کمی سے اور مسلسل اضافہ تھا، جس سے ڈیپازٹ کی شرحوں اور مالیاتی اخراجات میں فوری اضافہ ہوتا ہے۔ تاہم، اس کے نتیجے میں اسکاؤٹ کی دوبارہ قیمت کے تعین میں اضافہ پھر تاخیر سے ہوا۔ اسی طرح، مالیاتی اور دیگر چارجز میں بھی 96.42 فیصد اضافہ ہوا کیونکہ

مضارہ کمپنی کے ڈائریکٹرز کی 30 جون 2023ء کو اختتام پذیر ہونے والے سال کیلئے چالیسویں رپورٹ

OLP سرورمز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سرورمز پاکستان (پرائیویٹ) لمیٹڈ) (OSPL) کے بورڈ آف ڈائریکٹرز اور ORIX مضارہ (سابقہ ORIX مضارہ) (OLPM) کی انتظامی کمیٹی، 30 جون 2023ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے ڈائریکٹرز کی چالیسویں رپورٹ بشمول آؤٹ سٹنڈ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

۱۔ معیشت

سیاسی عدم استحکام اور ریگورڈی خطرات کے باعث پاکستان بدستور تازک موڑ رہا ہے۔ ملک کو اس وقت منفی 0.5 فیصد کی سست اقتصادی ترقی کی صورت حال کا سامنا ہے، اس کے ساتھ ساتھ افراط زر کی بلند شرح 29.6 فیصد اور بے روزگاری کی شرح 8 فیصد ہے۔ مزید یہ کہ 22 فیصد شرح سونے کا رو باری ماحول پر نقصان دہ اثر ڈالا ہے، اور یہ افراط زر کو کنٹرول کرنے کے اپنے مظلوم طبقہ کو حاصل کرنے میں کامیاب نہیں ہو سکا ہے۔ پاکستان زر مبادلہ کے ذخائر میں کمی بھی سے دوچار ہے، کیونکہ اسٹیٹ بینک آف پاکستان کے پاس صرف 8.2 بلین امریکی ڈالر ہیں۔ قرض کی ضروریات کو پورا کرنے کے لیے 25 بلین امریکی ڈالر سے زیادہ کی ضرورت ہے، پھر بھی مالی سال 2023 میں ٹیکس کی آمدنی صرف 32 بلین امریکی ڈالر تھی۔ اگرچہ بین الاقوامی مالیاتی فنڈ (IMF) کے ساتھ حالیہ 3 بلین امریکی ڈالر کے اسٹینڈ بائی آرینجمنٹ نے سعودی عرب، متحدہ عرب امارات اور چین سمیت متعدد اسٹریٹجک شراکت داروں کی مالی امداد اور سرمایہ کاری کے ساتھ ساتھ انتہائی ضروری مالی ریالیف فراہم کیا ہے۔ تیل آؤٹ سے منسلک اصلاحات، جن میں درآمدی پابندیوں میں نرمی اور سہل یز کو ختم کرنے کی ضرورت شامل ہے، پہلے ہی سالانہ افراد زر میں اضافہ کر چکی ہیں۔

اگلے کچھ مہینوں میں ملک میں عام انتخابات ہونے جارہے ہیں اور ممکنہ طور پر آنے والی حکومت کو ان چیلنجز کا سامنا ہوسکتا ہے۔ ان بنیادی اقتصادی اور سیاسی مسائل پر قابو پانے اور بین الاقوامی مالیاتی فنڈ (IMF) پر انحصار سے آزاد ہونے کے لیے ضروری ہے کہ ایک ایسا جامع طریقہ اختیار کیا جائے جو پاکستان کی ترقی کی صلاحیت کو اجاگر کرے اور ان چیلنجز کی بنیادی وجوہات سے درج ذیل اصلاحات کے ذریعے نمٹا جا سکے جیسا کہ:

☆ کاروباری روستان ماحول بنا کر بجلی اور قیرمکی سرمایہ کاری کو راغب کرنے میں سہولت فراہم کرنا ہو، بھرت کو فروغ دینا ہو، روزگار پیدا کرنا ہو، اور ریگولیشنری طریقہ کار کو آسان بنا کر انجینئرنگ کے بوجھ کو کم کر کے معاشی ترقی کو فروغ دینا ہو۔

☆ ڈیجیٹل سٹریٹن اور باہر ترقی دہنی ٹیکنالوجیز کو اپنانا جو بین الاقوامی صلاحیت، کارکردگی اور عالمی مسابقت کو بڑھا سکتی ہو، اس طرح جامع اور پائیدار ترقی کی بنیاد رکھی جا سکتی ہو۔

☆ ٹیکس کی تعمیل کو بڑھانا اور ٹیکس نظام کو آسان بنا کر سرمایہ کاری کو فروغ دینا، کاروبار پر ریگولیشنری بوجھ کو کم کرنا، اور متعلقانہ مسابقت کو یقینی بنانا۔

The Chairman and CEO Role

A clear division of responsibilities is important for the effective working of the Board and to ensure that no one individual has unfettered power of decision. The Chairman and Chief Executive work together to provide effective and complementary stewardship. The Chief Executive operates within clearly defined limits of authority delegated by the Board and any matters outside these limits are referred to the Board for consideration. The roles of the Chairman and Chief Executive are clearly defined as summarised below:

Chairman:

The principal role of the Chairman of the Board is to manage and to provide leadership to the Board of Directors of the Modaraba. He is responsible for the management of the Board in all respects in the most efficient and competent manner. This involves (but not limited to) the responsibility to

- Responsible for the composition and capability of the Board;
- Responsible for the effective leadership and governance of the Board;
- Ensures Board and Committee meetings are used effectively by focusing on key areas and promoting a culture of openness and healthy debate;
- Maintains regular contact with the Chief Executive providing advice, counsel and support to the Chief Executive as and when appropriate;
- Works with the Chief Executive and Company Secretary to establish the Board's 12-month rolling agenda; and
- Leads assessment of the effectiveness of the Board and each Director.



Chief Executive:

The CEO is responsible for putting the strategy defined by the Board into practice and managing the Modaraba's operations. He is the ultimate responsible for all day-to-day management decisions and for implementing the Modaraba's long and short term goals and plans. The main responsibilities are as follows:

- Responsible for providing effective leadership to the Modaraba Team;
- Identification and analysis of strategic options for growth in shareholder value;
- Implementation of operating plans and budgets required to deliver the agreed strategy;
- Works closely with the Chief Financial Officer to ensure that the Modaraba has in place an appropriate capital structure, risk management and internal control processes;
- Review and implementation of HR Policies and Succession Planning of the Modaraba Staff to enable it to achieve the approved strategy;
- Represent the industry as thought leader at different fora with the regulators i.e. SECP on a regular basis;
- Setting the ethical tone in providing ethical leadership and creating an ethical environment;
- Works closely with the Modaraba Team to ensure that the Modaraba maintains effective relationships and communications with stakeholders of the Modaraba; and
- Responsible for delivery of ongoing operational performance against targets and continuous improvement in performance on safety and sustainability.

Composition of Board Committees

The Board of Directors comprises of seven (07) Directors out of which six (06) are Non-Executive including two (02) are Independent Directors. The Chairman of the Board is a Non-Executive Director. The roles of Chairman and the CEO have been segregated and responsibilities have been clearly defined. The CEO is responsible for operations of the Modaraba, whereas the Board, under the Chairman, performs oversight.

The Board has established following committees:

- 1) Board Audit Committee ;
- 2) Human Resource & Remuneration (HR&R) Committee ; and
- 3) Board Risk Committee.

Board Audit Committee

1. The responsibilities of the Audit Committee are to review, monitor and recommend for approval the statutory accounts of the Company, published financial statements of Modaraba for issuance to its certificate holders and other stakeholders including Stock Exchange and regulatory authorities, including appropriateness and completeness of significant financial reporting judgements contained in them. In particular:
 - (a) to consider the quality, application and acceptability of the accounting policies and practices, the adequacy of accounting records and financial and governance reporting disclosures and changes thereto;

- (b) to consider recommendations of management in respect of provisions for bad and doubtful debts and for any other provisions for losses and charges;
 - (c) significant adjustments resulting from the audit;
 - (d) going concern assumption;
 - (e) any changes in accounting policies and practices;
 - (f) compliance with applicable accounting standards;
 - (g) compliance with these regulations and other statutory and regulatory requirements; and
 - (h) all related party transactions;
2. to keep under review the appropriateness of the accounting policies and to consider changes to these;
 3. to review the preliminary announcements of results prior to external communication and publication;
 4. to ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
 5. to review of the company's statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
 6. to institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
 7. to review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
 8. to review details of all related party transactions (than those involving Directors which will be placed before Board of Directors) and recommend the same to Board of Directors for review and approval.
 9. in relation to the accounting and financial reporting function:
 - (a) to ensure that the accounting and financial reporting function is adequately resourced; and
 - (b) to review the qualifications and experience of reporting accountants appointed and their training programmes and budget;
 10. in relation to the internal audit function:

- (a) to review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed;
 - (b) to review and monitor management's responsiveness to the internal auditor's findings and recommendations;
 - (c) to monitor and assess the role and effectiveness of the internal audit function and to receive reports from the Head of Internal Audit on these matters;
 - (d) to consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto; and
 - (e) to consider the appointment, resignation or removal of the Head of Internal Audit;
11. in relation to the external auditors:
- (a) to consider and make recommendations to the Board, on their appointment, re-appointment, resignation or removal which will be put to shareholders for approval in general meeting and in the case of Modaraba, for approval in the meeting of the Board;
 - (b) to approve the terms of engagement or delegate the same for approval by the CEO, nature and scope of their audit and the effectiveness of the audit process;
 - (c) to review any representation letter(s) requested by the external auditor before they are signed by management or delegate this matter to the CEO;
 - (d) to review the management letter and management's response to the auditor's findings and recommendations;
 - (e) to review the independence and objectivity of the external auditors and to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
 - (f) agree the adequacy of the employment with Modaraba of former employees of the external auditor;
 - (g) to ensure coordination between the internal and external auditors;
 - (h) to review the findings of their audit including any major issues that arose during the course of the audit that have subsequently been resolved and any unresolved audit issues. To consider key accounting and audit judgements, the level of errors identified during the audit, obtain explanations from management and, where necessary, the external auditors as to why audit differences remain unadjusted; and

- (i) to review and monitor the cost effectiveness of the audit taking into consideration relevant professional and regulatory requirements and to recommend the approval of audit fee and the provision of any service permissible to be rendered to the Modaraba by the external auditors in addition to audit of its financial statements, measures for redressal and rectification of non-compliances with the Regulations;
12. to consider the adequacy of disclosures in the annual report including:
 - (a) the role of the Committee, its activities and how it has discharged its responsibilities, membership of the Committee, number of Committee meetings, attendance over the course of the year and whether or not external advice was taken and its source;
 - (b) the explanation in the annual report on how auditors' independence and objectivity has been safeguarded in the event of the external auditors providing non-audit services, if required under the local laws;
 - (c) any findings and other matters arising from the external auditors' half yearly and final audits;
 13. to consider the annual report and discuss any findings and other matters arising from the external auditors' interim and final audits;
 14. to determine appropriate measures to safeguard the company's assets;
 15. to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
 16. to consider reports, review and approve impairment provisioning on a case to case basis;
 17. to review reports from the Head of Compliance and Assurance on the arrangements established by management for ensuring adherence to internal compliance policies, procedures and codes and relevant regulatory and legal requirements and identification of significant violations thereof;
 18. to report to the Board on its consideration of the above matters, identifying those areas where action or improvement is needed, and making recommendations as appropriate;
 19. generally to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and to make recommendations or reports to the Board as appropriate;
 20. to report any unresolved issues between the Committee and the Board as part of its disclosure on its responsibilities in the annual report;
 21. for the Chairman of the Committee to attend the Annual Review Meeting of Modaraba and answer any questions, through the Chairman of the Board, on the Committee's activities and its responsibilities;

22. to give due consideration to laws, regulations and the requirements of the Code of Corporate Governance and Listing Rules as appropriate;

23. to review these Terms of Reference once in three years and recommend any changes to it.

Human Resource & Remuneration (HR&R) Committee:

The Committee shall maintain high levels of good governance on all remuneration related matters, in line with prevailing international best practice (such as the Financial Stability Board principles on compensation), as well as any specific regulatory directives in Pakistan.

The Committee shall

1. Recommend Human Resources related policies to the OSPL Board, to the extent required.
2. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management).
3. Make recommendations to the OSPL Board on the selection, evaluation and compensation (including salary, performance award and end of service benefits) of, Chief Financial Officer, Head of Internal Audit, and Company Secretary.
4. Review and recommend selection, evaluation, compensation (including performance ratings, pay, performance awards and end of service benefits) and succession planning of the CEO recommended by his / her line manager.
5. Ensure that Committee members do not participate in discussions or be a part of approvals pertaining to their own remuneration.
6. Review the ongoing appropriateness and relevance of remuneration related policies, ensuring that they are consistent with effective risk management.
7. Review the terms of reference of the Committee at least every three years and propose any changes it considers necessary to the OSPL Board for approval.
8. Make recommendations to the OSPL Board on appointment of a new committee member in case a member resigns from the committee. However, it will be sole discretion of the Board to appoint any new member.
9. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the OSPL.

10. Undertake annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment.

Reporting Responsibilities

1. Report formally to the OSPL Board on its proceedings after each meeting on all matters within its duties and responsibilities.
2. Ensure that the names of the members of the committee shall be disclosed in each Annual Report.

Board Risk Committee:

The responsibilities of the BRC shall be:

1. Set the risk appetite of the Modaraba.
2. Ensure the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Modaraba and enable the Board to make a robust assessment of the principal risks.
3. Determine the nature and extent of principal risks faced by the OLPM and those risks which the Modaraba is willing to take in the achievement of its strategic objectives.
4. Ensure that necessary steps are taken to foster an enterprise-wide culture that supports appropriate risk awareness, behaviors and judgments about risk and that ensures that risk-taking beyond the Modaraba's determined risk appetite is recognized and appropriately escalated and timely addressed.
5. Determine how the principal risks should be managed or mitigated to reduce the likelihood of their occurrence or their impact.
6. Ensure that the risk management policies and procedures designed and implemented by the OLPM are consistent with the Modaraba's strategy and risk appetite.
7. Ensure that risk management policies and procedures are functioning as directed, by monitoring the Modaraba's risk management and internal control systems and the management's process of monitoring and reviewing, and ensure that these are functioning effectively and that corrective action is being taken where necessary.
8. Ensure the existence of sound internal and external information and communication processes.
9. Ensure that emerging and inter-related risks are also considered in the risk management process by Management.

10. At least on annual basis, perform an overall review of business risks to ensure that Management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Modaraba and certificate holders.
11. Periodically assess the Board's risk oversight processes to ensure that these enable the Board to achieve its risk oversight objectives.
12. Ensure appropriate disclosure of the Modaraba's risk framework and internal control system in the Directors Report.
13. Ensure that risk mitigation measures are robust and integrity of financial information is ensured.
14. Monitor and review all material controls (financial, operational, compliance):
15. The Committee shall review its terms of reference every three year and recommend any necessary changes to the Board.
16. The Committee shall report on an annual basis to the Board on its activities by comparing the Committee performance with its duties.
17. The Committee shall report on its roles and responsibilities and the actions it has taken to discharge those responsibilities for inclusion in the annual report and accounts. The report may be in the form of an oral report made at any regularly scheduled Board meeting.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of OLP Modaraba

Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of OLP Services Pakistan (Private) Limited, the Management Company of OLP Modaraba (the Modaraba) for the year ended June 30, 2023 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the 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 and the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

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

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. 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.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2023.

A.F. Ferguson & Co,
Chartered Accountants
Karachi
Dated:
UDIN:

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 OLP SERVICES PAKISTAN (PRIVATE) LIMITED (FORMERLY ORIX SERVICES PAKISTAN (PRIVATE) LIMITED)

YEAR ENDED JUNE 30, 2023

This statement is being presented to comply with the Listed Companies (Code of Corporate Governance) Regulations 2019 (the Code). Regardless of the fact that OLP Services Pakistan (Private) Limited, the Management Company of OLP Modaraba (OLPM) (the Modaraba), is a private limited company, the Board of Directors of the Management Company are pleased to confirm that the Code is being complied with in all material respects (pertaining to the operations of the Modaraba).

The Management Company has complied with the requirements of the Regulations in the following manner:-

1. The total number of directors are 07 as per the following-
 - a. Male: 05
 - b. Female: 02
2. The composition of the Board is as follows:

Category	Names
Independent Directors	Mr. Nausherwan Adil
	Ms. Naila Hasan
Non-Executive Directors	Mr. Shaheen Amin
	Mr. Ramon Alfrey
	Mian Faysal Riaz
	Ms. Aseya Qasim
Executive Director	Mr. Raheel Qamar Ahmad
Female Director	Ms. Aseya Qasim
	Ms. Naila Hasan

In accordance with the contents of Regulation 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the 2019 Code") at least two or one third members of the Board, whichever is higher, should be independent directors. If any fraction contained in such one-third number which is not rounded up as one, reason should be explained in the compliance report.

The Management Company of OLPM has appointed two independent directors out of total seven directors. Other than CEO and independent directors all directors are representatives of OLP Financial Services Pakistan Limited (OLP); a Multinational Non-banking finance company, operating in Pakistan since 1986 and part of ORIX Group Japan. Rationale behind appointing maximum possible Directors from OLP was to align the organization with the ORIX Group and its Policies besides the fact that it is difficult to find independent directors from this industry with rich and relevant experience. Current independent directors have banking experience which is a complement to the other directors having Non-banking experience especially in SME sector. OLP is the leading company in its industry and Modaraba's line of business is identical to that of OLP. Directors

appointed on the Board of the Modaraba carry vast experience in the fields of Client Relations, SMEs, Finance, Credit and Risk Management. These directors from OLP are in a position to provide valuable input to OLPM while making decisions in various fields due to their experience in the relevant field.

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 Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management 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 Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board of Management Company/ certificate holders of the Modaraba (where applicable) as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has provided training to all its directors.
10. The Board has approved appointment of chief financial officer, company secretary and head 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 following committees comprising of members named below:-

a) Audit Committee

- 1). Mr. Nausherwan Adil- Chairman
- 2). Mr. Ramon Alfrey- Member
- 3). Mian Faysal Riaz- Member

b) Human Resource and Remuneration Committee

- 1). Ms. Naila Hasan - Chairperson
- 2). Mr. Shaheen Amin- Member
- 3). Mr. Raheel Qamar Ahmad - Member

C) Risk Committee

- 1). Mian Faysal Riaz - Chairman
- 2). Mr. Nausherwan Adil- Member
- 3). Mr. Raheel Qamar Ahmad- 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 (quarterly/ half yearly/ yearly) of the committee were as per following:-

Audit Committee	Quarterly
Risk Committee	Yearly
Human Resource and Remuneration Committee	Yearly

15. The Board has set up an effective internal audit function:

16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the Management Company;

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

18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



SHAHEEN AMIN
Chairman

Dated: September 14, 2023

REPORT OF THE BOARD AUDIT COMMITTEE



Chairman's Introduction

On behalf of the Board Audit Committee, I am pleased to present the Audit Committee's report for the year ended June 30, 2023. This report explains the Committee's role and its work during the year.

The Audit Committee is responsible for monitoring the integrity of the OLPM's financial statements, reviewing significant financial reporting issues, reviewing the effectiveness of the compliance, internal control, and risk management systems, and overseeing the relationship with the external auditors (including advising on their appointment, agreeing audit fees, and reviewing the audit findings). The Committee also reviews the provision of any non-audit services by the external statutory auditor.

Throughout the year, the Audit Committee has regularly reviewed and applied the guidance issued by Securities and Exchange Commission of Pakistan (SECP) and other regulatory bodies. In doing so, the Committee has focused its review across a broad range of areas. These include:

- Compliance with all relevant regulatory statutes including but not limited to The Modaraba Regulations 2021;
- Regular updates on the OLPM finances and business portfolio including updates on repayments by clients including those highlighted by External Auditors in their covering letter;
- Review of significant changes in KIBOR rates and its impact on overall financial statements of the Modaraba;
- Review of provision of income tax on income of modaraba for the year;
- Review of application of IFRS-9 in respect of provisioning against financing;
- Update on the measures taken by the business to safeguard employee and client welfare;

- Review internal audit reports on the effectiveness of overall internal control environment issued by Internal Audit Department as per approved audit plan; and
- Review of all other key judgements and estimates applied by management in preparing the financial statements. The Committee inquired as to the appropriateness of these judgements considering the principal risks, the wider economic conditions in which the business operates and the need to ensure the financial statements are fair, balanced, and understandable.

The external auditor, A. F. Ferguson and Co., Chartered Accountants, were also invited to discuss key matters identified by them in relation to annual audit of OLPM for the year ended June 30, 2023 in accordance with the requirement of SECP Listed Companies (Code of corporate governance) Regulations, 2019.

I would like to thank the management team at OLPM and all Committee members for their valuable contribution and support throughout the year.

Nausherwan Adil

Chairman of the Audit Committee
September 13, 2023

Membership and meetings

During the year, the Committee comprised of following independent and non-executive directors:

Members

Nausherwan	Adil Chairman
Ramon Alfrey	Member
Mian Faysal Riaz	Member

The Committee members meeting attendance table is shown on page 74 of the OLPM Annual Report 2023.

The Committee's wide range of financial and commercial skills and experience serves to provide the necessary knowledge and ability to work as an effective committee and to robustly challenge the Board and senior management as and when appropriate. Mr. Ramon Alfrey, member Board Audit Committee, a Chartered Accountant, possesses recent and relevant financial experience and the Committee continues to have competence relevant to the sector.

Further details of the directors' skills, experience and qualifications can be found in the biographies on pages 38 and 39 of the OLPM Annual Report 2023.

The terms of reference were last reviewed in April 2021 and next review is due in April 2024.

Audit Committee and Attendance

During the year, the Committee held four scheduled meetings. The Chairman and all members attended all this year's meetings. The Committee meets with Head of internal audit in the absence of management on a regular basis and the external auditor as necessary and at least annually. Executive director is invited to attend Committee meetings regularly in order to reinforce a strong culture of risk management and to keep the Committee up to date with key business decisions/ action taken by the management in managing day to day affairs of the Modaraba.

Audit Committee's performance evaluation

Annual evaluation of the Audit Committee's performance was undertaken as part of the Board evaluation process. As part of the Modaraba's annual compliance with the Code, last years' evaluation was outsourced to Famco Associates (Pvt) limited. Famco issued its report on Jan 16, 2023 which concluded that High-level consensus prevails among Board Committees members. This shows that the overall operations of the committee are sound, meet the requirements of corporate governance and is effective and efficient. Current years' evaluation is in process and will be finalised after the issuance of this report.

Role of the Committee

The Committee focuses on ensuring the integrity of the financial reporting and audit processes and the maintenance of sound internal control systems in order to safeguard certificate holder interests. It focuses on monitoring and/ or reviewing the following:

- Financial reporting – this area of responsibility includes monitoring the integrity and compliance of the Modaraba's financial statements and any formal announcements or publications relating to the Modaraba's financial performance as well as reviewing significant financial reporting issues and judgements made in connection with them.

- **Compliance** – this area includes reviewing the Modaraba's compliance policies and procedures to ensure that it complies with relevant regulatory and legal requirements including the arrangements in place for the reporting and investigation of concerns identified.
- **Internal audit** – this area includes monitoring the role and effectiveness of the Internal Audit function including approving the annual plan of internal audit work in line with three-year audit plan approved by the Committee last year, monitoring the reports arising from internal audits and the status of actions resulting therefrom and the appointment or removal of the Head of Internal Audit.
- **Whistleblowing** – reviewing arrangements by which staff may in confidence raise concerns about possible improprieties regarding financial reporting and other matters.
- **Internal controls** – this area includes reviewing the effectiveness of the Modaraba's system of internal controls and ensuring timely action is taken by management to address matters arising from the risk and internal audit assessments.
- **External audit** – this area includes considering and making recommendations to the Board on the appointment of the external auditors (including approving the remuneration and terms of appointment) as well as reviewing the external auditors' annual audit report and the results therefrom, reviewing the quality and effectiveness of the audit and reviewing and confirming the policy on non-audit services carried out by the external auditors and auditor independence.

