

YOUR TRUSTED  
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**ISLAMIC FINANCE**  
SOLUTIONS



[www.olpmodaraba.com](http://www.olpmodaraba.com)

ANNUAL REPORT  
**2024**





جہاں تازہ کی افکار تازہ ہے ہے نمود  
کہ جنگ و خست ہے ہوتے نہیں جہاں پیدا





First Grindlays  
Modaraba

1987

Standard  
Chartered  
Modaraba



2004



ORIX  
Modaraba | ORIX

2016

OLP Modaraba | OLP

2023

# Landmarks

1987

- 1). Agreement between Modaraba Management Company and Grindlays Bank PLC.
- 2). Musharika Agreement with Grindlays Bank Plc of PKR 21.8 Million for Modaraba to use the funds in its business.
- 3). Floatation of Share subscription form of First Grindlays Modaraba managed by (Grindlays Services of Pakistan (Pvt) Limited)

1989

Appointment of M/s Famco Associates & Co as Share Registrar for Modaraba

1990

- 1). First Right Issue of 5 Million Share Certificate
- 2). First Modaraba in the sector to have Crossed the PKR 1 Billion Landmark of net cumulative leases written

1991

First Branch office in Lahore

2012

Total Assets crossed PKR 6 Billion.

2011

Registration of Modaraba in Sindh Revenue Board

2009

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

2006

Increase in Authorised Capital of Modaraba to 50 Million Modaraba Certificate

2013

Registration of Modaraba in Sindh Revenue Board

2014

Registration of Modaraba in Federal Sales Tax with FBR

2015

- 1). MOU between ORIX Leasing Pakistan Limited and Standard Chartered Bank (Pakistan) limited for the divestment of shareholding in Modaraba.
- 2). Profit After Tax crossed PKR 195 Million for the year.
- 3). Migration from LMS software to AIB software

2016

Change of name from Standard Chartered Modaraba to ORIX Modaraba

## 1992

- 1). Second Right Issue of 13.5 Million Modaraba Certificate
- 2). First Bonus Issue of 1.5 Million Modaraba Certificate

## 1993

Second Bonus Issue of 1.5 Million Modaraba Certificate

## 1994

Third Bonus Issue of 3.15 Million Modaraba Certificate

## 1995

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

## 2004

- 1). First time highest Rating of A1+ in short term and AA+ in Long term in the Modaraba and Leasing Sector
- 2). Change of name from First Grindlays Modaraba to Standard Chartered Modaraba

## 2000

- 1). Branch office in Islamabad
- 2). First Annual Review Meeting of Modaraba
- 3). Launch of COMs to general public

## 1997

Forth Bonus Issue of 2.77 Modaraba Certificate

## 1996

Registration of Modaraba in Income Tax

## 2019

Appointment of First Female Director

## 2020

Implementatation of State of the Art IT Infrastructure to Virtually manage the operation for uninterpreted service to the clients in Covid-19.

## 2022

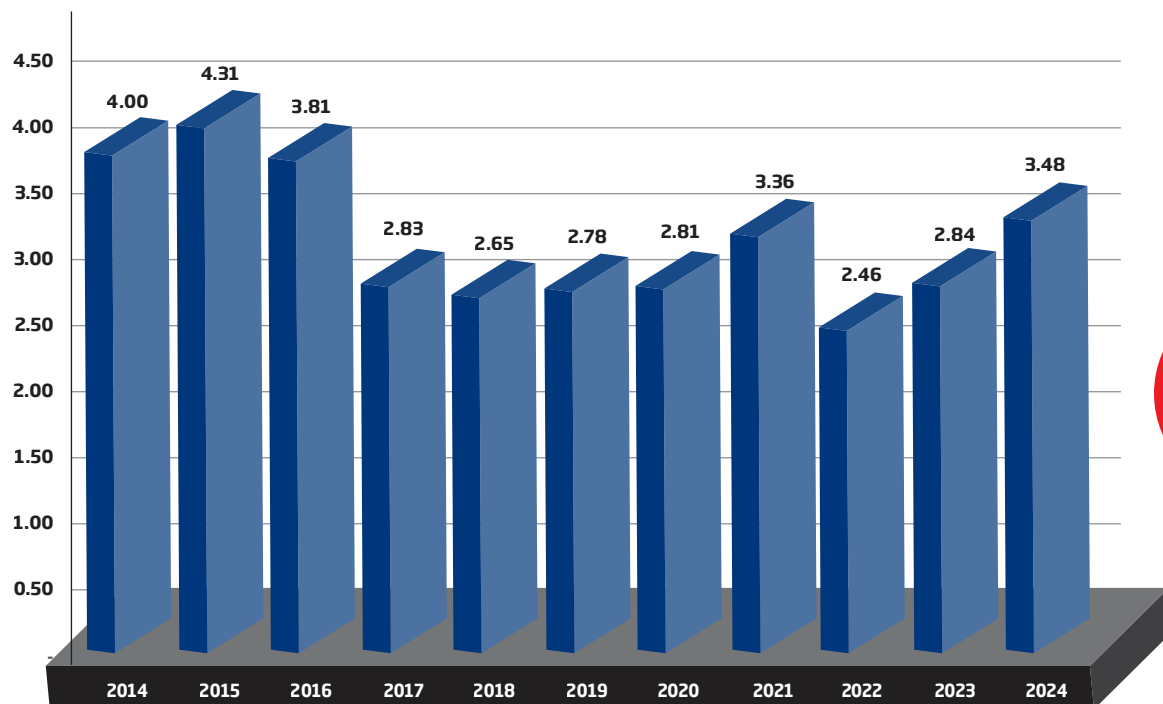
- 1). Re-branding of name from ORIX Modaraba to OLP Modaraba
- 2). New Website

## 2023

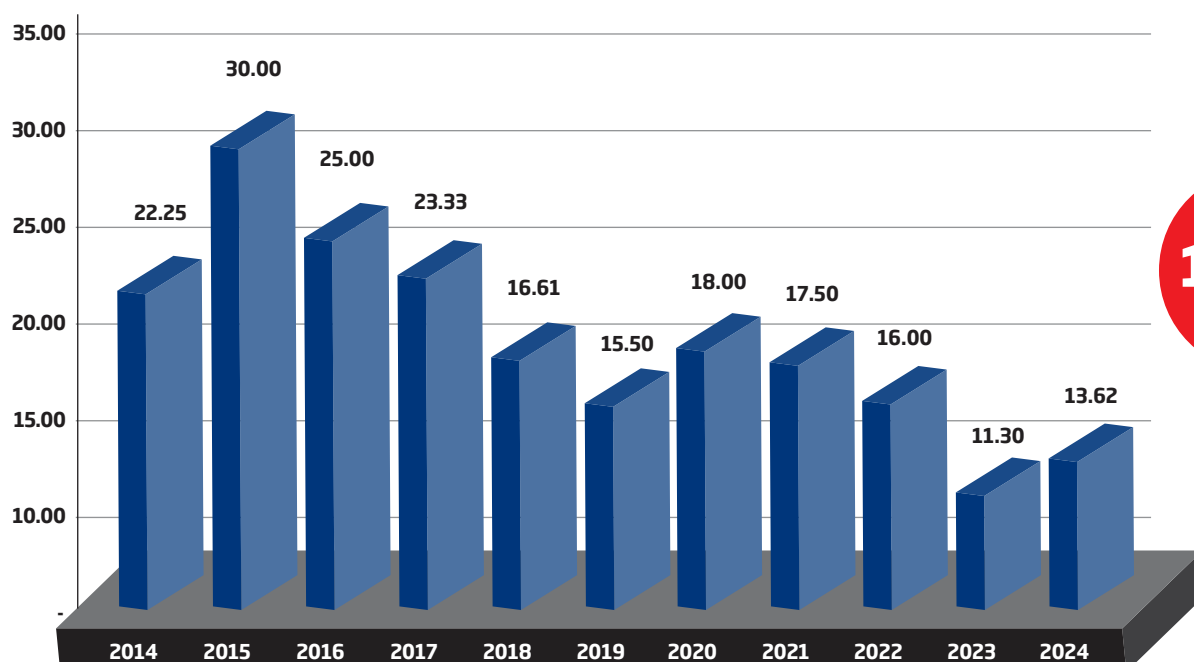
Change in the Registered Address of Management Company



## Earnings per Certificate

**3.48****2024**

## Market Value per Certificate

**13.62****2024**

# 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 30 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, 2024 was Yen 3.5 Trillion. It employee 34,000 employees and has over 2000 business locations across the globe.

## ORIX Corporation, Japan - Financial Highlights:

### Years Ended March 31 (Yen in Billion)

	2024	2023	2022	2021	2020
Total revenue	2,814.36	2,666.37	2,520.36	2,292.70	2,280.33
Total expense	2,453.65	2,352.38	2,218.28	2,033.89	2,010.65
"Income before income taxes, discontinued operation and extraordinary gain"	392.18	470.00	504.87	287.56	412.56
Net Income attributable to					
ORIX Corporation shareholders	290.34	346.13	312.13	192.38	302.70
ORIX Corporation Shareholder equity	3,543.61	3,941.47	3,261.41	3,028.46	2,993.61
Total assets	15,289.39	16,322.10	14,270.67	13,563.08	13,067.53
ROE (in percentage)	8.50	9.2	9.90	6.40	10.30
ROA (in percentage)	1.96	2.19	2.24	1.44	2.40
ORIX Corporation shareholder equity per share (Yen)	2,868.13	3,422.94	2,732.88	2,487.77	2,386.35
Cash Dividend (Yen)	98.60	85.60	85.00	78.00	76.00
Number of employees	34,000	34,000	32,235	33,000	31,233

OLP 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 SCB 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 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 NBFIs & Modaraba Association of Pakistan and operates from offices in Karachi, Lahore and Islamabad.



# Our Geographical Presences



# Awards 2024

## 1) Collaboration & Partnership (CSR Event & Fund Raising)

Corporate Social Responsibility Summit & Awards

## 2) Business Practices (Employee Volunteer Programme)

Corporate Social Responsibility Summit & Awards

## 3) Support for Healthcare Organizations

International Award on Environmental, Health & Safety



#### 4) Best Corporate Excellence Award in Modaraba Sector

Management Association of Pakistan

#### 5) FPCCI Achievements Award - Silver Category









# Credit Rating By Pacra



**AA**

Long Term

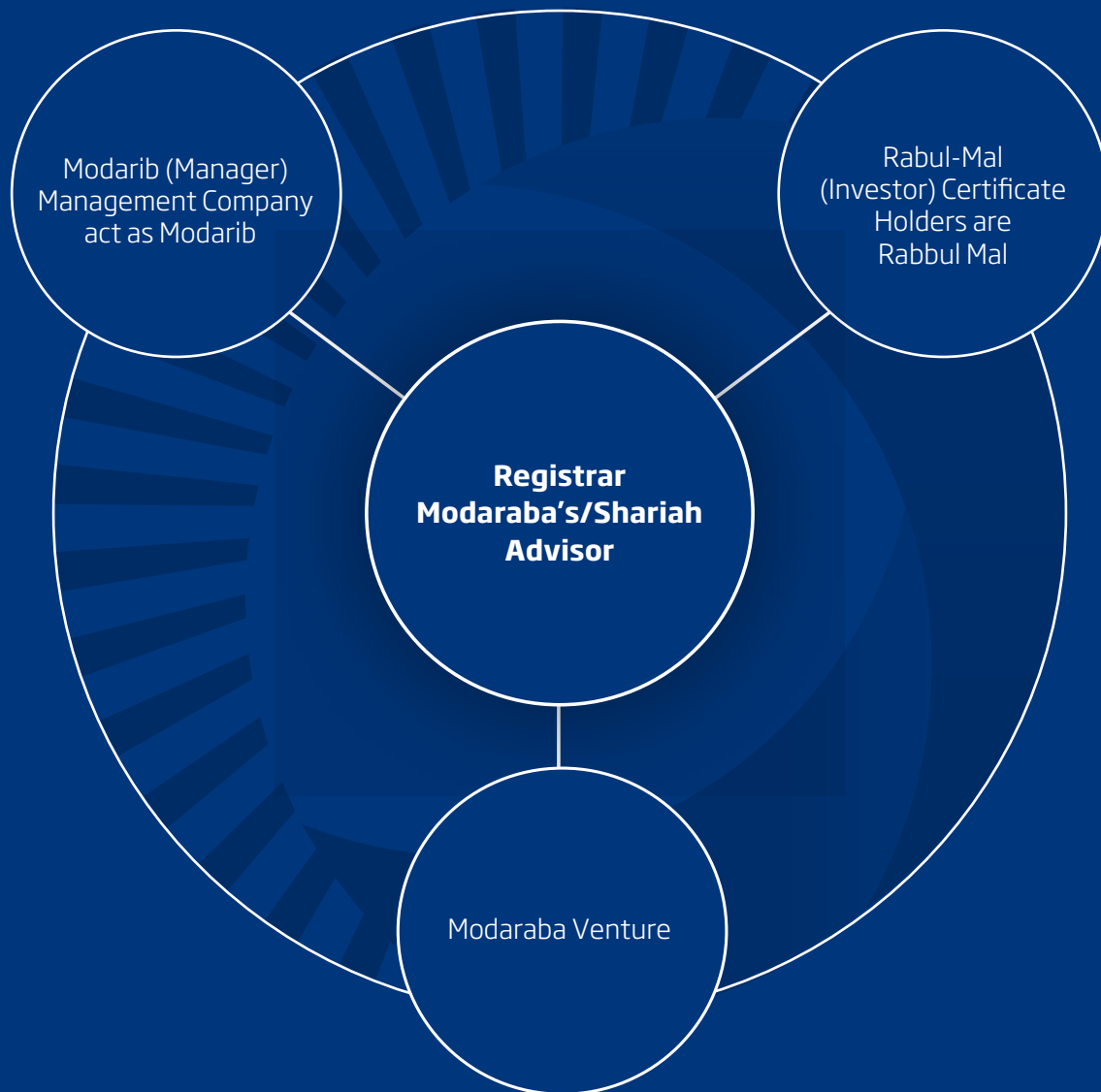
**A1+**

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 ;
- Stable credit rating;
- Return on investment ; and
- Consistent profitability.

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

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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, 2024 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.

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

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 covers the period from July 01, 2023 to June 30, 2024.

# Modaraba Information

## Modaraba Company OLP Services Pakistan (Pvt) Limited

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### Directors of Modaraba Company

Mr. Naveed Kamran Baloch	Chairman
Mr. Raheel Qamar Ahmad	Managing Director / Chief Executive Officer
Mr. Ramon Alfrey	Director
Mr. Nausherwan Adil	Independent Director
Mian Faysal Riaz	Director
Mr. Nadim D. Khan	Director
Ms. Naila Hasan	Female Independent 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. Ramon Alfrey	Member
Mr. Raheel Qamar Ahmad	Member

### Risk Committee

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

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**Shariah Advisor**


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Mufti Faisal Ahmed

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**Auditors**


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KPMG & Co. Chartered Accountants

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**Bankers/ Financial Institutions**


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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)  
 Al - Barka Bank (Pakistan) Limited  
 Pakistan Mortgage Refinance Company Limited

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**Legal Advisors**


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

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**Modaraba Company Registered Office**


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

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**Modaraba Head Office:**


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

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**Lahore Branch:**


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

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**Islamabad Branch:**


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

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**Registrars & Share Registration Office:**


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



**Introductory**

**The Board**



# Introductory



# OLP Modaraba (OLPM) Notice Of Distribution Of Profit, Transfer Book Closure And Twenty Fifth Annual Review Meeting

At the meeting held on September 14, 2024, the Board of Directors of the OLP Services Pakistan (Private) Limited; Management Company of OLP Modaraba (OLPM) was pleased to announce a net profit for OLP Modaraba of PKR 157.737 million for the year ended June 30, 2024. The Board also approved a cash dividend @ 20 % (PKR 2.00 per certificate of PKR 10/ each) for the year ended June 30, 2024.

Twenty Fifth Annual Review Meeting (ARM) of certificate-holders of OLPM will be held on Monday, October 28, 2024 at 11:00 a.m. at (Iqbal Auditorium of National Institute of Banking and Finance, Pakistan), located at Maulvi Tamizuddin Khan Road (M.T. Khan Road) 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, 2024.

## 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 Monday, October 21, 2024 to Monday, October 28, 2024 (both days inclusive). Transfers received in order at the office of our Registrar, FAMCO Share Registration Service (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahra-e-Faisal, Karachi, before the close of business hours on Friday, October 18, 2024 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, 2024 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 only to the registered certificate holders who have provided all the requested information at the above designated email address. Members will be registered, after necessary verification as per the above requirement and will be provided a video-link by the Modaraba via email. Only those members will be accepted at the ARM via video-conferencing whose names match the details shared with the Modaraba for registration.

## Annual Report

In terms of Section 223 (6) and (7) of the Companies Act 2017 and pursuant to S.R.O. 389(I)/2023 dated March 21, 2023, the Annual Report of OLP Modaraba for the year ended 2024 have been uploaded on the Modaraba's website at below link:

WEB LINK	QR Code
<a href="https://www.olpmodaraba.com/wp-content/uploads/2024/09/OLP-Modaraba-Annual-Report-June-2024.pdf">https://www.olpmodaraba.com/wp-content/uploads/2024/09/OLP-Modaraba-Annual-Report-June-2024.pdf</a>	

Notwithstanding 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 07, 2024

## 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 Share Registration Service (Pvt.) Ltd. 8-F, Near Hotel Faran, Block-6, P.E.C.H.S., Shahra-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](http://www.olpmodaraba.com). Further, the same is also available on website of FAMCO Share Registration Service (Private) Limited <http://www.famco.com.pk>. You may contact us at [askus@olpmodaraba.com](mailto: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 2024 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-Vol.11-66417-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 certificates 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 Share Registration Service (Pvt) Limited. for receipt of dividend / certificates.



اس سلسلے میں، تمام سرٹیفکیٹ ہولڈرز، جن کے نام ATL میں داخل نہیں کیے گئے ہیں باوجود اس کے کہ وہ فائلر 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 فائلرز کے طور پر سمجھا جائے گا، اور (۲) ان کے نیشنل ٹیکس نمبر کی ایک کاپی ان کے متعلقہ شرکت کنندہ/سی ڈی سی سرمایہ کار کا وٹ سروسز یا ہمارے شیئر رجسٹرار (صرف فزیکل سرٹیفکیٹ 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 اسٹینڈیٹ 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) / 2008-Vol.11-66417-R مورخہ 12 مئی 2015 کے تحت ٹیکس سے اسٹینڈیٹ 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 سرٹیفکیٹ کی ایک کاپی بھی فراہم کریں۔ متعلقہ کاپیاں ہمارے شیئر رجسٹرار کو ان کے مذکورہ دفتر کے پتے پر پہنچانی چاہئیں۔

### فزیکل شیئرز کی بک انٹری فارم میں تبدیلی:

SECP نے اپنے لیٹر نمبر CSD/ED/Misc/2016-639-640 مورخہ 26 مارچ 2021 کے ذریعے لسٹڈ کمپنیوں کو ہدایت دی ہے کہ وہ کمپنیز ایکٹ 2017 کے سیکشن 72 کی شقوں کے مطابق اپنے جاری کردہ فزیکل شیئرز کو بک انٹری فارم میں تبدیل کریں۔

فزیکل شیئرز کے حامل ممبران کو ہدایت دی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ CDC سب اکاؤنٹ کھولیں یا براہ راست CDC کے ساتھ انویسٹر اکاؤنٹ کھولیں تاکہ اپنے فزیکل شیئرز کو سکرپ لیس فارم میں تبدیل کر سکیں۔ اس سے انہیں کئی فوائد حاصل ہوں گے، جن میں شیئرز کی محفوظ تحویل اور کسی بھی وقت شیئرز کی فروخت شامل ہے، کیونکہ پاکستان اسٹاک ایکسچینج کے موجودہ ضوابط کے مطابق فزیکل شیئرز کی تجارت کی اجازت نہیں ہے۔

### غیر دعویٰ شدہ شیئرز اور ڈیویڈنڈز:

ایسے ممبران جنہوں نے ابھی تک اپنے شیئرز اور نقد ڈیویڈنڈز کا کلیم نہیں کیا، جو یا تو ممبران کے پاس محفوظ ہیں یا کمپنی کے شیئر رجسٹرار اور ٹرانسفر ایجنٹ کو ناقابل ترسیل ہونے کی صورت میں واپس بھیجے گئے ہیں، سے درخواست ہے کہ وہ اپنے غیر ادا شدہ/غیر دعویٰ شدہ ڈیویڈنڈز اور/یا شیئرز کا کمپنی سے کلیم کریں۔

ممبران کمپنی کی ویب سائٹ پر دستیاب کلیم فارم کے ذریعے کلیم دائر کر سکتے ہیں۔ کلیم فارم کو کمپنی کے شیئر رجسٹرار میسرز فاکو شیئرز رجسٹرار سروس (پرائیویٹ) لمیٹڈ کے پاس جمع کروایا جانا ضروری ہے تاکہ ڈیویڈنڈز/شیئرز وصول کیے جاسکیں۔

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 فاکلٹیٹیڈ رجسٹریشن سروس (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۔

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

### ڈیویڈنڈ پر ودھ ہولڈنگ ٹیکس:

ٹیکس کی ضروریات: سرٹیفکیٹس پر ڈیویڈنڈ کی آمدنی انکم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت ودھ ہولڈنگ ٹیکس کی کٹوتی کے لیے ذمہ دار ہے اور فنانس ایکٹ 2024 کی دفعات کے مطابق، ”فائلر“ اور ”نان فائلر“ سرٹیفکیٹ ہولڈرز ڈیویڈنڈ آمدنی پر بالترتیب 15% اور 30% ٹیکس ادا کریں گے۔ سرٹیفکیٹ ہولڈرز کے فائلر 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 ایکٹو ٹیکس پیزر لسٹ (ATL) کی بنیاد پر کیا جائے گا۔

فولیو/سی ڈی ایس اکاؤنٹ مشترکہ طور پر رکھنے کی صورت میں، ہر جوائنٹ ہولڈر کو فائلر یا نان فائلر کے طور پر الگ الگ سمجھا جائے گا اور ہر جوائنٹ ہولڈر کے سرٹیفکیٹ 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 سرٹیفکیٹ رجسٹرار کے ریکارڈ کے مطابق جوائنٹ ہولڈرز کا سرٹیفکیٹ ہولڈنگ کا تناسب پہلے سے طے شدہ ہو۔ اور اس طرح ٹیکس کی شرحیں متعلقہ تناسب کے مطابق لاگو ہوں گی۔ وہ سرٹیفکیٹ ہولڈرز، جن کے پاس مشترکہ طور پر سرٹیفکیٹ ہیں، ان سے درخواست کی جاتی ہے کہ وہ پرنسپل اور جوائنٹ ہولڈرز کے سرٹیفکیٹ ہولڈنگ تناسب کو 18 اکتوبر 2022 تک ہمارے سرٹیفکیٹ رجسٹرار کو تحریری طور پر اپنے اوپر دیئے گئے دفتری پتہ پر اپ ڈیٹ/مطلع کریں۔



## OLP مضاربہ نوٹس برائے منافع کی تقسیم، ٹرانسفر بک کی بندش اور سالانہ پیچیسویس میٹنگ کا جائزہ

OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز مورخہ 14 ستمبر 2024ء کو ہونے والی منعقدہ میٹنگ میں، 30 جون 2024ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے خالص منافع 157.737 ملین روپے کا اعلان کرتے ہوئے خوشی محسوس کر رہے ہیں۔ بورڈ نے 30 جون 2024ء کو اختتام پذیر ہونے والے سال کیلئے 20% کے حساب سے (یعنی 10 روپے ہر ایک کے حساب سے فی سٹیفکیٹ 2 روپے) کیس ڈویڈنڈ کی بھی منظوری دی۔

30 جون 2024ء کو ختم ہونے والے سال کیلئے مضاربہ کی کارکردگی کا ویڈیولنک کے انتظام کے ذریعے ذاتی طور پر اور الیکٹرانک طریقہ سے جائزہ لینے کیلئے OLPM کے حامل سٹیفکیٹ کی پیچیسویس سالانہ جائزہ میٹنگ (ARM) بروز پیر 28 اکتوبر 2024 کو صبح 11:00 بجے (اقبال آڈیو ریم آف نیشنل انسٹی ٹیوٹ آف بینکنگ اینڈ فنانس، پاکستان)، واقع مولوی تمیز الدین خان روڈ (ایم ٹی خان روڈ) کراچی میں منعقد کی جائے گی۔

### سٹیفکیٹ ٹرانسفر بکس کی بندش:

مذکورہ منافع کا حق دار ہونے کی تصدیق اور سالانہ جائزہ اجلاس میں شرکت کے لئے، سٹیفکیٹ ٹرانسفر کی کتابیں پیر، 21 اکتوبر 2024 سے پیر، 28 اکتوبر 2024 (دونوں دن شامل) تک بند رہیں گی۔ ٹرانسفر ہمارے رجسٹرار، فاکوشیئر رجسٹریشن سروس (پرائیویٹ) لمیٹڈ، 8-F، نزد ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل، کراچی کے دفتر میں کاروباری اوقات کے اختتام سے قبل موصول ہو جانی چاہئیں، ان کو منافع کے حق دار ہونے اور سالانہ جائزہ اجلاس میں شرکت کے لئے بروقت تصور کیا جائے گا۔

### سالانہ جائزہ اجلاس میں شرکت:

سٹیفکیٹ ہولڈرز جو آن لائن پلیٹ فارم کے ذریعے آر ایم میں شرکت کرنے میں دلچسپی رکھتے ہیں اور جن کے نام مضاربہ کی کتاب میں 18 اکتوبر 2024 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، فونیو نمبر، سیل فون نمبر، اور ای میل ایڈریس مقررہ ای میل ایڈریس (Secretariat @olpmodaraba.com) پر بھیج کر اپنا اندراج کروالیں۔ ویبنار کا لنک ان رجسٹرڈ سٹیفکیٹ ہولڈرز کو فراہم کیا جائے گا جنہوں نے درخواست کردہ تمام معلومات فراہم کی ہیں۔ ممبران کو ضروری تصدیق کے بعد مذکورہ شرائط کے مطابق رجسٹر کیا جائے گا اور مضاربہ کی جانب سے انہیں ای میل کے ذریعے ویڈیولنک فراہم کیا جائے گا۔ صرف وہی ممبران ویڈیو کانفرنسنگ کے ذریعے آر ایم (ARM) میں شرکت کر سکیں گے جن کے نام رجسٹریشن کے لیے مضاربہ کے ساتھ شیئر کی گئی تفصیلات سے مطابقت رکھتے ہوں گے۔

### سالانہ رپورٹ:

کمپنیز ایکٹ 2017 کے سیکشن (7) & (6) 223 کے تحت اور S.R.O. 389(I)/2023 مورخہ 21 مارچ 2023ء کے تحت، 2024ء کو ختم ہونے والے سال کی سالانہ رپورٹ بھی مضاربہ کی ویب سائٹ پر درج ذیل لنک پر اپ لوڈ کر دی گئی ہے:

QR کوڈ	ویب لنک
	<a href="https://www.olpmodaraba.com/wp-content/uploads/2024/09/OLP-Modaraba-Annual-Report-June-2024.pdf">https://www.olpmodaraba.com/wp-content/uploads/2024/09/OLP-Modaraba-Annual-Report-June-2024.pdf</a>

مندرجہ بالا کے باوجود، مضاربہ آڈٹ شدہ مالیاتی گوشواروں کی ہارڈ کاپیاں کسی بھی ممبر کی درخواست پر ان کے رجسٹرڈ پتے پر بلا معاوضہ ایک (1) ہفتے کے اندر فراہم کرے گا، بشرطیکہ ایسی درخواست موصول ہو۔

بتوسط بورڈ

محمد صدیق  
کمپنی سیکریٹری

107 اکتوبر 2024ء

# 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.



## Clients Focus

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



## Teamwork

We work together to create synergies.



## Innovation

We seek continuous improvement and encourage creativity.



## Respect

We respect each other's feelings and opinions.



## Ownership

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



# Forward Looking

The new government has placed a strong emphasis on economic stability and growth. The current account posted a surplus of \$75 million in August 2024, turning around from a \$152 million deficit reported in August 2023. The inflation reading has also come back into a single digit figure after three years. Progressing through the 'year of disinflation', the State Bank of Pakistan has also downgraded the key policy rate by reducing it by 200bps to bringing it down to 17.5%. The government has also successfully negotiated a new IMF program and secured a long-term IMF agreement: a 36-month Extended Fund Facility worth approximately USD 7 billion. The new 37-month IMF deal approval promises to bring stability in the short term and if coupled with strategic reforms will create sustainability in the country's economic outlook. Additionally, it opens opportunities for further borrowing from other international lenders and friendly nations, thereby enhancing financial flexibility.

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.



# Major Events

**2023**  
August

- Shariah Training on OLPM Products

**2023**  
September

- Announcement of 20% Cash Dividend
- 268th Board Meeting
- 92th Board Audit Committee Meeting
- 12th Board Human Resource & Remuneration Committee Meeting
- 5th Board Risk Committee Meeting

**2023**  
October

- 5th Corporate Briefing Session
- Annual Review Meeting
- 269th Board Meeting
- 93th Board Audit Committee Meeting

**2024**  
April

- 271st Board Meeting
- 95th Board Audit Committee Meeting

**2024**  
May

- 96th Board Audit Committee Meeting

**2024**  
June

- 272nd Board Meeting

**2023**  
November

- Distribution of 20% Cash Dividend to Certificate Holders
- Re-Structuring of staff loan and the staff benefit policy
- Training to staff on control sample testing risk register and heat map

**2024**  
February

- 270th Board Meeting
- 94th Board Audit Committee Meeting

**2024**  
March

- Training of staff for business are spot checks.



**Introductory**

**The Board**

**Organization  
Overview &  
External  
Environment**



# The Board

# Get To Know Your Board Of Director

## Mr. Naveed Kamran Baloch

Chairman

Mr. Naveed Kamran Baloch is a distinguished individual holding a master's degree from the prestigious London School of Economics. Additionally, he is also a certified Board Director of the Pakistan Institute of Corporate Governance, showcasing his expertise in governance matters.

Mr. Naveed has held pertinent positions in the Pakistani Civil Service, attaining the esteemed BPS-22 grade.

Notably, he was promoted to the rank of Federal Secretary in October 2017, serving in key bureaucratic offices as the Cabinet Secretary and Finance Secretary of Pakistan.

After retirement from the Civil Service as one of the senior-most federal secretaries in the country, Mr. Naveed was appointed as the executive director to the World Bank.

Mr. Naveed has completed his Bachelors from Brown University in Providence, Rhode Island in Economics, and I.R. Furthermore, he pursued his MBA in Accounting from Boston University.

Throughout his career, Mr. Naveed has exemplified leadership, dedication, and expertise in governance, economics, and finance, making him a valuable asset to our organization.





## Mr. Raheel Qamar Ahmad

Managing Director/ CEO

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' Behbud Society, Agha Khan University Hospital. Mr. Ahmad also been featured amongst the top 100 CEOs of Pakistan.



