

QUARTERLY REPORT  
**SEPTEMBER 2023**

OLP Modaraba |  OLP



Assisting in Development of the SME Sector in Pakistan





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# Modaraba Information

## Modaraba Company OLP 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. Aseyaq 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

# Directors' Review

## For the period ended September 30, 2023

The Board of Directors of OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited), the management company of OLP Modaraba (formerly ORIX Modaraba) is pleased to present the unaudited accounts for the three months period ended September 30, 2023.

### 1. Economic Outlook

The IMF expects Pakistan's economy to perform better in the current and next fiscal years. The International Monetary Fund's (IMF), forecasts a growth of 2.5% for the country's economy in the current year, doubling to 5% in the next fiscal year. This is a significant jump compared to the 0.5% contraction witnessed last fiscal year, signifying that the Fund also expected quicker economic recovery than it had forecast earlier at a 5% GDP growth rate in the 2026-27 fiscal year.

The global lender also kept the growth forecast unchanged from its July estimate when it signed a nine-month \$3 billion new financing arrangement with Pakistan. However, it revised its estimates upwards for inflation and unemployment rates for current and subsequent fiscal years. The IMF also estimated the unemployment rate in the country to have risen to 8.5% in fiscal 2023 from 6.2% in 2022, significantly higher than the earlier projection of 7%. The current fiscal year's unemployment rate has been projected at 8%.

After transferring \$1.2 billion in July, as part of the \$3 billion bailout programme for nine months to support the government's efforts to stabilize the country's ailing economy, the IMF is set to send its delegation to Pakistan in the last week of October to review the country's economic performance for the first quarter. Once the review is completed, Pakistan will receive the next instalment of \$700 million from the IMF after its board's approval.

### 2. Financial Highlights

Financial results are summarized as under:

#### Balance Sheet

Certificate capital		
Total equity		
Total assets		
Investment in Ijarah Assets		
Investments in Diminishing Musharika		
Redeemable capital		

September 30, 2023	June 30, 2023
(Rupees)	
453,835	453,835
1,126,054	1,176,623
6,741,656	6,824,579
1,525,474	1,627,562
4,176,821	4,269,916
2,899,355	2,896,605

#### Profit and Loss

Revenue (net of Ijarah assets depreciation)		
Financial charges		
Reversal of provisions and impairments– net		
Operating expenses		
Profit before modaraba management company's remuneration		
Profit before taxation		
Net profit		

Three months ended September 30, 2023	Three months ended September 30, 2022
(Rupees)	
386,752	272,033
257,524	188,578
(6,895)	(11,119)
70,442	54,684
65,681	39,889
57,094	34,674
40,199	24,619

### 3. Review of Operations

By the Grace of Allah, your Modaraba's performance during the period under review continued to be strong. The Modaraba's gross revenue (net of Ijarah assets depreciation and including other income) increased by 42.17% from PKR 272.03 million to PKR 386.75 million compared to the corresponding period of last year. The main reason behind this was 'better spreads and an increase in the benchmarking rate of profit during last year. Financial charges increased by 36.56% from PKR 188.58 million to PKR 257.52 million mainly due to upward movement of the deposit rate. Due to strong recovery efforts, provisions that were reversed amounted to PKR 6.90 million as compared to PKR 11.12 million reversal during corresponding period last year. Administrative and operating expenses increased by 28.82% from PKR 54.68 million to PKR. 70.44 million mainly due to high inflation and the increase in utilities etc., but the top line revenue increase translated into a higher Profit before taxation which increased by 64.66% from PKR 34.67 million to PKR 57.09 million and a higher net profit for the quarter which increased by 63.29% from PKR 24.62 million to PKR 40.20 million compared to corresponding period last year.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,834 million compared to PKR 5,897 million as at June 30, 2023, showing a marginal decrease of 1.08% during the three months period. Similarly total assets decreased marginally by 1.22% to PKR 6,742 million compared to PKR 6,825 million as at June 30, 2023. During the period under review, the Modaraba booked fresh disbursements to the tune of PKR 568 million as compared to PKR 352 million during the corresponding period last year.

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 corporates, selective SME relationships and an excellent housing and consumer portfolio.

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 is carried out thereon. Further, there are Portfolio Management and Early Alert committees which are responsible to ensure portfolio monitoring and timely alerts for possible untoward scenarios.

### 4. Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of your 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 very strong capacity for timely payment of financial commitments.

### 5. Acknowledgement

The Board appreciates the support of regulatory authorities, certificate-holders, customers and business partners and looks forward to their support in future.

**Karachi: October 25, 2023**



**Raheel Qamar Ahmad**  
Managing Director/ CEO



**Ramon Alfrey**  
Director

## 30 ستمبر 2023ء کی اختتامی مدت کیلئے ڈائریکٹرز کا جائزہ:

OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سروسز پاکستان (پرائیویٹ) لمیٹڈ) جو کہ OLP مضاربہ (سابقہ ORIX مضاربہ) کے بورڈ آف ڈائریکٹرز ہے کی انتظامی کچھن، 30 ستمبر 2023ء کو اختتام پزیر ہونے والی سہ ماہی مدت کیلئے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

### معاشی صورتحال:

آئی ایم ایف نے رواں مالی سال اور آئندہ مالی سال میں پاکستان کی معیشت کے لیے بہتر کارکردگی کی توقع ظاہر کی ہے۔ انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کے مطابق ملکی معیشت میں رواں سال 2.5 فیصد اضافے کا امکان ہے اور آئندہ مالی سال میں اس کے دو گنا ہو کر 5 فیصد تک پہنچنے کی توقع ہے۔ یوگنڈا مالی سال میں مشاہدہ کیے گئے 0.5 فیصد اقتصادی سکڑاؤ سے ایک نمایاں بہتری ہے۔ اس سے ظاہر ہوتا ہے کہ آئی ایم ایف نے 2026-27 کے مالی سال میں GDP کی شرح نمو کے 5 فیصد کے اپنے پہلے تخمینے کے مقابلے میں تیزی سے معاشی بحالی کی بھی پیش گوئی کی ہے۔