Committee activities during 2022/23

Review of financial statements

The Committee reviewed the financial statements and assessed whether suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. The Committee continues to monitor provision of income tax on income of the Modaraba for the year ended June 30, 2023 and considered the appropriateness of the provision against finances provided in the financial statements in accordance with the requirement of IFRS-9 and the Modaraba Regulations 2021.

The Audit Committee also recognizes the importance of the views of the external auditor in respect of robust challenges and audit procedures performed by them in relation to key matters during the course of the audit. There were no differences between management and the external auditors which were reported to the Committee.

Having reviewed management's papers and considered the procedures and findings of the external auditor, the Committee is satisfied that the judgements are reasonable, and that suitable accounting policies have been adopted and disclosed in the accounts.

Fair, balanced, and understandable

In order to confirm to the Board that the Annual Accounts taken as whole is fair, balanced, and understandable, there has been a thorough verification and approval process, as outlined below:

- OPLM Annual Report and Accounts for the year ended June 30, 2023, are drafted by the appropriate senior management with overall coordination by the Secretariat/ Finance team to ensure consistency.
- comprehensive reviews of the drafts Accounts are undertaken by management and the Audit Committee; and
- formal recommendation of Annual Accounts is given by Audit Committee for approval by the Board.

Following areas continued to remain significant throughout the year, therefore, were properly discussed and addressed with our external auditor throughout the external audit process. The key matters of focus were:

1. IFRS-9 – Financial Instruments;
2. Outstanding exposure against selected clients; and
3. Provision of taxation for the year.

The Committee concluded that the Financial Statements, taken as whole, were fair, balanced, and understandable and provided the information necessary for stakeholders to assess the OPLM's business model, strategy, and performance. The Committee has continued its monitoring of the financial reporting process and its integrity, risk management systems and Assurance.

Internal audit

The Audit Committee monitors and reviews the scope, extent, and effectiveness of OPLM's internal audit.

function. Regular presentations and updates are given to the Committee by the Head of Internal Audit. The Committee has approved the internal audit terms of reference, which sets out the role, accountability, authority, independence, and objectivity of the function.

Risk Management and Internal Control Review

The Internal Audit function provides independent assurance through reviewing the risk management processes and internal controls established by management. The Committee considers matters raised through audit reports and the adequacy of management's response to them, including the time taken to resolve any such matters. The focus areas for internal audit during the year included review of Business operations and related back-office controls to mitigate key risks associated with OLPM business. Internal Audit also reviews processes supporting OLPM's compliance and operational risk, Anti-Money Laundering and Countering Financing of Terrorism and compliance with overall Operational Risk Framework.

The scope of activity of internal audit is monitored and reviewed at each Audit Committee meeting. An annual plan was agreed by the Committee in Sep 2022 which covered the activities to be performed till Sep 2023. The internal audit plan is determined based on the Audit Universe which sets out all auditable areas of the business and assigns each area a risk level and recommended audit frequency. The internal audit plan is aligned to the OLPMs principal risks.

Areas highlighted for audit on the current plan include a greater focus on operational risks in areas of Anti-Money Laundering and Countering Financing of Terrorism including compliance with the requirements of SECP (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 and compliance with the requirement of The Modaraba Regulations, 2021.

The overall approach remains the same and the underlying audit methodology and processes are unchanged, with audits fully compliant with best practice and internal audit standards. The Committee is thus satisfied that the internal audit function has continued to perform effectively during the year.

External auditor

The Audit Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration, and removal of the external auditor. A resolution to propose the re-appointment of PwC was

approved by the Board of Directors in Sep 2023. When considering whether to recommend the re-appointment of the external auditor, the Committee considers a range of factors, including the effectiveness of the external audit, the period since the last audit was conducted, and the ongoing independence and objectivity of the external auditor.

a. Independence and objectivity

PwC conducted its fourth audit of OLPM's financial statements for the year ended June 30, 2023, following a competitive onboarding process. Previously the Lead Audit Partner was Mr. Noman Abbas Shaikh, who held this position since onboarding in 2019, however, Mr. Junaid Mesia concluded this year's annual audit on the behalf of PwC. PwC can serve one more annual audit that is they can audit OLPM Financials for the year ending June 30, 2024 after which OLPM must rotate Audit firm in order to comply with the legal requirements.

PwC has reported to the Committee that, in its professional judgement, it is independent within the meaning of regulatory and professional requirements and the objectivity of the audit engagement partner and audit staff is not impaired.

The Audit Committee has assessed the independence of the auditor and concurs with this statement. When assessing the independence of the auditor, the Committee considers, amongst other things, the length of tenure of the audit firm and the audit partner, the value of non-audit fees provided by the external auditor and the relationship with the auditor as a whole.

Non-audit work carried out by the external auditor

In order to ensure the continued independence and objectivity of the OLPM's external auditor, the Committee reviews audit and non-audit fees once a year. The Committee's approval is required in advance for the provision of any non-audit services by the external auditor. The OLPM'S external auditor is prohibited from providing any services that would conflict with their statutory responsibilities or which would otherwise compromise their objectivity or independence.

Further details on audit fee and non-audit fees are provided in Note 23.3 to the financial statements.

Effectiveness and reappointment

It is the Committee's responsibility to assess the effectiveness of the external audit.

The Committee kept under review the effectiveness of the external audit throughout the year. It did this through:

- Considering the areas in which PwC had challenged management's assumptions in key areas of judgement and the number and nature of the accounting and control observations raised by the auditor;
- the high level of engagement from the audit partner throughout the audit process;
- the use of sophisticated technology to support the conduct of the audit;
- the level and quality of challenge received from the External auditor;
- a good knowledge of accounting standards, governance requirements and the Infrastructure market;
- the robust and perceptive handling of the key accounting and audit judgements;
- the support received by the External auditor from the External auditor's technical team;
- the continuity of the audit team was predominantly retained from the previous year; and
- the final report was presented based on a good understanding of the Modaraba's business.

Based on these reviews, the Committee concluded that PwC had applied appropriately robust challenge and skepticism throughout the audit, that it possessed the skills and experience required to fulfil its duties effectively and efficiently, and that the audit was effective.

Having reviewed the auditor's independence and the effectiveness of its audit, the Committee is satisfied that PwC should be re-appointed as external auditor for the 2023/24 financial year.

Whistleblowing

The Modaraba's whistleblowing procedures ensure that employees, clients and other third parties are able to raise concerns about possible improprieties on a confidential basis. Concerns can be raised by telephone or online to an independently provided service. During the year, the Committee received updates at every meeting of reported issues, if any.

Other matters

Other matters reviewed by the Committee during the year were:

- Transactions with Related Parties and recommendation to the Board of Directors for its approval;
- The Modaraba's Shariah compliance with its regulatory requirements with particular focus on the review of Shariah Advisor annual report and Shariah Internal Audit quarterly reports; and
- Preliminary announcements of results for the year end and all quarterly results prior to communication to Pakistan Stock Exchange and publication of Announcement on OLPM website. The Committee reported to the Board on how it has discharged its responsibilities and the key matters arising at each meeting. All recommendations were accepted by the Board.

GOVERNANCE

The Board

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Modaraba. The management and governance framework, which the Board has implemented to support the Modaraba's long-term growth objectives, is set out on page 56. The diverse range of skills and leadership experience offered by the Non-Executive Directors means that they are well qualified to scrutinize performance, assess the Modaraba's risk management and control processes, provide constructive challenge and to support the Chief Executive. Details for each of the Directors together with their Board responsibilities are set out on page 38 and 39.

The Board has four (04) scheduled meetings during the year; additional meetings are arranged, if required. The Board committee meetings are scheduled around the regular Board meetings.

Composition of the Board

Category	Number
Independent Directors	02
Executive Director	01
Non-Executive Directors	04
Female Director	02

The independent Directors have provided the annual declaration of their independence as required by Listed Companies (Code of Corporate Governance) Regulations, 2019. The declaration states that:

- 1). They are not serving as a director on more than seven listed companies.
- 2). They does not hold any interest in the certificates/ shares of OLP Modaraba other than that disclosed in the pattern of shareholding.
- 3). Neither they nor any of their spouse | minor children have not (sold, bought or transacted), whether directly or indirectly, in certificates of OLP Modaraba.
- 4). They have not, directly or indirectly, dealt in the certificates of the Modaraba in any manner during the closed period.
- 5). They have not defaulted in payment of any loan to a banking company, a DFI or a NBFI. Further, They are not a broker of a stock exchange.

Decision taken by Board or delegated to management

Directors are required to attend each Board meeting and meetings of any Committee of which they are a member. In addition, members of the management team and the External Auditors may, by invitation, attend meetings to address specific agenda items. There is a formal schedule of matters reserved for the Board, which is reviewed regularly to ensure that it remains current. Matters reserved for the Board include the items summarized in the table below:

Governance	Strategy and direction	Risk management, accountability and control
<ul style="list-style-type: none"> - Review of governance structure and composition; - Appointments to and removals from the Board; and - Terms of reference for and membership of Board committees. 	<ul style="list-style-type: none"> - Approval of long term strategy and annual budgets; - Authorization of to enter into new business or geographic areas; and - Affirmation of risk management strategies and risk appetite. 	<ul style="list-style-type: none"> - Approval of financial statements, other updates to the market and approval on dividends; - Approval of authority levels, financing and funding limits; - Review of internal control and risk management; and - Approval of HR, Health and Safety policies.

The Management:



Management is primarily concerned with setting in motion the strategies approved by the Board of Directors. It is the responsibility of management to operate the day-to-day business affairs of the Modaraba in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities, which could affect the Company in the course of carrying out its business.

Governance practice addition to Legal requirements:



In addition to the compliance with listed companies Code of corporate governance, the Modaraba has developed various committees such as Carbon Reduction Committee, Customer Experience Forum etc. The objective of these committees are as follows:

Carbon Reduction committee:



To highlight the importance of Carbon Footprint Reduction as how it can have a healthy impact on our surroundings.

Customer Experience Forum:



To analyze, discuss and find solutions to issues that might impact, or have impacted, the client during the Client Life Cycle.

Principals Committee



A select group of leaders who analyze effects of all decision making across the Modaraba.

Country Operation Risk Committee- CORE



To ensure the effective management of Operational Risk throughout OLPM in support of entity's strategy and in accordance with the Risk Management Framework and related Operational Risk Policies and Procedures.

Portfolio Management Committee - PMC



To manage and direct as appropriate the management of the credit portfolio in OLPM to ensure that systems and controls are in place and operating effectively such that earnings from the portfolio meet expectations.

Board performance Evaluation:



The Board of Directors sets the Modaraba's strategic direction and ensures that the organization stays true to this direction - enabling it to achieve its long-term objectives while ensuring regulatory compliance. To discharge its fiduciary responsibility of safeguarding the stakeholders' interests, and to remain compliant with all the requirements set out in the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations, 2019 with respect to the composition, procedures and meetings of the Board of Directors and its committees, the Board of Directors has developed criteria for its performance evaluation which reflect the Modaraba's overall performance.

The Board of Directors discusses strategic objectives, budgetary expenses and projected national and international macroeconomic indicators to ensure that the Modaraba's business strategy stays aligned with the macroeconomic indicators. The Board of Directors and its sub-committees are competent and experienced, representing diversified educational and vocational backgrounds which are invaluable in determining the overall direction of the organization.

The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically. To that end, all individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. Company secretary is designated to collate individual responses and present them to the Board for deliberation and discussion.

This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors, and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Modaraba to new heights of success is discharged effectively and efficiently. External Consultant for Board Performance Evaluation.

Details of formal orientation courses for directors.



Directors are provided with a comprehensive information pack on joining the Modaraba and are advised of their legal and other duties and obligations as a director of a listed company. Induction Pack provide detailed information on operations and activities of the Modaraba, the role of the Board and the Modaraba's corporate governance procedures. The Directors are also encouraged to update their skills and knowledge regularly, including in relation to environmental sustainability and governance matters, and where necessary, the Company Secretary is notified by Directors of their requirements in this respect. In pursuit of best practice, the Board reviews presentations on compliance with governance and regulatory matters.

During the year, Ms. Naila Hassan joined the board as Independent Director and a detailed Orientation pack was sent to her containing information about the entity structure, Business Operations and duties as director.

Directors' Training Program (DTP)



All Directors of the Modaraba has acquired the prescribed certification under the Director training program offered by Pakistan Institute of Corporate Governance and Institute of Chartered Accountants Pakistan.

Description of external oversight of various functions like systems audit or internal audit by an external specialist and other measures taken to enhance credibility of internal controls and systems.

We have three audits in a year: Internal audit, external audit (PWC) and group audit for technology and it's related services,

Related Party Transactions:

The Board of Directors have approved a Policy for Related Party Transactions, which require that the Modaraba Shall carry out transactions with its related parties on an arm's length basis in the normal course of business. The Term 'arm's length' entails conducting business on the same terms and conditions as the business between two Unrelated / un-concerned persons. The policy specifies that all transactions entered into with related parties shall require Board's approval on the recommendation of the Board's Audit Committee, which is presided by an independent director of the Modaraba.

The Modaraba has made detailed disclosures about related party transactions in its financial statements annexed with this annual report. Such disclosure is in line with the requirements of the 4th Schedule to the Companies Act, 2017 and applicable International Financial Reporting Standards. Further, The Modaraba also maintains a full record of all such transactions, along with the terms and conditions. Refer note 34 of Financial for details.

Diversity

The Board of Directors of OLP Modaraba continues to have a firm commitment to policies promoting diversity, equal Opportunity and talent development at every level throughout the Modaraba, including at Board and management level and is constantly seeking to attract and recruit highly qualified candidates for all positions in its business. We believe that diversity at the Board level acts as a key driver of Board effectiveness, helps to ensure that the Modaraba can achieve its overall business goals. The Board of Directors also firmly believes that the diverse mix of gender, knowledge, expertise and skill sets of the members enhances the effectiveness of the Board.

In this regard, OLPM's Board ensures that a diverse mix of directors are elected on the Board, which represent the interests of all stakeholders. The Board composition will meet the minimum requirement of the applicable laws. The Board will have adequate female representation. The Board will have such directors who bring along with themselves diverse skill sets pertaining to Islamic financial matters, legal and human resources etc.

Disclosure of director's interest in significant contracts and arrangements.

In order to avoid any known or perceived conflict of interest, formal disclosure of vested interests is encouraged under the Code of Business Ethics and the Policy for Conflict of Interest relating to Board of Directors, approved by the Board. The Code and the Policy comprises of not only the principles provided under the regulatory requirements but encompasses global best practices as well. The board members are responsible for appropriate self-disclosure in a transparent manner and in the case of doubtful situation, are advised to discuss it with the chair of the meeting for guidance. Board members' suggestions and comments during their proceedings are accordingly recorded for evaluation, in addition to description and quantification of any foreseen conflict of interest prior to finalization of the proceedings' agenda.

Policy for Remuneration to Non-Executive Directors:

The Board of Directors has approved a 'Remuneration Policy for Directors and its committees', the salient features of which are:

- The Modaraba will not pay any remuneration to its non-executive directors except as meeting fee for attending the Board and its Committee meetings as approved by the Board.
- The Modaraba will not pay any remuneration to the Chief Executive and other Directors for attending the meeting, who work whole time on remuneration for the company.
- The Remuneration of an Independent Director for performing additional responsibilities shall be determined by the Board.

Retention of board fee by the executive director earned by him against his services as non-executive director in other companies.

The executive directors is authorized to retain board fee earned by them against provision of their services as non-executive directors in other companies. To be discuss with MS.

Foreign Directors

The Modaraba as a matter of policy has a practice that a person qualifying the Fit & Proper criteria of SECP shall be appointed as director of Modaraba. Moreover in case of appointment of any foreign director, the appointment is based on the clearance from Ministry of Interior of Pakistan.

Board meetings held outside Pakistan

During the year 04 Board meetings were held and no meeting was held outside the Country.

Human Resource Management Policies

HR management policies are essential for sustaining viable businesses. HR policies assist organizations in establishing & maintaining consistent practices in the workplace. It is the way of communication with employees and managers in regard of desired performance and behavior. OLPM have the following HR management policies:

- Day Care Policy
- Education Assistance Policy
- Employee Discipline Policy
- Employee Equal Opportunity, Diversity & Dignity at Work Policy
- Employee Grievance Policy
- Employee Responsibility Policy
- Hospitalization & LifeTakaful Policy
- Leave Policy
- Local Relocation Policy
- Management Responsibility Policy
- Performance Management and Promotion Policy
- Reward Policy
- Sexual Harassment Policy
- Speak Up Policy
- Spot Award Policy
- Subsidy Policy

Succession Plan



Succession planning ensures smooth replacement of critical positions at management and technical level in OLP Modaraba OLPM. The purpose of succession planning is to identify and prepare candidates to take over key positions at all levels that becomes vacant due to resignation, retirement or death of an employee. OLPM conduct succession planning meeting every year for critical resources where as for non critical resources meeting is held once in three years. This helps in identifying successors for all roles. In this way, it provides continuity to leadership and can avoid extended and costly vacancies for key position. Sourcing of successors is first performed within OLPM and in the event no potential candidate is available an external recruitment effort is conducted. Successors which are identified in the session is equipped with all necessary trainings and assignments to make him/ her to take over the role.

Social and environmental responsibility



The OLP Modaraba has formulated an efficient policy for Social and Environmental responsibilities which lays down the Modaraba 's commitment towards creating a more equitable and inclusive society by supporting processes which lead to sustainable transformation and social integration. Our primary focus of social responsibility is to craft business policies that are ethical, equitable, environmentally conscious, gender sensitive and also takes care of the differently-abled. The Modaraba ensures that all social and environmental dimensions are considered when developing its strategies, policies, practices and procedures, for details of social and environmental initiative taken by Modaraba refer the section.

Communication with stakeholders



OLP Modaraba is fully committed to develop effective working relationships with all our stakeholders. Throughout all its business dealings, The Modaraba has provided stakeholders with opportunities to provide meaningful input into management decision-making. The Modaraba endeavors to provide full and fair disclosure of all material information to its stakeholders besides providing a wide range of information about strategy and financial information through its Annual Report and website for all stakeholders.

Investor Grievance Handling



At OLP Modaraba we value our relationships the most and believe in nurturing the bonds formed at all levels. We have earned the trust of our investors and are fully committed to sustain it. The Board is committed to ensure that we continue to engage effectively with our investors. The potential investors and certificate holders of OLPM have full access to obtain information relating to Modaraba's operations in addition to the queries raised specifically relating to their investment, dividend distribution and circulation of statutory notices and reports. The Modaraba endeavors for prompt resolution of the queries and provision of required information in accordance with provisions of the law.

Employee health, safety and protection



OLPM has always taken necessary precautions to ensure health and safety of its staff and to offer sustained and persistent services to our customers with a safe environment. In this regard, each year the Modaraba took various initiative relating to employee health i.e. Medical Camp, Health and life insurance policy for all employee etc. for detail, refer relevant section.

Whistle blowing policy including mechanism to receive and handle complains in a fair and transparent manner and providing protection to the complainant against victimization and reporting in Audit Committee's report

In view of our commitment to create an atmosphere where people can freely communicate their concerns or raise an alert against possibility of occupational fraud, non-compliance with Modaraba's policies, Code of Conduct and regulatory framework, an effective Whistle Blowing Mechanism has been implemented. This policy is designed to enable all officers and employees of the Modaraba to raise complaints at designated platform. The Modaraba is committed to achieving and maintaining the highest standards of openness, integrity, ethical values and accountability. Hence it expects all of its employees to do the same. In the interest of the Modaraba, it is the responsibility of every employee to ensure that any inappropriate event does not occur and if occurred, the same is reported at relevant forum in the Modaraba.

All those who come in the ambit of Whistle Blowing Policy are encouraged to participate without fear of reprisal or repercussions, in confidentiality, under defined reporting channels. Such communications are investigated independently and reported at the highest level.

An inappropriate event could be any behavior, action or incident that compromises the interests of shareholders, investors, client or any other stakeholder. It is also mission-critical to maintain a good corporate image, thus raising standards of corporate governance.

Safety of records of the company



The Modaraba encourage paperless environment and documents are archived electronically to safeguard the records as well optimizing storage spaces. However, the Modaraba has also established process for safety of records extends beyond the regulatory requirements and the Modaraba makes a conscious effort for the safety of all its records. The records include books of accounts, documentation pertaining to secretarial, legal, contractual, taxation and other matters. The process for Safety of Records consists of the following points:

- 1). To ensure and maintain digital back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records.
- 2). Maintenance of a fire-proof vault for the safekeeping of legal documents and conduct trainings to deal with fire hazards.
- 3). Real-time back up of data at on and off-site locations.

Board review statement of the organization's business continuity plan or disaster recovery plan

The Board of Directors ensures that the Company has an updated Business Continuity and Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extra ordinary circumstances. The Comprehensive plan is designed to ensure the protection of overall company's operations and assets along with Regular archival and system-backups at remote sites. The Board has ensured that management has put in place adequate systems of IT Security, real-time data backup, off-site storage of data backup, establishment of disaster recovery facility (alternate Data Centre) and identification of critical persons for disaster recovery. It has also ensured that the disaster recovery plan is regularly tested to ensure the readiness of the IT systems in case of any disaster.

Statement on the Management's responsibility towards the preparation and presentation of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Approved Accounting Standards as applicable in Pakistan which include keeping proper books of account of the Modaraba as required by Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. The balance sheet, profit and loss account and the statement of comprehensive income together with the notes thereon of the Modaraba have been drawn up in conformity with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981.



IT GOVERNANCE AND CYBERSECURITY

The Board responsibility statement on the evaluation and enforcement of legal and regulatory implications of cyber risks and the responsibilities of the board in case of any breaches.

The OLPM IT governance is based on internal policies that are developed in line with the Regulatory requirements that are monitored by IT Steering Committee and Board of Directors. These policies helps in monitoring the IT risks related to operations hence ensuring smooth business. In addition, The Modaraba has also taken sufficient measures to ensure its network security and has implemented stringent controls to protect its data privacy.

Disclosure related to IT governance and cybersecurity programs, policies and procedures and industry specific requirements for cybersecurity and strategy in place.

We have at OLPM comprehensive Information & Cyber Security policies and procedures in place. Information security is holistically practiced and IT strategy plan is revised every three year.

Disclosures about how cybersecurity fits into the board's risk oversight function and how the board is engaging with management on this issue.

The Board's audit committee while performing risk oversight function also reviews and evaluates the IT risks. The budgets and capex for Network upgradation and strengthening security firewalls are approved by the Board, after detailed presentation by the management. Internal Audit department regularly and IT auditors on annual basis review the IT structure and network security audits, the results of which are presented to the Board's Audit Committee.

Disclosure that at least one board-level committee is charged with oversight of IT governance and cybersecurity matters and how the board administers its IT risk oversight function related to these risks.

The IT Steering Committee is responsible for reviewing, recommending IT infrastructure and strategies to the Board.

Disclosure about Company's controls and procedures about an "early warning system" that enables the company to identify, assess, address, make timely disclosures and timely communications to the board about cybersecurity risks and incidents.

The Modaraba has aligned itself to efficient use of Information Technology resources in achieving its operational and strategic objectives while increasing certificate holders' value. OLPM governs its information and systems using the measures set out below:

- Risk management
- Business ownership of risk
- Access control
- Use of information and systems
- Classification of information
- Physical protection of information
- Personnel management
- Monitoring of usage and
- Appropriate use.

Disclosure of policy related to independent comprehensive security assessment of technology environment, including third party risks and when last such review was carried out.

In addition to the internal audit review, each year an IT statutory audit was also carried out to ensure that adequate controls are in place to address the cyber security risks and to evaluate the overall company readiness regarding security incidents.

In addition to the internal audit review, each year an IT statutory audit was also carried out to ensure that adequate controls are in place to address the cyber security risks and to evaluate the overall company readiness regarding security incidents.

The Modaraba has an updated Disaster Recovery plan in place for the continuity of Company's business and operations in case of any extraordinary circumstances. The comprehensive plan is designed to ensure the protection of overall company's operations and assets along with regular archival and system-backups at remote site. The Disaster Recovery Plan is regularly tested to ensure the readiness of the IT systems in case of any disaster

Disclosure of advancement in digital transformation on how the organization has leveraged 4.0 Industrial revolution (RPA, Block Chain, AI, Cloud Computing etc.) to improve transparency, reporting and governance.

As part of our digital transformation, we have fortified our cybersecurity measures to protect sensitive data and maintain the highest standards of data governance. This ensures the safety and privacy of our stakeholders' information.