**Mr. Nausherwan Adil**

Independent Director

Mr. Nausherwan Adil 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 NBP, he has also served as Senior Executive Vice President & Regional Chief Executive - Europe Region where he was responsible for NBP Europe Operations in France and Germany. He contributed materially to overall institutional policy debate and strategy formulation.

**Mr. Ramon Alfrey**

Director

Mr. Ramon Alfrey joined the board of OLP Services Pakistan (Pvt) Limited (OSPL) in 2016. Since 1990, He has also served the parent entity of OSPL i.e, the OLP Financial Services Pakistan Limited-OLP in various senior capacities in Pakistan and UAE. His more recent appointments at OLP include Company Secretary, Chief Financial Officer and Group General Manager Planning and Strategy. In April 2020, he assumed the responsibility of Deputy Chief Executive Officer.. Mr. Alfrey is a fellow member of the Institute of Chartered Accountants of Pakistan.

**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 ORIX 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 OLPL's 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 ORIX 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.

**Mr. Nadim D. Khan**

Director

Nadim D. Khan has over 30 years of diversified senior financial management experience along with a wealth of knowledge in strategic planning, preparation of corporate plan, business retention & development, conducting market due diligence, risk management, compliance, human resource management, etc. His depth of experience comes from working with Standard Chartered Bank, ING Barings Securities, Elixir Securities Pakistan, AMZ Asset Management Limited, KASB Securities and BenchMatrix. He did his BBA from Grand Valley State University, Michigan and MBA from San Francisco State University, California, USA. He is also an Associate from the Institute of Bankers, Pakistan.

# Get To Know Your Management



**Mr. Raheel Qamar Ahmad**  
Managing Director/ CEO



**Muhammad Siddique**  
CFO & Company Secretary

Muhammad Siddique joined OLPM on July 01, 2009 as CFO and Company Secretary. He also holds the positions of Head Wealth Management in OLPM. 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 OLPL 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 NBFI & Modaraba Association of Pakistan.



**Salwat Ahmed**  
Director - Client Relationships  
Pakistan

Salwat joined OLPM for his second tenure with the Modaraba on October 02, 2017. He was with OLPM 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 Aseel Finance & Abu Dhabi National Islamic Finance (ADNIF), FAB Group. During his four years' stay at Aseel, 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, PILCORP, PICL, and OLPM. 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 OLPM as Head of Human Resource and House Finance Diminishing Musharakah in July 2012. Nadir has also worked as Project Manager with Dolmen 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 OLPM. Mr. Nadir holds a Bachelor degree in IT.



### **Mohammad Arif Daya**

Head of Technology and Operations

Mohammad Arif Daya has been associated with OLPM since 1991. Currently working as Head Operations & Technology. Previously, he was the Head of Credit Risk Control Department in OLPM 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 31 years' experience in various financial institutions and audit firms.



### **Muhammad Asim Javed**

Director - Risk Management

Asim has over 25 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 overdue 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.



### **Muhammad Azhar Waseem**

Head of Internal Audit

Muhammad Azhar Waseem is an Associate member of ICMAP, having more than 18 years of experience in the field of audit, accounts, finance and credit control & administration, in distinct industries including banking, public and private sector. Prior being the Head of Internal Audit of OLP Modaraba, Azhar has well demonstrated his proficiency on the position of Manager of Credit Risk Control and Operations, where he spearheaded strategic credit risk assessment initiatives and streamlined operational processes, significantly contributing to the organization's financial stability and growth trajectory.

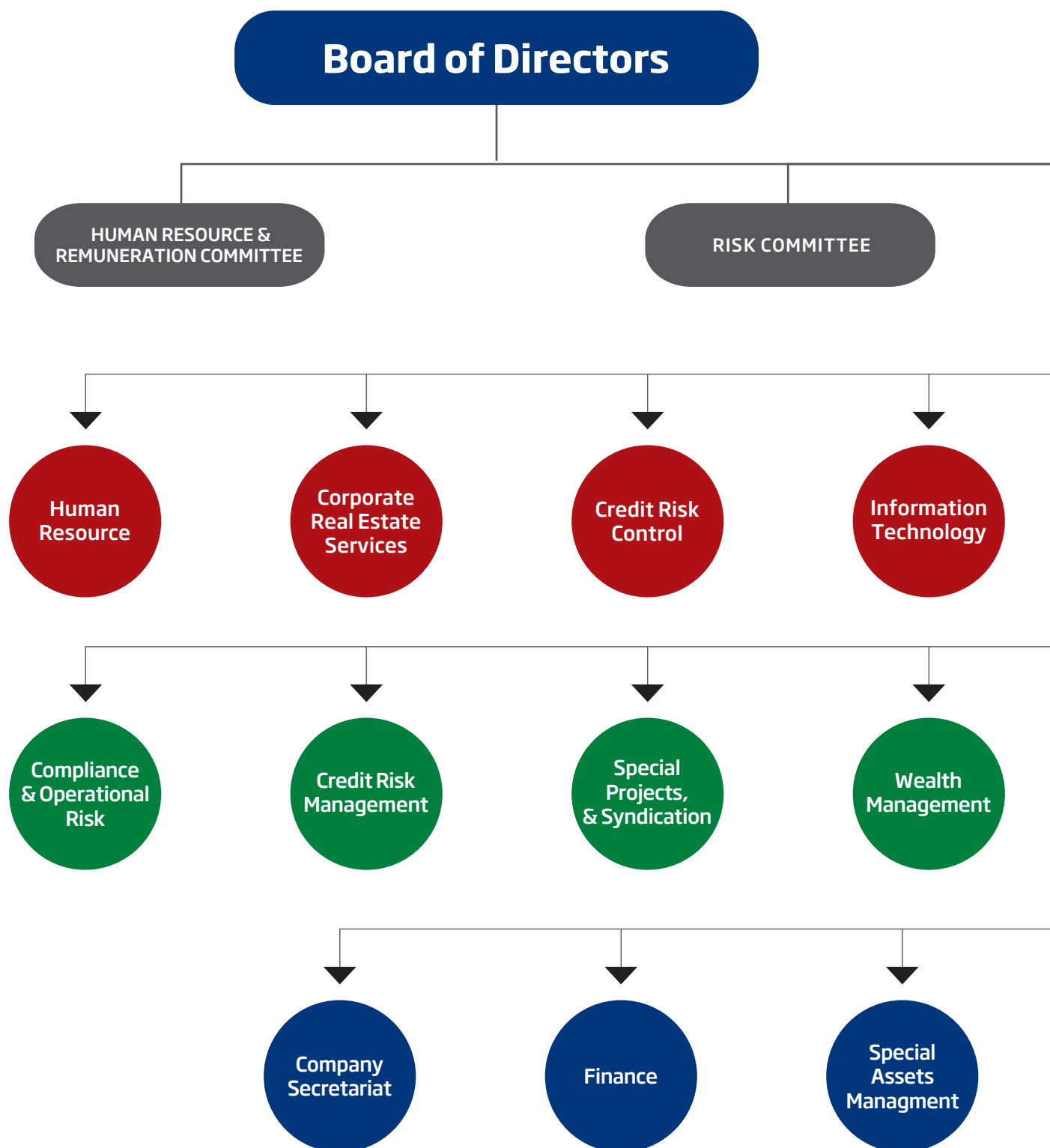


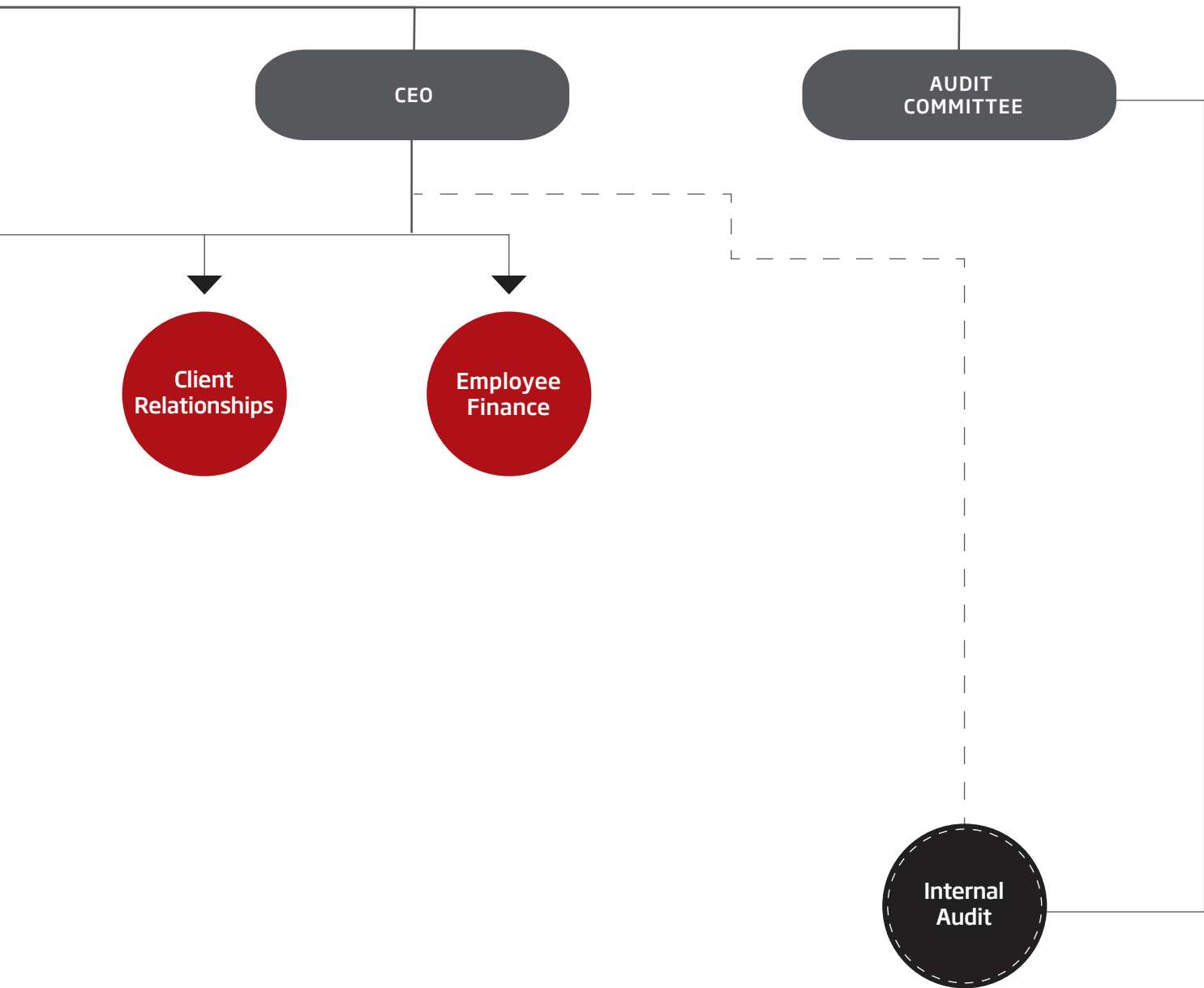




# Our Staff

# OLPM Organogram







**The Board**

**Organization  
Overview &  
External  
Environment**

**Strategy  
and Resource  
Allocation**



# Organization Overview & External Environment



# Modaraba at a Glance

**OLP 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 7.738 billion as at June 30, 2024.

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

## Key Performance Indicators 2024

- 1). Modaraba's gross revenue increased by 28.28% from PKR 1280.97 million to PKR 1643.25 million compared to last year.
- 2). Due to pro-active approach, we have subjectively downgrade some of our clients resulting in a net provision / impairment of PKR 14.87 million.
- 3). Profit before management company's remuneration increased by 20.49% from PKR 218.79 million to PKR 263.02 million compared to last year.
- 4). Whereas profit before taxation increased by 22.64% from PKR 186.43 million to PKR 228.63 million compared to last year.
- 5). During the year OLPM booked fresh disbursement of PKR 3.198 Million.
- 6). Total assets increased by 13.39% from PKR 6,825 million to PKR 7.738 million.
- 7). The Portfolio of Ijarah, short term Sukuk investment & Diminishing musharaka stood at PKR 6.909 million compare to PKR 6.021 million showing increase of 14.75%.

## Performance made in 2023

- 1). Modaraba's gross revenue increased by 62.91% from PKR 786.28 million to PKR 1280.97 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 2.782 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 showing increase of 8.02%.

# Financial Highlights



Profit After Tax	PKR in Million
2024	157.737
2023	128.784



Earnings	PKR
2024	3.48
2023	2.84



Cash Dividend	PKR in Million
2024	90.77
2023	90.77



Total Assets	PKR in Billion
2024	7.738
2023	6.824



Total Disbursements	PKR in Million
2024	3.198
2023	2.782



Break-up value Per Certificate	PKR
2024	27.40
2023	25.93

## Our Human Capital



Total Headcount  
53



22.64% Head Office  
Female  
Percentage

Locations	HEAD OFFICE	ISLAMABAD	LAHORE	TOTAL
FTE	31	02	07	40
Contractual	09	01	03	13



# OLPM Products

OLP 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 Opportunities 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 (Hfmdm)

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

Description	Factors	Response
<b>Political</b> Cultural and demographic trends of society. Social norms and pressures are key to determining consumer behavior.	<ul style="list-style-type: none"> <li>Global decline in demand, trade activity and continuous devaluation of currency;</li> <li>Political uncertainty and inconsistent policies can have adverse impacts;</li> <li>Terrorism and geostrategic considerations;</li> <li>Environmental laws;</li> <li>Fiscal policies;</li> <li>Labour Law; and</li> <li>Trade restrictions.</li> </ul>	<ul style="list-style-type: none"> <li>OLPM has embedded Environmental and Social Risk Assessment in products and services that are offered to the clients.</li> <li>Modaraba remains focused on enhancing its policies and procedures while working closely with all regulators.</li> <li>Updating internal documents in line with Modaraba's regulations, as and when required.</li> </ul>

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

Description	Factors	Response
<b>Social</b> Cultural and demographic trends of society. Social norms and pressures are key to determining consumer behavior.	<ul style="list-style-type: none"> <li>Safe &amp; healthy environment;</li> <li>CSR responsibilities factors;</li> <li>Charity and donations;</li> <li>Assistance in providing educational facilities;</li> <li>Organizational Reputation; and</li> <li>Fair practices.</li> <li>Social impacts of natural disasters in Pakistan;</li> </ul>	<ul style="list-style-type: none"> <li>OLPM has formed multiple committees related to ESG, Health and Safety, Resource Utilization and welfare of the society as a whole;</li> <li>OLPM continues to provide financial assistance to various charitable and non-profit organizations.</li> <li>Staff has been trained on use of internet and is aware of responsibilities w.r.t. organizational reputation and confidentiality.</li> </ul>

Description	Factors	Response
<b>Technological</b> 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"> <li>• Businesses have to keep pace with emerging technology;</li> <li>• Level of innovation; and automation.</li> <li>• Data Security;</li> <li>• Technological awareness &amp; readiness;</li> </ul>	<ul style="list-style-type: none"> <li>• Monitored and “Business need based download” to prevent malicious software or viruses; and</li> <li>• Managers are responsible to promote awareness of information security to protect Modaraba's information from unauthorized access, modification &amp; deletion.</li> <li>• OLPM has a reporting process where any actual or suspected incidents are reported without delay to prevent loss or theft of assets or information;</li> </ul>

Description	Factors	Response
<b>Environmental</b> Ecological impacts on business. Importance of Corporate Sustainability Responsibility (CSR) initiatives.	<ul style="list-style-type: none"> <li>• Climate changes;</li> <li>• Carbon Foot print;</li> <li>• Environmental protection;</li> <li>• Recycling standards.</li> </ul>	<ul style="list-style-type: none"> <li>• OLPM has shifted its internal processes to paperless environment and has greatly reduced the use of paper.</li> <li>• OLPM continues its support towards environmental protection, conservation and reduction of carbon emission;</li> <li>• 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</li> </ul>

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

# Swot Analysis

## SWOT

### 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 on page no. 15 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 achieve 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 OLP 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 leads toward negative affects on consumers, businesses investors, financial markets and economic policymakers. In the case of Pakistan, the Chronic political instability has hampered the Country economic growth the most. Currently after the election the new government is focused in bringing economic stability by prioritizing exports and investment. 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 access 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, 2024 are reported in the 'Calendar of major events' and 'Landmarks' 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.

## A general review of the performance of the company, including its subsidiaries, associates, divisions etc., for the year and major improvements from last year.

A detailed review of Modaraba's performance with comparison from last year is provided on page 48.



**Organization  
Overview &  
External  
Environment**

**Strategy  
and Resource  
Allocation**

**Risk &  
Uncertainties**

# Strategy and Resource Allocation

## 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 midtier SME and employees of selected Corporate Clients under Assurance Model. The cornerstones of our strategy are:

- 1). Expanding our Diminishing Musharika portfolio
- 2). New business with High-Net-Worth customers and target employees of selected blue-chip entities
- 3). 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
- 4). 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 ensure 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, COMs 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 Modaraba, 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.

## The capabilities and resources of the modaraba that provide sustainable competitive advantage, resulting in value creation by the modaraba.

OLP Modaraba being the Pakistan's Premier Islamic financial institution has a strong legacy of over 37 years for offering Islamic financial solutions to corporate, high and mid-tier SME's and consumer market. The modaraba has its presence in major cities of Pakistan like Karachi, Islamabad and

Lahore. Also, the modaraba has successfully maintained its rating of AA (long term) and A1+ (short term) from psst many years. This vast network and stable rating helps modaraba in attaining competitive advantage in providing Islamic financial Services to prospective corporate and consumer clients.

## Effects of the given factors on the modaraba strategy and resource allocation:

### a) Technological Changes;

Though on-going changes and revolutionizing new technological advancements pose a continuing challenge to all business segments requiring each business to review and upgrade its business capabilities. We at OLPM take pride in being the clear thought leader within the sector hence also keeping a vigilant eye on places and situations where there is need of adopting new technologies.

Currently OLPM is evaluating a new hi-tech TP system to bring its IT platforms to the required levels.

### b) Sustainability reporting and challenges;

OLPM has always been advocating the need for enhance sustainability and ESG related initiatives. Since decades, we have only been doing business with clients that come up to the required high standards of OLPMS ESRAT checklist. Furthermore recently, OLPM has formed a senior level management committee to solely take care the ESG and sustainability initiatives. Besides that a Board level " ESG committee " has/ is also being formed.

### c) Resource shortages

OLPM has always believed in investing in resource-saving technology and training its employees to bridge the skill gap for efficient and productive working styles



**Strategy  
and Resource  
Allocation**

**Risk &  
Opportunities**

**Governance**



# Risk & Opportunities

1	Key risks and opportunities (internal and external) effecting availability, quality and affordability of Capitals.	<p>Primarily non availability of funds shall result in initially reduction and ultimately of business and market share. Funds being used for business development shall be priced at a level where OLP Modaraba can make enough spread over and above which delivers value and benefit for Modaraba certificate holders.</p> <p>OLPMs overall liabilities include substantial long term bank borrowing lines and an ever-increasing pool of a Certificate of Musharika depositors. Alongside the equity base, the long-term bank lines and continuous inflow of COMs ensures availability of high quality and affordable capital.</p>
2	A Statement from Board for determining the Company's level of risk tolerance by establishing risk management policies.	<p>OLPM maintains a 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.</p> <p>There is a multiple layered risk handling capability which delivers smooth business operations, including various committees like Board Risk Committee (BRC) MANCO, Country Operation Risk Committee (CORC).</p>
3	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.	<p>At OLPM a continuous assessment covering all possible areas of risks just to give an example few are described below:</p> <p>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.</p> <p><b>Default risk:</b> Being a Financial Institutions involved in lending business, timely recovery of all repayments from all clients is of prime importance. To ensure that there are minimal overdue/ defaults early alert and SAM Committees on a monthly basis, discuss and evaluate all situation where there are overdues or other reasons which could result in a default.</p> <p>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 follow ups and updates on the previously agreed recovery related actual action plans as well as provide a continuing guidance as to how various different client with different situations should be handled.</p> <p>The above measure has thus far resulted in OLPM maintaining an excellent recovery rate and very low NPLs.</p>

		<p><b>Human capital risk:</b> 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 OLPM's vision of retaining its teams and keeping the human capital risk at a minimum.</p> <p><b>Government policies:</b> Though this aspect remains a challenge, 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.</p>
4	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.
5	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 Million OLPM using this as an Opportunity booked substantial business at higher rates.
6	Disclosure of a risk of supply chain disruption due to an ESG incident and company's strategy.	Due to robust risk management frameworks and ongoing senior level committee interactions, thus far no such disruption related incident has occurred.





**Risk &  
Opportunities**

**Governance**

**Sustainability**



# Governance



# Review Report



## Mr. Naveed Kamran Baloch Chairman

It gives me immense pleasure to present this review report on the overall performance of OLP Modaraba (OLPM) and the effectiveness of the Board in attaining its business objectives for the year 2023-24. As the new Chairman of the Board, my basic endeavor will be to ensure adherence to the Corporate Governance Regulatory framework and to lead the Board of Directors in effectively managing the Modaraba's strategic direction, whilst safeguarding the interests of its stakeholders.

### Year 2023-2024 for Pakistan:

Following the implementation of the IMF \$3 billion Standby Arrangement (SBA), the economy has started to stabilize. Support from other multilateral and bilateral sources played a crucial role in increasing the SBP official reserves from a level of \$4.4bn to \$9.4bn. Currently, a staff level agreement has been reached on a \$7 billion bailout package under the IMF's Extended Fund Facility (EFF) program. This progress follows the Federal Government's agreement on all prerequisites, including electricity tariff hikes, budgetary adjustments, and the broadening of taxation.

GDP growth rate stood at 2.3%. Agriculture emerged as the main driver of economic growth, registering a growth of 6.3%. The agriculture sector's recovery is mainly attributed to government initiatives through improved input supply and increased credit disbursement to farmers. Large Scale Manufacturing (LSM) growth became moderately positive mainly due to import restriction. Going forward, the Government has set a GDP growth target of 3.5% for FY25.

The average inflation for FY24 clocked in at 23.9%, down from 29% in the previous year. Notably, the average

monthly CPI decreased to approximately 0.5% in the second half of FY24, compared to around 2% in the first half. This resulted in the SBP beginning a monetary easing cycle with 150 basis points reduction in the policy rate in its meeting held in June 2024. Further monetary easing is expected going forward to keep inflationary expectations well-anchored and to support the sustainable economic recovery in FY2025

### **Year 2023-2024 for OLP Modaraba (OLPM):**

Our performance has shown sustainable growth creating value for certificate holders in terms of profitability and dividend distribution during the year ended June 30, 2024. OLPM's team has performed exceptionally well in key business segments. Total disbursement during the year touched PKR. 3.198 billion which is 14.95 % higher than last year. The size of balance sheet has also reached PKR. 7,738 billion as compared to last year PKR. 6.825 billion which reflects a growth of 13.39%. Profit before taxation increased by 22.85% from PKR 182.22 million last year to PKR 223.86 million in the current year and the Net profit for the year increased by 22.48% from PKR 128.78 million to PKR 157.74 million. I take special pride in communicating that the Modaraba this year achieved the highest ever balance/ amount of total assets, profit before taxation and Certificate of Musharika Portfolio.

### **Awards and Recognition:**

It is a great source of satisfaction that the OLPM's team constant commitment to corporate excellence has not only established OLPM as the clear thought leader in the Modaraba sector but has also earned the Modaraba recognition at both national and international level. The "Corporate Excellence Award" in the Modaraba Sector from Management Association

of Pakistan, Certificates of Achievement in categories of 'Collaboration & Partnership' and 'Business Practices' at the Corporate Social Responsibility Awards and the FPCCI's "Annual Environment Excellence Award" are some of the awards won by OLPM this year.

The Review of Board and its Functions: I would like to report that the Board of Directors has performed its duties and responsibilities diligently and has made positive contributions in guiding the Modaraba in its strategic affairs. In today's volatile macroeconomic environment, it has focused on major risk areas and remained involved in the strategic planning process of the Modaraba. The Board recognizes that well defined corporate governance processes are important to preserve and enhance stakeholder value. All Directors, including Independent Directors, fully participated and contributed to the decision-making process of the Board. The Board also carried out its annual self-evaluation in line with the requirements of the Code of Corporate Governance.

### **New Board Members**

Mr. Nadim D. Khan was appointed as a Director on December 06, 2023. He replaced Ms. Aseya Qasim who resigned from her position. On behalf of the Board, I would like to thank Ms. Aseya Qasim for her valuable contribution and extend a warm welcome to Mr. Nadim D. Khan on joining the board.

On August 06, 2024, I was appointed as a member of the Board replacing Mr. Shaheen Amin who served the board of Modaraba Management Company since the acquisition of the entity by the ORIX group in June 2016. On behalf of the Board, I would like to thank Mr. Amin and appreciate his valuable contribution towards the success of the Modaraba. During his leadership of the board, Modaraba went from strength to strength and achieved all its corporate goals.

### **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. These ratings reflect a very high credit quality and a very low expectation of credit risk. It indicates a very strong capacity for timely payment of financial commitments. This capacity is not significantly vulnerable to foreseeable events in the long-term rating and the highest capacity for timely repayment for the short-term rating.

### **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 the SECP for its valued guidance and support during last year.

I would also like to thank our employees for their hard work in the year ended June 30, 2024 and I look forward to continue working with them to attain success in 2025.

**Naveed Kamran Baloch**  
Chairman

Karachi September 14, 2024



مجھے یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ بورڈ آف ڈائریکٹرز نے اپنی ذمہ داریاں محنت اور دیانت داری سے انجام دی ہیں اور مضاربہ کی حکمت عملی کے معاملات میں رہنمائی کرتے ہوئے مثبت کردار ادا کیا ہے۔ موجودہ غیر مستحکم معاشی ماحول میں بورڈ نے بڑے خطرات پر توجہ مرکوز کی اور مضاربہ کی حکمت عملی کی منصوبہ بندی کے عمل میں بھرپور شرکت کی۔ بورڈ اس بات کو تسلیم کرتا ہے کہ اچھی طرح سے متعین کارپوریٹ گورننس کے عمل شراکت داروں کی قدر کو محفوظ رکھنے اور بڑھانے کے لیے اہم ہیں۔ تمام ڈائریکٹرز، بشمول آزاد ڈائریکٹرز، نے بورڈ کے فیصلوں کے عمل میں مکمل طور پر حصہ لیا اور اس میں اپنا کردار ادا کیا۔ بورڈ نے کارپوریٹ گورننس کے ضابطے کے مطابق اپنی سالانہ خود تشخیصی عمل بھی مکمل کیا۔

#### بورڈ کے نئے ممبران:

6 دسمبر 2023 کو محترمہ آسیہ قاسم اپنے عہدہ سے مستعفی ہو گئیں اور ان کی جگہ جناب ندیم ڈی خان کا بطور ڈائریکٹر تقرر کیا گیا۔ بورڈ کی جانب سے میں محترمہ آسیہ قاسم کی قیمتی خدمات کے لیے ان کا تہہ دل سے شکریہ ادا کرتا ہوں اور جناب ندیم ڈی خان کو بورڈ میں شامل ہونے پر خوش آمدید کہتا ہوں۔

6 اگست 2024 کو مجھے بورڈ کا ممبر مقرر کیا گیا، جس میں، میں نے جناب شاہین امین کی جگہ لی، جو جون 2016 میں ORIX گروپ کی جانب سے ادارے کے حصول کے بعد سے مضاربہ مینجمنٹ کمپنی کے بورڈ کے ممبر تھے۔ بورڈ کی جانب سے، میں جناب امین کا شکریہ ادا کرتا ہوں اور مضاربہ کی کامیابی کے لیے ان کی قیمتی خدمات کی تعریف کرتا ہوں۔ ان کی قیادت میں بورڈ نے مضبوطی کے ساتھ ترقی کی اور تمام کارپوریٹ اہداف حاصل کیے۔

#### ہماری کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضاربہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو بالترتیب AA (ڈبل اے) اور A1+ (پلس اے ون) کے طور پر برقرار رکھا ہے۔ یہ ریٹنگز اعلیٰ کریڈٹ معیار اور کریڈٹ رسک کی بہت کم توقعات کی عکاسی کرتی ہیں۔ یہ بروقت مالی ذمہ داریوں کی ادائیگی کی ایک بہت مضبوط صلاحیت کی نشاندہی کرتی ہیں۔ یہ صلاحیت طویل مدتی درجہ بندی میں قابل پیش گوئی حالات کے لحاظ سے نمایاں طور پر کمزور نہیں ہے اور مختصر مدتی درجہ بندی کے لیے بروقت ادائیگی کی سب سے زیادہ صلاحیت کی عکاسی کرتی ہے۔

#### اظہار تشکر:

آخر میں، میں مضاربہ کی مجموعی کارکردگی میں اپنے تمام بورڈ ممبران کے عزم اور تعاون کے لیے اور بورڈ اور انتظامیہ پر اعتماد کے لیے شوقیت ہولڈرز کا شکریہ ادا کرنا چاہتا ہوں۔

میں سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کا گذشتہ سال میں ان کی قیمتی رہنمائی اور حمایت کا بھی شکریہ ادا کرتا ہوں۔

میں 30 جون 2024ء کو ختم ہونے والے سال میں اپنے ملازمین کی محنت اور مسلسل تعاون کے لیے بھی ان کا شکریہ ادا کرنا چاہوں گا اور میں سال 2025ء میں کامیابی حاصل کرنے کے لیے ان کے ساتھ کام جاری رکھنے کا متمنی ہوں۔

## چیرمین کی جائزہ رپورٹ

مجھے آپ کے سامنے OLP مضاربہ (OLPM) کی مجموعی کارکردگی اور بورڈ کی کاروباری اہداف کے حصول میں کامیابی پر جائزہ رپورٹ پیش کرتے ہوئے خوشی محسوس ہو رہی ہے۔ بطور بورڈ کے نئے چیرمین، میرا بنیادی مقصد یہ ہوگا کہ کارپوریٹ گورننس کے قواعد و ضوابط کی مکمل پاسداری کو یقینی بنائوں اور بورڈ آف ڈائریکٹرز کی قیادت کرتے ہوئے مضاربہ کی حکمت عملی کے مطابق اس کی سمت کو مؤثر طریقے سے چلاؤں اور مضاربہ کے تمام شرائط و احوال کے مفادات کا تحفظ بھی کروں۔

### پاکستان کیلئے سال 2023-2024:

آئی ایم ایف کے 3 بلین ڈالر کے اسٹینڈ بائی آرٹجمنٹ (SBA) کے نفاذ کے بعد معیشت مستحکم ہونا شروع ہو گئی ہے۔ دیگر بین الاقوامی اور دوطرفہ ذرائع سے حاصل ہونے والے تعاون نے اسٹیٹ بینک آف پاکستان کے سرکاری ذخائر کو 4.4 بلین ڈالر سے بڑھا کر 9.4 بلین ڈالر تک پہنچانے میں اہم کردار ادا کیا۔ اس وقت، آئی ایم ایف کے ایکسٹینڈڈ فنڈ فیسیٹی (EFF) پروگرام کے تحت 7 بلین ڈالر کے ہیل آؤٹ پیکیج پر اسٹاف لیول معاہدہ ہو چکا ہے۔ اس پیش رفت کے پیچھے وفاقی حکومت کا تمام پیشگی شرائط پر اتفاق ہے، جن میں بجلی کے نرخوں میں اضافہ، بجٹ میں ترامیم اور ٹیکس کا دائرہ وسیع کرنا شامل ہیں۔

