



OLP Modaraba OLP  
(FORMERLY ORIX MODARABA)

# ANNUAL REPORT 2022



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

دیارِ عشق میں اپنا مقام پیدا کر  
نیا زمانہ، نئے صبحِ شام پیدا کر



## 35 years of Teamwork and Commitment

**"Talent wins games, but teamwork and intelligence wins championships."  
(Michael Jordan)**

Success of a Modaraba thrives on the power of Team Work. Our teamwork strength come from the diverse background and experience of our people. Embracing diversity, we are proud to have a dynamic workforce who are working closely with their respected clients in providing supreme un-interrupted services.

Our people are at the heart of our success. Every one of us is dedicated to leading the way, making a difference and growing as an organisation, and we make sure that we provide the tools to enable personal growth and fulfilment.

This year we would like to give tribute to our long term employees who are associated with us for more than three decades now.

We are truly proud to have a team of such dedicated Professionals and like to congratulate our employees on their exceptional achievements and say a sincere thank you for their long-term loyalty and many years of good collaboration.

تُو شاہین ہے، پرواز ہے کام تیرا  
تیرے سامنے آسماں اور بھی ہیں

  
OLP Modaraba | OLP  
(FORMERLY ORIX MODARABA)  
2022

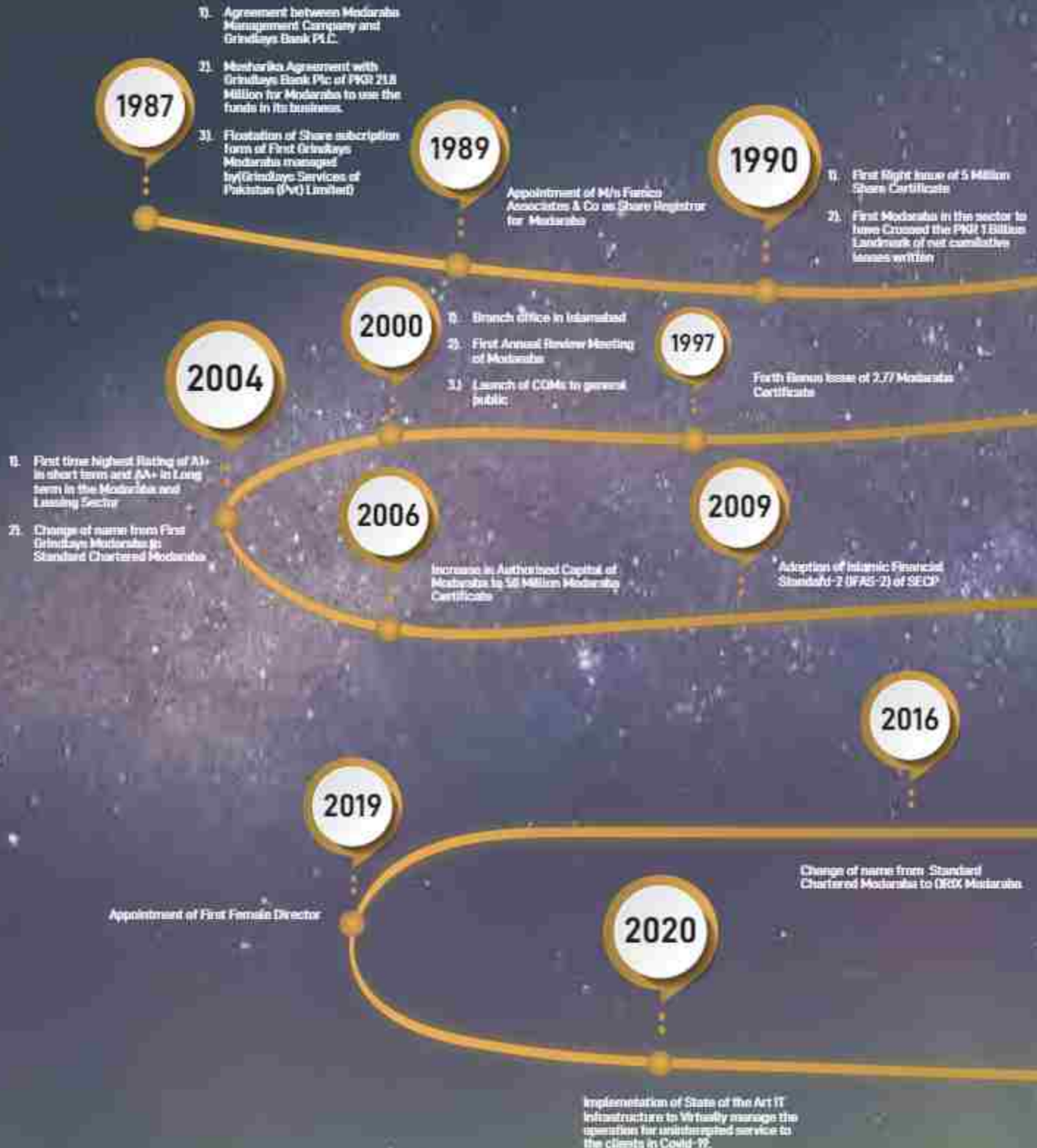
  
ORIX Modaraba | ORIX  
2016

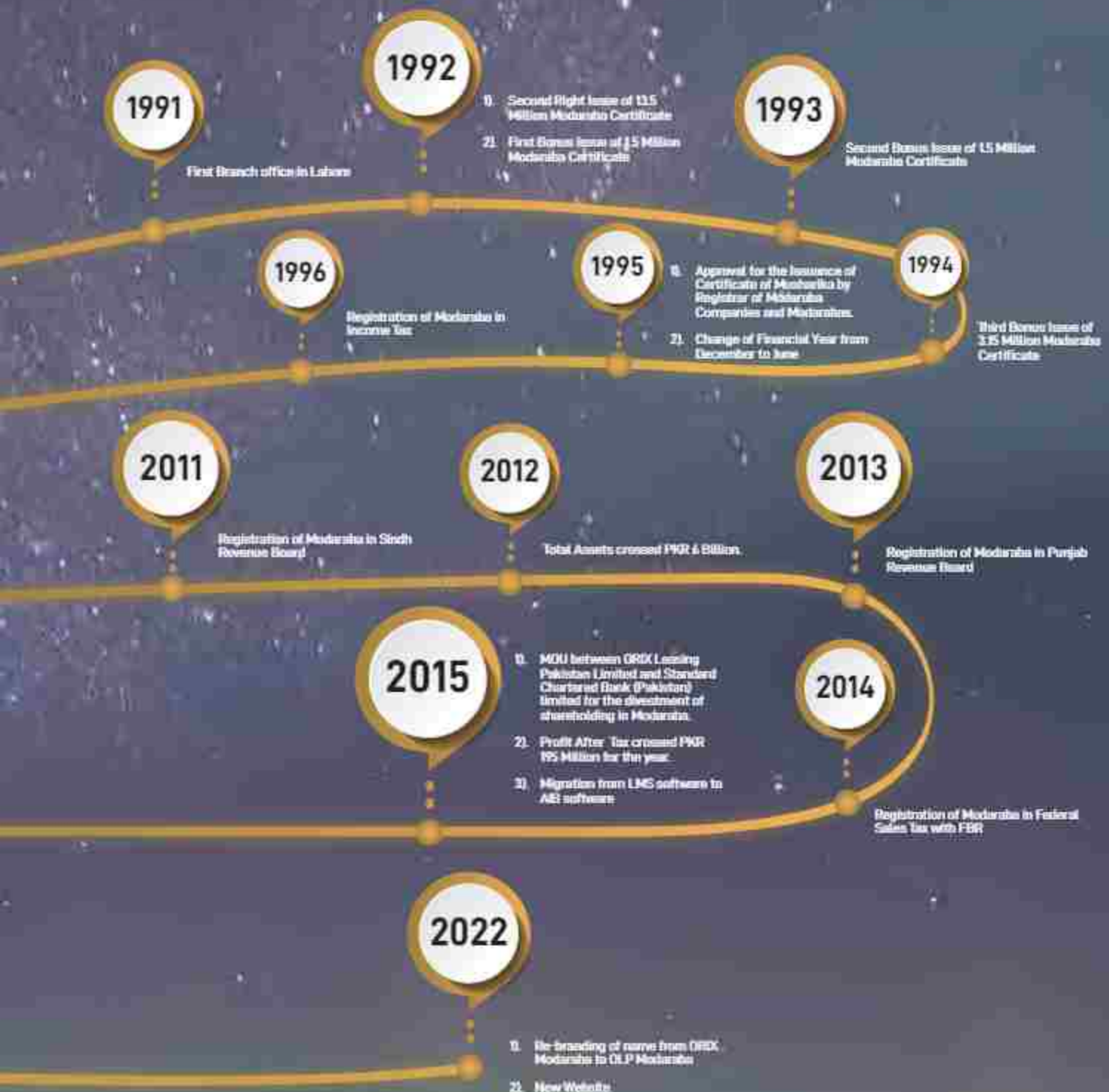
Standard  
Chartered   
Modaraba  
2004

First Grindlays  
Modaraba   
1987

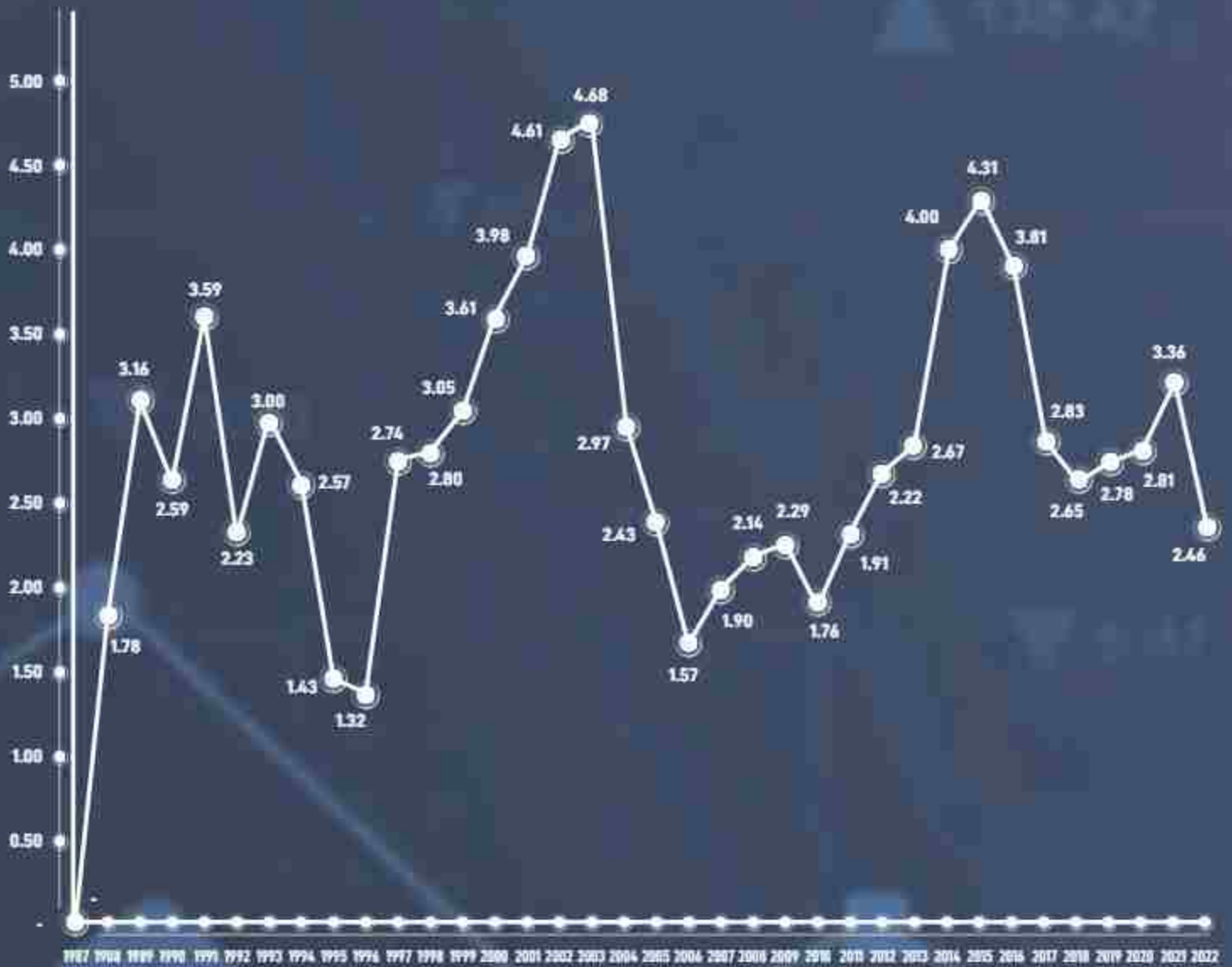
  
35 YEARS OF  
EXCELLENCE

# LANDMARKS

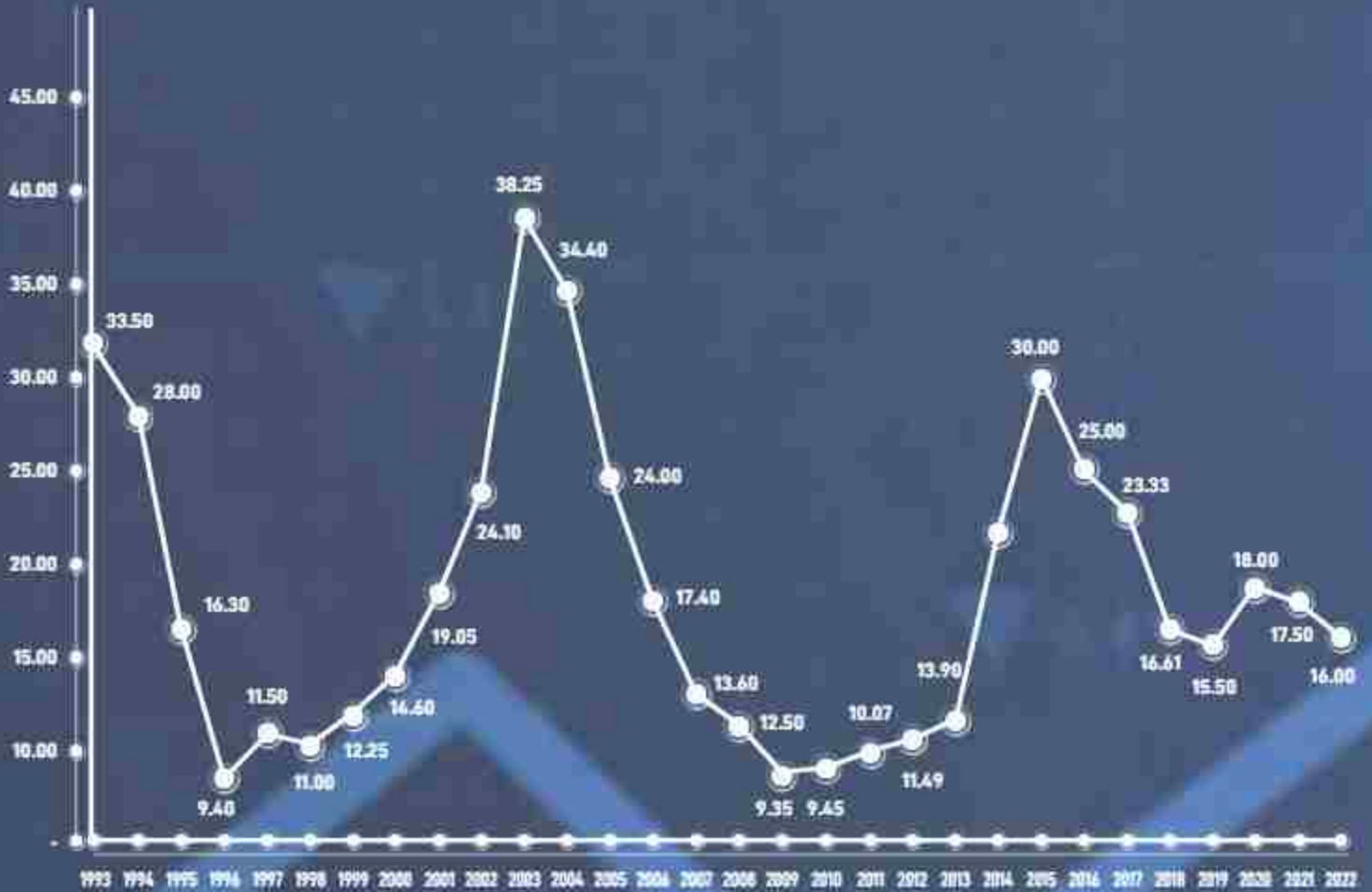




# EARNINGS PER CERTIFICATE



# MARKET VALUE PER CERTIFICATE



# Group Profile

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

This has also enabled ORIX to maintain a strong reputation with continuous profit. The ORIX is listed on Tokyo and New York Stock Exchanges. ORIX Shareholders equity as on March 31, 2022 was Yen 3.3 Trillion. It employee 32,235 employees and has over 2000 business locations across the globe.

## ORIX Corporation, Japan – Financial Highlights:

Years Ended March 31 (Yen in Billion)	2022	2021	2020	2019	2018
Total revenue	2,520.36	2,292.70	2,280.33	2,434.86	2,862.80
Total expense	2,218.28	2,033.89	2,010.65	2,105.43	2,526.60
"Income before income taxes, discontinued operation and extraordinary gain"	504.87	287.56	412.56	395.73	435.50
Net Income attributable to					
ORIX Corporation shareholders	312.13	192.38	302.70	323.75	313.10
ORIX Corporation Shareholder equity	3,261.41	3,028.46	2,993.61	2,897.07	2,682.40
Total assets	14,270.67	13,563.08	13,067.53	12,175.00	11,426.00
ROE (in percentage)	9.90	6.40	10.30	11.60	12.10
ROA (in percentage)	2.24	1.44	2.40	2.74	2.76
ORIX Corporation shareholder equity per share (Yen)	2,732.88	2,487.77	2,386.35	2,263.41	2,095.64
Cash Dividend (Yen)	85.00	78.00	76.00	76.00	66.00
Number of employees	32,235	33,000	31,233	32,411	31,890

# OLP Modaraba

OLP Modaraba (formerly ORIX Modaraba) (OLPM) started its operations in 1987 as the First Grindlays Modaraba (FGM). Its initial public offering still holds the record for the most oversubscribed share (14 times) in the history of the PSX. The first few clients were Pakistan Burma Shell, Pakistan State Oil and Siemens. 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.

ORIX Modaraba has been renamed as OLP Modaraba as a re-branding/ re-profiling exercise carried out at the ORIX group level in order to further strengthen and improve Modaraba's high image in the market.

OLP Financial Services Pakistan Limited (Formerly ORIX Leasing Pakistan Limited) and OLP Services Pakistan (Pvt) Limited (formerly ORIX Services Pakistan (Pvt) Limited) each own ten percent shareholding in OLPM and hence are the associated companies of OLPM. The OLP Modaraba is a member of NBF1 & Modaraba Association of Pakistan and operates from offices in Karachi, Lahore and Islamabad.



# AWARDS 2022



- **CORPORATE SOCIAL RESPONSIBILITY AWARD:**

OLP Modaraba has been awarded by Professional Networks in 11<sup>th</sup> Annual Corporate Social Responsibility Awards. OLP Modaraba received this prestigious award in recognition of its efforts towards a sustainable business practices, environmental excellence workplace practices and Collaboration and partnership education fundraising /philanthropy.

- **CORPORATE GOVERNANCE AWARD:**

OLP Modaraba has been awarded by National Forum for Environment & Health (NFEH) in 13<sup>th</sup> Annual Corporate Social Responsibility Awards in the category of Corporate Governance.

- **ENVIRONMENT EXCELLENCY AWARD:**

OLP Modaraba has been awarded by 9<sup>th</sup> FPCCI Achievement Awards Certification in the category of Environment Management & Social Welfare. The Modaraba received the award in recognition to its commitment and efforts towards environment conservation for a greener and sustainable Pakistan. Sustainable development forms a significant part in OLP Modaraba's business strategies and is one of the key factors that have led the Modaraba towards progress and growth.

- **BEST PERFORMANCE AWARD:**

OLP Modaraba has been awarded by NBF "Best Performance Award" 3<sup>rd</sup> position. The award ceremony was organized to acknowledge and appreciate the businesses across various sectors for their astounding commitment and services in their respective sectors.

- **CORPORATE EXCELLENCE AWARD**

OLP Modaraba has been awarded 36<sup>th</sup> Corporate Excellence Award in Modaraba sector by Management Association of Pakistan (MAP). The Corporate Excellence Awards was instituted by MAP in 1982 with the sole aim to recognize and honour companies showing outstanding performance and demonstrating progress and enlightened management practices.

- **PAKISTAN STOCK EXCHANGE (PSX) TOP 25 COMPANIES AWARD 2020.**

OLP Modaraba was recognized by Pakistan Stock Exchange (PSX) with Top 25 Companies Awards 2020. The Modaraba was recognized for its outstanding performance in the spheres of corporate governance, financial performance, and investor relations. Through this award and recognition, Pakistan Stock Exchange seeks to promote companies for their excellent performance and contribution to Pakistan's economy.



# CREDIT RATING BY PACRA

**AA**  
LONG  
TERM

**A1+**  
SHORT  
TERM

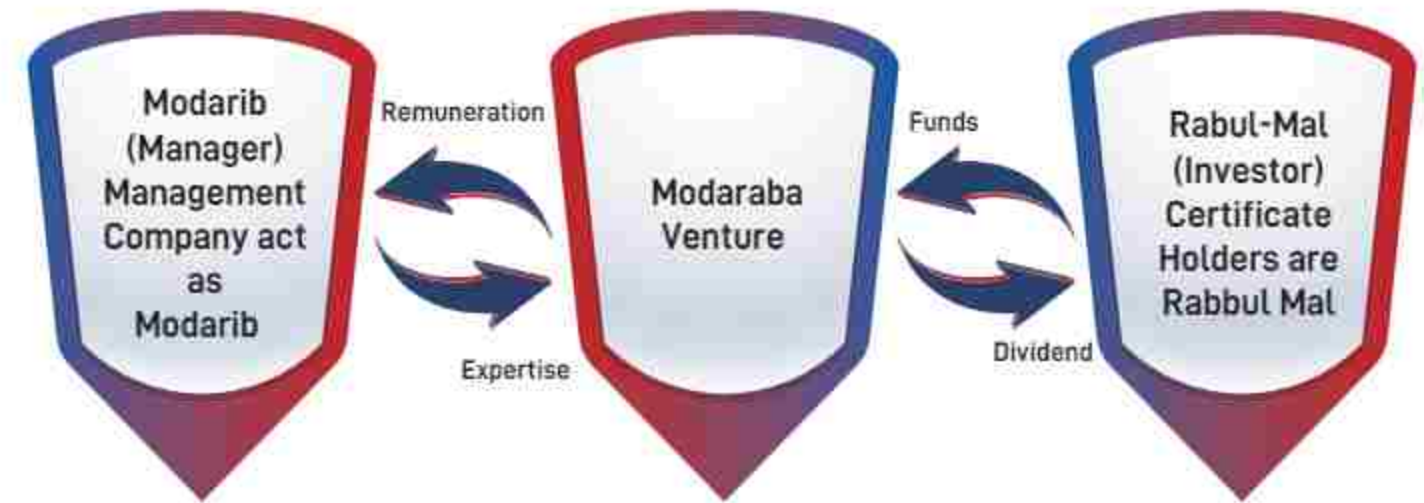
2022 - AA  
2021 - AA  
2020 - AA  
2019 - AA  
2018 - AA

2017 - AA  
2016 - AA+  
2015 - AA+  
2014 - AA+  
2013 - AA+

## 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 DLPM under the Shariah Governance Mechanism issued by SECP.

### Registrar Modaraba's/Shariah Advisor



#### Key Inputs

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

#### Key Outputs

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

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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, 2022 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
- 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.

# INTRODUCTORY

- 01 Modaraba Information
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## Modaraba Information

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

Auditors  
A.F.Ferguson & Co. Chartered Accountants

Directors of Modaraba Company  
Mr. Shaheen Amin Chairman

Bankers/ Financial Institutions  
Standard Chartered Bank (Pakistan) Limited  
(Saadiq)

Mr. Raheel Qamar Ahmad Managing Director  
/ Chief Executive Officer

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

Mr. Ramon Alfrey Director

Mr. Nausherwan Adil Independent Director

Mian Faysal Riaz Director

Mr. Nadim D. Khan Independent Director

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

Ms. Aseya Qasim Director

Company Secretary  
Mr. Muhammad Siddique

Registered and Head Office:  
Office No. 601, 6th Floor,  
Syedna Tahir Saifuddin Memorial Foundation  
Building,  
Beaumont Road, Civil Lines, Karachi.  
Phone: (021)35930000  
Email: askus@olpmodaraba.com

Audit Committee  
Mr. Nausherwan Adil Chairman

Mr. Ramon Alfrey Member

Mian Faysal Riaz Member

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

Human Resource and  
Remuneration (HR&R) Committee  
Mr. Nadim D. Khan Chairman

Mr. Shaheen Amin Member

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

Mr. Raheel Qamar Ahmad Member

Risk Committee  
Mian Faysal Riaz Chairman

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

Mr. Nausherwan Adil Member

Mr. Raheel Qamar Ahmad Member

Shariah Advisor  
Mufti Faisal Ahmed

www.olpmodaraba.com

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

At the meeting held on September 15, 2022, the Board of Directors of the OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) was pleased to announce a net profit for OLPM of PKR 111.55 million for the year ended June 30, 2022. The Board also approved a cash dividend @ 20 % (PKR 2.00 per certificate of PKR 10/- each) for the year ended June 30, 2022 after transferring a sum of PKR 5.58 million to statutory reserve.

Twenty third Annual Review Meeting (ARM) of certificate-holders of OLPM will be held on Friday, October 28, 2022 at 11:00 a.m. at NBFi & Modaraba Association of Pakistan office i.e. (Progressive Center, Office # 602, 6th Floor, 30-A, Shahrah-e-Faisal, Block-6 PECHS, Karachi, Sindh-75400) both in person as well as electronically through video link arrangement, to review the performance of the Modaraba for the year ended June 30, 2022.



### 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 Friday, October 21, 2022 to Friday, October 28, 2022 (both days inclusive). Transfers received in order at the office of our Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shakra-e-Faisal, Karachi, before the close of business hours on Thursday, October 20, 2022 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 20, 2022 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 will be provided to the registered certificate holders who have provided all the requested information.

### Annual Report

In terms of Section 223 (7) of the Companies Act 2017, the Annual Report for the year ended June 30, 2022 will also be placed on the Modaraba's website simultaneously with the dispatch of the same to the members.

Members are hereby informed that pursuant to SECP's S.R.O. 787(1)/2014 dated September 8, 2014 regarding electronic transmission of Annual Report, we have uploaded the request form on our Modaraba's website. Members who want to avail this facility are requested to submit the request form duly filled to the Share Registrar.

October 07, 2022

On behalf of the Board  
MUHAMMAD SIDDIQUE  
Company Secretary

## Notes:

### Electronic Transfer of Dividend

As per SECP directives, the dividend of Certificate holders whose CNIC/SNIC are not available with the Shares Registrar could be withheld. Certificate holders are therefore, requested to submit a copy of their valid CNIC (if not already provided) to the Modaraba's Shares Registrar, FAMCO Associates (Pvt.) Ltd. 8-F, Near Hotel Faran, Block-6, P.E.C.H.S., Shakra-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 Associates (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, 2022, 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 October 20, 2022 at their above referred office address.

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

Corporate certificate holders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/2008-VoL11-66417-R dated 12 May 2015. In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address.

### Deposit of Physical Shares in to CDC Account

As per Section 72 of the Companies Act, 2017, every existing listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017. The Certificate holders having physical certificate holding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical certificates into scrip less form, this will facilitate them in many ways, including safe custody and sale of certificates, any time they want, as the trading of physical certificates is not permitted as per existing regulations of the Pakistan Stock Exchange.