Additionally, Our commitment to transparency extends to our communication with stakeholders. We have implemented user-friendly digital platforms that provide real-time access to reports and key performance indicators, fostering a culture of openness and accountability.

By leveraging these Industry 4.0 technologies, we have not only improved our internal processes but have also fortified our relationships with regulators, investors, customers, and employees. We are dedicated to continuously embracing emerging technologies and setting new benchmarks in transparency, reporting, and governance.

Disclosure about education and training efforts of the Company to mitigate cybersecurity risks.

At OLPM, we believe that a well-informed and educated workforce is one of our strongest defences against cybersecurity risks. We are committed to maintaining the highest standards of cybersecurity education and training to protect our assets and the trust of our stakeholders. We have security controls in place and also we educate our staff how to remain secure in a digital world.



SHARIAH MECHANISM

A fundamental requirement of an Islamic financial institution is that its whole business practices and operations are based on Shariah rules and principles. Islamic finance derives its value proposition from the application of Shariah contracts in financial transactions that provide for different risks and return profile. Adherence to Shariah principles under such distinct contract preserves the validity and sanctity of any Islamic financial transactions.

In order to uphold these principles, OLPM has devised a proper mechanism for Shariah Governance. This mainly includes appointment of a Shariah Advisor who reviews and ensure that the business conducted, the transactions carried out and the investment made by OLPM are in accordance with Shariah principles and are in line with its prospectus duly approved by Religious Board of SECP. Moreover, OLPM has developed product program of each of its product offered,

which are duly reviewed and signed by the Shariah Advisor. All process flows of products are also approved by the Shariah Advisor. In addition, OLPM has a Shariah Internal Auditor who reviews the transactions on a regular basis to validate OLPM's compliance with Islamic principles.

Shariah Advisor Profile

Mufti Faisal Ahmed is the Shariah advisor of OLP Modaraba. He has experience as a teacher and visiting faculty at different Universities. He is a regular guest speaker on Islamic topics including Riba Free Banking, Zakat, etc. at different fora. In addition to his primary responsibility of being a teacher at Jamiatur-Rasheed since 2003, he is also assigned responsibility of Administration, Consultancy and delivering Fatawa at Shariah Consultancy for trade and finance under supervision of Dar-ul-Ifta Jamiat-ur-Rasheed.



SHARIAH ADVISOR'S REPORT

I have conducted the Shariah review of OLP Modaraba (Formerly ORIX Modaraba) [managed by OLP Services Pakistan (Private) Limited - Formerly ORIX Services Pakistan (Private) Limited], Modaraba Management Company for the year ended June 30, 2023 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles. The senior management and staff are well intentioned and cooperative in observing Shariah compliance in its true spirit.
- ii. During the year, OLPM arranged inhouse Shariah Compliance Training for its staff across three different offices via video conference call. The purpose of the training was to highlight the Shariah Compliance requirements related to product and services being offered by the OLPM. The target audience was new joiners but good number of experienced and senior members of the team also attend the training.
- iii. OLPM continues to hold interactive inhouse sessions in which Shariah Advisor provide guidance on Shariah compliance in Modaraba's process flows and other product related documentations to Senior Management Personnel. These initiatives were designed to enhance their understanding of Shariah compliance, fostering a culture of awareness within the organization.
- iv. OLPM continued to strengthen its relationship with country's premier Islamic Bank, a vital partner in the financial industry committed to adhering to Islamic principles and values. Our team held a consultation session with their Shariah advisors. The purpose of the open discussion was to share knowledge, and the resolution of complex Shariah-related queries. We worked together to find innovative solutions that uphold Islamic ethics while meeting the Bank's business objectives.
- v. The agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and the related conditions have been met.
- vi. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- vii. Profit sharing ratios conform to the basis and principles of scheme approved by SECP religious board.
- viii. During the period, no earnings were realized from the sources or by means prohibited by Shariah and funds credited to charity account were recovered from the clients as late payments charges and paid to Board approved charitable institutions accordingly.

Recommendation

It is again recommended to convert more OLPM clients to Islamic Insurance i.e. Takaful as soon as possible.

Conclusion:

In my opinion and best of my knowledge and information provided by the Modaraba management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

And Allah Taala knows Better & Perfect.

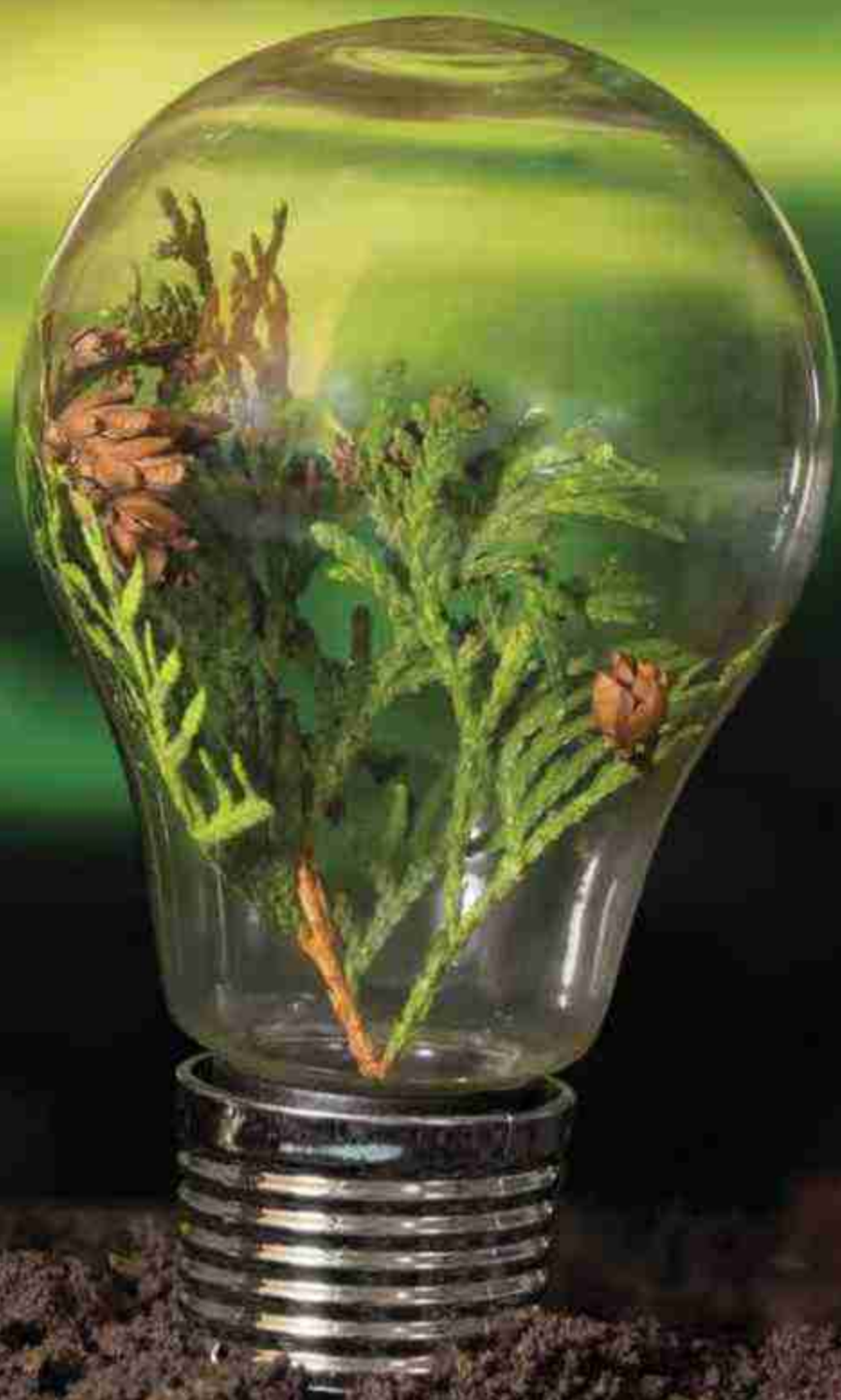
Mufti Faisal Ahmed

Shariah Advisor

Dated: 21ST Safar 1445 H / September 06, 2023



SUSTAINABILITY



SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

Board's statement for adoption of best practices for CSR.

At OLPM, we view Corporate Social Responsibility (CSR) as an integral component of our organizational ethics and commitment to sustainable growth. We recognize our responsibility to positively impact the communities and environment in which we operate, and we are dedicated to upholding the highest standards of ethical conduct and social contribution. With unanimous endorsement from our Board of Directors, we proudly announce the adoption of comprehensive CSR best practices that reflect our dedication to making a meaningful difference. This decision underscores our belief that business success must align harmoniously with societal well-being.

Board's statement about the company's strategic objectives on ESG (environmental, social and governance)/ sustainability reporting.

As stewards of OLP Modaraba, The Board remains steadfast in its commitment to fostering a sustainable and responsible business ecosystem. With the recognition that environmental, social, and governance (ESG) considerations are vital components of our corporate strategy, we are dedicated to integrating ESG principles into every face of our operations, aligning with our core values and the expectations of our stakeholders.

Highlights of the company's performance, policies, initiatives and plans in place relating to the various aspects of sustainability and CSR as per best business practices including:

Social Responsibility:

At OLPM, we are deeply committed to making a positive impact on the communities we serve through our sustainability agenda. Our initiatives are designed to empower and uplift communities across Pakistan. Our efforts span multiple areas, including healthcare, environment, gender equality, employee engagement, and community support.



Healthcare Initiatives:

Under the umbrella of sustainability, OLPM is dedicated to improving healthcare access. We have supported various healthcare projects, such as providing free healthcare services to patients in need, supplying essential medical equipment to hospitals, and contributing to infrastructure development. Our employees actively engage in community welfare projects, volunteering their time and effort to bring hope to communities.



Employee Engagement:

To reinforce our commitment, we have established committees like the Corporate Social Responsibility and Environment Committee, Carbon Reduction Initiative, Volunteering Committee, Well-Being Committee, and Support/Initiative Committee for Social Welfare. These committees drive our initiatives and ensure effective implementation.

Community Health and Wellness:

In collaboration with Chughtai Lab, OLPM organized a Health & Wellness Day for employees within our office premises. This event provided employees with free basic tests, discounted medical tests, and consultations with a General Physician. Additionally, we conducted a Breast Cancer awareness campaign, including informative sessions by professional Oncologists, demonstrating our focus on gender diversity and employee wellness.



Environmental Stewardship:

OLPM is committed to environmental protection and carbon emission reduction. We actively participate in Earth Hour, conserving electricity across our offices. Our transition to a paperless environment, coupled with technological advancements, has significantly reduced carbon emissions while also driving cost-efficiency.

Client Engagement:

We extend our commitment to environmental and social responsibility to our clients. Our products and services incorporate Environmental and Social Risk Assessments to ensure responsible business practices.

Employee Empowerment:

We prioritize gender equality and women's empowerment. On International Women's Day, OLPM celebrates female employees by distributing special giveaways. We also foster teamwork and wellness through activities such as a healthy cricket match organized in collaboration with ICAP at Dream World Resort.



Continuous Learning:

OLPM values employee development. Our instructive programs include visits to historical sites like Quaid-e Azam Flag Staff House Museum, enhancing knowledge and skills while celebrating national occasions.

Volunteering and Community Involvement:

We offer employees volunteering opportunities, enabling them to engage with non-profit organizations and contribute to the betterment of our communities. These activities not only foster growth but also enhance team engagement and capabilities.



Supporting Charitable Organizations:

Through financial assistance and support, OLPM actively contributes to charitable and non-profit organizations. Our focus is on improving children's health and education for underprivileged members of society.

OLPM remain steadfast in our commitment to social responsibility, and each initiative OLPM undertake reflects our dedication to creating a positive impact on society, the environment, and the lives of those around us.

Certifications acquired for best sustainability and CSR practices or have a membership of any environmental or social groups.

Despite of not acquiring any certification related to CSR, OLPM is always keen to adopt best CSR for maintaining in Health, Safety and Environment within its own operations. In addition, supporting causes that focus on social upliftment remain a focus area for the Modaraba through which it supports various communities in Pakistan.



TRAINING

OLP Modaraba strives to seek employee development programmes allows to acquire new skills, sharpen existing ones, perform better, increase productivity and to become better Leaders.

During the year 2022-2023 multiple training programmes on AML/CFT, IFRS-9, Shariah Audit, Import & Export External Training arranged by FPCCI. Training on Employment Laws and Incident Reporting & Investigation arranged by MAP.

OLPM Management also emphasized on wellbeing of employee's behaviors. Certification on Neuro-linguistic (NLP) programming introduced for targeted employee of Lexical Analysis and Morphological techniques.



MAP's inclusion module Reporting & Investigation Techniques
Tripartite Analysis
By Dr. Talib Barlas (19th June 2023) Karachi



COMPLIANCE IN HOUSE TRAINING AT OLP MODARABA HEAD OFFICE



AML/CFT IN HOUSE TRAINING AT OLP MODARABA HEAD OFFICE



STAKEHOLDERS







STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT



The main philosophy followed by the DLPM, has been to create value for all stakeholders through fair business practices. This translates into policies approved by the Board of Directors that ensures that systems and controls are in place so that Clients are treated fairly and full regard is taken of their interests as required by the entity's regulators.

DLPM maintains sound collaborative relationships with its stakeholders through engagement and provides a medium for clear, effective and consistent communication with all its stakeholders.

This helps to promote the reputation of the Modaraba and its management. Dialogues with investors, analysts and other stakeholders are also encouraged. Frequency of engagements is based on specific corporate requirements under the Code of Corporate Governance and with the objective to establish, promote and enhance the image of DLPM and its practices.

The table below acts as our statement by setting out the key stakeholder groups, their interests and how DLPM has engaged with them over the reporting period. However, given the importance of stakeholder focus, long-term strategy and reputation, these themes are also discussed throughout this Annual Report.

Stakeholder	Their interests	How we engage
 <p>Our employees</p>	<ul style="list-style-type: none"> • Training, development and career prospects • Health and Safety • Working conditions • Diversity and Inclusion • Human Rights • Fair pay, employee benefits 	<ul style="list-style-type: none"> • Workforce posters and communications • Ongoing training and development opportunities • Speakup procedures • Employee benefits packages • Staff Intranet
 <p>Our suppliers</p>	<ul style="list-style-type: none"> • Workers' rights • Supplier engagement and management to prevent: • Fair trading and payment terms • Sustainability and environmental impact • Collaboration • Long-term partnerships 	<ul style="list-style-type: none"> • Initial meetings and negotiations • KPIs and Feedback • Internal approval on significant changes to suppliers • Direct engagement between suppliers and specified Modaraba contact
 <p>Our Investors</p>	<ul style="list-style-type: none"> • Comprehensive review of financial performance of the business • Business sustainability • High standards of governance • Success of the business • Ethical behaviour • Awareness of long-term strategy and direction 	<ul style="list-style-type: none"> • Regular reports and analysis for investors and Certificate holders • Annual Report • Modaraba website • ARM • Stock exchange announcements • Dedicated investor relations resource for Certificate holder liaison
 <p>Our Clients</p>	<ul style="list-style-type: none"> • Timely and informative end to end service • Ease of access to information • Legal expertise • Timeliness • Safety • Data security 	<ul style="list-style-type: none"> • Client support service • Modaraba reports • Marketing and communications • Client feedback • Annual Report • ARM • Modaraba Website

 <p>Regulatory bodies</p>	<ul style="list-style-type: none"> • Compliance with regulations • Worker pay and conditions • Health and Safety • Brand reputation • Waste and environment • Insurance 	<ul style="list-style-type: none"> • Modaraba website • Stock exchange announcements • Annual Report • Direct contact with regulators • Compliance updates at Board Meetings • Consistent risk review
 <p>Community and Environment</p>	<ul style="list-style-type: none"> • Sustainability • Human Rights • Energy usage • Recycling • Waste Management • Community outreach and CSR 	<ul style="list-style-type: none"> • Philanthropy • Oversight of corporate responsibility plans • CSR initiative • Workplace recycling policies and processes

Issues raised at last ARM

Mr. Nadim D Khan was requested to chaired the meeting due to the absence of Chairman on account of some personal commitment. The decision was seconded by two other directors. The Chairman started the Annual Review Meeting by welcoming all the certificate holders of the Modaraba. Mr. Nausherwan Adil Chairman Audit Committee also joined the meeting to answers certificate holders questions on the Audit Committee's activities / Matters that are within the scope of the Audit Committee responsibilities. The MD/ CEO briefed the holders about the Modaraba's performance for the last financial year and also provided updates on how the management is working to safeguard the interests of the certificate holders and maximize their value creation. In addition to brief financial performance overview, the queries and concerns of certificate holders were also addressed appropriately in a question and answer session. The certificate holders appreciated the performance of the Modaraba. The Meeting was attended by the CEO, Directors, CFO, Company Secretary, Head of CRC, Head of Compliance and Legal & Head of Internal Audit. External Audit representatives also attended the meeting.

Encouragement of Minority Certificate holders to Attend the Annual Review Meetings

The Modaraba encourages its Certificate holders to attend the Annual Review Meetings. It circulates the notice of review meetings well within regulatory timeframe. Moreover, advertisement is published in Urdu and English newspapers.

The Modaraba timely updates its website with respect to all notices of Annual Review Meeting / Board Meetings / other Regulatory Compliances.

Investor Relations Section on Website

We are continuously exploring new opportunities to create further value for our certificate holders and investors to

give them a better return on their investments. The website of OLPM (www.olpmodaraba.com) is one such medium to generate awareness and provide reliable information to the investors. Detailed Modaraba information is provided on the website which includes but not limited to financial reports, investors notices/announcements, pattern of certificate holding, dividend declarations etc. The investor relations section is comprehensively covered on the website of OLPM which is regularly updated.

The Modaraba is also in full compliance with the SRO 634(I)/2014 dated July 10, 2014 issued by SECP regarding maintenance of functional website by listed companies. A Compliance Certificate by the Chief Executive under the said SRO is also placed on the website.

Summary of the analyst briefing, if any, taken place during the year

On 28 October 2022, a Corporate Briefing Session was organized by OLPM for its stakeholders, analysts. The detail of which can be viewed from OLPM website www.olpmodaraba.com

Highlights about redressal of investors' complaints.

The management of the Modaraba is committed to provide equal and fair treatment to all investors/certificate holders through transparent investor relations, increased awareness, effective communication, and prompt resolution of investors' / certificate holders' complaints. In order to promote investor relations and facilitate access to the Modaraba for grievance / other query registration, a specific 'investors' relations' section is also maintained for the purpose on the Modaraba's website. During the year under review no formal complaints was lodged by any certificate holder of the Modaraba.

Pattern of holding of certificates by the certificate-holders as at June 30, 2023

Number of Certificate holders	Certificate holding		Total Certificates held
	From	To	
1,492	1	50	27,882
606	51	100	44,253
3,530	101	500	1,059,653
1,039	501	1,000	810,775
1,152	1,001	5,000	2,621,453
206	5,001	10,000	1,551,927
335	10,001	9,076,706	39,267,587
8,360			45,383,530

Certificate-holders Category	Number of Certificate-holders	Number of Certificate Held	Percentage %
INDIVIDUALS	8,275	23,656,460	52.13
FINANCIAL INSTITUTIONS	11	8,227,729	18.13
INVESTMENT COMPANIES	-	-	-
INSURANCE COMPANIES	12	5,740,394	12.65
MODARABAS / MODARABA MANAGEMENT COMPANIES*	7	4,571,201	10.07
JOINT STOCK COMPANIES	32	2,090,186	4.62
OTHERS	23	1,089,378	2.40
	8,360	45,383,530	100.00

Categories of Certificate-holders	Number	Certificates held	Percentage
Associated Companies, Undertakings and Related Parties			
DLP FINANCIAL SERVICES PAKISTAN LIMITED		4,538,353	10.00
DLP SERVICES PAKISTAN (PVT.) LIMITED		4,538,353	10.00
	2	9,076,706	20.00
Mutual funds (name wise details)			
EDC - TRUSTEE NATIONAL INVESTMENT	1	3,677,560	8.10
Directors, CEO & their Spouse and Minor Children			
Mr. Shaheen Amin	1	100,000	0.22
Executives (To be filled by Company)			
	-	-	-
Public Sector Companies and Corporations			
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas	4	4,114,975	9.07
	22	1,630,392	3.59
Certificate-holders holding five percent or more certificates in the Modaraba (other than those reported above)	-	-	-

FUTURE OUTLOOK



9.01 Forward-looking statement in narrative and quantitative form including projections or forecasts about known trends and uncertainties that could affect the company's resources, revenues and operations in the short, medium and long term.

Our strategy remains maintaining the growth momentum, asset quality, increasing profitability and product mix. We aim to target new market niches and plan to enhance our exposure in high and mid-tier SME under the Diminishing Musharika structure and consumer market under an assurance-based model. Given the circumstances, We understand that we need to both agile and liquid and our processes need to be robust and effective to avoid any untoward risk taking. In line with the same, OLPM has a Principals Committee to assess and plan our behavior to the ever-changing operating environment. Amongst other things, OLPM also focuses on IT and system's transactional capability reach and easy to use efficient processes ensuring client's satisfaction by reducing turnaround time without compromising on the control environment. As the focus is to grow, acquiring and retaining the right quality of human resource will be critical. Accordingly, OLPM will also continue to invest in learning and development of its staff i.e., on the job learning, learning from others and formal training. We believe that Islamic financing has a bright future in Pakistan. We continue to contribute a fair share to the growth of Islamic financing in the country specifically targeting the SME sector. We are widely regarded for maintaining our thought leader status in the sector and to grow to be largest and most profitable Modaraba in Pakistan with our ability to shape the sectoral response and parameters.

9.02 Explanation as to how the performance of the company meets the forward-looking disclosures.

OLP Modaraba manages and monitors risk exposure very prudently. We have re-evaluated our entire portfolio to ascertain risks associated with our existing customers and adjusted risk classification of those customers accordingly. Credit policies have been further tuned accordingly to evaluate customers that are to be on-boarded in future. Stricter monitoring and data gathering is also in place for existing clients. While reviewing credit policies, due weightage is given to various geographies, business sectors and their ability to sustain any future business disruptions. Our sensible and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector while maintaining lowest NPL percentage since inception. We have also performed a thorough review of all departments' process flows to simplify them, enhancing efficient use of technology, reducing use of paper, providing appropriate training to staff, and maintaining high corporate governance standards.

9.03 Sources of information and assumptions used for projections / forecasts in the forward-looking statement and assistance taken by any external consultant.

The future projections and forecasts are made by making certain assumptions, keeping in mind the macroeconomic conditions, historical trends, and prospective developments, as well as other factors that might impact the Modaraba/Leasing Sector. The external information, such as macroeconomic factors, market dynamics, etc. is obtained through various publications and forums, such as IMF, World Bank, Asian Development Bank, SBP, ICAP, APCMA, PBC, etc. On the other hand, internal information is obtained through a collaborative effort of various departments within the Modaraba. To make future projections, the management makes use of their best judgment and estimates. Whereas, the Board critically analyzes the budgets and forecasts while finalizing strategic objectives and way forward for the Modaraba.