جی ڈی پی کی شرح نمو 2.3 فیصد رہی، جس میں زراعت معیشت کی ترقی کا سب سے بڑا محرک ثابت ہوئی، جس کی شرح نمو 6.3 فیصد رہی۔ زرعی شعبے کی بحالی کا زیادہ تر کریڈٹ حکومت کے اقدامات کو دیا جاسکتا ہے، جن میں بہتر ان پٹ سپلائی اور کسانوں کو دی جانے والی قرضوں کی ادائیگی میں اضافہ شامل ہے۔ لارج اسکیل مینوفیکچرنگ (LSM) کی ترقی بھی مثبت رہی، جس کی وجہ درآمدات پر پابندیاں تھیں۔ مستقبل کیلئے، حکومت نے مالی سال 2025 کے لیے جی ڈی پی کی شرح نمو کا ہدف 3.5 فیصد مقرر کیا ہے۔

مالی سال 2024 کے دوران افراط زر کی اوسط شرح 23.9 فیصد رہی، جو گزشتہ سال کی شرح 29 سے کم ہے۔ خاص طور پر، مالی سال 2024 کی دوسری ششماہی میں اوسط ماہانہ CPI تقریباً 0.5 فیصد رہا، جبکہ پہلی ششماہی میں یہ تقریباً 2 فیصد تھا۔ اس کے نتیجے میں اسٹیٹ بینک آف پاکستان نے جون 2024 میں ہونے والے اجلاس میں پالیسی ریٹ میں 150 بیسس پوائنٹس کی کمی کے ساتھ مانیٹری ایجنٹ کا آغاز کیا۔ آئندہ بھی مزید مانیٹری ایجنٹ کی توقع ہے تاکہ افراط زر کی توقعات کو کنٹرول میں رکھا جاسکے اور مالی سال 2025 میں پائیدار معاشی بحالی کی حمایت کی جاسکے۔

### OLP مضاربہ کیلئے سال 2023-2024:

مالی سال 30 جون 2024 کو ختم ہونے والے سال کے دوران ہماری کارکردگی نے منافع اور منافع کی تقسیم کے لحاظ سے ٹھیکیت ہو لڈرز کے لیے پائیدار ترقی اور قدر پیدا کی ہے۔ OLPM کی ٹیم نے اہم کاروباری شعبوں میں غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔ دوران سال کل ادائیگیاں 3.198 بلین روپے رہیں، جو گزشتہ سال کے مقابلے میں 14.95 فیصد زیادہ ہے۔ بیلنس شیٹ کا حجم بھی 7.738 بلین روپے ہو گیا، جو گزشتہ سال کے 6.825 بلین روپے کے مقابلے میں 13.39 فیصد کی نمو کو ظاہر کرتا ہے۔ منافع قبل از ٹیکس میں 22.85 فیصد کا اضافہ ہوا جو 182.22 بلین روپے سے 223.86 بلین روپے ہو گیا، سال کے خالص منافع میں 22.48 فیصد کا اضافہ ہوا جو 128.78 بلین روپے سے 157.74 بلین روپے ہو گیا۔ مجھے یہ بات فخر کے ساتھ بتاتے ہوئے خوشی ہو رہی ہے کہ مضاربہ نے اس سال کل اثاثہ جات، منافع قبل از ٹیکس، اور سرٹیفکیٹ آف مشارکہ پورٹ فولیو میں تاریخ کی سب سے بلند ترین رقم / بیلنس حاصل کیا ہے۔

### مضاربہ ایوارڈز اور درجہ بندی:

یہ بات انتہائی اطمینان کا باعث ہے کہ OLPM کی ٹیم کی کارپوریٹ ایکسیلنس کے لیے مستقل عزم نے نہ صرف OLPM کو مضاربہ سیکٹر میں ایک نمایاں اور فکری قیادت فراہم کی ہے، بلکہ اسے قومی اور بین الاقوامی سطح پر بھی شناخت دلائی ہے۔ اس سال OLPM کو مینجمنٹ ایسوسی ایشن آف پاکستان کی جانب سے مضاربہ سیکٹر میں ”کارپوریٹ ایکسیلنس ایوارڈ“، کارپوریٹ سوشل رسپانسیبلیٹی ایوارڈز میں ”کولابوریشن اینڈ پارٹنرشپ“ اور ”بزنس پریکٹسز“ کی درجہ بندی میں تعریفی ٹھیکیت، اور ایف پی سی سی آئی کا ”اینول انوائزمنٹ ایکسیلنس ایوارڈ“ سے نوازا گیا ہے۔

# Forty-First Report of the Directors of Modaraba Company

For the year ended June 30, 2024

## 1. Economy

Pakistan's economy started FY2025 with positive developments, setting a positive tone for the months ahead. The current account posted a surplus of \$75 million in August 2024, turning around from a \$152 million deficit reported in August 2023. This improvement is primarily attributed to an increase in remittances, which surged by 40% year-on-year to \$2.9 billion in August. This surge helped diminish the current account deficit for the first two months of fiscal year 2025 (2MFY25) to \$171 million, an 81% decrease from the \$893 million deficit recorded during the same period in the previous year. The Exports also reached \$6.12 billion over 2MFY25, while imports stood at \$11.26 billion in the same period.

Pakistan's Sep-2024 CPI is also expected to clock in close to 7.5% - lowest in almost 4 years (since Jan-2021), despite a slight MoM uptick. The inflation reading has also comeback into a single digit figure after three years. The country's foreign exchange reserves have approximately doubled since June 2023, though they still fall short of what is needed to meet its external financing requirements.

Progressing through the 'year of disinflation' on favourable base effect from last year's, the Monetary Policy Committee of the State Bank of Pakistan has released its most aggressive cut in the key policy rate by reducing it by 200bps to bringing it down to 17.5% amid slowing inflation and declining international oil prices.

The outstanding issues with IMF for reaching the staff level agreement with IMF on a 37- month Extended Fund Facility Arrangement (EFF) for \$7 billion have also been resolved. The new 37-month IMF deal approval promises to bring stability in the short term and if coupled with strategic reforms will create sustainability in the country's economic outlook.

**The Board of Directors of OLP Services Pakistan (Private) Limited (OSPL), the Management Company of OLP Modaraba (OLPM), is pleased to present the forty-first Directors' report of OLPM, together with audited financial statements and auditors' report thereon for the year ended June 30, 2024.**

## 2. Operating Results and Business Overview

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
<b>Balance Sheet</b>		
Certificate capital	453,835	453,835
Total equity	1,243,593	1,176,623
Investment in Ijarah finance and Ijarah Assets	1,273,938	1,627,562
Investments in Diminishing Musharika	5,284,579	4,269,916
Redeemable capital	4,287,535	2,896,605
Total assets	7,738,335	6,824,579
<b>Profit and Loss</b>		
Revenue (net of Ijarah assets depreciation)	1,643,245	1,280,969
Financial charges	1,090,503	825,518
(Provisions/ impairment) / reversal of provisions/ impairment-net	(14,869)	6,496
Operating expenses	274,851	243,657
Profit before management fee	263,022	218,291
Profit before levy and taxation	228,634	186,434
Net profit	157,737	128,784
<b>Appropriations</b>		
Net profit for the year	157,737	128,784
Add: Unappropriated profit brought forward	53,132	21,554
Profit available for appropriation	210,869	150,338
Profit distribution @ 20% (2023 @ 20%)	90,767	90,767
Statutory reserve	-	6,439
	90,767	97,206
Unappropriated profit carried forward	120,102	53,132
Earnings per certificate	3.48	2.84



By the Grace of Allah, your Modaraba's performance during the year under review continued to be very strong. The gross revenue (net of Ijarah assets depreciation and including other income) increased by 28.28% from PKR 1,280.97 million to PKR 1,643.25 million compared to the corresponding last year. The main reason behind this was the increase in the benchmark rate and increased amount of new financing compared on a year-on-year basis. Our challenge during this period was the rapid and large movement of the KIBOR rate which promoted immediate increase in deposit rates and financial charges but which translated into asset repricing with a lag. Financial charges increased by 32.10% from PKR 825.52 million to PKR 1,090.50 million compared to the corresponding period last year. Despite the risk of increase in infection due to the high discount rate, there is only a net provision/impairment of PKR 14.87 million primarily due to pro-actively managing the portfolio. Some stressed clients were subjectively downgraded, where it was thought prudent to provide against. High inflation rate during the year prompted an increase in administrative and operating expenses which increased by 12.80% from PKR 243.66 million to PKR. 274.85 million. Profit before management company's remuneration however increased by 20.49% from PKR 218.29 million to PKR 263.02 million. Profit before levy and taxation also increased by 22.64% from PKR 186.43 million to PKR 228.63 million as compared to last year. Resultantly, net profit for the year increased by 22.48% from PKR 128.78 million to PKR 157.74 million.

During the period under review, the Modaraba also changed its policies related to staff finances to show a realistic employee cost. Staff are now financed at subsidized rates a

part of their benefits and compensation package instead of the previous practice of financing at Market rates and subsidy allowances being paid.

The portfolio of Ijarah finance, short term investments and diminishing Musharika finances stood at PKR 6,909.44 million compared to PKR 6,021.34 million as at June 30, 2023, showing an increase of 14.75%. Total assets increased by 13.39% from PKR 6,824.58 million to PKR. 7,738.34 million compared to last year. During last year, the Modaraba also booked fresh disbursements to the tune of PKR 3,198 million compared to last year's disbursements of PKR 2,782 million.

On the liability side the Certificates of Musharika (COMs) have increased by 48.02% from PKR 2,897 million to PKR 4,288 million whereas bank financing decreased by 25.34% from PKR 1,650 million to PKR 1,232 million as compared to the last year. Although the majority of the COMs are maturing within the next 12 months, their behavioral maturity is more than 12 months as majority of our COMs customers reinvest their funds after maturity.

This year your Modaraba has achieved three land marks. Its total assets, profit before taxation and balance of COMs (total COMs as well as retail COMs) have recorded highest ever balance/amount since inception of the Modaraba (37 years of history). This was mainly due to your confidence in your Modaraba and its management team and guidance and support of the Board of directors and regulators.

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. Sustainability

Sustainability is at the core of all of our operations and business plans. Ensuring that the certificate holders get risk adjusted returns on their investments, the Modaraba remains resilient and with long term profitability, going beyond the minimum legal requirements to reduce environment footprint and understanding the company's impact on nature and society, taking care of our employees and making investment and resource allocation decisions which preserve and create value for the company, are major factors in the way we operate. We are committed to reducing our carbon footprint and ensuring that the clients we finance do not have an adverse impact on the environment. In addition to this we are also involved in supporting both health care and education, specially for the differently abled segments of society.



#### 4. Pattern of Shareholding

The Modaraba certificates are traded on the Pakistan Stock Exchange Limited. The certificate holding information as of June 30, 2024 is provided in the relevant section of the annual report. The Directors, CEO, CFO/ Company Secretary, Head of Internal Audit and their spouses/ 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, 2024 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, 2024.

#### 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, 2024, except for those disclosed in the financial statements.

## 7. The Board of Directors' Meetings and Attendance

During the year, five (05) 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	05
Ramon Alfrey	05
Mian Faysal Riaz	05
Nausherwan Adil	05
Nadim D. Khan	02
Aseya Qasim	03
Naila Hasa	05

During the year, five (05) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings Attended
Mr. Nausherwan Adil - Chairman	05
Mian Faysal Riaz	05
Mr. Ramon Alfrey	05

During the year two (02) meetings were held by Human Resource and Remuneration Committee to finalize the revision in staff benefits and recommendation for the yearly staff compensation amounts which was attended by all members at that time.

Name of Member	No. of Meetings Attended
Ms. Naila Hasan - Chairperson	02
Mr. Shaheen Amin	02
Mr. Raheel Qamar Ahmad	02

During the year, one meeting was held by Board Risk Committee 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

## 8. Current Structure of Board and its Committees

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

- a. Male: 06
- b. Female: 01

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

Names of Board Members	Member in Committees	Category
Mr. Naveed Kamran Baloch*	Chairman	Independent Directors
Mr. Nausherwan Adil	Chairman Audit and Member Risk Committee	
Ms. Naila Hasan	Chairperson HR&R Committee	Female Independent Directors
Mr. Raheel Q. Ahmad	Member Risk, HR&R Committee	Executive Director
Mr. Ramon Alfrey**	Member Audit Committee and Member HR&R Committee	Non-Executive Directors
Mian Faysal Riaz	Chairman Risk Committee and Member Audit Committee	
Mr. Nadim D. Khan***		

\* Subsequent to year end on August 06, 2024, Mr. Shaheen Amin resigned as a member and chairman of the Board of directors. Mr. Naveed Kamran Baloch was appointed as director of the company subject to regulatory approval. The Registrar Modaraba approved his appointment through SECP letter dated September 11, 2024. The Board wishes to place on record its appreciation and gratitude for the valuable contributions made by Mr. Amin and extends a warm welcome and cooperation to the newly appointed director in performing his fiduciary responsibility.

\*\* Mr. Ramon Alfrey was appointed as member of HR&R Committee on September 3, 2024 after resignation of Mr. Shaheen Amin.

\*\*\* On December 06, 2023, Mr. Nadim D. Khan joined the board in place of Ms. Aseya Qasim. 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 his fiduciary responsibility.

In accordance with the Regulation 7 of Listed Companies Code of Corporate Governance 2019, Ms. Naila Hasan was 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 progress updates of their respective functions. Major matters are then put forth to 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 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, and Support/ Initiative Committee for Social Welfare.

OLP Modaraba also focuses on its employee's wellbeing and safety. As a result, it organizes various activities throughout the year including sessions on breast cancer awareness, medical camps, a blood donation drive, and a wellness week. Visits to museums and national monuments are also organized during the year.

OLP Modaraba's volunteering activities include tree plantation, beach cleaning, and visits to differently abled schools.

This year our staff volunteered at;

- Deaf reach school and college; and
- Layton Rahmatulla Benevolent Trust Hospital (LRBT).

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 clients. All activities of clients must comply with our environmental and social risk policies and an Environmental and Social Risk Assessment is performed for all our corporate clients.

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

extended its support to following charitable and non-profit organizations during the year ended June 30, 2024:

- The Patients' Behbud Society for AKUH;
- Layton Rahmatulla Benevolent Trust Hospital (LRBT);
- Behbud Association Karachi;
- Professional Education Network; and
- Family Educational Services Foundation (FESF).



## 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. This year an In-house wellness week was arranged for the staff to promote a healthier work-life balance and improve their emotional, mental or physical wellbeing. The course of the week comprises of Nutritional Hour, Literacy Hour, Meditation Session, Environmental & Social Hour and Physical Hour.

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 Opportunities Employer

OLPM is an equal Opportunities 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 its 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. Through this OLPM aligns with the country's emphasis on gender equality and women's empowerment.



## 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 Modaraba 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 provision of information is granted on need-to-know basis only, with adequate procedures for further

disclosure of such information within and outside of the Modaraba. All disclosures of any information comply 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. KPMG Taseer Hadi & Co., Chartered Accountants, as auditors for the year ending June 30, 2025 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:

- Best Corporate Excellence Award" in Modaraba Sector from Management Association of Pakistan in its 38th Corporate Excellence Award Ceremony;
- Best Business Practices and Best Sustainability Initiatives award presented by professional network and
- Annual Environment Excellence Award received from FPCCI.



## 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 Collective Investment Schemes of renowned Asset management Companies. Currently, we have invested PKR 25 million and PKR 20 million each from Provident and Gratuity fund respectively. The bank balance and investment value of staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2024 are as follows:

Provident Fund  
PKR 59.393 million

Gratuity Fund  
PKR 58.178 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, 2024**

**Raheel Qamar Ahmad**  
Managing Director/ CEO

**Ramon Alfrey**  
Director

## ۱۵۔ ایکٹرل سالانہ آڈٹ:

لسٹڈ کمپنیوں کے ضابطہ کارپوریٹ گورننس 2019 کے ضروریات کے تحت تعمیل کے بیان کے جائزے کے ساتھ میسرز AF فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے ذریعہ بغیر کسی اہلیت کے OLPM کے مالیاتی گوشواروں کا آڈٹ کیا گیا ہے۔

## ۱۶۔ آڈیٹرز:

آڈٹ کمیٹی کی سفارش پر، بورڈ نے میسرز KPMG تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2025 کو ختم ہونے والے سال کے لیے بطور آڈیٹر مقرر کرنے کی منظوری دی ہے جو کہ آڈیٹرز کے ساتھ باہمی رضامندی سے مضاربہ کمپنیوں اور مضاربہ کے رجسٹرار کی منظوری سے مشروط ہے۔

## ۱۷۔ ایوارڈز:

- ☆ گذشتہ سالانہ انٹرپرائز کی رپورٹ کے بعد، آپ کی مضاربہ کو درج ذیل اعزازات سے نوازا گیا:
- ☆ مینجمنٹ ایسوسی ایشن آف پاکستان کی 38 ویں کارپوریٹ ایکسیلنس ایوارڈ کی تقریب میں مضاربہ سیکٹر میں ”بیسٹ کارپوریٹ ایکسیلنس ایوارڈ“ سے نوازا گیا۔
- ☆ پروفیشنل نیٹ ورک ”بیسٹ بزنس پریکٹسز اینڈ بیسٹ سٹین ایبلٹی انیشیٹیو ایوارڈ“ سے نوازا گیا۔

اور

- ☆ FPCCI کی جانب سے ”ایبٹل انوائزمنٹ ایکسیلنس ایوارڈ“ سے نوازا گیا۔

## ۱۸۔ کریڈٹ ریٹنگز:

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

## ۱۹۔ پروویڈنٹ، گریجویٹ فنڈز کی سرمایہ کاری کی ویلیو:

مضاربہ اپنے ملازمین کے لیے ریٹائرمنٹ کے فوائد کے منصوبوں کو برقرار رکھے ہوئے ہے۔ یہ فنڈز بنیادی طور پر بینک کی اسلامی برانچ میں رکھے گئے منافع اکاؤنٹس میں لگائے جاتے ہیں۔ فی الحال، ہم نے پروویڈنٹ اور گریجویٹ فنڈز میں بالترتیب 25 ملین روپے اور 20 ملین روپے کی سرمایہ کاری کی ہے۔ 30 جون 2024 کو، ملازمین کے ریٹائرمنٹ بینیفٹ فنڈز کا بینک بیلنس اور سرمایہ کاری کی قیمت ان کے متعلقہ غیر آڈٹڈ اکاؤنٹس کی بنیاد پر درج ذیل ہیں:

پروویڈنٹ فنڈ	59.393 ملین پاکستانی روپے
گریجویٹ فنڈ	58.178 ملین پاکستانی روپے

## ۲۰۔ بعد از واقعات:

کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے درمیان کمپنی کی مالی حیثیت کو متاثر کرنے والی کوئی مادی تبدیلیاں یا وعدے نہیں ہوئے ہیں۔

## ۲۱۔ اظہار تشکر:

بورڈ SECP کی مسلسل رہنمائی اور تعاون کا شکریہ ادا کرنا چاہتا ہے۔  
بورڈ اپنے قابل قدر صارفین اور سرمایہ کاروں کے مسلسل اعتماد اور تعاون کے لیے ان کا شکریہ ادا کرنا چاہے گا۔

راجیل قمر احمد

رامن الفرے

ٹیچنگ ڈائریکٹر/سی ای او

ڈائریکٹر

کراچی: 14 ستمبر 2024ء

OLPM مختلف رفاہی اور 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 کم مراعات یافتہ افراد میں بچوں کی صحت اور تعلیم پر توجہ مرکوز کرتے ہیں۔ 30 جون 2024 کو ختم ہونے والے سال کے دوران، OLPM نے درج ذیل رفاہی اور غیر منافع بخش تنظیموں کو مالی امداد فراہم کی:

- ☆ دی پیشنٹ، بہبود سوسائٹی فار AKUH
- ☆ لیٹن رحمت اللہ بینو ولیٹ ٹرسٹ ہسپتال (LRBT)
- ☆ بہبود ایسوسی ایشن کراچی
- ☆ پروفیشنل ایجوکیشن نیٹ ورک؛ اور
- ☆ فیملی ایجوکیشنل سروسز فاؤنڈیشن (FESF)

## ۱۱۔ ہمارے لوگ:

OLP مضاربہ کے لوگ اس کے مستحکم کاروباری ماڈل کی فراہمی کے لیے اہم ہیں۔ ہماری مسلسل مہم میں ہماری توجہ OLPM کو کام کرنے کیلئے ایک بہترین جگہ بنانے، ہمارے نقش قدم اور ملازمین کی مصروفیت میں بہترین ٹیلنٹ کو اپنی طرف متوجہ کرنے پر مرکوز ہے۔ OLP مضاربہ میں ہمارا خیال ہے کہ اعلیٰ کارکردگی صرف زیادہ منافع کمانے کے بارے میں نہیں ہے۔ یہ ہمارے اقدار کو زندہ رکھنے کے لئے بھی ہے۔ اس سال، عملے کے لیے ایک اندرون خانہ ویلنس ویک کا انعقاد کیا گیا، جس کا مقصد صحت مند کام اور زندگی کے توازن کو فروغ دینا اور ان کی جذباتی، ذہنی یا جسمانی صحت کو بہتر بنانا تھا۔ اس ہفتے میں مختلف سرگرمیاں نیوٹریشنل آور، لٹریسی آور، میڈیٹیشن سیشن، ماحولیاتی اور سماجی آور، اور فریکل آور شامل تھیں۔

مضاربہ بورڈ امور کے ذمہ دار اسٹاف کے ارکان کی خدمات کو سہا ہوتا ہے۔ مضاربہ 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 آجر:

OLPM ایک مساوی مواقع فراہم کرنے والا آجر ہے اور جنس، زبان، نسل، مذہب اور معذوری کی بنیاد پر امتیازی سلوک نہیں کرتا۔ OLPM تمام قانونی تقاضوں کی تعمیل میں خصوصی افراد کا تقرر کرتا ہے۔ اہلیت، تجربے اور قابلیت کی بنیاد پر مناسب تقرری اور معاوضے کے سلسلے میں شفافیت کو یقینی بنانا HR کی ذمہ داری ہے۔

ہم خاص طور پر قلیتوں، خواتین اور مختلف معذور افراد کی حوصلہ افزائی کرتے ہیں کہ وہ ہمارے تقرری کے عمل میں ہر کردار کے لیے درخواست دیں۔ اس کے ذریعے OLPM ملک کی صنفی مساوات اور خواتین کے باختیار بنانے پر زور دینے کے ساتھ ہم آہنگ ہے۔

## ۱۳۔ اقدامات برائے ماحولیاتی تحفظ:

OLPM میں، ہمارا یہ عزم ہے کہ ہم اپنے پورٹ فولیو اور اپنے طریقوں میں استحکام کو یقینی بنائیں۔ ہم نے ایک ایسے ماحول کے تحفظ کے لیے جو ایک عالمی مقصد ہے "کاربن فوٹ پرنٹ ریڈکشن کمیٹی" تشکیل دی ہے۔ ہم اپنی کاربن کمیٹی 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۔ کمپنی وسائل کے غیر ضروری یا فضول استعمال کی سختی سے حوصلہ شکنی کرتی ہے اور دفتر کے اندرونی استعمال کے لیے ری سائیکلنگ کی حوصلہ افزائی کرتی ہے۔

## ۱۴۔ صارفین کا تحفظ اور انسداد بدعنوانی کے اقدامات:

OLPM میں کاروباری اخلاقیات، انسداد بدعنوانی اور کسٹمر کی رازداری کے تحفظ کے اقدامات کو بنیادی طور پر لیا جاتا ہے جیسا کہ ہم سمجھتے ہیں کہ ملازمین کی اخلاقیات ادارہ جاتی ساکھ اور پائیداری کی ترقی میں اہم کردار ادا کرتی ہیں۔ ایک طرف صارفین کے ساتھ ہمارا رشتہ باہمی اعتماد پر انحصار کرتا ہے، اور اس اعتماد 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 اعتماد کی خلاف ورزی نہ ہو۔ انسداد رشوت ستانی اور بدعنوانی (ABC) سے متعلق پالیسی پر عمل پیرا ہونے کے لیے ملازمین کو باقاعدگی سے تربیت دی جاتی ہے جو معلومات کی ضرورت کی بنیاد پر پابندی صرف ڈیٹا کے مناسب بیک اپ کے ساتھ ضرورت کی بنیاد پر معلومات کی پابندی اور شرعی حکمرانی سمیت تمام قابل اطلاق قوانین اور ضوابط کی تعمیل کرنے والا اعلیٰ ترین سطح کی حکمرانی کو یقینی بناتا ہے۔

\* مالی سال کے اختتام کے بعد، 6 اگست 2024 کو، جناب شاہین امین بورڈ آف ڈائریکٹرز کے ممبر اور چیئرمین کے عہدے سے مستعفی ہو گئے۔ جناب نوید کامران بلوچ کا بطور کمپنی ڈائریکٹر تقرر کیا گیا، جن کی ریگولیٹری منظوری کا انتظار تھا۔ رجسٹر ارمضار بہ نے 11 ستمبر 2024 کو SECP کے لیٹر کے ذریعے ان کی تقرری کی منظوری دی۔ بورڈ جناب امین کی بے مثال خدمات کے لیے ان کا شکریہ کرتا ہے اور نئے تقرر شدہ ڈائریکٹر کو ان کے فرائض کی انجام دہی میں گرم جوشی کے ساتھ خوش آمدید کہتا ہے۔

\*\* 3 ستمبر 2024 کو جناب شاہین امین کے مستعفی ہونے کے بعد جناب رامن الفری کا بطور ممبر ہیومن ریسورس اور ریمپو نیشن کمیٹی تقرر کیا گیا۔

\*\*\* 6 ستمبر 2023 کو، جناب ندیم ڈی خان نے محترمہ آسیہ قاسم کی جگہ بورڈ میں شمولیت اختیار کی۔ بورڈ آؤٹ گونگ ڈائریکٹر کی خدمات کیلئے ان کا شکریہ ادا کرتا ہے اور نئے تقرر شدہ ڈائریکٹر کو ان کے فرائض و ذمہ داریوں کی انجام دہی میں گرم جوشی کے ساتھ خوش آمدید کہتا ہے۔

لیڈ کمپنیز کوڈ آف کارپوریٹ گورننس 2019 کے ضابطہ 7 کے تحت، محترمہ نائلہ حسن کو بطور خاتون ڈائریکٹر تقرر کیا گیا ہے۔

ایگزیکٹو ڈائریکٹرز اور آڈٹ ڈائریکٹرز کے معاوضے مضاربہ مینجمنٹ کمیٹی نے ادا کیے تھے۔

تمام سات ڈائریکٹرز نے ڈائریکٹر ٹینگ پروگرام کے تحت اپنی تربیت مکمل کر لی ہے۔

## ۹۔ مینجمنٹ کمیٹی:

مینجمنٹ کمیٹی سات (07) سینئر ممبران اور مینجنگ ڈائریکٹر پر مشتمل ہے، جو بڑے کاروباری منصوبوں، مسائل اور اپنے متعلقہ کاموں کی پیشرفت کے بارے میں بتاتے ہیں اور ان پر تبادلہ خیال کرتے ہیں۔ اس کے بعد اہم معاملات کو بورڈ میں غور اور منظوری کے لیے پیش کیا جاتا ہے۔

## ۱۰۔ سماجی ذمہ داری:

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

OLPM میں ہمارے پاس کارپوریٹ سماجی ذمہ داری، صحت اور حفاظت، وسائل کے استعمال اور اسٹاف اور مجموعی طور پر معاشرے کی فلاح و بہبود سے متعلق مختلف اقدامات موجود ہیں۔ ان اقدامات کے لیے ذمہ دار کمیٹیوں میں کارپوریٹ سماجی ذمہ داری اور ماحولیاتی کمیٹی، کاربن ریدکشن انیشی ایٹو، رضا کارانہ کمیٹی، فلاح و بہبود کمیٹی، سماجی بہبود کے لیے سپورٹ/انیشی ایٹو کمیٹی شامل ہیں۔

OLP مضاربہ اپنے ملازمین کی فلاح و بہبود اور حفاظت کا خیال رکھتا ہے۔ اسی سلسلے میں، سال بھر مختلف سرگرمیوں کا انعقاد کیا گیا جن میں بریسٹ کینسر آگاہی سیشنز، ایک میڈیکل کمپ، خون کے عطیہ کی مہم، اور ویلنٹس ویک شامل تھے۔ اس سال کے دوران عجائب گھروں اور قومی یادگاروں کے دورے بھی منظم کیے گئے۔

OLP مضاربہ نے مختلف رضا کارانہ سرگرمیوں کا بھی اہتمام کیا، جن میں شجرکاری، ساحل کی صفائی اور خصوصی ضروریات والے اسکولوں کے دورے شامل تھے۔

اس سال ہمارے اسٹاف نے درج ذیل اداروں میں رضا کارانہ خدمات انجام دیں:

☆ ڈیف ریج اسکول اینڈ کالج؛ اور

☆ لیٹن رحمت اللہ بینو ولیٹ ٹرسٹ ہسپتال (ایل آر بی ٹی)

OLPM ماحول کے تحفظ، قدرتی وسائل کی بچت، اور کاربن کے اخراج میں کمی کے عزم کو برقرار رکھے ہوئے ہے۔ اس عزم کے تحت، OLPM اپنے تمام دفاتر میں "اتھرائٹ" کے ایک گھنٹہ کا اہتمام کرتا ہے تاکہ توانائی کی بچت کو فروغ دیا جاسکے۔ کاغذ کے بغیر ماحول کی طرف بڑھنے اور موزوں ٹیکنالوجیز کے استعمال کی قابل ذکر کوششوں کے نتیجے میں کاربن کے اخراج میں کمی اور لاگت کی بچت میں اضافہ ہوا ہے۔ ہم نے اپنے پروڈکٹس اور سروسز میں ماحولیاتی اور سماجی رسک کا جائزہ شامل کیا ہے جو ہم اپنے کلائنٹس کو فراہم کرتے ہیں۔ تمام کلائنٹس کی سرگرمیاں ہماری ماحولیاتی اور سماجی رسک پالیسیوں کے مطابق ہونی چاہئیں اور ہم اپنے تمام کارپوریٹ کلائنٹس کے لیے ماحولیاتی اور سماجی رسک کا جائزہ لیتے ہیں۔



دوران سال آڈٹ کمیٹی کی پانچ (5) میٹنگز منعقد ہوئیں، میٹنگ میں ہر ایک ممبر کی حاضری درج ذیل تھی:

ممبر کا نام	میٹنگ میں حاضری کی تعداد
جناب نوشروان عادل، چیئر مین	05
میاں فیصل ریاض	05
جناب رامن الفرے	05