بین الاقوامی مالیاتی ادارے آئی ایم ایف نے معاشی بحالی کی اپنی پیش گوئی برقرار رکھی ہے، جو جولائی میں اس کے مطابق بدستور برقرار ہے، یہ اندازہ اس وقت لگایا گیا جب آئی ایم ایف نے پاکستان کے ساتھ 9 ماہ کے لیے 3 بلین ڈالر کے نئے قرضات کی منظوری کی تھی۔ تاہم IMF نے رواں مالی سال اور آئندہ مالی سال دونوں کے لیے افراتفرار اور بے روزگاری کی شرح کے لیے اپنے تخمینوں کو اوپر کی طرف ایڈجسٹ کیا ہے۔ آئی ایم ایف نے یہ بھی توقع ظاہر کی ہے کہ مالی سال 2023 میں ملک میں بے روزگاری کی شرح بڑھ کر 8.5 فیصد ہو جائے گی جو 2022 میں 6.2 فیصد تھی، جو کہ پہلے کی 7 فیصد کی پیش گوئی سے نمایاں طور پر زیادہ ہے۔ رواں مالی سال میں بے روزگاری کی شرح 8 فیصد رہنے کی توقع ہے۔

جولائی میں 1.2 بلین ڈالر کی تنقیمی کے بعد نومبر کے لیے 3 بلین ڈالر کے تیل آؤٹ پروگرام کے حصے کے طور پر ملک کی کمزور معیشت کو مستحکم کرنے کے لیے حکومت کی کوششوں میں مدد فراہم کرنے کے لیے، آئی ایم ایف پہلی سہ ماہی کے لیے ملک کی معاشی کارکردگی کا جائزہ لینے کے لیے اکتوبر کے آخری ہفتے میں اپنا وفد پاکستان بھیجے گا۔ جائزہ کی تکمیل کے بعد، پاکستان IMF سے اس کے بورڈ کی منظوری کے بعد 700 ملین ڈالر کی اگلی قسط لے گی۔

### مالیاتی نتائج:

مالیاتی نتائج کا خلاصہ درج ذیل ہے:

30 جون 2023ء (روپے '000)	30 ستمبر 2023ء (روپے '000)
453,835	453,835
1,176,623	1,126,054
6,824,579	6,741,656
1,627,562	1,525,474
4,269,916	4,176,821
2,896,605	2,899,355
30 ستمبر 2023ء کی اختتامی سہ ماہی	30 ستمبر 2023ء کی اختتامی سہ ماہی
272,033	386,752
188,578	257,524
(11,119)	(6,895)
54,684	70,442
39,889	65,681
34,674	57,094
24,619	40,199

### بیلنس شیٹ

سرٹیفکیٹ کھولیل

مجموعی ایکویٹی

مجموعی اثاثہ جات

اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری

ڈیٹنگ شئیر اور ویکلک میں سرمایہ کاری

ریڈیم اینڈل کھولیل

### منافع اور خسارہ

آمدنی (اچارہ اثاثہ جات کی قدر میں کمی)

مالیاتی چارجز

پرودہ پوز کار پورسل۔ خالص

عملی اخراجات

مضاربہ انتظامی کچھن کے معاوضے سے قبل ازمناف

قبل از ٹیکس منافع

خالص منافع

اللہ کے فضل و کرم سے زبرد جانزدہد مت کے ساتھ دوران آپ کے مضاربہ کی کارکردگی مسلسل مضبوط رہی۔ مضاربہ کی مجموعی آمدنی (اجارہ اثاثوں کی قدر میں کمی اور دیگر آمدنی) 42.17 فیصد اضافہ کے ساتھ گذشتہ سال کی اسی مدت کے مقابلے میں 272.03 ملین روپے سے بڑھ کر مبلغ 386.75 ملین روپے ہو گئی۔ اس کی بنیادی وجہ بہتر اسپرڈز اور گذشتہ سال کے دوران منافع کی بیخبر مارنگلک شرح میں اضافہ تھا۔ مالیاتی چارجز 36.56 فیصد اضافہ کے ساتھ مبلغ 188.58 ملین روپے سے بڑھ کر 257.52 ملین روپے ہو گئے جس کی بنیادی وجہ ڈپازٹ شرح میں اضافہ تھا۔ ریکوری کی مضبوط کوششوں کے باعث، گذشتہ سال اسی مدت کے دوران 11.12 ملین روپے کے ریورسل کے مقابلے میں 6.90 ملین روپے کے پروڈین کو ریورس کیا گیا ہے۔ انتظامی اور آپریٹنگ اخراجات 28.82 فیصد اضافہ کے ساتھ مبلغ 54.68 ملین روپے سے بڑھ کر مبلغ 70.44 ملین روپے ہو گئے جس کی بنیادی وجہ دوران سرمایہ افرازز کی بلند شرح ہے۔ البتہ آمدنی کی بالائی سطح میں اضافے کی وجہ سے قبل از ٹیکس منافع مبلغ 34.67 ملین روپے سے بڑھ کر مبلغ 57.09 ملین روپے ہو گیا جو کہ 64.66 فیصد اضافہ ہے، جبکہ سرمایہ کے لیے خاص منافع گزشتہ سال کی اسی مدت کے مقابلے میں 24.62 ملین روپے سے بڑھ کر مبلغ 40.20 ملین روپے ہو گیا جو کہ 63.29 فیصد اضافہ ہے۔

30 جون 2023 تک اجارہ فنانس، سکوٹ انویسٹمنٹ اور ڈیپٹنگ مشارکت فنانسز کا پورٹ فولیو 5,897 ملین روپے کے مقابلے میں 5,834 ملین روپے رہا، جو کہ دوران سرمایہ 1.08 فیصد کمی کو ظاہر کرتا ہے۔ اسی طرح 30 جون 2023 تک مجموعی اثاثہ جات بھی 30 جون 2023 تک 6,825 ملین روپے کے مقابلے میں 6,742 ملین روپے ہو گئے۔ زبرد جانزدہد مت کے دوران، مضاربہ نے 568 ملین روپے کی تازہ ادائیگیوں کی بلنگ کی جو گزشتہ سال کی اسی مدت کے دوران 352 ملین روپے تھی۔