PERFORMANCE



OLP Modaraba

(formerly ORIX Modaraba)

KEY FINANCIAL DATA (Rupees in Million)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total assets	6,825	6,707	6,750	7,246	6,966	6,953
Portfolio	6,021	5,574	5,570	5,863	6,225	6,327
Total disbursements	2,782	2,693	2,419	2,199	2,682	3,742
Current assets	2,120	2,351	2,604	2,363	1,790	1,174
Total liabilities	5,648	5,569	5,592	6,072	5,806	5,836
Current liabilities	4,538	3,698	3,902	4,937	4,207	4,206
Financing from financial institutions	1,650	1,587	1,396	1,240	1,934	1,636
Redeemable capital and deposits	3,393	3,487	3,827	4,449	3,435	3,849
Certificate holders' fund (cum dividend)	598	566	592	615	608	601
Reserves	579	572	567	559	553	547
Certificate holders' equity	1,177	1,158	1,159	1,174	1,161	1,148
Revenues from operations (net off depreciation)	1,281	766	749	932	742	522
Financial charges	826	420	346	599	448	246
Impairment loss / (reversal) against doubtful debts	(6)	(7)	36	10	(4)	(2)
Net Profit	129	112	153	127	126	120
Dividend including Bonus certificates	91	91	132	113	113	113

SUMMARY OF CASH FLOW

Cash and cash equivalents at beginning of the year	514	769	1,036	433	409	368
Net cash generated from / (used in) operating activities	(22)	(93)	271	272	158	(916)
Net cash generated from / (used in) investing activities	53	16	37	52	18	9
Net cash generated from / (used in) financing activities	(165)	(178)	(577)	281	(152)	948
Net increase / (decrease) in cash and cash equivalents	(114)	(255)	(269)	605	24	41
Cash and cash equivalents at end year	400	514	769	1,038	433	409

Profitability Ratios

Profit before tax ratio	15.17	20.74	22.52	14.70	18.85	27.86
Gross Yield on Earning Assets	21.53	12.96	11.21	14.06	11.13	7.85
Gross Spread ratio	67.18	57.02	51.35	69.09	66.92	56.96
Cost/income ratio	52.75	51.86	51.76	54.51	51.33	50.24
Return on Equity	11.12	9.71	13.07	10.92	10.92	10.47
Return on Capital employed	2.25	1.93	2.52	2.10	2.14	2.24

Liquidity Ratios

Advances to deposits ratio	2.04	1.85	1.71	1.51	2.23	2.02
Current / Quick ratio	0.47	0.64	0.64	0.48	0.43	0.28
Cash to Current Liabilities	8.82	13.93	19.71	21.03	10.28	9.73

Investment /Market Ratios

Dividend Yield ratio	17.70	12.50	16.57	13.89	16.13	15.05
Dividend Payout ratio	70.48	81.37	86.29	89.02	90.01	94.32
Cash Dividend per certificate	20.00	20.00	29.00	25.00	25.00	25.00
Cash Dividend per certificate	2.00	2.00	2.90	2.50	2.50	2.50
Earnings per Certificate (EPC) basic and diluted	2.84	2.46	3.36	2.81	2.75	2.65
Break-up Value per share	25.93	25.09	25.53	25.88	25.57	25.29
Market value per certificate at the end of the year and high/low during the year	11.30	15.00	17.50	18.00	15.50	16.61
Market value per certificate - low	11.00	14.99	16.01	14.00	14.65	16.37

June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
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KEY FINANCIAL DATA (Rupees in Million)

Market value per certificate - high	17.18	19.28	21.50	18.50	20.25	24.49
Dividend Cover ratio	1.42	1.23	1.16	1.12	1.11	1.05
Price Earnings ratio	3.98	6.51	5.21	6.41	5.58	6.27
Price to Book ratio	0.44	0.64	0.63	0.70	0.61	0.66

Capital Structure Ratios

Earning assets to total assets ratio	94.09	90.78	93.91	95.24	95.56	95.88
Weighted Average cost of deposit	74.53	7.87	5.95	10.96	8.57	5.39
Net assets per share	26.92	25.09	25.53	25.88	25.57	25.29
Financial leverage ratio	3.86	4.04	4.01	4.35	4.07	4.15
Weighted average cost of debt	18.05	9.09	7.13	12.18	9.44	5.81
Debt to Equity ratio	1.60	1.79	1.52	1.11	1.71	1.47
Financial Charges Cover ratio	1.23	1.36	1.44	1.21	1.28	1.49

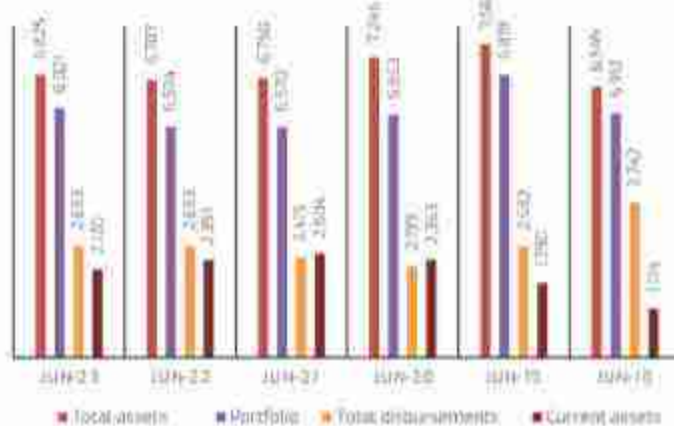
Revenue from Ijarah transaction is calculated on the basis rental income net off related depreciation for above ratios

Non performing portfolio

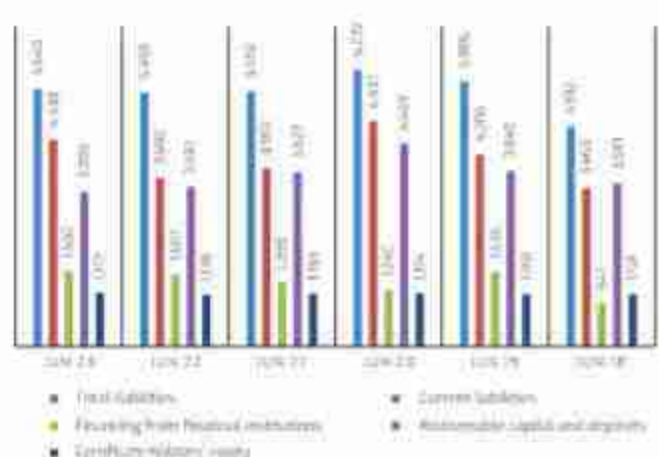
Ijarah	40.10	53.55	66.81	164.20	29.34	3175
Diminishing Musharaka	95.61	183.08	125.36	331.11	25.37	-
Housing Finance	-	-	-	2.12	-	7.43
Sukuks	57.70	57.70	57.70	57.70	57.70	57.70
Total	196.70	294.33	249.87	555.13	112.42	95.88

GRAPHS

ASSETS

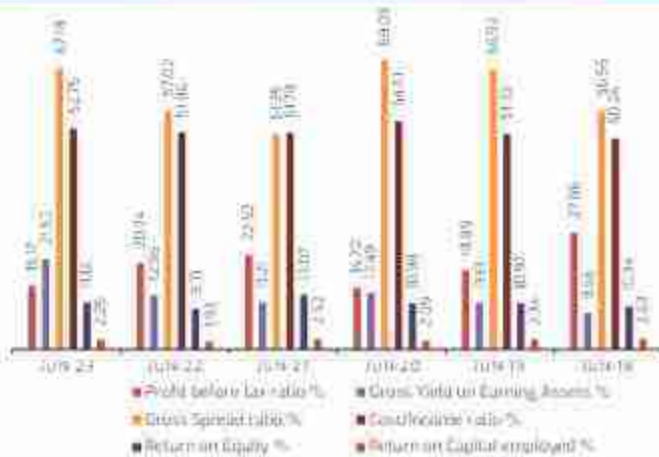


EQUITY AND LIABILITIES

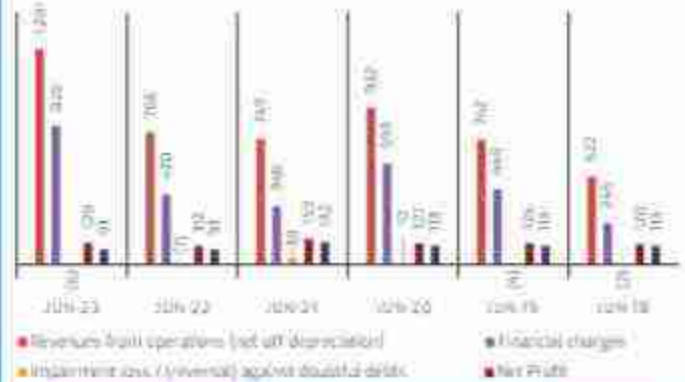


GRAPHS

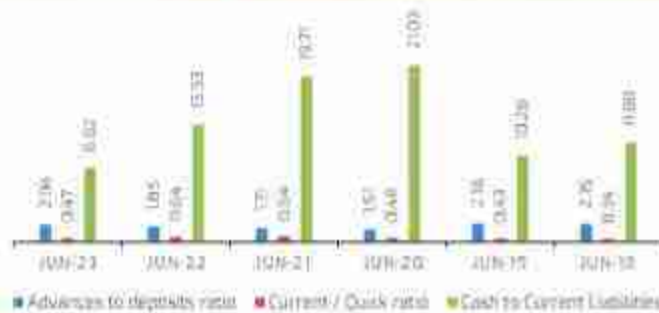
PROFITABILITY RATIOS



PROFIT AND LOSS



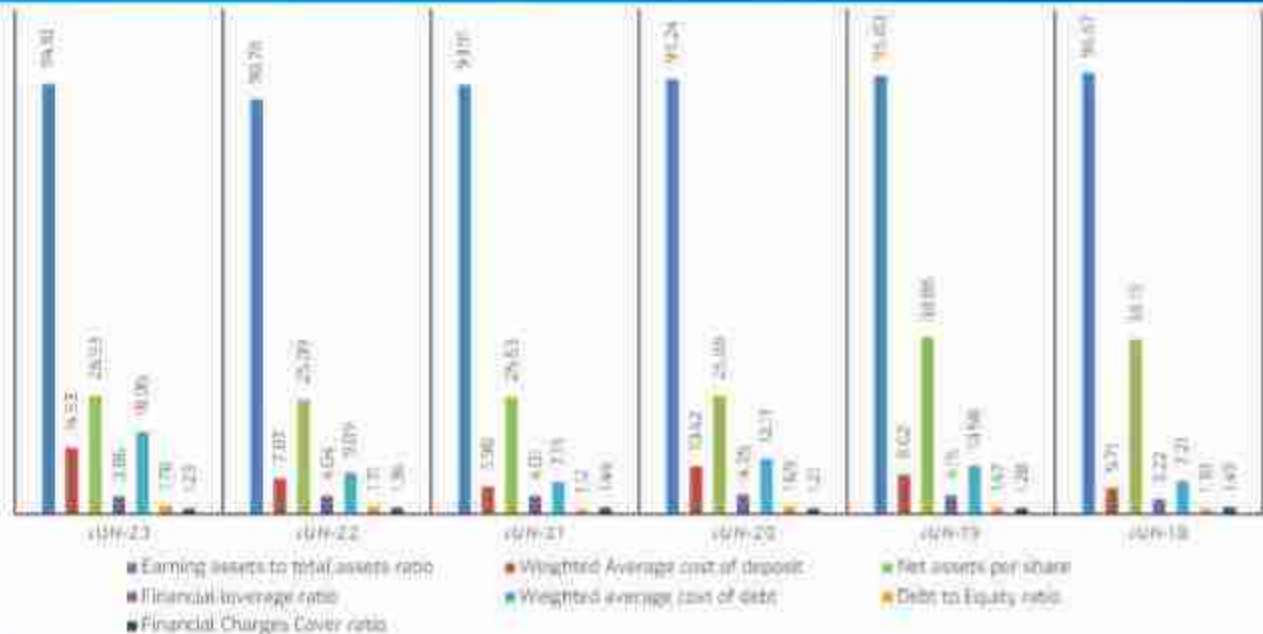
LIQUIDITY RATIOS



CASH FLOW



CAPITAL STRUCTURE RATIO



Comments on Key Ratios compared to last year

The financial year (FY) 2022-2023 faced political instability, high rate of inflation and Karachi Inter Bank Offer Rate (KIBOR) which caused the economy towards downfall but modaraba has still managed to maintain its position in the market.

Profitability Ratios

There was substantial increase in KIBOR rate during current FY which resulted in increase in gross revenue, consequently profit before tax ratio has been decreased and gross yield on earning assets has been increased. Gross spread ratio has been increased due to significant increase in financial charges, these are increased due to upward movement of KIBOR as stated above. Movement of KIBOR impact financial liabilities rapidly. However, it took almost six months to be translated this substantial increase in KIBOR into profit on assets as almost all our portfolio is on floating basis with majority of them repricing on biannually basis. Return on equity and return on capital employed has been increased due to efficient management of surplus funds and investing in avenues of variable rates, in current year modaraba invested its surplus funds in mutual funds.

Liquidity Ratios

Advance to Deposit ratio has been increased mainly due to replacement of short term COMs with long term musharakah finance. In Financial Services Modarabas, current ratio is always on lower side because as per Islamic Financial Accounting Standards (IFAS-2) ijarah assets are classified under non-current assets irrespective of rentals due within the next one year, as at June 30, 2023 rentals receivables and residual values due within the next one year amounted to Rs. 101 billion, further significant portion of the outstanding COMs have contractual maturities not exceeding one year but these customers are part of modaraba for many years and are roll forwarded after their contractual maturity.

Cash to current liabilities has been reduced due to less amount of bank balance as compared to last year because in current year we have placed surplus funds in mutual funds in order to achieve higher return.

Investment /Market Ratios

Price earning ratio and price to book ratio has been decreased due to decline in market price and this is due to instability of political conditions which affected the entire industry stock prices whereas on the contrary dividend yield ratio and earning per share has been increased because QLP Modaraba has managed to distribute the same dividend as of last year and despite of increased inflation political instability and increase in KIBOR rates QLP Modaraba has increased its profitability.

Capital Structure Ratios

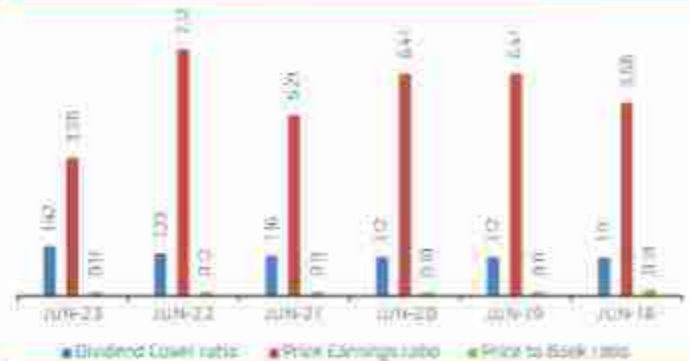
Weighted Average cost of deposit and debt is increased due to significant increase in KIBOR in current FY. Debt to Equity ratio has been improvised due to increase in profitability.

Non performing portfolio

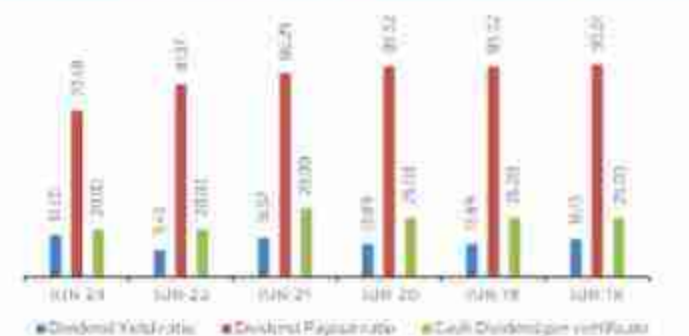
During current year we manage to recover from some long outstanding dues. However, despite uncertain economic conditions of the country, non performing portfolio has been decreased by 53.55% and it is due to recoveries made in current FY.

GRAPHS

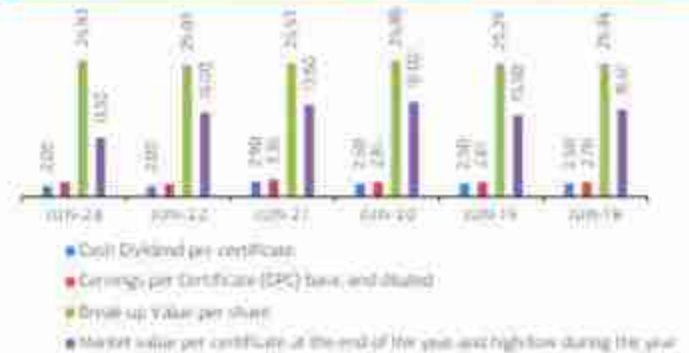
INVESTMENT/ MARKET RATIOS



INVESTMENT/ MARKET RATIOS



INVESTMENT/ MARKET RATIOS



HORIZONTAL ANALYSIS

Balance Sheet (%)

ASSETS

Current assets

Cash and bank balances	(22.15)	(33.14)	(25.92)	140.13	5.67	11.38
Loans and receivable - Term deposit receipts	-	-	-	-	-	-
Ijarah rentals receivable	(16.83)	9.02	(36.95)	59.45	4.34	11.79
Advances, deposits, prepayments and other receivables	(60.77)	45.95	88.50	(19.36)	107.80	220.87
Current portion of investment in Sukuk certificates	100.00	-	-	-	-	-
Current portion of Diminishing Musharika	2.35	(2.10)	34.76	(5.75)	87.10	453.04
Current portion of net investment in Ijarah finance	(100.00)	-	-	-	-	-
Taxation recoverable	-	(80.00)	13.94	10.15	0.02	0.04
Total current assets	(9.83)	(6.10)	5.95	32.03	52.45	98.70

Non-current assets

Loans and advances to employees	-	-	-	-	-	-
Long-term portion of investment in Sukuk certificates	19.34	23.25	(110.1)	10.72	5.13	115.43
Long-term portion of Diminishing Musharika	-	-	-	-	-	-
Long-term portion of net investment in Ijarah finance	(10.14)	(19.29)	(14.74)	(16.17)	(18.09)	(13.69)
Ijarah assets	88.15	100.00	-	-	-	-
Deferred Taxation	1.23	348.01	(26.65)	(31.71)	(51.13)	(30.29)
Fixed assets in own use	8.00	2.58	(13.04)	(5.66)	(10.44)	7.60
Total non-current assets	1.75	(0.64)	(6.85)	4.02	0.18	16.62

TOTAL ASSETS

LIABILITIES AND EQUITY

Current liabilities

Musharika finance	-	-	-	-	-	-
Murabaha finance	(56.54)	(33.93)	20.02	7.16	12.28	(27.95)
Current maturity of security deposits	11.87	23.58	(0.53)	(12.54)	50.98	15.06
Current maturity of Musharika term finance	(51.78)	(62.71)	(60.47)	(36.09)	(11.80)	3.56
Creditors, accrued and other liabilities	4.58	(10.63)	(24.14)	39.46	(11.89)	13.39
Advance Ijarah rentals received	112.22	100.00	-	-	-	-
Current portion of redeemable capital	0.88	2.37	(1.21)	4.25	10.34	11.05
Taxation payable	23.00	(5.44)	(20.96)	17.35	0.01	21.30
Unclaimed profit distribution	-	-	-	-	-	-
Total current liabilities	36.19	(6.26)	(10.94)	(18.53)	(16.87)	(7.30)

Non-current liabilities

Long-term portion of security deposits	(56.39)	13.62	40.41	(34.52)	5.71	38.87
Long-term portion of Musharika term finance	(56.82)	21.04	778.39	3.58	360.37	4,000.00
Long-term portion of redeemable capital	(40.94)	11.20	48.85	(29.01)	(0.03)	18.95
Total non-current liabilities	1.43	(0.41)	(7.91)	4.59	(0.00)	20.64

TOTAL LIABILITIES

CERTIFICATE HOLDERS' EQUITY

Authorised certificate capital

50,000,000 (2010: 50,000,000) certificates of Rs. 10 each

Certificate capital

Issued, subscribed and paid-up certificate capital

28,500,000 (2010: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash

16,883,530 (2010: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus certificates

Reserves

Unappropriated profit	1.12	0.98	1.36	1.18	1.15	1.11
	28.11	(18.59)	(14.52)	4.96	4.27	(5.30)
Total Liabilities and Equity	3.34	(1.73)	(1.35)	1.21	1.10	(0.19)

TOTAL LIABILITIES AND EQUITY

June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
(22.15)	(33.14)	(25.92)	140.13	5.67	11.38
-	-	-	-	-	-
(16.83)	9.02	(36.95)	59.45	4.34	11.79
(60.77)	45.95	88.50	(19.36)	107.80	220.87
100.00	-	-	-	-	-
2.35	(2.10)	34.76	(5.75)	87.10	453.04
(100.00)	-	-	-	-	-
-	(80.00)	13.94	10.15	0.02	0.04
(9.83)	(6.10)	5.95	32.03	52.45	98.70
-	-	-	-	-	-
19.34	23.25	(110.1)	10.72	5.13	115.43
-	-	-	-	-	-
(10.14)	(19.29)	(14.74)	(16.17)	(18.09)	(13.69)
88.15	100.00	-	-	-	-
1.23	348.01	(26.65)	(31.71)	(51.13)	(30.29)
8.00	2.58	(13.04)	(5.66)	(10.44)	7.60
1.75	(0.64)	(6.85)	4.02	0.18	16.62
-	-	-	-	-	-
(56.54)	(33.93)	20.02	7.16	12.28	(27.95)
11.87	23.58	(0.53)	(12.54)	50.98	15.06
(51.78)	(62.71)	(60.47)	(36.09)	(11.80)	3.56
4.58	(10.63)	(24.14)	39.46	(11.89)	13.39
112.22	100.00	-	-	-	-
0.88	2.37	(1.21)	4.25	10.34	11.05
23.00	(5.44)	(20.96)	17.35	0.01	21.30
-	-	-	-	-	-
36.19	(6.26)	(10.94)	(18.53)	(16.87)	(7.30)
(56.39)	13.62	40.41	(34.52)	5.71	38.87
(56.82)	21.04	778.39	3.58	360.37	4,000.00
(40.94)	11.20	48.85	(29.01)	(0.03)	18.95
1.43	(0.41)	(7.91)	4.59	(0.00)	20.64
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
1.12	0.98	1.36	1.18	1.15	1.11
28.11	(18.59)	(14.52)	4.96	4.27	(5.30)
3.34	(1.73)	(1.35)	1.21	1.10	(0.19)
1.75	(0.64)	(6.85)	4.02	0.18	16.62

VERTICAL ANALYSIS

Balance Sheet (%)

ASSETS

Current assets

Cash and bank balances	5.86
Loans and receivable - Term deposit receipts	-
Ijarah rentals receivable	1.52
Advances, deposits, prepayments and other receivables	2.37
Current portion of investment in Sukuk certificates	1.81
Current portion of Diminishing Musharika	19.49
Current portion of net investment in Ijarah finance	-
Taxation recoverable	-
Total current assets	31.06

Non - current assets

Loans and advances to employees	-
Long-term portion of investment in Sukuk certificates	43.08
Long-term portion of Diminishing Musharika	-
Long-term portion of net investment in Ijarah finance	-
Ijarah assets	23.85
Deferred Taxation	1.73
Fixed assets in own use	0.28
Total non-current assets	68.94

TOTAL ASSETS

LIABILITIES AND EQUITY

Current liabilities

Musharika finance	-
Murabaha finance	-
Current maturity of security deposits	1.02
Current maturity of Musharika term finance	-
Creditors, accrued and other liabilities	6.08
Advance Ijarah rentals received	0.02
Current portion of redeemable capital	39.81
Taxation payable	1.89
Unclaimed profit distribution	0.87
Total current liabilities	66.50

Non - current liabilities

Long-term portion of security deposits	6.25
Long-term portion of Musharika term finance	7.39
Long-term portion of redeemable capital	2.63
Total non - current liabilities	16.26