دوران سال ہیومن ریسورس اور ریویژن کمیٹی کی طرف سے اسٹاف کے سالانہ معاوضے کی رقوم کی سفارشات کو حتمی شکل دینے کے لیے دو (2) میٹنگز منعقد کی گئیں جس میں اس وقت تمام اراکین نے شرکت کی۔

ممبر کا نام	میٹنگ میں حاضری کی تعداد
محترمہ نائلہ حسن۔ چیئر پرسن	02
جناب شاہین امین	02
جناب راجیل قمر احمد	02

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

ممبر کا نام	میٹنگ میں حاضری کی تعداد
میاں فیصل ریاض۔ چیئر مین	01
جناب راجیل قمر احمد	01
جناب نوشروان عادل	01

۷۔ بورڈ اور اس کی کمیٹیوں کا موجودہ اسٹرکچر:

درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 07 ہے:

اے۔ مرد: 06  
بی۔ خواتین: 01

بورڈ اور اس کی کمیٹیوں کی تشکیل درج ذیل ہے:

ممبران کے نام	کمیٹیوں میں ممبر	درجہ بندی
جناب نوید کامران بلوچ*	چیئر مین	آزاد ڈائریکٹر
جناب نوشروان عادل	چیئر مین آڈٹ اور ممبر رسک کمیٹی	آزاد ڈائریکٹر
محترمہ نائلہ حسن	چیئر مین ہیومن ریسورس اینڈ ریویژن کمیٹی	آزاد ڈائریکٹر
جناب راجیل قمر احمد	ممبر رسک، ہیومن ریسورس اینڈ ریویژن کمیٹی	ایگزیکٹو ڈائریکٹر
جناب رامن الفرے**	ممبر آڈٹ کمیٹی و ممبر ہیومن ریسورس اینڈ ریویژن کمیٹی	نان ایگزیکٹو ڈائریکٹر
میاں فیصل ریاض	چیئر مین رسک کمیٹی اور ممبر آڈٹ کمیٹی	نان ایگزیکٹو ڈائریکٹر
جناب ندیم ڈی خان***		نان ایگزیکٹو ڈائریکٹر

## ۴۔ شیئر ہولڈنگ کا پٹرن:

مضاربہ سٹیکہولڈنگ کی تجارت پاکستان اسٹاک ایکسچینج لمیٹڈ میں کی جاتی ہے۔ اس سالانہ رپورٹ کے متعلقہ حصے میں 30 جون 2024 تک کے سٹیکہولڈنگ کی معلومات فراہم کی گئی ہیں۔ ڈائریکٹرز، سی ای او، سی ایف او/کمپنی سیکرٹری، ہیڈ آف انٹرنل آڈٹ اور ان کی شریک حیات اور نابالغ بچوں نے دوران سال مضاربہ کے سٹیکہولڈنگ میں کوئی لین دین نہیں کیا سوائے اس کے کہ ریگولیٹری اداروں کو پہلے سے ظاہر کر دیا گیا ہو اور شیئر ہولڈنگ کے پٹرن میں شامل ہو۔

## ۵۔ منافع کی تقسیم:

بورڈ نے 14 ستمبر 2024 کو اپنے منعقدہ اجلاس میں 30 جون 2024 کو اختتام پذیر ہونے والے سال کیلئے مبلغ 2.00 روپے (20 فیصد) بحساب فی سٹیکہولڈنگ 10 روپے کے منافع کی تقسیم کی منظوری دی ہے جو کہ جہاں قابل اطلاق ہو وہاں زکوٰۃ اور ٹیکس کی کٹوتی سے مشروط ہوگا۔

## ۶۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

- ☆ مالیاتی حسابات جو کہ مضاربہ کی انتظامیہ نے مرتب کئے ہیں اور اس میں تمام مندرجات بالکل صحیح پیش کئے گئے ہیں جس میں اس کے معاملات کی حالت، آپریشن، نقد کا لین دین اور ایکونٹس 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 مستقل طور پر لاگو ہوتی ہیں اور اکاؤنٹنگ کا تخمینہ معقول اور محتاط فیصلے پر مبنی ہوتا ہے۔
- ☆ انٹرنیشنل فنانشل رپورٹنگ کا معیار جو کہ پاکستان میں مضاربہ کیلئے قابل اطلاق ہے کے مطابق مالیاتی حسابات کی تیاری میں عمل کیا جاتا ہے۔
- ☆ آپریشنز کو موثر انداز میں انجام دینے، اثاثہ جات کی حفاظت، قابل اطلاق قوانین اور ضوابط کی تعمیل اور قابل اعتماد مالی رپورٹنگ کے لئے داخلی کنٹرولز کا ایک موثر نظام قائم کیا ہے۔
- ☆ مضاربہ کو مسلسل چلانے کیلئے اس کی اہلیت پر کوئی شک و شبہ نہیں ہے۔
- ☆ کوئی بھی مواد کارپوریٹ گورننس کی اعلیٰ پریکٹس سے خالی نہیں ہے جس کی تفصیلات ریگولیشن کی فہرست میں دی گئی ہے۔
- ☆ گزشتہ چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا کی تفصیل منسلک ہے۔
- ☆ ٹیکسز، ڈیوٹیز، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگیاں نہیں ہیں جو کہ 30 جون 2024 تک بقایا ہوں، سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

## ۷۔ بورڈ آف ڈائریکٹرز کی میٹنگ اور حاضری:

دوران سال بورڈ آف ڈائریکٹرز کی پانچ (5) 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
راحیل قمر احمد	05
رامن الفرے	05
میاں فیصل ریاض	05
نوشروان عادل	05
ندیم ڈی خان	02
عائشہ قاسم	03
نائلہ حسن	05

اللہ کے فضل و کرم سے زیر جائزہ سال کے دوران آپ کے مضاربہ کی کارکردگی کافی مضبوط رہی۔ مضاربہ کی مجموعی آمدنی (بشمول اجارہ اثاثہ جات کی قدر میں کمی اور دیگر آمدنی) گزشتہ سال کے مقابلے میں 28.28 فیصد بڑھ کر 1,280.97 ملین روپے سے 1,643.25 ملین روپے تک پہنچ گئی۔ اس کی بنیادی وجہ پینچ مارک ریٹ میں اضافہ اور گزشتہ سال کے مقابلے میں نئے فنانسنگ کی مقدار میں اضافہ تھا۔ اس عرصے کے دوران ہمارا چیلنج KIBOR ریٹ میں تیز اور بڑے پیمانے پر تبدیلی تھی، جس نے ڈپازٹ ریٹس اور مالیاتی چارجز میں فوری اضافے کو فروغ دیا، لیکن اثاثوں کی قیمتوں میں رد و بدل کچھ تاخیر سے ہوئی۔ مالیاتی اور دیگر چارجز بھی 32.10 فیصد بڑھ کر گزشتہ سال کے 825.52 ملین روپے سے 1,090.50 ملین روپے تک پہنچ گئے۔ بلند ڈسکاؤنٹ ریٹ کی وجہ سے انفیکشن ریٹ میں اضافے کے خطرے کے باوجود، خالص پروویژن/نقصان 14.87 ملین روپے رہا، جو دباؤ کے شکار صارفین کو بروقت اور محتاط انداز میں ڈی گریڈ کرنے کی وجہ سے تھا۔ 30 جون 2024 کو ختم ہونے سال کے دوران افراط زر کی بلند شرح کے باعث انتظامی اور عملی اخراجات میں 12.80 فیصد اضافہ ہوا، جو 243.66 ملین روپے سے بڑھ کر 274.85 ملین روپے تک پہنچ گئے۔ انتظامی کمپنی کی معاوضہ دینے سے قبل منافع میں 20.49 فیصد اضافہ ہوا، جو گزشتہ سال کے 218.29 ملین روپے کے مقابلے میں 263.02 ملین روپے رہا۔ اسی طرح قبل از ٹیکس منافع میں 22.64 فیصد اضافہ ہوا، جو گزشتہ سال کے 186.43 ملین روپے کے مقابلے میں 228.63 ملین روپے رہا۔ نتیجتاً، سال کا خالص منافع 22.48 فیصد بڑھ کر 128.78 ملین روپے سے 157.74 ملین روپے ہو گیا۔

دوران جائزہ سال، مضاربہ نے اسٹاف کی مالیات سے متعلق اپنی پالیسیوں میں بھی تبدیلی کی تاکہ حقیقت پسندانہ ملازمین کی لاگت کو ظاہر کیا جاسکے۔ اب اسٹاف کو ان کے فوائد اور معاوضہ کے پیکیج کا حصہ بناتے ہوئے سبسڈائزڈ ریٹ پر مالی مدد فراہم کی جاتی ہے۔ جبکہ پہلے مارکیٹ ریٹس پر فنانسنگ کی جاتی تھی اور سبسڈی الاؤنسز الگ سے دیئے جاتے تھے۔

اجارہ فنانس، قلیل مدتی سرمایہ کاری اور ڈیٹا سٹریٹجی مشارکہ فنانسز کا پورٹ فولیو 6,909.44 ملین روپے رہا جو کہ 30 جون 2023 کو 6,021.34 ملین روپے تھا، جس میں 14.75 فیصد کا اضافہ ہوا۔ کل اثاثے 13.39 فیصد بڑھ کر 6,824.58 ملین روپے سے 7,738.34 ملین روپے تک پہنچ گئے۔ زیر جائزہ سال کے دوران مضاربہ نے 3,198 ملین روپے کی تازہ ادائیگیاں کیں جو کہ گزشتہ سال 2,782 ملین روپے تھیں۔

قرضہ جات کے سلسلے میں سرٹیفیکیٹس آف مشارکہ (COMs) میں 2,897 ملین روپے سے 4,288 ملین روپے تک 48.02 فیصد کا اضافہ ہوا جبکہ بینک فنانسنگ 1,650 ملین روپے سے 25.34 فیصد کمی کے ساتھ، 1,232 ملین روپے ہو گئی۔ اگرچہ COMs کی اکثریت کی مدت اگلے 12 مہینوں میں ختم ہو رہی ہے، لیکن ان کی تاریخی طور پر سرمایہ کاری 12 ماہ سے زائد مدت کیلئے ہے کیونکہ ہمارے COMs صارفین کی اکثریت ختم ہونے کے بعد اپنے فنڈز کی دوبارہ سرمایہ کاری کرتی ہے۔

اس سال آپ کے مضاربہ نے تین اہم سنگ میل حاصل کیے ہیں۔ اس کے کل اثاثہ جات قبل از ٹیکس منافع اور COMs کا بیلنس (کل COMs اور انفرادی COMs دونوں) نے مضاربہ کی تاریخ (37 سال) میں سب سے زیادہ بیلنس/رقم کا ریکارڈ قائم کیا ہے۔ یہ بنیادی طور پر آپ کے مضاربہ اور اس کی انتظامیہ پر اعتماد، اور بورڈ آف ڈائریکٹرز اور ریگولیٹرز کی رہنمائی اور حمایت کی بدولت ممکن ہوا۔

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 نیشنلز، بڑے اور متوسط درجہ کے مقامی کارپوریٹ اور منتخب SME 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 کی جاتی ہے۔ اس کے علاوہ، پورٹ فولیو مینجمنٹ اور اربلٹریٹ میٹیاں ہیں جو ممکنہ ناخوشگوار حالات کے لیے پورٹ فولیو کی نگرانی اور بروقت الرٹ کو یقینی بنانے کی ذمہ دار ہیں۔

### ۳۔ پائیداری:

پائیداری ہمارے تمام آپریشنز اور کاروباری منصوبوں کا مرکزی حصہ ہے۔ اس بات کو یقینی بناتے ہوئے کہ شوقیلیٹ ہولڈرز کو ان کی سرمایہ کاری پر خطرہ سے ایڈجسٹ کردہ منافع ملے، مضاربہ مستقل مزاجی اور طویل مدتی منافع کو برقرار رکھتا ہے۔ ہم کم سے کم قانونی ضروریات سے بڑھ کر کام کرتے ہیں تاکہ ماحولیاتی اثرات کو کم کیا جاسکے اور کمپنی کے قدرتی اور سماجی اثرات کو سمجھ سکیں۔ ہم اپنے ملازمین کا خیال رکھتے ہیں اور ایسے سرمایہ کاری اور وسائل کی تقسیم کے فیصلے کرتے ہیں جو کمپنی کے لیے قدر پیدا کرتے ہوں۔ ہم اپنے کاربن کے اثرات کو کم کرنے کے لیے پرعزم ہیں اور یہ یقینی بناتے ہیں کہ جن صارفین کو ہم مالی معاونت فراہم کرتے ہیں ان کا ماحول پر منفی اثر نہ ہو۔ اس کے علاوہ، ہم خاص طور پر معذور افراد کے طبقے کیلئے، صحت کی دیکھ بھال اور تعلیم کی معاونت میں بھی شامل ہیں۔

۲۔ عملی نتائج اور کاروباری جائزہ:

30 جون 2023ء  
(روپے '000)

30 جون 2024ء  
(روپے '000)

بیلنس شیٹ

453,835	453,835	سٹرٹیفکیٹ کیپیٹل
1,176,623	1,243,593	مجموعی ایکویٹی
1,627,562	1,273,938	اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری
4,269,916	5,284,579	ڈیٹ ہسٹنگ مشا رکہ میں سرمایہ کاری
2,896,605	4,287,535	ریڈیم ایبل کیپیٹل
6,824,579	7,738,335	کل اثاثہ جات
		منافع اور خسارہ
1,280,969	1,643,245	آمدنی (اجارہ اثاثہ جات کی قد میں کمی کے بعد)
825,518	1,090,503	مالیاتی چارجز
6,496	(14,869)	(پروویڈنٹس)
243,657	274,851	عملی اخراجات
218,291	263,022	انتظامی فیس سے قبل از منافع
186,434	228,634	قبل از ٹیکس منافع
128,784	157,737	خالص منافع
		مختصات
128,784	157,737	سال کیلئے خالص منافع
21,554	53,132	شامل: غیر مختص شدہ منافع b/f
150,338	210,869	دستیاب منافع برائے مختص
90,767	90,767	منافع کی تقسیم 20% @ (2023)
6,439	-	قانونی ریزرو
97,206	90,767	
53,132	120,102	غیر مختص شدہ منافع c/f
2.84	3.48	آمدنی فی سٹرٹیفکیٹ

# مضاربہ کمپنی کے ڈائریکٹرز کی 30 جون 2024ء کو اختتام پذیر ہونے والے سال کیلئے اکتالیسویں رپورٹ

OLP سروسز پاکستان (پرائیویٹ) لمیٹڈ (OSPL) کے بورڈ آف ڈائریکٹرز جو کہ OLP مضاربہ (OLPM) کی انتظامی کمپنی، 30 جون 2024ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے ڈائریکٹرز کی اکتالیسویں رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہے ہیں۔

## ۱۔ معیشت:

پاکستان کی معیشت مالی سال 2025 کی شروعات مثبت انداز میں ہوئی، جو آئندہ مہینوں کے لیے ایک مثبت اشارہ ہے۔ اگست 2024 میں کرنٹ اکاؤنٹ نے 75 ملین ڈالر کا سرپلس ظاہر کیا، جو اگست 2023 میں رپورٹ ہونے والے 152 ملین ڈالر خسارہ تھا۔ یہ بہتری بنیادی طور پر ترسیلات زر میں اضافے کی وجہ سے ہوئی، جو اگست میں 40 فیصد بڑھ کر 2.9 بلین ڈالر ہو گئیں۔ اس اضافے نے مالی سال 2025 کے پہلے دو مہینوں میں کرنٹ اکاؤنٹ خسارے کو 171 ملین ڈالر تک کم کرنے میں مدد دی، جو گزشتہ سال کے اسی عرصے میں 893 ملین ڈالر کے خسارے سے 81 فیصد کم ہے۔ مالی سال 2025 کے پہلے دو مہینوں کے دوران برآمدات 6.12 بلین ڈالر تک پہنچ گئیں جبکہ اسی عرصے میں درآمدات 11.26 بلین ڈالر رہیں۔

پاکستان میں ستمبر 2024 کی سی پی آئی توقع کی جارہی ہے کہ تقریباً 7.5 فیصد کے قریب ہوگی، جو کہ تقریباً 4 سال (جنوری 2021 کے بعد سے) میں سب سے کم شرح ہے، حالانکہ ماہ بہ ماہ تھوڑا اضافہ دیکھا گیا ہے۔ تین سال بعد، مہنگائی کی شرح دوبارہ سنگل ہندسہ میں آگئی ہے۔ جون 2023 کے بعد سے ملک کے زرمبادلہ کے ذخائر تقریباً دگنے ہو چکے ہیں، تاہم یہ اب بھی بیرونی مالی ضروریات کو پورا کرنے کے لیے ناکافی ہیں۔

گزشتہ سال کی بہتر بنیادوں کی وجہ سے ”کم افراط زر کے سال“ میں پیش رفت کرتے ہوئے، اسٹیٹ بینک آف پاکستان کی مانیٹری پالیسی کمیٹی نے اپنی پالیسی ریٹ میں سب سے بڑی کٹوتی کرتے ہوئے پالیسی ریٹ میں 200 بیس پوائنٹس کی کمی کر کے اسے 17.5 فیصد تک کر دیا ہے جس کی وجہ افراط زر میں کمی اور عالمی سطح پر تیل کی قیمتوں میں گراؤ دیکھی جارہی ہے۔

آئی ایم ایف کے ساتھ 37 ماہ کے ایکسٹینڈڈ فنڈ فیسلٹی ارٹیمینٹ (ای ایف ایف) کے لیے اسٹاف کی سطح کے معاہدے تک پہنچنے کے باقی مسائل بھی حل ہو چکے ہیں۔ 37 ماہ کے نئے آئی ایم ایف معاہدے کی منظوری قلیل مدت میں استحکام لائے گی، اور اگر اس کے ساتھ حکمت عملی کی اصلاحات کو شامل کیا جائے تو یہ ملک کی معاشی صورتحال میں پائیداری پیدا کرے گی۔



# The Chairman and CEO Role

## 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;

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.

- 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.

# TERMS OF REFERENCE



## 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, 2024 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, 2024.

A.F. Ferguson & Co.  
Chartered Accountants  
Karachi

Dated: October 4, 2024

UDIN: CR202410611x8j6VFLTI

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

## OLP SERVICES PAKISTAN (PRIVATE) LIMITED

Year ended June 30, 2024

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: 06
  - b. Female: 01
2. The composition of the Board is as follows:

Category	Names
Independent Director	Mr. Nausherwan Adil Ms. Naila Hasan
Non-Executive Director	Mr. Shaheen Amin* Mr. Ramon Alfrey Mian Faysal Riaz Mr. Nadim D. Khan
Executive Director	Mr. Raheel Qamar Ahmad
Female Director	Ms. Naila Hasan

\* Subsequent to year end on August 06, 2024, Mr. Shaheen Amin resigned as a member and chairman of the Board of directors. Mr. Naveed Kamran Baloch was appointed as director of the company subject to regulatory approval. The Registrar Modaraba approved his appointment through SECP letter dated September 11, 2024. The Board wishes to place on record its appreciation and gratitude for the valuable contributions made to the Mr. Amin and extends a warm welcome and cooperation to the newly appointed director in performing his fiduciary responsibility.

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 as well as the Modaraba 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 the of Management Company/ certificate holders of the Modaraba (where applicable) as empowered by the relevant provisions of the Act and these Regulations; (TORS)

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. Majority of the Directors along with the Company Secretary have either completed the Director's Certification from authorized institutions or have the prescribed qualification and experience pursuant to Regulation 19 of the CCG. All of the Directors are highly qualified and possess the requisite experience and knowledge required to perform their duties.
10. All directors have completed their director's training under the directors training programme.
11. The Board has approved the 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;
12. The Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
13. 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

14. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
15. 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

16. The Board has set up an effective internal audit function consisting of a suitably qualified and experienced team which is conversant with the policies and procedures of the Company.
17. 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;



18. 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;
19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;
20. 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 (OLPFS); a Multinational Non-banking finance company, operating in Pakistan since 1986 and part of ORIX Group Japan. Rationale behind appointing maximum possible Directors from OLPFS was to align the organization with the ORIX Group and its Policies. Also, that it is difficult to find independent directors from this industry with 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 OLPFS. Directors appointed on the Board of the Modaraba carry vast experience in the fields of Client Relationships, SMEs, Finance, Credit, Funds management and Risk Management. These directors from OLPFS are in a position to provide valuable input to OLPM while making decisions in various fields due to their experience in the relevant field.

21. Explanation for as to impediment in its compliance with requirements, other than 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulation are given below:

**a. Sustainability Committee (Regulation 10a)**

According to clause 10(4)(XIV) of Listed Companies Code of Corporate Governance for the development of sustainability policy and pursuant to regulation 10a of the Securities and Exchange Commission Pakistan's (SECP) notification (S.R.O. (1)/2024) dated June 12, 2024 for the formation of sustainability committee. Though the Company does not have a formal Environmental, Social, and Governance (ESG) policy and committee, however, it recognizes the importance of these principles in business operations. Currently, the Company has voluntarily undertaken various ESG-related activities. These activities have been shared as part of our ESG initiatives this year and demonstrate the Company's ongoing commitment to integrating ESG considerations into its business practices, in alignment with the spirit of the Code. The company is well aware of its ESG risks and operations and investment policies carry a guideline on how to mitigate those risk as well initiatives to take the ESG agenda forward

**b. Trainings for Head of Departments (Regulation 19)**

The Company has planned to arrange training for the head of departments in the next financial year for those who are yet to complete the directors training programme.

**c. Nomination Committee (Regulation 29)**

The functions of the Nomination Committee are being performed by the HR & Remuneration Committee. Therefore, separate committee for Nomination is not required.

**Naveed Kamran Baloch**  
Chairman

**Dated: September 14, 2024**

# 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, 2024. 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 of internal audit reports on the effectiveness of the 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 also enquires 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.

We have also discussed the key matters as identified by the external auditor, A. F. Ferguson and Co., Chartered Accountants in relation to annual audit of OLPM for the year ended June 30, 2024 in accordance with the requirement of SECP Listed Companies (Code of corporate governance) Regulations, 2019.

#### **Nausherwan Adil**

Chairman of the Audit Committee  
September 14, 2024

### **Membership and meetings**

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

#### **Committee Members**

Nausherwan Adil Chairman  
Ramon Alfrey Member  
Mian Faysal Riaz Member

The Committee members meeting attendance table is shown on page 76 of the OLPM Annual Report 2024.

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 36 to 39 of the OLPM Annual Report 2024.

#### **Audit Committee and Attendance**

During the year, the Committee held four scheduled meetings. The Chairman and all members attended all the 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. The Executive director is also 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**

The performance of the Audit Committee was assessed annually as a component of the Board evaluation process. In alignment with the Modaraba's annual compliance with the Code, an internal evaluation was performed, and there is a strong consensus among the members of the Board Audit Committee's overall operations are robust, adhering to corporate governance standards, and demonstrating both effectiveness and efficiency.

### **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 all relevant regulatory and legal requirements including the arrangements in place for the reporting and investigation of concerns identified.

- Internal audit - This domain encompasses the oversight of the Internal Audit function's role and efficacy, which includes the approval of the annual internal audit work plan aligned with the three-year audit plan sanctioned by the Committee in the previous year. Additionally, it involves monitoring the reports generated from internal audits and tracking the progress of actions taken in response, as well as 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 2023/24:**

### **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 monitored provision of income tax on income of the modaraba for the year ended June 30, 2024 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 recognized 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, 2024 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 OLPM'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 monitored and reviewed the scope, extent, and effectiveness of OLPM's internal audit function. At the end of the third quarter, the Head of internal audit resigned from his position, prompting the audit

committee to appoint a new Head of internal audit, this appointment was carried out in accordance with established procedures and in compliance with the requirement of SECP Listed Companies (Code of corporate governance) Regulations, 2019.

Regular presentations and updates were 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 2023 which covered the activities to be performed till Sep 2024. 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 compliance with the requirement of the Modaraba Regulations, 2021, 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 amendments to SECP AML/CFT Regulations 2020 dated 21th September 2023.

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.

### **Delegation by the Board**

Review of TORs of Board and Management level Committees Special Committee, under the authority granted by the Board of Directors, conducted a thorough review of the Terms of Reference (TORs) of all Board level committees constituted under the board and management committees being chaired by MD/ CEO OLPM. This process included a detailed analysis and assessment of compliance for all committees' TORs. The findings were carefully compiled and submitted to the board for approval. Previously, most of the TORs were reviewed in April 2021.

### **External auditor appointment and rendering**

The Committee concluded that A. F. Ferguson & Co. Chartered Accountants (PwC Pakistan) have demonstrated appropriate qualification and expertise and have remained independent of the OLP group in conducting the audit for the year ended June 30, 2024. They have already completed five years tenure as external auditor of OLP Modaraba, therefore, in compliance of Listed Companies (Code of Corporate Governance) Regulations, 2019, OLPM is required to change its external auditors going forward. Accordingly, the Committee has recommended to the Board that KPMG Taseer Hadi & Co. Chartered Accountants be appointment as the Modaraba's auditors for the year ending June 30, 2025.

### **a. Independence and objectivity**

A. F. Ferguson & Co. Chartered Accountants conducted its fifth audit of OLPM's financial statements for the year ended June 30, 2024. Mr. Junaid Mesia concluded this year's annual audit on the behalf of A. F. Ferguson & Co. Chartered Accountants.

A. F. Ferguson & Co. Chartered Accountants 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 also 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 A. F. Ferguson & Co. Chartered Accountants 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 A. F. Ferguson & Co. Chartered Accountants 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 incoming auditor's independence and the effectiveness of its audit, the Committee has recommended that KPMG be appointed as external auditor for the year ending June 30, 25.

### 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;
- 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;

In conclusion, I would like to thank the management team at OLPM and all Committee members for their valuable contribution and support to the audit committee throughout the year

# 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 72. 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 77.

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	03
Executive Director	01
Non-Executive Directors	03
Female Director	01

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 I 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 below:

- The Board is responsible for exercising its powers with diligence and responsibility, following careful deliberation as dictated by the Companies Act 2017, Listed Companies (Code of Corporate Governance) 2019 and Company Articles of Association.
- overseeing and evaluating governance practices;
- guiding and supervising the Modaraba's strategic direction;
- deciding upon appointments, dismissals, salaries, contract renewals for key management roles;
- review of terms of references for and membership of the Board committees;
- reviewing recommendations made by Board committees;

- issues flagged by Chief Executive Officer may be brought before board or its sub-committees;
- investments in new ventures;
- establishing internal control frameworks that promote effective risk management strategies as well as mechanisms addressing ethical matters, affirmation of risk management strategies and risk appetite;
- to approve business plans including cash flow forecasts and strategic plans;
- approval of financial statements including dividends using inputs provided through audit observations regarding the overall control environment
- assessing reports from internal audits together with reviews of external auditors' letters and
- responsible for managing related party transactions;

### **Matter Delegated to the Management**

The Board and management have predefined, explicit roles. The MD&CEO is responsible for conducting routine business operations in a compliant, ethical manner.

The Board has greenlit a range of objectives and plans, which include annual benchmarks for output, revenue generation, expenditure management and financial gains. Additionally, the Board aims to explore fresh business avenues while maintaining adherence with legal stipulations and regulatory demands.

It is the duty of management to identify and manage critical risks, take advantage of opportunities, maintain internal controls, and prepare financial statements that adhere to approved accounting standards. This must be done in accordance with applicable regulations such as Companies Act 2017 and other rules determined by Securities and Exchange Commission of Pakistan.

### **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- CORC**

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.

### 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.

### 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 Shariah Audit.

### **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 33 of Financial for details.

### **Diversity**

The Board of Directors of OLP Modaraba continues to have a firm commitment to policies promoting diversity, equal Opportunities 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 believes 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'; the salient features of which are:

- The Modaraba will not pay any remuneration to its nonexecutive 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 05 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 Opportunities, 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
- Staff Finance 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 sustainability section of the report.

## 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 Modaraba

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.

### **Disclosure of Board's Policy on Governance of risk and internal controls**

OLP Modaraba's risk management framework is designed to assess and mitigate risks in order to minimize their potential impact and support the achievement of Modaraba's long term purpose and business strategy. Risk assessment is performed regularly to create a good understanding of the Modaraba's key risks, to allocate ownership to drive specific actions around them and take any relevant steps to address them. Due to their critical importance, our material issues and principal risks are integrated into our business planning processes and monitored on a regular basis by our Board of Directors. Strategic, Operational, Financial and Compliance risks are ranked based on their impact on Modaraba and probability of occurrence. Upon identification of risks, mitigating strategies and action plans are developed, implemented and monitored.

### **Compliance with the Best Practices of Code of Corporate Governance (No marks in case of any non-compliance).**

Living up to its standard, the Board of Directors has throughout the financial year 2023-24, complied with the requirements for Code of Corporate Governance, the listing regulations of the Pakistan Stock Exchange and the requirements for Financial Reporting framework of Securities & Exchange Commission of Pakistan (SECP). Report of the Board's Audit Committee on adherence to the Code of Corporate Governance, statement of compliance with the Code of Corporate Governance by the Chief Executive Officer of the Company, besides review report by the Modaraba's Auditors are included in this Report.

### **Presence of the chairman of the Audit Committee at the AGM to answer questions on the Audit Committee's activities / matters that are within the scope of the Audit Committee's responsibilities.**

In the Annual Review Meeting for the financial year ended June 30, 2023, The Chairman of Board Audit Committee attended the meeting wherein he was available to answer any question pertaining to the Board Audit Committee's activities.

# Gender Pay Gap Statement

## OLP Modaraba

Gender Pay Gap statement under Securities and Exchange Commission of Pakistan (SECP) Circular 10 of 2024

Following is gender pay gap calculated for the year ended June 30, 2024:

- (i) Mean Gender Pay Gap: 58.90%
- (ii) Median Gender Pay Gap: 49.01%
- (iii) The above ratios reflect the overall employee gender pay gap across the organization. The modaraba ensures equitable compensation for the female members in their respective role based on experience, qualification and performance.

For and on behalf of the  
Board of Directors

**Date: September 14, 2024**

**RAHEEL QAMAR AHMAD**

Chief Executive Officer





# 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 cybersecurity risks and to evaluate the overall company readiness regarding security incidents.

## Disclosure about resilient contingency and disaster recovery plan in terms of dealing with a possible IT failure or cyber breach and details about company's cyber insurance.

The Modaraba has an updated 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 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-UI-Ifta Jamiat-ur-Rasheed.



# Shariah Advisor's Report

I have conducted the Shariah review of OLP Modaraba [managed by OLP Services Pakistan (Private) Limited, Modaraba Management Company for the year ended June 30, 2024 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.
- 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 Islamic Banks, a vital partner in the financial industry committed

to adhering to Islamic principles and values. Our team held consultation sessions with their Shariah advisors of various banks. 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 Banks 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.

- ix. The existing portfolio of staff financings were restructured in order to reflect the new policy approved by the Board. The restructuring process was closely supervised to ensure strict compliance with Shariah principles. Going forward, the new financing offered to staff will be in line with the revise process flow duly reviewed and verified from shariah prospectives.