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 نوٹس 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 فاکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ کی ویب سائٹ <http://www.famco.com.pk> پر بھی دستیاب ہے۔ اس مقصد کے لیے آپ ہم سے [askus@olpmodaraba.com](mailto:askus@olpmodaraba.com) پر رابطہ کر سکتے ہیں۔

#### ڈیویڈنڈ پروویڈنگ ٹیکس:

ٹیکس کی ضروریات: سرٹیفکیٹس پر ڈیویڈنڈ کی آمدنی اگم ٹیکس آرڈیننس 2001 کے سیکشن 150 کے تحت دو ہولڈنگ ٹیکس کی کٹوتی کے لیے ذمہ دار ہے اور فنڈس ایکٹ 2022 کی دفعات کے مطابق، "فاکٹر" اور "نان فاکٹر" سرٹیفکیٹ ہولڈرز ڈیویڈنڈ آمدنی پر بالترتیب 15% اور 30% ٹیکس ادا کریں گے۔ سرٹیفکیٹ ہولڈرز کے فاکٹر کی حیثیت کا تعین فیڈرل بورڈ آف ریونیو (FBR) کی جانب سے ان کی ویب سائٹ <http://www.fbr.gov.pk> پر اپ لوڈ کردہ تازہ ترین دستیاب ایکٹیو ٹیکس ریٹرز لسٹ (ATL) کی بنیاد پر کیا جائے گا۔

قولیو/سی ڈی ایس اکاؤنٹ مشنر کے طور پر رکھنے کی صورت میں، ہر جو اسٹ ہولڈر کو فاکٹر یا نان فاکٹر کے طور پر الگ الگ سمجھا جائے گا اور ہر جو اسٹ 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 جو اسٹ 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 مشنر کے طور پر سرٹیفکیٹ ہیں، ان سے درخواست کی جاتی ہے کہ وہ پرنسپل اور جو اسٹ ہولڈرز کے سرٹیفکیٹ ہولڈنگ تناسب کو 20 اکتوبر 2022 تک ہمارے سرٹیفکیٹ رجسٹرار کو تحریری طور پر اپنے اوپر دیتے گئے دفتر پتے پر اپ ڈیٹ / مطلع کریں۔

اس سلسلے میں، تمام سرٹیفکیٹ ہولڈرز، جن کے نام ATL میں داخل نہیں کیے گئے ہیں باوجود اس کے کہ وہ فاکٹر 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 فاکٹر کے طور پر سمجھا جائے گا؛ اور (۲) ان کے پیش ٹیکس نمبر کی ایک کاپی ان کے متعلقہ شرکت کنندہ / سی ڈی سی سرمایہ کار اکاؤنٹ سروسز یا ہمارے شیئر رجسٹرار (صرف فزیکل سرٹیفکیٹ رکھنے کی صورت میں) کو ان کے مذکورہ دفتر کے پتے پر جمع کرائی جائے۔

کارپوریٹ سرٹیفکیٹ ہولڈرز سے درخواست کی جاتی ہے کہ وہ متعلقہ اتھارٹی کی طرف سے جاری کردہ درست اگم ٹیکس اسٹیٹس سرٹیفکیٹ کی ایک کاپی آپ کے ادارے کو فراہم کریں جو کہ FBR کی جانب سے جاری کردہ لیٹر / C.No.1 (43) DG (WHT) 2008-Vol.11-66417-R مورخہ 12 مئی 2015 کے تحت ٹیکس سے اسٹیٹس کا ڈبوی 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۔

#### سی ڈی سی اکاؤنٹ میں فزیکل شیئر جمع کروانا:

کمپنیز ایکٹ 2017 کے سیکشن 72 کے مطابق، ہر موجودہ لٹل کمپنی کو اپنے فزیکل شیئرز کو اس طریقے سے جیسا کہ بیان کیا گیا ہو اور کمیشن کی طرف سے مطلع کردہ تاریخ سے، اس ایکٹ کے آغاز سے چار سال سے زیادہ نہ ہونے کی مدت کے اندر، یعنی 30 مئی، 2017 تک بک انٹری فارم سے تبدیل کرنا ہوگا۔ فزیکل سرٹیفکیٹ رکھنے والے سرٹیفکیٹ ہولڈرز کی حوصلہ افزائی کی جاتی ہے کہ وہ کسی بھی بروکر کے ساتھ سی ڈی سی سب اکاؤنٹ کھولیں یا سی ڈی سی کے ساتھ براہ راست انویسٹر اکاؤنٹ کھولیں تاکہ وہ اپنے فزیکل سرٹیفکیٹ کو اسکرپ کم فارم میں رکھیں، یہ انہیں کئی طریقوں سے سہولت فراہم کرے گا، بشمول سرٹیفکیٹس کی محفوظ تھویل اور فروخت، جب بھی وہ چاہیں، کیونکہ پاکستان اسٹاک ایکچینج کے موجودہ ضوابط کے مطابق فزیکل سرٹیفکیٹس کی تجارت کی اجازت نہیں ہے۔

**OLP مضاربہ (OLPM)**  
(سابقہ اوریکس مضاربہ)

نوٹس برائے منافع کی تقسیم، بزنس فرانسفر کی بندش اور سالانہ تھیسوس میں مینٹنگ کا جائزہ

OLP سرورمز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX سرورمز پاکستان (پرائیویٹ) لمیٹڈ) کے بورڈ آف ڈائریکٹرز مورخہ 15 ستمبر 2022ء کو ہونے والی منعقدہ مینٹنگ میں، 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے خالص منافع 111.55 ملین روپے کا اعلان کرتے ہوئے خوشی محسوس کر رہے ہیں۔ بورڈ نے 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے مبلغ 5.58 ملین روپے کی رقم اسٹیپنڈی ریٹرز میں منتقل کرنے کے بعد 20% کے حساب سے (یعنی 10 روپے ہر ایک کے حساب سے فی سرٹیفکیٹ 2 روپے) کیس ڈویڈنڈ کی بھی منظوری دی۔

30 جون 2022ء کو ختم ہونے والے سال کیلئے مضاربہ کی کارکردگی کا جائزہ لینے کے لیے جس میں ذاتی طور پر یا ذریعہ ویڈیو لنک شرکت کی جاسکتی ہے OLPM کے حامل سرٹیفکیٹ کی تھیسوس سالانہ جائزہ مینٹنگ (ARM) بروز جمعہ 28 اکتوبر 2022ء کو صبح 11:00 بجے NBFI اینڈ مضاربہ بایوسوی ایشن آف پاکستان کے دفتر یعنی (پروگریسیو سینٹر، آفس نمبر 602، چھٹی منزل، A-30، شاہراہ فیصل روڈ، بلاک 6، پی ای سی ایچ ایس کراچی، کراچی ٹی، سندھ 75400) میں منعقد کی جائے گی۔

**سرٹیفکیٹ ٹرانسفر بکس کی بندش:**

مذکورہ بالا منافع کے حقدار کا پتہ لگانے اور سالانہ جائزہ مینٹنگ میں شرکت کیلئے سرٹیفکیٹ ٹرانسفر بکس جمعہ 21 اکتوبر 2022ء سے جمعہ 28 اکتوبر 2022ء تک (بشمول دونوں ایام) بند رہیں گی۔ یہ ٹرانسفر ہمارے رجسٹرار فاکو ایسوسی ایشن (پرائیویٹ) لمیٹڈ کے دفتر F-8، ہوٹل فاران سے آگے، نرسری، بلاک 6، پی ای سی ایچ ایس، شاہراہ فیصل کراچی میں جمعرات 20 اکتوبر 2022ء کو بالترتیب ڈیویڈنڈ کے حقدار ہونے اور سالانہ جائزہ مینٹنگ میں شرکت کیلئے کاروباری وقت ختم ہونے تک وصول ہونے پر مینٹنگ میں شرکت کے لئے موثر ہوگا۔

**سالانہ جائزہ اجلاس میں شرکت:**

سرٹیفکیٹ ہولڈرز جو آن لائن پلیٹ فارم کے ذریعے اسے آرام میں شرکت کرنے میں دلچسپی رکھتے ہیں اور جن کے نام مضاربہ کی کتاب میں 20 اکتوبر 2022ء 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، فون نمبر، سیل فون نمبر، اور ای میل ایڈریس مقررہ ای میل ایڈریس (Secretariat @olpmodaraba.com) پر بھیج کر اپنا اندراج کر والیں۔ ویٹار کالک ان رجسٹرڈ سرٹیفکیٹ ہولڈرز کو فراہم کیا جائے گا جنہوں نے درخواست کردہ تمام معلومات فراہم کی ہیں۔

**سالانہ رپورٹ:**

کمپنیز ایکٹ 2017 کے سیکشن (7) 223 تحت، 2022 کو ختم ہونے والے سال کی سالانہ رپورٹ بھی مضاربہ کی ویب سائٹ پر اور اس کے ساتھ میں ممبران کو روانہ کی جائے گی۔

ممبران کو مطلع کیا جاتا ہے کہ SECP کے S.R.O 787(1)/2014 مورخہ 8 ستمبر 2014ء کے تحت سالانہ رپورٹ کی الیکٹرانک ٹرانسمیشن کے حوالے سے ہم نے درخواست فارم اپنی مضاربہ ویب سائٹ پر اپ لوڈ کر دیا ہے۔ جو ممبران اس سہولت سے فائدہ اٹھانا چاہتے ہیں ان سے درخواست کی جاتی ہے کہ وہ باضابطہ طور پر پُر کیا ہو اور درخواست فارم شیئر رجسٹرار کے پاس جمع کرائیں۔

07 اکتوبر 2022ء

بتوسط بورڈ

محمد صدیق

کمپنی سیکریٹری

**نوٹس:**

**ڈیویڈنڈ کی الیکٹرانک طور پر منتقلی:**

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

# 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

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

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

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

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

## Key Performance Indicators 2022

- 1). Modaraba's gross revenue increased by 4.91% from PKR 749.45 million to PKR 786.28 million compared to last year.
- 2). Due to strong recovery efforts reversal of net provision amounting to PKR 6.68 million against net provision charge amounting to PKR 37.78 million during last year.
- 3). Profit before management company's remuneration increased by 2.26% from PKR 175.46 million to PKR 179.42 million compared to last year.
- 4). Whereas profit before taxation increased by 0.20 % from PKR 152.52 million to PKR 152.83 million compared to last year.
- 5). During the year OLPM booked fresh disbursement of PKR 2,693 Million.
- 6). Top 25 Companies Awards for the Year 2020 by Pakistan Stock Exchange

## Performance made in 2021

- 1) Net profit for the year up by 19.66 % year on year and Dividend up by 4% per share and 16% year on year ;
- 2) EPS for the Year PKR. 3.36 (Jun 2020: PKR. 2.81 up by 19.66%) ;
- 3) During the year OLPM booked fresh disbursement of PKR. 2.41 billion
- 4) Effective management and recovery from delinquent portfolio. Over 3-Months credit outstanding portfolio reduced by 70.76% ;
- 4) Very prudent provision management subjectively downgrading any expectation of risk in assets ;
- 5) Profit before bad debts PKR 213.24M. (Jun 2020 PKR 156.95M) up by 35. 68 % compared to last year
- 6) Achieved ROE at 13.16% (Jun 2020: 10.85%) ;
- 7) OLPM in compliance of SECP, SRO 55 (AML) has successfully perform Annual Risk Assessment ; and
- 8) Early adopted the IFRS 9 "Financial Instruments" being the pioneer in the financial Modarabas.



# MAJOR CALENDAR EVENTS



## September 2021

- External Training on Anti-Sexual Harassment Legislation
- Announcement of 29% Cash Dividend
- 259<sup>th</sup> Board Meeting
- 84<sup>th</sup> Board Audit Committee Meeting
- 8th Board Human Resource Committee Meeting
- 3rd Board Risk Committee Meeting

## October 2021

- 3<sup>rd</sup> Corporate Briefing Session
- 32<sup>th</sup> Annual Review Meeting
- 260<sup>th</sup> Board Meeting
- 85<sup>th</sup> Board Audit Committee Meeting

## November 2021

- Distribution of 29% Cash Dividend to Certificate Holders

## February 2022

- Registrar Approval for change of Name from ORIX Modaraba to OLP Modaraba
- 86<sup>th</sup> Board Audit Committee Meeting
- 261<sup>st</sup> Board Meeting
- Achievement of 9th FPCCI Achievements Awards
- OLP Modaraba new website go live

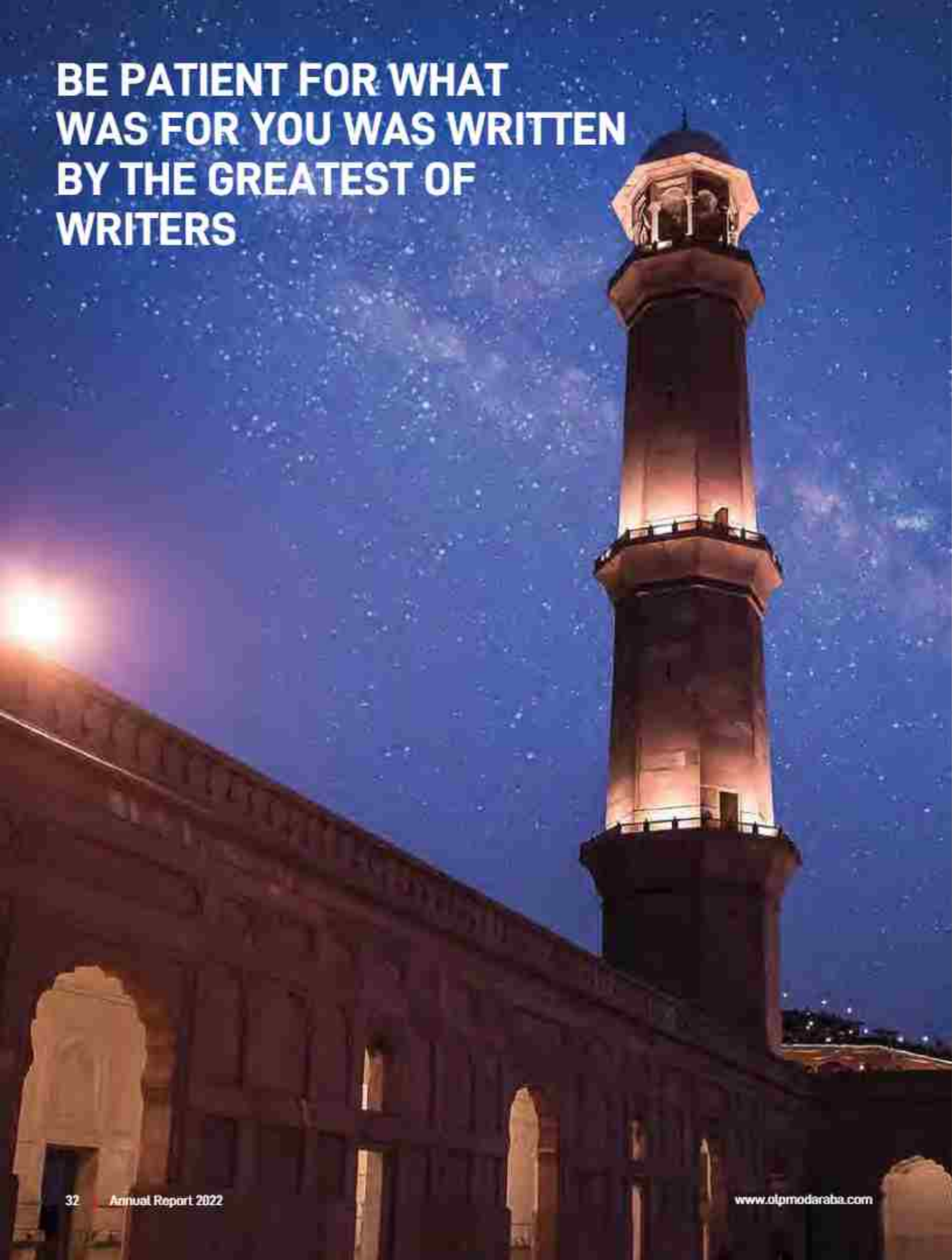
## April 2022

- Top 25 Companies award by Pakistan Stock Exchange for the year 2020
- 262nd Board Meeting
- 87th Board Audit Committee Meeting

## June 2022

- 263rd Board Meeting

**BE PATIENT FOR WHAT  
WAS FOR YOU WAS WRITTEN  
BY THE GREATEST OF  
WRITERS**



## THE BOARD

- 01 Directors Profile
- 02 Management Profile
- 03 OLPM Staff
- 04 Organogram





## GET TO KNOW YOUR BOARD OF DIRECTOR

**MR. SHAHEEN AMIN**  
Chairman

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



**MR. RAHEEL QAMAR AHMAD**  
Managing Director

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



**MR. NAUSHERWAN ADIL**  
Independent Director

Mr. Nausherwan Adil has been appointed as a member of the Board of Directors in May 2020. He is an MBA from Fairleigh Dickinson University New-Jersey, USA. He has over 30 years of prolific banking experience and has held various senior positions. He has twice served as Group Chief Operations National Bank of Pakistan. During his tenure with 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 has been appointed as a member of the Board of Directors in May 2020 and he currently holds the office of Deputy Chief Executive Officer & CFO in OLP Financial Services Limited (Formerly ORIX Leasing Pakistan Limited) (OLPL). He joined OLPL in 1990 and has served the ORIX Group in various senior capacities in Pakistan and United Arab Emirates. Mr. Alfrey is a fellow member of the Institute of Chartered Accounts of Pakistan and has attended a number of leadership and management training courses in Pakistan and abroad.



**MIAN FAYSAL RIAZ**  
Director

Mian Faysal Riaz has been appointed as a member of the Board of Directors in May 2020. He is currently serving as Chief Operating Officer in OLP Financial Services Pakistan Limited (Formerly 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. ASEYA QASIM**  
Female Director

Ms. Aseya Qasim has been appointed as a member of the Board of Directors in February 2022. She has over 30 years' experience of working in financial services sector. She started her career with OLPL in 1991 and has served in Corporate Lease, Consumer & Auto Finance and Micro Finance Divisions at various positions. She has also worked as Head of Business in Pak Oman Microfinance Bank Limited. Presently, Ms. Qasim is heading OLPL's Micro & Agri Finance Division and is based in Lahore.



**MR. NADIM D. KHAN**  
Independent Director

Mr. Nadim D. Khan has been appointed as a member of the Board of Directors in May 2020. He has over 35 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 Bench Matrix. 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



**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 NBF & 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 27 years' experience in various financial institutions and audit firms.



**Muhammad Asim Javed**  
Director - Risk Management

Asim has over 24 years of corporate banking, relationship building/managing & risk management experience. Structuring, negotiating financial transactions & finding appropriate solutions for corporate clients have been his core competencies. He has been part of renowned financial institutions like Faysal Bank Limited and SCM (Standard Chartered Group). He has extensive 'Relationship Management' experience having dealt with corporate clients belonging to various industry sectors & business-segments. Currently, serving as Director - Risk Management at OLP Modaraba, he is responsible for Enterprise wide risk appetite, input, assessment & monitoring. Moreover, this role also encompasses management of Special Assets and the 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.



**ANIQ UL ISLAM**  
Head of Compliance

Aniq joined OLPM in April 2019 and is responsible for the overall management and execution of all Legal, Compliance and Assurance related functions. He has more than 30 years of diversified experience in corporate, commercial banking, international factoring, SME lending, insurance, export credit agencies, credit rating agencies, shipping & trading with various reputable local & international organizations including Standard Chartered Bank Pakistan Limited, DCD-JS Factors (Pvt) Ltd, Pakistan Export Finance Credit Guarantee Agency, Dun & Bradstreet Pakistan etc. Mr. Aniq holds Master degree in Business Administration.



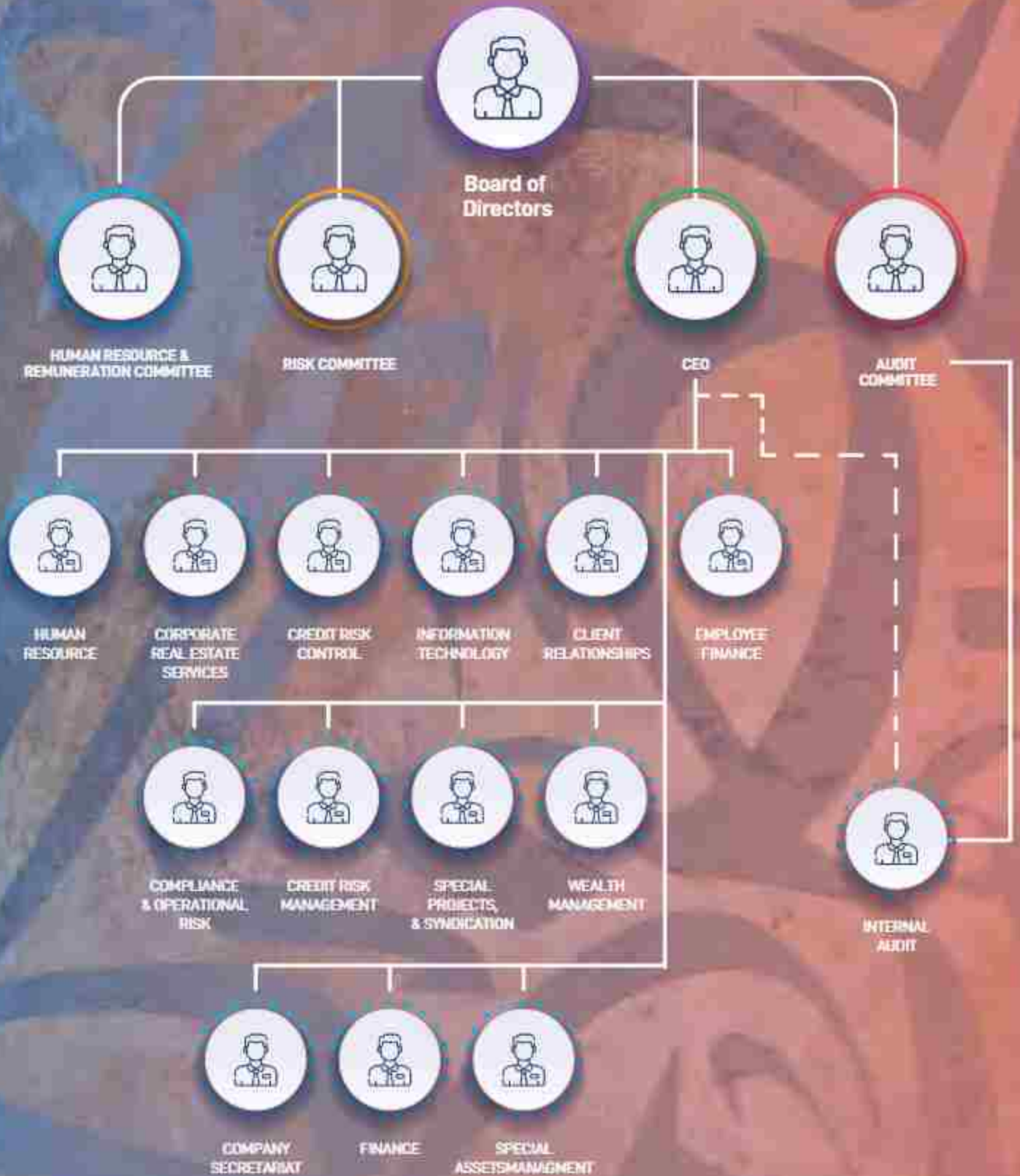
**AHSAN ILYAS**  
Head of Internal Audit

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

# OUR STAFF



# OLPM ORGANOGRAM



# ORGANIZATION OVERVIEW & EXTERNAL ENVIRONMENT

- 01 Modaraba at a Glance
- 02 Our Products & Services
- 03 Code of Conduct
- 04 Significant Factors Effecting the External Enviroment



# MODARABA at a Glance

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

OLPM offers Ijarah, Diminishing Musharika (DM), and House Finance under DM structure, Sukuk, Murabaha, and Salam to Corporates, SME, High network individuals and employees of selected Corporate Clients under Assurance Model. The funds to finance the assets comes from a mix of Certificate of Musharakah, bank financing, equity and operational inflows. Our total assets balance is PKR 6.07 billion as at June 30, 2022.

OLPM is managed by OLP Services Pakistan (Pvt) Limited (Formerly ORIX Services Pakistan (Private) Limited) which owns 10% certificates capital in OLPM. OLP Financial Services Pakistan Limited (Formerly ORIX Leasing Pakistan Limited) holds another 10% stake in OLPM. The rest 80% is held by the general public. OLPM is regulated by Securities and Exchange Commission of Pakistan and has branch offices in Lahore and Islamabad with the Head office in Karachi.

## OUR HUMAN CAPITAL



53

Total Headcount



29%

Head Office  
Female Ratio

Locations	Head office	Islamabad	Lahore	Total
Permanent	35	01	05	41
Contractual	08	01	06	12

# FINANCIAL HIGHLIGHTS



## Profit After Tax

PKR in Million

2022

111.55

2021

152.52



## Earnings

PKR

2022

2.46

2021

3.36



## Cash Dividend

PKR in Million

2022

90.77

2021

131.61



## Total Assets

PKR in Billion

2022

6.707

2021

6.750



## Total Disbursements

PKR in Million

2022

2.693

2021

2.419



## Break-up value Per Certificate

PKR

2022

25.09

2021

25.53

# OLPM PRODUCTS

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

## CERTIFICATE OF MUSHARAKAH

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

## MURABAHA FINANCE

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

## IJARAH

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

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

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

## DIMINISHING MUSHARAKAH (DM)

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

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

## HOUSE FINANCE DIMINISHING MUSHARAKAH (HFDM)

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

## SALAM

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

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

## ISTISNA

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

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

## SYNDICATE FINANCING

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

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

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

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

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

# CODE OF CONDUCT

## Do the right thing

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

## Act responsibly and within authority

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

## Use good judgment

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

## Speaking Up

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

## Comply with laws, regulations and standards

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

## Combat financial crime

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

## Reject bribery and corruption

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

## Treat clients fairly

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

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

## Manage conflicts of interest

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

## Do not engage in or support insider dealing

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

## Protect confidential information

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

## Compete fairly in the market place

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

## Treat colleagues fairly and with respect







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

## Be open and co-operate with regulators

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

## Respect our communities and the environment

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

DESCRIPTION	<b>POLITICAL</b> Government policy's intervention in the economy, other related factors and actions that can affect a business	<b>ECONOMIC</b> Various aspects of the economy, and how the outlook on each area could impact your business.	<b>SOCIAL</b> Cultural and demographic trends of society. Social norms and pressures are key to determining consumer behavior.	<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.	<b>ENVIRONMENTAL</b> Ecological impacts on business. Importance of Corporate Sustainability Responsibility (CSR) initiatives.	<b>LEGAL</b> Legal forces define what a business can or cannot do.
FACTORS	 <ul style="list-style-type: none"> <li>Political uncertainty and inconsistent policies can have adverse impacts;</li> <li>Global decline in demand, trade activity and exchange-rate fluctuations;</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>Financial crisis arising previously due to pandemic has now worsened due to recent catastrophic floods;</li> <li>Increased Labour cost;</li> <li>Rising interest rates;</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>CSR responsibilities factors;</li> <li>Charity and donations;</li> <li>Assistance in providing educational facilities;</li> <li>Safe &amp; healthy environment;</li> <li>Social impacts of Covid -19 and recent floods in Pakistan;</li> <li>Organizational Reputation; and</li> <li>Fair practices.</li> </ul>	 <ul style="list-style-type: none"> <li>Data Security;</li> <li>Businesses have to keep pace with emerging technology to satisfy their client base;</li> <li>Technological awareness and readiness;</li> <li>Level of innovation; and</li> <li>Automation.</li> </ul>	 <ul style="list-style-type: none"> <li>Environmental protection;</li> <li>Climate changes;</li> <li>Carbon Foot prints; and</li> <li>Recycling standards.</li> </ul>	 <ul style="list-style-type: none"> <li>Corporate and 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>
RESPONSE	<ul style="list-style-type: none"> <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> <li>OLPM has embedded Environmental and Social Risk Assessment in products and services that are offered to the clients.</li> </ul>	<ul style="list-style-type: none"> <li>From the onset of the pandemic, OLPM worked closely to reduce the transmission of virus Covid -19 by promoting adherence to staff safety health measures and encouraging staff to get them vaccinated;</li> <li>Subsequent to recent flood, OLPM has evaluated its portfolio and identified that only 10% of the clientele may have adverse impact. However, none of the financed asset is located in the flood affected locations;</li> <li>Reduce cost through cost containment initiatives; and</li> <li>Periodic Profit rate adjustments.</li> </ul>	<ul style="list-style-type: none"> <li>OLPM has formed multiple committees related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole;</li> <li>OLPM continues to provide financial assistance to various charitable and non-profit organizations such as Layton Rahmatulla Benevolent Trust Hospital (LRBT), The Patients' Bohbud Society for AKU.</li> <li>Precautionary measures against Covid-19 are in place; and</li> <li>Staff has been trained on use of internet and is aware of responsibilities w.r.t organizational reputation and confidentiality.</li> </ul>	<ul style="list-style-type: none"> <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> <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> </ul>	<ul style="list-style-type: none"> <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> <li>OLPM has shifted its internal processes to paperless environment and has greatly reduced the use of paper.</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 to Anti-corruption and 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 and regulations, including Shariah governance, ensure the highest level of governance.</li> </ul>

# SWOT ANALYSIS



- Experience of Financial Industry

- Highest credit rating

- Footprint in country's major cities

# S

Strength



- Highly regulated industry

- Banks Competitive edge

- Tax on income

- Limited resource mobilization products

# W

Weakness



- Growing economic activities

- Acceptability in public for Islamic financing

- Potential for growth in Islamic Financing

# O

Opportunity



- Political instability

- Inflation and PKR devaluation

- Import Ban

- Increasing Taxes and Tariffs

# T

Threat

# STRATEGY AND RESOURCE ALLOCATION

01 OLPM Overall Strategy & Significant Resource

02 Liquidity Strategy

# Overall Strategy

**Innovation prowess especially in Shariah compliant products, close ties with our partners, expertise honed over decades and customized Shariah compliant solutions are some of our key strengths giving us a competitive edge.**

## OLP Modaraba's Strengths and Strategy

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.

## Focus on Growth and Profitability

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:

- Expanding our Diminishing Musharika portfolio;
- Stable and constant growth of the housing finance product;

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

## Significant Decision, Changes in Objectives and Strategies from Prior Years:

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.

## OLPM Resource Mobilization

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.

## Cash flows and Financing Resources

The main sources of funding are Operational inflows, Certificate of Musharakah and Term Financing from Shariah compliant banks or Islamic windows. Operational inflows are repayments received in the form of rentals and principal along with mark-up based on financing terms. Certificate of Musharakah offered to individuals and corporates for a tenor of three months to five years whereas funds from banks hold repayment terms for a period of over one month to five years. Modaraba intends to focus on medium to long term Bank financing to fund the projected growth.

## Human Resources

Staff is the key asset of any organization and Modaraba has the right quality of human resources. We believe in equal opportunity, diversity and inclusion of staff and their continuous professional and personal development. Modaraba recognizes the services of its staff and fairly rewards them in line with HR policies of the Modaraba duly approved by the Board.

## 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.



# RISK & UNCERTAINTIES

## 01 Principal Risks And Uncertainties

### Liquidity Strategy:

**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.

- 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.



## PRINCIPAL RISKS AND UNCERTAINTIES

The risks faced by OLP Modaraba [OLPM] may impact OLPM's long-term strategic objectives. They include, but are not limited to the local & global effects of COVID-19, overall global macro-economic conditions, regulatory developments.

Since coronavirus pandemic spread, OLPM offered help & support to its clients with deferment of principal payments in compliance of government directives and continues to actively monitor the outcomes to ensure fair treatment. Support was prioritized for those clients in the most vulnerable situations and those who needed help urgently. OLPM has also taken a series of actions to protect its employees, and we have been proactive in limiting the impact with a number of mitigating actions to support employees' safety and wellbeing. Transition planning, including continued engagement with employees, remains a key focus in ensuring that we continue to protect our employees and our services delivery to our clients as the situation continues to evolve and that any lessons learned from the pandemic can be embedded into our future working practices.

OLPM's cyber controls and enablement continued to operate effectively during the coronavirus pandemic. During the period, OLPM enhanced monitoring of key suppliers to protect the services received by OLPM and its ability to protect and maintain service to customers.

OLPM continues to work with the regulators constructively with regular engagement to ensure they are aware of the impacts on, and mitigating actions taken. OLPM's principal risks and uncertainties are reviewed and reported regularly to the Board of Directors in alignment with OLPM's Risk Management Framework.

The significant risks faced by OLPM are detailed below.

### CHANGE / EXECUTION

The risk that in delivering the change agenda, OLPM may fail to ensure compliance with laws and regulation, maintain effective customer service and availability, and / or operate within OLPM's approved risk appetite.

### OPERATIONAL RESILIENCE

The risk that OLPM may fail to design resilience into business operations, underlying infrastructure and controls (people, process, technology) so that it is able to withstand external or internal events which could impact the continuation of operations, and may fail to respond in a way which meets customer and stakeholder expectations and needs when the continuity of operations is compromised.

### STRATEGIC

The risks which result from strategic plans which do not adequately reflect trends in external factors, ineffective business strategy execution, or failure to respond in a timely manner to external environments or changes in stakeholder behaviors and expectations.

### CREDIT

The risk that parties with whom OLPM has contracted, may fail to meet their financial obligations (both on and off balance sheet). For example observed, anticipated or unexpected changes in the economic environment could impact profitability due to an increase in delinquency, defaults, write-offs and/or expected credit related losses.

## REGULATORY AND LEGAL

The risk of customer detriment across the customer lifecycle including; failures in product management, distribution and servicing activities; from other risks materializing, or other activities which could undermine the integrity of the market or distort competition, leading to unfair customer outcomes, regulatory censure, reputational damage or financial loss

### OPERATIONAL

The risk of loss from inadequate or failed internal processes, people and systems, or from external events

### PEOPLE

The risk that OLPM fails to provide an appropriate employee and customer-centric culture, supported by robust reward and wellbeing policies and processes; effective leadership to manage human resources; effective talent and succession management; and robust control to ensure all employee -related requirements are met.

### CAPITAL

The risk that OLPM has a sub-optimal quantity or quality of capital or that capital is inefficiently deployed across different Business Segments.

### MARKET

The risk that OLPM's capital or earnings profile is affected by adverse market rates, in particular interest rates and credit spreads in the banking business, and credit spreads.

### GOVERNANCE

The risk that the organizational infrastructure fails to provide robust oversight of decision making and the control mechanisms to ensure strategies and management instructions are implemented effectively.



**FAITH IS TRUSTING GOD  
EVEN WHEN YOU DON'T  
UNDERSTAND  
HIS PLAN.**

# **GOVERNANCE**

- 01 Review Report of Chairman**
- 02 Director Report**
- 03 Role of Chairman & CEO**
- 04 Composition of Board Committees**
- 05 Compliance with the Best Practice of Code of Corporate Governance**
- 06 Statement of Compliance with Companies Code of Corporate Governance**
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**REVIEW REPORT**  
**SHAHEEN AMIN**  
 Chairman

On behalf of the Board of Directors, I am pleased to present to you the Annual Report of OLP Modaraba (formerly ORIX Modaraba) highlighting the Modaraba's performance and achievements for the year ended June 30, 2022.