کاروبار بنیادی طور پر منتخب کلائنٹس کے ساتھ تعلقات کو منظم طور پر استوار کرنے اور اچھے مومن کے ساتھ تعلقات کی شروعات کرنے سے چلا گیا ہے۔ اثاثہ جات کے پورٹ فولیو میں ملٹی ٹینڈر، بڑے اور متوسط درجہ کے مقامی کارپوریٹ اور منتخب SME کے تعلقات کا ایک اچھا امتزاج ہے۔

OLP مضاربہ ظاہری خطرات کا انتظام اور نگرانی کرتا ہے۔ قرض حاصل کنندہ کے کریڈٹ پروفائل کا جائزہ بشمول ادائیگی کی اہلیت، سہولت فراہم کرنے اور اس پر باقاعدہ نگرانی وقت پر کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو منجمنت اور رائلٹی اہل کلائنٹس ہیں جو کم تاخیر شمول اور حالات کے لیے پورٹ فولیو کی نگرانی اور بروقت الٹ کو یقینی بنانے کی ذمہ دار ہیں۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضاربہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو بالترتیب AA (ذیل اے) اور A1+ (اے ون پلس) کے طور پر برقرار رکھا ہے۔ یہ ریٹنگ کریڈٹ رسک کی کم توقع اور مالی وعدوں کی بروقت ادائیگی کے لیے غیر معمولی مضبوط صلاحیت کی نشاندہی کرتی ہے۔

اظہار تشکر:

پورڈریگولیری، اٹھارٹیز، چیکنگ، ہولڈرز، مصارفین اور کاروباری شرکاء داروں کے تعاون کا شکریہ ادا کرنا چاہتا ہے اور مستقبل میں ان کے تعاون کا منتظر ہے۔



راجیو کمار  
چیئرمین ڈائریکٹوریٹ اسی او



راسن الفرس  
ڈائریکٹر

کراچی: 125 اکتوبر 2023ء



# CONDENSED INTERIM BALANCE SHEET

AS AT SEPTEMBER 30, 2023

	Note	September 30, 2023 (Un-audited)	June 30, 2023 (Audited)
(Rupees)			
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	345,050,620	400,254,200
Ijarah rentals receivable	6	93,961,042	103,759,046
Advances, deposits, prepayments and other receivables		319,377,245	161,625,207
Short-term investments	7	131,623,612	123,858,681
Current portion of Diminishing Musharaka	8.3	1,305,108,374	1,321,802,595
<b>Total current assets</b>		<b>2,195,120,893</b>	<b>2,111,299,729</b>
<b>Non-current assets</b>			
Long-term portion of Diminishing Musharaka	8.3	2,871,712,231	2,948,113,326
Ijarah assets	9	1,525,474,234	1,627,562,155
Tangible assets	10	17,538,508	17,061,707
Intangible assets	11	4,173,974	2,194,932
Deferred tax assets		127,636,351	118,347,633
<b>Total non-current assets</b>		<b>4,546,535,298</b>	<b>4,713,279,753</b>
<b>TOTAL ASSETS</b>		<b>6,741,656,191</b>	<b>6,824,579,482</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Current portion of term finance arrangements	12	696,786,086	1,146,247,638
Current portion of security deposits		195,305,843	169,344,276
Creditors, accrued and other liabilities		424,723,500	415,240,194
Advance Ijarah rentals received		8,026,426	1,653,873
Current portion of redeemable capital		2,716,855,000	2,717,105,000
Profit distribution payable	13	150,062,234	59,295,174
Provision for taxation - net		142,114,415	129,117,535
<b>Total current liabilities</b>		<b>4,333,873,504</b>	<b>4,638,003,690</b>
<b>Non-current liabilities</b>			
Long-term portion of term finance arrangements	12	806,578,597	503,762,218
Long-term portion of security deposits		292,649,724	326,691,002
Long-term portion of redeemable capital		182,500,000	179,500,000
<b>Total non-current liabilities</b>		<b>1,281,728,321</b>	<b>1,009,953,220</b>
<b>TOTAL LIABILITIES</b>		<b>5,615,601,825</b>	<b>5,647,956,910</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>			
<b>Certificate capital</b>			
<b>Authorised certificate capital</b>			
50,000,000 (June 30, 2023: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (June 30, 2023: Rs. 500,000,000)			
<b>Issued, subscribed and paid-up certificate capital</b>			
28,500,000 (June 30, 2023: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (June 30, 2023: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
Revenue reserve		453,835,300	453,835,300
Capital reserve		91,321,086	143,899,235
		580,897,980	578,888,037
		1,126,054,366	1,176,622,572
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,741,656,191</b>	<b>6,824,579,482</b>
<b>CONTINGENCIES AND COMMITMENTS</b>			
	14		

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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

SD	SD	SD	SD
Chief Executive	Director	Director	Chief Financial Officer

# CONDENSED INTERIM PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Note	Three months period ended September 30, 2023	Three months period ended September 30, 2022
----- (Rupees) -----			
Ijarah rentals earned		227,476,889	238,337,259
Income on Diminishing Musharaka arrangements		272,143,749	168,672,049
Dividend income		8,945,943	-
Profit on bank balances		18,852,681	23,471,209
		<u>527,419,262</u>	<u>430,480,517</u>
Financial and other charges	15	(257,524,185)	(188,578,006)
Depreciation on Ijarah assets		(141,452,618)	(169,911,304)
Reversal of impairment against Ijarah assets		12,949,261	-
		<u>141,391,720</u>	<u>71,991,207</u>
(Provision) / reversal of provision against Ijarah rentals receivable - net		(8,682,347)	2,481,694
Reversal of provision against Diminishing Musharaka - net		2,627,823	6,836,842
Reversal of provision / (provision) against other receivables - net		-	1,800,000
		<u>135,337,196</u>	<u>83,109,743</u>
Other income		785,831	11,463,484
Administrative and operating expenses		(70,441,846)	(54,684,162)
		<u>65,681,181</u>	<u>39,889,065</u>
Management Company's remuneration	16	(6,568,118)	(3,988,907)
Provision for services sales tax on the Management Company's remuneration	17	(853,855)	(518,558)
Provision for Sindh Workers' Welfare Fund	18	(1,165,184)	(707,632)
<b>Profit for the period before taxation</b>		<u>57,094,024</u>	<u>34,673,968</u>
Taxation	19	(16,895,170)	(10,055,451)
<b>Profit for the period after taxation</b>		<u>40,198,854</u>	<u>24,618,517</u>
Other comprehensive income for the period		-	-
<b>Total comprehensive income for the period</b>		<u><u>40,198,854</u></u>	<u><u>24,618,517</u></u>
<b>Earnings per certificate - basic and diluted</b>	20	<u><u>0.89</u></u>	<u><u>0.54</u></u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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