## 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: Safar 30, 1446 AH /  
September 03, 2024







# Sustainability



# Sustainability

OLP Modaraba Environmental and Social Risk Management Framework articulates the Modaraba approach to environmental and social risk management and outlines the key elements of our Environment and Social Strategy. It is designed to incorporate procedures for evaluation and management of environmental, climate and social change risks of current as well as future financing/investments in credit risk management procedures. These procedures enable the Modaraba to minimize our exposures of foreseeable E&S risk and at the same time provide adequate protection against unforeseeable risks. Understanding our clients' environmental and social (E&S) performance is an important element of how we assess and manage risk since the way our clients/investees manage impacts of their operations may pose some level of environmental and social risks. If left unmanaged, these risks can impact our reputation, our clients' operations and long-term economic viability, and the communities and environment in which we and our clients operate. This procedure applies to all employees of OLP Modaraba and third-party entities such as contractors or loan recipients



# Success Story

## Digital Paperless Initiatives

OLP Modaraba advocate strategies to reduce carbon emissions and engage employees to contribute in reduction. OLP Modaraba encourage paper usage reduction and have set sights on becoming a carbon-neutral Modaraba in near future. The transition to paperless work environment underscores our commitment to carbon reduction while bolstering cost-efficiency.



## Being a responsible organization

OLP Modaraba is cognizant of its obligations towards conducting its business operations in a sustainable and socially responsible way. OLP Modaraba foremost duty is to create a platform which reflects its values. The Modaraba has "Corporate Social Responsibility (CSR) Strategy", It envisions the strategic guidelines of incorporating CSR into the very core of all our business practices across the Modaraba. The OLP Modaraba CSR activities are centrally monitored throughout to ensure that the OLP Modaraba invests in the right causes that magnify the goodwill of the Modaraba and our community at large.

Modaraba CSR goals are aligned with its operations for the betterment of all stakeholders. The aim of the Modaraba is to be well versed in CSR by being a sustainable organization.





# Corporate Social Responsibility and Community Cooperation.

OLP Modaraba is keen to support causes that work towards the social welfare of the country. This includes extending support to underprivileged segments of the society so they may have access to the basic necessities of life, i.e. food, education and health, leading towards a better standard of living. OLP Modaraba Donated PKR1 million to the community.

## Social Welfare

Family Educational Services Foundation Family Educational Services Foundation (FESF) is a charitable organization committed to education and social impact in Pakistan. They focus on the empowerment of disadvantaged deaf children and youth through a holistic approach to deaf education. There are over 1 million deaf children in Pakistan, the majority of whom hail from slum areas living on the edge of poverty, and facing the dire threats that come with poverty and a high risk of being abused and exploited. Deaf Reach has created a safe haven for these children, and spent the past 3 decades in providing education, vocational training and job placement for Deaf youth nationwide. OLP Modaraba Donated PKR1 million to the community.



AKUH - The Patients' Behbud Society, The Patients Behbud Society has been providing high-quality care to children with multiple diseases often complicated ones. Majority of the treatment includes but not limited to cardiopulmonary, oncology, neurosciences and child development, gastroenterology, nutrition, endocrinology, nephrology, genetics, neonatal and infectious diseases. Mainly, these patients come to The Patients Behbud Society after being denied access to quality medical care elsewhere due to a lack of funds or lack of capacity to handle complex cases in other medical institutions. The Patients Behbud Society often becomes their saviour and last hope. On the request of The Patients Behbud Society for AKUH, OLP Modaraba donated PKR 2 million to the hospital.



## Beach Cleaning

Across scientific literature, there is increasing support for the use of pro-environmental volunteering as a way to overcome these ecological and public health challenges, as it can simultaneously improve environmental quality and human health and well-being.

Beach Cleaning Activity, Cricket Match and various Team Building activities was held in Karachi for employees to make a positive difference to a cause they feel passionately about and leaves them feeling informed about the impacts of plastic pollution.



## Community Awareness Campaign at LRBT

LRBT is committed to creating a better Pakistan by preventing the suffering caused by blindness and other eye ailments. To this end it will provide state of the art comprehensive free eye-care in keeping with its tradition of excellence, efficiency and compassion for all.

OLPM arranged volunteer service for employees from Karachi & Lahore Offices. A very educational excursion for employees were arranged to see the large sector of Non-profit organization. State of the Art , large sector of eye hospital with a network of 20 fully-equipped hospitals, 56 primary eye care, and outreach clinics are under scored with The Layton Rahmatulla Benevolent Trust (LRBT). OLP Modaraba donated PKR 2 Million to NPO.





# Community Health & Wellness

## Medical Camp

OLPM collaborated with "Chughtai Lab and Indus Hospital" to organize a "Medical Camp" at office premises. The camp provided employees with complimentary basic tests, discounted rates for other medical tests, and free medical consultations with General Physicians.



## Blood Donation Drive

In line with our aim to become a responsible and giving member of our community, OLP Modaraba hosted with Indus Hospital a blood donation drive in collaboration with UBL Funds & Oraan at Head Office.

Blood donation drive is the reinforcement for a noble cause, save lives, and our collective efforts can contribute to the well-being of our community. We encourage all staff members to participate and make this event a success.



## Pinktober

OLP Modaraba aiming to educate employees about breast cancer prevention, organized an awareness session with Oncologist from Chughtai Lab, who briefed breast cancer risk factors and the importance of regular screenings. The session fostered proactive healthcare practices and underscored OLPM commitment to community well-being.



# Good Health & Well-being

## Wellness Week:

Development employee wellbeing is good for people and the organisation. Promoting wellbeing can help prevent stress and create positive working environments where individuals and organisations can thrive. Good health and wellbeing can be a core enabler of employee engagement and organisational performance.

This factsheet focuses on wellbeing in the workplace, explaining why it matters. We outline the domains of our wellbeing model, and look at the role of different stakeholders in cultivating a healthy workplace.

In-house wellness week was arranged for Pan Pakistan Employees; and all were encouraged to focus on having the freedom on activities that promotes a healthier work-life balance and improve their emotional, mental or physical wellbeing. The course of the week comprises appended below;

1. **Nutritional Hour:** Fruit festivals raise awareness of eating fruits for health benefits.
2. **Literacy Hour:** Session on Financial Crime Compliance Risk and Its Impact by External Trainer, Mr. Usman Ali Khan, highly experienced and accomplished Compliance professional in the field of training and development.
3. **Meditation Session-On Resilience & Emotional Well-being.** Regular meditation practice strengthens the brain's resilience centers and improve emotional regulation. It can also enhance self-awareness, reduce stress, and promote a greater sense of calm and well-being. The session was demonstrated by In-house employee Ms. Asma Farooque, Manager - Corporate Real Estate Services, she is a meditation practitioner and a Reiki Master.
4. **Earth Hour:** Turned off of non-essential lights for one hour. Earth Hour is a celebration of the planet so it is important to enjoy the moment in a safe environment.
5. **Wall of Gratitude:** A gratitude wall in workplace was designated where employees can share what they are thankful for. "Gratitude is an attitude which can take you to latitude".
6. **Physical Hour:** Corporate Team Building Communication & Fun Games were arranged for employees In-house demonstrated by Ms. Asma Farooque, Manager - Corporate Real Estate Services.





# Employee Empowerment

## International Women's Day

We prioritize gender equality and women's empowerment. On International Women's Day, OLPM celebrates female employees by distributing special giveaways OLPM aligns with the country's emphasis on gender equality and women's empowerment. These efforts contribute to a more inclusive society where women are empowered to take on leadership roles and actively participate in various sectors of the economy.



## Strengthening Community Bonds and Cultural Appreciation

An epic transformation of education and information for the employee's provided a wealth of information on art, history, science, and culture. An educational experience that goes beyond textbooks, allowing employees to learn in a visually engaging and interactive environment. Independence Day was celebrated throughout Pan Pakistan, visit of SBP museum was part of the day for Head Office Employees.



# Continuous Learning

OLPM values employee development. Our instructive and constructive programs includes diversity through learning; OLPM value week celebration was held employees showcased the demonstration how they embody core values in their daily business activities.

Management witnessed incredible creativity, collaboration, and commitment from all participating teams. Each group brought unique perspectives and showcased presentation on values led by each Management Committee Members.

To honor their achievement MD & CEO presented "The certificate of Excellence" to the winning team on their outstanding showcasing of the presentation on one of the value "Teamwork" demonstrated exceptional understanding and practical application, setting a remarkable example for all.







# Stakeholders







# Stakeholders Relationship and Engagement

The main philosophy followed by the OLPM, 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.

130 OLPM 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 OLPM and its practices.

The table below acts as our statement by setting out the key stakeholder groups, their interests and how OLPM 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	 Our Employees	 Our suppliers	 Our investors	 Our Clients bodies	 Regulatory	 Community and Environment
Their interests	Training, development and career prospects Health and Safety Working conditions Diversity and Inclusion Human Rights Fair pay, employee benefits	Workers' rights Supplier engagement and management to prevent Fair trading and payment terms Sustainability and environmental impact Collaboration Long-term partnerships	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	Timely and informative end to end service Ease of access to information Legal expertise Timeliness Safety Data security	Compliance with regulations Worker pay and conditions Health and Safety Brand reputation Waste and environment Insurance	Sustainability Human Rights Energy usage Recycling Waste Management Community outreach and CSR
How we engage	Workforce posters and communications Ongoing training and development opportunities Speakup procedures Employee benefits packages Staff intranet	Initial meetings and negotiations KPIs and Feedback Internal approval on significant changes to suppliers Direct engagement between suppliers and specified Modaraba contact	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	Client support service Modaraba reports Marketing and communications Client feedback Annual Report ARM Modaraba Website	Modaraba website Stock exchange announcements Annual Report Direct contact with regulators Compliance updates at Board Meetings Consistent risk review	Philanthropy Oversight of corporate responsibility plans CSR initiative Workplace recycling policies and processes

## Issues raised at last ARM

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 & Head of HR. 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](http://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 26 October 2023, 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](http://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.

## Steps board has taken to solicit and understand the views of stakeholders through corporate briefing sessions;

Modaraba's certificate holders comprise of a vast section of investors, which include, mutual funds, investment companies, insurance companies, foreign shareholders, pension funds, high net worth individuals, housewives, professionals and individuals of varied requirements. The Modaraba regularly interacts with all categories of certificate holders, through its Annual, Half-yearly and Quarterly reports, Annual Review Meeting, Intimation of Material information through PSX PUCAR's portal as well as press release and publication on OLPM website. etc. The Chief Executive Officer and the Chief Financial Officer remain available to respond to any certificate holder / investor's query in person or on telephone as well as our dedicated email ID i.e. askus@olpmodaraba.com. The Chief Executive Officer regularly updates the non-executive members of the views of the major certificate holders about the Modaraba.

OLP Modaraba continues to maintain a healthy relationship with the Investor community by holding Corporate Briefings annually, whereby the Modaraba appraises the Local & Foreign Investor base about the entity's business environment as well as the economic indicators of the country. The Modaraba also takes this as an Opportunities to brief analysts regarding its performance, investment decisions, and challenges along with business outlook.



## Pattern of holding of certificates by the certificate-holders as at June 30, 2024

Number of Certificate holders	Certificate holding		Total Certificates held
	From	To	
1,494	1	50	27,971
603	51	100	43,944
3,501	101	500	1,047,805
1,012	501	1,000	789,324
1,124	1,001	5,000	2,571,602
187	5,001	10,000	1,382,508
334	10,001	375,000,000	39,520,376
<b>8,255</b>			<b>45,383,530</b>

Category	Number of Certificate-holders	Number of Certificate Held	Percentage %
INDIVIDUALS	8,172	23,855,614	52.56
FINANCIAL INSTITUTIONS**	11	8,227,729	18.13
INSURANCE COMPANIES	11	5,568,922	12.27
MODARABAS / MODARABA MANAGEMENT COMPANIES*	7	4,571,201	10.07
JOINT STOCK COMPANIES	31	2,070,686	4.56
OTHERS	23	1,089,378	2.40
	<b>8,255</b>	<b>45,383,530</b>	<b>100.00</b>

\* Includes OLP Services of Pakistan (Private) Limited ( 4,538,353 certificates)

\*\* Includes OLP Financial Services Pakistan Limited ( 4,538,353 certificates)

### OLP MODARABA

#### Additional Information as at June 30, 2024

Categories of Certificate-holders	Number	Certificates held	Percentage
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#### Associated Companies, Undertakings and Related Parties

OLP FINANCIAL SERVICES PAKISTAN LIMITED		4,538,353	10.00
OLP SERVICES PAKISTAN (PVT.) LIMITED		4,538,353	10.00
	2	9,076,706	20.00

#### Mutual funds

CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,677,560	8.10
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#### Directors, CEO & their Spouse and Minor Children

MR. SHAHEEN AMIN	1	100,000	0.22
MR. NADIM D. KHAN	1	6,049	0.01

#### Executives

Public Sector Companies and Corporations	4	4,114,975	9.07
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#### Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas

	21	1,498,865	3.30
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#### Certificate-holders holding five percent or more certificates in the Modaraba (other than those reported above)

	-	-	-
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# Future Outlook

# Future Outlook

## **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.**

Pakistan's economy appears to have stabilized in the short term, after the IMF financing arrangement, with inflation heading towards single digit and the discount rate expected to reduce significantly. This may pose a risk on the revenue side however since our resources are well deployed and based on spreads, we see this as an Opportunities rather than a threat. OLPM 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 be 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 and 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.

The outlook and Forecasts based on projections and plans for the future in this report are based on management's beliefs and assumptions drawn from current expectations, estimates, forecasts and projections. These expectations, estimates, forecasts and projections are gleaned from research, historical trend analysis and the management believes that we have the necessary wherewithal to adapt should risks and uncertainties arise that may cause actual results to differ materially from those indicated in any forward-looking statement.

In the long term our aim is to ensure sustainability of earnings and creation of sustainable value for our stakeholders and employees. Our plans and

direction, honed and amended from time to time, over three decades of profitable operations are geared towards obtaining this objective.

## **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. 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.

In addition to above the board of directors has thoroughly reviewed the Term of References (TORs) of



the Board and its Committees in order to remain effective in discharging their duties in line with the Listed Companies Code of Corporate Governance 2019.

**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 Financial Sector in which we operate. The external information, such as macroeconomic factors, market dynamics, etc. is obtained through various research 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.



**Future Outlook**

**Performance and  
Position**

**Financial  
Statement**





# Performance



# OLP Modaraba

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## KEY FINANCIAL DATA (Rupees in Million)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Total assets	7,738	6,825	6,707	6,750	7,246	6,966
Portfolio	6,909	6,021	5,574	5,570	5,863	6,225
Total disbursements	3,197	2,782	2,693	2,419	2,199	2,682
Current assets	2,620	2,111	2,351	2,504	2,363	1,790
Total liabilities	6,495	5,648	5,569	5,592	6,072	5,806
Current liabilities	5,459	4,638	3,690	3,902	4,937	4,207
Financing from financial institutions	1,232	1,650	1,587	1,398	1,240	1,934
Redeemable capital and deposits	4,688	3,393	3,487	3,827	4,449	3,435
Certificate-holders' fund (cum dividend)	665	598	566	592	615	608
Reserves	579	579	572	567	559	553
Certificate-holders' equity	1,244	1,177	1,138	1,159	1,174	1,161
Revenues from operations (net off depreciation)	1,643	1,281	786	749	932	742
Financial charges	1,091	826	420	348	599	448
Impairment loss / (reversal) against doubtful debts	15	(6)	(7)	38	10	(4)
Net Profit	158	129	112	153	127	126
Dividend including Bonus certificates	91	91	91	132	113	113

## SUMMARY OF CASH FLOW

Cash and cash equivalents at beginning of the year	400	514	769	1,038	433	409
Net cash generated from / (used in) operating activities	(1,034)	(22)	(93)	271	272	158
Net cash generated from / (used in) investing activities	84	53	16	37	52	18
Net cash generated from / (used in) financing activities	880	(145)	(178)	(577)	281	(152)
Net Increase / (decrease) in cash and cash equivalents	(70)	(114)	(255)	(269)	605	24
Cash and cash equivalents at end year	330	400	514	769	1,038	433

## Profitability Ratios

Profit before tax ratio	14.30	15.17	20.74	22.52	14.70	18.85
Gross Yield on Earning Assets	26.01	21.53	12.96	11.21	14.06	11.13
Gross Spread ratio	68.23	67.18	57.02	51.35	69.09	66.92
Cost/Income ratio	51.10	52.75	51.86	51.78	54.51	51.33
Return on Equity	13.03	11.12	9.71	13.07	10.92	10.92
Return on Capital employed	2.53	2.25	1.93	2.52	2.10	2.14

## Liquidity Ratios

Advances to deposits ratio	1.53	2.04	1.85	1.71	1.51	2.23
Current / Quick ratio	0.48	0.46	0.64	0.64	0.48	0.43
Cash to Current Liabilities	6.04	8.63	13.93	19.71	21.03	10.28

## Investment /Market Ratios

Dividend Yield ratio	14.68	17.70	12.50	16.57	13.89	16.13
Dividend Payout ratio	57.54	70.48	81.37	86.29	89.02	90.01
Cash Dividend per certificate	20.00	20.00	20.00	29.00	25.00	25.00
Cash Dividend per certificate	2.00	2.00	2.00	2.90	2.50	2.50
Earnings per Certificate (EPC) basic and diluted	3.48	2.84	2.46	3.36	2.81	2.78
Break-up Value per share	27.40	25.93	25.09	25.53	25.88	25.57
Market value per certificate at the end of the year and high/low during the year	13.62	11.30	16.00	17.50	18.00	15.50
Market value per certificate - low	13.70	11.00	14.99	16.01	14.00	14.65

## KEY FINANCIAL DATA (Rupees in Million)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
Market value per certificate - high	14.50	17.18	19.28	21.50	18.50	20.25
Dividend Cover ratio	1.74	1.42	1.23	1.16	1.12	1.11
Price Earnings ratio	3.92	3.98	6.51	5.21	6.41	5.58
Price to Book ratio	0.50	0.44	0.64	0.69	0.70	0.61

## Capital Structure Ratios

Earning assets to total assets ratio	93.55	94.10	90.78	93.91	95.24	95.56
Weighted Average cost of deposit	20.09	14.53	7.87	5.95	10.96	8.57
Net assets per share	27.40	25.93	25.09	25.53	25.88	25.57
Financial leverage ratio	4.44	3.86	4.04	4.01	4.35	4.07
Weighted average cost of debt	21.67	18.05	9.09	7.13	12.18	9.44
Debt to Equity ratio	1.35	1.71	1.79	1.52	1.11	1.71
Financial Charges Cover ratio	1.21	1.23	1.36	1.44	1.21	1.28

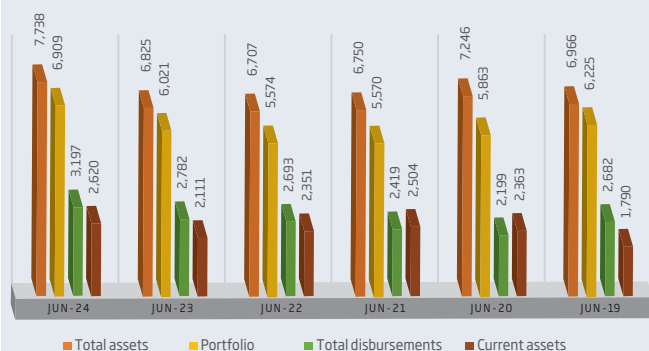
Revenue from Ijarah transaction is calculated on the basis of rental income net off related depreciation for above ratios

Non performing portfolio

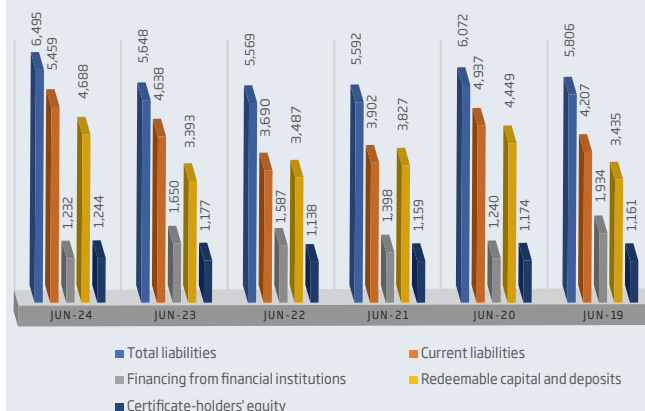
Ijarah	99.68	40.10	53.55	66.81	164.20	29.34
Diminishing Musharaka	171.15	96.61	183.08	125.36	331.11	25.37
Housing Finance	3.69	-	-	-	2.12	-
Sukuks	-	-	57.70	57.70	57.70	57.70
<b>Total</b>	<b>274.52</b>	<b>136.71</b>	<b>294.33</b>	<b>249.87</b>	<b>555.13</b>	<b>112.42</b>

## GRAPHS

### ASSETS

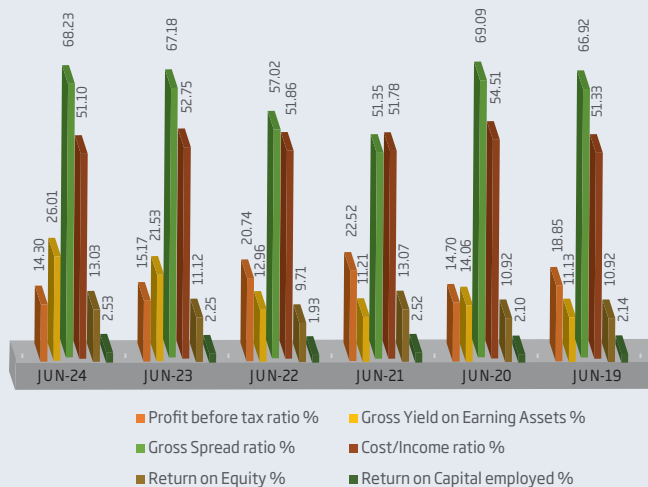


### EQUITY & LIABILITIES

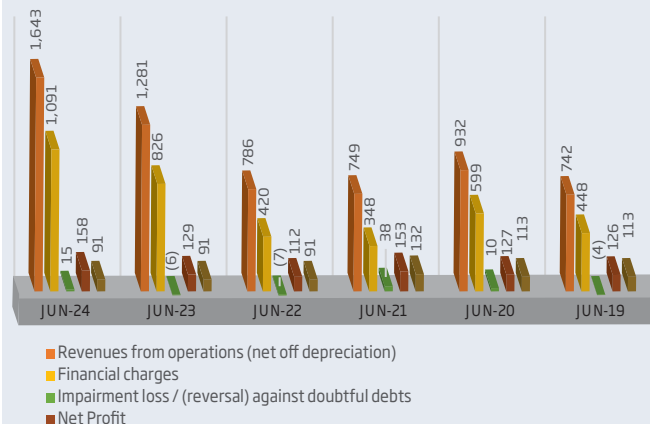


## GRAPHS

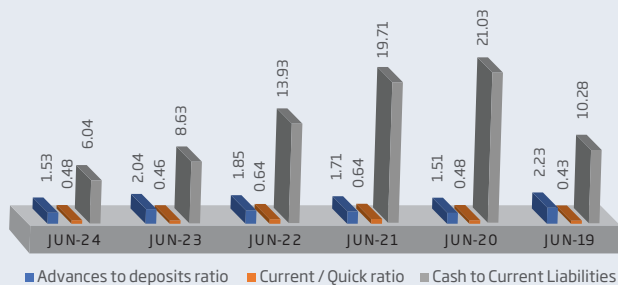
### PROFITABILITY RATIOS



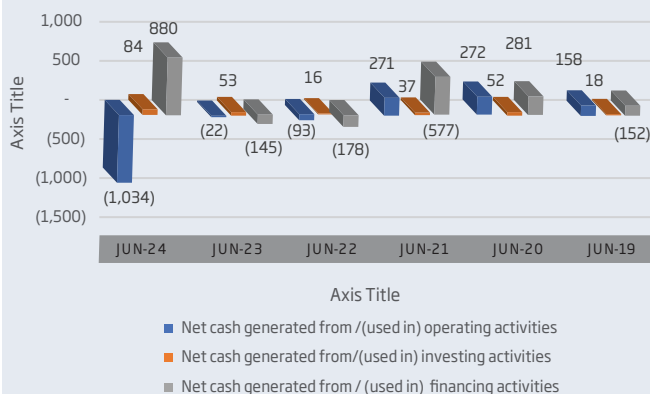
### PROFIT & LOSS



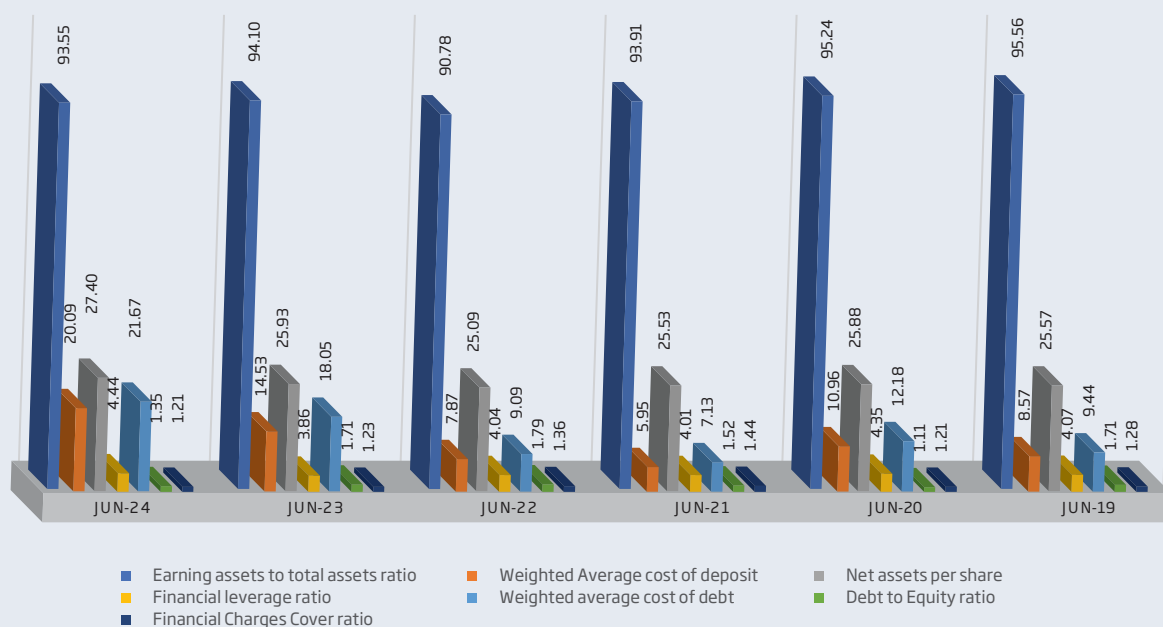
### LIQUIDITY RATIOS



### CASH FLOW



### CAPITAL STRUCTURE RATIO



# Comments on Key Ratios compared to last year

The financial year (FY) 2023-2024 faced several downturns, such as the significant enhancement of KIBOR and inflation, which caused the economy to downfall, but Modaraba has still managed to maintain its position in the market.

## Profitability Ratios

KIBOR rate remained higher throughout the year and started to decline only after May 2024. Consequently, profit before tax has been increased resulting in an increase in gross yield on earning assets. However, due to higher inflation, an increase in administrative and operating expenses and provision for income taxes as compared to last year, the profit before tax ratio has declined from 15.17% to 14.30%. The gross spread ratio has increased due to an increase in financial charges. These have increased due to the upward movement of KIBOR as stated above. The movement of KIBOR impacts financial liabilities rapidly. However, it took almost six months to translate this substantial increase in KIBOR into profit on earning assets, as almost all our portfolio is on floating rate basis with majority of them repriced on a quarterly and half-yearly basis.

## Liquidity Ratios

Advance to Deposit has been declined mainly due to a substantial increase in COMs portfolio and a reduction in term musharakah finance due to quarterly repayments. In Financial Services Modarabas, the current ratio is always on the lower side as ljarah's finances have been classified as fixed assets due to the implication of IFAS-2. Cash to current liabilities has reduced further due to an increase in COMs portfolio most of which is of short-term maturity. OLPM continues to maintain a substantial amount of cash and bank balance to meet the liquidity challenges and to meet the financing targets throughout the year. Both Return on Equity and Return on Capital Employed has improved over the year.

## Investment/ Market Ratios

The decline in the Dividend Yield ratio represents that OLPM investors are more confident in the Modaraba's overall historic performance and view it as a better long-term investment and expect higher returns in the form of capital appreciation over the years which can offset a lower dividend yield in short-term. Dividend payout ratio has declined, although EPS has increased as OLPM continues to pay constant dividends per share to its Certificate holders.

There is an increase in the following ratios mainly due to an increase in net profit during the current year compared to last year, as these ratios are directly related to the net profit.

## Earnings per Certificate (EPC) basic and diluted;

Break-up Value per share; and  
Dividend cover ratio.

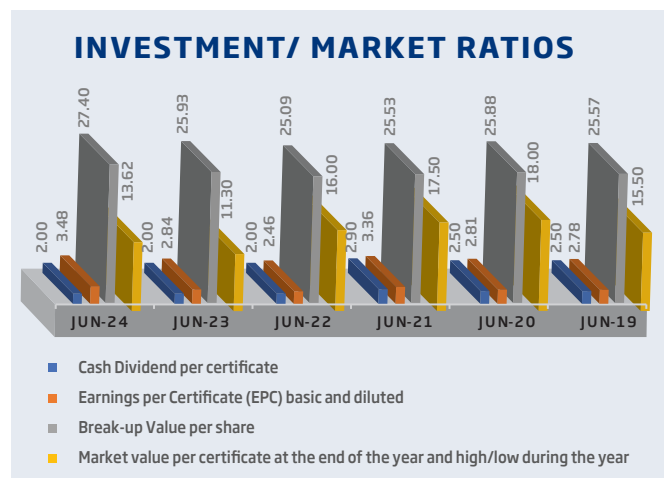
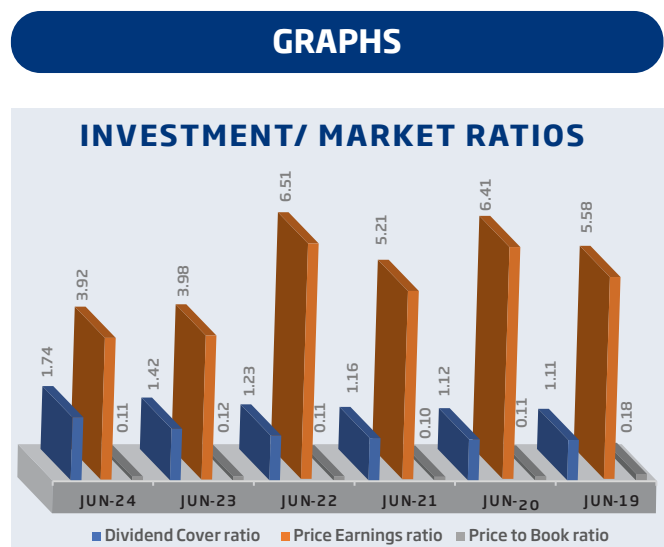
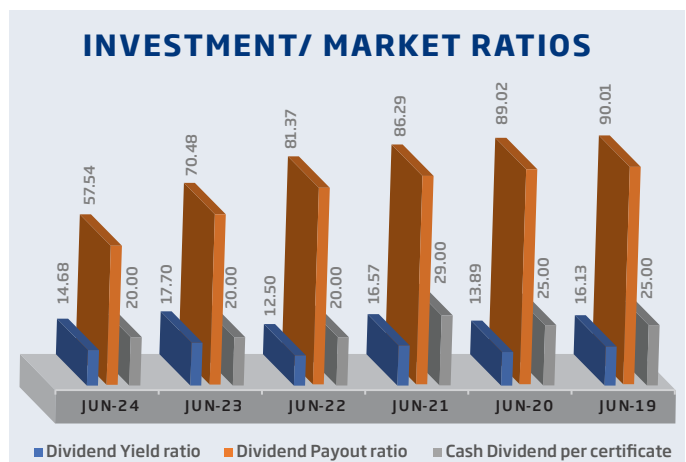
The price earnings ratio has reduced which reflects that OLPM certificates are undervalued due to uncertainty in the stock markets arising from political instability and economic challenges faced by the country during the year ended June 30, 2024.