**Year 2021-2022 for Pakistan**

The year under review was also a challenging year for Pakistan and its economy. The rising commodity prices and a large fiscal deficit have inflated the import bill, putting the country on the verge of a balance of payments crisis. The currency has sunk to an all-time low, while international reserves have dwindled to barely two months import cover. Though the government is taking measures to counter these pressures and tax collection surpassed the PKR 6.0 trillion mark in FY2022. Fiscal deficit is still likely to remain at 7.1 percent of GDP in FY2022.

**Year 2021-2022 for OLP Modaraba**

This year we are also celebrating our 35th anniversary. OLP Modaraba, has not only established itself as a leading Islamic financial institution, infact a thought leader in its sector but also earned the recognition from different prestigious fora. We also rebranding our group ORIX in Pakistan to create a strong local brand based on international best practices.

**Review of Financial Performance:**

Despite difficult economic environment, our performance has been excellent for the year with the focus on creating value for shareholders and achieving optimum results. The Modaraba's profit before taxation increased by 0.20% from PKR 152.519 to PKR 152.830 million.

**Modaraba Awards and Rating:**

Since the last chairman review report, the Modaraba has been rewarded with some prestigious rewards, 36th Corporate Excellence Trophy by Management Association of Pakistan, Top 25 Companies Awards for the Year 2020 by Pakistan Stock Exchange, Certificate of merit for Best Corporate Reports Awards 2020 by ICAP and ICMAP, 11th Annual Corporate Social Responsibility Awards in three categories (Collaboration and partnership education fundraising/philanthropy, Business practices sustainability and Environmental excellence workplace practices), 13th Annual Corporate Social Responsibility Awards by National Forum for Environment & Health (NFEH) in Corporate Governance category, 9th FPCCI Achievement Awards Certification in Environment Management & Social Welfare category, Best Performance Award, 3rd position by NBF and Modaraba Association of Pakistan.

**Our 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.

**The Review of Board and its Functions:**

The OLPM Board of Directors, which comprises of professionals with in depth understanding of the financial sector and sound business acumen, are committed to operate at the highest standards of corporate governance. The Board and its associated committees during the year ensured compliance with all statutory and regulatory requirements applicable upon the Modaraba and its Management Company. As per requirement of the Companies Act 2017 and SECP listed Companies (Code of Corporate Governance) Regulations 2019, the Directors have performed their duties diligently and effectively in the best interest of the Modaraba and the certificate holders. This includes oversight of the Modaraba's strategic objectives and active participation in monitoring performance against the defined strategic goals and targets.

Moreover, the SECP Listed Companies (Code of Corporate governance) Regulations 2019, requires Board of Directors to conduct an annual evaluation of the Board own performance. Over the years, OLPM had conducted annual evaluation of Board's performance on "Board Self Evaluation. In order to get an independent perspective, the Board entrusted M/s FAMCO Associates (Pvt.) Ltd. to carry out Board Evaluation exercise for Board members and Board Committee members for the year ended June 30, 2022.

The year ahead is going to be one of challenges and opportunities. We believe our stakeholders provide us with the motivation to keep getting better and it is our endeavor to continue to deliver a consistent and quality results.

**Board Member**

Ms. Aseya Qasim was appointed as a Director on February 08, 2022. She replaced Ms. Maryam Aziz who resigned from her position. On behalf of the Board, I would like to thank her and appreciate Ms. Maryam Aziz's valuable contribution and extends a warm welcome and cooperation to Ms. Aseya Qasim in performing her duties.

**Acknowledgement:**

Finally, I would like to thank all our Board Members for their commitment and contribution in the overall performance of Modaraba and to the certificate holders for their trust in the Board and the management. I would also like to thank our employees for their hard work and continuous support in year ended June 30, 2022 and I look forward to continue working with them to attain success in 2022-2023.

**Shaheen Amin**  
 Chairman

Karachi: September 15, 2022

کارپوریٹ گورننس ریگولیشن 2019 کے تقاضوں کے تحت، ڈائریکٹرز نے مضاربہ اور سٹیک ہولڈرز کے بہترین مفاد میں تبدیلی اور موثر طریقے سے اپنے فرائض سرانجام دیے۔ اس میں مضاربہ کے اسٹریٹجک مقاصد کی نگرانی اور مستحکم اسٹریٹجک اہداف اور ان کے حصول کے لیے کارکردگی کی نگرانی میں فعال شرکت شامل ہے۔

مزید برآں، SECP نے کینیڈا کوڈ آف کارپوریٹ گورننس ریگولیشن 2017، کے تحت بورڈ آف ڈائریکٹرز سے بورڈ کی اپنی کارکردگی کا سالانہ جائزہ لینے کی ضرورت ہے۔ دوران سال، OLPM نے "بورڈ سلیٹ ایولوشن" پر بورڈ کی کارکردگی کا سالانہ جائزہ لیا۔ ایک آزاد نقطہ نظر حاصل کرنے کے لیے، بورڈ نے مسرز فیملو ایو ایوشن (پرائیویٹ) لمیٹڈ کو 30 جون 2022ء کی اختتامی مدت کیلئے بورڈ کے اراکین اور بورڈ کمیٹی کے اراکین کیلئے بورڈ کی تفصیلات کی پیش کرنے کی ذمہ داری سونپی ہے۔

آنے والا سال چیلنج اور مواقعوں سے بھرپور ہوگا۔ ہمیں یقین ہے کہ ہمارے اسٹیک ہولڈرز ہمیں مزید بہتری لانے کی ترغیب فراہم کرتے رہیں گے اور ہماری کوشش ہے کہ ہم مسلسل اور معیاری نتائج فراہم کرتے رہیں۔

بورڈ ممبر:

محترمہ سیدہ قائم کو محترمہ مریم عزیز کے استعفیٰ کے بعد ان کی جگہ مورخہ 8 فروری 2022ء کو بطور ڈائریکٹر تعینات کیا گیا۔ بورڈ کی جانب سے، میں محترمہ مریم عزیز کی گرانقدر خدمات کو سراہتا ہوں اور ان کا شکریہ ادا کرنا چاہتا ہوں اور اپنے فرائض کی انجام دہی میں ڈائریکٹر محترمہ سیدہ قائم کا پر تپاک خیر مقدم اور تعاون کا اظہار کرتا ہوں۔

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 سرینکیٹ ہولڈرز کا شکریہ ادا کرنا چاہتا ہوں۔ میں 2022ء کو ختم ہونے والے سال میں اپنے ملازمین کی محنت اور مسلسل تعاون کے لیے بھی ان کا شکریہ ادا کرنا چاہتا ہوں گا اور میں سال 2022-2023ء میں کامیابی حاصل کرنے کے لیے ان کے ساتھ کام جاری رکھنے کا متشبی ہوں۔

کراچی: 15 ستمبر 2022ء

  
شابیر امین  
چیئرمین

## چیمبر مین کی جائزہ رپورٹ

بورڈ آف ڈائریکٹرز کے توسط سے میں آپ کے سامنے OLP مضاربہ (مقابلہ ORIX مضاربہ) کی سالانہ رپورٹ پیش کرتے ہوئے خوشی محسوس کر رہا ہوں جس میں اختتامی سال 30 جون 2022ء کیلئے مضاربہ کی کارکردگی اور کامیابیوں کو اجاگر کیا گیا ہے۔

پاکستان کیلئے سال 2022ء:-

زیر جائزہ سال پاکستان اور اس کی معیشت کے لیے بھی ایک چیلنجنگ سال تھا۔ اجناس کی بڑھتی ہوئی قیمتوں اور مالیاتی خسارے کے باعث درآمداتی بل میں اضافہ ہوا ہے، جس نے ملک کو ادائیگیوں کے توازن کے بحران کے دہانے پر گھڑا کر دیا ہے۔ کرنسی اب تک کی کم ترین سطح پر پہنچ گئی ہے، جب کہ بین الاقوامی ذخائر بشکل دو ماہ کے درآمدی احاطہ تک کم ہو گئے ہیں۔ اگرچہ حکومت ان دباؤ کا مقابلہ کرنے کے لیے اقدامات کر رہی ہے اور مالیاتی سال 2022ء میں ٹیکس وصولیائی مبلغ 6.0 ٹریلین پاکستانی روپے سے تجاوز کر گئی۔ مالیاتی سال 2022ء GDP کا مالیاتی خسارہ اب بھی 7.1 فیصد پر رہنے کا امکان ہے۔

OLP مضاربہ کیلئے سال 2022ء:-

اس سال ہم اپنی 35 ویں سالگرہ بھی منا رہے ہیں۔ OLP مضاربہ نے نہ صرف خود کو ایک منظم اسلامی مالیاتی ادارے کے طور پر قائم کیا ہے، اور حقیقت اس کے شعبے میں ایک فکری رہنما ہے بلکہ مختلف باوقار فورمز سے پہچان بھی حاصل کی ہے۔ ہم بین الاقوامی بہترین طریقوں پر مبنی ایک مضبوط مقامی برانڈ بنانے کے لیے پاکستان میں اپنے گروپ ORIX کو بھی رہی براہ نظر کر رہے ہیں۔

مالیاتی کارکردگی کا جائزہ:

مشکل معاشی صورتحال کے باوجود، دوران سال ہماری کارکردگی بہتر رہی ہے جس میں حصص یافتگان کے لیے قدر پیدا کرنے اور بہترین نتائج کے حصول پر توجہ دی گئی ہے۔ مضاربہ کا قبل از ٹیکس منافع میں 0.20 فیصد اضافہ کا اضافہ ہوا جو کہ مبلغ 152.519 ملین روپے سے بڑھ کر مبلغ 152.830 ملین روپے ہو گیا۔

مضاربہ باغ اراؤں اور درجہ بندی:

گزشتہ چیمبر مین کی جائزہ رپورٹ کے بعد سے، مضاربہ پر کچھ باوقار اعلانات سے نوازا گیا ہے جن میں منجبت ایسوسی ایشن آف پاکستان کی جانب سے 36 ویں کارپوریٹ ایکسی لینس لڑائی، پاکستان انسائیکلو پیڈیا کی جانب سے سال 2020 کے لیے ٹاپ 25 کمپنیوں کی ایوارڈز، ICMAP اور ICAP کی جانب سے میٹ کارپوریٹ رپورٹس ایوارڈز 2020 کے لیے سرٹیفیکیٹ آف میرٹ، تین کیلگریز میں 11 ویں سالانہ کارپوریٹ سوشل رسپانسیبلٹی ایوارڈز (تعاون اور شراکت واری کی تعلیم کے لیے فنڈ ریزنگ / انسان دوستی، کاروباری طریقوں کے استحکام اور ماحولیات سے متعلق عمدہ کام کی جگہ کے طور پر کار)، کارپوریٹ گورننس کیلگریز میں منجبت فورم فار انویشنز اینڈ نیٹورنگ (NFEH) کی جانب سے 13 ویں سالانہ کارپوریٹ سوشل رسپانسیبلٹی ایوارڈز، انویشنز منجبت اینڈ سوشل ویلنیئر کیلگریز میں 9 ویں FPCCI ایجوکیشن ایوارڈس سرٹیفیکیٹ، میٹ پر فارمنس ایوارڈ، NBFI اور مضاربہ ایسوسی ایشن آف پاکستان کی جانب سے تیسری پوزیشن شامل ہے۔

ہماری گریڈ ریٹنگ:

پاکستان گریڈ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے OLP مضاربہ کی طویل مدتی اور مختصر مدتی درجہ بندی کو باہر تیسب AA (ذیل اے) اور A1+ (پلس اے ون) کے طور پر برقرار رکھا ہے۔

بورڈ اور اس کے امور کا جائزہ:

OLPM بورڈ آف ڈائریکٹرز مالیاتی شعبے کی گہرائی سے سمجھ بوجھ رکھنے والے پیشہ ور افراد، کاروباری ذہانت کے حامل افراد پر مشتمل ہے جو کہ کارپوریٹ گورننس کے اعلیٰ ترین معیارات پر کام کرنے کے لیے پرعزم ہے۔ بورڈ اور اس سے منسلک کمیٹیوں نے دوران سال مضاربہ اور اس کی اختتامی کمیٹی پر لاگو تمام قانونی اور ضابطہ کار تقاضوں کی تعمیل کو یقینی بنایا ہے۔ کمیٹی ریکارڈ 2017 اور کوڈ آف

# Thirty Ninth Report of the Directors of Modaraba Company

For the year ended June 30, 2022

The Board of Directors of OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPL), the Management Company of OLP Modaraba (formerly ORIX Modaraba) (OLPM), is pleased to present the thirty ninth Directors' report of OLPM, together with audited financial statements and auditors' report thereon for the year ended June 30, 2022.

## 1. Economy

Pakistan is witnessing high inflationary and external sector risks are also building macroeconomic imbalances in the economy. Furthermore, the ongoing political unrest is increasing economic uncertainty, which is causing the PKR to depreciate and has an impact on cost of production. All these factors are making the economic outlook uncertain. However, the government is taking all possible measures to counter these pressures.

The surge in imports of goods owing to increase in international commodity prices widened trade deficit. Workers' remittances were not enough to finance the trade deficit, as a result current account deficit widened. CPI inflation recorded at 21.3 percent in June 2022 as against 9.7 percent in same month last year. On MoM basis, it increased by 6.3 percent in June 2022 as compared to an increase of 0.4 percent in May 2022. Inflation stood at 12.2 percent, compared to 8.9 percent in the same period last year. Rising food prices remained the primary driver followed by vehicle fuels and electricity charges. The recent acceleration in inflation was due to supply chain disruptions, high transportation charges, and surging global commodity prices.

However, it is expected that with the government's policy measures imports will fall, while better performance of exports of goods & services and workers' remittances will bring current account deficit at manageable level in the coming months. Despite difficult economic conditions, tax collection surpassed the Rs 6.0 trillion mark in FY2022. Due to broad-based growth in all revenue heads, net tax collection increased by 29 percent in FY2022 over the preceding year. However, during the first eleven months of FY2022, expenditure overrun the revenue growth, thus fiscal deficit is likely to remain at 7.1 percent of GDP in FY2022.

In response to elevated inflationary pressure, SBP raised the policy rate by 125 basis points to 15.0 percent. Along with tightening monetary policy and high inflation, the government has also introduced measures to dampen import demand, notably by banning the imports of nonessential and luxury items such as luxury motor vehicles and cosmetics.

High international prices are still adversely affecting external positions even in the start of FY 2023. There was an intense need for the successful completion of the IMF 7th and 8th reviews of Pakistan's Extended Fund Facility (EFF). The government has taken all difficult decisions to make reviews successful, reaching a staff-level agreement for a \$ 1.17 billion loan tranche.

Despite the gradual decline in the economic growth outlook in Pakistan's main export areas, domestic economic activity continues to be strong. After the tranche from IMF additional financing channels will open themselves. This should allow focusing on longer-term objectives.

## 2. Operating Results and Business Overview

### Balance Sheet

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

### Profit and Loss

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

### Appropriations

Net profit for the year	
Add: Un appropriated profit brought forward	
Effect of change in accounting policy-Impact of IFRS 9	
Profit available for appropriation	

Profit distribution @ 20% (2021 @29%)	
Statutory reserve	

Unappropriated profit carried forward

Earnings per certificate

	June 30, 2022	June 30, 2021
----- (Rupees) -----		
	453,835	453,835
	1,138,605	1,158,672
	1,811,424	2,244,264
	3,762,885	3,326,029
	3,013,905	3,250,705
	786,281	749,445
	420,288	347,822
	6,678	(37,781)
	193,252	188,384
	179,419	175,458
	152,830	152,519
	111,545	152,519
	111,545	152,519
	6,353	47,930
	-	(54,858)
	117,898	145,591
	90,767	131,612
	5,577	7,626
	96,344	139,238
	21,554	6,353
	2.46	3.36

By the Grace of Allah, your Modaraba's performance during the year under review continued to be strong. Modaraba's gross revenue (net of Ijarah assets depreciation and including other income) increased by 4.91% from PKR 749.45 million to PKR 786.28 million compared to last year. Main reason of increase in gross revenue is increase in average KIBOR during last quarter of current fiscal year as the whole portfolio is on floating basis. Similarly financial and other charges increased by 20.83% from PKR 347.82 million to PKR 420.29 million compared to last year mainly due to upward movement of KIBOR as stated above. Due to strong recovery efforts, there is reversal of net provision amounting to PKR 6.68 million against net provision charge amounting to PKR 37.78 million during last year. Despite high inflation, administrative and operating expenses were increased by 2.58% only from PKR 188.38 million to PKR 193.25 million. Profit before management company's remuneration increased by 2.26% from PKR 175.46 million to PKR 179.42 million compared to last year. Whereas profit before taxation increased by 0.20 % from PKR 152.52 million to PKR 152.83 million compared to last year. As income tax is now applicable on Modarabas effective from July 1, 2021 due to the withdrawal of exemption through Tax Laws (second) amendment Ordinance, 2021, net profit for the year decreased by 26.86% from PKR 152.52 million to PKR 111.54 million.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,574 million compared to PKR 5,570 million as at June 30, 2021, showing marginal increase of 0.07%. Total assets, also decreased by 0.64% from PKR 6,750 million to PKR 6,707 million compared to last year. During the year under review, the Modaraba booked fresh disbursements to the tune of PKR 2,693 million consisting of PKR 1,584 million (59%) Plant and Machinery PKR 956 million (35%) Motor Vehicle and PKR 153 million (6%) others.

On the liability side Certificates of Musharika (COMs) has decreased by 7.28% from PKR 3,251 million to PKR 3,014 million whereas bank financing increased by 13.52% from PKR 1,398 million to PKR 1,587 million compared to the corresponding last year. Although majority of COMs are maturing within next 12 months, their behavioral maturity is more than 12 months as majority of our COMs customers reinvest their funds after maturity.

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

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

### 3. Future Outlook

Since the world has almost successfully overcome from pandemic, therefore, looking ahead, we expect fresh disbursements to gradually pick up with the revival of the economic activity. In line with our previous practices, we will move further our cautious approach towards booking of new business and prudently evaluate customers on the improved parameters in line with the changing scenario. Our sensible and proactive risk management approach has always helped us to maintain a leading position in the Modaraba sector.



OLPM re-evaluated its 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

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.

#### 4. Pattern of Shareholding

The Modaraba certificates are traded on the Pakistan Stock Exchange Limited. The certificate holding information as of June 30, 2022 is provided in the relevant section of this annual report. The Directors, CEO, CFO/ Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year except already disclosed to the regulatory bodies and included in the pattern of shareholding.

#### 5. Profit Distribution

The Board in its meeting held on September 15, 2022 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, 2022.

An amount of PKR. 5,577 million has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas which require that not less than 20% and not more than 50% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

#### 6. Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, Accounting estimates used are based on reasonable and prudent judgment.



- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022 except for those disclosed in the financial statements.

## 7. Taxation

From current year income tax is applicable on Modarabas as Clause 100 of the Part 1 of the Second Schedule to the Income Tax Ordinance, 2001 relating to the Tax Exemption available to the Modarabas stands withdrawn through Tax Laws (second) amendment Ordinance, 2021. A new Section 242 of the Income Tax Ordinance, 2001 was introduced through the Finance Act, 2021. Section 242 provides clarity on how the beneficiaries of the repeal exemptions to be treated.



As a result of withdrawal of exemption, there are implications of deferred tax which have been assessed by the management in consultation with tax advisor. As the Modaraba was chargeable to tax for the first time in tax year 2022. So, being prudent and in line with the last year, the management decided not to recognise deferred tax asset to the extent that it pertains to exempt period as potential differences may arise in practice which are not yet envisaged. Consequently, current year provision for taxation is calculated without taking tax benefit of exempt period in these accounts.

## 8. 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	05
Raheel Qamar Ahmad	05
Ramon Alfrey	05
Mian Faysal Riaz	05
Nausherwan Adil	05
Nadim D. Khan	05
Aseya Qasim*	02
Maryam Aziz*	02

\*Note: Ms. Aseya Qasim was appointed as a Director on February 08, 2022. She replaced Ms. Maryam Aziz who resigned from her position.

During the year, four (04) 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	04
Mian Faysal Riaz	04
Mr. Ramon Alfrey	04

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

Name of Member	No. of Meetings Attended
Mr. Nadim D Khan - Chairman	02
Mr. Shaheen Amin	02
Mr. Raheel Qamar Ahmad	02

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

Name of Member	No. of Meetings Attended
Ms. Maryam Aziz - Chairperson	01
Mr. Raheel Qamar Ahmad	01
Mr. Nausherwan Adil	01

## 9. 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. Nausherwan Adil	Chairman Audit and Member Risk Committee	Independent Directors
Mr. Nadim D. Khan	Chairman HR&R Committee	
Mr. Raheel Q. Ahmad	Member Risk , HR&R Committee	Executive Director
Mr. Shaheen Amin Mr. Ramon Alfrey Mian Faysal Riaz	Member HR&R Committee Member Audit Committee Chairman Risk Committee and Member Audit Committee	Non-Executive Directors
Ms. Aseya Qasim		

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

Six out of seven Directors have completed their training under the Director Training Program. Ms. Aseya Qasim has joined the Board from February 08, 2022 and her training will be scheduled accordingly.

In accordance with Regulation 7 of Listed Companies Code of Corporate Governance 2019, Ms. Aseya Qasim is appointed as the female director.

## 10. 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. The major matters are then put forth in the Board for consideration and approvals.

## 11. 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 various initiatives related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole. The committees responsible for these initiatives include Corporate Social Responsibility and Environment Committee, Carbon Reduction Initiative, Volunteering Committee, Well-Being Committee, Support/ Initiative Committee for Social Welfare. OLPM under the supervision of professionals, organized "Medical Camp" in collaboration with "Advanced Laboratories" for employees in office premises. In this camp employees were provided basic tests free of cost, other medical test on discounted rate and free medical consultation from General Physician.

In view of gender diversity and wellness in the month of October "Breast Cancer "awareness session was conducted by a professional Oncologist for female staff. OLPM staff wore pink ribbon on the occasion to show its solidarity to the cause.

OLPM continues its support towards environmental protection, conservation and reduction of carbon emissions. In support of this initiative on Independence Day we arranged Tree Plantation Drive in association with National Forum for Environment and Health at Export Processing Zone. In this drive fruit trees were planted. 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. All activities of clients must comply with our environmental & social risk policies and an Environmental and Social Risk Assessment is performed for all our corporate clients.

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

- Voluntring Visit to Deaf reach school & college
- Visit to Layton Rahmatulla Benevolent Trust Hospital (LRBT)
- Career counselling at TCF
- Blood donation to Indus Hospital

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

- The Citizens Foundation (TCF) that provides education
- Layton Rahmatulla Benevolent Trust Hospital (LRBT)
- The Kidney Centre, a hospital providing facilities in relation to kidney diseases
- Sindh Institute of Urology and Transplantation (SIUT) which focuses on urological diseases
- Professional Education Network, a trust providing professional education
- Family Educational Services Foundation (FESF)-Deaf Reach Program

## 12. 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 also about living our values.

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



## 13. Equal Opportunity Employer

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

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



## 14. Environmental Protection Measures

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



## 15. Consumer Protection and Anti-Corruption Measures

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

## 16. 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.

## 17. Auditors

On the recommendation of Audit Committee, the Board has approved the appointment of the Messrs. A.F. Ferguson & Co., Chartered Accountants, as auditors for the year ending June 30, 2023 at a fee mutually agreed with the auditors and subject to approval by the Registrar of Modaraba Companies and Modarabas.

## 18. Awards

During the period from last annual Directors' Report, your Modaraba has been rewarded with prestigious awards 36th Corporate Excellence Trophy by Management Association of Pakistan, Top 25 Companies Awards for the Year 2020 by Pakistan Stock Exchange, Certificate of merit for Best Corporate Reports Awards 2020 by ICAP and ICMAP, 11th Annual Corporate Social Responsibility Awards in three categories (Collaboration and partnership education fundraising/philanthropy, Business practices sustainability and Environmental excellence workplace practices, 13th Annual Corporate Social Responsibility Awards by National Forum for Environment & Health( NFEH) in Corporate Governance category, 9th FPCCI Achievement Awards Certification in Environment Management & Social Welfare category, Best Performance Award, 3rd position by NBF1 and Modaraba Association of Pakistan.

## 19. 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.

## 20. Value of Investment of Provident, Gratuity Funds

The Modaraba maintains retirement benefit plans for its employees. These funds are mainly invested in profit bearing accounts maintained with Islamic branch of a bank. However, for better return and to bring diversification in investment, we have now invested PKR 15 million each from provident and Gratuity fund respectively in Collective Investment Schemes of renowned Asset management Companies. The bank balance and investment value of staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2022 are as follows:

Provident Fund	PKR 60.618 million
Gratuity Fund	PKR 43.417 million

## 21. 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.

## 22. 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 15, 2022



**Raheel Qamar Ahmad**  
Managing Director/ CEO



**Ramon Alfrey**  
Director

گزشتہ پندرہ سالوں کی جائزہ رپورٹ کے بعد سے، مضاربہ کو کچھ باوقار انعامات سے نوازا گیا ہے جن میں بیٹھنت ایسوسی ایشن آف پاکستان کی جانب سے 36 ویں کارپوریٹ ایکسی لینس ٹرافی، پاکستان اسٹاک ایکسچینج کی جانب سے سال 2020 کے لیے ٹاپ 25 کمپنیوں کے ایوارڈز، ICAP اور ICMAP کی جانب سے بیٹھنت کارپوریٹ رپورٹس ایوارڈز 2020 کے لیے سرٹیفکیٹ آف میرٹ، تین گولڈ میڈلس اور 11 ویں سالانہ کارپوریٹ سوشل ریسپانسیبلٹی ایوارڈز (تعاون اور شراکت داری کی تعلیم کے لیے فنڈ ریزنگ/انسان دوستی، کاروباری طریقوں کے استحکام اور ماحولیات سے متعلق عمدہ کام کی جگہ کے طریقہ کار)، کارپوریٹ گورننس کننگری میں نیشنل فورم فار انوائزمنٹ اینڈ ہیلتھ (NFEH) کی جانب سے 13 ویں سالانہ کارپوریٹ سوشل ریسپانسیبلٹی ایوارڈز، انوائزمنٹ مینجمنٹ اینڈ سوشل ویلفیئر کننگری میں 9 ویں FPCCI انجیوومنٹ ایوارڈ سرٹیفکیٹ، بیٹھنت پر فارمنس ایوارڈ، NBFI اور مضاربہ ایسوسی ایشن آف پاکستان کی جانب سے تیسری پوزیشن شامل ہے۔

## ۱۹- کریڈٹ ریٹنگ:

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

## ۲۰- پروویڈنٹ فنڈ کی سرمایہ کاری کی واپسی:

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۔ تاہم، بہتر واپسی اور سرمایہ کاری میں تنوع لانے کے لیے اب ہم نے معروف اجنبی کمپنیوں کی اجتماعی سرمایہ کاری کی اسکیموں میں بالترتیب پروویڈنٹ اور گریجویٹ فنڈ سے 15 ملین کی سرمایہ کاری کی ہے۔ 30 جون 2022 تک ان کے متعلقہ غیر آڈٹ شدہ کھاتوں کی بنیاد پر اسٹاف ریٹائرمنٹ بینیفٹ فنڈز کا بینک بیلنس اور سرمایہ کاری کی قیمت درج ذیل ہے:

پروویڈنٹ فنڈ	60.618 ملین پاکستانی روپے
گریجویٹ فنڈ	43.417 ملین پاکستانی روپے

## ۲۱- 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 دھڑے نہیں ہوئے ہیں۔

## ۲۲- اٹلہا رشکر:

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 چاہتا ہے۔

کراچی: 15 ستمبر 2022ء



رامن القبر  
ڈائریکٹر



راشید قریشی  
ڈائریکٹر ای ای او

- ☆ سندھ انسٹی ٹیوٹ آف یورولوجی اینڈ ٹرانسپلاٹیشن (SIUT) جو یورولوجیکل پیاریوں پر توجہ مرکوز کرتا ہے۔
- ☆ پروفیشنل ایجوکیشن ٹیسٹ ورک، پیشہ ورانہ تعلیم فراہم کرنے والا آرگن
- ☆ فیملی ایجوکیشنل سروسز فاؤنڈیشن (FESF) - ڈیف ریجی پروگرام

۱۲- ہمارے لوگ:

OLP مضاربہ کے لوگ اس کے منظم کاروباری ماڈل کی فراہمی کے لیے اہم ہیں۔ ہماری مسلسل مہم میں ہماری توجہ OLP 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۔

مضاربہ بورڈ امور کے ذمہ دار اہلکاروں کے ارکان کی خدمات کو سنبھالتا 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 OLP کو اس مقام تک پہنچایا ہے جہاں یہ اب کھڑا ہے۔ ہم اپنے انسانی وسائل میں سرمایہ کاری جاری رکھیں گے۔

۱۳- مساوی مواقع فراہم کرنے والا آجر:

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

اہم خاص طور پر اقلیتوں، خواتین اور مختلف معذورا افراد کی حوصلہ افزائی کرتے ہیں کہ وہ ہمارے تقرری کے عمل میں ہر کردار کے لیے درخواست دیں۔

۱۴- اقدامات برائے ماحولیاتی تحفظ:

OLP 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۔ قرض دینے کے طریقے بھی گائیڈ لائنز کے اصولوں کی پیروی کرتے ہیں۔

۱۵- صارفین کا تحفظ اور انسداد بدعنوانی کے اقدامات:

OLP میں کاروباری اخلاقیات، انسداد بدعنوانی اور کسٹمر کی رازداری کے تحفظ کے اقدامات کو سنجیدگی سے 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 یقین 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۔

۱۶- ایکسٹرنل سالانہ آڈٹ:

فہرست شدہ کمپنیوں کے ضابطہ کار پورٹ گورننس 2019 کے ضروریات کے تحت تعمیل کے بیان کے جائزے کے ساتھ میسرز AF فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کے ذریعے بغیر کسی کوآپٹیمائزیشن کے OLP کے مالیاتی گوشواروں کا آڈٹ کیا گیا ہے۔

۱۷- آڈیٹرز:

آڈٹ کمیٹی کی سفارش پر، بورڈ نے میسرز AF فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو 30 جون 2023 کو ختم ہونے والے سال کے لیے بطور آڈیٹر مقرر کرنے کی منظوری دی ہے جن کی نہیں آڈیٹرز کے ساتھ باہمی رضامندی سے مضاربہ کمپنیوں اور مضاربہ کے رجسٹرار کی منظوری سے مشروط ہے۔

ٹریڈنگ شیڈول کی جائے گی۔

لنڈیکینیٹز کو ڈاؤن کارپوریٹ گورننس 2019 کے ضابطہ 7 کے مطابق، مختصر مدتی سے قائم کا تقرر دھاتون ڈائریکٹرز کے طور پر کیا گیا ہے۔

۱۰۔ منجمنٹ کمیٹی:

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

۱۱۔ سماجی ذمہ داری:

OLPM ذمہ داری کے ساتھ کاروبار کرنے اور کیونٹری 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 بڑی کیونٹری، اسٹیک ہولڈرز کے ساتھ طویل مدتی تعلقات استوار کرنے اور تمام کام کے عمل میں شفافیت کو اپنانے پر یقین رکھتے ہیں۔ ہم جن کیونٹری میں کام کرتے ہیں ان کی قانونی، اخلاقی، تجارتی اور 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، کاروبار، انشورنس، ایجوکیشن، کاروبار، سماجی بہبود کمیٹی، فلاح و بہبود کمیٹی، سماجی بہبود کے لیے سپورٹ/انشورنس کمیٹی شامل ہیں۔ OLPM نے پیشہ ورانہ افرادی گمرانی میں دفتر کے اساطیل میں ملازمین کے لیے "ایڈوانسڈ لیبارٹری" کے تعاون سے "میڈیکل چیک اپ" کا انعقاد کیا۔ اس چیک اپ میں ملازمین کو مفت بنیادی ٹیسٹ، رعایتی قیمت پر دیگر طبی ٹیسٹ اور جنرل فزیشن سے مفت طبی مشاورت فراہم کی گئی۔

اکتوبر کے مہینے میں صنعتی تنوع اور تندرستی کے پیش نظر خواتین اسٹاف کے لیے ایک ماہر آنکھوں کو جھٹ کی جانب سے "بریسٹ کینسر" آگاہی سیشن کا انعقاد کیا گیا۔ OLPM اسٹاف نے اس موقع پر گلابی رہن مہینہ کا اس کاڑ سے اظہار یکجہتی کیا۔ یوم آزادی کے موقع پر اس اقدام کی حمایت میں ہم نے ایک سپورٹ پروسیسنگ زون میں نیشنل فورم فار انوائرسمنٹ اینڈ ہیلتھ کے ساتھ مل کر درخت لگانے کی مہم کا اہتمام کیا۔ اس مہم میں پھل دار درخت لگائے گئے۔ صاف سترے ماحول کے سلسلے میں OLPM کی وابستگی اس کے کھائش تک بھی کردی گئی۔ ہم نے اپنی مصنوعات اور خدمات میں ماحولیاتی اور سماجی ریسک اسٹیمٹ کو شامل کر لیا ہے جو ہم اپنے کلائنٹ کو پیش کرتے ہیں۔ کھائش کی تمام سرگرمیوں کو ہماری ماحولیاتی اور سماجی ریسک پالیسیوں کی تعمیل کرنی چاہیے اور ہمارے تمام کارپوریٹ کھائش کے لیے ماحولیاتی اور سماجی خطرے کی تشخیص کی جاتی ہے۔

OLPM میں ملازمین کو رضا کارانہ مواقع فراہم کرنا ہمارا عزم ہے، جس سے ملازمین کو اس قابل بنانا ہے کہ ہم جن کیونٹری میں رہتے ہیں اور کام کرتے ہیں ان میں غیر منافع بخش تنظیموں کے ساتھ رضا کارانہ خدمات انجام دیں۔ OLPM میں، ہم سمجھتے ہیں کہ جب ملازمین خود کو بہتر محسوس کرتے ہیں، تو وہ اپنی بہترین کارکردگی کا مظاہرہ کرتے ہیں۔ ہم رضا کارانہ کام کو اپنے ملازمین کے لیے اپنی مہارتوں، مصلحتوں اور ٹیم کی مصروفیت میں اضافہ کرتے رہنے کے ساتھ ساتھ مقامی کیونٹری کو واپس دینے کے بارے میں اچھا محسوس کرنے کے طریقے کے طور پر دیکھتے ہیں۔ اس سال کی سرگرمیوں میں شامل ہیں:

- ☆ ڈیف ریج اسکول اینڈ کالج کارشا کارانہ وزٹ
- ☆ ایٹن رحمت اللہ جینو ولینٹ لرسٹ ہسپتال (LRBT) کا وزٹ
- ☆ TCF میں کیریئر کاؤنسلنگ
- ☆ ایٹن ہسپتال کو خون کا عطیہ

OLPM مختلف خیراتی 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۔

- ☆ سٹیزن فاؤنڈیشن (TCF) جو کہ تعلیم فراہم کرتی ہے۔
- ☆ ایٹن رحمت اللہ جینو ولینٹ لرسٹ ہسپتال (LRBT)
- ☆ کڈنی سینٹر، گروے کی بیماریوں کے سلسلے میں سہولیات فراہم کرنے والا ہسپتال

دوران سال آڈٹ کمیٹی کی چار (4) میننگز منعقد ہوئیں، میننگ میں ہر ایک ممبر کی حاضری درج ذیل تھی:

ممبر کا نام	میننگ میں حاضری کی تعداد
جناب نوشروان عادل، چیئر مین	04
میماں فیصل ریاض	04
جناب راسن الفرسے	04

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

ممبر کا نام	میننگ میں حاضری کی تعداد
جناب ندیم ڈی خان، چیئر مین	02
جناب شاہین امین	02
جناب راحیل قمر احمد	02

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

ممبر کا نام	میننگ میں حاضری کی تعداد
محترمہ مریم عزیز، چیئر پرسن	01
جناب راحیل قمر احمد	01
جناب نوشروان عادل	01

9۔ بورڈ اور اس کی کمیٹیوں کا موجودہ اسٹرکچر:

درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد 07 ہے:

اسے - مرد: 06  
بی۔ - خواتین: 01

بورڈ اور اس کی کمیٹیوں کی تشکیل درج ذیل ہے:

ممبران کے نام	کمیٹیوں میں ممبر	درجہ بندی
جناب نوشروان عادل	چیئر مین آڈٹ اور رسک کمیٹی	آزاد ڈائریکٹر
جناب ندیم ڈی خان	چیئر مین ہیومن ریسورس اینڈ ریویژن کمیٹی	آزاد ڈائریکٹر
جناب راحیل قمر احمد	ممبر رسک، ہیومن ریسورس اینڈ ریویژن کمیٹی	ایگزیکٹو ڈائریکٹر
جناب شاہین امین	ممبر ہیومن ریسورس اینڈ ریویژن کمیٹی	نان ایگزیکٹو ڈائریکٹر
جناب راسن الفرسے	ممبر آڈٹ کمیٹی	نان ایگزیکٹو ڈائریکٹر
میماں فیصل ریاض	چیئر مین رسک کمیٹی اور ممبر آڈٹ کمیٹی	نان ایگزیکٹو ڈائریکٹر
محترمہ عائشہ قاسم		نان ایگزیکٹو ڈائریکٹر

ایگزیکٹو ڈائریکٹرز اور آزاد ڈائریکٹرز کے معاوضے مضاربہ منجبت کمیٹی نے ادا کیے تھے۔

سات میں سے چھ ڈائریکٹرز نے ڈائریکٹرز اینڈ ایگزیکٹو ڈائریکٹرز کے تحت اپنی تربیت مکمل کر لی ہے۔ محترمہ آسیہ قاسم نے 08 فروری 2022 سے بورڈ میں شمولیت اختیار کی اور اس کے مطابق ان کی

مضاربہ کے پروڈنشل ریگولیشنز کی تعمیل میں مبلغ 5,577 ملین روپے کی رقم قانونی ریزرو میں منتقل کی گئی ہے جس کا تقاضا ہے کہ مضاربہ کے بعد از ٹیکس منافع کا 20% سے کم اور 50% سے زیادہ اس ریزرو کو اس وقت تک منتقل کیا جائے جب تک کہ محفوظ ریزرو ادا شدہ سرمایہ کے 100% کے برابر ہو جائیں۔ اس کے بعد، بعد از ٹیکس منافع کی 5% رقم منتقل کی جاتی ہے۔

۶۔ کارپوریٹ اور مالیاتی رپورٹنگ کا فریم ورک:

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

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

☆ مالیاتی حسابات کی تیاری میں مناسب اکاؤنٹنگ کی پالیسیاں مستقل طور پر لاگو ہوتی ہیں اور اکاؤنٹنگ کا تخمینہ منقول 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 حتمی 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 آپریشننگ اور مالیاتی ڈیٹا کی تفصیل منسلک ہے۔

☆ میکسیمز ڈیویڈنڈ لیویز اور چارجز کی حد میں کوئی قانونی اوائلیاں نہیں ہیں جو کہ 30 جون 2022 تک بھایا ہوں، سوائے ان مالیاتی گوشواروں میں جن کا انکشاف کیا گیا ہے۔

۷۔ ٹیکسیشن:

موجودہ سال سے ہی مضاربہ پر آگم ٹیکس لاگو ہے کیونکہ آگم ٹیکس آرڈیننس 2001 کے دوسرے شیڈول کے پارٹ 1 کی شق 100 مضاربہ کو دستیاب ٹیکس چھوٹ سے متعلق ٹیکس قوانین (دوم) ترمیمی آرڈیننس 2021 کے ذریعے واپس لے لی گئی ہے۔ آگم ٹیکس آرڈیننس 2001 کا ایک نیا سیکشن 242 فنانس ایکٹ 2021 کے ذریعے متعارف کرایا گیا، سیکشن 242 اس بات کی وضاحت کرتا ہے کہ اسٹیٹی کی درخواست سے فائدہ اٹھانے والوں کے ساتھ کیا سلوک کیا جائے گا۔

اسٹیٹی واپس لینے کے نتیجے میں، موخر ٹیکس کے مضمرات ہیں جن کا اندازہ انتظامیہ نے ٹیکس ایڈوائزر کی مشاورت سے کیا ہے۔ جیسا کہ مضاربہ ٹیکس سال 2022 میں پہلی بار ٹیکس دینے قابل تھا۔ لہذا، انتظامیہ نے پچھلے سال کی طرح محتاط انداز میں موخر ٹیکس جو کہ مستثنیٰ مدت سے متعلق ہے کو تسلیم نہ کرنے کا فیصلہ کیا ہے کیونکہ عملی طور پر ممکنہ اختلافات پیدا ہو سکتے ہیں جن کا ابھی تک تصور نہیں کیا گیا ہے۔ نتیجتاً، ان کھاتوں میں مستثنیٰ مدت کا ٹیکس فائدہ لیے بغیر ٹیکس کے لیے موجودہ سال کی پروویژن کا حساب لگایا گیا ہے۔

۸۔ 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
شاجین امین	05
راہیل قراچہ	05
راسن القری	05
میاں فیصل ریاض	05
نوشردان عادل	05
ندیم ڈی خان	05
عائشہ قاسم*	02
مریم عزیز*	02

\*نوٹ: محترمہ عائشہ قاسم کا تقرر بطور ڈائریکٹر مورچہ 08 فروری 2022 کو ہوا، ان کا تقرر محترمہ مریم عزیز کی جگہ ہوا جنہوں نے اپنے اپنے عہدے سے استعفیٰ دے دیا تھا۔



30 جون 2021ء (روپے '000)	30 جون 2022ء (روپے '000)	
453,835	453,835	بیلنس شیٹ
1,158,672	1,138,605	سرٹیفکیٹس کی بیعتیں
2,244,264	1,811,424	مجموعی ایکویٹی
3,326,029	3,762,885	اجارہ فنانس اور اجارہ اثاثہ جات میں سرمایہ کاری
3,250,705	3,013,905	ڈیٹ ہینڈلنگ - مشارک اور سکوک میں سرمایہ کاری
		ریڈیم اسٹیل کی بیعتیں
		منافع اور خسارہ
749,445	786,281	آمدنی (اجارہ اثاثہ جات کی قدر میں کمی کے بعد)
347,822	420,288	مالیاتی چارجز
(37,781)	6,678	پرودہ چارجز میں منکوس (پرودہ چارجز)
188,384	193,252	عملی اخراجات
175,458	179,419	انتظامی فیس سے قبل از منافع
152,519	152,830	قبل از ٹیکس منافع
152,519	111,545	خالص منافع
		خصصات
152,519	111,545	سال کیلئے خالص منافع
47,930	6,353	شامل: غیر مختص شدہ منافع b/f
(54,858)	-	اکاؤنٹنگ پالیسی میں تبدیلی کا اثر - IFRS 9 کا اثر
145,591	117,898	دستیاب منافع برائے مختص
131,612	90,767	منافع کی تقسیم 20% @ (2021)
7,626	5,577	قانونی ری저رو
139,238	96,344	
6,353	21,554	غیر مختص شدہ منافع
3.36	2.46	آمدنی فی سرٹیفکیٹ

اللہ کے فضل و کرم سے زیر جائزہ سال کے دوران آپ کے مضاربہ کی کارکردگی مسلسل مضبوط رہی۔ مضاربہ کی مجموعی آمدنی (بشمول اجارہ اثاثہ جات کی قدر میں کمی اور دیگر آمدنی) 4.91 فیصد اضافہ کے ساتھ مبلغ 749.45 ملین پاکستانی روپے سے مبلغ 786.28 ملین پاکستانی روپے ہو گئی۔ خام ریونڈ میں اضافے کی وجہ سے موجودہ مالی سال کی آخری سہ ماہی کے دوران اوسط KIBOR میں اضافہ ہوا جو کہ پورے پورٹ فولیو فلوئنگ بنیادوں پر ہے۔ اسی طرح مالیاتی چارجز اور دیگر چارجز میں بھی 20.83 فیصد اضافہ ہوا جو کہ مبلغ 347.82 ملین پاکستانی روپے سے بڑھ کر مبلغ 420.29 ملین پاکستانی روپے ہو گئے جو کہ گزشتہ سال کے مقابلے میں بنیادی طور پر KIBOR کی اوپری جانب حرکت کی وجہ سے ہے جیسا کہ اوپر بتایا گیا ہے۔ ریگورڈی کی مضبوطی کو کمیشنوں کے باعث گزشتہ

# مضاربہ کمپنی کے ڈائریکٹرز کی 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے انٹیمو میں رپورٹ

OLP مروہز پاکستان (پرائیویٹ) لمیٹڈ (سابقہ ORIX مروہز پاکستان (پرائیویٹ) لمیٹڈ) (OSPL) کے بورڈ آف ڈائریکٹرز اور OLP مضاربہ (سابقہ ORIX مضاربہ) (OLPM) کی انتظامی کمیٹی، 30 جون 2022ء کو اختتام پذیر ہونے والے سال کیلئے OLPM کے ڈائریکٹرز کی انٹیمو میں رپورٹ بشمول آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ پیش کرتے ہوئے خوش محسوس کر رہے ہیں۔

## 1- معیشت:

پاکستان میں افراط زر کی شرح کافی بلند ہے اور بیرونی شعبے کے خطرات بھی معیشت میں ہیکرو اکنامک عدم توازن پیدا کر رہے ہیں۔ مزید یہ کہ موجودہ سیاسی صورتحال معاشی بے یقینی میں اضافہ کر رہی ہے، جس کی وجہ سے پاکستانی روپے کی قدر میں کمی ہو رہی ہے اور اس کا اثر پیداواری لاگت پر پڑ رہا ہے۔ یہ تمام عوامل معاشی نقطہ نظر کی صورتحال کو غیر یقینی بنا رہے ہیں۔ تاہم حکومت ان دباؤ کا مقابلہ کرنے کے لیے ہر ممکن اقدامات کر رہی ہے۔

بین الاقوامی اجناس کی قیمتوں میں اضافے کی وجہ سے ایشیا کی درآمدات میں اضافہ ہوا اور تجارتی خسارہ بڑھ گیا۔ تجارتی خسارے کو پورا کرنے کے لیے ورکرز کی ترسیلات کافی نہیں تھیں، جس کے نتیجے میں کرنٹ اکاؤنٹ خسارہ میں اضافہ ہوا۔ جون 2022 میں CPI افراط زر 21.3 فیصد ریکارڈ کیا گیا جو کہ گذشتہ سال اسی مہینے میں 9.7 فیصد تھا۔ MoM کی بنیاد پر، جون 2022 میں اس میں 6.3 فیصد اضافہ ہوا جبکہ مئی 2022 میں 0.4 فیصد اضافہ ہوا۔ افراط زر کی شرح 12.2 فیصد رہی جو کہ گذشتہ سال کی اسی مدت میں 8.9 فیصد تھی۔ خوراک کی بڑھتی ہوئی قیمتیں گاڑیوں کے ایندھن اور کھلی کے چارہ جڑ کے بعد بنیادی محرک ہیں۔ سپلائی چین میں رکاوٹوں، ٹرانسپورٹیشن کے زیادہ چارج اور ایشیا کی عالمی قیمتوں میں اضافے کے باعث مہنگائی میں اضافہ ہوا۔

تاہم، توقع ہے کہ حکومتی پالیسی اقدامات سے درآمدات میں کمی آئے گی، جبکہ ایشیا اور سرموہز کی برآمدات اور ورکرز کی ترسیلات زر کی بہتر کارکردگی آنے والے مہینوں میں کرنٹ اکاؤنٹ خسارے کو قابل انتظام سطح پر لے آئے گی۔ مشکل معاشی حالات کے باوجود، مالیاتی سال 2022 میں ٹیکس وصولی 6.0 بلین روپے سے تجاوز کر گئی۔ تمام ریونیو ہیڈز میں وسیع الہیاد شرح نمو کے باعث گذشتہ سال کے مقابلے میں مالیاتی سال 2022 میں خالص ٹیکس وصولی میں 29 فیصد اضافہ ہوا۔ تاہم، مالیاتی سال 2022 کے پہلے گیارہ مہینوں کے دوران، اخراجات نے آمدنی کی شرح نمو کو پیچھے چھوڑ دیا، اس طرح مالیاتی سال 2022ء میں GDP کا مالیاتی خسارہ اب بھی 7.1 فیصد پر رہنے کا امکان ہے۔

بڑھتی ہوئی مہنگائی کے جواب میں اسٹیٹ بینک نے پالیسی ریٹ کو 125 بنیادی پوائنٹس سے بڑھا کر 15.0 فیصد کر دیا۔ مائٹری پالیسی کو سخت کرنے اور بلند افراط زر کے ساتھ ساتھ خاص طور پر گزری مہنگائیوں اور کاسٹیکس جیسی غیر ضروری اور گلوبل ایشیا کی درآمدات پر پابندی لگا کر حکومت نے درآمدی طلب کو کم کرنے کے لیے اقدامات بھی متعارف کرائے ہیں۔

مالی سال 2023 کے آغاز میں زیادہ عالمی قیمتیں بھی بیرونی پوزیشنز پر منفی اثر ڈال رہی ہیں۔ پاکستان کے ایکٹیویٹیز یونڈ فیصلی (EFF) کی IMF کے 7 ویں اور 8 ویں جائزے کی کامیابی سے تکمیل کی اشد ضرورت تھی۔ حکومت نے جائزوں کو کامیاب بنانے کے لیے تمام مشکل فیصلے کیے ہیں اور 1.17 بلین ڈالر کے قرض کی قسط کے لیے اسٹاف لیول کے معاہدے تک پہنچ گئے ہیں۔

پاکستان کے اہم برآمداتی علاقوں میں اقتصادی ترقی کے نقطہ نظر میں بتدریج کمی کے باوجود، ملکی اقتصادی سرگرمیاں بدستور مستحکم ہیں۔ IMF کی جانب سے قسط آنے کے بعد ایڈیشنل فنڈنگ بھی ملے گی جو ہی مکمل جائیں گے۔ یہ طویل مدتی مقاصد پر توجہ مرکوز کرنے کی اجازت دیتا ہے۔

## The Chairman and CEO Role

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

### Chairman:

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

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



## Chief Executive:

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

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

## Composition of Board Committees

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

The Board has established following committees:

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

## Board Audit Committee

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

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

10. in relation to the internal audit function:

- (a) to review the scope and extent of internal audit, audit plan, reporting framework and procedures and ensuring that the internal audit function has adequate resources and is appropriately placed;
- (b) to review and monitor management's responsiveness to the internal auditor's findings and recommendations;
- (c) to monitor and assess the role and effectiveness of the internal audit function and to receive reports from the Head of Internal Audit on these matters;
- (d) to consider major findings of internal investigations of activities characterized by fraud, corruption and abuse of power and management's response thereto; and
- (e) to consider the appointment, resignation or removal of the Head of Internal Audit;

11. in relation to the external auditors:

- (a) to consider and make recommendations to the Board, on their appointment, re-appointment, resignation or removal which will be put to shareholders for approval in general meeting and in the case of Modaraba, for approval in the meeting of the Board;
- (b) to approve the terms of engagement or delegate the same for approval by the CEO, nature and scope of their audit and the effectiveness of the audit process;
- (c) to review any representation letter(s) requested by the external auditor before they are signed by management or delegate this matter to the CEO;
- (d) to review the management letter and management's response to the auditor's findings and recommendations;
- (e) to review the independence and objectivity of the external auditors and to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
- (f) agree the adequacy of the employment with Modaraba of former employees of the external auditor;
- (g) to ensure coordination between the internal and external auditors;
- (h) to review the findings of their audit including any major issues that arose during the course of the audit that have subsequently been resolved and any unresolved audit issues. To consider key accounting and audit judgements, the level of errors identified during the audit, obtain explanations from management and, where necessary, the external auditors as to why audit differences remain unadjusted; and

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

22. to give due consideration to laws, regulations and the requirements of the Code of Corporate Governance and Listing Rules as appropriate;
23. to review these Terms of Reference once in three years and recommend any changes to it.

**Human Resource & Remuneration (HR&R) Committee:**

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

The Committee shall:

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

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

#### Reporting Responsibilities

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

#### Board Risk Committee:

The responsibilities of the BRC shall be:

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

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



# INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of OLP Modaraba

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of OLP Services Pakistan (Private) Limited, the Management Company of OLP Modaraba (the Modaraba) for the year ended June 30, 2022 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the 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, 2022.

**A. F. Ferguson & Co.**

Chartered Accountants

Karachi

Dated: September 30, 2022

UDIN: CR2022100614Lkxi0J7Z

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 OLP SERVICES PAKISTAN (PRIVATE) LIMITED (FORMERLY ORIX SERVICES PAKISTAN (PRIVATE) LIMITED) YEAR ENDED JUNE 30, 2022

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 Directors	Mr. Nausherwan Adil Mr. Nadim D. Khan
Non-Executive Directors	Mr. Shaheen Amin Mr. Ramon Alfrey Mian Faysal Riaz Ms. Aseya Qasim
Executive Director	Mr. Raheel Qamar Ahmad
Female Director	Ms. Aseya Qasim

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

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

Non-banking experience especially in SME sector. OLP is the leading company in its industry and Modaraba's line of business is identical to that of OLP. Directors appointed on the Board of the Modaraba carry vast experience in the fields of Client Relationships, SMEs, Finance, Credit and Risk Management. These directors from OLP are in a position to provide valuable input to OLPM while making decisions in various fields due to their experience in the relevant field.

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board the of Management Company/ certificate holders of the Modaraba (where applicable) as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board.
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has provided training to all its directors.
10. The Board has approved appointment of chief financial officer, company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed following committees comprising of members named below. -

**a) Audit Committee**

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

**b) Human Resource and Remuneration Committee**

- 1). Mr. Nadim D. Khan – Chairman
- 2). Mr. Shaheen Amin- Member
- 3). Mr. Raheel Qamar Ahmad - Member

**C) Risk Committee**

- 1). Mian Faysal Riaz - Chairman
- 2). Mr. Nausherwan Adil- Member
- 3). Mr. Raheel Qamar Ahmad- Member

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

14. The frequency of meetings (quarterly/ yearly) of the committee were as per following,-

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

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

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

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

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



**SHAHEEN AMIN**  
Chairman

Dated: September 15, 2022



### 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, 2022. 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 1st time implementation of income tax on income of modaraba for the year;
- Review of implementation of IFRS-9 in respect of provisioning against financing;
- Update on the measures taken by the business to safeguard employee and client welfare;
- Review reports on the effectiveness of overall internal control environment issued by Internal Audit Department as per approved audit plan; and

- Review of all other key judgements and estimates applied by management in preparing the financial statements. The Committee inquired as to the appropriateness of these judgements considering the principal risks, the wider economic conditions in which the business operates and the need to ensure the financial statements are fair, balanced, and understandable.

The external auditor, A. F. Ferguson and Co., Chartered Accountants, were also invited to discuss key matters identified by them in relation to annual audit of OLPM for the year ended June 30, 2022 in accordance with the requirement of SECP Listed Companies (Code of corporate governance) Regulations, 2019.

I would like to thank the management team at OLPM and all Committee members for their valuable contribution and support during what has been an extraordinary year.

**Nausherwan Adil**

Chairman of the Audit Committee  
September 23, 2022

**Membership and meetings**

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

**Members**

Nausherwan Adil	Chairman
Ramon Alfrey	Member
Mian Faysal Riaz	Member

The Committee members meeting attendance table is shown on page 69 of the OLPM Annual Report 2022.

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 34 and 35 of the OLPM Annual Report 2022.

The terms of reference were most recently reviewed in April 2021 and were considered by the Board to remain appropriate.

**Audit Committee and Attendance**

During the year, the Committee held four scheduled meetings. The Chairman and all members attended all this year's meetings. The Committee meets without management present on a regular basis, and meets privately with Head of Internal Audit and the external auditor as necessary and at least annually. Executive director is invited to attend Committee meetings regularly in order to reinforce a strong culture of risk management and to keep the Committee up to date with events in the business.

**Audit Committee's performance evaluation**

Annual evaluation of the Audit Committee's performance was undertaken as part of the Board evaluation process. As part of the Modaraba's annual compliance with the Code, this being the third year, an external evaluation was undertaken by Famco Associates (Pvt.) limited, of the skills and experience of the Board and all its committees which is yet to concluded. However, last year's internal evaluation concluded that the Committee is very well chaired, provides a strong, constructive, and knowledgeable challenge, and contains the right level of expertise.

## Role of the Committee

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

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

### Committee activities during 2021/22:

#### *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 reviewed 1st time implementation of income tax on income of the modaraba for the year ended June 30, 2022 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 recognizing the importance of the views of the external auditor made enquires to ensure that suitably robust challenges and audit procedures had been performed on these 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:

- the Annual Report and Accounts is 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 monitors and reviews the scope, extent, and effectiveness of OLPM's internal audit function. Regular presentations and updates are given to the Committee by the Head of Internal Audit. The Committee has approved the internal audit terms of reference, which sets out the role, accountability, authority, independence, and objectivity of the function.

## Risk Management and Internal Control Review

The Internal Audit function provides independent assurance through reviewing the risk management processes and internal controls established by management. The Committee considers matters raised through audit reports and the adequacy of management's response to them, including the time taken to resolve any such matters. The focus areas for internal audit during the year included review of Business operations and related back-office controls to mitigate key risks associated with OLPM business. Internal Audit also reviews processes supporting OLPM's Human resource operations, payroll activities and compliance with Board approved HR policies. The Internal Audit team also focused on information security and compliance, with reviews performed over the system security operations and change management practices, as well as organization's information technology infrastructure, applications, data use and management, policies, procedures and operational processes against recognized standards or established policies and evaluates if the controls to protect information technology assets ensure integrity and are aligned with organizational goals and objectives.

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 2021 which covered the activities to be performed till Sep 2022. The internal audit plan is determined based on the Audit Universe which sets out all auditable areas of the business and assigns each area a risk level and recommended audit frequency. The internal audit plan is aligned to the OLPMs principal risks.

Areas highlighted for audit on the current plan include a greater focus on operational risks in areas of Anti-Money Laundering and Countering Financing of Terrorism including compliance with the requirements of SECP (Anti Money Laundering and Countering Financing of Terrorism) Regulations, 2020 and related guidelines issued by SECP from time to time.

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

### **External auditor**

The Audit Committee is responsible for recommending to the Board the appointment, re-appointment, remuneration, and removal of the external auditor. A resolution to propose the re-appointment of PwC was approved by the Board of Directors in 2021. When considering whether to recommend the re-appointment of the external auditor, the Committee considers a range of factors, including the effectiveness of the external audit, the period since the last audit was conducted, and the ongoing independence and objectivity of the external auditor.

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

PwC conducted its third audit of OLPM's financial statements for the year ended June 30, 2022, following a competitive onboarding process. Noman Abbas Shaikh, the Lead Audit Partner, has held his position since onboarding in 2019, and can serve a maximum term of two more annual audit cycles.

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

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

#### **b. Non-audit work carried out by the external auditor**

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

During the year, PwC's audit fee amounted to PKR 949,701 (excluding sales tax on services) and its non-audit fees were PKR 491,182 (excluding sales tax on services) in total. In line with the Committee TORs, appropriate advance approval was obtained from the Committee. Non-audit fees related to services provided in relation to the review of IFRS-9 model and review of compliance with Code of Corporate Governance and other certification required under applicable laws. The major decline in non-audit fee as compare to last year is due to the fact that one time fee was paid to auditors for implementation of IFRS-9

Further details are provided in Note 23.3 to the financial statements.

### c. Effectiveness and reappointment

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

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

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

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

Having reviewed the auditor's independence and the effectiveness of its audit, the Committee is satisfied that PwC should be re-appointed as external auditor for the 2022/23 financial year.

### Whistleblowing

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

### Other matters

Other matters reviewed by the Committee during the year were:

- Transactions with Related Parties and recommendation to the Board of Directors for its approval;
- The Modaraba's Shariah compliance with its regulatory requirements with particular focus on the review of Shariah Advisor annual report and Shariah Internal Audit quarterly reports; and
- Preliminary announcements of results for the year end and all quarterly results prior to communication to Pakistan Stock Exchange and publication of Announcement on QLPM website.

The Committee reported to the Board on how it has discharged its responsibilities and the key matters arising at each meeting. All recommendations were accepted by the Board.

# GOVERNANCE

## The Board

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Modaraba. The management and governance framework, which the Board has implemented to support the Modaraba's long-term growth objectives, is set out on page xx. 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 70.

The Board has five (05) scheduled meetings during the year; additional meetings are arranged, if required. The Board committee meetings are scheduled around the regular Board meetings.

## Composition of the Board

Category	Number
Independent Directors	02
Executive Director	01
Non-Executive Directors	04
Female Director	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). He is not serving as a director on more than seven listed companies.
- 2). He does not hold any interest in the certificates/ shares of OLP Modaraba other than that disclosed in the pattern of shareholding
- 3). Neither he nor any of his spouse / minor children have not (sold, bought or transacted), whether directly or indirectly, in certificates of OLP Modaraba.
- 4). He have not, directly or indirectly, dealt in the certificates of the Modaraba in any manner during the closed period.
- 5). He have not defaulted in payment of any loan to a banking company, a DFI or a NBFIs. Further, I am not a broker of a stock exchange.

## Female Director

On February 08, 2022, Ms. Aseya Qasim Joined the Board as female director in placed on Ms. Maryam Aziz. She is working in OLP Financial Service Pakistan Limited in the capacity of Head OLPL Micro & Agri Finance Division due to which no external consultancy was approached for her appointment.

## Decision taken by Board or delegated to management

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

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

## The Management:

The Management is responsible to manage the daily business affairs of the Modaraba in an effective and ethical manner in conformity with the strategies and goals approved by the Board and to identify and manage the principal risks and opportunities which could impact the Modaraba in carrying out its business.

## Governance practice addition to Legal requirements:

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

### Carbon Reduction committee:

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

### Customer Experience Forum:

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

### Principals Committee

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

### **Country Operation Risk Committee- 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.

### **Related Party Transactions:**

All related party transactions, during the year 2022, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly reviewed by the Audit Committee and approved by the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the Board previously. The Modaraba also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 34 to the financial statements.

### **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.

### **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.

## 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:

## Whistle Blowing Policy

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

## OLPM Risk Tolerance Approach

The Risk Management Framework defines Risk Tolerances (RT) as boundaries that determine the maximum level of risk the entity is ordinarily willing to take in pursuit of its strategy, in accordance with its Risk Management Principles. RTs must constrain risk to the levels where the potential for any financial or reputational damage is consistent with the sustained pursuit of strategy and in line with the reasonable expectations of stakeholders.