SD  
Chief Executive

SD  
Director

SD  
Director

SD  
Chief Financial Officer

# CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

Note	Three months period ended September 30, 2023	Three months period ended September 30, 2022
----- (Rupees) -----		
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit for the period before taxation	57,094,024	34,673,968
<b>Adjustments for non-cash and other items:</b>		
Depreciation on tangible assets	2,536,278	2,122,788
Amortisation on intangible assets	370,009	85,731
Gain on disposal of tangible assets	(32,461)	(3,400,000)
Depreciation on Ijarah assets	141,452,618	169,911,305
Gain on disposal of Ijarah assets	4,621,026	(2,328,565)
Provision / (reversal) of provision against Ijarah rentals receivable - net	8,682,347	(2,481,694)
Reversal of impairment on assets under Ijarah arrangements	(12,949,261)	-
Reversal of provision against Diminishing Musharaka - net	(2,627,823)	(6,836,842)
(Reversal) of provision / provision against other receivables - net	-	(1,800,000)
Profit on bank balances	(18,852,681)	(23,471,209)
Financial charges on:		
- Redeemable capital	149,401,187	97,862,117
- Term finance arrangements	89,869,886	75,568,509
Provision for services sales tax on the Management Company's remuneration	853,855	707,632
Provision for Sindh Workers' Welfare Fund	1,165,184	518,558
	364,490,164	306,458,330
	421,584,188	341,132,298
<b>(Increase) / decrease in assets</b>		
Advances, deposits, prepayments and other receivables	(157,751,385)	73,385,023
Ijarah rentals receivable	1,115,656	(2,248,868)
Diminishing Musharaka	95,723,139	67,053,892
Short-term investments	(7,764,931)	-
	(68,677,521)	138,190,047
<b>Increase / (decrease) in liabilities</b>		
Creditors, accrued and other liabilities	11,178,845	(10,700,723)
Advance Ijarah rentals received	6,372,553	(1,424,494)
Security deposits	(8,079,711)	(2,841,207)
	9,471,687	(14,966,424)
	362,378,354	464,355,921
Financial charges paid on:		
- Redeemable capital	(149,079,174)	(93,129,159)
- Term finance arrangements	(91,907,274)	(60,190,234)
	(240,986,448)	(153,319,393)
Payment for Sindh Workers' Welfare Fund	(1,999,202)	-
Taxes paid	(13,187,008)	(12,435,541)
<b>Net cash generated from operating activities</b>	106,205,696	298,600,987
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditure of fixed assets in own use	(5,364,669)	(7,176,660)
Capital expenditure of Ijarah assets	(86,240,000)	(82,764,238)
Proceeds from disposal of fixed assets in own use	34,998	3,400,000
Proceeds from disposal of Ijarah assets	55,203,539	36,114,882
Profit received on bank deposits	18,852,029	19,410,753
<b>Net used in investing activities</b>	(17,514,103)	(31,015,263)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Redeemable capital less repayments	2,750,000	(290,400,000)
Term finance less repayments	(146,645,173)	372,384,224
Profit distribution to the certificate holders	-	-
<b>Net cash (used in) / generated from financing activities</b>	(143,895,173)	81,984,224
<b>Net decrease in cash and cash equivalents during the period</b>	(55,203,580)	349,569,948
Cash and cash equivalents at the beginning of the period	400,254,200	514,148,625
<b>Cash and cash equivalents at the end of the period</b>	345,050,620	863,718,573

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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

SD	SD	SD	SD
Chief Executive	Director	Director	Chief Financial Officer

# CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

	Issued, subscribed and paid-up certificate capital	Capital reserve			Revenue reserve	Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve	Sub-total	Unappropriated profit		
(Rupees)							
<b>Balance as on June 30, 2022 (audited)</b>	453,835,300	55,384,700	517,064,116	572,448,816	112,321,106	684,769,922	1,138,605,222
<b>Total comprehensive income for the period</b>							
- Profit for the three months period ended September 30, 2022	-	-	-	-	24,618,517	24,618,517	24,618,517
- Other comprehensive income for the three months period ended September 30, 2022	-	-	-	-	-	-	-
	-	-	-	-	24,618,517	24,618,517	24,618,517
<b>Transactions with owners</b>							
Profit distribution for the year ended June 30, 2022 @ Rs.2.0 per certificate declared subsequent to the year ended June 30, 2022	-	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	1,230,926	1,230,926	(1,230,926)	-	-
<b>Balance as at September 30, 2022 (un-audited)</b>	<u>453,835,300</u>	<u>55,384,700</u>	<u>518,295,042</u>	<u>573,679,742</u>	<u>44,941,637</u>	<u>618,621,379</u>	<u>1,072,456,679</u>
<b>Balance as on June 30, 2023 (audited)</b>	453,835,300	55,384,700	523,503,337	578,888,037	143,899,235	722,787,272	1,176,622,572
<b>Total comprehensive income for the period</b>							
- Profit for the three months period ended September 30, 2023	-	-	-	-	40,198,854	40,198,854	40,198,854
- Other comprehensive income for the three months period ended September 30, 2023	-	-	-	-	-	-	-
	-	-	-	-	40,198,854	40,198,854	40,198,854
<b>Transactions with owners</b>							
Profit distribution for the year ended June 30, 2023 @ Rs. 2.0 per certificate declared subsequent to the year ended June 30, 2023	-	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	2,009,943	2,009,943	(2,009,943)	-	-
<b>Balance as at September 30, 2023 (un-audited)</b>	<u>453,835,300</u>	<u>55,384,700</u>	<u>525,513,280</u>	<u>580,897,980</u>	<u>91,321,086</u>	<u>672,219,066</u>	<u>1,126,054,366</u>

The annexed notes from 1 to 25 form an integral part of these condensed interim financial statements.