TOTAL LIABILITIES

CERTIFICATE HOLDERS' EQUITY

Authorised certificate capital

50,000,000 (2010: 50,000,000) certificates of Rs. 10 each

Certificate capital

Issued, subscribed and paid-up certificate capital

28,500,000 (2010: 28,500,000) certificates of Rs. 10 each

issued as fully paid in cash

16,883,530 (2010: 16,883,530) certificates of Rs. 10 each

issued as fully paid bonus certificates

Reserves

Unappropriated profit

TOTAL LIABILITIES AND EQUITY

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
ASSETS						
Current assets						
Cash and bank balances	5.86	7.57	11.39	14.33	6.21	5.88
Loans and receivable - Term deposit receipts	-	-	-	-	-	-
Ijarah rentals receivable	1.52	1.06	1.68	2.48	1.53	1.46
Advances, deposits, prepayments and other receivables	2.37	6.14	4.18	2.07	2.67	1.29
Current portion of investment in Sukuk certificates	1.81	-	-	-	-	-
Current portion of Diminishing Musharika	19.49	19.38	19.66	13.59	15.16	9.12
Current portion of net investment in Ijarah finance	-	0.01	0.01	0.01	0.01	0.01
Taxation recoverable	-	-	0.16	0.13	0.13	0.13
Total current assets	31.06	35.05	37.09	32.61	25.69	16.88
Non - current assets						
Loans and advances to employees	-	-	-	-	-	-
Long-term portion of investment in Sukuk certificates	43.08	36.73	29.61	30.99	29.12	27.75
Long-term portion of Diminishing Musharika	-	-	-	-	-	-
Long-term portion of net investment in Ijarah finance	-	-	-	-	-	-
Ijarah assets	23.85	27.00	33.24	36.32	46.07	65.12
Deferred Taxation	1.73	0.94	-	-	-	-
Fixed assets in own use	0.28	0.28	0.06	0.08	0.12	0.25
Total non-current assets	68.94	64.95	62.91	67.39	74.31	83.12
TOTAL ASSETS	100.00	100.00	100.00	100.00	100.00	100.00
LIABILITIES AND EQUITY						
Current liabilities						
Musharika finance	-	-	-	-	-	-
Murabaha finance	-	-	-	-	-	-
Current maturity of security deposits	1.02	2.39	3.59	2.79	2.71	2.41
Current maturity of Musharika term finance	-	-	-	-	-	-
Creditors, accrued and other liabilities	6.08	5.53	4.45	4.17	4.90	3.29
Advance Ijarah rentals received	0.02	0.05	0.14	0.32	0.62	0.59
Current portion of redeemable capital	39.81	38.74	43.07	52.89	39.45	44.85
Taxation payable	1.89	0.91	-	-	-	-
Unclaimed profit distribution	0.87	0.88	0.85	0.80	0.80	0.73
Total current liabilities	66.50	55.01	57.81	60.13	60.39	60.49
Non - current liabilities						
Long-term portion of security deposits	6.25	4.67	4.95	6.18	6.61	7.90
Long-term portion of Musharika term finance	7.39	17.15	14.99	9.95	15.80	14.92
Long-term portion of redeemable capital	2.63	6.20	3.09	0.54	0.54	0.12
Total non - current liabilities	16.26	28.01	25.03	15.66	22.95	23.00
TOTAL LIABILITIES	82.76	83.02	82.84	83.79	83.34	83.49
CERTIFICATE HOLDERS' EQUITY						
Authorised certificate capital						
50,000,000 (2010: 50,000,000) certificates of Rs. 10 each	7.33	7.45	7.41	6.90	7.18	7.19
Certificate capital						
Issued, subscribed and paid-up certificate capital						
28,500,000 (2010: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash	4.18	4.25	4.22	3.93	4.09	4.10
16,883,530 (2010: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus certificates	2.47	2.52	2.50	2.33	2.42	2.43
	6.65	6.77	6.72	6.26	6.51	6.53
Reserves						
Unappropriated profit	8.48	8.53	8.40	7.72	7.94	7.86
	2.11	1.67	2.04	2.23	2.21	2.12
	17.24	16.98	17.16	16.21	16.66	16.51
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

HORIZONTAL ANALYSIS

Profit and Loss

Ijarah finance income
Ijarah rentals earned
Profit on Mutual Funds
Income on Diminishing Musharika arrangements
Income on deposits with bank

Financial charges
Depreciation on assets under Ijarah arrangements
Impairment against Ijarah assets

Reversal of provision in respect of Ijarah finances - net
Provision in respect of Diminishing Musharika
Reversal / (Provision) in respect of other receivables

Other income
Administrative and operating expenses

Management Company's remuneration
Provision for services sales tax on Management
Company's remuneration
Provision for workers' welfare fund
Profit before taxation

Taxation

Profit after taxation

Other comprehensive income for the year

Total comprehensive income for the year

June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
-	-	-	-	-	-
(7.83)	(18.86)	(13.00)	(10.06)	(7.51)	1.37
100.00	-	-	-	-	-
90.57	22.37	(22.31)	35.30	149.19	37.99
72.16	(9.13)	(30.49)	189.51	47.26	4.71
23.89	(10.00)	(15.56)	(0.59)	3.76	3.30
96.42	20.83	(41.93)	33.83	81.98	20.81
(15.87)	(22.45)	(10.80)	(15.47)	(10.75)	2.06
(100.00)	(444.09)	(100.00)	-	(100.00)	(100.00)
25.58	(2.19)	22.53	21.08	19.36	(5.71)
(540.26)	(70.96)	100.00	(100.00)	(36.08)	(66.34)
(2,185.13)	(97.91)	381.33	(794.99)	(200.00)	(100.00)
(493.13)	(66.51)	(100.00)	-	-	-
26.69	10.84	13.26	14.36	19.94	(9.80)
5.99	(31.66)	11.33	(10.97)	(19.47)	55.35
26.08	2.58	7.21	14.88	9.48	7.10
21.67	2.26	19.66	1.11	4.79	1.78
21.67	2.26	19.66	1.11	4.79	1.78
21.67	2.26	19.66	1.11	4.79	1.78
13.87	102.86	19.66	1.11	4.79	(132.13)
21.99	0.20	19.66	1.11	4.79	(6.19)
39.64	(100.00)	-	-	-	-
15.45	(26.86)	19.66	1.11	4.79	(6.19)
-	-	-	-	-	-
15.45	(26.86)	19.66	1.11	4.79	(6.19)

VERTICAL ANALYSIS

Profit and Loss

Ijarah finance income
 Ijarah rentals earned
 Profit on Mutual Funds
 Income on Diminishing Musharika arrangements
 Income on deposits with bank

Financial charges
 Depreciation on assets under Ijarah arrangements
 Impairment against Ijarah assets

Reversal of provision in respect of Ijarah finances - net
 Provision in respect of Diminishing Musharika
 Reversal / (Provision) in respect of other receivables

Other income
 Administrative and operating expenses

Management Company's Remuneration
 Provision for services sales tax on Management
 Company's remuneration
 Provision for workers' welfare fund
 Profit before taxation

Taxation

Profit after taxation

Other comprehensive income for the year

Total comprehensive income for the year

June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
-	-	-	-	-	-
51.48	69.19	76.75	74.49	82.33	92.37
1.48	-	-	-	-	-
43.80	28.47	20.94	22.70	16.70	6.96
3.24	2.33	2.31	2.81	0.96	0.68
100.00	100.00	100.00	100.00	100.00	100.00
(43.52)	(27.45)	(20.44)	(20.73)	(22.08)	(12.59)
(35.22)	(51.86)	(60.18)	(56.97)	(67.00)	(77.89)
-	0.29	(0.07)	-	-	(0.02)
21.26	20.97	19.30	13.30	10.92	9.49
(0.97)	0.27	0.92	-	0.12	0.20
1.14	(0.07)	(2.92)	(0.51)	0.07	(0.08)
0.18	(0.06)	(0.15)	-	-	-
21.60	21.12	17.15	12.79	11.11	9.61
2.75	3.22	4.24	3.21	3.59	4.62
(12.85)	(12.62)	(11.07)	(8.72)	(7.55)	(7.15)
11.51	11.72	10.31	7.28	7.16	7.09
(1.15)	(1.17)	(1.03)	(0.73)	(0.72)	(0.71)
(0.15)	(0.15)	(0.13)	(0.09)	(0.09)	(0.09)
(0.38)	(0.41)	(0.18)	(0.13)	(0.13)	(0.13)
9.83	9.98	8.96	6.33	6.22	6.16
(3.04)	(2.70)	-	-	-	-
6.79	7.29	8.96	6.33	6.22	6.16
-	-	-	-	-	-
6.79	7.29	8.96	6.33	6.22	6.16

Cash Flow

For the year ended June 30, 2023 (By Direct Method)

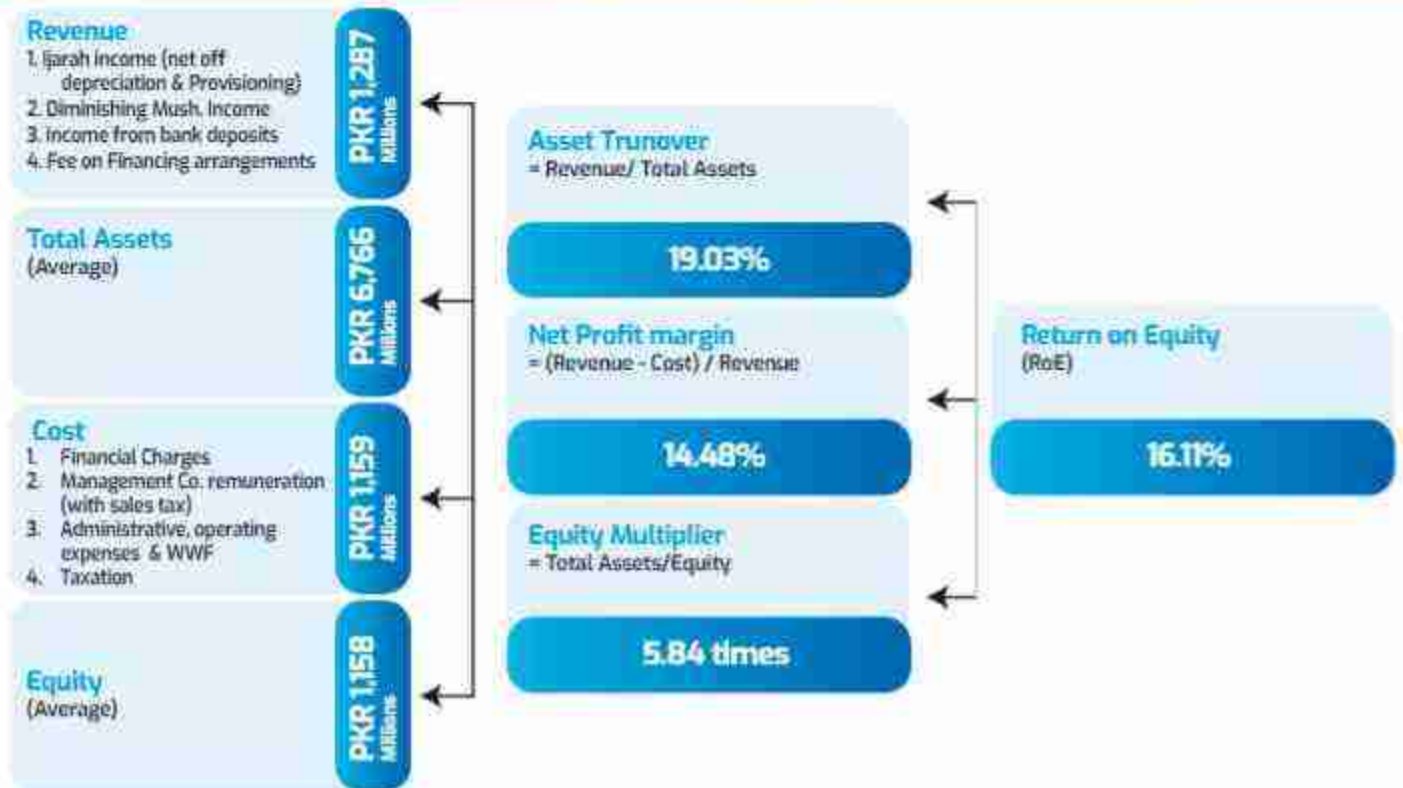
	June 30, 2023	June 30, 2022
	(Rupees)	
Ijarah Rental Collection	924,787,794	1,036,353,266
Diminishing Musharaka's repayment proceeds	1,476,561,784	1,520,952,062
Diminishing Musharaka's profit receipts	795,291,842	425,677,985
Ijarah Disbursements (net off security deposits)	(443,497,318)	(656,198,175)
Diminishing Musharaka disbursements	(1,789,583,379)	(1,943,027,809)
Net proceeds from Ijarah assets disposals	107,304,660	100,347,665
Financial charges paid	(723,895,323)	(321,372,136)
Management remuneration to management company	(27,249,727)	(17,545,831)
Salaries & staff benefits	(173,936,634)	(131,977,585)
Documentation fee & others from customers	29,536,976	29,625,972
Payments for operating expenses	(55,517,066)	(49,189,648)
Taxes, duties, levies, charity & advance payments	(42,299,526)	(86,947,002)
Investments	(100,000,000)	-
Net cash used in operating Activities	(22,495,917)	(93,301,215)
Net cash generated from investing activities	53,247,332	15,915,557
Net cash generated from financing activities	(144,645,840)	(177,495,029)
Net Cash generated	(113,894,425)	(254,880,687)
Cash & cash Equivalent at beginning of the year	514,148,625	769,029,312
Cash & cash Equivalent at end of the year	400,254,200	514,148,625

	June 30, 2023	June 30, 2022
	(Rupees)	
Free cashflows		
Net cashflow used in operating activities	(22,495,917)	(93,301,215)
Net funds from bank financing	62,905,711	189,553,829
Net movement in deposits	(117,300,000)	(236,800,000)
Fixed capital expenditure	(10,563,298)	(18,488,741)
	(87,453,504)	(159,036,127)

SEGMENT INFORMATION

	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Micro Finance	Total
	(Rupees)					
Segment revenues	-	852,367,384	1,003,665,661	93,018,259	-	1,949,051,304
Finance cost	-	549,336,282	216,265,903	59,045,412	-	825,517,597
Administrative and general expenses	-	178,544,992	70,294,470	79,484,491	-	268,323,952
Direct cost	-	-	568,082,365	-	-	568,082,365
(Reversal) / Provision-net	-	(21,628,044)	18,457,714	-	-	(3,170,330)
Other provision /(reversals) - net	-	-	-	(3,325,028)	-	(3,325,028)
Segment results	-	146,144,154	30,565,190	10,262,328	-	193,622,728
Provision for Workers' Welfare Fund	-	(5,426,880)	(1,135,000)	(381,079)	-	(7,189,575)
Provision for taxation	-	(43,572,821)	(9,100,450)	(3,055,496)	-	(57,549,344)
Profit for the period		108,058,213	22,599,739	7,587,911		128,784,409
Other information						
Segment assets	-	4,269,975,921	1,731,243,063	400,254,199	-	6,401,413,183
Unallocated assets	-	-	-	-	-	423,088,160
Total assets						6,824,501,343
Segment liabilities	-	3,129,803,503	1,766,672,125	284,281,242	-	5,180,756,870
Unallocated liabilities	-	-	-	-	-	467,200,040
Total liabilities						5,647,956,910
Capital expenditure	-	-	-	-	-	-
Depreciation	-	-	-	-	-	10,156,821
Unallocated Capital expenditure	-	-	-	-	-	-
Additions made to intangible assets	-	-	-	-	-	-
Unallocated depreciation and amortisation	-	-	-	-	-	10,156,821

Dupont Analysis



Statement of Charity Account

Description

2022 - 2023

--- Rupees ---

Names of Institutions

The Patients Behbud Society for AKU (Health Care)
 Layton Rehmatulla Benevolent Trust (Health Care)

1,000,000

1,000,000

2,000,000

Statement of Value added

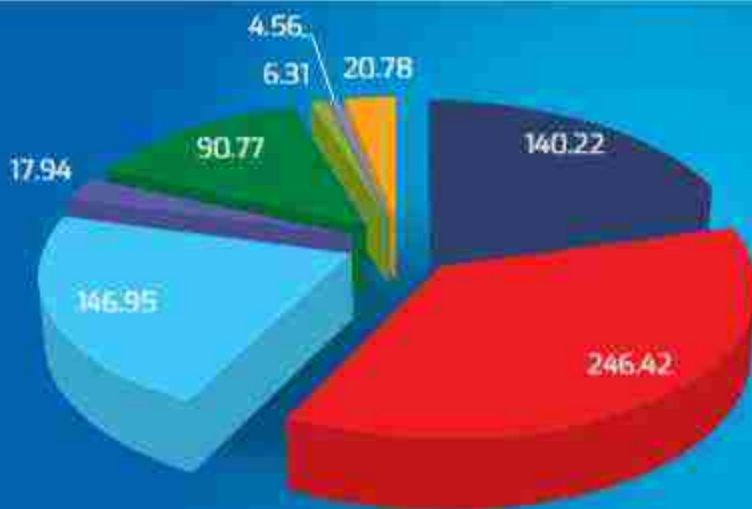
	2023 Rupees	%	2022 Rupees	%
Revenue from operations (net of depreciation of Ijarah assets)	1,228,762,565		737,024,621	
Other Income/ charges/reversal of provision for WWF	58,702,712		55,934,268	
	1,287,465,277		792,958,889	
Operating expenses	61,363,664		48,466,981	
Other charges	46,324,055		26,914,443	
Provision for services sales tax on management company's remuneration	2,837,777		2,332,448	
Value Added	1,176,939,781	100.00	715,245,017	100.00
Distributed as follows:				
To Employees As remuneration	172,136,634	14.63	140,223,899	19.61
To finance providers As profit on redeemable capital	429,514,180	36.49	246,421,284	34.45
As financial charges on Murabaha/Musharika	349,679,362	29.71	146,952,552	20.55
To Modarib As management company's remuneration	21,829,056	1.85	17,941,905	2.51
To Certificate-holders As profit on certificates	90,767,060	7.71	90,767,060	12.69
To Revenue Authorities As workers' welfare fund	7,189,975	0.61	6,314,425	0.88
As Taxation	57,649,344	4.90	41,284,910	-
Retained in Business As depreciation	10,156,821	0.86	4,560,685	0.64
As capital reserves and retained earnings	38,017,349	3.23	20,778,297	2.91
	1,176,939,781	100	715,245,017	94

2023



- As remuneration to employees
- As profit on redeemable capital
- As financial charges on Murabaha/Musharika
- As management company's remuneration
- As profit on certificates
- As workers' welfare fund
- As depreciation
- As capital reserves and retained earning

2022



- As remuneration to employees
- As profit on redeemable capital
- As financial charges on Murabaha/Musharika
- As management company's remuneration
- As profit on certificates
- As workers' welfare fund
- As depreciation
- As capital reserves and retained earning

FINANCIAL STATEMENT

A hand holding a gold pen is shown calculating on a calculator. The calculator is black with blue and green buttons. In the background, there is a blurred image of a notebook and a pair of glasses. Overlaid on the scene are several semi-transparent financial charts: a line graph with a downward trend in the top left, and a bar chart with several vertical bars of varying heights in the bottom right. The overall color palette is light blue and white.

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of OLP Modaraba (the Modaraba) as at June 30, 2023 and the related profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) In our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of OLP Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) In our opinion:
 - i) the balance sheet and profit and loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) In our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2023 and of the profit and other comprehensive income, its cash flows and changes in equity for the year then ended; and

(d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba Management Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated:

Engagement Partner: Junaïd Mesia

UDIN:

BALANCE SHEET

AS AT JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
(Rupees)			
ASSETS			
Current assets			
Cash and bank balances	5	400,254,200	514,148,625
Ijarah rentals receivable	6	103,759,046	124,785,394
Advances, deposits, prepayments and other receivables	7	161,625,207	411,973,563
Investments	8	123,858,681	-
Current portion of diminishing musharaka	9.4	1,321,802,595	1,299,571,276
Net investment in Ijarah finance	10.3	-	370,000
Total current assets		2,111,299,729	2,350,818,858
Non-current assets			
Long term portion of diminishing musharaka	9.4	2,948,113,326	2,453,313,926
Ijarah assets	10	1,627,562,155	1,811,054,254
Tangible assets	11	17,061,707	18,188,866
Intangible assets	12	2,194,932	833,934
Deferred taxation	13	118,347,633	62,900,127
Total non-current assets		4,713,279,753	4,386,291,107
TOTAL ASSETS		6,824,579,482	6,707,109,965
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	14	1,146,247,638	437,094,289
Current portion of security deposits	15	169,344,276	150,130,604
Creditors, accrued and other liabilities	16	415,240,194	371,190,724
Advance Ijarah rentals received		1,653,873	3,429,809
Current portion of redeemable capital	17	2,717,105,000	2,598,205,000
Unclaimed profit distribution		59,295,174	58,779,665
Taxation payable		129,117,535	60,840,457
Total current liabilities		4,638,003,690	3,689,670,548
Non-current liabilities			
Long term portion of term finance arrangements	14	503,762,218	1,150,009,856
Long term portion of security deposits	15	326,891,002	313,124,339
Long term portion of redeemable capital	17	179,500,000	415,700,000
Total non-current liabilities		1,009,953,220	1,878,834,195
TOTAL LIABILITIES		5,647,956,910	5,568,504,743
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (2022: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (2022: Rs. 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (2022: 28,500,000) certificates of Rs. 10 each fully paid in cash			
16,883,530 (2022: 16,883,530) bonus certificates of Rs. 10 each			
	18	285,000,000	285,000,000
		168,835,300	168,835,300
Revenue Reserve		453,835,300	453,835,300
Capital reserves	19	143,899,235	112,321,106
		578,888,037	572,448,816
		1,176,622,572	1,138,605,222
TOTAL LIABILITIES AND EQUITY		6,824,579,482	6,707,109,965

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 39 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited (Formerly DRIX Services Pakistan (Private) Limited
(Management Company of OLP Modaraba) (Formerly DRIX Modaraba)

SD

Chief Executive

SD

Director

SD

Director

SD

Chief Financial Officer

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
(Rupees)			
Ijarah rentals earned		976,425,361	1,059,394,777
Income on diminishing musharika arrangements		830,825,293	435,972,028
Dividend Income		28,069,036	-
Income on deposits with banks		61,525,261	35,736,589
		1,896,844,951	1,531,103,394
Financial and other charges	21	(825,517,597)	(420,288,280)
Depreciation on assets under Ijarah arrangements	10.1	(668,082,386)	(794,078,771)
Reversal of impairment on assets under Ijarah arrangements	10.1	-	4,369,096
		(1,493,599,983)	(1,209,997,955)
		403,244,968	321,105,439
(Provision) / reversal of provision in respect of Ijarah finances - net	6.2	(18,457,714)	4,192,429
Reversal of provision / (provision) in respect of diminishing musharika - net	9.3	21,628,044	(1,037,253)
Reversal of provision / (provision) in respect of other receivables	7.5	3,326,028	(846,020)
		6,496,358	2,309,148
		409,741,326	323,414,587
Other income	22	52,206,355	49,256,024
Administrative and operating expenses	23	(243,657,119)	(193,251,565)
		218,290,562	179,419,046
Management company's remuneration	24	(21,829,056)	(17,941,905)
Provision for services sales tax on the management company's remuneration	25	(2,837,777)	(2,332,448)
Provision for workers' welfare fund - net	16.3	(7,189,975)	(6,314,425)
		(31,856,808)	(27,618,778)
		186,433,754	152,830,268
Profit for the year before taxation		186,433,754	152,830,268
Taxation	26	(57,649,344)	(41,284,910)
		128,784,410	111,545,358
Profit for the year after taxation		128,784,410	111,545,358
Other comprehensive income for the year		-	-
Total comprehensive income for the year		128,784,410	111,545,358
Earnings per certificate - basic and diluted	27	2.84	2.46

The annexed notes from 1 to 39 form an integral part of these financial statements

For OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited
(Management Company of OLP Modaraba) (Formerly ORIX Modaraba)

SD
Chief Executive

SD
Director

SD
Director

SD
Chief Financial Officer

CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2023

	Note	June 30, 2023	June 30, 2022
(Rupees)			
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		186,433,754	152,830,268
Adjustments for non-cash and other items:			
Depreciation	23	9,498,506	4,380,307
Amortisation	23	658,315	170,378
Depreciation on Ijarah assets	10.1	668,082,386	794,078,771
Gain on disposal of Ijarah assets	22	(19,245,417)	(23,506,624)
Gain on disposal of tangible assets	22	(3,444,437)	(53,840)
Loss on disposal of intangible assets	22	20,475	-
Reversal of impairment on assets under Ijarah arrangements	10.1	-	(4,369,096)
Provision / (reversal of provision) in respect of Ijarah rentals receivable - net	6.2	18,457,714	(4,192,429)
(Reversal of provision) / provision in respect of other receivables	7.5	(3,326,028)	845,028
(Reversal of provision) / provision in respect of diminishing musharika - net	9.3	(21,628,044)	1,037,253
Write-off in respect of net investment in Ijarah finance	10.3	370,000	-
Income on bank deposits		(61,525,261)	(35,736,589)
Financial charges on:			
- Redeemable capital	21	429,514,180	245,421,284
- Term finance arrangements	21	324,746,184	124,509,068
Provision for services sales tax on the Management Company's remuneration		2,837,777	2,332,448
Provision for Workers' Welfare Fund - net		7,189,975	6,314,435
		1,352,206,325	1,172,241,384
		1,538,640,079	1,265,071,652
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		254,985,615	(130,018,798)
Ijarah rentals receivable		2,538,634	(7,062,934)
Investments		(123,858,681)	-
Diminishing musharika		(485,402,675)	(437,893,518)
Purchase of assets under Ijarah arrangements	10.1	(726,045,483)	(760,436,225)
Proceeds from disposal of assets under Ijarah arrangements		260,700,613	427,073,093
		(817,081,977)	(908,338,362)
Increase / (decrease) in liabilities			
Creditors, accrued and other liabilities		(17,593,765)	10,315,886
Advance Ijarah rentals received		(1,775,936)	(5,766,833)
Security deposits		22,780,335	(103,137,229)
		3,410,634	(98,588,176)
		724,968,736	258,145,094
Profit paid on:			
- Redeemable capital		(436,645,128)	(192,739,295)
- Term finance arrangements		(262,907,325)	(126,323,256)
		(699,552,453)	(319,062,551)
Payment against Workers' Welfare Fund		(3,092,428)	-
Taxes paid		(44,819,772)	(32,363,768)
Net cash used in operating activities		(22,495,917)	(93,301,216)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for tangible assets		(8,523,510)	(18,488,741)
Payment for intangible assets		(2,039,788)	(882,989)
Proceeds from disposal of fixed asset in own use		3,596,600	88,150
Income received on bank deposits		60,214,030	35,199,137
Net cash generated from investing activities		53,247,332	15,915,557
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		(117,300,000)	(236,800,000)
Term finance less repayments		62,905,711	189,553,829
Profit paid to certificate holders		(90,251,551)	(100,248,858)
Net cash used in financing activities		(144,645,840)	(177,495,029)
Net decrease in cash and cash equivalents during the year		(113,894,425)	(254,880,687)
Cash and cash equivalents at the beginning of the year		514,148,625	769,029,312
Cash and cash equivalents at the end of the year	35	400,254,200	514,148,625