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

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

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

- The OLPM will systematically identify Top Risks and emerging risks with the involvement of Senior Management and the Board, and define the appropriate treatment which may include business restrictions;

- All processes will be mapped and owned with appropriate key control standards defined to mitigate risks;
- The OLPM will not miss any opportunity to learn lessons from internal or external events and will implement relevant mitigation actions; and
- The OLPM will systematically test internal capital adequacy through scenario analysis and stress testing.

### **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
- Employee Discipline Policy
- Employee Equal Opportunity, Diversity and Dignity at Work Policy
- Leave Policy
- Speak Up Policy
- Employee Grievance Policy
- Educational Assistance Policy
- Sexual Harassment Policy
- Local Relocation Policy
- Subsidy Policy
- Hospitalization Insurance / Takaful Policy
- Conflicts of interest

### **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 perform succession planning session after every three years. Identify successors for all critical 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.

### **Business Continuity Plan**

"In the event of any untoward and unexpected situation, our businesses are fully equipped to initiate their BCP response protocols; therefore, ensuring the continuity of important operations at the very least and restoration of key operations."

OLPM believes that business disruptions can constitute serious risks to the reputation of an organization and

its ability to operate effectively. Therefore, the Board of Directors of Modaraba has approved a comprehensive BCP to ensure that the Modaraba has an updated Business Continuity and Disaster Recovery plan for the continuity of its critical operations in case of any extraordinary circumstances. The plan caters for the following scenarios/assumptions:

All the HR policies mentioned above are available in writing, approved by Board of Directors, implemented and shared with all staff of OLPM. In addition to this succession planning is also executed at OLPM.

In addition to the compliance of regulatory requirements, a formal Code of conduct is in place for avoidance of known or perceived conflicts of interest among board of directors' members and employees. Under the Modaraba Management Company's Articles of Association, to the extent permitted by the Companies Act 2017, permit the Board to consider and, if it sees fit, to authorize situations where a Director has an interest that conflicts, or may possibly conflict, with the interests of the Modaraba. The Board has in place procedures to deal with Directors' conflicts of interest arising under Section 213 of Companies Act 2017 and these procedures are considered to be effective. Furthermore, Board members exercise their due rights of participation in proceedings of Board meetings. The minutes of the proceedings are comprehensively prepared and any reservation of the Board members are appropriately documented, for further evaluation as to qualification for conflict of interest.

#### **Formal Orientation Course:**

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:**

Presently six out of seven 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. The certification of remaining one directors will be planned in near future.

#### **Foreign Director:**

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

### **Policy for Remuneration to Non-Executive Directors:**

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

- The Modaraba will not pay any remuneration to its 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.

### **Board performance Evaluation:**

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

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

The Board of Directors is keen to ensure that it reviews the effectiveness of its performance periodically. To that end, all individual Board members answer a comprehensive questionnaire focused on evaluating, from various angles, whether the Board has discharged its duties diligently and with foresight. Company secretary is designated to collate individual responses and present them to the Board for deliberation and discussion. This exercise in critical self-assessment allows the Board to evaluate its performance and overall effectiveness in setting strategies, devising control processes, reading market trends by monitoring micro and macroeconomic factors, and responding to adverse unforeseen situations to further the cause of a learning organization. This process also ensures that the Board is constantly growing intellectually and the responsibility of steering the Modaraba to new heights of success is discharged effectively and efficiently.

External Consultant for Board Performance Evaluation:

As approved by the Board that an independent Board performance evaluation should be conducted from external consultant once in every three years. Therefore, M/s Famco Associates has been appointed to conduct an independent performance evaluation exercise for the year ended June 30, 2022. Previously independent performance evaluation exercise was conducted by M/s Famco Associates for the year ended June 30, 2019.

#### **Diversity and dignity at work:**

The Modaraba has set a policy to ensure fair, diversified and inclusion and provision of opportunities for employees to fulfill their potential within an appropriate and fair working environment and become a well-known equal opportunity employer in the market.



## **IT Governance**

Recognizing IT Governance as a critical part of overall corporate governance, 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**

Risk analysis is an ongoing process which is done to identify the type and level of controls that need to be applied to information and systems use. Changes in risk must be monitored to ensure controls remain adequate.

### **Business ownership of risk**

The business owner for each application is aware of information security risks and is accountable for ensuring that either suitable controls are in place or risks are formally accepted.

### **Access control**

Staff must have an authorised business need to know to access the entity's systems and information.

### **Use of information and systems.**

Staff is educated in how to secure the information they create and use, and how to use the systems they access securely.

### **Classification of information**

Data classification is provided through role based access control and need to know basis. Breaches, based on the severity, to data confidentiality guidelines are dealt with under disciplinary procedures.

### **Physical protection of information**

Systems and information within the entity's premises are protected through physical access and monitoring measures.

### **Personnel management**

Staff must be recruited, trained and managed so as to minimise the risks of the misuse or abuse of systems and to avoid conflicts of interest regarding the security of information and systems.

### **Monitoring of usage**

The secure use of systems and handling of information is actively monitored, tested and appropriate measures must be taken to ensure that the Information Security is maintained. Details are escalated to IT Steering Committee.

### **Appropriate use**

Acceptable use policy is shared with staff upon hiring and a signed copy of the same is placed in their file which is provided and maintained by HR Department.

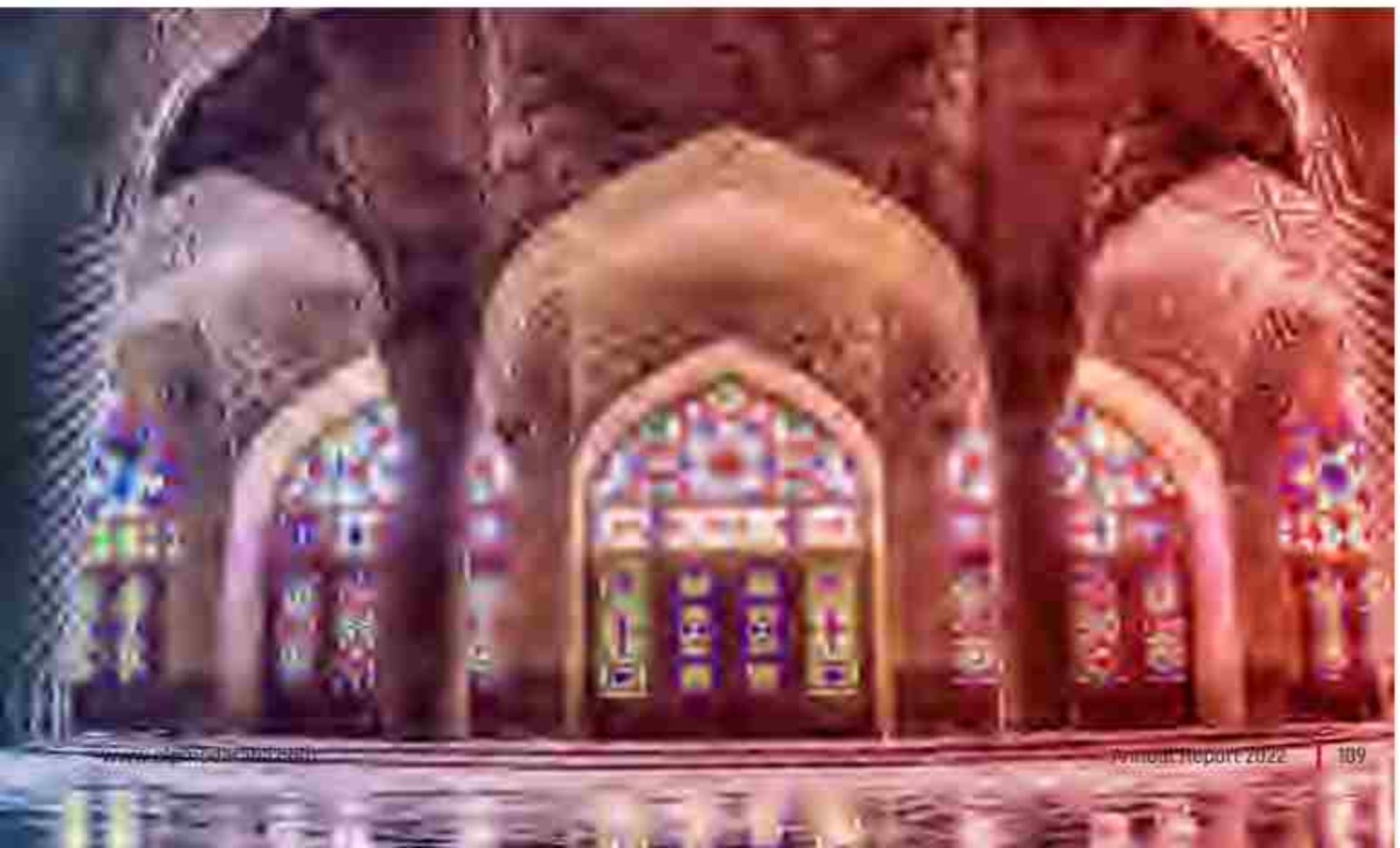
## Shariah Mechanism

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

In order to uphold these principles, OLPM has devised a proper mechanism for Shariah Governance. This mainly includes appointment of a Shariah Advisor who reviews and ensure that the business conducted, the transactions carried out and the investment made by OLPM are in accordance with Shariah principles and are in line with its prospectus duly approved by Religious Board of SECP. Moreover, OLPM has developed product program of each of its product offered, which are duly reviewed and signed by the Shariah Advisor. All process flows of products are also approved by the Shariah Advisor. In addition, OLPM has a Shariah Internal Auditor who reviews the transactions on a regular basis to validate OLPM's compliance with Islamic principles.

### Shariah Advisor Profile

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



## Shariah Advisor's Report

I have conducted the Shariah review of OLP Modaraba (Formerly ORIX Modaraba) [managed by OLP Services Pakistan (Private) Limited - Formerly ORIX Services Pakistan (Private) Limited], Modaraba Management Company for the year ended June 30, 2022 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. OLPM arranged inhouse Shariah Compliance Training for its staff across three different offices via video conference call. The purpose of the training was to highlight the Shariah Compliance requirements related to product and services being offered by the OLPM. The target audience was new joiners but good number of experienced and senior members of the team also attend the training.
- iii. Shariah Advisor continues to provide guidance on Shariah compliance in Modaraba's process flows and other product related documentations to Senior Management Personnel.
- iv. 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.
- v. To the best of my information and according to the explanations given to me time to time, 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.
- vi. Profit sharing ratios conform to the basis and principles of scheme approved by SECP religious board.
- vii. During the period, no earnings were realized from the sources or by means prohibited by Shariah and funds credited to charity account were recovered from the clients as late payments charges and paid to Board approved charitable institutions accordingly.

## Recommendation

It is again strongly 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: September 06, 2022



# SUSTAINABILITY

## 01 Sustainability and Corporate Social Responsibility (CSR)



## SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

OLP Modaraba (Formerly ORIX Modaraba) is committed to conducting business responsibly and investing in communities for their sustainable development. Corporate Social Responsibility is, therefore, an integral part of OLPM's way 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:** An executive committee responsible for implementing the environment arm of the Modaraba's 'Building a Sustainable Business' strategy and responsible for the oversight, governance, and delivery of the sustainability agenda. 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.

**CARBON REDUCTION INITIATIVE:** The purpose of this Initiative is to reduce the Carbon Footprint of OLPM in order to have a healthy impact on our surroundings. It suggests ways to reduce Carbon emission and plan employee volunteering activities that would help in reducing carbon footprint. Log of paper usage is maintained and employees with less usage are encouraged and rewarded. OLPM intends to be a carbon neutral Modaraba by 2025. The Company has installed Light Emitting Diode (LED) lights in office premises. The Committee ensures minimum utilization of electricity after office hours and by using natural day light during lunch breaks.

**VOLUNTEERING COMMITTEE:** This Committee was formed to plan, organize and manage the staff. OLPM's primary operation is Islamic financing and all its activities are carried out within environmental and social guidelines. In addition to the entity, our employees also volunteer for both social and environmental causes.

**WELL-BEING COMMITTEE:** The fund is specifically utilised to support children of non-Clerical staff's education, health and their wellbeing.

**SUPPORT/ INITIATIVE COMMITTEE FOR SOCIAL WELFARE:** The purpose of this Committee is to develop a pool of possible solutions to address environmental hazards in our surroundings that will create/ promote environmental awareness among the staff and in the society.

Some initiatives include;

### 1. MEDICAL CAMP:

OLPM under the supervision of professionals, organized "Medical Camp" in collaboration with "Advanced Laboratories" for employees in office premises. In this camp employees were provided basic tests free of cost, other medical test on discounted rate and free medical consultation from General Physician



## 2. HEALTH & SAFETY FACILITY AT OLPM:

- Medical first aid box
- Manual and automatic Fire extinguishers
- smoke alarms and detectors
- Designated Fire Marshall and Fire wardens with necessary supplies and apparatus.
- Drills are conducted to measure and improve evacuation time in case of any disaster or emergency.
- Health and safety incidents (if any) are escalated to Country Operational Risk Committee meetings
- All employees are under Health & Group life Insurance coverage.
- Day care allowance to support married females
- Premium quality drinking water
- High level hygiene standards while serving tea or coffee
- Smoking is strictly prohibited within the office premises

## 3. WOMEN'S DAY :

In view of gender equality and to celebrate the achievements of women, OLPM hosted a breakfast at Marriot and distributed gift vouchers among all female employees.



## 4. BREAST CANCER AWARENESS SESSION:

In view of gender diversity and wellness in the month of October "Breast Cancer "awareness session was conducted by a professional Oncologist for female staff. OLPM staff wore pink ribbon on the occasion to show its solidarity to the cause.



## 5. ANNUAL DINNER :

In order to boost employee morale, validate their contribution to overall performance of Modaraba and promote their creativity, OLPM hosted Annual Dinner for all Employees



## 6. ENERGY EFFICIENT LIGHTING

Signing Ceremony of Risk Guarantee Fund Transaction on 3rd November 2021 For The GEF Funded UNEP-NEECA Project on delivering the Transition to Energy Efficient Lighting in Residential, Commercial, Industrial and Outdoor Sectors in Pakistan.

NEECA is implementing the subject project in collaboration with UNEP. The objective of which is to secure significant global climate change mitigation and environmental benefits by instituting efficient lighting policies and creating a framework of innovative financial mechanisms, which would promote innovative and high efficiency

products meeting the standards set through Minimum Energy Performance Standards (MEPS). In order to facilitate and promote energy efficient lighting for achieving the overall objective of the project, NEECA through its subsidiary Energy Conservation Fund (ECF) in association with the Financial Institutions will provide partial guarantee for making this transition to energy efficient lighting possible. A first of its kind transaction signed on Wednesday 3rd November 2021 at 3:00 p.m. between Image Pakistan Ltd., as the borrower, OLP Modaraba as the lender and ECF providing the partial Risk Guarantee.



## 7. DONATIONS:

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

- The Citizens Foundation (TCF) that provides education
- Layton Rahmatulla Benevolent Trust Hospital (LRBT)
- The Kidney Centre, a hospital providing facilities in relation to kidney diseases
- Sindh Institute of Urology and Transplantation (SIUT) which focuses on urological diseases
- Professional Education Network, a trust providing professional education
- Family Educational Services Foundation (FESF)- Deaf Reach Program



## 8. EMPLOYEE VOLUNTEERING:

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

- Visit to Deaf reach school & college
- Visit to Layton Rahmatulla Benevolent Trust Hospital (LRBT)
- Career counselling at TCF
- Blood donation to Indus Hospital

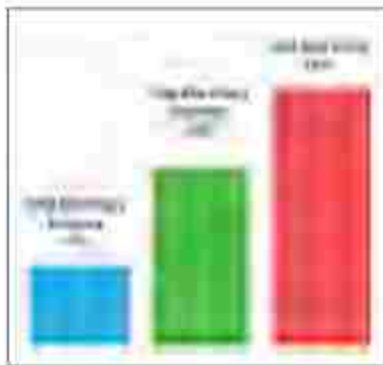
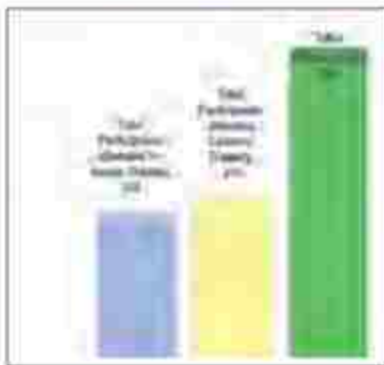
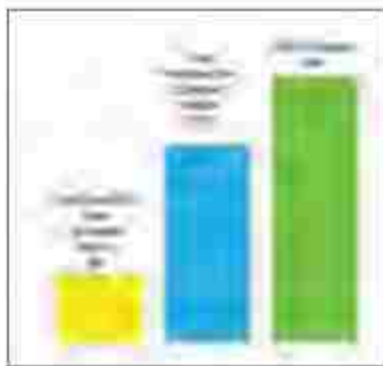
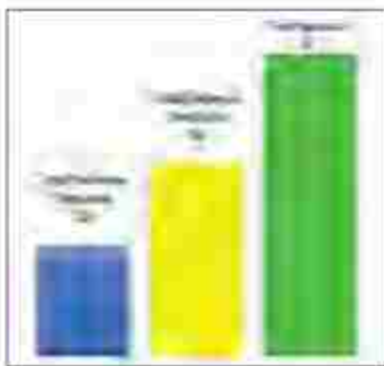


# TRAIN TO GROW

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

In the year 2021-2022 multiple training programmes on AML/CFT, Anti Sexual Harassment Legislation, IFRS-9, Shariah Audit Course, Asian Development Bank Islamic Finance Capacity Building Programme sponsored a project with IFAAS and SECP on Islamic Products were arranged through Internal and External portal.

Six months training programme was arranged for all staff members sponsored from the CEO Dr. Sadia Javed Rajput, The British School of Etiquette Pakistan's holistic approach, provides individuals the formula to be the top one percent. They provide students an exquisite experience that helps them perfect a distinctive style so that they could have the discipline, focus and drive of Quaid-e-Azam Muhammad Ali Jinnah (Our role model).



# STAKEHOLDERS

- 01 Stakeholders Relationship & Engagement
- 02 Pattern of Certificate Holding



# 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.




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.

## Issues raised at last ARM

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

 <p><b>Our Clients</b></p>	<ul style="list-style-type: none"> <li>• Timely and informative end to end service</li> <li>• Ease of access to information</li> <li>• Legal expertise</li> <li>• Timeliness</li> <li>• Safety</li> <li>• Data security</li> </ul>	<ul style="list-style-type: none"> <li>• Client support service</li> <li>• Modaraba reports</li> <li>• Marketing and communications</li> <li>• Client feedback</li> <li>• Annual Report</li> <li>• ARM</li> <li>• Modaraba Website</li> </ul>
 <p><b>Regulatory bodies</b></p>	<ul style="list-style-type: none"> <li>• Compliance with regulations</li> <li>• Worker pay and conditions</li> <li>• Health and Safety</li> <li>• Brand reputation</li> <li>• Waste and environment</li> <li>• Insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Modaraba website</li> <li>• Stock exchange announcements</li> <li>• Annual Report</li> <li>• Direct contact with regulators</li> <li>• Compliance updates at Board Meetings</li> <li>• Consistent risk review</li> </ul>
 <p><b>Community and Environment</b></p>	<ul style="list-style-type: none"> <li>• Sustainability</li> <li>• Human Rights</li> <li>• Energy usage</li> <li>• Recycling</li> <li>• Waste Management</li> <li>• Community outreach and CSR</li> </ul>	<ul style="list-style-type: none"> <li>• Philanthropy</li> <li>• Oversight of corporate responsibility plans</li> <li>• CSR initiative</li> <li>• Workplace recycling policies and processes</li> </ul>

The Chairman of the meeting 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 answer certificate holders' questions on the Audit Committee's activities / Matters that are within the scope of the Audit Committee responsibilities. The MD/ CEO briefed the holders about the Modaraba's performance for the last financial year and also provided updates on how the management is working to safeguard the interests of the certificate holders and maximize their value creation. In addition to brief financial performance overview, the queries and concerns of certificate holders were also addressed appropriately in a question and answer session. The certificate holders appreciated the performance of the Modaraba. The Meeting was attended by the CEO, Directors, CFO, Company Secretary, Head of CRC, Head of Compliance and Legal & Head of internal Audit. External Audit representatives also attended the meeting.

### Encouragement of Minority Certificate holders to Attend the Annual Review Meetings

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

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

### Investor Relations Section on Website

We are continuously exploring new opportunities to create further value for our certificate holders and investors to give them a better return on their investments. The website of OLPM ([www.olpmodaraba.com](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 2021, 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)

Pattern of holding of certificates by the certificate-holders as at June 30, 2022

Number of Certificate holders	Certificate holding		Total Certificates held
	From	To	
1,490	1	50	2,7993
608	51	100	4,4411
3,551	101	500	1,067,528
1,049	501	1,000	819,317
1,168	1,001	5,000	2,683,765
203	5,001	10,000	1,515,560
339	10,001	3,75,000,000	39,224,956
<b>8,408</b>			<b>45,383,530</b>

Certificate-holders Category	Number of Certificate-holders	Number of Certificate Held	Percentage %
INDIVIDUALS	8,321	23,656,460	52.13
FINANCIAL INSTITUTIONS **	11	8,227,729	18.13
INSURANCE COMPANIES	11	5,740,394	12.65
MODARABAS / MODARABA MANAGEMENT COMPANIES*	7	4,571,201	10.07
JOINT STOCK COMPANIES	34	2,095,813	4.62
OTHERS	24	1,091,933	2.41
	<b>8,408</b>	<b>4,538,3530</b>	<b>100.00</b>

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

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

Categories of Certificate-holders	Number	Certificates held	Percentage
<b>Associated Companies, Undertakings and Related Parties</b>			
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
<b>Mutual funds</b>			
CDC - TRUSTEE NATIONAL INVESTMENT	1	3,677,560	8.10
<b>Directors, CEO &amp; their Spouse and Minor Children</b>			
Mr. Shaheen Arnin	1	100,000	0.22
Mr. Nadim D. Khan	1	6,049	0.13
Executives	-	-	-
<b>Public Sector Companies and Corporations</b>			
	-	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas	1	3,677,560	8.10
Certificate-holders holding five percent or more certificates in the Modaraba (other than those reported above)	-	-	-



# PERFORMANCE

- 01 Key Financial Ratios & Graphs
- 02 Comments on Key Financial Data
- 03 Horizontal & Vertical Analysis
- 04 Cashflow - (By Direct Method) & Free Cashflow
- 05 Segmental Analysis of Gross Income & Profit before Tax
- 06 Dupont Analysis & Share Price Analysis
- 07 Statement of Value added



## OLP Modaraba

(formerly ORIX Modaraba)

### KEY FINANCIAL DATA (Rupees in Million)

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total assets	6,707	6,750	7,246	6,966	6,953	5,962
Portfolio	5,574	5,570	5,863	6,225	6,327	5,449
Total disbursements	2,693	2,419	2,199	2,682	3,742	3,305
Current assets	2,351	2,504	2,363	1,790	1,174	591
Total liabilities	5,569	5,592	6,072	5,806	5,806	4,812
Current liabilities	3,690	3,902	4,937	4,207	4,206	3,468
Financing from financial institutions	1,587	1,398	1,240	1,934	1,636	947
Redeemable capital and deposits	3,487	3,827	4,449	2,435	3,849	3,581
Certificate-holders' fund (cum dividend)	566	592	615	608	601	610
Reserves	572	567	559	553	547	541
Certificate-holders' equity	1,138	1,159	1,174	1,161	1,148	1,151
Revenues from operations (net off depreciation)	786	749	932	742	522	458
Financial and other charges	420	348	599	448	266	204
Impairment loss / (reversal) against doubtful debts	(7)	38	10	(4)	(7)	(12)
Net Profit	112	153	127	126	120	128
Dividend including Bonus certificates	91	132	113	113	113	123

### SUMMARY OF CASH FLOW

Cash and cash equivalents at beginning of the year	769	1,038	433	409	368	257
Net cash generated from / (used in) operating activities	(93)	271	272	158	(916)	(340)
Net cash generated from / (used in) investing activities	16	37	52	18	9	14
Net cash generated from / (used in) financing activities	(178)	(577)	287	(152)	948	437
Net Increase / (decrease) in cash and cash equivalents	(255)	(269)	605	74	41	111
Cash and cash equivalents at end year	514	769	1,038	433	409	368

### Profitability Ratios

Profit before tax ratio	20.74	22.52	14.70	18.85	27.86	32.04
Gross Yield on Earning Assets	12.96	11.21	14.06	11.13	7.85	8.49
Gross Spread ratio	57.02	51.35	69.09	66.92	56.96	50.87
Cost/Income ratio	51.86	51.78	54.51	51.33	50.24	48.95
Return on Equity	9.71	13.07	10.92	10.92	10.47	11.03
Return on Capital employed	1.93	2.52	2.10	2.14	2.24	2.80

### Liquidity Ratios

Advances to deposits ratio	1.85	1.71	1.51	2.23	2.02	1.98
Current / Quick ratio	0.64	0.64	0.48	0.43	0.28	0.17
Cash to Current Liabilities	13.93	19.71	21.03	10.28	9.73	10.59

### Investment /Market Ratios

Dividend Yield ratio	72.50	16.57	13.89	16.13	15.05	11.57
Dividend Payout ratio	81.37	86.29	89.02	90.01	94.32	95.55
Cash Dividend per certificate	20.00	29.00	25.00	25.00	25.00	27.00
Cash Dividend per certificate	2.00	2.90	2.50	2.50	2.50	2.70
Earnings per Certificate (EPC) basic and diluted	2.46	3.36	2.87	2.78	2.65	2.83
Break-up Value per share	25.09	25.53	25.88	25.57	25.29	25.34
Market value per certificate at the end of the year and high/low during the year	16.00	17.50	18.00	15.50	16.61	23.33
Market value per certificate - low	14.00	14.00	14.00	14.65	16.37	21.47
Market value per certificate - high	18.50	18.50	18.50	20.25	24.49	28.29
Dividend Cover ratio	1.23	1.16	1.12	1.11	1.06	1.05
Price Earnings ratio	6.57	5.21	6.41	5.58	6.27	8.26
Price to Book ratio	0.64	0.69	0.70	0.61	0.66	0.92

June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
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## KEY FINANCIAL DATA (Rupees in Million)

### Capital Structure Ratios

Earning assets to total assets ratio	90.78	93.91	95.24	95.56	96.88	97.55
Weighted Average cost of deposit	7.87	5.95	10.96	8.57	5.39	5.69
Net assets per share	25.09	25.53	25.88	25.57	25.29	25.34
Financial leverage ratio	4.04	4.01	4.35	4.07	4.35	3.22
Weighted average cost of debt	9.09	7.13	12.18	9.44	5.81	5.97
Debt to Equity ratio	1.79	1.52	1.11	1.71	1.67	1.30
Financial Charges Cover ratio	1.36	1.44	1.21	1.28	1.69	1.63

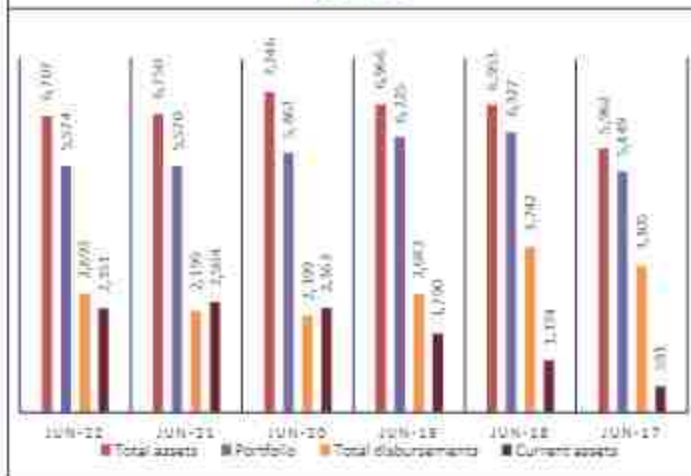
Revenue from Ijarah transaction is calculated on the basis rental income net off related depreciation for above ratios

### Non performing portfolio

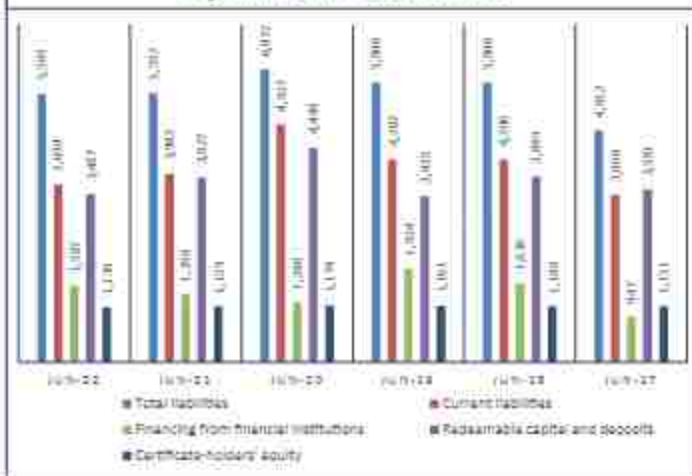
Ijarah	53.55	66.81	166.20	29.34	31.75	35.61
Diminishing Musharaka	183.08	125.36	331.11	25.37	-	-
Housing Finance	-	-	2.22	-	7.43	-
Sukuks	52.70	57.70	52.70	57.70	52.70	57.70
<b>Total</b>	<b>299.33</b>	<b>249.87</b>	<b>552.23</b>	<b>112.42</b>	<b>96.88</b>	<b>93.31</b>

## GRAPHS

### ASSETS

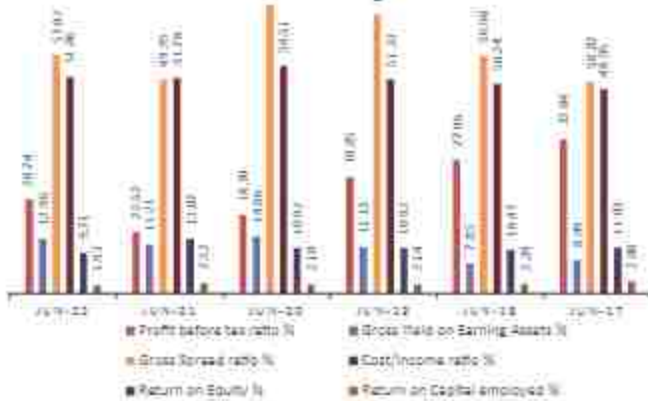


### EQUITY AND LIABILITIES

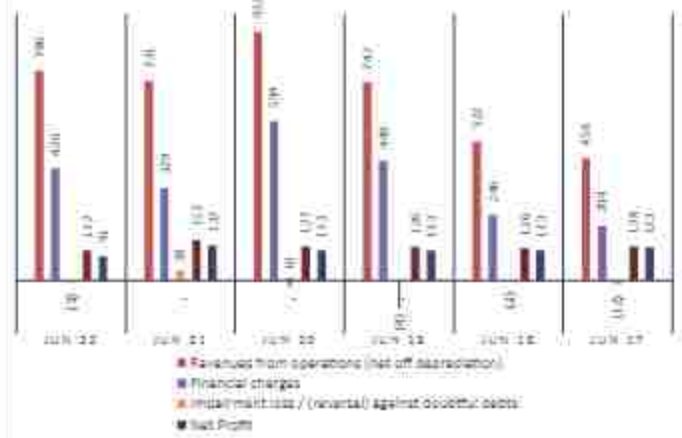


## GRAPHS

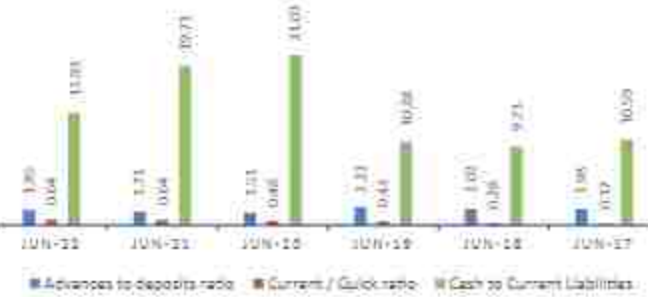
### PROFITABILITY RATIOS



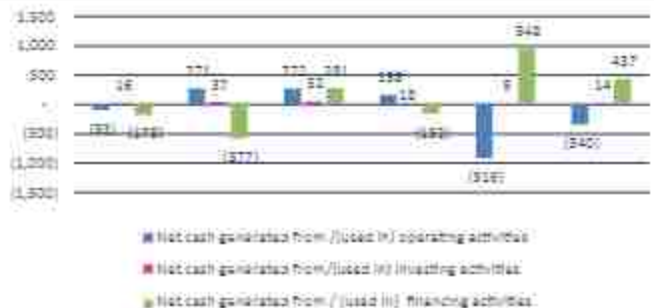
### PROFIT AND LOSS



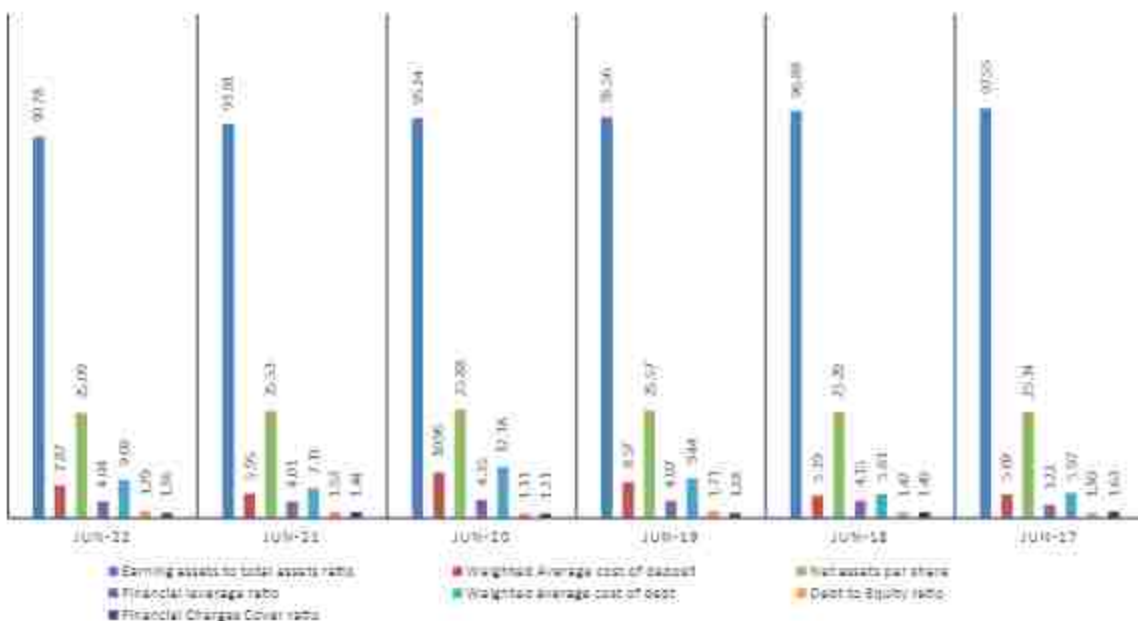
### LIQUIDITY RATIOS



### CASH FLOW



### CAPITAL STRUCTURE RATIO



# Comments on Key Ratios compared to last year

The financial year (FY) 2021-2022 faced several downturns such as significant enhancement of KIBOR and inflation which caused the economy towards downfall but modaraba has still managed to maintain its position in the market.