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

SD Chief Executive	SD Director	SD Director	SD Chief Financial Officer
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# NOTES TO AND FORMING PART OF THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)

FOR THE THREE MONTHS PERIOD ENDED SEPTEMBER 30, 2023

## 1 STATUS AND NATURE OF BUSINESS

OLP 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 OLP Services Pakistan (Private) Limited ('the Management Company'). The Management Company is a wholly owned subsidiary of OLP Financial Services Pakistan Limited.

The registered office of Management Company is situated at OLP 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 and short term rating of A1+ to the Modaraba on March 03, 2023.

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

- International Accounting Standard (IAS) 34, 'Interim Financial Reporting', issued by the International Accounting Standards Board (IASB) as 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;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as notified under 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.

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 IAS 34, 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** The disclosures made in these condensed interim financial statements have, however, been limited based on the requirements of IAS 34: 'Interim Financial Reporting'. These condensed interim financial statements do not include all the information and disclosures required for a full set of financial statements and should be read in conjunction with the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.

**2.3** These condensed interim financial statements are unaudited.

#### **2.4 Functional and presentation currency**

These condensed interim financial statements are presented in Pakistani Rupees which is also the Modaraba's functional currency. All financial information presented has been rounded off to the nearest Rupee, unless otherwise stated.

### **3 SIGNIFICANT ACCOUNTING POLICIES, ESTIMATES AND JUDGEMENTS**

**3.1** The accounting policies adopted and the methods of computation of balances used in the preparation of these condensed interim financial statements are the same as those that were applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.

**3.2** The preparation of these condensed interim 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. In preparing these condensed interim financial statements, the significant judgments made by the management in applying the Modaraba's accounting policies and the key sources of estimation of uncertainty were the same as those that were applied in the annual published audited financial statements for the year ended June 30, 2023.

### 3.3 Standards, interpretations and amendments to the published approved accounting standards that are effective in the current period

There are certain amendments to the published approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 01, 2023. However, these do not have any significant impact on the Modaraba's operations and, therefore, have not been detailed in these condensed interim financial statements.

### 3.4 Standards, interpretations and amendments to the published approved accounting standards that are not yet effective

There are certain other new and amended standards, interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 01, 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 condensed interim financial statements.

## 4 FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Modaraba are consistent with those disclosed in the annual published audited financial statements of the Modaraba for the year ended June 30, 2023.

## 5 CASH AND BANK BALANCES

Balances with banks in:

- current accounts
- deposit accounts

Balance with the State Bank of Pakistan  
Cash in hand

Note	(Un-audited) September 30, 2023	(Audited) June 30, 2023
		(Rupees).....
	3,068,283	15,693,606
5.1	341,706,956	384,285,213
	190,881	190,881
	84,500	84,500
	<u>345,050,620</u>	<u>400,254,200</u>

5.1 These carry profit at the rates ranging from 11.31% to 20.5% (June 30, 2023: 10.04% to 19.50%) 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.

		(Un-audited) September 30, 2023	(Audited) June 30, 2023
<b>6 IJARAH RENTALS RECEIVABLE</b>	Note	----- (Rupees) -----	
ljarah rentals receivable - considered good		93,961,042	103,759,046
ljarah rentals receivable - considered bad or doubtful	6.1	48,019,139	48,454,351
Less: allowance for potential ljarah losses	6.2	(39,467,708)	(30,785,361)
Less: profit held in suspense	6.3	(8,551,431)	(17,668,990)
		-	-
		93,961,042	103,759,046
<b>6.1</b>	This is netted-off with the related security deposits held as at the reporting date.		
		(Un-audited) September 30, 2023	(Audited) June 30, 2023
<b>6.2 Allowance for potential ljarah losses</b>		----- (Rupees) -----	
Opening balance		30,785,361	12,327,647
Provision for the period / year - net		8,682,347	18,457,714
Closing balance		39,467,708	30,785,361
<b>6.3 Profit held in suspense</b>			
Opening balance		17,668,990	15,241,422
(Reversal) / Suspended income during the period / year - net		(9,117,559)	2,427,568
Closing balance		8,551,431	17,668,990
<b>6.4</b>	ljarah includes Rs. 35.074 million (June 30, 2023: Rs. 40.095 million) which have been placed under non-performing status.		
<b>6.5</b>	During the period /year the Modaraba has not availed the benefit of forced sale value of assets held as collateral against non-performing ljarah as allowed under the Modaraba Regulations, 2021 issued by the SECP.		
		(Un-audited) September 30, 2023	(Audited) June 30, 2023
<b>7 SHORT-TERM INVESTMENTS</b>	Note	----- (Rupees) -----	
At fair value through profit or loss			
Investment in mutual funds	5.2	131,623,612	123,858,681



## 8 DIMINISHING MUSHARAKA

### Staff - considered good

- Housing finance
- Motor vehicles
- Others

Note

(Un-audited)  
September 30,  
2023

(Audited)  
June 30,  
2023

----- (Rupees) -----

### 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 Musharaka

8.1 & 8.2

8.2

	91,708,171	93,264,073
	43,124,705	42,155,284
	3,738,845	3,408,044
	<u>138,571,721</u>	<u>138,827,401</u>
	347,568,899	359,313,371
	1,627,449,622	1,578,611,124
	2,007,812,006	2,164,116,759
	<u>3,982,830,527</u>	<u>4,102,041,254</u>
	1,137,630	3,683,790
	16,791,009	23,267,047
	102,423,412	69,657,946
	<u>120,352,051</u>	<u>96,608,783</u>
	(64,933,694)	(67,561,517)
	<u>4,038,248,884</u>	<u>4,131,088,520</u>
	<u>4,176,820,605</u>	<u>4,269,915,921</u>

**8.1** These represent finance provided to employees, officers and key management personnel of the Modaraba under Diminishing Musharaka arrangement for renovation, construction and purchase of house, purchase of vehicles and other consumer durables. These carry profit at the rates ranging from 18.32% to 27.69% (June 30, 2023: 18.32% to 25.17%) per annum and are repayable on monthly basis over a maximum period of 20 years (June 30, 2023: 20 years).