The annexed notes from 1 to 29 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited (Formerly DRIX Services Pakistan (Private) Limited
(Management Company of OLP Modaraba) (Formerly DRIX Modaraba)

SD
Chief Executive

SD
Director

SD
Director

SD
Chief Financial Officer

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2023

	Issued, subscribed and paid-up certificate capital	Capital reserve		Sub-total	Revenue reserve	Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve (note 19)		Unappropriated profit		
(Rupees)							
Balance as at June 30, 2021	453,835,300	55,384,700	511,486,848	556,671,548	137,965,253	704,835,801	1,159,672,101
Total comprehensive income for the year							
- Profit for the year ended June 30, 2022	-	-	-	-	111,545,358	111,545,358	111,545,358
- Other comprehensive income for the year	-	-	-	-	-	-	-
Transactions with owners							
Profit distribution for the year ended June 30, 2021 @ Rs 2.90 per certificate declared subsequent to the year end	-	-	-	-	(131,612,237)	(131,612,237)	(131,612,237)
Transfer to statutory reserve	-	-	5,577,268	5,577,268	(5,577,268)	-	-
Balance as at June 30, 2022	453,835,300	55,384,700	517,064,116	572,448,816	112,321,106	684,769,922	1,138,605,222
Total comprehensive income for the year							
- Profit for the year ended June 30, 2023	-	-	-	-	128,784,410	128,784,410	128,784,410
- Other comprehensive income for the year	-	-	-	-	-	-	-
Transactions with owners							
Profit distribution for the year ended June 30, 2022 @ Rs 2.00 per certificate declared subsequent to the year end	-	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	6,439,221	6,439,221	(6,439,221)	-	-
Balance as at June 30, 2023	453,835,300	55,384,700	523,503,337	578,888,037	143,899,235	722,787,272	1,176,622,572

The annexed notes from 1 to 19 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited
(Management Company of OLP Modaraba) (Formerly ORIX Modaraba)

SD
Chief Executive

SD
Director

SD
Director

SD
Chief Financial Officer

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

1 STATUS AND NATURE OF BUSINESS

OPL Modaraba (‘the Modaraba’) was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by OPL Services Pakistan (Private) Limited (‘the Management Company’). The Management Company is a wholly owned subsidiary of OPL Financial Services Pakistan Limited.

The registered office of Management Company is situated at OPL Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi.

The Modaraba is operated through a head office in Karachi which is situated at 6th Floor, Syedna Tahir Saifuddin Trust Building, Beaumont Road, Civil Lines and two branches which are located in Lahore and Islamabad. The Lahore branch office is situated at office no. 08, Park Lane Tower, 172-Tufail road, Lahore Cantonment. The Islamabad branch is situated at Ground Floor, Phase 1, State Life Building No. 5, Nazimuddin Road, Blue Area, Islamabad.

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing Musharika. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA (2022: AA) and short term rating of A1+ (2022: A1+) to the Modaraba on March 03, 2023 (2022: March 03, 2022).

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 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.

The SECP, vide its letter No. SC/ M/ RW/ SCM /2009 dated March 9, 2009, allowed that in case of Modarabas, IFAS 2 shall be applied for Ijarah transactions executed on or after July 1, 2008. Accordingly, the Modaraba has accounted for Ijarah transactions executed before July 01, 2008 as finance leases and has treated the Ijarah transactions executed on or after July 01, 2008 in accordance with the requirements of IFAS 2.

2.3 Accounting convention

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

2.4 Critical accounting estimates and judgments

2.4.1 Use of estimates and judgments

The preparation of the financial statements in conformity with the approved accounting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. It also requires the management to exercise judgments in application of the Modaraba's accounting policies. The estimates, judgments and associated assumptions are based on the management's experience and various other factors that are believed to be reasonable under the circumstances. These estimates and assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Modaraba's financial statements or where judgments were exercised in the application of accounting policies are as follows:

- i) estimates of residual values, useful lives and depreciation methods of tangible assets, intangible assets and Ijarah assets (notes 4.6, 4.7, 10, 11 and 12);
- ii) classification, valuation and provision against non-performing leases, Ijarah portfolio, diminishing musharika, investments and other receivables (notes 4.2.1.1, 6, 7.5, 9.3, 10.1 and 10.4);
- iii) provision for Workers' Welfare Fund (note 16.3);
- iv) provision for sales tax on the Management Company's remuneration (note 25); and
- v) provision for taxation (notes 4.8 and 26).

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year

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

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

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purpose of cash flows statement, cash and cash equivalents comprise cash and bank balances and only those short term investments which are highly liquid and maturing within three months from the date of acquisition, which is readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value.

4.2 Financial instruments

4.2.1 Financial assets

4.2.1.1 Classification

The Modaraba classifies its financial assets in the following measurement categories:

- at amortised cost;
- at fair value through other comprehensive income (FVOCI); and
- at fair value through profit or loss (FVPL).

The classification requirements for debt instruments are described below:

Based on the business model assessment of the entity and the cash flow characteristics of the asset:

a) At amortised cost:

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest (SPPI), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 4.2.1.2.

b) Fair value through other comprehensive income (FVOCI):

Financial assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payments of principal and interest, and that are not designated at FVPL, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 4.2.1.2. Interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the profit and loss account. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit and loss account.

c) Fair value through profit or loss (FVPL):

Assets that do not meet the criteria for classification at amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value and is not part of a hedging relationship is recognised in the profit and loss account in the period in which it arises.

4.2.1.2 Subsequent measurement

Subsequent to initial recognition, financial assets are valued as follows:

a) Financial assets at fair value

Financial assets 'at fair value through profit or loss' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are taken to the statement of profit or loss in the year in which these arise.

Financial assets at fair value through 'Other Comprehensive Income' are marked to market using the closing market rates and are carried on the statement of financial position at fair value. Net gains and losses arising on changes in fair values of these financial assets are recognised in other comprehensive income.

b) Financial assets held at amortised cost

These are subsequently measured at amortised cost.

4.2.1.3 Impairment

The Modaraba assesses on a forward-looking basis the Expected Credit Losses (ECL) associated with its debt instruments carried at amortised cost and FVOCI. The Modaraba recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

- An unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
- The time value of money; and
- Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

The Modaraba applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for *ijarah* finance and diminishing *musharika*. A lifetime ECL is recorded on *ijarah* finance and diminishing *musharika* in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as on the reporting date. A 12 months ECL is recorded for *ijarah* finance and diminishing *musharika* which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Modaraba also considers reasonable and supportive forward looking information in determination of ECL. The allowance is increased by provisions charged to profit and loss account and other comprehensive income and is decreased by charge-offs, net of recoveries.

In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies.

The Modaraba Regulations, 2021 specifies a criteria for classification and provisioning of impaired assets. The Modaraba while recognising provision for impaired assets has considered the amount which is higher of (on a customer basis):

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

4.2.1.4 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

- the Modaraba transfers substantially all the risks and rewards of ownership, or
- the Modaraba neither transfers nor retains substantially all the risks and rewards of ownership and the Modaraba has not retained control.

The Modaraba enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.2.1.5 Regular way contracts

All regular way purchases and sales of financial assets are recognised on the trade date i.e. the date on which the Modaraba commits to purchase or sell the asset.

4.2.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are classified as subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit or loss, and
- Financial liabilities arising from the transfer of financial assets which did not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

4.2.2.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the profit and loss account.

4.2.3 Initial recognition

Financial assets and financial liabilities are recognised at the time when the Modaraba becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the profit and loss account.

4.2.4 Offsetting of financial assets and liabilities

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

4.2.5 Write-offs

The gross carrying amount of a financial asset is written off when the Modaraba has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Against each customer's outstanding exposure which stands as impaired, Modaraba makes an assessment with respect to the timing and amount of write-off based on the expectation of recovery. However, financial assets that are written off remain subject to legal enforcement activities for recovery of amounts due.

4.2.6 Diminishing musharika

It is a form of partnership in which the Modaraba and the customer create co-ownership in the asset by purchasing it jointly. The Modaraba then rents out its share of the asset to customers. Besides the payment of rentals, customer also purchases the asset from the Modaraba in installments. Hence at the end of the tenure, customer becomes sole owner of the asset.

4.3 Redeemable capital

The Modaraba offers only one deposit product, "Certificates of Musharika (COM)" under a scheme duly approved by the SECP vide its letter no. 7(04) Reg-Mod/95-449 dated April 4, 1995. The scheme of COM has been formulated under the parameters laid down for this purpose by the SECP in its "Guidelines for Issue of Certificates of Musharika for Modarabas" (the Guidelines) issued on September 7, 1994.

As per requirements of the Guidelines, the scheme of COM is based on the concept of "Musharika", hence it is classified as Redeemable Capital. The salient features of the COM are as follows:

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.
- Total profits after charging all expenses, provisions / impairments and the Management Company's remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Modaraba.

- The amount of profit allocated to the COM holders shall be shared between different category / tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.
- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their fund.

4.4 Advances, deposits and other receivables

Advances, deposits and other receivables are stated initially at fair value and subsequently measured at amortised cost.

4.5 Impairment of non-financial assets

The carrying amounts of assets are reviewed at each reporting date to determine whether there is any indication of impairment of any asset or a group of assets. If any such indication exists, the recoverable amount of that asset is estimated and impairment losses are recognised in the profit and loss account. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

4.6 Ijarah assets

Assets leased out under Ijarah arrangements are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Modaraba and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of profit or loss as and when incurred. The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at each reporting date.

Depreciation is charged to the statement of profit or loss applying the straight line method whereby the cost of an asset less residual value is depreciated over the estimated useful life of the asset. Depreciation is charged on additions from the month the asset is available for use and on disposals up to the month preceding the month of disposal. 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.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the statement of profit or loss, in the year in which these arise.

4.7 Fixed assets

4.7.1 Tangible fixed assets

4.7.1.1 Owned assets

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

Depreciation is charged to the profit and loss account on a straight line basis in accordance with the rates specified in note 11 to these financial statements and after taking into account residual values, if significant. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date. Depreciation is charged on additions from the month the asset is available for use and on disposals upto the month preceding the month of disposal.

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

4.7.1.2 Right-of-use asset and related lease liability (except Ijarah assets)

The Modaraba has occupied various offices under lease arrangements. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the profit and loss account. Short-term leases are leases with a lease term of 12 months or less.

At inception of a contract, the Modaraba assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Modaraba's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

4.7.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortisation is charged to the profit and loss account using the straight line method in accordance with the rates specified in note 12 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

Gains or losses on disposal of intangible assets, if any, are taken to the profit and loss account in the period in which these arise.

4.7.3 Capital work-in-progress

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

4.8 Taxation

Current

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credit and rebates, if any. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilised.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the profit or loss account, except where deferred tax arises on the items credited or charged to equity in which case it is included in equity or when they relate to items recognised in other comprehensive income in which case it is recognised in the other comprehensive income.

4.9 Creditors, accrued and other liabilities

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

4.10 Provisions and contingent assets and liabilities

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

Contingent assets are not recognised and are disclosed unless an inflow of economic benefits is virtually certain. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.11 Staff retirement benefits

The Modaraba operates

- i) a recognised provident fund for all eligible employees; and
- ii) an approved defined contribution gratuity scheme for all permanent employees.

Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees. Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit and loss account when these are due.

Investments out of the aforementioned funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

4.12 Revenue recognition

- The Modaraba follows the finance method for recognising income on Ijarah arrangements commencing on or after July 1, 2008. Ijarah rentals are recognised as income on accrual basis, as and when rentals become due. In case of Ijarah arrangements with staggered rentals, the income is recognised on a straight line basis over the Ijarah term.
- Unearned income in respect of non-remunerative security deposits is recognised on a straight line basis.
- Gains / losses on termination of Ijarah contracts are recognised as income as the difference between the proceeds realised from the customers on sale of Ijarah assets and the net book value at which such assets are carried at the time of termination.
- Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Modaraba Regulations, 2021 issued by the SECP.
- Documentation charges, front end fees and other Ijarah related income are taken to the profit and loss account on an accrual basis.
- Profit on Diminishing Musharika arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Dividend income is recognised when the Modaraba's right to receive dividend is established.
- Profit / return on deposits / investments is recognised on accrual basis.
- Income from Shariah non-compliant avenues is not recognised in the profit and loss account and is classified as charity payable.
- Income recoverable on classified Ijarah finance and diminishing musharika arrangements is recognised on a receipt basis.
- Other income is recognised on an accrual basis.

4.13 Proposed profit distribution to Modaraba certificate holders and transfers between reserves

Proposed profit distribution and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4.14 Earnings per certificate

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

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.

4.15 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani rupees, which is the Modaraba's functional and presentation currency.

4.16 Foreign currency transactions

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

4.17 Segment reporting

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

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

4.18 Commitments

Commitments are disclosed in the financial statements at committed amounts.

5 CASH AND BANK BALANCES

Balances with banks
 - in current accounts
 - in deposit accounts
 - in term deposit receipts
 Balance with the State Bank of Pakistan
 Cash in hand

Note	June 30, 2023	June 30, 2022
	(Rupees)	
	15,693,606	5,717,664
5.1	384,285,213	457,273,251
	-	50,000,000
	190,881	75,204
	84,500	81,506
	400,254,200	514,148,625

5.1 These carry profit at the rate ranging between 10.04% to 19.50% (2022: 9.64% to 12.75%) per annum.

5.2 The balances held with banks in deposit accounts have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

6 IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good - secured
 Ijarah rentals receivable - considered bad or doubtful
 Less: allowance for potential Ijarah losses
 Less: profit held in suspense

Note	June 30, 2023	June 30, 2022
	(Rupees)	
	103,759,046	124,755,394
6.1	48,454,351	27,569,069
6.2	(30,785,361)	(12,327,647)
6.3	(17,668,990)	(15,241,422)
	-	-
	103,759,046	124,755,394

6.1 This is netted-off with the related security deposits held as at the reporting date.

6.2 Allowance for potential Ijarah losses

Opening balance
 Provision / (reversal) for the year - net
 Closing balance

June 30, 2023	June 30, 2022
(Rupees)	
12,327,647	16,520,076
18,457,714	(4,192,429)
30,785,361	12,327,647

6.3 Profit held in suspense

Opening balance
 Reversal of income suspended during the year
 Suspended income during the year
 Closing balance

15,241,422	19,746,816
-	(4,505,394)
2,427,568	-
17,668,990	15,241,422

6.4 Ijarah includes Rs 40,095 million (2022: Rs 53,547 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.3.2 to these financial statements.

6.5 During the year the Modaraba has not availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP.

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	Note	June 30, 2023	June 30, 2022
----- (Rupees) -----			
Considered good			
Advances			
Advances against assets under Ijarah arrangements	7.1	12,394,884	136,967,466
Advances against assets under diminishing musharika arrangements	7.1	51,990,763	206,171,138
Deposits		1,060,000	1,060,000
Prepayments			
Prepaid commission for the sale of Certificates of Musharika (COM)	7.2	11,826,046	11,833,828
Other prepayments		2,793,425	7,508,226
Other receivables			
Accrued profit on deposit accounts and term deposit receipts		5,169,883	3,858,652
Accrued profit on diminishing musharika	7.3 & 7.4	75,182,778	39,649,327
Others		1,207,428	4,924,926
Considered doubtful			
Others		206,200	3,532,228
Provision for impairment loss against doubtful recoveries	7.5	(206,200)	(3,532,228)
		161,625,207	411,973,563

7.1 These represent amounts disbursed to various vendors for the supply or construction of assets against the financing to be extended by the Modaraba to its customers under Ijarah and diminishing musharika arrangements.

7.2 Commission in respect of the sale of COMs is being amortised over the maturity period.

7.3 This includes accrued profit from diminishing musharika related to key management personnel amounting to Rs. 0.605 million (2022: Rs. 0.139 million).

7.4 Accrued profit on diminishing musharika is as follows:

Accrued profit on diminishing musharika
Less: profit held in suspense
Closing balance

Note	June 30, 2023	June 30, 2022
----- (Rupees) -----		
	92,095,740	60,770,347
	(16,912,962)	(21,121,020)
	75,182,778	39,649,327

	Note	June 30, 2023	June 30, 2022
		(Rupees)	
7.5	Movement in provision during the year is as follows:		
	Opening balance	3,532,228	2,686,200
	(Reversal) / provision for the year	(3,326,028)	846,028
	Closing balance	206,200	3,532,228
8	INVESTMENTS		
	At amortised cost		
	Investment in sukuk certificates	8.1 57,701,835	57,701,835
	Less: provision in respect of sukuk certificates	-	(57,701,835)
	Less: write off made during the year	(57,701,835)	-
		-	-
	At fair value through profit or loss		
	Investment in mutual funds	123,858,681	-
		123,858,681	-
8.1	Movement in provision against Sukuk certificates		
	Opening balance	8.2 57,701,835	57,701,835
	Provision for the year	-	-
	Amount written off during the year	(57,701,835)	-
	Closing balance	-	57,701,835
8.2	Break-up of investment in sukuk certificates is as follows:		
	Investment in Sukuk certificates	-	57,701,835
	Less: provision held	-	(57,701,835)
		-	-
9	DIMINISHING MUSHARIKA		
	Staff - considered good		
	- Housing finance	93,264,073	62,928,839
	- Motor vehicles	42,155,284	24,467,656
	- Others	3,408,044	1,933,187
		9.1 & 9.2 138,827,401	89,329,682

Others - considered good

- Housing finance
- Motor vehicles
- Plant, machinery and equipment

Others - considered bad or doubtful

- Housing finance
- Motor vehicles
- Plant, machinery and equipment

Less: provision in respect of diminishing musharika

Note

	June 30, 2023	June 30, 2022
	(Rupees)	
	359,313,371	387,290,598
	1,578,611,124	1,464,938,707
	2,164,116,759	1,727,437,560
	4,102,041,254	3,579,666,865
	3,683,790	-
	23,267,047	56,299,464
	69,657,946	126,778,752
	96,608,783	183,078,216
	(67,561,517)	(89,189,561)
	4,131,088,520	3,673,555,520
	4,269,915,921	3,762,885,202

9.1 These represent finance provided to employees, officers and key management personnel of the Modaraba under diminishing musharika arrangement for renovation, construction and purchase of house, purchase of vehicles and other consumer durables. These carry profit at rates ranging between 18.32% to 25.17% (2022: 13.74% to 18.44%) per annum and are repayable on monthly basis over a maximum period of 20 years (2022: 20 years). The maximum aggregate amount due from officers and employees at any time during the year calculated by reference to month-end balance is Rs. 145,127 million (2022: Rs. 124,080 million).

9.1.1 This includes diminishing musharika facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 25,608 million (2022: Rs. 29,816 million), Rs. 18,164 million (2022: Rs. 9,996 million) and Rs. 0.601 million (2022: Rs. 0.616 million) respectively. These are secured against diminishing musharika assets.

9.2 Reconciliation of carrying amounts of finance provided to employees and officers under Diminishing Musharika arrangement

- Opening balance
- Disbursements during the year
- Transfer of resigned staff
- Receipts during the year
- Closing balance

	June 30, 2023	June 30, 2022
	(Rupees)	
	89,329,682	106,598,697
	88,075,914	31,686,254
	-	(4,235,115)
	(38,578,195)	(44,720,154)
	138,827,401	89,329,682

9.3 Movement in provision against Diminishing Musharika

- Opening balance
- (Reversal) / provision during the year - net
- Closing balance

	89,189,561	88,152,308
	(21,628,044)	1,037,253
	67,561,517	89,189,561

9.4 Break-up of diminishing Musharika between long-term and current portion is as follows:

Current portion of diminishing musharika
Less: provision held

Long-term portion of diminishing musharika
Less: provision held

June 30, 2023	June 30, 2022
(Rupees)	
1,385,236,732	1,333,903,806
(63,434,137)	(34,332,530)
1,321,802,595	1,299,571,276
2,952,240,706	2,518,170,957
(4,127,380)	(54,857,031)
2,948,113,326	2,463,313,926

9.5 During the year, the Mudaraba has not availed the benefit of forced sale value of assets held as collateral against non-performing diminishing musharika as allowed under the Mudaraba Regulations, 2021 issued by the SECP.

9.6 Diminishing musharika includes Rs 96.609 million (2022: Rs 183.078 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.3.2 to these financial statements.

9.7 Diminishing musharika carries profit at the rate ranging between 18.13% to 28.09% (2022: 10.04% to 21.16%) per annum.

10 IJARAH ASSETS

Ijarah contracts commencing on or after July 1, 2008
- accounted for under IFA5.2

Ijarah contracts prior to July 1, 2008
- accounted for as finance leases

Less: current portion of net investment in Ijarah finance

Note	June 30, 2023	June 30, 2022
(Rupees)		
10.1 & 10.2	1,627,562,155	1,811,054,254
10.3	-	370,000
	-	(370,000)
	-	-

10.1 Assets under Ijarah arrangements

The following is a statement of Ijarah assets:

At July 1, 2022

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Additions

June 30, 2023		
Ijarah assets		
Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
3,175,125,394	603,845,539	3,778,970,933
(1,591,342,336)	(363,150,103)	(1,954,492,439)
(12,949,261)	(474,979)	(13,424,240)
1,570,833,797	240,220,457	1,811,054,254
718,645,483	7,400,000	726,045,483

Disposals
Cost
Depreciation

Depreciation charge for the year
Closing net book value

At June 30, 2023

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Depreciation rate (% per annum)

At July 1, 2021

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Additions

Disposals
Cost
Depreciation

Depreciation charge for the year
Impairment during the year
Closing net book value

At June 30, 2022

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Depreciation rate (% per annum)

June 30, 2023		
Ijarah assets		
Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
(962,816,981)	(290,732,789)	(1,253,549,770)
780,794,390	231,300,184	1,012,094,574
(182,022,591)	(59,432,605)	(241,455,196)
(608,324,572)	(59,757,814)	(668,082,386)
1,499,132,117	128,430,038	1,627,562,155
2,930,953,896	320,512,750	3,251,466,646
(1,418,872,518)	(191,607,733)	(1,610,480,251)
(12,949,261)	(474,979)	(13,424,240)
1,499,132,117	128,430,038	1,627,562,155
16.67% to 50%	16.67% to 50%	

June 30, 2022		
Ijarah assets		
Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
3,490,006,914	1,217,342,443	4,707,349,357
(1,762,292,384)	(683,369,464)	(2,445,661,848)
(17,318,357)	(474,979)	(17,793,336)
1,710,396,173	533,498,000	2,243,894,173
721,355,725	39,080,500	760,436,225
(1,036,237,245)	(652,577,404)	(1,688,814,649)
818,443,999	466,804,181	1,285,248,180
(217,793,246)	(185,773,223)	(403,566,469)
(647,493,951)	(146,584,820)	(794,078,771)
4,369,096	-	4,369,096
1,570,833,797	240,220,457	1,811,054,254
3,175,125,394	603,845,539	3,778,970,933
(1,591,342,336)	(363,150,103)	(1,954,492,439)
(12,949,261)	(474,979)	(13,424,240)
1,570,833,797	240,220,457	1,811,054,254
16.67% to 50%	16.67% to 50%	

10.2 The Mudaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (2022: 2 to 6 years). Security deposits ranging between 0% to 55% (2022: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 19.29% to 27.28% (2022: 12.91% to 20.35%) per annum.