## Profitability Ratios

There was substantial increase in KIBOR rate during last quarter of current FY which resulted in increase in gross revenue. Consequently profit before tax ratio has been decreased and gross yield on earning assets has been increased. Gross spread ratio has been increased due to increase in financial charges. These are increased due to upward movement of KIBOR as stated above. Movement of KIBOR impact financial liabilities rapidly. However, it took almost six months to be translated this substantial increase in KIBOR into profit on assets as almost all our portfolio is on floating basis with majority of them repricing on biannually basis. Return on equity and return on capital employed has been decreased due to withdrawn of tax exemption in current FY on modaraba sector which gives the direct impact on profit and loss account amounted to Rs. 41 million.

## Liquidity Ratios

Advance to Deposit has been increased mainly due to replacement of short term COMs with long term musharakah finance as per our strategy to improve the current ratio. In Financial Services Modarabas, current ratio is always on lower side as Ijarah finances were classified as fixed assets due to implication of IFAS-2. Cash to current liabilities has been reduced due to less amount of bank balance compared to last year. We used to maintain a substantial amount of cash and bank balance to meet the liquidity challenges during COVID period. However, during current year we rationalize our cash requirements.

## Investment /Market Ratios

There is a decline in the following ratios mainly due to decreased of net profit during the current year compared to last year as these ratios are directly related to the net profit. This decrease of net profit was mainly imposition of tax during current year as already discussed above.

- Dividend Yield ratio
- Dividend Pay-out ratio
- Cash Dividend per share
- Cash Dividend per certificate
- Earnings per Certificate (EPC) basic and diluted
- Break-up Value per share
- Price to Book ratio

Price earnings ratio has been increased which shows that certificate holders has a confidence over modaraba and they are willing to pay more in order to hold the certificate.

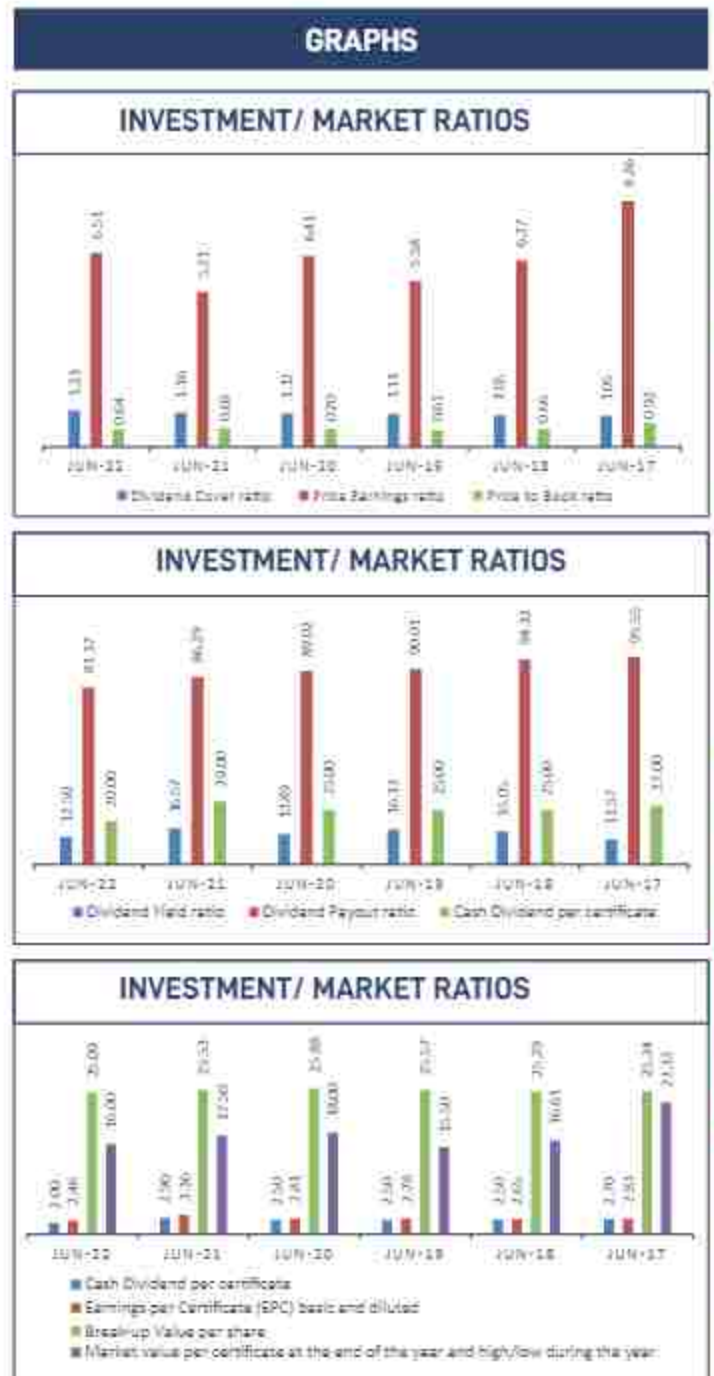
## Capital Structure Ratios

Earning assets to total assets ratio is declined due to reduction in cash balance maintained at the end of FY as stated above.

Weighted Average cost of deposit and debt is increased due to significant increase in KIBOR in last quarter of current FY. Debt to Equity ratio has been increased due to replacement of short term COMs with long term musharakah finance already discussed above.

## Non performing portfolio

During current year we manage to recover from some long outstanding dues. However, despite uncertain economic conditions of the country, non performing portfolio increased by 17.79% mainly due to delayed payment a customer. However the said customer was regularized in subsequent period.



**HORIZONTAL ANALYSIS**  
Balance Sheet (%)

**ASSETS**

**Current assets**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Cash and bank balances	(33.14)	(75.92)	140.13	5.67	11.38	37.67
Ijarah rentals receivable	9.92	(36.95)	69.45	4.34	11.79	(0.92)
Advances, deposits, prepayments and other receivables	45.95	80.50	(19.36)	107.80	320.87	(45.25)
Current portion of Diminishing Musharika	(2.10)	34.76	(6.75)	87.10	453.04	(39.88)
Taxation recoverable	(100.00)	13.94	10.15	0.02	0.04	265.72
<b>Total current assets</b>	<b>(6.10)</b>	<b>5.95</b>	<b>32.03</b>	<b>52.45</b>	<b>98.70</b>	<b>3.64</b>

**Non - current assets**

Long-term portion of Diminishing Musharika	23.25	(11.07)	10.72	5.13	115.43	(13.07)
Long-term portion of net investment in Ijarah finance	-	-	-	-	-	-
Ijarah assets	(19.29)	(14.74)	(16.17)	(18.09)	(13.89)	22.35
Deferred Taxation	100.00	-	-	-	-	-
Fixed assets in own use	348.01	(76.65)	(31.71)	(51.13)	(30.29)	(38.08)
<b>Total non-current assets</b>	<b>2.58</b>	<b>(13.04)</b>	<b>(5.66)</b>	<b>(10.44)</b>	<b>7.60</b>	<b>14.10</b>

**TOTAL ASSETS**

**LIABILITIES AND EQUITY**

**Current liabilities**

Current maturity of security deposits	(33.93)	20.02	7.16	12.28	(27.96)	20.01
Creditors, accrued and other liabilities	23.58	(0.52)	(12.54)	50.98	15.06	(12.78)
Advance Ijarah rentals received	(62.71)	(60.47)	(36.09)	(11.80)	3.56	(77.01)
Current portion of redeemable capital	(10.63)	(24.14)	29.46	(11.89)	13.39	30.34
Taxation payable	100.00	-	-	-	-	-
Unclaimed profit distribution	2.37	(1.21)	4.25	10.24	11.06	15.11
<b>Total current liabilities</b>	<b>(5.44)</b>	<b>(20.96)</b>	<b>17.36</b>	<b>0.01</b>	<b>21.30</b>	<b>23.64</b>

**Non - current liabilities**

Long-term portion of security deposits	(6.26)	(10.94)	(18.53)	(16.87)	(7.30)	28.81
Long-term portion of Musharika term finance	13.62	40.41	(24.52)	6.11	38.87	398.00
Long-term portion of redeemable capital	21.04	778.39	3.58	360.37	4,000.00	(99.97)
<b>Total non - current liabilities</b>	<b>11.20</b>	<b>48.86</b>	<b>(29.01)</b>	<b>(10.03)</b>	<b>18.95</b>	<b>3.67</b>

**TOTAL LIABILITIES**

**CERTIFICATE HOLDERS' EQUITY**

**Authorised certificate capital**

50,000,000 (2021: 50,000,000) certificates of Rs. 10 each

Certificate capital

Issued, subscribed and paid-up certificate capital

28,500,000 (2021: 28,500,000) certificates of Rs. 10 each

issued as fully paid in cash

16,883,530 (2021: 16,883,530) certificates of Rs. 10 each

issued as fully paid bonus certificates

Reserves	0.98	1.36	1.15	1.15	1.11	1.20
Unappropriated profit	(18.59)	(14.52)	4.96	4.27	(5.30)	(12.26)
	(1.73)	(1.35)	1.21	1.10	(0.19)	(2.22)

**TOTAL LIABILITIES AND EQUITY**

**VERTICAL ANALYSIS**  
Balance Sheet (%)

**ASSETS**

**Current assets**

Cash and bank balances	7.67	11.39	16.23	6.21	5.88	6.16
Ijarah rentals receivable	1.86	1.68	2.48	1.53	1.46	1.53
Advances, deposits, prepayments and other receivables	6.14	4.18	2.07	2.67	1.29	0.36
Current portion of Diminishing Musharika	19.38	19.66	13.59	15.16	8.12	1.71
Current portion of net investment in Ijarah finance	0.01	0.01	0.01	0.01	0.01	0.01
Taxation recoverable	-	0.16	0.13	0.13	0.13	0.15
<b>Total current assets</b>	<b>35.05</b>	<b>37.09</b>	<b>32.61</b>	<b>25.69</b>	<b>16.88</b>	<b>9.91</b>

**Non - current assets**

Long-term portion of Diminishing Musharika	36.73	29.61	30.99	29.12	27.75	15.02
Ijarah assets	27.00	33.24	36.32	45.07	55.32	74.65
Deferred Taxation	0.94	-	-	-	-	-
Fixed assets in own use	0.28	0.06	0.08	0.12	0.25	0.42
<b>Total non-current assets</b>	<b>64.95</b>	<b>62.91</b>	<b>67.39</b>	<b>74.31</b>	<b>83.32</b>	<b>90.09</b>

**TOTAL ASSETS**

**LIABILITIES AND EQUITY**

**Current liabilities**

Current maturity of security deposits	2.39	3.59	2.79	2.71	2.41	3.91
Creditors, accrued and other liabilities	5.53	4.45	4.17	4.96	3.29	3.33
Advance Ijarah rentals received	0.05	0.14	0.32	0.52	0.59	0.67
Current portion of redeemable capital	38.74	43.07	52.89	39.45	44.85	46.13
Taxation payable	0.91	-	-	-	-	-
Unclaimed profit distribution	0.88	0.85	0.80	0.80	0.73	0.76
<b>Total current liabilities</b>	<b>55.01</b>	<b>57.81</b>	<b>68.13</b>	<b>60.39</b>	<b>60.49</b>	<b>58.16</b>

**Non - current liabilities**

Long-term portion of security deposits	4.67	4.95	5.18	6.61	7.96	10.02
Long-term portion of Musharika term finance	17.15	14.99	9.95	15.80	14.92	12.53
Long-term portion of redeemable capital	6.20	5.09	0.54	0.54	0.12	0.00
<b>Total non - current liabilities</b>	<b>28.01</b>	<b>25.03</b>	<b>15.66</b>	<b>22.95</b>	<b>23.00</b>	<b>22.55</b>

**TOTAL LIABILITIES**

**CERTIFICATE HOLDERS' EQUITY**

**Authorised certificate capital**

50,000,000 (2021: 50,000,000) certificates of Rs 10 each

**Certificate capital**

Issued, subscribed and paid-up certificate capital

28,500,000 (2021: 28,500,000) certificates of Rs. 10 each

issued as fully paid in cash

16,883,530 (2021: 16,883,530) certificates of Rs. 10 each

issued as fully paid bonus certificates

	7.45	7.41	6.90	7.18	7.19	8.39
	4.25	4.22	3.93	4.09	4.10	4.78
	-	-	-	-	-	-
	2.52	2.50	2.33	2.42	2.43	2.83
	6.77	6.72	6.26	6.51	6.53	7.61
<b>Reserves</b>	<b>8.53</b>	<b>8.40</b>	<b>7.72</b>	<b>7.94</b>	<b>7.86</b>	<b>9.07</b>
Unappropriated profit	1.67	2.04	2.23	2.21	2.12	2.61
	16.98	17.16	16.21	16.66	16.51	19.29

**TOTAL LIABILITIES AND EQUITY**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
<b>TOTAL ASSETS</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>
<b>TOTAL LIABILITIES</b>	<b>83.02</b>	<b>82.84</b>	<b>83.79</b>	<b>83.36</b>	<b>83.69</b>	<b>80.71</b>
<b>CERTIFICATE HOLDERS' EQUITY</b>						
Authorised certificate capital	7.45	7.41	6.90	7.18	7.19	8.39
Certificate capital	4.25	4.22	3.93	4.09	4.10	4.78
Reserves	8.53	8.40	7.72	7.94	7.86	9.07
Unappropriated profit	1.67	2.04	2.23	2.21	2.12	2.61
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

**VERTICAL ANALYSIS**  
**Profit and Loss**

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Ijarah finance income	-	-	-	-	-	-
Ijarah rentals earned	69.19	76.75	74.49	82.33	92.37	94.12
Profit on Sukuk certificates	-	-	-	-	-	-
Income on Diminishing Musharika arrangements	28.47	20.94	22.70	16.70	6.96	5.21
Income on deposits with bank	2.33	2.31	2.81	0.96	0.68	0.67
	100.00	100.00	100.00	100.00	100.00	100.00
Financial and other charges	(27.45)	(20.44)	(29.73)	(22.08)	(12.59)	(10.77)
Depreciation on assets under ijarah arrangements	(51.86)	(60.18)	(56.97)	(67.00)	(77.89)	(78.84)
Impairment against ijarah assets	0.29	(0.07)	-	-	(0.07)	-
	20.97	19.30	13.30	10.92	9.49	10.40
Reversal of provision in respect of Ijarah finances - net	0.27	0.92	-	0.12	0.20	0.61
Provision in respect of Diminishing Musharika	(0.07)	(2.92)	(0.51)	0.07	(0.08)	-
Reversal / (Provision) in respect of other receivable	(0.06)	(0.15)	-	-	-	-
	21.12	17.15	12.79	11.11	9.61	11.01
Other income	3.22	4.24	3.21	3.59	4.62	3.07
Administrative and operating expenses	(12.62)	(11.07)	(8.72)	(7.55)	(7.15)	(6.89)
	11.72	10.31	7.28	7.16	7.09	7.19
Management Company's remuneration	(1.17)	(1.03)	(0.73)	(0.72)	(0.71)	(0.72)
Provision for services sales tax on Management Company's remuneration	(0.15)	(0.13)	(0.09)	(0.09)	(0.09)	(0.09)
Provision for workers' welfare fund	(0.41)	(0.18)	(0.13)	(0.13)	(0.13)	0.40
<b>Profit before taxation</b>	<b>9.98</b>	<b>8.96</b>	<b>6.33</b>	<b>6.22</b>	<b>6.16</b>	<b>6.78</b>
Taxation	(2.70)	-	-	-	-	-
<b>Profit after taxation</b>	<b>7.29</b>	<b>8.96</b>	<b>6.33</b>	<b>6.22</b>	<b>6.16</b>	<b>6.78</b>
Other comprehensive income for the year	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>	<b>7.29</b>	<b>8.96</b>	<b>6.33</b>	<b>6.22</b>	<b>6.16</b>	<b>6.78</b>

## HORIZONTAL ANALYSIS

### Profit and Loss

	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Ijarah finance income	-	-	-	-	-	-
Ijarah rentals earned	(18.86)	(13.00)	(10.06)	(7.51)	1.37	5.43
Profit on Sukuk certificates	-	-	-	-	-	-
Income on Diminishing Musharika arrangements	22.37	(22.11)	35.10	149.19	37.99	(31.08)
Income on deposits with bank	(9.13)	(30.48)	189.51	47.26	4.71	(26.58)
	(10.00)	(15.56)	(0.59)	3.76	3.30	2.31
Financial and other charges	20.83	(41.93)	33.83	81.98	20.81	(8.72)
Depreciation on assets under Ijarah arrangements	(22.45)	(10.80)	(15.47)	(10.75)	2.06	8.03
Impairment against Ijarah assets	(444.09)	(100.00)	-	-	(100.00)	-
	(2.19)	23.53	21.08	19.36	(5.71)	(19.87)
Reversal of provision in respect of Ijarah finances - net	(70.96)	(100.00)	(100.00)	(36.08)	(66.34)	10.55
Provision in respect of Diminishing Musharika	(97.91)	381.33	(794.99)	(200.00)	(100.00)	(100.00)
Reversal / (Provision) in respect of other receivable	(66.51)	(100.00)	-	-	-	(100.00)
	10.84	13.26	14.36	19.94	(9.80)	(25.32)
Other income	(31.66)	11.33	(10.97)	(19.47)	55.35	114.11
Administrative and operating expenses	2.58	7.21	14.88	9.48	7.16	22.35
	2.26	19.66	1.11	4.79	1.78	(31.81)
Management Company's remuneration	2.26	19.66	1.11	4.79	1.78	(31.81)
Provision for services sales tax on Management Company's remuneration	2.26	19.66	1.11	4.79	1.78	(36.68)
Provision for workers' welfare fund	102.86	19.66	1.11	4.79	(132.13)	(316.26)
Profit before taxation	0.20	19.66	1.11	4.79	(6.79)	(25.93)
Taxation	(100.00)	-	-	-	-	-
Profit after taxation	(26.86)	19.66	1.11	4.79	(6.79)	(25.93)
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	(26.86)	19.66	1.11	4.79	(6.79)	(25.93)

## Cash Flow

For the year ended June 30, 2022 (By Direct Method)

	June 30, 2022	June 30, 2021
	(Rupees)	
Ijarah Rental Collection	1,036,353,266	1,350,978,512
Diminishing Musharakah's repayment proceeds	1,520,952,082	1,185,569,141
Diminishing Musharakah's profit receipts	425,677,985	365,203,358
Ijarah Disbursements (net off security deposits)	(656,198,175)	(1,217,445,935)
Diminishing Musharakah disbursements	(1,943,027,809)	(1,129,549,261)
Net proceeds from Ijarah assets disposals	100,347,665	262,921,369
Financial charges paid	(321,372,136)	(335,655,627)
Management remuneration to management company	(17,545,831)	(13,645,879)
Salaries and staff benefits	(131,977,585)	(127,765,637)
Documentation fee and others from clients	29,625,972	23,970,357
Payments for operating expenses	(49,189,648)	(40,308,012)
Taxes, duties, levies, charity and advance payments	(86,947,002)	(53,214,473)
Net cash used in operating Activities/generated from investing activities	(93,301,215)	271,057,913
Net cash generated from investing activities	15,915,557	37,378,672
Net cash generated from financing activities	(177,495,029)	(577,484,423)
Net Cash generated	(254,880,687)	(269,047,838)
Cash and cash Equivalent at beginning of the year	769,029,312	1,038,077,150
Cash and cash Equivalent at end of the year	514,148,625	769,029,312

## Free Cashflows

	June 30, 2022	June 30, 2021
	(Rupees)	
Net cashflow Used in Operating Activities	(193,301,215)	271,057,913
Net funds from bank financing	189,553,829	157,479,812
Net movement in deposits	(236,800,000)	(620,800,000)
Fixed capital expenditure	(18,488,741)	(3,007,520)
	(259,036,127)	(195,269,795)

## SEGMENT INFORMATION

	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Micro Finance	Total
	(Rupees)					
Segment revenues	-	451,946,271	1,092,622,719	35,790,429	-	1,580,359,419
Finance cost	-	241,577,510	159,579,818	19,130,953	-	420,288,280
Administrative and general expenses	-	122,732,567	81,073,941	9,719,410	-	213,525,918
Direct cost	-	-	794,078,771	-	-	794,078,771
(Reversal) / Provision-net	-	1,037,253	(8,561,525)	-	-	(7,524,272)
Other provision / (reversals) - net	-	-	-	846,028	-	846,028
<b>Segment results</b>	-	<b>86,598,941</b>	<b>66,451,715</b>	<b>7,786,094</b>	-	<b>159,144,694</b>
Provision for Workers' Welfare Fund	-	(3,436,008)	(2,636,622)	(308,931)	-	(6,314,625)
Provision for taxation	-	(22,465,276)	(17,238,734)	(2,019,849)	-	(41,284,910)
<b>Profit for the period</b>		<b>67,569,674</b>	<b>51,849,603</b>	<b>6,075,176</b>		<b>111,545,358</b>
<b>Other information</b>						
Segment assets	370,000	3,762,885,203	1,935,809,648	514,148,625	-	6,213,213,676
Unallocated assets	-	-	-	-	-	493,896,689
<b>Total assets</b>						<b>6,707,109,965</b>
Segment liabilities	273,992	2,882,244,974	1,959,450,589	380,737,365	-	5,222,706,920
Unallocated liabilities	-	-	-	-	-	345,797,823
<b>Total liabilities</b>						<b>5,568,504,743</b>
Capital expenditure	-	-	-	-	-	-
Depreciation	-	-	-	-	-	4,560,685
Unallocated Capital expenditure	-	-	-	-	-	-
Additions made to intangible assets	-	-	-	-	-	-
Unallocated depreciation and amortisation	-	-	-	-	-	4,560,685

## Dupont Analysis

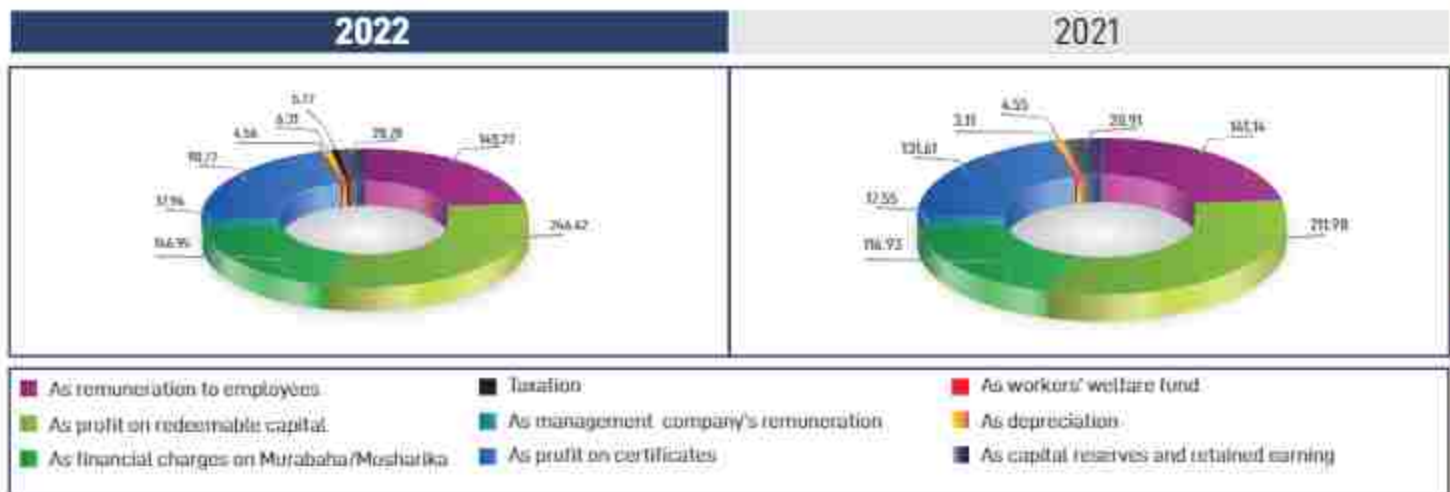


## Statement of Chariry Account

Description	2021 - 2022
Education	2,000,000
Health Care	4,000,000
	<b>6,000,000</b>
Names of Institutions	<b>--- Rupees ---</b>
Family Educational Service	1,000,000
The Citezen Foundation (TCF)	1,000,000
The Patients Behbud Society for AKU	1,000,000
Layton Rahmatulla Benevolent Trust	2,000,000
The Kidney Centre	1,000,000
	<b>6,000,000</b>

## Statement of Value added

	2022 Rupees	%	2021 Rupees	%
Revenue from operations (net of depreciation of Ijarah assets)	737,024,623		677,375,151	
Other Income/ charges/reversal of provision for WWF	55,934,269		34,289,355	
	<b>792,958,892</b>		<b>711,664,506</b>	
Operating expenses	48,466,981		42,690,638	
Other charges	26,914,443		18,912,141	
Provision for services sales tax on management company's remuneration	2,332,448		2,280,958	
<b>Value Added</b>	<b>715,245,020</b>	<b>100.00</b>	<b>647,780,769</b>	<b>100.00</b>
Distributed as follows:				
To Employees As remuneration	140,223,899	19.61	141,143,091	21.79
To finance providers As profit on redeemable capital	246,421,284	34.45	211,979,772	32.72
As financial charges on Murabaha/Musharika	146,952,553	20.55	116,930,070	18.05
To Modarib As management company's remuneration	17,941,905	2.51	17,545,831	2.71
To Certificate-holders As profit on certificates	90,767,060	12.69	131,612,237	20.32
To Revenue Authorities As workers' welfare fund	6,314,425	0.88	3,112,630	0.48
As Taxation	41,284,910	5.77		
Retained in Business As depreciation	4,560,685	0.64	4,550,488	0.70
As capital reserves and retained earning	20,778,299	2.91	20,906,650	3.23
	<b>715,245,020</b>	<b>100.00</b>	<b>647,780,769</b>	<b>100.00</b>



# FINANCIAL STATEMENT

- 01 Auditors Report to the Certificate Holders
- 02 Statement of Financial Position
- 03 Profit and Loss account
- 04 Cash Flow Statement
- 05 Statement of Changes in Equity
- 06 Notes to and forming part of the financial statements



## AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of OLP Modaraba (Modaraba) as at June 30, 2022 and the related profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of OLP Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
  - i) the balance sheet and profit and loss account and other comprehensive income together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied;
  - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
  - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;

- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account and other comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2022 and of the profit and other comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba Management Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

**A. F. Ferguson & Co.**  
Chartered Accountants  
Karachi  
Dated: September 30, 2022  
Engagement Partner: Noman Abbas Sheikh  
UDIN: AR2022100616TDuCrmlDw

# BALANCE SHEET

AS AT JUNE 30, 2022

## ASSETS

### Current assets

	Note	June 30, 2022	June 30, 2021
Cash and bank balances	5	514,146,625	769,029,312
Ijarah rentals receivable	6	124,755,394	113,500,031
Advances, deposits, prepayments and other receivables	7	411,973,563	282,263,341
Current portion of investment in sukuk certificates	8.2	-	-
Current portion of diminishing musharaka	9.4	1,299,571,276	1,327,392,382
Net investment in Ijarah finance	10.3	370,000	370,000
Taxation recoverable		-	10,960,822
<b>Total current assets</b>		<b>2,350,818,858</b>	<b>2,503,515,888</b>

### Non-current assets

Long-term portion of investment in sukuk certificates	8.2	-	-
Long-term portion of diminishing musharaka	9.4	2,463,313,926	1,998,636,555
Ijarah assets	10	1,811,054,254	2,243,894,173
Tangible assets	11	18,188,866	4,124,742
Intangible assets	12	833,934	121,323
Deferred taxation	13	62,900,127	-
<b>Total non-current assets</b>		<b>4,356,291,107</b>	<b>4,246,776,793</b>