## Capital Structure Ratios

Earning assets to total assets ratio has slightly declined due to the reclassification of staff loans from financing assets to prepayments in accordance with the requirement of International Financial Reporting Standards. Weighted Average cost of deposit and debt has increased due to a significant increase in the KIBOR Rate throughout the current FY. Debt to Debt-to-equity ratio has decreased due to a decline in Bank financings on the balance sheet date as compared to last year.

## Non-performing portfolio

During the current year, we managed to fully recover long outstanding dues from one of the NPL clients. However, despite robust recovery efforts, non-performing portfolio has increased from PKR 136.71 million to PKR 274.52 million, mainly due to delayed payments from selected clients. OLPM continues to closely monitor its financing portfolio and has managed to subsequently reduce its NPL portfolio.







# Vertical Analysis

## Balance Sheet (%)

### ASSETS

#### Current assets

Cash and bank balances	
Loans and receivable - Term deposit receipts	
Ijarah rentals receivable	
Advances, deposits, prepayments and other receivables	
Current portion of investment in Sukuk certificates	
Current portion of Diminishing Musharika	
Current portion of net investment in Ijarah finance	
Taxation recoverable	

#### Total current assets

#### Non - current assets

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

### TOTAL ASSETS

### LIABILITIES AND EQUITY

#### Current liabilities

Musharika finance	
Murabaha finance	
Current maturity of security deposits	
Current maturity of Musharika term finance	
Creditors, accrued and other liabilities	
Advance Ijarah rentals received	
Current portion of redeemable capital	
Taxation payable	
Unclaimed profit distribution	

#### Total current liabilities

#### Non - current liabilities

Long-term portion of security deposits	
Long-term portion of Musharika term finance	
Long-term portion of redeemable capital	

#### Total non - current liabilities

### 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, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
4.26	5.86	7.67	11.39	14.33	6.21
-	-	-	-	-	-
0.72	1.52	1.86	1.68	2.48	1.53
5.21	2.37	6.14	4.18	2.07	2.67
4.53	1.81	-	-	-	-
19.13	19.37	19.38	19.66	13.59	15.16
-	-	0.01	0.01	0.01	0.01
-	-	-	0.16	0.13	0.13
33.86	30.94	35.05	37.09	32.61	25.69
-	-	-	-	-	-
-	-	-	-	-	-
49.16	43.20	36.73	29.61	30.99	29.12
-	-	-	-	-	-
16.46	23.85	27.00	33.24	36.32	45.07
0.28	1.73	0.94	-	-	-
0.24	0.28	0.28	0.06	0.08	0.12
66.14	69.06	64.95	62.91	67.39	74.31
100.00	100.00	100.00	100.00	100.00	100.00
-	-	-	-	-	-
-	-	-	-	-	-
1.69	2.48	2.39	3.59	2.79	2.71
5.93	6.08	5.53	4.45	4.17	4.96
0.06	0.02	0.05	0.14	0.32	0.52
53.57	39.81	38.74	43.07	52.89	39.45
0.70	1.89	0.91	-	-	-
0.74	0.87	0.88	0.85	0.80	0.80
70.54	67.96	55.01	57.81	68.13	60.39
3.49	4.79	4.67	4.95	5.18	6.61
8.06	7.38	17.15	14.99	9.95	15.80
1.84	2.63	6.20	5.09	0.54	0.54
13.39	14.80	28.01	25.03	15.66	22.95
83.93	82.76	83.02	82.84	83.79	83.34
6.46	7.33	7.45	7.41	6.90	7.18
3.68	4.18	4.25	4.22	3.93	4.09
-	-	-	-	-	-
2.18	2.47	2.52	2.50	2.33	2.42
5.86	6.65	6.77	6.72	6.26	6.51
7.48	8.48	8.53	8.40	7.72	7.94
2.72	2.11	1.67	2.04	2.23	2.21
16.07	17.24	16.98	17.16	16.21	16.66
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	
4.79	
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, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
-	-	-	-	-	-
(14.32)	(7.83)	(18.86)	(13.00)	(10.06)	(7.51)
13.42	100.00	-	-	-	-
37.60	90.57	22.37	(22.11)	35.10	149.19
62.12	72.16	(9.13)	(30.48)	189.51	47.26
11.31	23.89	(10.00)	(15.56)	(0.59)	3.76
32.10	96.42	20.83	(41.93)	33.83	81.98
(23.20)	(15.87)	(22.45)	(10.80)	(15.47)	(10.75)
100.00	(100.00)	(444.09)	(100.00)	-	(100.00)
29.26	25.58	(2.19)	22.53	21.08	19.36
104.03	(540.26)	(73.30)	100.00	(100.00)	(36.08)
(53.88)	(2,185.13)	(97.91)	381.33	(794.99)	(200.00)
(118.34)	(493.13)	(66.51)	(100.00)	-	-
20.31	26.69	10.84	13.26	14.36	19.94
(13.94)	5.99	(31.66)	11.33	(10.97)	(19.47)
12.80	26.08	2.58	7.21	14.88	9.48
20.49	21.67	2.26	19.66	1.11	4.79
20.49	21.67	2.26	19.66	1.11	4.79
	20.49	21.67	2.26	19.66	1.11
(35.10)	13.87	102.86	19.66	1.11	4.79
22.64	21.99	0.20	19.66	1.11	4.79
22.98	39.64	(100.00)	-	-	-
22.48	15.45	(26.86)	19.66	1.11	4.79
-	-	-	-	-	-
22.48	15.45	(26.86)	19.66	1.11	4.79

# 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 (0.09)	
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, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019
-	-	-	-	-	-
39.62	51.48	69.19	76.75	74.49	82.33
1.51	1.48	-	-	-	-
54.14	43.80	28.47	20.94	22.70	16.70
4.72	3.24	2.33	2.31	2.81	0.96
100.00	100.00	100.00	100.00	100.00	100.00
(51.65)	(43.52)	(27.45)	(20.44)	(29.73)	(22.08)
(24.30)	(35.22)	(51.86)	(60.18)	(56.97)	(67.00)
0.64	-	0.29	(0.07)	-	-
24.69	21.26	20.97	19.30	13.30	10.92
(1.78)	(0.97)	0.27	0.92	-	0.12
0.47	1.14	(0.07)	(2.92)	(0.51)	0.07
(0.03)	0.18	(0.06)	(0.15)	-	-
23.35	21.60	21.12	17.15	12.79	11.11
2.13	2.75	3.22	4.24	3.21	3.59
(13.02)	(12.85)	(12.62)	(11.07)	(8.72)	(7.55)
12.46	11.51	11.72	10.31	7.28	7.16
(1.25)	(1.15)	(1.17)	(1.03)	(0.73)	(0.72)
	(0.16)	(0.15)	(0.15)	(0.13)	(0.09)
(0.22)	(0.38)	(0.41)	(0.18)	(0.13)	(0.13)
10.83	9.83	9.98	8.96	6.33	6.22
(3.36)	(3.04)	(2.70)	-	-	-
7.47	6.79	7.29	8.96	6.33	6.22
-	-	-	-	-	-
7.47	6.79	7.29	8.96	6.33	6.22

# Cash Flow

For the year ended June 30, 2024 (By Direct Method)

	June 30, 2024	June 30, 2023
	(Rupees)	
Ijarah Rental Collection	795,054,079	924,787,794
Diminishing Musharaka's repayment proceeds	1,627,473,623	1,476,561,784
Diminishing Musharaka's profit receipts	1,135,292,883	795,291,842
Ijarah Disbursements (net off security deposits)	(574,649,993)	(443,497,318)
Diminishing Musharaka disbursements	(2,610,707,793)	(1,789,583,379)
Net proceeds from Ijarah assets disposals	100,644,486	107,304,660
Financial charges paid	(1,006,836,279)	(723,895,323)
Management remuneration to management company	(12,521,234)	(27,249,727)
Salaries & staff benefits	(178,220,239)	(173,936,634)
Documentation fee & others from customers	41,164,894	29,536,976
Payments for operating expenses	(101,934,662)	(55,517,066)
Taxes, duties, levies, charity & advance payments	(49,108,183)	(42,299,526)
Investments	(200,000,000)	(100,000,000)
Net cash used in operating activities	(1,034,348,418)	(22,495,917)
Net cash generated from investing activities	83,365,172	53,247,332
Net cash generated from financing activities	880,356,625	(144,645,840)
Net Cash generated	(70,626,621)	(113,894,425)
Cash & cash Equivalent at beginning of the year	400,254,200	514,148,625
Cash & cash Equivalent at end of the year	329,627,579	400,254,200

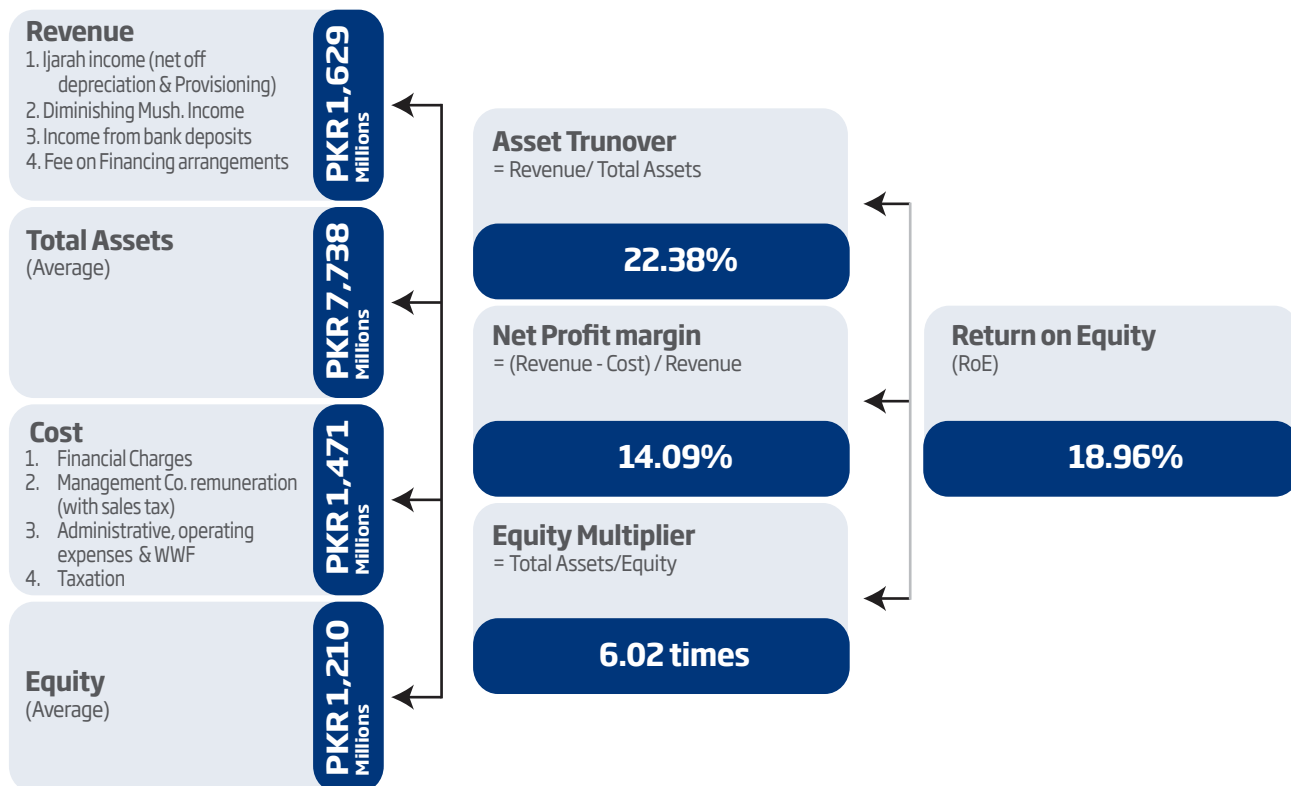
	June 30, 2024	June 30, 2023
	(Rupees)	
Free cashflows		
Net cashflow used in operating activities	1,034,348,418	(22,495,917)
Net funds from bank financing	418,113,756	62,905,711
Net movement in deposits	1,390,930,000	(117,300,000)
Fixed capital expenditure	9,806,678	(10,563,298)
	71,338,852	(87,453,504)



# Segment Information

2024					
Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Micro Finance	Total
(Rupees)					
-	1,175,281,471	849,388,585	131,673,873	-	2,156,343,929
-	779,949,560	223,171,456	87,382,454	-	1,090,503,471
-	217,835,982	62,330,663	24,405,479	-	304,572,125
-	-	513,098,534	-	-	513,098,534
-	(9,974,874)	24,234,190	-	-	14,259,316
-	-	-	610,000	-	610,000
-	187,470,802	26,553,741	19,275,940	-	233,300,483
-	(3,749,416)	(531,075)	(385,519)	-	(4,666,010)
-	(56,970,183)	(8,069,371)	(5,857,732)	-	(70,897,287)
	134,250,035	19,015,445	13,803,726		157,737,186
-	5,284,579,457	1,329,475,749	488,570,341	-	7,102,625,547
-	-	-	-	-	635,709,658
					7,738,335,205
-	4,215,881,478	1,465,517,360	379,666,690	-	6,061,065,528
					433,676,980
					6,494,742,508
-	4,540,659	1,299,245	508,717	-	6,348,622
-	7,540,001	2,157,464	844,752	-	10,542,217
-	-	-	-	-	-
-	2,473,270	707,691	277,095	-	3,458,056
-	-	-	-	-	-

## Dupont Analysis



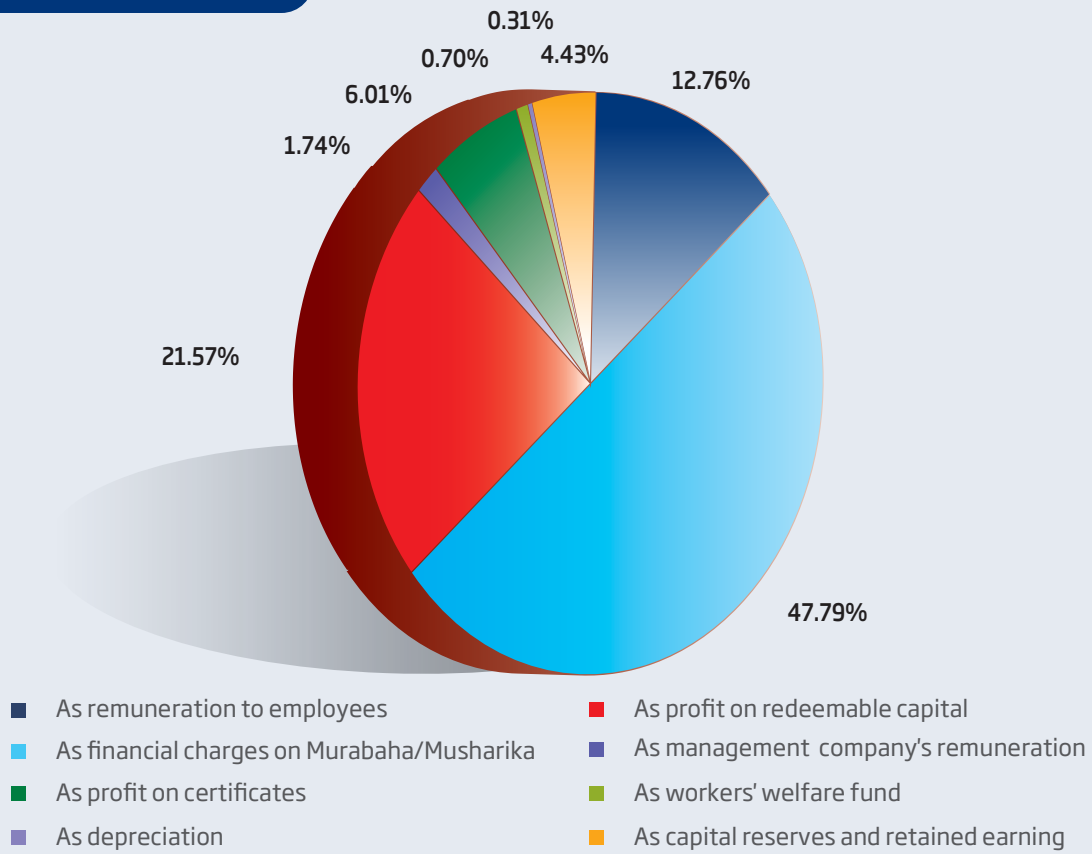
## Statement of Charity Account

Description	2023 - 2024
	--- Rupees ---
Names of Non- Profit Organisation	
The Patients Behbud Society for AKU (Health Care)	2,000,000
Layton Rehmatulla Benevolent Trust (Health Care)	2,000,000
Professional Education Foundation	1,000,000
Family Education Services Foundation	1,000,000
Behbud Association	500,000
	<b>6,500,000</b>

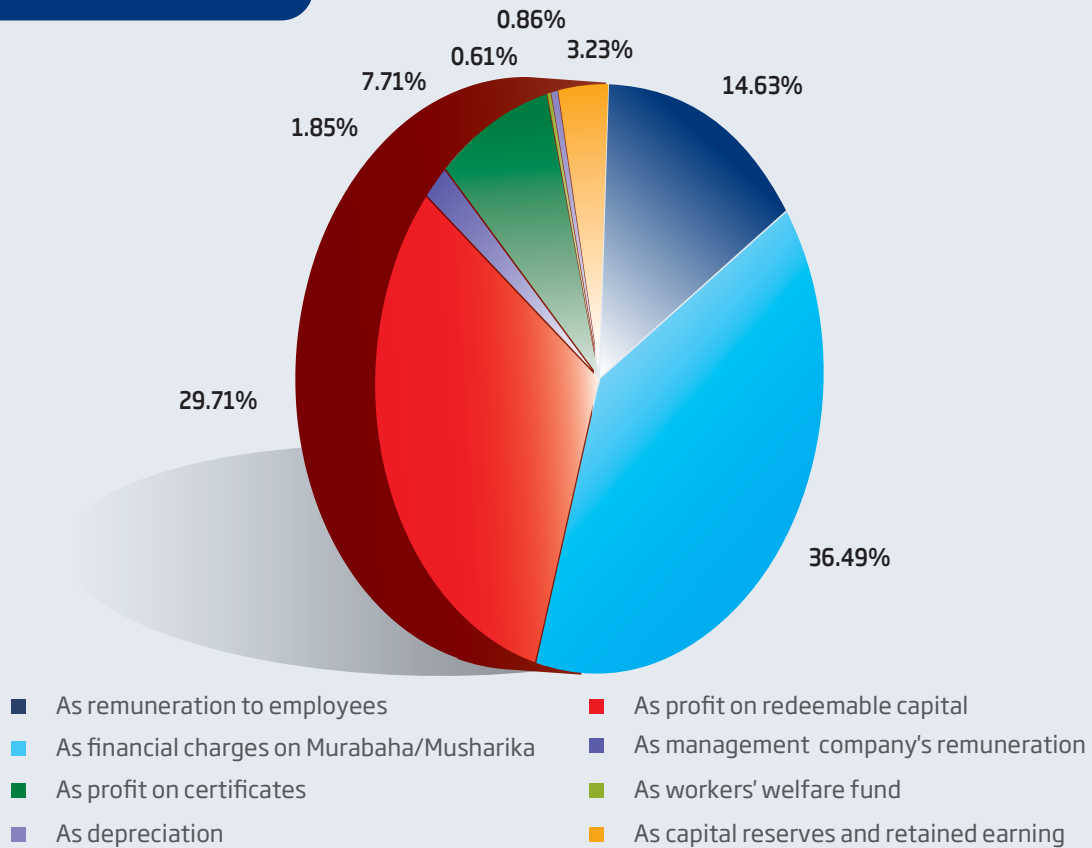
# Statement of Value added

	2024 Rupees	%	2023 Rupees	%
Revenue from operations (net of depreciation of Ijarah assets)	1,598,315,388		1,228,762,563	
Other Income/ charges/reversal of povision for WWF	30,060,691		58,702,712	
	1,628,376,079		1,287,465,275	
Operating expenses	71,675,996		61,363,664	
Other charges	43,111,692		46,324,055	
Provision for services sales tax on management company's remuneration	3,419,286		2,837,777	
Value Added	1,510,169,105	100.00	1,176,939,779	100.00
Distributed as follows:				
To Employees				
As remuneration	192,632,429	12.76	172,136,634	14.63
To finance providers				
As profit on redeemable capital	721,694,359	47.79	429,514,180	36.49
As financial charges on Murabaha/Musharika	325,697,420	21.57	349,679,362	29.71
To Modarib				
As management company's remuneration	26,302,197	1.74	21,829,056	1.85
To Certificate-holders				
As profit on certificates	90,767,060	6.01	90,767,060	7.71
To Revenue Authorities				
As workers' welfare fund	4,666,010	0.31	7,189,975	0.61
As Taxation	70,897,287	4.69	57,649,344	4.90
Retained in Business				
As depreciation	10,542,217	0.70	10,156,821	0.86
As capital reserves and retained earning	66,970,126	4.43	38,017,347	3.23
	1,510,169,105	100.00	1,176,939,779	100.00

2024



2023



# Financial Statement

**Performance and  
Position**

**Specific Disclosures  
to the Financial  
Statement**





# INDEPENDENT AUDITOR'S REPORT TO THE CERTIFICATE HOLDERS OF THE OLP MODARABA

We have audited the annexed financial statements of OLP Modaraba (the "Modaraba"), which comprise the statement of financial position as at June 30, 2024, and the statement of profit and loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2024 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

## Basis for Opinion

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

## Key audit matter

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

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	<b>Provision in respect of Ijarah finance and diminishing musharika</b>  (Refer notes 4.2.1.3, 6 and 9 of the financial statements)	
	The Modaraba records provision for Ijarah finance and diminishing musharika under the requirements of Prudential regulation issued by SECP and IFRS 9. '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	Our audit procedures to assess adequacy and determination of provision for Ijarah financing and diminishing musharika balances included, amongst others, the following: <ul style="list-style-type: none"> <li>Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Modaraba to identify loss events and for determining the extent of provisioning required against Ijarah financing and diminishing musharika balances;</li> </ul>

S.No.	Key audit matter	How the matter was addressed in our audit
	<p>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 statement of profit and loss and other comprehensive income and is decreased by charge-offs, net of recoveries.</p> <p>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.</p> <p>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 facility basis):</p> <ul style="list-style-type: none"> <li>the provision required under the Modaraba Regulations, 2021; and</li> <li>the provision required under IFRS 9 using the Expected Credit Loss (ECL) model.</li> </ul> <p>The Modaraba has determined a provision on ijarah financing and reversal of provision against diminishing musharika balances and has recognised a net charge of Rs. 23.37 million and a net reversal of Rs. 9.98 million in respect of ijarah financing and diminishing musharika respectively in the statement of profit and loss and other comprehensive income during the year ended June 30, 2024. As at June 30, 2024, the Modaraba maintained a provision of Rs. 54.16 million and Rs. 57.59 million for ijarah financing and diminishing musharika respectively.</p> <p>The determination of provision in respect ijarah financing and diminishing musharika as per the requirements of prudential regulations and IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of ijarah financing and diminishing musharika balances relative to the overall financial statements of the Modaraba, we considered the area of provision for ijarah financing and diminishing musharika as a key audit matter.</p>	<ul style="list-style-type: none"> <li>Evaluated the key decisions made by the Modaraba's management with respect to accounting policies, estimates and judgments in relation to computation of provision for ijarah financing and diminishing musharika and assessed the appropriateness based on our understanding of the Modaraba's business and operations;</li> <li>Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Modaraba as well as the related external sources used for this purpose;</li> <li>Assessed the ECL model used by the management to calculate provision against ijarah financing and diminishing musharika balances of the Modaraba for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model;</li> <li>Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and</li> <li>Assessed the relevant disclosures made in the financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

## Information other than the financial statements and Auditor's Report thereon

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

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of management and Board of Directors of the modaraba company for the financial statements

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

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

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

## Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Modaraba's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management of the Modaraba Company;

- Conclude on the appropriateness of the management of the Modaraba Company's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Modaraba's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Modaraba to cease to continue as a going concern; and
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with the board of directors of the Modaraba Company, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Report on other legal and regulatory requirements

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

- Proper books of account have been kept by the Modaraba Company in respect of the Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980);
- the statement of financial position, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and are in agreement with the books of account;
- business conducted, investments made, expenditure incurred and guarantees extended during the year by the Modaraba were in accordance with the objects, terms and conditions of the Modaraba; and
- zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is Junaid Mesia.

A. F. Ferguson & Co.  
Chartered Accountants  
Karachi  
Dated: October 4, 2024  
UDIN: AR202410611smqcyvWgS

# Statement Of Financial Position

As at June 30, 2024

## ASSETS

### Current assets

Cash and bank balances	5	329,627,579	400,254,200
Ijarah rentals receivable	6	69,821,374	103,759,046
Advances, deposits, prepayments and other receivables	7	403,523,986	161,625,207
Investments	8	350,918,237	123,858,681
Current portion of diminishing musharika	9.4	1,476,958,150	1,321,802,595

### Total current assets

2,630,849,326

2,111,299,729

### Non-current assets

Long-term portion of diminishing musharika	9.4	3,807,621,307	2,948,113,326
Ijarah assets	10	1,259,654,374	1,627,562,155
Tangible assets	11	14,746,223	17,061,707
Intangible assets	12	3,768,937	2,194,932
Deferred taxation - net	13	21,695,041	118,347,633

### Total non-current assets

5,107,485,882

4,713,279,753

## TOTAL ASSETS

7,738,335,208

6,824,579,482

## LIABILITIES AND EQUITY

### Current liabilities

Current portion of term finance arrangements	14	625,117,384	1,146,247,638
Current portion of security deposits	15	130,535,992	169,344,276
Creditors, accrued and other liabilities	16	458,553,890	415,240,194
Advance Ijarah rentals received		4,645,531	1,653,873
Current portion of redeemable capital	17	4,145,135,000	2,717,105,000
Unclaimed profit distribution		57,602,615	59,295,174
Taxation payable - net		54,254,047	129,117,535

### Total current liabilities

5,475,844,459

4,638,003,690

### Non-current liabilities

Long-term portion of term finance arrangements	14	606,778,716	503,762,218
Long-term portion of security deposits	15	269,719,334	326,691,002
Long-term portion of redeemable capital	17	142,400,000	179,500,000

### Total non-current liabilities

1,018,898,050

1,009,953,220

## TOTAL LIABILITIES

6,494,742,509

5,647,956,910

## CERTIFICATE HOLDERS' EQUITY

### Certificate capital

Authorised certificate capital  
50,000,000 (2023: 50,000,000) certificates of Rs. 10 each amounting to Rs 500,000,000  
(2023: Rs. 500,000,000)

### Issued, subscribed, called-up and paid-up certificate capital

28,500,000 (2023: 28,500,000) certificates of Rs. 10 each fully paid in cash  
16,883,530 (2023: 16,883,530) bonus certificates of Rs. 10 each

Revenue reserve	18	285,000,000	285,000,000
Capital reserves		168,835,300	168,835,300

285,000,000

285,000,000

168,835,300

168,835,300

453,835,300

453,835,300

210,869,362

143,899,235

578,888,037

578,888,037

1,243,592,699

1,176,622,572

## TOTAL LIABILITIES AND EQUITY

7,738,335,208

6,824,579,482

## CONTINGENCIES AND COMMITMENTS

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The annexed notes from 1 to 38 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited  
Management Company

SD  
Chief Executive

SD  
Director

SD  
Director

SD  
Chief Financial Officer



# Statement Of Profit And Loss And Other Comprehensive Income

For The Year Ended June 30, 2024

Note

June 30,  
2024

Restated

June 30,  
2023

(Rupees)

Ijarah rentals earned		836,635,253	976,425,361
Income on diminishing musharika arrangements		1,143,196,859	830,825,293
Dividend income		31,834,774	28,069,036
Income on deposits with banks		99,747,038	61,525,261
		<u>2,111,413,924</u>	<u>1,896,844,951</u>
Financial and other charges	20	(1,090,503,471)	(825,517,597)
Depreciation on assets under Ijarah arrangements	10.1	(513,098,534)	(668,082,386)
Impairment on assets under Ijarah arrangements - net	10.1	(859,715)	-
		<u>(1,604,461,720)</u>	<u>(1,493,599,983)</u>
		<u>506,952,204</u>	<u>403,244,968</u>
(Provision) in respect of Ijarah finances - net	6.1	(23,374,475)	(18,457,714)
Reversal of provision in respect of diminishing musharika - net	9.3	9,974,874	21,628,044
(Provision) / reversal in respect of other receivables	7.6	(610,000)	3,326,028
		<u>(14,009,601)</u>	<u>6,496,358</u>
		<u>492,942,603</u>	<u>409,741,326</u>
Other income	21	44,930,007	52,206,355
Administrative and operating expenses	22	(274,850,643)	(243,657,119)
		<u>263,021,967</u>	<u>218,290,562</u>
Management company's remuneration	23	(26,302,197)	(21,829,056)
Provision for services sales tax on the management company's remuneration	24	(3,419,286)	(2,837,777)
Provision for workers' welfare fund - net	16.3	(4,666,010)	(7,189,975)
		<u>228,634,474</u>	<u>186,433,754</u>
<b>Profit before taxation and levy</b>			
Levy	25	(4,775,216)	(4,210,355)
		<u>223,859,258</u>	<u>182,223,399</u>
<b>Profit before taxation</b>			
Taxation	25	(66,122,071)	(53,438,989)
		<u>157,737,187</u>	<u>128,784,410</u>
<b>Profit for the year after taxation</b>			
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<u>157,737,187</u>	<u>128,784,410</u>
<b>Earnings per certificate - basic and diluted</b>	26	<u>3.48</u>	<u>2.84</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited  
Management Company

SD  
Chief Executive

SD  
Director

SD  
Director

SD  
Chief Financial Officer

## Statement Of Cash Flows

For The Year Ended June 30, 2024

Note	June 30, 2024	Restated June 30, 2023
	(Rupees)	
	223,859,258	182,223,399
22	8,658,167	9,498,506
22	1,884,051	658,315
10.1	513,098,534	668,082,386
21	(3,673,052)	(19,245,417)
21	(92,061)	(3,444,437)
21	-	20,475
10.1	859,715	-
6.1	23,374,475	18,457,714
7.6	610,000	(3,326,028)
9.3	(9,974,874)	(21,628,044)
	-	370,000
	(99,747,038)	(61,525,261)
	4,775,216	4,210,355
20	721,694,359	429,514,180
20	292,451,443	324,746,184
	3,419,286	2,837,777
	4,666,010	7,189,975
	1,462,004,231	1,356,416,680
	1,685,863,489	1,538,640,079
	(235,835,591)	254,985,615
	10,563,197	2,538,634
	(227,059,556)	(123,858,681)
10.1	(1,004,688,662)	(485,402,675)
	(354,420,624)	(726,045,483)
	212,043,208	260,700,613
	(1,599,398,028)	(817,081,977)
	14,503,913	(17,593,765)
	2,991,658	(1,775,936)
	(95,779,952)	22,780,335
	(78,284,381)	3,410,634
	8,181,080	724,968,736
	(678,714,448)	(436,645,128)
	(312,707,665)	(262,907,325)
	(991,422,113)	(699,552,453)
	(1,999,202)	(3,092,428)
	(49,108,183)	(44,819,772)
	(1,034,348,418)	(22,495,917)
	(6,348,622)	(8,523,510)
	(3,458,056)	(2,039,788)
	98,000	3,596,600
	93,073,850	60,214,030
	83,365,172	53,247,332
34.1	1,390,930,000	(117,300,000)
34.1	(418,113,756)	62,905,711
34.1	(92,459,619)	(90,251,551)
	880,356,625	(144,645,840)
	(70,626,621)	(113,894,425)
	400,254,200	514,148,625
34	329,627,579	400,254,200

The annexed notes from 1 to 38 form an integral part of these financial statements.