10.3 Net investment in Ijarah finance

Note	June 30, 2023			June 30, 2022		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	(Rupees)					
Minimum Ijarah payments receivable	-	-	-	1,264,599	-	1,264,599
Add: Residual value	-	-	-	370,000	-	370,000
Gross investment in Ijarah finance	-	-	-	1,634,599	-	1,634,599
Less: Unearned finance income	-	-	-	-	-	-
Allowance for potential Ijarah losses: 10.4	-	-	-	1,134,443	-	1,134,443
Suspended income: 10.5	-	-	-	130,156	-	130,156
Net investment in Ijarah finance	-	-	-	370,000	-	370,000

10.4 Allowance for potential Ijarah losses

	June 30, 2023			June 30, 2022		
	Specific	General	Total	Specific	General	Total
	(Rupees)					
Opening balance	1,134,443	-	1,134,443	1,134,443	-	1,134,443
Write-off during the year	(1,134,443)	-	(1,134,443)	-	-	-
Closing balance	-	-	-	1,134,443	-	1,134,443

As at June 30, 2023, Ijarah with outstanding principal amounting to Rs. nil (2022: Rs. 1,134 million) has been classified as non-performing as per the requirements of the Mudaraba Regulations, 2021 issued by the SECP.

10.5 Suspended income - Net Investment in Ijarah finance

	June 30, 2023	June 30, 2022
	(Rupees)	
Opening balance	130,156	130,156
Write-off during the year	(130,156)	-
Closing balance	-	130,156

10.6 Contractual rentals receivable - Ijarah contracts commencing on or after July 1, 2008

	June 30, 2023				June 30, 2022			
	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
	(Rupees)							
Rentals receivable	837,658,994	1,066,123,629	-	1,903,782,623	841,295,481	1,056,394,137	-	1,898,289,618
Residual value	170,077,902	326,843,473	-	496,921,375	163,511,507	319,122,821	-	482,634,328
Total future Ijarah payments receivable	1,007,736,896	1,392,967,102	-	2,400,703,998	1,005,406,988	1,375,516,958	-	2,380,923,946

10.7 Ijarah includes Rs 40,095 million (2022: Rs 53,547 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.3.2 to these financial statements.

10.8 During the year the Modaraba has not availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Modaraba Regulations, 2021 issued by the SECP.

11 TANGIBLE ASSETS

Note

June 30, 2023

June 30, 2022

(Rupees)

Tangible assets in own use

11.1

17,061,707

18,188,866

11.1 The following is a statement of tangible assets in own use:

	June 30, 2023				
	Tangible assets				Total
	Lease held improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	
	(Rupees)				
At July 1, 2022					
Cost	12,198,211	8,279,748	36,719,739	2,594,300	59,791,998
Accumulated depreciation	(11,409,910)	(6,835,618)	(20,763,304)	(2,594,300)	(41,603,132)
Net book value	788,301	1,444,130	15,956,435	-	18,188,866
Additions	-	-	2,054,010	6,469,500	8,523,510
Disposals					
Cost	-	-	(279,595)	(2,543,400)	(2,822,995)
Depreciation	-	-	127,432	2,543,400	2,670,832
	-	-	(152,163)	-	(152,163)
Depreciation charge for the year	(197,652)	(715,776)	(6,804,873)	(1,780,205)	(9,498,506)
Closing net book value	590,649	728,354	11,053,409	4,689,295	17,061,707
At June 30, 2023					
Cost	12,198,211	8,279,748	38,494,154	6,520,400	65,492,513
Accumulated depreciation	(11,607,562)	(7,551,394)	(27,440,745)	(1,831,105)	(48,430,806)
Net book value	590,649	728,354	11,053,409	4,689,295	17,061,707
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

	June 30, 2022				
	Tangible assets				
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	Total
(Rupees)					
At July 1, 2021					
Cost	11,277,508	5,946,242	21,896,467	2,594,300	42,714,517
Accumulated depreciation	(11,212,258)	(6,518,397)	(18,264,820)	(2,594,300)	(38,589,775)
Net book value	65,250	427,845	3,631,647	-	4,124,742
Additions	920,703	1,680,537	15,887,501	-	18,488,741
Disposals					
Cost	-	(347,831)	(1,064,229)	-	(1,411,260)
Depreciation	-	347,831	1,029,919	-	1,376,950
			(34,310)		(34,310)
Depreciation charge for the year	(197,652)	(664,252)	(3,528,403)	-	(4,390,307)
Closing net book value	788,301	1,444,130	15,956,435	-	18,188,866
At June 30, 2022					
Cost	12,198,211	8,279,748	36,719,739	2,594,300	59,791,998
Accumulated depreciation	(11,409,910)	(6,835,618)	(20,763,304)	(2,594,300)	(41,603,132)
Net book value	788,301	1,444,130	15,956,435	-	18,188,866
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

11.2 Included in the cost of tangible assets use are fully depreciated items which are still in use aggregating to Rs. 35.323 million (2022: Rs. 37.254 million).

11.3 Details of disposal of tangible assets are as follows:

Particulars	Cost of assets	Accumulated	Carrying value	Sales proceeds	Gain / (loss) on	Mode of disposal	Purchaser
(Rupees)							
Motor Vehicles	2,492,000	2,492,500	-	3,400,000	3,400,000	Negotiation	M/s. Toyota Central
	50,900	50,900	-	24,000	24,000	Negotiation	M/s. Faisal Auto
Office equipment, appliances and computer systems	182,595	30,432	152,163	187,600	154,37	Insurance Claim	M/s. Adanya Insurance Company Limited
	97,000	97,000	-	5,000	5,000	Negotiation	M/s. New Souda Electronics
2023	2,822,595	2,870,832	152,163	3,596,600	3,494,437		
2022	1,471,260	1,376,950	34,310	68,100	51,810		

12 INTANGIBLE ASSETS

Software

12.1 Opening balance

Cost

Accumulated amortisation

Net book value

Additions during the year

Disposals

Cost

Accumulated amortisation

Amortisation charge for the year

Closing net book value

Rate of amortisation

Closing balance

Cost

Accumulated amortisation

Net book value

12.2 Included in the cost of intangible assets use are fully amortised items which are still in use aggregating to Rs. 30.887 million (2022: Rs. 30.887 million).

13 DEFERRED TAXATION

Deferred tax - NET assets arising on deductible temporary differences

- Ijarah assets

- Tangible assets

- Intangible assets

13.1 Reconciliation of deferred tax asset

Deferred tax asset - opening balance

Recognised through the profit or loss account

Deferred tax asset - closing balance

14 TERM FINANCE ARRANGEMENTS

Musharika / wakala finance

Less: current portion of term finance arrangements

Long-term portion of term finance arrangements

Note

June 30,
2023

June 30,
2022

(Rupees)

12.1

2,194,932

833,934

31,770,056

30,887,067

(30,936,122)

(30,765,744)

833,934

121,323

2,039,788

882,989

(24,570)

-

4,095

-

(20,475)

-

(658,315)

(170,378)

2,194,932

833,934

33.33%

33.33%

33,785,274

31,770,056

(31,590,342)

(30,936,122)

2,194,932

833,934

Note

June 30,
2023

June 30,
2022

(Rupees)

99,740,516

53,948,565

5,086,633

2,139,882

13,520,484

6,811,680

118,347,633

62,900,127

62,900,127

-

55,447,506

62,900,127

118,347,633

62,900,127

14.1, 14.2 & 14.3

1,650,009,856

1,587,104,145

(1,146,247,638)

(437,094,289)

503,762,218

1,150,009,856

14.1 Musharika / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of profit payment	Tenor		Balance outstanding	
	June 30,		June 30,			June 30,		June 30,	
	2023	2022	2023	2022		2023	2022	2023	2022
	(Rupees)							(Rupees)	
Bank Alfalah Limited	87,500,000	262,479,999	0.4458-0.6199	0.7770-0.9420	Quarterly	3 years	3 years	81,500,000	262,479,999
Allied Bank Limited	600,000,000	600,000,000	0.4458-0.6199	0.2206-0.3422	Quarterly	3-5 years	3-5 years	58,261,995	600,000,000
Pakistan Mortgage Refinance Company Limited	246,167,855	331,070,949	0.2655-0.4533	0.3786-0.3659	Quarterly	3 years	3 years	246,167,855	331,070,949
Meezan Bank Limited	500,000,000	-	0.4405-0.6270	-	Quarterly	1 year	-	500,000,000	-
United Bank Limited	300,000,000	300,000,000	0.4426-0.5776	0.4184	Quarterly	3 years	3 years	300,000,000	300,000,000
								1,630,000,000	1,507,550,948

14.2 The aforementioned facilities are secured against exclusive hypothecation over specific movable Ijarah and diminishing musharika assets and the rentals / installments receivable in respect of such assets.

14.3 These carry profit at the rates ranging between 20.56% to 22.70% (2022: 6.52% to 15.66%) per annum.

15 SECURITY DEPOSITS

	June 30, 2023			June 30, 2022		
	Finance lease	Ijarah assets	Total	Finance lease	Ijarah assets	Total
	(Rupees)					
Security deposits (note 15.1)	-	388,269,302	388,269,302	370,000	404,544,141	404,914,141
Add: Unearned income (note 15.2)	-	107,765,976	107,765,976	-	68,340,802	68,340,802
Less: repayable / adjustable after one year	-	326,691,002	326,691,002	-	313,124,339	313,124,339
Current portion	-	169,344,276	169,344,276	370,000	159,760,604	160,130,604

15.1 These represent amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period. These are initially recorded at fair value and subsequently measured at amortised cost.

15.2 The unearned revenue is amortised on a straight line basis over the term of the lease.

16 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	June 30, 2023	June 30, 2022
		(Rupees)	
Remuneration payable to the Management Company	16.1	12,521,234	17,941,905
Profit payable on:			
- Redeemable capital	16.2	78,036,728	85,167,676
- Term finance arrangements		77,635,471	15,796,612
Accrued expenses		21,105,031	21,773,234
Amounts refundable to lessees		136,452,862	145,013,024
Commission payable on certificates of musharika		5,597,200	12,058,200
Provision for Workers' Welfare Fund	16.3	27,612,894	23,515,347
Provision for services sales tax on the Management Company's remuneration	25	26,599,392	23,761,615
Charity payable	16.4	681,637	197,685
Others		28,997,745	25,965,426
		415,240,194	371,190,724

16.1 Amounts due to OLP Services Pakistan (Private) Limited as at June 30, 2023 aggregated to Rs. 12,521 million (2022: Rs. 17,942 million).

16.2 This includes profit payable to key management personnel amounting to Rs. 2,661 million (2022: Rs. 0,979 million).

16.3 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby the Modaraba was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the year, the Modaraba has deposited the SWWF amounting to Rs 3,092 million (2022: nil) with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to June 30, 2023 in these financial statements on a prudent basis.

16.4 During the current year, donations paid out of the charity payable account include donation to Layton Rahmatulla Benevolent Trust Hospital amounting to Rs. 1 million (2022: Rs. 2 million) and an amount of Rs. 1 million (2022: Rs. 1 million) was donated to The Patients' Behbud Society for AKU.

17	REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED	Note	June 30, 2023	June 30, 2022
			(Rupees)	
	Certificates of musharika (COM)	17.1 & 17.1.1	2,896,605,000	3,013,905,000
	Less: current portion of redeemable capital	17.2	(2,717,105,000)	(2,598,205,000)
			179,500,000	415,700,000

17.1 These carry estimated share of profit ranging between Re. 0.3425 to Re. 0.5784 per thousand per day (12.5% to 21.1% per annum) (2022: Re. 0.3288 to Re. 0.4247 per thousand per day (12.0% to 15.5% per annum) and are due to mature latest by December 23, 2027 (2022: June 06, 2025).

17.1.1 This includes COM issued to key management personnel amounting to Rs. 28,450 million (2022: Rs. 22,550 million) at the rate ranging from 18.00% to 19.05% (2022: 13.75% to 13.80%) per annum.

17.2	Current portion of redeemable capital	Note	June 30, 2023	June 30, 2022
			(Rupees)	
	Current portion of certificates of musharika		2,455,900,000	2,495,500,000
	Payable to holders of matured certificates of musharika	17.2.1	261,205,000	102,705,000
			2,717,105,000	2,598,205,000

17.2.1 These represent amounts with respect to already matured certificates against which respective customer's request for encashment along with original certificates are pending.

18 CERTIFICATE CAPITAL

June 30, 2023		June 30, 2022	June 30, 2023		June 30, 2022
(Number of certificates)			(Rupees)		
Authorised certificate capital					
50,000,000	50,000,000	Modaraba certificates of Rs. 10 each	500,000,000	500,000,000	
Issued, subscribed, called-up and paid-up capital					
28,500,000	28,500,000	Modaraba certificates of Rs. 10 each fully paid in cash	285,000,000	285,000,000	
16,883,530	16,883,530	Issued as fully paid bonus certificates	168,835,300	168,835,300	
45,383,530	45,383,530		453,835,300	453,835,300	

18.1 Ordinary shares of the Modaraba held by related parties as at year end are as follows:

	2023		2022	
	(Percentage of holding)	(Number of certificates)	(Percentage of holding)	(Number of certificates)
OLP Services Pakistan (Private) Limited (the Management Company)	10.00%	4,538,353	10.00%	4,538,353
OLP Financial Services Pakistan Limited (the Holding Company)	10.00%	4,538,353	10.00%	4,538,353
Mr. Shaheen Amin (the Chairman of the Board of the Management Company)	0.22%	100,000	0.22%	100,000
Mr. Nadim D. Khan (a former director of the Management Company)	-	-	0.01%	6,049

18.2 There are no agreements with certificate holders for voting rights, board selection, rights of first refusal, and block voting.

19 CAPITAL RESERVES

Capital reserves include statutory reserves which represent profits set aside by the Modaraba to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time that reserves equal the amount of the paid up capital. Thereafter, a sum not less than 5% and not more than 20% of the after-tax profits is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs. 6,439 million (2022: Rs. 5,577 million) which represents 5% (2022: 5%) of the profit after taxation for the year.

20 CONTINGENCIES AND COMMITMENTS

20.1 There were no contingencies outstanding as at June 30, 2023 and June 30, 2022

20.2 Commitments

The Modaraba has issued letters of comfort to Habib Metropolitan Bank Limited on behalf of M/s. Pharmatec Pakistan (Private) Limited as at year end amounting to Rs. 83.80 million (June 2022: Rs. 83.80 million) for guaranteeing the payment against import of plant and machinery which will ultimately be given by the Modaraba to the customers against diminishing musharika or ijarah arrangements.

21 FINANCIAL AND OTHER CHARGES

Profit on redeemable capital
Profit on term finance arrangements
Commission
Unwinding of security deposits
Bank charges

Note:

	June 30, 2023	June 30, 2022
	(Rupees)	
	429,514,180	246,421,284
	324,746,184	124,509,068
	24,002,146	22,231,967
	46,324,055	26,914,443
	931,032	211,518
	825,517,597	420,288,280
	19,245,417	23,506,624
	29,536,976	25,695,560
	3,444,437	53,840
	(20,475)	-
	52,206,355	49,256,024

22 OTHER INCOME

Gain on disposal of ijarah assets
Documentation fee
Gain on disposal of tangible assets
Loss on disposal of intangible assets

23 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	June 30, 2023	June 30, 2022
(Rupees)			
Salaries and other staff benefits	23.1 & 28	172,136,634	140,223,899
Depreciation	11.1	9,498,506	4,390,307
Amortisation	12.1	658,315	170,378
Rent		10,153,288	6,412,150
Advertising, travelling and entertainment		2,617,379	1,818,180
Postage		1,721,220	1,635,763
Telecommunication		4,301,690	4,488,181
Printing and stationery		3,917,176	3,329,592
Legal and professional		5,464,244	5,472,830
Repairs and maintenance		15,685,284	11,797,204
Charges by holding company	23.2	612,428	600,047
Subscriptions		2,320,683	2,702,246
Auditors' remuneration	23.3	2,470,744	1,556,154
Certificate of Musharika trustee fee		749,690	814,670
Insurance - own assets		514,327	276,955
Sundry expenses		10,835,511	7,563,009
		243,657,119	193,251,565

23.1 Salaries and other staff benefits include Rs. 5,894 million and Rs. 4,910 million (2022: Rs. 5,409 million and Rs. 4,520 million) on account of the Modaraba's contribution to the staff provident fund and staff gratuity fund respectively.

23.2 This represents expense allocated by OLP Financial Services Pakistan Limited (OLPL) (Holding Company) on account of usage of OLPL's space, furniture, fixtures and office equipment in Islamabad by the Modaraba.

23.3 Auditors' remuneration

	June 30, 2023	June 30, 2022
(Rupees)		
Statutory audit fee	800,416	667,013
Half yearly review fee	228,690	190,575
Fee for review of compliance with the Code of Corporate Governance	87,410	63,525
Fee for other certifications and assistance in application of IFRS-9	1,029,000	427,657
Out of pocket expenses	142,210	92,113
	2,287,726	1,440,883
Sindh sales tax on services	183,018	115,271
	2,470,744	1,556,154

24 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2023 has been recognised at 10% (2022: 10%) of the profit for the year before charging such remuneration.

25 PROVISION FOR SERVICES SALES TAX ON THE MANAGEMENT COMPANY'S REMUNERATION

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on management remuneration, which is paid by the Modaraba to its Management Company under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, treating it as a fee and chargeable under the Sindh Sales Tax Act, 2011. The Modaraba, however, considers that the management remuneration is an allocation of profit under the Shariah principle of 'Modaraba' and therefore does not qualify to be treated as a fee and therefore does not attract any services sales tax.

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the SRB dated April 22, 2013 issued to the Management Company, the Modaraba has recorded a provision in respect of Sindh Sales Tax on the Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company had filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company contending that sales tax on the Management Company's remuneration is applicable. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The interim relief was reconfirmed by the Court in its Order dated November 5, 2018. The case is pending to date. However, the Modaraba has continued to recognise the provision for services sales tax on the Management Company's remuneration.

26 TAXATION

Current year
Deferred

26.1 Relationship between tax expense and accounting profit

Profit before taxation

Enacted tax rate

Tax calculated at enacted rate
- Impact of super tax
- Permanent differences

	June 30, 2023	June 30, 2022
	(Rupees)	
	113,096,850	104,185,037
	(55,447,506)	(62,900,127)
	57,649,344	41,284,910
	186,433,754	152,830,268
	29%	29%
	54,065,789	44,320,778
	7,457,350	6,113,211
	(3,873,795)	(9,149,078)
	57,649,344	41,284,910

27 EARNINGS PER CERTIFICATE - BASIC AND DILUTED	June 30, 2023	June 30, 2022
	(Rupees)	
Basic		
Profit for the year after taxation	128,784,410	111,545,358
	(Number)	
Weighted average number of certificates outstanding during the year	45,383,530	45,383,530
	(Rupees)	
Earnings per certificate	2.84	2.46

Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2023 and June 30, 2022 which would have any effect on the earnings per certificate if the option to convert is exercised.

28 REMUNERATION OF OFFICERS AND EXECUTIVES	Note	June 30, 2023	June 30, 2022
		(Rupees)	
Remuneration and staff retirement benefits		167,729,824	136,938,451
Other benefits		4,406,810	3,285,448
	28.1 & 28.2	172,136,634	140,223,899
Number of employees at the end of the year		(Number)	
- Permanent		42	41
- On contractual basis		11	12
		53	53
Average number of employees*		42	41

* Represents the average number of employees at the end of each month in the year.

28.1 It includes remuneration paid to all employees other than the Chief Executive Officer, who is an employee of the Management Company of the Modaraba. Remuneration to the Chief Executive Officer is recognised in the financial statements of the Management Company of the Modaraba.

28.2 The remuneration paid to the executives is as follows:

Basic salary
House rent allowance
Medical allowance
Other allowances
Bonus
Contribution to provident fund
Contribution to gratuity fund

June 30, 2023	June 30, 2022
(Rupees)	
35,812,425	33,386,954
14,324,970	13,354,782
3,581,243	3,338,695
42,686,137	8,054,531
9,763,000	13,260,000
3,581,243	3,338,705
2,983,164	2,781,133
112,732,182	77,514,800
(Number)	
15	15

Number of executives at the end of the year

28.3 Executives denote employees, other than the Chief Executive and Executive Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

29 RISK MANAGEMENT

29.1 FINANCIAL RISK MANAGEMENT

Risk management framework

The Modaraba's objective in managing risk is the creation and protection of certificate holders' value. Risk is inherent in the Modaraba's activities, but it is managed through monitoring and controlling activities which are primarily set up based on limits established by the Management Company, the Modaraba's constitutive documents and the regulations and directives of the SECP. These limits reflect the business strategy and market environment of the Modaraba as well as the level of the risk that the Modaraba is willing to accept. The Board of Directors of the Management Company has overall responsibility for the establishment and oversight of the Modaraba's risk management framework.

The activities of the Modaraba expose it to a variety of financial risks: market risk, credit risk and liquidity risk.

29.2 Market risk

Market risk is the risk that the fair values or future cash flows of a financial instrument will fluctuate because of the changes in market prices. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk. Market risk comprise of three types of risks: currency risk, profit rate risk and price risk.

Management of market risks

The Management Company manages market risk by monitoring its financial instruments as per the internal risk management policies and investment guidelines approved by the Board of Directors of the Management Company.