## TOTAL ASSETS

## LIABILITIES AND EQUITY

### Current liabilities

Current portion of term finance arrangements	14	437,094,289	385,438,066
Current portion of security deposits	15	160,130,604	242,367,218
Creditors, accrued and other liabilities	16	371,190,724	300,360,164
Advance Ijarah rentals received		3,429,809	9,196,642
Current portion of redeemable capital	17	2,598,205,000	2,907,255,000
Unclaimed profit distribution		58,779,665	57,416,286
Taxation payable		60,840,457	-
<b>Total current liabilities</b>		<b>3,689,670,548</b>	<b>3,902,033,376</b>

### Non-current liabilities

Long-term portion of term finance arrangements	14	1,150,009,856	1,012,112,250
Long-term portion of security deposits	15	313,124,339	234,024,954
Long-term portion of redeemable capital	17	415,700,000	343,450,000
<b>Total non-current liabilities</b>		<b>1,878,834,195</b>	<b>1,689,587,204</b>

## TOTAL LIABILITIES

## CERTIFICATE HOLDERS' EQUITY

### Certificate capital

Authorised certificate capital  
50,000,000 (2021: 50,000,000) certificates of Rs. 10 each amounting to Rs. 500,000,000 (2021: Rs. 500,000,000)

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

28,500,000 (2021: 28,500,000) certificates of Rs. 10 each fully paid in cash  
16,883,530 (2021: 16,883,530) bonus certificates of Rs. 10 each

### Revenue reserve

### Capital reserves

	18	285,000,000	285,000,000
		168,835,300	168,835,300
		453,835,300	453,835,300
		112,321,106	137,965,253
	19	572,448,816	566,871,548
		1,138,605,222	1,158,672,101
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>6,707,109,965</b>	<b>6,750,292,681</b>

## CONTINGENCIES AND COMMITMENTS

Note

June 30, 2022

June 30, 2021

(Rupees)

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

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

Chief Executive

Director

Director

Chief Financial Officer

# PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
(Rupees)			
Ijarah rentals earned		1,059,394,777	1,305,715,688
Income on diminishing musharika arrangements		435,972,028	356,260,263
Income on deposits with banks		35,736,589	39,325,862
		<b>1,531,103,394</b>	<b>1,701,301,813</b>
Financial and other charges	21	(420,288,280)	(347,821,984)
Depreciation on assets under Ijarah arrangements	10.1	(794,078,771)	(1,023,926,662)
Reversal of impairment / (impairment) on assets under Ijarah arrangements	10.1	4,369,096	(1,269,770)
		<b>(1,209,997,955)</b>	<b>(1,373,018,416)</b>
		<b>321,105,439</b>	<b>328,283,397</b>
Reversal of provision in respect of Ijarah finances - net	6.2	4,192,429	15,704,326
Provision in respect of diminishing musharika - net	9.3	(1,037,253)	(49,689,335)
Provision in respect of other receivables	7.5	(846,028)	(2,526,200)
		<b>2,309,148</b>	<b>(36,511,209)</b>
		<b>323,414,587</b>	<b>291,772,188</b>
Other income	22	49,256,024	22,070,341
Administrative and operating expenses	23	(193,251,565)	(188,384,217)
		<b>179,419,046</b>	<b>175,458,312</b>
Management company's remuneration	24	(17,941,905)	(17,545,831)
Provision for services sales tax on the management company's remuneration	25	(2,332,448)	(2,280,958)
Provision for workers' welfare fund - net	16.3	(6,314,425)	(3,112,630)
<b>Profit for the year before taxation</b>		<b>152,830,268</b>	<b>152,518,893</b>
Taxation	26	(41,284,910)	-
<b>Profit for the year after taxation</b>		<b>111,545,358</b>	<b>152,518,893</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>111,545,358</b>	<b>152,518,893</b>
Earnings per certificate - basic and diluted	27	2.46	3.36

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

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

Chief Executive

Director

Director

Chief Financial Officer

# CASH FLOW STATEMENT

FOR THE YEAR ENDED JUNE 30, 2022

	Note	June 30, 2022	June 30, 2021
(Rupees)			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the year before taxation		152,830,268	152,518,893
<b>Adjustments for non-cash and other items:</b>			
Depreciation	21	4,390,307	4,258,229
Amortisation	23	170,378	292,259
Depreciation on Ijarah assets	10.1	794,078,771	1,023,926,662
Gain on disposal of Ijarah assets	22	(23,506,624)	(51,854,146)
Gain on disposal of fixed assets in own use		(53,840)	-
Impairment on assets under Ijarah arrangements	10.1	(4,369,096)	1,769,770
Reversal of provision in respect of Ijarah finances - net		(4,192,429)	(15,704,326)
Provision in respect of other receivables	7.5	846,028	2,526,200
(Reversal of provision) / provision in respect of diminishing musharika - net		1,037,253	49,689,335
Income on bank deposits		(35,736,589)	(39,325,862)
Financial charges on:			
- Redeemable capital	21	246,421,284	211,979,773
- Term finance arrangements	21	124,509,068	85,610,377
Provision for services sales tax on the Management Company's remuneration		2,332,448	2,280,958
Provision for Workers' Welfare Fund - net		6,314,425	3,112,630
		1,112,241,384	1,278,061,859
		1,265,071,652	1,430,580,752
<b>(Increase) / decrease in assets</b>			
Advances, deposits, prepayments and other receivables		(130,018,798)	(136,105,907)
Ijarah rentals receivable		(7,062,934)	55,513,890
Diminishing musharika		(437,893,518)	(173,062,285)
Purchase of assets under Ijarah arrangements	10.1	(760,436,225)	(1,393,537,433)
Proceeds from disposal of assets under Ijarah arrangements		427,073,093	808,244,063
		(908,338,382)	(838,947,672)
<b>(Decrease) / increase in liabilities</b>			
Creditors, accrued and other liabilities		10,315,886	29,623,370
Advance Ijarah rentals received		(5,766,833)	(14,069,758)
Security deposits		(103,137,229)	(616,975)
		(98,588,176)	14,936,577
		256,145,094	686,569,657
Profit paid on:			
- Redeemable capital		(192,739,295)	(233,705,739)
- Term finance arrangements		(126,323,256)	(93,281,958)
		(319,062,551)	(326,987,697)
Payment against Workers' Welfare Fund		-	(7,183,085)
Taxes paid		(32,383,758)	(1,340,962)
<b>Net cash (used in) / generated from operating activities</b>		(93,301,215)	271,057,913
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for tangible assets		(18,488,741)	(3,007,520)
Payment for intangible assets		(882,989)	-
Proceeds from disposal of fixed asset in own use		88,150	-
Income received on bank deposits		35,199,137	40,386,192
<b>Net cash generated from investing activities</b>		15,915,557	37,378,672
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Redeemable capital less repayments		(236,800,000)	(620,800,000)
Term finance less repayments		189,553,829	157,479,812
Profit paid to certificate holders		(130,248,858)	(114,164,235)
<b>Net cash used in financing activities</b>		(177,495,029)	(577,484,423)
<b>Net decrease in cash and cash equivalents during the year</b>		(254,880,687)	(269,047,838)
Cash and cash equivalents at the beginning of the year		769,029,312	1,038,077,150
Cash and cash equivalents at the end of the year	35	514,148,625	769,029,312

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

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

Chief Executive

Director

Director

Chief Financial Officer

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2022

	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	Unappropriated profit		
(Rupees)							
Balance as at June 30, 2020	453,835,300	55,384,700	503,860,903	559,245,603	161,291,902	720,637,505	1,174,472,805
Effect of change in accounting policy - Impact of adoption of IFRS 9	-	-	-	-	(54,858,500)	(54,858,500)	(54,858,500)
Balance as at July 1, 2020 - restated	453,835,300	55,384,700	503,860,903	559,245,603	106,533,402	665,779,005	1,119,614,305
Total comprehensive income for the year - Profit for the year ended June 30, 2021	-	-	-	-	152,518,893	152,518,893	152,518,893
- Other comprehensive income for the year	-	-	-	-	152,518,893	152,518,893	152,518,893
Transactions with owners Profit distribution for the year ended June 30, 2020 @ Rs 2.50 per certificate declared subsequent to the year end	-	-	-	-	(113,661,097)	(113,661,097)	(113,661,097)
Transfer to statutory reserve	-	-	7,625,945	7,625,945	(7,625,945)	-	-
Balance as at June 30, 2021	453,835,300	55,384,700	511,486,848	566,871,548	137,965,253	704,836,801	1,158,672,101
Total comprehensive income for the year - Profit for the year ended June 30, 2022	-	-	-	-	111,545,358	111,545,358	111,545,358
- Other comprehensive income for the year	-	-	-	-	-	-	-
Transactions with owners Profit distribution for the year ended June 30, 2021 @ Rs 2.90 per certificate declared subsequent to the year end	-	-	-	-	(131,612,237)	(131,612,237)	(131,612,237)
Transfer to statutory reserve	-	-	5,577,268	5,577,268	(5,577,268)	-	-
Balance as at June 30, 2022	453,835,300	55,384,700	517,064,116	572,448,816	112,321,106	684,769,922	1,138,605,222

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

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

# NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2022

## 1 STATUS AND NATURE OF BUSINESS

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

During the year, the name of the Modaraba has been changed from ORIX Modaraba to OLP Modaraba and the name of the Management Company changed from Orix Services Pakistan (Private) Limited to OLP Services Pakistan (Private) Limited. The SECP gave its approval for change of name on February 24, 2022.

The registered office is situated at 6th Floor, Syedna Tahir Saifuddin Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

The Modaraba is operated through a head office in Karachi and two branches which are located in Lahore and Islamabad. The head office is placed separately within the premises of the Management Company. 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 Pakistani Stock Exchange Limited.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA (2021: AA) and short term rating of A1+ (2021: A1+) to the Modaraba on March 03, 2022 (2021: March 04, 2021).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

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

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

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

### **2.3 Accounting convention**

These financial statements have been prepared under the historical cost.

### **2.4 Critical accounting estimates and judgments**

#### **2.4.1 Use of estimates and judgments**

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

- i) estimates of residual values, useful lives and depreciation methods of tangible assets, intangible assets and Ijarah assets (notes 4.6, 10, 11 and 12);

- ii) classification, valuation and provision against non-performing leases, Ijarah portfolio, diminishing musharika, investments and other receivables (notes 4.2.1.2, 6, 7.4, 8.1.3, 9.3, 10.1 and 10.4);
- iii) provision for Workers' Welfare Fund (note 16.3);
- iv) provision for sales tax on the Management Company's remuneration (note 25); and
- v) provision for taxation (notes 4.7 and 26).

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

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

There are certain amendments to published and approved accounting standards that are mandatory for the Modaraba's accounting period beginning on July 1, 2021, but are considered not to be relevant or do not have any significant impact on the Modaraba's operations and are, therefore, not detailed in these financial statements.

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

##### 3.2.1 There are certain other interpretations and amendments that are mandatory for the Modaraba's accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or will not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.

### 4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### 4.1 Cash and cash equivalents

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

#### 4.2 Financial instruments

##### 4.2.1 Financial assets

##### 4.2.1.1 Classification and subsequent measurement

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

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

The classification requirements for debt instruments are described below:

based on the business model assessment of the entity and the cash flow characteristics of the asset.

**a) At amortised cost:**

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

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

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

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

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

#### 4.2.1.2 Impairment

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

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

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

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

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

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

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

#### 4.2.1.3 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 balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

#### 4.2.1.4 Regular way contracts

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

#### 4.2.2 Financial liabilities

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

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

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

#### 4.2.2.1 Derecognition

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

#### 4.2.3 Initial recognition

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

#### 4.2.4 Offsetting of financial assets and liabilities

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

#### 4.2.5 Write-offs

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

#### 4.2.6 Diminishing musharika

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

#### 4.3 Redeemable capital

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

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

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

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

#### 4.4 Net investment in Ijarah finance

Lease transactions entered into by the Modaraba prior to July 1, 2008 are accounted for as finance leases whereby assets under Ijarah arrangements are presented as receivable at an amount equal to the present value of the minimum Ijarah payments, including estimated residual value, if any. Unearned income i.e. excess of aggregate rentals over the cost of the asset is recorded at the inception of the Ijarah and is amortised over the term of the Ijarah so as to produce a constant rate of return on net investment in Ijarah. Allowances for non-performing leases are made in accordance with the criteria mentioned in note 4.2.1.2 to these financial statements.

#### 4.5 Impairment of non-financial assets

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

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

#### 4.6 Fixed assets

##### 4.6.1 Tangible fixed assets

##### 4.6.1.1 Owned assets

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

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

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

#### 4.6.1.2 Ijarah assets

Assets leased out under Ijarah on or after July 1, 2008 are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account on a straight line basis, in accordance with the rates specified in note 10 to these financial statements, whereby the cost of an asset less salvage value is written off over the lease term, which is considered to be the estimated useful life of the asset.

#### 4.6.1.3 Leases (except Ijarah assets)

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

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

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

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Modaraba's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Modaraba under residual value guarantees, the exercise price of a purchase option if the Modaraba is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects that the lessee will exercise that option. The extension and termination options are incorporated in determination of lease term only when the Modaraba is reasonably certain to exercise these options.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or lease modification, or to reflect revised in-substance fixed lease payment.

The lease liability is remeasured when the Modaraba reassesses the reasonable certainty to exercise extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payments. The corresponding adjustment is made to the carrying amount of the right of use asset, or is recorded in the statement of profit or loss account if the carrying amount of right of use asset has been reduced to zero.

When there is a change in scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions, the same is accounted for as a lease modification. The lease modification is accounted for as a separate lease if modification increases the scope of lease by adding the right to use one or more underlying assets and the consideration for lease increases by an amount that is commensurate with the standalone price for the increase in scope adjusted to reflect the circumstances of the particular contract, if any. When the lease modification is not accounted for as a separate lease, the lease liability is remeasured and corresponding adjustment is made to right of use asset.

The right of use asset is initially measured at an amount equal to the initial measurement of lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of the costs to be incurred to dismantle and remove the underlying asset or to restore the underlying asset or the site on which the asset is located.

The right of use asset is subsequently measured at cost less accumulated depreciation and accumulated impairment losses, if any. The right of use asset is depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The right of use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

#### 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 profit and loss account using the straight line method in accordance with the rates specified in note 12 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

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

#### 4.6.3 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

#### Current

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

#### Deferred

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

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

#### 4.8 Creditors, accrued and other liabilities

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

#### 4.9 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.

#### 4.10 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.

#### 4.11 Revenue recognition

- The Modaraba follows the finance method for recognising income on Ijarah contracts commencing prior to July 1, 2008 and accounted for as finance leases. Under this method the unearned income i.e. the excess of aggregate Ijarah rentals (including residual value) over the cost of the asset under Ijarah facility is deferred and then amortised over the term of the Ijarah, so as to produce a constant rate of return on net investment in the Ijarah. Income on Ijarah is recognised from the date of delivery of the respective assets to the mustajir (lessor).
- For 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 recognized on a straight line basis.
- Gains / losses on termination of Ijarah contracts are recognised as income as the difference between the proceeds realised from the customers on sale of Ijarah assets and the net book value at which such assets are carried at the time of termination.
- Income in respect of non-performing Ijarah finance is held in suspense account, where necessary, in accordance with the requirements of the Modaraba Regulations, 2021 issued by the SECP.
- Documentation charges, front end fees and other Ijarah related income are taken to the profit and loss account on an accrual basis.
- Profit on Diminishing Musharika arrangements is recognised under the effective mark-up rate method based on the amount outstanding.
- Profit / return on deposits / investments is recognised on accrual basis.
- Income from Shariah non-compliant avenues is not recognised in the profit and loss account and is classified as charity payable.
- Income recoverable on classified Ijarah finance and diminishing musharika arrangements is recognised on a receipt basis.
- Other income is recognised on an accrual basis.

#### 4.12 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.

#### 4.13 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.

#### 4.14 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.

#### 4.15 Foreign currency transactions

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

#### 4.16 Segment reporting

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

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.

#### 4.17 Commitments

Commitments are disclosed in the financial statements at committed amounts:

### 5 CASH AND BANK BALANCES

	Note	June 30, 2022	June 30, 2021
----- (Rupees) -----			
Balances with banks			
- in current accounts		6,717,664	252,639,769
- in deposit accounts	5.1	457,273,251	466,185,824
- in term deposit receipts	5.2	50,000,000	50,000,000
Balance with the State Bank of Pakistan		76,204	128,719
Cash in hand		81,506	75,000
		<b>514,148,625</b>	<b>769,029,312</b>

5.1 These carry profit at the rate ranging between 9.64% to 12.75% (2021: 3.25% to 6.00%) per annum.

5.2 Term deposit receipts carry profit at the rate of 6% (2021: 6.00%) per annum and are due to mature on July 04, 2022.

5.3 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.

<b>6 IJARAH RENTALS RECEIVABLE</b>		Note	<b>June 30, 2022</b>	June 30, 2021
----- (Rupees) -----				
	Ijarah rentals receivable - considered good - secured		124,755,394	113,500,031
	Ijarah rentals receivable - considered bad or doubtful	6.1	27,569,069	36,266,892
	Less: allowance for potential Ijarah losses	6.2	(12,327,647)	(16,520,076)
	Less: profit held in suspense	6.3	(15,241,422)	(19,746,816)
			-	-
			<b>124,755,394</b>	<b>113,500,031</b>
<b>6.1</b>	This is netted-off with the related security deposits held as at the reporting date.			
<b>6.2</b>	<b>Allowance for potential Ijarah losses</b>		<b>June 30, 2022</b>	June 30, 2021
----- (Rupees) -----				
	Opening balance		16,520,076	5,505,480
	Impact on adoption of IFRS 9		-	26,718,922
			<b>16,520,076</b>	<b>32,224,402</b>
	Reversal for the year - net		(4,192,429)	(15,704,326)
	Amount written off during the year		-	-
	Closing balance		<b>12,327,647</b>	<b>16,520,076</b>
<b>6.3</b>	<b>Profit held in suspense</b>			
	Opening balance		19,746,816	25,951,777
	Reversal of income suspended during the year		(4,505,394)	(6,204,961)
	Suspended income reversed during the year		-	-
	Closing balance		<b>15,241,422</b>	<b>19,746,816</b>
<b>6.4</b>	Ijarah includes Rs 53.55 million (2021: Rs 66.81 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.2.2 to these financial statements.			
<b>6.5</b>	The Modaraba has 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. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (2021: Rs. 27.97 million).			
<b>7</b>	<b>ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES</b>		<b>June 30, 2022</b>	June 30, 2021
----- (Rupees) -----				
	<b>Considered good</b>			
	<b>Advances</b>			
	Advances against assets under Ijarah arrangements	7.1	136,967,466	139,088,760
	Advances against assets under diminishing musharika arrangements	7.1	206,171,138	87,316,670
	<b>Deposits</b>		<b>1,060,000</b>	<b>1,060,000</b>

	Note	June 30, 2022	June 30, 2021
(Rupees)			
<b>Prepayments</b>			
Prepaid commission for the sale of Certificates of Musharika (COM)	7.2	11,833,828	14,063,355
Other prepayments		7,508,226	7,453,148
<b>Other receivables</b>			
Accrued profit on deposit accounts and term deposit receipts		3,858,652	3,321,200
Accrued profit on diminishing musharika	7.3 & 7.4	39,649,327	29,355,284
Others	7.6	4,924,926	604,924
<b>Considered doubtful</b>			
Others		3,532,228	2,686,200
Provision for impairment loss against doubtful recoveries	7.5	(3,532,228)	(2,686,200)
		<u>411,973,563</u>	<u>282,263,341</u>

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

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

7.3 This includes accrued profit from diminishing musharika related to key management personnel amounting to Rs. 0.139 million (2021: Rs. 0.045 million).

7.4 Accrued profit on diminishing musharika is as follows:

	Note	June 30, 2022	June 30, 2021
(Rupees)			
Accrued profit on diminishing musharika		60,770,347	47,715,564
Less: profit held in suspense		(21,121,020)	(18,360,280)
Closing balance		<u>39,649,327</u>	<u>29,355,284</u>

7.5 Movement in provision during the year is as follows:

Opening balance		2,686,200	160,000
Provision for the year		846,028	2,526,200
Closing balance		<u>3,532,228</u>	<u>2,686,200</u>

7.6 This also includes receivable from gratuity fund of the Modaraba amounting to nil (2021: Rs. 0.002 million).

## 8 INVESTMENT IN SUKUK CERTIFICATES

### At amortised cost

	Note	June 30, 2022	June 30, 2021
----- (Rupees) -----			
Investment in sukuk certificates	8.1	57,701,835	57,701,835
Less: provision in respect of sukuk certificates	8.1.3	(57,701,835)	(57,701,835)
		-	-
Less: Current portion of investment in sukuk certificates		-	-
		-	-

### 8.1 Particulars of Investment in Sukuk Certificates

Name of the investee Company	Number of certificates				Profit rate	Tenor	Security	Principal amount outstanding as at June 30, 2022	Provision held as at June 30, 2022	Carrying amount as at June 30, 2022
	As at July 1, 2021	Purchased during the year	Sold during the year	As at June 30, 2022						
----- (Rupees) -----										
Sukuk certificates of Rs. 5,000 each unless stated otherwise										
Security Leasing Corporation Limited (note 8.1.1)	5,000	-	-	5,000	-	10 years	First charge over specific leased assets and associated lease receivables with 25% security margin	7,701,835	(7,701,835)	-
Shafiq Fabrics (Private) Limited (note 8.1.2)	10,000	-	-	10,000	11.52%	5 years	First pari passu charge over all present and future plant and machinery of the Company, equivalent to the facility amount with a 25% margin	50,000,000	(50,000,000)	-
As at June 30, 2022								57,701,835	(57,701,835)	-
As at June 30, 2021								57,701,835	(57,701,835)	-

8.1.1 On March 18, 2010, the terms of the redemption of principal outstanding balance and payment of profit thereon were restructured. Under the revised terms, principal redemptions were to commence from April 2010 in 48 equal monthly installments payable in arrears and profit was to be payable at the rate of 6% for the first eighteen months commencing from the date of restructuring and at the rate of 1 month KIBOR thereafter. The revised agreement was restructured with effect from March 19, 2011 under which, all future profit payments as per the first restructuring agreement were waived and the redemptions of the outstanding principal balance were to be continued to be made as per the original restructuring agreement. During the year ended June 30, 2012, the terms of the agreement were revised for the third time, whereby, the remaining principal became payable in 120 equal monthly installments commencing from February 19, 2012. The payments of these sukuk certificates have been overdue since July 2014. Accordingly, the outstanding balance has been fully provided.

8.1.2 As per the terms of the sukuk agreement, the principal was to be repaid in 14 equal quarterly instalments beginning from the 21st month following the date of disbursement, whereas, profit was payable semi-annually in arrears. However, principal payments have been overdue since 2008 and, accordingly, the sukuk has been classified under the 'loss' category of non-performing assets as per the requirements of the Modaraba Regulations, 2021. Consequently, the management has retained a provision at the rate of 100 percent in respect of the said investment and has suspended the accrued profit upto June 30, 2022.

	Note	June 30, 2022	June 30, 2021
----- (Rupees) -----			
<b>8.1.3</b>	<b>Movement in provision against Sukuk certificates</b>		
	Opening balance	57,701,835	57,701,835
	Provision for the year	-	-
	Closing balance	57,701,835	57,701,835
<b>8.2</b>	<b>Break-up of investment in sukuk certificates between long-term and current portion is as follows:</b>		
	Current portion of investment in Sukuk certificates	57,701,835	57,701,835
	Less: provision held	(57,701,835)	(57,701,835)
		-	-
	Long-term portion of investment in Sukuk certificates	-	-
	Less: provision held	-	-
		-	-
<b>8.3</b>	Sukuk certificates of Rs 57.7 million (2021: Rs 57.7 million) have been placed under non-performing status. The details of category of classification of these assets are given in note 29.2.2 to these financial statements.		

	Note	June 30, 2022	June 30, 2021
----- (Rupees) -----			
<b>9</b>	<b>DIMINISHING MUSHARIKA</b>		
	Staff - considered good		
	- Housing finance	62,928,839	76,252,324
	- Motor vehicles	24,467,656	27,000,932
	- Others	1,933,187	3,345,441
		89,329,682	106,598,697
	Others - considered good		
	- Housing finance	387,290,598	382,961,380
	- Motor vehicles	1,464,938,707	1,379,317,965
	- Plant, machinery and equipment	1,727,437,560	1,419,942,212
		3,579,666,865	3,182,221,557
	Others - considered bad or doubtful		
	- Housing finance	-	-
	- Motor vehicles	56,299,464	33,469,658
	- Plant, machinery and equipment	126,778,752	91,891,333
		183,078,216	125,360,991
	Less: provision in respect of diminishing musharika	(89,189,561)	(88,152,308)
		3,673,555,520	3,219,430,240
		3,762,885,202	3,326,028,937

9.1 These represent finance provided to employees, officers and key management personnel of the Modaraba under diminishing musharika arrangement for renovation, construction and purchase of house, purchase of vehicles and other consumer durables. These carry profit at rates ranging between 13.74% to 18.44% (2021: 10.35% to 10.89%) per annum and are repayable on monthly basis over a maximum period of 20 years (2021: 20 years). The maximum aggregate amount due from officers and employees at any time during the year calculated by reference to month-end balance is Rs. 124.080 million (2021: Rs. 120.339 million).

9.1.1 This includes diminishing musharika facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 29.816 million (2021: Rs. 23.68 million), Rs. 9.996 million (2021: Rs. 10.465 million) and Rs. 0.616 million (2021: Rs. 0.725 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	Note	June 30, 2022	June 30, 2021
			(Rupees)	
	Opening balance		106,598,697	121,000,328
	Disbursements during the year		31,686,254	30,255,164
	Transfer of resigned staff		(4,235,115)	-
	Receipts during the year		(44,720,154)	(44,656,795)
	Closing balance		89,329,682	106,598,697
9.3	Movement in provision against Diminishing Musharika			
	Opening balance		88,152,308	10,323,395
	Impact on adoption of IFRS 9		-	28,139,578
			88,152,308	38,462,973
	Provision during the year - net		1,037,253	49,689,335
	Closing balance		89,189,561	88,152,308

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

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
Current portion of diminishing musharika		1,333,903,806	1,359,393,304
Less: provision held		(34,332,530)	(32,000,922)
		1,299,571,276	1,327,392,382
Long-term portion of diminishing musharika		2,518,170,957	2,054,787,941
Less: provision held		(54,857,031)	(56,151,386)
		2,463,313,926	1,998,636,555

9.5 The Modaraba has 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. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Diminishing Musharika would have been higher by Rs. 49.28 million (2021: Rs. 19.3 million).

- 9.6 Diminishing musharika includes Rs 183.08 million (2021: Rs 125.36 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.2.2 to these financial statements.
- 9.7 Diminishing musharika carries profit at the rate ranging between 10.04% to 21.16% (2021: 8.94% to 13.56%) per annum.

10	IJARAH ASSETS	Note	June 30, 2022	June 30, 2021
			(Rupees)	
	Ijarah contracts commencing on or after July 1, 2008 - accounted for under IFAS 2	10.1 & 10.2	1,811,054,254	2,243,894,173
	Ijarah contracts prior to July 1, 2008 - accounted for as finance leases		370,000	370,000.00
	Less: current portion of net investment in Ijarah finance	10.3	(370,000)	(370,000)
			-	-

#### 10.1 Assets under Ijarah arrangements

The following is a statement of Ijarah assets:

	June 30, 2022		
	Ijarah assets		
	Plant, machinery and equipment	Motor vehicles	Total
	(Rupees)		
<b>At July 1, 2021</b>			
Cost	3,490,006,914	1,217,342,443	4,707,349,357
Accumulated depreciation	(1,762,292,384)	(683,369,464)	(2,445,661,848)
Impairment against Ijarah assets	(17,318,357)	(474,979)	(17,793,336)
Net book value	1,710,396,173	533,498,000	2,243,894,173
<b>Additions:</b>	721,355,725	39,080,500	760,436,225
<b>Disposals:</b>			
Cost	(1,036,237,245)	(652,577,404)	(1,688,814,649)
Depreciation	818,443,999	466,804,181	1,285,248,180
Depreciation charge for the year	(217,793,246)	(185,773,223)	(403,566,469)
Reversal of impairment during the year	(647,493,951)	(146,584,820)	(794,078,771)
Closing net book value	4,369,096	-	4,369,096
	1,570,833,797	240,220,457	1,811,054,254
<b>At June 30, 2022</b>			
Cost	3,175,125,394	603,845,539	3,778,970,933
Accumulated depreciation	(1,591,342,336)	(363,150,103)	(1,954,492,439)
Impairment against Ijarah assets	(12,949,261)	(474,979)	(13,424,240)
Net book value	1,570,833,797	240,220,457	1,811,054,254
Depreciation rate (% per annum)	16.67% to 50%	16.67% to 50%	

	June 30, 2021		
	Ijarah assets		
	Plant, machinery and equipment	Motor vehicles	Total
	(Rupees)		
<b>At July 1, 2020</b>			
Cost	3,270,053,666	1,762,672,699	5,032,726,365
Accumulated depreciation	(1,427,363,050)	(956,896,660)	(2,384,259,710)
Impairment against Ijarah assets	(16,060,582)	(462,984)	(16,523,566)
Net book value	1,826,630,034	805,313,055	2,631,943,089
<b>Additions</b>	974,815,697	418,721,736	1,393,537,433
<b>Disposals</b>			
Cost	(754,862,449)	(964,051,992)	(1,718,914,441)
Depreciation	397,220,263	565,304,261	962,524,524
	(357,642,186)	(398,747,731)	(756,389,917)
Depreciation charge for the year	(732,149,597)	(291,777,065)	(1,023,926,662)
Impairment during the year	(1,257,775)	(11,995)	(1,269,770)
Closing net book value	1,710,396,173	533,498,000	2,243,894,173
<b>At June 30, 2021</b>			
Cost	3,490,006,914	1,217,342,443	4,707,349,357
Accumulated depreciation	(1,762,292,384)	(683,369,464)	(2,445,661,848)
Impairment against Ijarah assets	(17,318,357)	(474,979)	(17,793,336)
Net book value	1,710,396,173	533,498,000	2,243,894,173
Depreciation rate (% per annum)	16.67% to 50%	16.67% to 50%	

10.2 The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (2021: 2 to 6 years). Security deposits ranging between 0% to 55% (2021: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 12.91% to 20.35% (2021: 9.25% to 13.74%) per annum.

### 10.3 Net investment in Ijarah finance

	Note	June 30, 2022			June 30, 2021		
		Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
		(Rupees)					
Minimum Ijarah payments receivable		1,264,599	-	1,264,599	1,264,599	-	1,264,599
Add: Residual value		370,000	-	370,000	370,000	-	370,000
Gross investment in Ijarah finance		1,634,599	-	1,634,599	1,634,599	-	1,634,599
Less: Unearned finance income		-	-	-	-	-	-
Allowance for potential Ijarah losses	10.4	1,134,443	-	1,134,443	1,134,443	-	1,134,443
Suspended income	10.5	130,156	-	130,156	130,156	-	130,156
Net investment in Ijarah finance		370,000	-	370,000	370,000	-	370,000

10.4 Allowance for potential Ijarah losses

	June 30, 2022			June 30, 2021		
	Specific	General	Total	Specific	General	Total
	(Rupees)					
Opening balance	1,134,443	-	1,134,443	1,134,443	-	1,134,443
Reversal / charge for the year	-	-	-	-	-	-
Closing balance	1,134,443	-	1,134,443	1,134,443	-	1,134,443

As at June 30, 2022, Ijarah with outstanding principal amounting to Rs. 1,134 million (2021: Rs. 1,134 million) has been classified as non-performing as per the requirements of the Modaraba Regulations, 2021 issued by the SECP.