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

SD  
Chief Executive

SD  
Director

SD  
Director

SD  
Chief Financial Officer

# Statement Of Changes In Equity

For The Year Ended June 30, 2024

	Issued, subscribed and paid-up certificate capital	Capital reserve			Revenue reserve	Sub-total	Total
		Premium on issue of modaraba certificates	Statutory reserve (note 19)	Sub-total	Unappropri- ated profit		
	(Rupees)						
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	-	-	-	-	-	-	-
	-	-	-	-	128,784,410	128,784,410	128,784,410
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
Total comprehensive income for the year							
- Profit for the year ended June 30, 2024	-	-	-	-	157,737,187	157,737,187	157,737,187
- Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	157,737,187	157,737,187	157,737,187
Transactions with owners							
Profit distribution for the year ended June 30, 2023 @ Rs 2.00 per certificate declared subsequent to the year end	-	-	-	-	(90,767,060)	(90,767,060)	(90,767,060)
Transfer to statutory reserve	-	-	-	-	-	-	-
Balance as at June 30, 2024	453,835,300	55,384,700	523,503,337	578,888,037	210,869,362	789,757,399	1,243,592,699

The annexed notes from 1 to 38 form an integral part of these financial statements.

For OLP Services Pakistan (Private) Limited  
Management Company

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, 2024

## 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 (2023: AA) and short term rating of A1+ (2023: A1+) to the Modaraba on March 01, 2024 (2023: March 03, 2023).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting 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 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 statement of financial position 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 except otherwise stated.

## **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 accounting and reporting 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, depreciation and amortization methods of tangible assets, intangible assets and Ijarah assets (notes 4.5, 4.6, 10, 11 and 12);
- ii) classification, valuation and impairment of financial asset (notes 4.2.1.1, 4.2.1.2 and 4.2.1.3);
- iii) provision for Workers' Welfare Fund (note 16.3);
- iv) provision for sales tax on the Management Company's remuneration (note 24);
- v) provision for taxation - levy and income tax (notes 4.7 and 25); and
- vi) impairment of non financial asset (note 4.4)

The accounting policies and accounting estimates adopted and the methods of computation of balances used in the preparation of these annual financial statements are the same as those applied in the preparation of the annual published audited financial statements of the Modaraba for the year ended June 30, 2023, except for those mentioned in the note 2.4.2.

#### 2.4.2 Change in accounting estimate

During the current year, the estimated useful lives of certain assets under the category of leasehold improvements, furniture and fittings and motor vehicles have been reviewed and based on the management experience, the estimated useful lives have been revised from 5, 3 and 3 years to 3, 6.67, and 4 to 5 years for different class of assets. Furthermore, residual value of motor vehicles has also been revised from 0% to 40% to 45%. This change has been accounted for as change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS) 8 'Accounting policies, changes in accounting estimates and errors' whereby the effect of the change has been recognised prospectively by including the same in the statement of profit and loss with effect from July 1, 2023 (i.e. the date of change in estimate). The impacts of change in accounting estimate (before tax) are given as follows:

	2024 Rupees
<b>STATEMENT OF FINANCIAL POSITION</b>	
Increase in the tangible assets	1,852,923
<b>STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME (Note 2.4.3)</b>	
Decrease in depreciation expense	1,852,923
Increase in earnings per certificate	0.04
<b>STATEMENT OF CHANGES IN EQUITY</b>	
Increase in unappropriated profit	1,852,923
<b>STATEMENT OF CASH FLOWS</b>	
Decrease in depreciation expense	1,852,923

- 2.4.3** The impact of change in accounting estimate on the Management Company's remuneration, related provision for services sales tax and provision for Sindh Workers' Welfare Fund has not been incorporated in the impacts shown in note 2.4.2 as there impact is not material.

## 2.5 Change in accounting policy

During the year, the Institute of Chartered Accountants of Pakistan (ICAP) has withdrawn Technical Release 27 'IAS 12, Income Taxes (Revised 2012)' and issued the 'IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes' (the Guidance). In accordance with the Guidance where an entity expects that the minimum tax paid by it may not be recoupable in the future tax years, the same shall be classified as a levy under IAS 37 "Provision, Contingent Liabilities and Contingent Assets" (IAS 37) and IFRIC 21 "Levies" (IFRIC 21) instead of being recognised as a tax under IAS 12 "Income taxes" (IAS 12). Further the said guidance also concluded that final tax deducted at source (except for dividend earned from subsidiary, associates and joint ventures) under the Income Tax Ordinance, 2001 (ITO) shall also be classified as a levy.

Accordingly, effective from July 1, 2023 the Modaraba has changed its accounting policy to recognise such taxes as 'levies' which were previously being recognised as 'Income Tax'. This change has been accounted for retrospectively in line with the requirements of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" and the corresponding figures in the statement of profit and loss and other comprehensive income has been restated. The related changes on account of the change in accounting policy has been made in the statement of cash flows. However this change had no impact on the Modaraba's cashflow from operating, investing and financing activities. The change has no impact on profit after tax or earnings per certificate of the Modaraba.

### EFFECT ON THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

#### For the year ended June 30, 2024

	Had there been no change in the accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
Final tax	-	(4,775,216)	(4,775,216)
Profit before tax	228,634,474	(4,775,216)	223,859,258
Income tax	70,897,287	4,775,216	66,122,071

### EFFECT ON THE STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

#### For the year ended June 30, 2023

	Had there been no change in the accounting policy	Impact of change in accounting policy	After incorporating effects of change in accounting policy
Final tax	-	(4,210,355)	(4,210,355)
Profit before tax	186,433,754	(4,210,355)	182,223,399
Income tax	57,649,344	4,210,355	53,438,989

## 3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED ACCOUNTING AND REPORTING STANDARDS

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

There are certain amendments to published accounting and reporting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2023, 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 except the following:

## **Amendment to IAS 1 "Presentation of financial statements" (IAS 1) and IFRS Practice Statement 2:**

This recent amendment provide guidance and examples to help entities apply materiality judgements in order to determine accounting policy information which should be disclosed. This amendment aims to help entities in providing accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about the accounting policy disclosures. This amendment only had an impact on the Modaraba's disclosures of accounting policies, but not on the measurement, recognition or presentation of any item in these financial statements.

### **3.2 Standards, interpretations and amendments to published accounting and reporting 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, 2024 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 MATERIAL ACCOUNTING POLICY INFORMATION**

The material accounting polices 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 statement of financial position at amortised cost. For the purpose of statement of cash flows, cash and cash equivalents comprise cash and bank balances and other short-term highly liquid investments with original maturities of three months or less, which are 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 4.2.1.3.

**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 4.2.1.3, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the statement of profit and loss.

**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 statement of profit and loss 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.

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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 statement of profit and loss 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 facility basis) in accordance with the guidance provided by Accounting Standard Board (ASB):

- 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:

- (i) the Modaraba transfers substantially all the risks and rewards of ownership; or
- (ii) 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 statement of financial position, 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 Modaraba 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 statement of profit and loss.

## 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 statement of profit and loss.

## 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 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 statement of profit and loss and other comprehensive income. 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.

### 4.5 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 and 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 pro rate basis from the date the asset is available for use till date of maturity / termination. 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 and loss, in the year in which these arise.

## **4.6 Fixed assets**

### **4.6.1 Tangible fixed assets**

#### **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 statement of profit and loss as and when incurred.

Depreciation is charged to the statement of profit and loss 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 statement of profit and loss in the period in which these arise.

### **4.6.2 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 statement of profit and loss 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 statement of profit and loss in the period in which these arise.

#### **4.6.3 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.

### **4.7 Taxation - Levy and Income tax**

#### **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 statement of financial position 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 and 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.

#### **Levy**

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

### **4.8 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.

#### 4.9 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.

#### 4.10 Revenue and other income 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 statement of profit and loss on an accrual basis.
- Profit on Diminishing Musharika arrangements is recognised under the effective profit 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 effective profit rate.



- Income from Shariah non-compliant avenues is not recognised in the statement of profit and loss and is classified as charity payable.
- Income recoverable on classified ijarah finance and diminishing musharika arrangements is recognised on a receipt basis.
- Gains / losses on disposal of tangible assets are recognised as income as the difference between the proceeds realised from the customers on sale of tangible assets and the net book value at which such assets are carried at the time of disposal.

#### **4.11 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.

#### **4.12 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.

#### **4.13 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.

#### **4.14 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.

#### **4.15 Commitments**

Commitments are disclosed in the financial statements at committed amounts.

**5 CASH AND BANK BALANCES**

Note	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Balances with banks		
- in current accounts	2,182,067	15,693,606
- in deposit accounts	327,267,470	384,285,213
Balance with the State Bank of Pakistan	68,342	190,881
Cash in hand	109,700	84,500
	<u>329,627,579</u>	<u>400,254,200</u>

**5.1** These carry profit at the rates ranging between 10.82% to 20.50% (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.

**6 IJARAH RENTALS RECEIVABLE**

Note	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Ijarah rentals receivable - considered good - secured	70,438,166	103,759,046
Ijarah rentals receivable - considered bad or doubtful	69,827,777	48,454,351
Less: allowance for potential Ijarah losses	(54,159,836)	(30,785,361)
Less: profit held in suspense	(16,284,733)	(17,668,990)
	<u>69,821,374</u>	<u>103,759,046</u>

**6.1 Allowance for potential Ijarah losses**

Opening balance	30,785,361	12,327,647
Provision for the year - net	23,374,475	18,457,714
Closing balance	<u>54,159,836</u>	<u>30,785,361</u>

**6.2 Profit held in suspense**

Opening balance	17,668,990	15,241,422
Reversal of income suspended during the year	(9,659,786)	-
Suspended income during the year	8,275,529	2,427,568
Closing balance	<u>16,284,733</u>	<u>17,668,990</u>

**6.3** Ijarah includes Rs 99.680 million (2023: Rs 40.095 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 28.3.2 to these financial statements.

**6.4** 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,  
2024June 30,  
2023

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

### Considered good

#### Advances

Advances against assets under Ijarah arrangements

7.1

92,013,134

12,394,884

Advances against assets under diminishing musharika arrangements

7.1

106,002,498

51,990,763

#### Deposits

1,063,000

1,060,000

#### Prepayments

Prepaid commission for the sale of Certificates of Musharika (COM)

7.2

19,603,067

11,826,046

Prepayment related to staff loan

7.3

80,993,115

-

Other prepayments

3,511,665

2,793,425

#### Other receivables

Accrued profit on deposit accounts

11,843,071

5,169,883

Accrued profit on diminishing musharika

7.4 &amp; 7.5

87,421,726

75,182,778

Others

1,072,710

1,207,428

#### Considered doubtful

Others

816,200

206,200

Provision for impairment loss against doubtful recoveries

7.6

(816,200)

(206,200)

403,523,986

161,625,207

**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** The prepayment related to staff loan is amortised on a straight line basis over the term of the loan.

**7.4** This includes accrued profit from diminishing musharika related to key management personnel amounting to Rs. 0.105 million (2023: Rs. 0.605 million).

**7.5** Accrued profit on diminishing musharika is as follows:

June 30,  
2024June 30,  
2023

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

Accrued profit on diminishing musharika

111,935,026

92,095,740

Less: profit held in suspense

(24,513,300)

(16,912,962)

Closing balance

87,421,726

75,182,778

## 7.6 Movement in provision during the year is as follows:

Note	June 30, 2024	June 30, 2023
	(Rupees)	
	206,200	3,532,228
	610,000	(3,326,028)
	816,200	206,200
<b>8 INVESTMENTS</b>		
<b>At amortised cost</b>		
Investment in sukuk certificates	8.1 -	57,701,835
Less: provision in respect of sukuk certificates	-	-
Less: Write off made during the year	-	(57,701,835)
	-	-
<b>At fair value through profit or loss</b>		
Investment in mutual funds	350,918,237	123,858,681
	350,918,237	123,858,681
<b>8.1 Movement in provision against Sukuk certificates</b>		
Opening balance	-	57,701,835
Provision for the year	-	-
Amount written off during the year	-	(57,701,835)
Closing balance	-	-
<b>9 DIMINISHING MUSHARIKA</b>		
Staff - considered good		
- Housing finance	27,194,267	93,264,073
- Motor vehicles	25,574,735	42,155,284
- Others	2,318,307	3,408,044
	9.1 & 9.2 55,087,309	138,827,401
Others - considered good		
- Housing finance	344,597,081	359,313,371
- Motor vehicles	2,168,128,409	1,578,611,124
- Plant, machinery and equipment	2,599,509,352	2,164,116,759
	5,112,234,842	4,102,041,254
Others - considered bad or doubtful		
- Housing finance	3,693,976	3,683,790
- Motor vehicles	16,267,635	23,267,047
- Plant, machinery and equipment	154,882,338	69,657,946
	174,843,949	96,608,783
Less: provision in respect of diminishing musharika	9.3 (57,586,643)	(67,561,517)
	5,229,492,148	4,131,088,520
	5,284,579,457	4,269,915,921

- 9.1** 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 effective rates ranging from 0% to 21.94% (2023: 18.32% to 25.17%) per annum and are repayable on monthly basis over a maximum period of 20 years (2023: 20 years). The maximum aggregate amount due from officers and employees at any time during the period calculated by reference to month-end balance is Rs. 135.555 million (2023: Rs. 145.127 million).

During the year, the Modaraba has revised its staff compensation policy. As per the revised policy, the rate of housing finance for facilities that existed prior to November 1, 2023 is charged at the rate of 3% per annum, personal finance at 2% per annum and auto finance is charged within a range of 0% to 3% per annum (for different cadres) based on pre-defined limits.

For the new facilities availed after November 1, 2023, the housing finance is made available at the Modaraba's cost of funding minus 15% with floor of 5% and cap of 15% to be repriced on a half yearly basis whereas personal financing is made available based on cost of fund of the Modaraba.

As a result of the revised policy, the management has recorded a prepaid amount of Rs. 87.6 million against the staff loan (based on fair value of financing), which is being amortised on a straight-line basis over the financing term. The total amount of prepaid amortised during the year is Rs. 6.61 million whereas the additional notional income recognised based on the effective rate adjustment is Rs. 8.4 million, which have been recognised by the Modaraba in these financial statements.

- 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. 9.029 million (2023: Rs. 25.608 million), Rs. 9.204 million (2023: Rs 18.164 million) and Rs. 0.249 million (2023: Rs. 0.601 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**

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Opening balance	138,827,401	89,329,682
Disbursements during the year	16,037,007	88,075,914
Amount transfer to prepaid	(87,600,898)	-
Unwinding of Staff Loan	8,414,369	-
Transfer of resigned staff	(7,741,450)	-
Receipts during the year	(12,849,120)	(38,578,195)
Closing balance	55,087,309	138,827,401

**9.3 Movement in provision against Diminishing Musharika**

Opening balance	67,561,517	89,189,561
Reversal during the year - net	(9,974,874)	(21,628,044)
Closing balance	57,586,643	67,561,517



**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, 2024	June 30, 2023
----- (Rupees) -----	
1,520,573,850	1,385,236,732
(43,615,700)	(63,434,137)
<u>1,476,958,150</u>	<u>1,321,802,595</u>
3,821,592,250	2,952,240,706
(13,970,943)	(4,127,380)
<u>3,807,621,307</u>	<u>2,948,113,326</u>

**9.5** During the 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.

**9.6** Diminishing musharika includes Rs 174.844 million (2023: Rs 96.609 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 28.3.2 to these financial statements.

**9.7** Diminishing musharika carries profit at the rate ranging between 21.07% to 27.49% (2023: 18.13% to 28.09%) per annum.

**9.8** The following table sets out information about the Expected Credit Losses (ECL) provision of diminishing musharika financing:

**DIMINISHING MUSHARIKA**

Stage 1  
Stage 2  
Stage 3

June 30, 2024		June 30, 2023	
Rs. In '000		Rs. In '000	
Amount Outstanding	Expected Credit Loss Allowance	Amount Outstanding	Expected Credit Loss Allowance
4,808,765,939	3,283,926	4,085,099,662	6,970,140
432,551,940	5,929,517	155,768,993	1,785,700
100,848,221	48,373,200	96,608,783	58,805,677
<u>5,342,166,100</u>	<u>57,586,643</u>	<u>4,337,477,438</u>	<u>67,561,517</u>

**9.9** An analysis of change in ECL provision in relation to diminishing musharaka financing is, as follows:

Opening Balance  
(Reversal) / charge for the year  
Closing Balance

June 30, 2024			
----- (Rupees) -----			
Stage 1	Stage 2	Stage 3	Total
6,970,140	1,785,700	58,805,677	67,561,517
(3,686,214)	4,143,817	(10,432,477)	(9,974,874)
<u>3,283,926</u>	<u>5,929,517</u>	<u>48,373,200</u>	<u>57,586,643</u>

Opening Balance  
Charge / (reversal) for the year  
Closing Balance

June 30, 2024			
----- (Rupees) -----			
Stage 1	Stage 2	Stage 3	Total
2,467,502	2,677,034	84,045,026	89,189,562
4,502,638	(891,334)	(25,239,349)	(21,628,045)
6,970,140	1,785,700	58,805,677	67,561,517

- 180 **9.10** The provision as per the Modaraba Regulation 2021 which includes classification into various categories based on objective and subjective evaluation of borrowers is shown in the table below.

#### Aging of diminishing musharaka

##### Classification

Considered good

##### Portfolio Classified as non performing:

Other asset especially mentioned (OAEM)

Substandard

Doubtful

Loss

June 30, 2024		June 30, 2023	
Rs. In '000		Rs. In '000	
Amount Outstanding	Expected Credit Loss Allowance	Amount Outstanding	Expected Credit Loss Allowance
5,167,322,151	-	4,240,868,655	-
127,680,056	-	-	-
-	-	47,209,947	11,802,485
-	-	4,791,289	2,395,645
47,163,893	47,163,893	44,607,547	44,607,547
174,843,949	47,163,893	96,608,783	58,805,677
5,342,166,100	47,163,893	4,337,477,438	58,805,677

## 10 IJARAH ASSETS

Ijarah contracts - accounted for under IFAS 2

Note

June 30,  
2024

June 30,  
2023

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

10.1 & 10.2 1,259,654,374 1,627,562,155

### 10.1 Assets under Ijarah arrangements

The following is a statement of Ijarah assets:

#### At July 1, 2023

Cost

Accumulated depreciation

Impairment against Ijarah assets

Net book value

Additions

June 30, 2024		
Ijarah assets		
Plant, machinery and equipment	Motor vehicles	Total
----- (Rupees) -----		
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
354,420,624	-	354,420,624

Disposals  
Cost  
Depreciation

Depreciation charge for the year  
Impairment during the year - net  
Closing net book value

#### At June 30, 2024

Cost  
Accumulated depreciation  
Impairment against Ijarah assets  
Net book value

Depreciation rate (% per annum)

#### At July 1, 2022

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, 2023

Cost  
Accumulated depreciation  
Impairment against Ijarah assets  
Net book value

Depreciation rate (% per annum)

June 30, 2024		
Ijarah assets		
Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
(885,318,081)	(148,477,300)	(1,033,795,381)
700,597,104	124,828,121	825,425,225
(184,720,977)	(23,649,179)	(208,370,156)
(485,462,617)	(27,635,917)	(513,098,534)
(411,979)	(447,736)	(859,715)
1,182,957,168	76,697,206	1,259,654,374

2,400,056,439	172,035,450	2,572,091,889
(1,203,738,031)	(94,415,529)	(1,298,153,560)
(13,361,240)	(922,715)	(14,283,955)
1,182,957,168	76,697,206	1,259,654,374
16.67% to 50%	16.67% to 50%	

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
(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%	

**10.2** The Modaraba has entered into various Ijarah agreements for periods ranging from 3 to 5 years (2023: 2 to 6 years). Security deposits ranging between 10% to 30% (2023: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 20.25% to 28.95% (2023: 19.29% to 27.28%) per annum.

### 10.3 Contractual rentals receivable

	June 30, 2024				June 30, 2023			
	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	709,600,101	837,500,024	-	1,547,100,125	837,658,994	1,066,123,629	-	1,903,782,623
Residual value	133,687,998	266,352,552	-	400,040,550	170,077,902	326,843,473	-	496,921,375
Total future Ijarah payments receivable	843,288,099	1,103,852,576	-	1,947,140,675	1,007,736,896	1,392,967,102	-	2,400,703,998

**10.4** Ijarah includes Rs 99.680 million (2023: Rs 40.095 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 28.3.2 to these financial statements.

**10.5** 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.

## 11 TANGIBLE ASSETS

Note	June 30, 2024	June 30, 2023
----- (Rupees) -----		
Tangible assets in own use	11.1 14,746,223	17,061,707

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

	June 30, 2024				
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	Total
----- (Rupees) -----					
<b>At July 1, 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>	590,649	728,354	11,053,409	4,689,295	17,061,707
<b>Additions</b>	660,906	487,658	5,200,058	-	6,348,622
<b>Disposals</b>					
Cost	-	-	(871,974)	-	(871,974)
Depreciation	-	-	866,035	-	866,035
	-	-	(5,939)	-	(5,939)
Depreciation charge for the year	(737,522)	(203,436)	(7,283,564)	(433,645)	(8,658,167)
<b>Closing net book value</b>	514,033	1,012,576	8,963,964	4,255,650	14,746,223
<b>At June 30, 2024</b>					
Cost	12,859,117	8,767,406	42,822,238	6,520,400	70,969,161
Accumulated depreciation	(12,345,084)	(7,754,830)	(33,858,274)	(2,264,750)	(56,222,938)
<b>Net book value</b>	514,033	1,012,576	8,963,964	4,255,650	14,746,223
Depreciation rate (% per annum)	33.33%	15.00%	20% - 33.33%	20% - 25%	

	June 30, 2023				
	Tangible assets				Total
	Lease hold 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%	

**11.2** Included in the cost of tangible assets use are fully depreciated items which are still in use aggregating to Rs. 38.293 million (2023: Rs. 35.323 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) -----							
Office equipment, appliances and computer systems	298,771	298,771	-	46,000	46,000	Negotiation	Fida Cleaning & General Services
	51,000	47,600	3,400	17,000	13,600	Negotiation	Fida Cleaning & General Services
	203,374	200,835	2,539	10,000	7,461	Negotiation	Al Hamd Computer
	318,829	318,829	-	25,000	25,000	Negotiation	Al Hamd Computer
2024	871,974	866,035	5,939	98,000	92,061		
2023	2,822,995	2,670,832	152,163	3,596,600	3,444,437		

## 12 INTANGIBLE ASSETS

Software

Note

June 30,  
2024

June 30,  
2023

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

12.1

3,768,937

2,194,932



**12.1 Opening balance**

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Cost	33,785,274	31,770,056
Accumulated amortisation	(31,590,342)	(30,936,122)
Net book value	2,194,932	833,934
<b>Additions during the year</b>	3,458,056	2,039,788
<b>Disposals</b>		
Cost	-	(24,570)
Accumulated amortisation	-	4,095
	-	(20,475)
Amortisation charge for the year	(1,884,051)	(658,315)
<b>Closing net book value</b>	3,768,937	2,194,932
Rate of amortisation	33.33%	33.33%
<b>Closing balance</b>		
Cost	37,243,330	33,785,274
Accumulated amortisation	(33,474,393)	(31,590,342)
<b>Net book value</b>	3,768,937	2,194,932

**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 (2023: Rs. 30.887 million).

**13 DEFERRED TAXATION - NET****Deductible temporary differences:**

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
- Ijarah assets	8,325,845	99,740,516
- Tangible assets	3,393,680	5,086,633
- Intangible assets	3,404,369	13,520,484
- Provision in respect of Ijarah financing and diminishing musharakah	421,030	-
- Provision for WWF	4,072,987	-
- Provision for SST on Management Company remuneration	2,619,105	-

**Taxable temporary differences:**

- Staff loans	(541,976)	-
	21,695,041	118,347,633

**13.1 Reconciliation of deferred tax asset**

Deferred tax asset - opening balance	118,347,633	62,900,127
Current year recognised through the profit and loss account	(25,130,940)	55,447,506
Prior year recognised through the profit and loss account	(71,521,652)	-
Deferred tax asset - closing balance	21,695,041	118,347,633

**14 TERM FINANCE ARRANGEMENTS**

Musharika / wakala finance

Note	June 30, 2024	June 30, 2023
	(Rupees)	
14.1, 14.2 & 14.3	1,231,896,100 (625,117,384)	1,650,009,856 (1,146,247,638)
	<u>606,778,716</u>	<u>503,762,218</u>

Less: current portion of term finance arrangements

Long-term portion of term finance arrangements

**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,	
	2024	2023	2024	2023		2024	2023	2024	2023
	(Rupees)							(Rupees)	
Bank Alfalah Limited	-	87,500,000	0.6345-0.6345	0.4458-0.6159	Quarterly	3 years	3 years	-	87,500,000
Allied Bank Limited	500,000,000	800,000,000	0.6016-0.6411	0.4458-0.6159	Quarterly	3-5 years	3-5 years	489,683,204	516,361,991
Pakistan Mortgage Refinance Company Limited	185,962,896	246,147,865	0.5214-0.5962	0.3658-0.5633	Quarterly	5 years	5 years	185,962,896	246,147,865
Meezan Bank Limited	500,000,000	500,000,000	0.6238-0.6334	0.4405-0.6219	Quarterly	5 years	1 year	406,250,000	500,000,000
United Bank Limited	300,000,000	300,000,000	0.5797-0.6471	0.4436-0.6178	Quarterly	3 years	3 years	150,000,000	300,000,000
								1,231,896,100	1,650,009,856

**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 19.03% to 23.62% (2023: 20.56% to 22.70%) per annum.

**15 SECURITY DEPOSITS**

	June 30, 2024			June 30, 2023		
	Finance lease	Ijarah assets	Total	Finance lease	Ijarah assets	Total
	(Rupees)					
Security deposits (note 15.1)	-	308,813,232	308,813,232	-	388,269,302	388,269,302
Add: Unearned income (note 15.2)	-	91,442,094	91,442,094	-	107,765,976	107,765,976
Less: repayable / adjustable after one year	-	269,719,334	269,719,334	-	326,691,002	326,691,002
Current portion	-	<u>130,535,992</u>	<u>130,535,992</u>	-	<u>169,344,276</u>	<u>169,344,276</u>

**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 (level 3) and subsequently measured at amortised cost.

**15.2** The unearned revenue is amortised on a straight line basis over the term of the lease.

	Note	June 30, 2024	June 30, 2023
<b>16 CREDITORS, ACCRUED AND OTHER LIABILITIES</b>		----- (Rupees) -----	
Remuneration payable to the Management Company	16.1	26,302,197	12,521,234
Profit payable on:			
- Redeemable capital	16.2	121,016,639	78,036,728
- Term finance arrangements		57,379,249	77,635,471
Accrued expenses		23,363,358	21,105,031
Amounts refundable to lessees		136,733,576	136,452,862
Commission payable on certificates of musharika		8,093,400	5,597,200
Provision for Workers' Welfare Fund	16.3	30,279,702	27,612,894
Provision for services sales tax on the Management Company's remuneration	24	30,018,678	26,599,392
Charity payable	16.4	3,378,515	681,637
Others		21,988,576	28,997,745
		<u>458,553,890</u>	<u>415,240,194</u>

**16.1** Amounts due to OLP Services Pakistan (Private) Limited as at June 30, 2024 aggregated to Rs. 26.302 million (2023: Rs. 12.521 million).

**16.2** This includes profit payable to key management personnel amounting to Rs. 7.985 million (2023: Rs. 2.661 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 1.999 million (2023: Rs 3.092 million) 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, 2024 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. 2 million (2023: Rs. 1 million) and an amount of Rs. 2 million (2023: Rs. 1 million) was donated to The Patients' Behbud Society for AKU. Furthermore, Rs. 1 million donation was paid to Professional Education Foundation and Family Educational Services Foundation each and Rs. 0.5 million donated to Behbud Association Karachi during the year ended June 30, 2024.

	Note	June 30, 2024	June 30, 2023
<b>17 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED</b>		(Rupees)	
Certificates of musharika (COM)	17.1 & 17.1.1	4,287,535,000	2,896,605,000
Less: current portion of redeemable capital	17.2	(4,145,135,000)	(2,717,105,000)
		<u>142,400,000</u>	<u>179,500,000</u>

**17.1** These carry estimated share of profit ranging between Re. 0.5479 to Re. 0.6025 per thousand per day (20.0% to 21.99% per annum) (2023: Re 0.3425 to Re. 0.5784 per thousand per day (12.5% to 21.11% per annum) and are due to mature latest by April 05, 2029 (2023: December 23, 2027).

**17.1.1** This includes COM issued to key management personnel amounting to Rs. 42.250 million (2023: Rs. 28.450 million) at the rate ranging from 20.25% to 21.05% (2023: 18.00% to 19.05%) per annum.