**8.1.1** This includes Diminishing Musharaka facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 24.230 million (June 30, 2023: Rs. 25.608 million), Rs. 19.978 million (June 30, 2023: Rs. 18.165 million) and Rs. 0.914 million (June 30, 2023: Rs. 0.601 million) respectively. These are secured against Diminishing Musharaka assets.

## 8.2 Movement in provision against Diminishing Musharaka

Opening balance  
(Reversal) of provision for the period / year - net  
Closing balance

(Un-audited)  
September 30,  
2023

(Audited)  
June 30,  
2023

----- (Rupees) -----

	67,561,517	89,189,561
	(2,627,823)	(21,628,044)
	<u>64,933,694</u>	<u>67,561,517</u>

8.3 Break-up of Diminishing Musharaka between long-term and current portion	(Un-audited)	(Audited)
	September 30, 2023	June 30, 2023
	----- (Rupees) -----	
Current portion of Diminishing Musharaka	1,358,316,299	1,385,236,732
Less: provision held	(53,207,925)	(63,434,137)
	<u>1,305,108,374</u>	<u>1,321,802,595</u>
Long-term portion of Diminishing Musharaka	2,883,438,000	2,952,240,706
Less: provision held	(11,725,769)	(4,127,380)
	<u>2,871,712,231</u>	<u>2,948,113,326</u>

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

8.5 Diminishing Musharaka includes Rs. 120.352 million (June 30, 2023: Rs. 96.609 million) which have been placed under non-performing status.

8.6 Diminishing Musharaka carries profit at the rates ranging from 18.13% to 30.17% (June 30, 2023: 18.13% to 28.09%) per annum.

9 IJARAH ASSETS	Note	(Un-audited)	(Audited)
		September 30, 2023	June 30, 2023
		----- (Rupees) -----	
Ijarah contracts commencing on or after July 01, 2008 - accounted for under IFAS 2	9.2 & 9.3	1,525,474,234	1,627,562,155
		----- (Rupees) -----	
<b>Ijarah assets</b>		(Un-audited)	(Un-audited)
		September 30, 2023	September 30, 2022
		----- (Rupees) -----	
<b>Additions at cost during the period</b>			
- Plant, machinery and equipments		86,240,000	82,764,238
- Motor vehicles		-	-
		<u>86,240,000</u>	<u>82,764,238</u>
<b>Disposals at cost during the period</b>			
- Plant, machinery and equipments		171,651,770	31,136,869
- Motor vehicles		25,847,800	98,051,585
		<u>197,499,570</u>	<u>129,188,454</u>

9.1 The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (June 30, 2023: 2 to 6 years). Security deposits ranging between 0% to 51% (June 30, 2023: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 24.1% to 28.95% (June 30, 2023: 19.29% to 27.28%) per annum.

9.2 Ijarah includes Rs. 35.074 million (June 30, 2023: Rs. 40.095 million) which have been placed under non-performing status.

9.3 During the period /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.

## 10 TANGIBLE ASSETS

		<b>(Un-audited) September 30, 2023</b>	(Audited) June 30, 2023
Note		(Rupees)	
Tangible assets in own use	10.1	<u>17,538,508</u>	<u>17,061,707</u>

10.1 The following is a statement of tangible assets in own use:

	September 30, 2023 (Un-audited)				Total
	Tangible assets				
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	
	(Rupees)				
<b>At July 01, 2023</b>					
Cost	12,198,211	8,279,748	38,494,154	6,520,400	65,492,513
Accumulated depreciation	<u>(11,607,562)</u>	<u>(7,551,394)</u>	<u>(27,440,745)</u>	<u>(1,831,105)</u>	<u>(48,430,806)</u>
<b>Net book value</b>	590,649	728,354	11,053,409	4,689,295	17,061,707
<b>Additions</b>	-	-	3,015,618	-	3,015,618
<b>Disposals</b>					
Cost	-	-	(522,203)	-	(522,203)
Depreciation	-	-	519,664	-	519,664
	-	-	(2,539)	-	(2,539)
Depreciation charge for the period	<u>(49,413)</u>	<u>(178,944)</u>	<u>(1,768,797)</u>	<u>(539,124)</u>	<u>(2,536,278)</u>
<b>Closing net book value</b>	<u>541,236</u>	<u>549,410</u>	<u>12,297,691</u>	<u>4,150,171</u>	<u>17,538,508</u>
<b>At September 30, 2023</b>					
Cost	12,198,211	8,279,748	40,987,569	6,520,400	67,985,928
Accumulated depreciation	<u>(11,656,975)</u>	<u>(7,730,338)</u>	<u>(28,689,878)</u>	<u>(2,370,229)</u>	<u>(50,447,420)</u>
<b>Net book value</b>	541,236	549,410	12,297,691	4,150,171	17,538,508
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

June 30, 2023 (Audited)					
Tangible assets					Total
Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles		
(Rupees)					
<b>At July 01, 2022</b>					
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)
<b>Net book value</b>	<b>788,301</b>	<b>1,444,130</b>	<b>15,956,435</b>	<b>-</b>	<b>18,188,866</b>
<b>Additions</b>	-	-	2,054,010	6,469,500	8,523,510
<b>Disposals</b>					
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)
<b>Closing net book value</b>	<b>788,301</b>	<b>1,444,130</b>	<b>15,956,435</b>	<b>-</b>	<b>17,061,707</b>
<b>At June 30, 2023</b>					
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)
<b>Net book value</b>	<b>788,301</b>	<b>1,444,130</b>	<b>15,956,435</b>	<b>-</b>	<b>17,061,707</b>
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

## 11 INTANGIBLE ASSETS

(Un-audited)  
September 30,  
2023

(Audited)  
June 30,  
2023

(Rupees)