29.2.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign currency exchange rates. At present, the Modaraba is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

29.2.2 Profit rate risk

Profit rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market profit rates. At the reporting date, the profit rate profile of the Modaraba's profit bearing financial instruments and the periods in which these will mature are as follows (based on the earlier of repricing and contractual maturity):

June 30, 2023							
Effective yield / profit rate %	Total	Exposed to yield / profit rate risk					Not exposed to yield / profit rate risk
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
(Rupees)							
On-balance sheet financial instruments							
Financial assets							
Cash and bank balances	10.04% - 19.5%	400,254,200	384,285,219	-	-	-	15,968,987
Lease rentals receivable	-	103,759,046	-	-	-	-	103,759,046
Advances, deposits and other receivables	-	82,620,089	-	-	-	-	82,620,089
Investments	-	123,858,681	-	-	-	-	123,858,681
Diminishing Musharaka	18.13% - 20.09%	4,269,919,921	764,326,341	2,282,521,799	743,242,257	-	479,825,524
		4,980,407,937	1,148,611,554	2,282,521,799	743,242,257	-	806,032,327
Financial liabilities							
Term finance arrangements	20.56% - 22.70%	1,680,009,896	623,232,493	768,848,481	493,129,560	365,799,322	-
Security deposits	-	388,269,302	-	-	-	-	388,269,302
Creditors, account and other liabilities	-	361,027,908	-	-	-	-	361,027,908
Advance lease rentals received	-	1,633,873	-	-	-	-	1,633,873
Reimbursable capital	12.5% - 21.1%	2,896,605,000	394,500,000	979,550,000	1,121,890,000	179,500,000	261,205,000
Unclaimed profit distribution	-	59,295,174	-	-	-	-	59,295,174
		5,396,861,710	977,732,493	1,748,398,481	1,613,979,560	545,299,322	1,071,481,257
On-balance sheet gap (a)		(376,453,773)	(729,120,939)	(1,194,023,318)	(870,737,303)	(545,299,322)	(265,448,930)
Off-balance sheet financial instrument							
Guarantees		-	-	-	-	-	63,800,262
Off-balance sheet financial instrument gap (b)		-	-	-	-	-	(63,800,262)
Total interest rate sensitivity gap (a+b)		-	-	-	-	-	-
Cumulative interest rate sensitivity gap		170,879,061	1,305,002,379	1,194,023,318	(870,737,303)	(545,299,322)	(11,034,246)

Effective yield / profit rate %	Total	June 30, 2022					Not exposed to yield / profit rate risk
		Exposed to yield / profit rate risk					
		Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
(Rupees)							
On-balance sheet financial instruments							
Financial assets							
Cash and bank balances	9.64% - 10.50%	511,148,525	507,273,251	-	-	-	6,875,274
Lease receivables	-	124,750,394	-	-	-	-	124,750,394
Advances, deposits and other receivables	-	18,492,905	-	-	-	-	18,492,905
Diminishing Musharika	10.04% - 21.16%	3,752,885,002	416,037,523	1,496,425,857	1,899,522,142	-	3,073,885,022
Net investment in profit finance	-	370,000	-	-	-	-	370,000
		4,457,652,126	923,310,774	1,496,425,857	1,899,522,142	-	202,513,691
Financial liabilities							
Term finance arrangements	6.52% - 15.66%	1,587,104,145	19,359,629	1,087,48,295	1,081,585,359	1,752,029,863	-
Security deposits	-	404,914,141	-	-	-	-	404,914,141
Creditors, accrued and other liabilities	-	323,915,262	-	-	-	-	323,915,262
Advance Ijarah rentals received	-	3,423,859	-	-	-	-	3,423,859
Redeemable capital	17.0% - 25.5%	1,019,305,000	885,700,000	588,750,000	1,228,050,000	445,700,000	101,750,000
Unclaimed profit distribution	-	58,775,665	-	-	-	-	58,775,665
		5,397,046,522	902,279,629	512,438,295	1,898,019,319	1,685,709,863	891,742,877
On-balance sheet gap (a)		(940,394,396)	21,031,045	983,987,562	381,502,793	(1,683,189,651)	(689,229,186)
Off-balance sheet financial instrument							
Commitments		-	-	-	-	-	83,800,262
Off-balance sheet financial instrument gap (b)							(83,800,262)
Total interest rate sensitivity gap (a+b)							
Cumulative interest rate sensitivity gap							

Sensitivity analysis for variable rate instrument

As at reporting date, variable rate instruments of the Modaraba represent cash and bank balances, Diminishing Musharika and Ijarah financing, term finance arrangements and redeemable capital. In case of 100 basis points increase / decrease in profit rates on the last repricing date of variable rate instruments with all other variables held constant, the following will be the impact on the profit and loss account and the equity of the Modaraba:

	June 30, 2023		June 30, 2022	
	Increase of 100 basis points	Decrease of 100 basis points	Increase of 100 basis points	Decrease of 100 basis points
(Rupees)				
Variable rate financial assets	62,025,196	(62,025,196)	59,095,781	(59,095,781)
Variable rate financial liabilities	(46,436,378)	46,436,378	(43,975,094)	43,975,094
Net effect on profit and loss	15,588,818	(15,588,818)	15,120,687	(15,120,687)

Sensitivity analysis for fixed rate instrument

There are no fixed rate financial instruments as at June 30, 2023 and June 30, 2022.

The composition of the Modaraba's portfolio of financial instruments and profit rates are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2023 is not necessarily indicative of the effect on the Modaraba's profit and loss and reserves due to changes in profit rates.

29.2.3 Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

29.3 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Modaraba rules and regulations. The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

Financial Assets

	June 30, 2023	June 30, 2022
	(Rupees)	
Cash and bank balances	400,169,700	514,067,119
Ijarah rentals receivable	103,759,046	124,755,394
Advances, deposits and other receivables	82,620,089	49,492,905
Investments	123,858,681	-
Diminishing Musharika	4,269,915,921	3,762,885,202
Net investment in Ijarah finance	-	370,000
	4,980,323,437	4,451,570,620

As at June 30, 2023 and June 30, 2022, Ijarah rental receivables are pledged as collateral against musharika / wakala term finance.

29.3.1 Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Modaraba Regulations, 2021 issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its Ijarah and diminishing musharika arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses.

The outstanding amount of Modaraba's Ijarah finance are secured against leased assets. In few cases, additional collateral is also obtained in the form of mortgage of property. The Modaraba is entitled to repossess and sell these assets in case of default by the customers. During the current year, the Modaraba has not repossessed any assets.

Credit risk ratings

The Modaraba maintains balances with banks having reasonably high credit ratings which are summarized as follows:

Bank balances

AAA
AA+
A+
AA-
The State Bank of Pakistan

June 30, 2023	June 30, 2022
(Rupees)	
399,930,186	510,724,315
48,125	3,266,092
-	508
508	-
190,881	76,204
400,169,700	514,067,119

Impairment losses and past due balances

An analysis of the age of significant unimpaired financial assets are as under:

	June 30, 2023			June 30, 2022		
	Not Past Due Amount	Past Due Amount	Total outstanding amount	Not Past Due Amount	Past Due Amount	Total outstanding amount
(Rupees)						
Ijarah rentals receivable	1,064,811	102,694,235	103,759,046	45,972,591	78,782,803	124,755,394

29.3.2 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Modaraba Regulations, 2021 issued by the SECP is as follows:

	June 30, 2023				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
(Rupees)					
Ijarah rentals receivable (being principal outstanding)	-	-	-	40,095,460	40,095,460
Net investment in Ijarah finance	-	-	-	-	-
Diminishing Musharika	-	47,209,947	4,791,289	44,607,547	96,608,783
Sukuk certificates	-	-	-	-	-
	-	47,209,947	4,791,289	84,703,007	136,704,243
June 30, 2022					
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
(Rupees)					
Ijarah rentals receivable (being principal outstanding)	-	-	-	52,412,624	52,412,624
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	47,705,558	35,133,903	-	100,238,755	183,078,216
Sukuk certificates	-	-	-	57,701,835	57,701,835
	47,705,558	35,133,903	-	211,487,657	294,327,118

Impairment is recognised by the Modaraba based on the provisioning requirements as disclosed in note 4.2.12 to these financial statements. The Modaraba also performs a subjective evaluation of performing and non-performing advances / loans / lease portfolio based on past experience, repayment patterns and consideration of financial positions of counter parties and has the option to downgrade the category of classification determined on the basis of the Modaraba Regulations, 2021.

29.3.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure.

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

Details of the sector wise analysis of gross ijarah assets, sukuk certificates and diminishing musharika are as follows:

Sectors	June 30, 2023		June 30, 2022	
	(Rupees)	%	(Rupees)	%
Confectionery	84,585,690	1.54%	159,585,678	3.03%
Fast Moving Consumer Goods (FMCGs) / Food and Allied	362,792,999	6.62%	370,742,105	7.04%
Services	269,247,659	4.91%	331,203,339	6.29%
Chemicals	81,435,884	1.49%	180,006,510	3.42%
Sugar	399,530,684	7.29%	260,651,374	5.33%
Textile	1,038,695,911	18.95%	806,796,933	15.33%
Travel, transport, storage	357,234,508	6.52%	366,486,853	6.96%
Printing, publishing and packages	371,288,801	6.77%	440,874,379	8.38%
Individuals	848,266,325	15.47%	634,602,195	12.08%
Automobile	177,873,829	3.24%	327,645,341	6.23%
Financial institutions	8,865,882	0.16%	7,701,835	0.15%
Power, energy, water	54,484,392	0.99%	39,677,693	0.75%
Gas	43,807,704	0.80%	90,643,944	1.72%
Pharmaceuticals	125,634,837	2.29%	153,485,305	2.92%
Steel	317,392,800	5.79%	276,787,076	5.26%
Engineering	204,363,166	3.73%	39,482,322	0.75%
Plastic	70,411,972	1.28%	85,578,450	1.63%
Distribution	6,605,913	0.12%	-	0.00%
Dairy, farming and allied	11,833,125	0.22%	38,619,751	0.73%
Leather / tyre and rubber	109,405,028	2.00%	108,488,101	2.06%
Poultry / poultry feeds	232,294,906	4.24%	127,579,735	2.42%
Petroleum and allied	-	0.00%	3,728,752	0.07%
Others	306,376,540	5.59%	392,267,077	7.45%
	5,482,428,555	100.00%	5,262,634,748	100.00%

Reconciliation of the sector wise analysis of gross ijarah assets, sukuk certificates and diminishing musharika with the notes to the financial statements is as follows:

	Note	June 30, 2023	June 30, 2022
(Rupees)			
Investment in Ijarah finance / assets under Ijarah arrangements	10	1,627,562,155	1,811,424,254
Less: security deposits held	15	(496,035,278)	(473,254,943)
Add: impairment against Ijarah assets	10.1	13,424,240	13,424,240
Add: allowance for potential Ijarah losses	10.4	-	1,134,443
Add: mark-up held in suspense	10.5	-	130,156
		1,144,951,117	1,352,858,150
Investment in Sukuk certificates	8	-	-
Add: provision in respect of sukuk certificates	8	-	57,701,835
		-	57,701,835
Investment in diminishing musharika	9	4,269,915,921	3,762,885,202
Add: provision in respect of diminishing musharika	9	67,561,517	89,189,561
		4,337,477,438	3,852,074,763
		5,482,428,555	5,262,634,748

The Madaraba controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Madaraba has established exposure limits for single lessees and industrial sectors. The Madaraba has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of non performing receivables is as follows:

	June 30, 2023		
	Ijarah Financing	Diminishing Musharika	Total
(Rupees)			
Within 90 days	-	-	-
91 - 180 days	-	47,209,947	47,209,947
181 - 365 days	-	5,928,919	5,928,919
Over 1 year	40,095,460	43,469,917	83,565,377
	40,095,460	96,608,783	136,704,243
Less: general and specific provision	30,785,361	67,561,517	98,346,878
Net of provision	9,310,099	29,047,266	38,357,365
Coverage ratio	76.78%	69.93%	71.94%

	June 30, 2022		
	Ijarah Financing	Diminishing Musharika	Total
	(Rupees)		
Within 90 days	-	-	-
91 - 180 days	-	52,174,308	52,174,308
181 - 365 days	-	30,665,153	30,665,153
Over 1 year	53,547,067	100,238,755	153,785,822
	<u>53,547,067</u>	<u>183,078,216</u>	<u>236,625,283</u>
Less: general and specific provision	12,327,647	89,189,561	101,517,208
Net of provision	<u>41,219,420</u>	<u>93,888,655</u>	<u>135,108,075</u>
Coverage ratio	23.02%	48.72%	42.90%

29.3.4 The Mudaraba applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for Ijarah Finance and diminishing musharika. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2023 and June 30, 2022 was determined as follows:

Ijarah Finance and Diminishing Musharika

	June 30, 2023		
	Expected loss rate	Gross carrying amount	Loss allowance
	(Rupees)		
Not yet due	0.12%	3,443,989,689	4,170,853
1-30 days	0.24%	1,976,085,134	4,679,775
31-60 days	1.08%	123,573,870	1,338,746
61-90 days	2.15%	124,908,679	2,680,609
91-180 days	29.49%	22,649,847	6,678,963
181-365 days	33.51%	38,854,024	13,021,804
More than 365 days	100.00%	113,782,323	113,782,320
Total		<u>4,014,763,566</u>	<u>146,353,070</u>

Ijarah Finance and Diminishing Musharika

	June 30, 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	(Rupees)		
Not yet due	0.03%	2,694,252,177	877,101
1-30 days	0.11%	1,979,679,095	2,275,068
31-60 days	0.53%	410,847,704	2,195,750
61-90 days	0.70%	158,345,803	1,105,026
91-180 days	6.65%	54,641,623	3,633,794
181-365 days	30.59%	33,134,073	10,135,208
More than 365 days	75.26%	174,170,295	131,081,944
Total		<u>4,495,063,667</u>	<u>151,303,891</u>

For Ijarah finance and diminishing musharika, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Modaraba also considers reasonable and supportive forward-looking information in determination of ECL.

29.4 Liquidity risk

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

The following are the contractual maturities of financial liabilities:

	June 30, 2023						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Financial liabilities	(Rupees)						
Term finance arrangements	1,650,009,856	(1,650,009,856)	(623,232,493)	(168,848,461)	(492,129,560)	(365,799,322)	-
Security deposits	388,269,302	(388,269,302)	(71,269,694)	(32,442,523)	(62,517,196)	(218,618,155)	(3,421,732)
Creditors, accrued and other liabilities	361,027,908	(361,027,908)	(361,027,908)	-	-	-	-
Advance Ijarah rentals received	1,653,873	(1,653,873)	(1,653,873)	-	-	-	-
Redeemable capital	2,896,605,000	(2,896,605,000)	(615,705,000)	(979,650,000)	(1,121,680,000)	(179,500,000)	-
Unclaimed profit distribution	59,295,174	(59,295,174)	(59,295,174)	-	-	-	-
	5,356,861,113	(5,356,861,113)	(1,732,184,142)	(1,180,941,006)	(1,676,456,756)	(763,917,477)	(3,421,732)
	June 30, 2022						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Financial liabilities	(Rupees)						
Term finance arrangements	1,587,104,145	(1,587,104,145)	(19,365,628)	(128,746,285)	(288,986,355)	(1,150,009,892)	-
Security deposits	404,914,141	(473,254,540)	(86,738,015)	(19,692,702)	(17,778,976)	(181,945,252)	-
Creditors, accrued and other liabilities	323,915,762	(323,915,762)	(323,915,762)	-	-	-	-
Advance Ijarah rentals received	3,429,808	(3,429,808)	(3,429,808)	-	-	-	-
Redeemable capital	3,013,505,000	(3,013,505,000)	(865,405,000)	(883,750,000)	(1,229,050,000)	(415,700,000)	-
Unclaimed profit distribution	58,779,665	(58,779,665)	(58,779,665)	-	-	-	-
	5,392,546,321	(5,480,387,321)	(1,487,625,871)	(1,032,190,987)	(1,535,815,331)	(1,864,705,142)	-

29.5 Operational 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.

30 FINANCIAL INSTRUMENTS BY CATEGORY

June 30, 2023			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
(Rupees)			

FINANCIAL ASSETS

Cash and bank balances	400,254,200	-	-	400,254,200
Ijarah rentals receivable	103,759,046	-	-	103,759,046
Advances, deposits and other receivables	82,620,089	-	-	82,620,089
Investments	-	-	123,858,681	123,858,681
Diminishing musharika	4,269,915,921	-	-	4,269,915,921
Net investment in Ijarah finance	-	-	-	-
	4,856,549,256	-	123,858,681	4,980,407,937

June 30, 2023		
At fair value through profit or loss	At amortised cost	Total
(Rupees)		

FINANCIAL LIABILITIES

Term finance arrangements	-	1,650,009,856	1,650,009,856
Security deposits	-	388,269,302	388,269,302
Creditors, accrued and other liabilities	-	361,027,908	361,027,908
Advance Ijarah rentals received	-	1,653,873	1,653,873
Redeemable capital	-	2,896,605,000	2,896,605,000
Unclaimed profit distribution	-	59,295,174	59,295,174
	-	5,356,861,113	5,356,861,113

	June 30, 2022			Total
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	
(Rupees)				
FINANCIAL ASSETS				
Cash and bank balances	514,148,625	-	-	514,148,625
Ijarah rentals receivable	124,755,394	-	-	124,755,394
Advances, deposits and other receivables	49,492,905	-	-	49,492,905
Diminishing musharaka	3,762,885,202	-	-	3,762,885,202
Net investment in Ijarah finance	370,000	-	-	370,000
	<u>4,451,652,126</u>	-	-	<u>4,451,652,126</u>

	June 30, 2022			Total
	At fair value through profit or loss	At amortised cost		
(Rupees)				
FINANCIAL LIABILITIES				
Term finance arrangements	-	1,587,104,145		1,587,104,145
Security deposits	-	404,914,141		404,914,141
Creditors, accrued and other liabilities	-	323,913,762		323,913,762
Advance Ijarah rentals received	-	3,429,809		3,429,809
Redeemable capital	-	3,013,905,000		3,013,905,000
Unclaimed profit distribution	-	58,779,665		58,779,665
	-	<u>5,392,046,522</u>		<u>5,392,046,522</u>

31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

31.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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); and

Valuation techniques used in determination of fair values:

Item	Valuation approach and input used
Mutual Funds	The valuation has been determined based on Net asset values declared by Mutual Funds Association of Pakistan (MUFAP).

31.1.1 The majority of these financial assets and liabilities are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

32 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital.

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

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificates of Musharika, Musharika Finance and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	June 30, 2023	June 30, 2022
	(Rupees)	
Total borrowings	4,546,614,856	4,601,009,145
Less: Cash and bank balances	400,254,200	514,148,625
Net debt	4,146,360,656	4,086,860,520
Total equity	1,176,622,572	1,138,605,222
Total capital	5,322,983,228	5,225,465,742
Gearing ratio	77.90%	78.21%

As required under the Modaraba Regulations, 2021, every Modaraba issuing Certificate of Musharika shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and thereafter at the rate of 10%. The Modaraba has maintained and complied with the minimum capital adequacy ratio and minimum equity requirement during the current year.

33 SEGMENT INFORMATION

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

The Chief Executive Officer is responsible for the Modaraba's entire product portfolio and considers the business to have a single operating segment. The Modaraba's asset allocation decisions are based on a single integrated investment strategy and the Modaraba's performance is evaluated on an overall basis.

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at June 30, 2023, there were only two (2022: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (2022: 10% and 10%) respectively.

34 RELATED PARTY TRANSACTIONS

34.1 Details of related parties of the Modaraba

Name of related party	Nature of relationship	Basis of relationship
OLP Financial Services Pakistan Limited	Holding Company of Management Company	Common Management and Control
OLP Services Pakistan (Private) Limited	Associate	Management Company of the Modaraba
ORIX Staff Provident fund	Associate	Common Management
ORIX Staff gratuity Fund	Associate	Common Management
Layton Rehmatullah Benevolent Trust Free Eye Hospital	Associate	Trustee of Associate Undertaking
The Patients' Behbud Society for AKU	Associate	Common Directorship

34.2 Transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements and remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	30 June 2023	30 June 2022
(Rupees)					
QLP Financial Services Pakistan Limited	Holding Company of the Management Company	100% Holding in the Management Company 10% Holding in the Modaraba	Dividend Allocated cost to the Modaraba for Islamabad Office	9,076,706	13,161,224
				612,428	500,047
QLP Services Pakistan (Private) Limited	Management Company	10% Holding in the Modaraba	Management Company's remuneration Dividend Rent expense Rent payable	21,829,056 9,076,706 7,916,823 7,916,823	17,941,905 13,161,224 4,273,170 4,273,170
The Patients' Bahbud Society for AKU	Associated Undertaking	Common directorship	Donation paid by the Modaraba	1,000,000	1,000,000
Layton Rahmatullah Benevolent Trust Hospital	Associated Undertaking	Trustee of associate undertaking	Donation paid by the Modaraba	1,000,000	2,000,000
ORIX Modaraba - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	5,894,494	5,408,858
ORIX Modaraba - Staff Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba Refund received by the Modaraba	4,910,102 1,547,358	4,520,110 1,725,310
Mr. Shaheen Amin	Chairman of the Board of Directors of the Management Company	Chairman of the Board of Directors of the Management Company	Dividend paid	200,000	290,000
Mr. Nadeem D Khan	Director of the Management Company	Director of the Management Company	Dividend paid	12,098	17,542
Key management personnel	Employees	Members of the Management Committee	Salaries and benefits Contributions to the staff provident fund Contributions to the staff gratuity fund Refund received by the Modaraba Income earned on diminishing musharika finances Deposit against Certificates of Musharika Redemption of Certificates of Musharika Financial charges on redeemable capital Number of persons as at June 30	62,048,638 2,191,235 1,825,293 936,242 8,754,488 30,950,000 25,050,000 3,929,211 7	52,235,316 2,080,249 1,732,643 — 4,979,234 22,500,000 7,050,000 1,074,818 7

The Modaraba enters into transactions with related parties for lease of assets and other general services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

34.3 Details of the diminishing musharika finances given and receivables (as disclosed under current assets) from key management personnel are as follows:

Name of key management personnel	Balances at June 30, 2023			Maximum Aggregate Balance during the year
	Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Total (1+2)	
Muhammad Siddique	2,424,119	16,852	2,440,971	3,033,201
Mohammad Arif Daya	1,834,457	28,133	1,862,590	3,643,887
Nadir Shah	7,978,889	143,969	8,122,858	8,837,784
Satwat Ahmad	20,387,776	322,777	20,710,553	21,787,440
Muhammad Ahsan Ilyas	11,749,265	93,610	11,842,875	12,332,688
	44,374,506	605,341	44,979,847	

Name of key management personnel	Balances at June 30, 2022			Maximum Aggregate Balance during the year
	Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Total (1+2)	
Muhammad Siddique	3,088,481	14,580	3,103,061	3,750,443
Mohammad Arif Daya	3,685,770	18,584	3,704,354	5,506,640
Nadir Shah	4,045,910	6,905	4,052,815	5,914,175
Aniq-Ul Islam	1,144,644	2,474	1,147,118	1,250,000
Satwat Ahmad	16,066,717	29,047	16,095,764	17,611,594
Muhammad Ahsan Ilyas	12,396,716	67,090	12,463,806	12,934,303
	40,428,238	138,680	40,566,918	

34.3.1 Under diminishing musharika arrangements, housing, motor vehicle and personal finances are provided to key management personnel. Tenure of maximum twenty years are offered for housing finance whereas for motor vehicles and personal finances the tenure offered is five years under the approved human resource policies. The limit for housing finance is lower of eighty-five multiples of monthly basic salary or Rs. 20 million whereas for personal finance the same is granted as lower of three multiples of monthly basic salaries or Rs. 0.5 million. For limits of motor vehicle financings, the Modaraba sets benchmark on the basis of prices prevalent on the date employee becomes entitled or when entitlement revises of particular models of certain vehicles available in the market. These carry mark-up at the rate of six month Karachi Interbank Offering rate (KIBOR) + 3%. Financing provided for housing is secured by way of registered mortgages over the respective property created in favour of the Modaraba whereas motor vehicles financed by the Modaraba are held by Modaraba in its ownership. Personal finances are unsecured. All the above balances are not overdue at the balance sheet date. Mark-up receivable represents profit on diminishing musharika finances accrued from the respective last paid installments till the balance sheet date and is disclosed under note 7 to these financial statements under current assets.

35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following amounts appearing on the balance sheet:

	June 30, 2023	June 30, 2022
	(Rupees)	
Cash and bank balances	400,254,200	514,148,625

35.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	Term Finance arrangement	Redeemable Capital	Unclaimed profit distribution	Total
	(Rupees)			
Opening balance as at July 1, 2022	1,587,104,145	3,013,905,000	58,779,665	4,659,788,810
Dividend declared	-	-	90,767,060	90,767,060
	-	-	90,767,060	90,767,060
Proceeds from term finance	500,000,000	-	-	500,000,000
Repayment of term finance	(437,094,289)	-	-	(437,094,289)
Proceeds from issuance of redeemable capital	-	4,863,900,000	-	4,863,900,000
Repayment of redeemable capital	-	(4,981,200,000)	-	(4,981,200,000)
Dividend paid	-	-	(90,251,551)	(90,251,551)
	62,905,711	(117,300,000)	(90,251,551)	(144,645,840)
Closing balance as at June 30, 2023	1,650,009,856	2,896,605,000	59,295,174	4,605,910,030

36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year.

37 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on **September 14, 2023** approved a cash distribution of Rs. 2.00 (2022: Rs. 2.00) per certificate. The financial statements of the Modaraba for the year ended June 30, 2023 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2024.

38 GENERAL

38.1 Figures have been rounded off to the nearest rupee unless otherwise stated.

38.2 The Modaraba has set up provident fund for its permanent employees and the contributions are made by the Modaraba to the fund. The total contribution made to the provident fund for the year ended June 30, 2023 was Rs. 5,894 million (2022: Rs. 5,409 million). The audit of the provident fund for the year ended June 30, 2023 is in progress. The net assets of the provident fund, based on the unaudited financial statements as at June 30, 2023 amounted to Rs. 63,692 million (2022: Rs. 61,100 million), out of which 45.61% (2022: 25.21%) was invested in different financial instruments categories while 54.08% (2022: 74.20%) as deposits with Banks in remunerative accounts. The fair value as at June 30, 2023 of investments of the provident fund amounted to Rs. 63,498 million (2022: Rs. 60,618 million). The investments out of provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **September 14, 2023** by the Board of Directors of the Management Company.

**For OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited
(Management Company of OLP Modaraba) (Formerly ORIX Modaraba)**

SD	SD	SD	SD
Chief Executive	Director	Director	Chief Financial Officer



OLP

OLP Modaraba
(Formerly ORIX Modaraba)

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