	Note	June 30, 2024	June 30, 2023
<b>17.2 Current portion of redeemable capital</b>		(Rupees)	
Current portion of certificates of musharika		4,023,030,000	2,455,900,000
Payable to holders of matured certificates of musharika	17.2.1	122,105,000	261,205,000
		<u>4,145,135,000</u>	<u>2,717,105,000</u>

**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, 2024	June 30, 2023		June 30, 2024	June 30, 2023
(Number of certificates)			(Rupees)	
<b>Authorised certificate capital</b>				
<u>50,000,000</u>	<u>50,000,000</u>	Modaraba certificates of Rs. 10 each	<u>500,000,000</u>	<u>500,000,000</u>
<b>Issued, subscribed, called-up and paid-up capital</b>				
<u>28,500,000</u>	<u>28,500,000</u>	Modaraba certificates of Rs. 10 each fully paid in cash	<u>285,000,000</u>	<u>285,000,000</u>
<u>16,883,530</u>	<u>16,883,530</u>	Issued as fully paid bonus certificates	<u>168,835,300</u>	<u>168,835,300</u>
<u>45,383,530</u>	<u>45,383,530</u>		<u>453,835,300</u>	<u>453,835,300</u>

**18.1** Ordinary shares of the Modaraba held by related parties as at year end are as follows:

	2024		2023	
	(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 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 CONTINGENCIES AND COMMITMENTS**

**19.1** There were no contingencies outstanding as at June 30, 2024 and June 30, 2023.

**19.2 Commitments**

The Modaraba has issued letter of comfort to United Bank Limited on behalf of M/s. Bulk Flexibles Pakistan (Private) Limited as at year end amounting to Rs. 58.517 million (June 2023: Rs. 83.80 million) for guaranteeing the payment against import of plant and machinery which will ultimately be given by the Modaraba to the client against diminishing musharika or Ijarah arrangements.

**20 FINANCIAL AND OTHER CHARGES**

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Profit on redeemable capital	721,694,359	429,514,180
Profit on term finance arrangements	292,451,443	324,746,184
Commission	32,550,217	24,002,146
Unwinding of security deposits	43,111,692	46,324,055
Bank charges	695,760	931,032
	<u>1,090,503,471</u>	<u>825,517,597</u>

**21 OTHER INCOME**

Gain on disposal of Ijarah assets	3,673,052	19,245,417
Documentation fee	41,164,894	29,536,976
Gain on disposal of tangible assets	92,061	3,444,437
Loss on disposal of intangible assets	-	(20,475)
	<u>44,930,007</u>	<u>52,206,355</u>



## 22 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	June 30, 2024	June 30, 2023
		----- (Rupees) -----	
Salaries and other staff benefits	22.1 & 27	192,632,429	172,136,634
Depreciation	11.1	8,658,167	9,498,506
Amortisation	12.1	1,884,051	658,315
Rent		12,749,139	10,153,288
Advertising, travelling and entertainment		2,197,820	2,617,379
Postage		320,908	1,721,220
Telecommunication		3,172,313	4,301,690
Printing and stationery		3,854,700	3,917,176
Legal and professional		5,924,496	5,464,244
Repairs and maintenance		23,788,518	15,685,284
Charges by holding company	22.2	750,844	612,428
Subscriptions		1,707,174	2,320,683
Auditors' remuneration	22.3	3,113,413	2,470,744
Certificate of Musharika trustee fee		969,044	749,690
Insurance - own assets		344,999	514,327
Sundry expenses		12,782,628	10,835,511
		<u>274,850,643</u>	<u>243,657,119</u>

**22.1** Salaries and other staff benefits include Rs. 6.725 million and Rs. 5.602 million (2023: Rs. 5.894 million and Rs. 4.910 million) on account of the Modaraba's contribution to the staff provident fund and staff gratuity fund respectively.

**22.2** 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.

### 22.3 Auditors' remuneration

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Statutory audit fee	960,500	800,416
Half yearly review fee	274,430	228,690
Fee for review of compliance with the Code of Corporate Governance	104,900	87,410
Fee for other certifications and assistance in application of IFRS 9	1,200,000	1,029,000
Out of pocket expenses	342,960	142,210
	<u>2,882,790</u>	<u>2,287,726</u>
Sindh sales tax on services	230,623	183,018
	<u>3,113,413</u>	<u>2,470,744</u>

## 23 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, 2024 has been recognised at 10% (2023: 10%) of the profit for the year before charging such 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 hence, 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.

	Note	June 30, 2024	June 30, 2023
			(Restated)
<b>25 LEVY AND TAXATION</b>			
			----- (Rupees) -----
<b>Levy</b>	25.1	( 4,775,216)	(4,210,355)
<b>Taxation</b>			
Current			
- For the year		50,501,765	108,886,495
- Prior year		(81,032,286)	-
Deferred			
- For the year		25,130,940	(55,447,506)
- Prior year		71,521,652	-
		<u>70,897,287</u>	<u>57,649,344</u>
<b>25.1</b>	This represents final taxes paid under sections 150 of Income Tax Ordinance, 2001, representing levy in terms of requirements of IFRIC 21 and IAS 37.		
		<b>June 30, 2024</b>	<b>June 30, 2023</b>
			(Restated)
<b>25.2 Relationship between tax expense and accounting profit</b>			----- (Rupees) -----
Profit before taxation		<u>223,859,258</u>	<u>182,223,399</u>
Enacted tax rate		29%	29%

	June 30, 2024	June 30, 2023 (Restated)
	----- (Rupees) -----	
Tax calculated at enacted rate	64,919,185	52,844,786
- Impact of super tax	2,238,593	7,288,936
- Change in rate of tax	2,297,865	-
- Prior period	(9,510,634)	-
- Permanent differences	10,952,278	(2,484,378)
	<u>70,897,287</u>	<u>57,649,344</u>

## 26 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

### Basic

Profit for the year after taxation	<u>157,737,187</u>	<u>128,784,410</u>
	----- (Number) -----	
Weighted average number of certificates outstanding during the year	<u>45,383,530</u>	<u>45,383,530</u>
	----- (Rupees) -----	
Earnings per certificate	<u>3.48</u>	<u>2.84</u>

### Diluted

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per certificate if the option to convert is exercised.

## 27 REMUNERATION OF OFFICERS AND EXECUTIVES

	Note	June 30, 2024	June 30, 2023
		----- (Rupees) -----	
Remuneration and staff retirement benefits		187,435,995	167,729,824
Other benefits		5,196,434	4,406,810
Staff loan expense		-	-
	27.1 & 27.2	<u>192,632,429</u>	<u>172,136,634</u>
		----- (Number) -----	
Number of employees at the end of the year			
- Permanent		41	42
- On contractual basis		11	11
		<u>52</u>	<u>53</u>
Average number of employees*		<u>42</u>	<u>42</u>

\* Represents the average number of employees at the end of each month in the year.

**27.1** 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.

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Basic salary	53,142,048	35,812,425
House rent allowance	21,256,819	14,324,970
Medical allowance	5,314,205	3,581,243
Other allowances	33,117,170	42,686,137
Bonus	11,098,200	9,763,000
Contribution to provident fund	4,876,526	3,581,243
Contribution to gratuity fund	4,062,112	2,983,164
	<u>132,867,080</u>	<u>112,732,182</u>
	----- (Number) -----	
Number of executives at the end of the year	<u>22</u>	<u>15</u>

## 27.2 The remuneration paid to the executives is as follows:

Basic salary	53,142,048	35,812,425
House rent allowance	21,256,819	14,324,970
Medical allowance	5,314,205	3,581,243
Other allowances	33,117,170	42,686,137
Bonus	11,098,200	9,763,000
Contribution to provident fund	4,876,526	3,581,243
Contribution to gratuity fund	4,062,112	2,983,164
	<u>132,867,080</u>	<u>112,732,182</u>

Number of executives at the end of the year

## 27.3 Executives denote employees, other than the Chief Executive and Executive Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.

## 28 RISK MANAGEMENT

### 28.1 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.

### 28.2 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.

The Modaraba is exposed to profit and price risk.

## 28.2.1 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.

## 28.2.2 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, 2024							
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-statement of financial position financial instruments							
Financial assets							
Cash and bank balances	10.82% - 20.5%	329,627,579	327,267,470	-	-	-	2,360,109
Ijarah rentals receivable	-	69,821,374	-	-	-	-	69,821,374
Advances, deposits and other receivables	-	101,400,507	-	-	-	-	101,400,507
Investments	-	350,918,237	-	-	-	-	350,918,237
Diminishing Musharika	21.07% - 27.49%	5,284,579,457	1,175,440,263	3,056,836,957	974,991,289	15,590,262	43,154,310
		6,136,347,154	1,502,707,733	3,056,836,957	974,991,289	15,590,262	567,654,537
Financial liabilities							
Term finance arrangements	19.03% - 23.62%	1,231,896,100	406,250,000	825,646,100	-	-	-
Security deposits	-	308,813,232	-	-	-	-	308,813,232
Creditors, accrued and other liabilities	-	398,255,510	-	-	-	-	398,255,510
Advance Ijarah rentals received	-	4,645,531	-	-	-	-	4,645,531
Redeemable capital	20.00% - 21.99%	4,287,535,000	327,105,000	837,300,000	2,980,730,000	142,400,000	-
Unclaimed profit distribution	-	57,602,615	-	-	-	-	57,602,615
		6,288,747,988	733,355,000	1,662,946,100	2,980,730,000	142,400,000	769,316,888
On-statement of financial position gap (a)		(152,400,834)	769,352,733	1,393,890,857	(2,005,738,711)	(126,809,738)	(201,662,351)
Off-statement of financial position financial instrument							
Commitments			-	-	-	-	58,516,500
Off-statement of financial position financial instrument gap (b)			-	-	-	-	(58,516,500)
Total interest rate sensitivity gap (a+b)			769,352,733	1,393,890,857	(2,005,738,711)	(126,809,738)	18,566,376
Cumulative interest rate sensitivity gap			769,352,733	2,163,243,590	157,504,879	30,695,141	49,261,517



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-statement of financial position  
financial instruments**

**Financial assets**

Cash and bank balances	10.04% - 19.5%	400,254,200	384,285,213	-	-	-	-	15,968,987
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	18.13% - 28.09%	4,269,915,921	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%	1,650,009,856	623,232,493	168,848,481	492,129,560	365,799,322	-	-
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	12.5% - 21.11%	2,896,605,000	354,500,000	979,550,000	1,121,850,000	179,500,000	-	261,205,000
Unclaimed profit distribution	-	59,295,174	-	-	-	-	-	59,295,174
		5,356,861,113	977,732,493	1,148,398,481	1,613,979,560	545,299,322	-	1,071,451,257

**On-statement of financial position gap (a)**

		(376,453,176)	170,879,061	1,134,123,318	(870,737,303)	(545,299,322)	-	(265,418,930)
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**Off-statement of financial position financial instrument**

Commitments		-	-	-	-	-	-	83,800,262
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**Off-statement of financial position financial  
instrument gap (b)**

		-	-	-	-	-	-	(83,800,262)
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**Total interest rate sensitivity gap (a+b)**

		170,879,061	1,134,123,318	(870,737,303)	(545,299,322)	-	-	-
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**Cumulative interest rate sensitivity gap**

		170,879,061	1,305,002,379	434,265,076	(111,034,246)	(111,034,246)	-	-
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## 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 statement of profit and loss and the equity of the Modaraba:

	June 30, 2024		June 30, 2023	
	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	56,118,469	(56,118,469)	46,542,011	(46,542,011)
Variable rate financial liabilities	(55,194,311)	55,194,311	(45,466,149)	45,466,149
Net effect on profit and loss	924,158	(924,158)	1,075,863	(1,075,863)

## Sensitivity analysis for fixed rate instrument

There are no fixed rate financial instruments as at June 30, 2024 and June 30, 2023.

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, 2024 is not necessarily indicative of the effect on the Modaraba's profit and loss and reserves due to changes in profit rates.

### 28.2.3 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. The fair value and average cost of units of mutual fund as at June 30, 2024 is Rs. 350.918 million (June 30, 2023: Rs. 123.859 million).

### 28.3 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

Cash and bank balances  
Ijarah rentals receivable  
Advances, deposits and other receivables  
Investments  
Diminishing Musharika

June 30, 2024	June 30, 2023
----- (Rupees) -----	
329,517,879	400,169,700
69,821,374	103,759,046
101,400,507	82,620,089
350,918,237	123,858,681
5,284,579,457	4,269,915,921
<u>6,136,237,454</u>	<u>4,980,323,437</u>

As at June 30, 2024 and June 30, 2023, Ijarah rental receivables are pledged as collateral against musharika / wakala term finance.

#### 28.3.1 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 and mutual funds (i.e daily dividend income funds) having reasonably high credit ratings which are summarized as follows:

### Bank and mutual funds balances

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
AAA	329,311,305	399,930,186
AA+	222,981,117	15,969,571
AA	127,879,380	107,804,753
A+	39,600	-
AA-	156,373	132,990
The State Bank of Pakistan	68,341	190,881
	<u>680,436,116</u>	<u>524,028,381</u>

**28.3.2** 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, 2024				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	----- (Rupees) -----				
Ijarah rentals receivable (being principal outstanding)	-	-	63,705,872	35,974,063	99,679,935
Diminishing Musharika	127,680,056	-	-	47,163,893	174,843,949
	<u>127,680,056</u>	<u>-</u>	<u>63,705,872</u>	<u>83,137,956</u>	<u>274,523,884</u>
	June 30, 2023				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	----- (Rupees) -----				
Ijarah rentals receivable (being principal outstanding)	-	-	-	40,095,460	40,095,460
Diminishing Musharika	-	47,209,947	4,791,289	44,607,547	96,608,783
	<u>-</u>	<u>47,209,947</u>	<u>4,791,289</u>	<u>84,703,007</u>	<u>136,704,243</u>

Impairment is recognised by the Modaraba based on the provisioning requirements as disclosed in note 4.2.1.3 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.

### 28.3.3 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, 2024		June 30, 2023	
	(Rupees)	%	(Rupees)	%
Confectionery	39,273,192	0.63%	84,585,690	1.54%
Fast Moving Consumer Goods (FMCGs) / Food and Allied	317,549,254	5.11%	362,792,999	6.62%
Services	277,732,815	4.47%	269,247,659	4.91%
Chemicals	100,567,693	1.62%	81,435,884	1.49%
Sugar	430,468,194	6.93%	399,530,684	7.29%
Textile	1,240,274,559	19.95%	1,038,695,911	18.95%
Travel, transport, storage	197,974,464	3.18%	357,234,508	6.52%
Printing, publishing and packages	361,101,968	5.81%	371,288,801	6.77%
Individuals	1,246,420,159	20.05%	848,266,325	15.47%
Automobile	111,744,647	1.80%	177,873,829	3.24%
Financial institutions	6,779,778	0.11%	8,865,882	0.16%
Power, energy, water	40,587,234	0.65%	54,484,392	0.99%
Gas	12,139,342	0.20%	43,807,704	0.80%
Pharmaceuticals	235,016,755	3.78%	125,634,837	2.29%
Steel	293,470,460	4.72%	317,392,800	5.79%
Engineering	144,838,986	2.33%	204,363,166	3.73%
Plastic	243,674,800	3.92%	70,411,972	1.28%
Distribution	55,589,497	0.89%	6,605,913	0.12%
Dairy, farming and allied	19,800,000	0.32%	11,833,125	0.22%
Leather / tyre and rubber	142,572,060	2.29%	109,405,028	2.00%
Poultry / poultry feeds	245,205,415	3.94%	232,294,906	4.23%
Others	453,067,831	7.29%	306,376,540	5.59%
	<u>6,215,849,103</u>	<u>100.00%</u>	<u>5,482,428,555</u>	<u>100.00%</u>

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, 2024	June 30, 2023
		----- (Rupees) -----	
Investment in Ijarah finance / assets under Ijarah arrangements	10	1,259,654,374	1,627,562,155
Less: security deposits held	15	(400,255,326)	(496,035,278)
Add: impairment against Ijarah assets	10.1	14,283,955	13,424,240
Add: allowance for potential Ijarah losses		-	-
Add: mark-up held in suspense		-	-
		873,683,003	1,144,951,117
Investment in Sukuk certificates	8	-	-
Add: provision in respect of sukuk certificates	8	-	-
		-	-
Investment in diminishing musharika	9	5,284,579,457	4,269,915,921
Add: provision in respect of diminishing musharika	9	57,586,643	67,561,517
		5,342,166,100	4,337,477,438
		6,215,849,103	5,482,428,555

The Modaraba 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 Modaraba has established exposure limits for single lessees and industrial sectors. The Modaraba 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, 2024		
	Ijarah Financing	Diminishing Musharika	Total
	----- (Rupees) -----		
Within 90 days	-	3,684,328	3,684,328
91 - 180 days	-	123,995,728	123,995,728
181 - 365 days	63,705,872	-	63,705,872
Over 1 year	35,974,063	47,163,893	83,137,956
	99,679,935	174,843,949	274,523,884
Less: Specific provision / ECL	54,159,836	57,586,643	111,746,479
Net of provision	45,520,099	117,257,306	162,777,405
Coverage ratio	54.33%	32.94%	40.71%



	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: Specific provision / ECL	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%

**28.3.4** The Modaraba 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, 2024 and June 30, 2023 was determined as follows:

#### Sectors

##### Ijarah Finance and Diminishing Musharika

Not yet due  
1-30 days  
31-60 days  
61-90 days  
91-180 days  
181-365 days  
More than 365 days  
Total

	June 30, 2024		
	Expected loss rate	Gross carrying amount	Loss allowance
	----- (Rupees) -----		
Not yet due	0.05%	5,400,303,378	2,800,911
1-30 days	0.20%	483,697,094	957,112
31-60 days	1.39%	277,685,555	3,865,829
61-90 days	4.04%	198,454,178	8,012,305
91-180 days	9.95%	58,271,448	5,796,426
181-365 days	52.83%	73,599,724	38,879,505
More than 365 days	102.78%	103,640,301	106,516,379
Total			166,828,467

##### Ijarah Finance and Diminishing Musharika

Not yet due  
1-30 days  
31-60 days  
61-90 days  
91-180 days  
181-365 days  
More than 365 days  
Total

	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			146,353,070

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.

## 200 28.4 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, 2024							
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	
(Rupees)							
Financial liabilities							
Term finance arrangements	1,231,896,100	(1,231,896,100)	(151,433,622)	-	(473,683,762)	(606,778,716)	-
Security deposits	308,813,232	(400,255,326)	(59,671,560)	(18,127,925)	(52,951,286)	(269,504,555)	-
Creditors, accrued and other liabilities	398,255,510	(398,255,510)	(398,255,510)	-	-	-	-
Advance Ijarah rentals received	4,645,531	(4,645,531)	(4,645,531)	-	-	-	-
Redeemable capital	4,287,535,000	(4,287,535,000)	(327,105,000)	(837,300,000)	(2,980,730,000)	(142,400,000)	-
Unclaimed profit distribution	57,602,615	(57,873,114)	(57,873,114)	-	-	-	-
	6,288,747,988	(6,380,460,581)	(998,984,337)	(855,427,925)	(3,507,365,048)	(1,018,683,271)	-

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	
(Rupees)							
Financial liabilities							
Term finance arrangements	1,650,009,856	(1,650,009,856)	(623,232,493)	(168,848,481)	(354,166,664)	(503,762,218)	-
Security deposits	388,269,302	(388,269,302)	(71,269,694)	(32,442,525)	(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)	(979,550,000)	(1,121,850,000)	(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)	(1,180,841,006)	(1,538,533,860)	(901,880,373)	(3,421,732)

## 28.5 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.

## 29 FINANCIAL INSTRUMENTS BY CATEGORY

### FINANCIAL ASSETS

Cash and bank balances  
Ijarah rentals receivable  
Advances, deposits and other receivables  
Investments  
Diminishing musharika

June 30, 2024			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
----- (Rupees) -----			

329,627,579	-	-	329,627,579
69,821,374	-	-	69,821,374
101,400,507	-	-	101,400,507
-	-	350,918,237	350,918,237
5,284,579,457	-	-	5,284,579,457
5,785,428,917	-	350,918,237	6,136,347,154

### FINANCIAL LIABILITIES

Term finance arrangements  
Security deposits  
Creditors, accrued and other liabilities  
Advance Ijarah rentals received  
Redeemable capital  
Unclaimed profit distribution

June 30, 2024		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----		

-	1,231,896,100	1,231,896,100
-	308,813,232	308,813,232
-	398,255,510	398,255,510
-	4,645,531	4,645,531
-	4,287,535,000	4,287,535,000
-	57,602,615	57,602,615
-	6,288,747,988	6,288,747,988

**FINANCIAL ASSETS**

June 30, 2023			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
----- (Rupees) -----			
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

**FINANCIAL LIABILITIES**

June 30, 2023		
At fair value through profit or loss	At amortised cost	Total
----- (Rupees) -----		
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

**30 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.

**30.1 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.

#### Financial assets measured at fair value

Investments

#### Financial assets not measured at fair value

Cash and bank balances

Ijarah rentals receivable

Advances, deposits and other receivables

Diminishing musharika

Total

#### Financial liabilities not measured at fair value

Term finance arrangements

Security deposits

Creditors, accrued and other liabilities

Advance ijarah rentals received

Redeemable capital

Unclaimed profit distribution

Total

June 30, 2024							
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)							
350,918,237	-	-	350,918,237	-	350,918,237	-	350,918,237
350,918,237	-	-	350,918,237	-	350,918,237	-	350,918,237
-	-	329,627,579	329,627,579	-	-	-	-
-	-	69,821,374	69,821,374	-	-	-	-
-	-	101,400,507	101,400,507	-	-	-	-
-	-	5,284,579,457	5,284,579,457	-	-	-	-
-	-	5,785,428,917	5,785,428,917	-	-	-	-
350,918,237	-	5,785,428,917	6,136,347,154	-	350,918,237	-	350,918,237
-	-	1,231,896,100	1,231,896,100	-	-	-	-
-	-	308,813,232	308,813,232	-	-	-	-
-	-	398,255,510	398,255,510	-	-	-	-
-	-	4,645,531	4,645,531	-	-	-	-
-	-	4,287,535,000	4,287,535,000	-	-	-	-
-	-	57,602,615	57,602,615	-	-	-	-
-	-	6,288,747,988	6,288,747,988	-	-	-	-

#### Financial assets measured at fair value

Investments

#### Financial assets not measured at fair value

Cash and bank balances

Ijarah rentals receivable

Advances, deposits and other receivables

Diminishing musharika

Net investment in Ijarah finance

Total

#### Financial liabilities not measured at fair value

Term finance arrangements

Security deposits

Creditors, accrued and other liabilities

Advance ijarah rentals received

Redeemable capital

Unclaimed profit distribution

Total

June 30, 2023							
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)							
123,858,681	-	-	123,858,681	-	123,858,681	-	123,858,681
123,858,681	-	-	123,858,681	-	123,858,681	-	123,858,681
-	-	400,254,200	400,254,200	-	-	-	-
-	-	103,759,046	103,759,046	-	-	-	-
-	-	82,620,089	82,620,089	-	-	-	-
-	-	4,269,915,921	4,269,915,921	-	-	-	-
-	-	-	-	-	-	-	-
-	-	4,856,549,256	4,856,549,256	-	-	-	-
123,858,681	-	4,856,549,256	4,980,407,937	-	123,858,681	-	123,858,681
-	-	1,650,009,856	1,650,009,856	-	-	-	-
-	-	388,269,302	388,269,302	-	-	-	-
-	-	361,027,908	361,027,908	-	-	-	-
-	-	1,653,873	1,653,873	-	-	-	-
-	-	2,896,605,000	2,896,605,000	-	-	-	-
-	-	59,295,174	59,295,174	-	-	-	-
-	-	5,356,861,113	5,356,861,113	-	-	-	-



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).

**30.1.1** 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.

### 31 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 statement of financial position plus net debt.

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Total borrowings	5,519,431,100	4,546,614,856
Less: Cash and bank balances	329,627,579	400,254,200
Net debt	5,189,803,521	4,146,360,656
Total equity	1,243,592,699	1,176,622,572
Total capital	6,433,396,220	5,322,983,228
<b>Gearing ratio</b>	<b>80.67%</b>	<b>77.90%</b>

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.

### 32 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 accounting and reporting 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, 2024, there were only two (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% (2023: 10% and 10%) respectively.

### 33 RELATED PARTY TRANSACTIONS

#### 33.1 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
OLP Modaraba Staff Provident Fund	Associate	Common Management
OLP Modaraba 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

#### 33.2 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 2024	30 June 2023
----- (Rupees) -----					
OLP Financial Services Pakistan Limited	Holding Company of the Management Company	100% Holding in the Management Company, 10% Holding in the Modaraba	Dividend	9,076,706	9,076,706
			Allocated cost to the Modaraba for Islamabad Office	750,844	612,428
OLP Services Pakistan (Private) Limited	Management Company	10% Holding in the Modaraba	Management Company's remuneration	26,302,197	21,829,056
			Dividend	9,076,706	9,076,706
			Rent expense	10,261,156	7,916,823
			Rent payable	-	7,916,823
			Rent paid	18,177,979	-
The Patients' Behbud Society for AKU	Associated Undertaking	Common directorship	Donation paid by the Modaraba	2,000,000	1,000,000
Layton Rahmatulla Benevolent Trust Hospital	Associated Undertaking	Trustee of associate undertaking	Donation paid by the Modaraba	2,000,000	1,000,000
OLP Modaraba - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	6,724,956	5,894,494
OLP Modaraba - Staff Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	5,601,790	4,910,102
			Refund received by the Modaraba	728,877	1,547,358
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	200,000
Mr. Nadeem D Khan	Director of the Management Company	Director of the Management Company	Dividend paid	12,098	12,098
Key management personnel	Employees	Members of the Management Committee	Salaries and benefits	62,268,796	62,048,638
			Contributions to the staff provident fund	2,344,647	2,191,235
			Contributions to the staff gratuity fund	1,953,087	1,825,293
			Refund received by the Modaraba	-	936,242
			Income earned on diminishing musharika finances	7,017,161	8,754,488
			Deposit against Certificates of Musharika	31,250,000	30,950,000
			Redemption of Certificates of Musharika	17,450,000	25,050,000
			Financial charges on redeemable capital	8,546,836	3,929,211
			Number of persons as at June 30	7	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.

### 33.3 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**

Muhammad Siddique  
Nadir Shah  
Salwat Ahmad  
Nabeil Rabbani  
Muhammad Azhar Waseem

Balances at June 30, 2024			Maximum Aggregate Balance during the year
Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Total (1+2)	
----- (Rupees) -----			
-	-	-	2,363,884
4,068,718	53,355	4,122,073	7,738,447
11,782,886	28,486	11,811,372	20,005,226
1,955,775	15,048	1,970,823	3,825,000
674,918	8,143	683,061	4,677,348
18,482,297	105,032	18,587,328	

**Name of key management personnel**

Muhammad Siddique  
Mohammad Arif Daya  
Nadir Shah  
Salwat Ahmad  
Ahsan Ilyas

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)	
----- (Rupees) -----			
2,424,119	16,852	2,440,971	3,033,201
1,834,457	28,133	1,862,590	3,643,887
7,978,889	143,969	8,122,858	8,837,784
20,387,776	322,777	20,710,553	21,787,440
11,749,265	93,610	11,842,875	12,332,688
44,374,506	605,341	44,979,847	

**33.3.1** 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. The limits of motor vehicle financings has been revised during the year.

During the year, the Modaraba has revised its staff compensation policy. As per the revised policy, the rate of housing finance for facilities that existed prior to November 1, 2023 is charged at the rate of 3% per annum, personal finance at 2% per annum and auto finance is charged within a range of 0% to 3% per annum (for different cadres) based on pre-defined limits.

For the new facilities availed after November 1, 2023, the housing finance is made available at the Modaraba's cost of funding minus 15% with floor of 5% and cap of 15% to be repriced on a half yearly basis whereas personal financing is made available based on cost of fund of the Modaraba. The impact of this change is disclosed in the note 9 to these financial statements under current assets.

Profit receivable represents profit on diminishing musharika finances accrued from the respective last paid installments till the the statement of financial position date and is disclosed under note 7 to these financial statements under current assets.

## 34 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following amounts appearing on the statement of financial position:

	June 30, 2024	June 30, 2023
	----- (Rupees) -----	
Cash and bank balances	329,627,579	400,254,200

### 34.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

Balances at June 30, 2024				
	Term Finance arrangement	Redeemable Capital	Unclaimed profit distribution	Total
	----- (Rupees) -----			
Opening balance as at July 1, 2023	1,650,009,856	2,896,605,000	59,295,174	4,605,910,030
Dividend declared	-	-	90,767,060	90,767,060
	-	-	90,767,060	90,767,060
Proceeds from term finance	321,883,866	-	-	321,883,866
Repayment of term finance	(739,997,622)	-	-	(739,997,622)
Proceeds from issuance of redeemable capital	-	6,903,430,000	-	6,903,430,000
Repayment of redeemable capital	-	(5,512,500,000)	-	(5,512,500,000)
Dividend paid	-	-	(92,459,619)	(92,459,619)
	(418,113,756)	1,390,930,000	(92,459,619)	880,356,625
<b>Closing balance as at June 30, 2024</b>	<b>1,231,896,100</b>	<b>4,287,535,000</b>	<b>57,602,615</b>	<b>5,577,033,715</b>

Balances at June 30, 2023				
	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)
<b>Closing balance as at June 30, 2023</b>	<b>1,650,009,856</b>	<b>2,896,605,000</b>	<b>59,295,174</b>	<b>4,605,910,030</b>



### 35 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.

### 36 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on **September 14, 2024** approved a cash distribution of Rs. 2.00 (2023: Rs. 2.00) per certificate. The financial statements of the Modaraba for the year ended June 30, 2024 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, 2025.

### 37 GENERAL

**37.1** Figures have been rounded off to the nearest rupee unless otherwise stated.

**37.2** 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, 2024 was Rs. 6.725 million (2023: Rs. 5.894 million). The audit of the provident fund for the year ended June 30, 2024 is in progress. The total assets of the provident fund, based on the unaudited financial statements as at June 30, 2024 amounted to Rs. 60.374 million (2023: Rs. 64.093 million), out of which 58.97% (2023: 45.61%) was invested in different financial instruments categories while 41.03% (2023: 54.08%) as deposits with Banks in remunerative accounts. The fair value as at June 30, 2024 of investments of the provident fund amounted to Rs. 59.393 million (2023: Rs. 63.498 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.

**37.3** The Modaraba has set up gratuity fund for its permanent employees and the contributions are made by the Modaraba to the fund. The total contribution made to the gratuity fund for the year ended June 30, 2024 was Rs. 5.602 million (2023: Rs. 4.910 million). The audit of the gratuity fund for the year ended June 30, 2024 is in progress. The total assets of the gratuity fund, based on the unaudited financial statements as at June 30, 2024 amounted to Rs. 58.535 million (2023: Rs. 52.612 million), out of which 48.35% (2023: 44.63%) was invested in different financial instruments categories while 51.65% (2023: 55.37%) as deposits with Banks in remunerative accounts. The fair value as at June 30, 2024 of investments of the gratuity fund amounted to Rs. 58.178 million (2023: Rs. 52.329 million). The investments out of gratuity fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

### 38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on **September 14, 2024** by the Board of Directors of the Management Company.

For OLP Services Pakistan (Private) Limited  
Management Company

SD  
Chief Executive

SD  
Director

SD  
Director

SD  
Chief Financial Officer







OLP

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