### 11.1 Opening balance

Software	4,173,974	2,194,932
<b>Cost</b>	<b>33,785,274</b>	<b>31,770,056</b>
Accumulated amortisation	(31,590,342)	(30,936,122)
<b>Net book value</b>	<b>2,194,932</b>	<b>833,934</b>
<b>Additions during the period / year</b>	<b>2,349,051</b>	<b>2,039,788</b>
<b>Disposals</b>		
Cost	-	(24,570)
Accumulated amortisation	-	4,095
	-	(20,475)
Amortisation charge for the period / year	(370,009)	(658,315)
<b>Closing net book value</b>	<b>4,173,974</b>	<b>2,194,932</b>
Amortisation rate (% per annum)	33.33%	33.33%

		<b>(Un-audited)</b> <b>September 30,</b> <b>2023</b>	(Audited) June 30, 2023
	Note	----- (Rupees) -----	
<b>Closing balance</b>			
Cost		36,134,325	33,785,274
Accumulated amortisation		<u>(31,960,351)</u>	<u>(31,590,342)</u>
<b>Net book value</b>		<u>4,173,974</u>	<u>2,194,932</u>

## 12 TERM FINANCE ARRANGEMENTS

Musharaka / Wakala finance	13.1, 13.2 & 13.3	1,503,364,683	1,650,009,856
Less: current portion of term finance arrangements		<u>(696,786,086)</u>	<u>(1,146,247,638)</u>
Long-term portion of term finance arrangements		<u>806,578,597</u>	<u>503,762,218</u>

### 12.1 Musharaka / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of profit payment	Tenor		Balance outstanding	
	As at September 30, 2023 (Un-audited)	As at June 30, 2023 (Audited)	During the period ended September 30, 2023 (Un-audited)	During the year ended June 30, 2023 (Audited)		September 30, 2023 (Un-audited)	June 30, 2023 (Audited)	As at September 30, 2023 (Un-audited)	As at June 30, 2023 (Audited)
	(Rupees)							(Rupees)	
Bank Alfalah Limited	43,750,000	87,500,000	0.6345	0.4458-0.6159	Quarterly	3 years	3 years	43,750,000	87,500,000
Allied Bank Limited	800,000,000	800,000,000	0.6411	0.4458-0.6159	Quarterly	5 years	3-5 years	427,629,498	516,361,991
Pakistan Mortgage Refinance Company Limited	269,485,185	246,147,865	0.5633-0.5962	0.3658-0.5633	Quarterly	5 years	5 years	269,485,185	246,147,865
Meezan Bank Limited	500,000,000	500,000,000	0.6378-0.6400	0.4405-0.6219	Quarterly	5 years	1 year	500,000,000	500,000,000
United Bank Limited	262,500,000	300,000,000	0.6477	0.4436-0.6178	Quarterly	3 years	3 years	262,500,000	300,000,000
								<u>1,503,364,683</u>	<u>1,650,009,856</u>

**12.2** The aforementioned facilities are secured against exclusive hypothecation over specific movable Ijarah and Diminishing Musharaka assets and the rentals / installments receivable in respect of such assets.

**12.3** These carry profit at the rates ranging from 20.56% to 23.64% (June 30, 2023: 20.56% to 22.70%) per annum.

		<b>(Un-audited)</b> <b>September 30,</b> <b>2023</b>	(Audited) June 30, 2023
	Note	----- (Rupees) -----	
<b>13. PROFIT DISTRIBUTION PAYABLE</b>			
Profit distribution payable for the year ended June 30, 2023	13.1	90,767,060	-
Unclaimed profit distribution		<u>59,295,174</u>	<u>59,295,174</u>
		<u>150,062,234</u>	<u>59,295,174</u>

**13.1** This includes dividend payable to OLP Financial Services Pakistan Limited and OLP Services Pakistan (Private) Limited amounted to Rs. 9,076,706 ( June 30,2023: Nil) each.

## 14 CONTINGENCIES AND COMMITMENTS

### 14.1 Contingencies

There were no contingencies outstanding as at September 30, 2023 and June 30, 2023.

### 14.2 Commitments

Outstanding letters of comfort as at September 30, 2023 amounted to Rs. 83.8 million (June 30, 2023: Rs. 83.8 million).

## 15 FINANCIAL AND OTHER CHARGES

	<b>(Un-audited) Three months period ended September 30, 2023</b>	(Un-audited) Three months period ended September 30, 2022
	-----	-----
	(Rupees)	(Rupees)
Profit on redeemable capital	131,641,751	78,520,193
Profit on term finance arrangements	89,869,886	75,568,509
Commission	17,759,436	19,341,924
Unwinding of security deposits	11,581,014	9,854,057
Bank charges	6,672,098	5,293,323
	<u>257,524,185</u>	<u>188,578,006</u>

## 16 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 period ended September 30, 2023 has been recognised at 10% (September 2022: 10%) of the profit for the period before charging such remuneration.

## 17 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.

## 18 PROVISION FOR SINDH WORKERS' WELFARE FUND

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 1.999 million (June 2023: 3.092) 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 adequate provision of SWWF liability in these financial statements on a prudent basis.

## 19 TAXATION

- Current
- Deferred

(Un-audited) Three months period ended September 30, 2023	(Un-audited) Three months period ended September 30, 2022
26,183,888	13,169,963
(9,288,718)	(3,114,512)
16,895,170	10,055,451

## 20 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at September 30, 2023 and September 30, 2022 which would have any effect on the earnings per certificate if the option to convert is exercised.

## 21 TRANSACTIONS AND BALANCES WITH CONNECTED PERSONS / RELATED PARTIES

Parties which are related to the Modaraba as per the requirements of in pursuit of IAS 24 'Related Party Disclosures' and includes associates, directors, staff retirement benefit plans and key management personnel. Remuneration of key management personnel are in accordance with the terms of employment. Dividend payout is recorded at the rate approved by the Modaraba Management Company. The Management Company's remuneration is in accordance with the rate mentioned in the law. Contributions to the staff provident fund and staff gratuity fund are made in accordance with the service rules. Other transactions are at agreed rates. 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.

### 21.1 Transactions during the period

	(Un-audited) Three months period ended September 30, 2023	(Un-audited) Three months period ended September 30, 2022
	.....(Rupees).....	
<b>OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company</b>		
Dividend	9,076,706	9,076,706
Allocated cost to the Modaraba for Islamabad office	150,000	135,000
<b>OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) - Management Company</b>		
Management Company's remuneration	6,568,118	3,988,906
Dividend	9,076,706	9,076,706
Rent reimbursement	2,404,959	1,093,163
<b>Staff retirement benefits funds</b>		
Contribution made to OLP Modaraba - Staff Provident Fund	1,486,600	1,492,905
Contribution made to OLP Modaraba - Staff Gratuity Fund	1,238,338	1,243,586
Reimbursement from OLP Modaraba - Staff Gratuity Fund	122,712	-
<b>Layton Rahmatulla Benevolent Trust Hospital - Associate</b>		
Donation paid by the Modaraba	1,000,000	-



	<b>(Un-audited) Three months period ended September 30, 2023</b>	(Un-audited) Three months period ended September 30, 2022
	----- (Rupees) -----	
<b>Key management personnel</b>		
Salaries and benefits	21,423,070	19,945,610
Contribution to the staff provident fund	506,275	576,962
Contribution to the staff gratuity fund	421,727	480,609
Income on Diminishing Musharaka arrangements	2,737,591	1,510,305
Profit on redeemable capital for the period	2,036,524	516,121
Redeemable capital issued (net off redemption)	11,500,000	-
No. of persons	7	7
	<b>(Un-audited) September 30, 2023</b>	(Audited) June 30, 2023
	----- (Rupees) -----	
<b>21.2 Balances outstanding as at period / year end (other than disclosed in respective notes)</b>		
<b>OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) - Holding Company of the Management Company</b>		
Certificate capital (Certificates held: 4,538,353 (June 30, 2023: 4,538,353))	45,383,530	45,383,530
<b>OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) - Management Company</b>		
Certificate capital (Certificates held: 4,538,353 (June 30, 2023: 4,538,353))	45,383,530	45,383,530
Remuneration payable to the Management company	19,089,352	12,521,234
Payable against rent reimbursement	10,321,782	7,916,823
<b>Balances outstanding as at period / year end (other than disclosed in respective notes)</b>		
<b>Directors of the Management Company</b>		
Certificate capital (Certificates held: 100,000 (June 30, 2023: 100,000))	1,000,000	1,000,000
<b>Key management personnel</b>		
Accrued profit on finances under Diminishing Musharaka	320,302	605,341
Profit payable on redeemable capital	4,635,669	2,660,536
Redeemable capital	39,950,000	28,450,000

## 22 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.

### 22.1 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
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

	As at September 30, 2023 (Un-audited)							
	Carrying value			Fair value				
	Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
	(Rupees)							
<b>Financial assets measured at fair value</b>								
Investments	131,623,612	-	-	131,623,612	-	131,623,612	-	131,623,612
	131,623,612	-	-	131,623,612	-	131,623,612	-	131,623,612
<b>Financial assets not measured at fair value</b>								
Cash and bank balances	-	-	345,050,620	345,050,620	-	-	-	-
Ājarah rentals receivable	-	-	93,961,042	93,961,042	-	-	-	-
Investments	131,623,612	-	-	131,623,612	-	131,623,612	-	131,623,612
Advances, deposits, prepayments and other receivables	-	-	298,282,426	298,282,426	-	-	-	-
Diminishing Musharaka	-	-	4,176,820,605	4,176,820,605	-	-	-	-
<b>Total</b>	131,623,612	-	4,914,114,693	5,045,738,305	-	131,623,612	-	131,623,612
<b>Financial liabilities</b>								
Term finance arrangements	-	-	1,503,364,683	1,503,364,683	-	-	-	-
Security deposits	-	-	487,955,567	487,955,567	-	-	-	-
Creditors, accrued and other liabilities	-	-	397,944,624	397,944,624	-	-	-	-
Redeemable capital	-	-	2,899,355,000	2,899,355,000	-	-	-	-
Unclaimed profit distribution	-	-	105,062,234	105,062,234	-	-	-	-
Advance Ājarah rentals received	-	-	8,026,426	8,026,426	-	-	-	-
<b>Total</b>	-	-	5,446,708,532	5,446,708,532	-	-	-	-

As at June 30, 2023 (Audited)							
Carrying value				Fair value			
Fair value through profit or loss	Fair value through OCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
(Rupees)							
<b>Financial assets measured at fair value</b>							
Investments	123,858,681	-	123,858,681	-	123,858,681	-	123,858,681
	123,858,681	-	123,858,681	-	123,858,681	-	123,858,681
<b>Financial assets not measured at fair value</b>							
Cash and bank balances	-	400,254,200	400,254,200	-	-	-	-
ġarah rentals receivable	-	103,759,046	103,759,046	-	-	-	-
Advances, deposits and other receivables	-	134,610,852	134,610,852	-	-	-	-
Diminishing Musharaka	-	4,269,915,921	4,269,915,921	-	-	-	-
	-	4,908,540,019	4,908,540,019	-	-	-	-
<b>Total</b>	<b>123,858,681</b>	<b>4,908,540,019</b>	<b>5,032,398,700</b>	<b>-</b>	<b>123,858,681</b>	<b>-</b>	<b>123,858,681</b>
<b>Financial liabilities</b>							
Term finance arrangements	-	1,650,009,856	1,650,009,856	-	-	-	-
Security deposits	-	388,269,302	388,269,302	-	-	-	-
Creditors, accrued and other liabilities	-	387,627,300	387,627,300	-	-	-	-
Redeemable capital	-	1,653,873	1,653,873	-	-	-	-
Unclaimed profit distribution	-	2,896,605,000	2,896,605,000	-	-	-	-
Advance ġarah rentals received	-	59,295,174	59,295,174	-	-	-	-
<b>Total</b>	<b>-</b>	<b>5,383,460,505</b>	<b>5,383,460,505</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 23 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 and all of its income is generated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at September 30, 2023, there were only two (June 30, 2023: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (June 30, 2023: 10% and 10%) respectively.





**OLP**

**OLP Modaraba**  
(Formerly ORIX Modaraba)

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