10.5 Suspended income - Net Investment in Ijarah finance

	June 30, 2022	June 30, 2021
	(Rupees)	
Opening balance	130,156	130,156
Income suspended during the year	-	-
Reversals during the year	-	-
Closing balance	130,156	130,156

10.6 Contractual rentals receivable - Ijarah contracts commencing on or after July 1, 2008

	June 30, 2022				June 30, 2021			
	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	841,895,481	1,056,394,137	-	1,898,289,618	992,234,475	1,251,655,513	-	992,234,475
Residual value	163,511,507	319,122,821	-	482,634,328	254,671,675	335,883,776	-	590,555,451
Total future Ijarah payments receivable	1,005,406,988	1,375,516,958	-	2,380,923,946	1,246,906,150	335,883,776	-	1,582,790,126

10.7 Ijarah includes Rs 53.55 million (2021: Rs 66.81 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 29.2.2 to these financial statements.

10.8 The Modaraba has 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. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 27.97 million (2021: Rs. 27.97 million).

11 TANGIBLE ASSETS

	June 30, 2022	June 30, 2021
	(Rupees)	
Tangible assets in own use	18,188,866	4,124,742

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

	June 30, 2022				
	Tangible assets				
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	Total
	(Rupees)				
At July 1, 2021					
Cost	11,277,508	6,946,242	21,896,467	2,594,300	42,714,517
Accumulated depreciation	(11,212,258)	(6,518,397)	(18,264,820)	(2,594,300)	(38,589,775)
Net book value	65,250	427,845	3,631,647	-	4,124,742
Additions	920,703	1,660,537	15,887,501	-	18,468,741
Disposals					
Cost	-	(347,031)	(1,064,229)	-	(1,411,260)
Depreciation	-	347,031	1,029,919	-	1,376,950
	-	-	(34,310)	-	(34,310)
Depreciation charge for the year	(197,652)	(664,252)	(3,528,403)	-	(4,390,307)
Closing net book value	788,301	1,444,130	15,958,435	-	18,188,866
At June 30, 2022					
Cost	12,198,211	8,279,748	36,719,739	2,594,300	59,791,998
Accumulated depreciation	(11,409,910)	(6,835,618)	(20,763,304)	(2,594,300)	(41,603,132)
Net book value	788,301	1,444,130	15,958,435	-	18,188,866
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

	June 30, 2021				
	Tangible assets				
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles	Total
	(Rupees)				
At July 1, 2020					
Cost	11,210,008	6,479,502	19,423,187	2,594,300	39,706,997
Accumulated depreciation	(9,154,915)	(6,479,502)	(16,197,513)	(2,499,616)	(34,331,546)
Net book value	2,055,093	-	3,225,674	94,684	5,375,451
Additions	67,500	466,740	2,473,280	-	3,007,520
Disposals					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Depreciation charge for the year	(2,057,343)	(38,895)	(2,067,307)	(94,684)	(4,258,229)
Closing net book value	65,250	427,845	3,631,647	-	4,124,742
At June 30, 2021					
Cost	11,277,508	6,946,242	21,896,467	2,594,300	42,714,517
Accumulated depreciation	(11,212,258)	(6,518,397)	(18,264,820)	(2,594,300)	(38,589,775)
Net book value	65,250	427,845	3,631,647	-	4,124,742
Depreciation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%	

11.2 Details of disposal of tangible assets are as follows:

Particulars	Cost of assets	Accumulated depreciation	Carrying value	Sales proceeds	Gain / (loss) on disposal	Mode of disposal	Purchaser
(Rupees)							
Furniture and Fittings	347,031	347,031	-	-	-	Scrap	-
Office equipment, appliances and computer systems	597,540	597,540	-	60,000	60,000	Modaraba' Policy	M/s. Al-Madina Cooling Center
	390,444	390,444	-	13,150	13,150	Modaraba' Policy	M/s. GM Computers
	76,245	41,935	34,310	15,000	(19,310)	Modaraba' Policy	Mr. Yasir
2022	1,411,260	1,376,950	34,310	88,150	53,840		
2021							

		Note	June 30, 2022	June 30, 2021
(Rupees)				
12	INTANGIBLE ASSETS		833,934	121,323
12.1	Opening balance	12.1		
	Cost		30,887,067	30,887,067
	Accumulated amortisation		(30,765,744)	(30,473,485)
	Net book value		121,323	413,582
	Additions during the year		882,989	-
	Disposals			
	Cost		-	-
	Accumulated amortisation		-	-
	Amortisation charge for the year		(170,378)	(292,259)
	Closing net book value		833,934	121,323
	Rate of amortisation		33.33%	33.33%
	Closing balance			
	Cost		31,770,056	30,887,067
	Accumulated amortisation		(30,936,122)	(30,765,744)
	Net book value		833,934	121,323

		June 30, 2022	June 30, 2021
(Rupees)			
13	DEFERRED TAX ASSET - NET		
	Deferred tax assets arising on deductible temporary differences		
	- Ijarah assets	53,948,565	-
	- Tangible assets	2,139,882	-
	- Intangible assets	6,811,680	-
		62,900,127	-

	Note	June 30, 2022	June 30, 2021
----- (Rupees) -----			
<b>13.1 Reconciliation of deferred tax asset</b>			
Deferred tax asset - opening balance		-	-
Recognised through the profit or loss account		62,900,127	-
Deferred tax asset - closing balance		62,900,127	-
<b>14 TERM FINANCE ARRANGEMENTS</b>			
Musharika / wakala finance	14.1, 14.2 & 14.3	1,587,104,145	1,397,550,316
Less: current portion of term finance arrangements		(437,094,289)	(385,438,066)
Long-term portion of term finance arrangements		1,150,009,856	1,012,112,250

#### 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	
	2022	2021	2022	2021		2022	2021	2022	2021
	(Rupees)							(Rupees)	
Bank Alfalah Limited	262,499,999	350,000,000	0.2176-0.429	0.2751-0.2214	Quarterly	3 years	3 years	262,499,999	350,000,000
Allied Bank Limited	800,000,000	800,000,000	0.2205-0.3422	0.2751-0.2323	Quarterly	3-5 years	3-5 years	493,531,197	649,841,035
Pakistan Mortgage Refinance Company Limited	331,070,949	397,709,281	0.1784-0.3658	0.1644-0.1786	Quarterly	5 years	5 years	331,070,949	397,709,281
United Bank Limited	300,000,000	-	0.4384	-	Quarterly	3 years	-	300,000,000	-
								1,587,104,145	1,397,550,316

14.2 The aforementioned facilities are secured against exclusive hypothecation over term deposit receipts, specific movable Ijarah and diminishing musharika assets and the rentals / instalments receivable in respect of such assets.

14.3 These carry profit at the rates ranging between 6.52% to 15.66% (2021: 6.52% to 8.48%) per annum.

#### 15 SECURITY DEPOSITS

	June 30, 2022			June 30, 2021		
	Finance lease	Ijarah assets	Total	Finance lease	Ijarah assets	Total
----- (Rupees) -----						
Security deposits (note 15.1)	370,000	404,544,141	404,914,141	370,000	513,645,752	514,015,752
Add: Unearned income (note 15.2)	-	68,340,802	68,340,802	-	62,376,420	62,376,420
Less: repayable / adjustable after one year	-	313,124,339	313,124,339	-	334,024,954	334,024,954
Current portion	370,000	159,760,604	160,130,604	370,000	241,997,218	242,367,218

15.1 These represent amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period. These are initially recorded at fair value and subsequently measured at amortised cost.

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

16	CREDITORS, ACCRUED AND OTHER LIABILITIES	Note	June 30,	June 30,
			2022	2021
			(Rupees)	
	Remuneration payable to the Management Company	16.1	17,941,905	17,545,831
	Profit payable on:			
	- Redeemable capital	16.2	85,167,676	31,485,687
	- Term finance arrangements		15,796,612	17,610,800
	Accrued expenses		21,773,234	25,812,926
	Amounts refundable to lessees		145,013,024	131,159,978
	Commission payable on certificates of musharika		12,058,200	10,377,881
	Provision for Workers' Welfare Fund	16.3	23,515,347	17,200,922
	Charity payable	16.4	197,685	348,032
	Others		49,727,041	48,818,107
			<b>371,190,724</b>	<b>300,360,164</b>
16.1	Amounts due to DLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) as at June 30, 2022 aggregated to Rs. 17.942 million (2021: Rs. 17.546 million).			
16.2	This includes profit payable to key management personnel amounting to Rs. 0.979 million (2021: Rs. 0.356 million) and to mutual funds managed by AWT Investments Limited (a related party) amounting to Rs. 3.28 million (2021: Rs. Nil).			
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 previous year, the Modaraba has deposited the SWWF amounting to Rs 7.183 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, 2022 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 (2021: Rs. 1 million) and an amount of Rs. 1 million (2021: Nil) was donated to The Patients' Behbud Society for AKU for last year, amount of Rs. 1 million was donated to Pakistan Education Foundation.			

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
<b>17</b>	<b>REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED</b>		
	Certificates of musharika (COM)	3,013,905,000	3,250,705,000
	Less: current portion of redeemable capital	(2,598,205,000)	(2,907,255,000)
		<b>415,700,000</b>	<b>343,450,000</b>

17.1 These carry estimated share of profit ranging between Re. 0.3288 to Re. 0.4247 per thousand per day (12.0% to 15.5% per annum) (2021: Re 0.1781 to Re. 0.2151 per thousand per day (6.50% to 7.75% per annum)) and are due to mature latest by June 06, 2025 (2021: May 18, 2024).

17.1.1 This includes COM issued to key management personnel amounting to Rs. 22.550 million (2021: Rs. 7.050 million) at the rate ranging from 13.75% to 13.80% (2021: 6.75%) per annum and to mutual fund managed by AWT Investments Limited (a related party) amounting to Rs. 100 million (2021: Rs. Nil).

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
<b>17.2</b>	<b>Current portion of redeemable capital</b>		
	Current portion of certificates of musharika	2,495,500,000	2,699,950,000
	Payable to holders of matured certificates of musharika	102,705,000	207,305,000
		<b>2,598,205,000</b>	<b>2,907,255,000</b>

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, 2022	June 30, 2021		June 30, 2022	June 30, 2021
(Number of certificates)			(Rupees)	
<b>Authorised certificate capital</b>				
50,000,000	50,000,000	Modaraba certificates of Rs. 10 each	500,000,000	500,000,000
<b>Issued, subscribed and paid-up capital</b>				
28,500,000	28,500,000	Modaraba certificates of Rs. 10 each fully paid in cash	285,000,000	285,000,000
16,883,530	16,883,530	Issued as fully paid bonus certificates	168,835,300	168,835,300
<b>45,383,530</b>	<b>45,383,530</b>		<b>453,835,300</b>	<b>453,835,300</b>

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

	2022		2021	
	(Percentage of holding)	(Number of certificates)	(Percentage of holding)	(Number of certificates)
OLP Services Pakistan (Private) Limited (Formerly ORIX Services Pakistan (Private) Limited ) (the Management Company)	10.00%	4,538,353	10.00%	4,538,353
OLP Financial Services Pakistan Limited (Formerly ORIX Leasing 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	0.01%	6,049

18.2 There are no agreements with certificate holders for voting rights, board selection, rights of first refusal, and block voting.

## 19 CAPITAL RESERVES

Capital reserves include statutory reserves which represent profits set aside by the Modaraba to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profits till such time that reserves equal the amount of the paid up capital. Thereafter, a sum not less than 5% and not more than 20% of the after tax profits is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs. 5.577 million (2021: Rs. 7.626 million) which represents 5% (2021: 5%) of the profit after taxation for the year.

## 20 CONTINGENCIES AND COMMITMENTS

20.1 There were no contingencies outstanding as at June 30, 2022 and June 30, 2021.

### 20.2 Commitments

The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers as at year end for guaranteeing the payment against import of plant and machinery which will ultimately be given by the Modaraba to the customers against diminishing musharika or ijarah arrangements. The customer wise details are mentioned below:

Customer Name		June 30, 2022	
		Amount (Rupees)	Name of Financial Institutions
M/s Pharmatec Pakistan (Private) Limited		83,800,262	Habib Metropolitan Bank Limited
Customer Name		June 30, 2021	
		Amount (Rupees)	Name of Financial Institutions
Rototec (Private) Limited		13,850,000	Meezan Bank Limited
Micro Tech Limited		7,100,000	Bank Al Habib Limited
Hussain Sugar Mills Limited		36,546,000	Meezan Bank Limited
		57,496,000	
	Note	June 30, 2022	June 30, 2021
21	<b>FINANCIAL AND OTHER CHARGES</b>	----- (Rupees) -----	
	Profit on redeemable capital	246,421,284	211,979,773
	Profit on term finance arrangements	124,509,068	85,610,377
	Commission	22,231,967	31,064,935
	Unwinding of security deposits	26,914,443	18,912,141
	Bank charges	211,518	254,758
		<b>420,288,280</b>	<b>347,821,984</b>
22	<b>OTHER INCOME</b>		
	Gain on disposal of Ijarah assets	23,506,624	51,854,146
	Documentation fee	25,695,560	20,216,195
	Gain on disposal of tangible assets in own use	53,840	-
		<b>49,256,024</b>	<b>72,070,341</b>
23	<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>		
	Salaries and other staff benefits	23.1 & 28	140,223,899
	Depreciation	11.1	4,390,307
	Amortisation	12.1	170,378
	Rent		6,412,150
	Advertising, travelling and entertainment		1,818,180
	Postage		1,635,763
	Telecommunication		4,488,181
	Printing and stationery		3,329,592
	Legal and professional		5,472,830
	Repairs and maintenance		11,797,204
	Charges by holding company	23.2	600,047
	Subscriptions		2,702,246
	Auditors' remuneration	23.3	1,556,154
	Certificate of Musharika trustee fee		814,670
	Insurance - own assets		276,955
	Sundry expenses		7,563,009
			<b>193,251,565</b>
			<b>188,384,217</b>

- 23.1 Salaries and other staff benefits include Rs. 5,409 million and Rs. 4,520 million (2021: Rs. 5,129 million and Rs. 3,986 million) on account of the Modaraba's contribution to the staff provident fund and staff gratuity fund respectively.
- 23.2 This represents expense allocated by OLP Financial Services Pakistan Limited (OLPL) (Holding Company of the Management Company) (formerly Orix Leasing Pakistan Limited) on account of usage of OLPL's space, furniture, fixtures and office equipment in Islamabad by the Modaraba.

23.3 Auditors' remuneration

- Statutory audit fee  
 Half yearly review fee  
 Fee for review of compliance with the Code of Corporate Governance  
 Fee for other certifications  
 Fee for assistance in application of IFRS 9  
 Out of pocket expenses  
 Sindh sales tax on services

	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
	667,013	606,375
	190,575	173,250
	63,525	57,750
	220,000	200,000
	207,657	1,000,000
	92,113	83,740
	1,440,883	2,121,115
	115,271	169,689
	1,556,154	2,290,804

24 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2022 has been recognised at 10% (2021: 10%) of the profit for the year before charging such remuneration.

25 PROVISION FOR SERVICES SALES TAX ON THE MANAGEMENT COMPANY'S REMUNERATION

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on management remuneration, which is paid by the Modaraba to its Management Company under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, treating it as a fee and chargeable under the Sindh Sales Tax Act, 2011. The Modaraba, however, considers that the management remuneration is an allocation of profit under the Shariah principle of "Modaraba" and therefore does not qualify to be treated as a fee and therefore does not attract any services sales tax.

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the SRB dated April 22, 2013 issued to the Management Company, the Modaraba has recorded a provision in respect of Sindh Sales Tax on the Management Company's remuneration at applicable rates with effect from November 1, 2011. The Management Company had filed an appeal before the Appellate Tribunal SRB against this order. The Appellate Tribunal SRB through its order dated February 19, 2016 allowed the appeal and set aside the order-in-original and order-in-appeal and remanded back the case to the assessing officer for re-assessment. Thereafter, on April 8, 2016, the assessing officer issued a fresh notice to the Management Company contending that sales tax on the Management Company's remuneration is applicable. Against the notice, the Management Company has filed an appeal before the Honorable Sindh High Court. As an interim relief, the Court vide its Order dated October 13, 2016 has stopped the assessing authorities to pass any final order till the culmination of its proceedings. The interim relief was reconfirmed by the Court in its Order dated November 5, 2018. The case is pending to date. However, the Modaraba has continued to recognise the provision for services sales tax on the Management Company's remuneration.

26 TAXATION

	June 30, 2022	June 30, 2021
	(Rupees)	
Current		
- Current year	104,185,037	-
- Prior years	-	-
Deferred	104,185,037	-
	(62,900,127)	-
	41,284,910	-
<b>26.1 Relationship between tax expense and accounting profit</b>		
Profit before taxation	152,830,268	-
Enacted tax rate	29%	-
Tax calculated at enacted rate	44,320,778	-
- Impact of super tax	6,113,211	-
- Permanent differences	(9,149,078)	-
	41,284,910	-

26.2 The income of non-trading Modarabas was exempt from income tax provided that not less than 90% of their profits are distributed to the certificate holders. The tax clause which provides for such exemption has been omitted through Tax Laws (second) amendment Ordinance, 2021. Accordingly, provision for taxation has been made in the financial statements starting from the current year.

27 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

	June 30, 2022	June 30, 2021
	(Rupees)	
<b>Basic</b>		
Profit for the year after taxation	111,545,358	152,518,893
	(Number)	
Weighted average number of certificates outstanding during the year	45,383,530	45,383,530
	(Rupees)	
Earnings per certificate	2.46	3.36

**Diluted**

Diluted earnings per certificate has not been presented as the Modaraba does not have any convertible instruments in issue as at June 30, 2022 and June 30, 2021 which would have any effect on the earnings per certificate if the option to convert is exercised.

## 28 REMUNERATION OF OFFICERS AND EXECUTIVES

Note	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
Remuneration and staff retirement benefits	136,938,451	137,385,327
Medical expenses	13,000	474,450
Other benefits	3,272,448	3,283,314
28.1 & 28.2	<u>140,223,899</u>	<u>141,143,091</u>
	----- (Number) -----	
Number of employees at the end of the year		
- Permanent	41	40
- On contractual basis	12	14
	<u>53</u>	<u>54</u>
Average number of employees*	<u>41</u>	<u>40</u>

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

28.1 It includes remuneration paid to all employees other than the Chief Executive Officer, who is an employee of the Management Company of the Modaraba. Remuneration to the Chief Executive Officer is recognised in the financial statements of the Management Company of the Modaraba.

28.2 The remuneration paid to the executives is as follows:

	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
Basic salary	33,386,954	32,439,660
House rent allowance	13,354,782	12,975,864
Medical allowance	3,338,695	3,243,966
Other allowances	8,054,531	3,679,758
Bonus	13,260,000	11,435,000
Contribution to provident fund	3,338,705	3,243,966
Contribution to gratuity fund	2,781,133	2,702,224
	<u>77,514,800</u>	<u>69,720,438</u>
	----- (Number) -----	
Number of executives at the end of the year	<u>15</u>	<u>15</u>

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

## 29 FINANCIAL RISK MANAGEMENT

The Modaraba's activities expose it to a variety of financial risks:

- Market risk
- Credit risk
- Liquidity risk
- Operational risk

The Board of Directors of the Management Company have overall responsibility for the establishment and oversight of Modaraba risk framework. The Board of Directors of the Management Company is also responsible for developing and monitoring the Modaraba's risk management policies.

The Modaraba's risk management policies are discussed below:

### 29.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices.

Market risk comprises three types of risk: currency risk, profit rate risk and price risk.

#### 29.1.1 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 exchange rates. At present, the Modaraba is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

#### 29.1.2 Profit rate risk

Profit rate 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 profit rates. The Modaraba has adopted appropriate policies to minimise its exposure to this risk. The profit rate profile of the Modaraba's significant profit bearing financial instruments and the periods in which these will mature are as follows:

June 30, 2022							
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)							
<b>On-balance sheet financial instruments</b>							
<b>Financial assets</b>							
Cash and bank balances	9.64% - 10.60%	914,148,625	507,273,251	-	-	-	6,975,374
Bank rentals receivable	-	124,795,394	-	-	-	-	124,795,394
Advances, deposits and other receivables	-	255,664,043	-	-	-	-	255,664,043
Diminishing Musharaka	10.04% - 21.16%	2,762,865,202	416,097,923	1,416,426,807	1,899,622,142	-	30,738,330
Net investment in bank finance	-	370,000	-	-	-	-	370,000
		4,657,823,264	923,371,174	1,416,426,807	1,899,622,142	-	416,402,141
<b>Financial liabilities</b>							
Term finance arrangements	6.32% - 15.64%	1,587,104,145	19,359,628	128,748,295	288,906,399	1,150,009,863	-
Security deposits	-	404,914,141	-	-	-	-	404,914,141
Creditors, accrued and other liabilities	-	347,675,377	-	-	-	-	347,675,377
Advance bank rentals received	-	3,429,809	-	-	-	-	3,429,809
Redeemable capital	12.0% - 15.5%	3,013,905,000	882,700,000	381,750,000	1,229,030,000	415,700,000	102,705,000
Unclaimed profit distribution	-	58,779,645	-	-	-	-	58,779,645
		6,410,808,117	902,059,628	512,498,295	1,318,036,399	1,565,709,863	917,503,992
<b>On-balance sheet gap (a)</b>		<b>(752,984,853)</b>	<b>21,311,546</b>	<b>903,928,512</b>	<b>381,585,783</b>	<b>(1,565,709,863)</b>	<b>(499,100,851)</b>
<b>Off-balance sheet financial instrument</b>							
<b>Commitments</b>							
		-	-	-	-	-	83,800,262
<b>Off-balance sheet financial instrument gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(83,800,262)</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>(752,984,853)</b>	<b>21,311,546</b>	<b>903,928,512</b>	<b>381,585,783</b>	<b>(1,565,709,863)</b>	<b>(582,901,113)</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>(752,984,853)</b>	<b>925,240,058</b>	<b>1,308,826,641</b>	<b>(258,384,022)</b>	<b>(258,384,022)</b>	<b>(258,384,022)</b>

		June 30, 2021						
Effective yield / profit rate %	Total	Exposed to yield / profit rate risk					Not exposed to yield / profit rate risk	
		Up to one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
(Rupees)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets</b>								
Cash and bank balances	3.25% - 6%	769,029,312	516,185,824	-	-	-	252,843,488	
Ijarah rentals receivable	-	113,500,031	-	-	-	-	113,500,031	
Advances, deposits and other receivables	-	221,658,078	-	-	-	-	221,658,078	
Diminishing Musharika	8.94% - 13.56%	3,226,028,937	406,576,960	1,136,193,378	1,769,544,769	-	13,811,490	
Net investment in Ijarah finance	-	370,000	-	-	-	-	370,000	
		4,330,586,258	922,762,784	1,136,193,378	1,769,544,769	-	582,185,087	
<b>Financial liabilities</b>								
Term finance arrangements	6.52% - 11.48%	1,397,550,316	-	999,841,035	397,709,288	-	-	
Security deposits	-	516,015,757	-	-	-	-	516,015,757	
Creditors, accrued and other liabilities	-	283,159,242	-	-	-	-	283,159,242	
Advance Ijarah rentals received	-	9,196,642	-	-	-	-	9,196,642	
Redeemable capital	6.50% - 7.75%	3,250,795,000	170,600,000	397,100,000	2,138,250,000	343,450,000	207,305,000	
Unclaimed profit distribution	-	57,616,286	-	-	-	-	57,616,286	
		5,512,043,238	170,600,000	1,790,941,035	2,535,919,288	343,450,000	1,071,092,922	
<b>On-balance sheet gap (a)</b>		<b>(1,181,456,980)</b>	<b>752,162,784</b>	<b>(254,847,317)</b>	<b>(766,414,512)</b>	<b>(343,450,000)</b>	<b>(568,907,835)</b>	
<b>Off-balance sheet financial instrument</b>								
<b>Commitments</b>								
			-	-	-	-	57,616,000	
<b>Off-balance sheet financial instrument gap (b)</b>			-	-	-	-	<b>(57,616,000)</b>	
<b>Total interest rate sensitivity gap (a+b)</b>			<b>752,162,784</b>	<b>(254,847,317)</b>	<b>(766,414,512)</b>	<b>(343,450,000)</b>	<b>-</b>	
<b>Cumulative interest rate sensitivity gap</b>			<b>752,162,784</b>	<b>497,315,467</b>	<b>(269,099,045)</b>	<b>(612,549,045)</b>	<b>(612,549,045)</b>	

### Sensitivity analysis for variable rate instrument

As at reporting date, variable rate instruments of the Modaraba represent cash and bank balances, Diminishing Musharika and Ijarah financing, term finance arrangements and redeemable capital. In case of 100 basis points increase / decrease in profit rates on the last repricing date of variable rate instruments with all other variables held constant, the following will be the impact on the profit and loss account and the equity of the Modaraba:

	June 30, 2022		June 30, 2021	
	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	59,095,781	(59,095,781)	61,482,943	(61,482,943)
Variable rate financial liabilities	(43,975,094)	43,975,094	(45,970,982)	45,970,982
Net effect on profit and loss	15,120,687	(15,120,687)	15,511,961	(15,511,961)

## Sensitivity analysis for fixed rate instrument

There are no fixed rate financial instruments as at June 30, 2022 and June 30, 2021.

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, 2022 is not necessarily indicative of the effect on the Modaraba's profit and loss and reserves due to changes in profit rates.

### 29.1.3 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. As at June 30, 2022 and June 30, 2021, the Modaraba did not hold any instruments which exposes it to price risk.

### 29.2 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.

Note	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
<b>Financial Assets</b>		
Cash and bank balances	514,067,119	768,954,312
Ijarah rentals receivable	124,755,394	113,500,031
Advances, deposits and other receivables	255,664,043	121,658,078
Diminishing Musharika	3,762,885,202	3,326,028,937
Net investment in Ijarah finance	370,000	370,000
	<b>4,657,741,758</b>	<b>4,330,511,358</b>

As at June 30, 2022 and June 30, 2021, Ijarah rental receivables are pledged as collateral against musharika / wakala term finance.

### 29.2.1 Management of credit risk

The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Modaraba Regulations, 2021 issued by the SECP. The Modaraba seeks to manage its credit risk exposure through diversification of its Ijarah and diminishing musharika arrangements to avoid undue concentration of risks with individuals or groups of customers in specific locations or businesses.

The outstanding amount of Modaraba's Ijarah finance are secured against leased assets. In few cases, additional collateral is also obtained in the form of mortgage of property. The Modaraba is entitled to repossess and sell these assets in case of default by the customers. During the current year, the Modaraba has not repossessed any assets.

## Credit risk ratings

The Modaraba maintains balances with banks having reasonably high credit ratings which are summarized as follows:

	Note	June 30, 2022	June 30, 2021
		(Rupees)	
<b>Bank balances</b>			
AAA		510,724,315	716,807,621
AA+		3,266,092	52,017,464
A+		508	508
The State Bank of Pakistan		76,204	128,719
		<b>514,067,119</b>	<b>768,954,312</b>

## Impairment losses and past due balances

An analysis of the age of significant unimpaired financial assets are as under:

	June 30, 2022			June 30, 2021		
	Not Past Due Amount	Past Due Amount	Total outstanding amount	Not Past Due Amount	Past Due Amount	Total outstanding amount
	(Rupees)					
Ijarah rentals receivable	45,972,590	78,782,803.03	124,755,394	42,438,712	71,061,319	113,500,031

29.2.2 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, 2022				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	(Rupees)				
Ijarah rentals receivable (being principal outstanding)	-	-	-	52,412,624	52,412,624
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	47,705,558	35,133,903	-	100,238,755	183,078,216
Sukuk certificates	-	-	-	57,701,835	57,701,835
	<b>47,705,558</b>	<b>35,133,903</b>	<b>-</b>	<b>211,487,657</b>	<b>294,327,118</b>

	June 30, 2021				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	(Rupees)				
Ijarah rentals receivable (being principal outstanding)	-	-	-	65,674,246	65,674,246
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	14,625,000	-	8,574,284	102,161,707	125,360,991
Sukuk certificates	-	-	-	57,701,835	57,701,835
	<b>14,625,000</b>	<b>-</b>	<b>8,574,284</b>	<b>226,672,231</b>	<b>249,871,515</b>

Impairment is recognised by the Modaraba based on the provisioning requirements as disclosed in note 4.2.1.2 to these financial statements. The Modaraba also performs a subjective evaluation of performing and non-performing advances / loans / lease portfolio based on past experience, repayment patterns and consideration of financial positions of counter parties and has the option to downgrade the category of classification determined on the basis of the Modaraba Regulations, 2021.

### 29.2.3 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, 2022		June 30, 2021	
	(Rupees)	%	(Rupees)	%
Confectionery	159,585,678	3.03%	189,273,192	3.67%
Fast Moving Consumer Goods (FMCGs) / Food and Allied	370,742,105	7.04%	384,037,189	7.44%
Services	331,203,339	6.29%	768,610,784	14.90%
Chemicals	180,006,510	3.42%	140,262,681	2.72%
Sugar	280,651,374	5.33%	125,282,532	2.43%
Textile	806,796,933	15.33%	473,334,029	9.18%
Travel, transport, storage	366,486,853	6.96%	218,814,056	4.24%
Printing, publishing and packages	440,874,379	8.38%	351,084,298	6.81%
Individuals	634,602,195	12.08%	628,984,323	12.19%
Automobile	327,645,341	6.23%	101,586,770	1.97%
Financial institutions	7,701,835	0.15%	33,562,381	0.65%
Power, energy, water	39,677,693	0.75%	39,670,845	0.77%
Gas	90,643,944	1.72%	50,798,302	0.98%
Pharmaceuticals	153,485,305	2.92%	183,092,226	3.55%
Steel	276,787,076	5.26%	171,454,976	3.32%
Engineering	39,482,322	0.75%	410,964,726	7.97%
Plastic	85,578,450	1.63%	120,978,835	2.35%
Distribution	-	-	386,470	0.01%
Dairy, farming and allied	38,619,751	0.73%	59,755,891	1.16%
Leather / tyre and rubber	108,488,101	2.06%	68,269,677	1.32%
Poultry / poultry feeds	127,579,735	2.42%	75,031,948	1.45%
Petroleum and allied	3,728,752	0.07%	96,317,536	1.87%
Others	392,267,077	7.45%	467,259,349	9.06%
	<b>5,262,634,748</b>	<b>100.00%</b>	<b>5,158,813,016</b>	<b>100.00%</b>

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, 2022	June 30, 2021
----- (Rupees) -----			
Investment in Ijarah finance / assets under Ijarah arrangements	10	1,811,424,254	2,244,264,173
Less: security deposits held	15	(473,254,943)	(576,392,172)
Add: impairment against Ijarah assets	10.1	13,424,240	17,793,336
Add: allowance for potential Ijarah losses	10.4	1,134,443	1,134,443
Add: mark-up held in suspense	10.5	130,156	130,156
		<b>1,352,858,150</b>	<b>1,686,929,936</b>
Investment in Sukuk certificates	8	-	-
Add: provision in respect of sukuk certificates	8	57,701,835	57,701,835
		<b>57,701,835</b>	<b>57,701,835</b>
Investment in diminishing musharika	9	3,762,885,202	3,326,028,937
Add: provision in respect of diminishing musharika	9	89,189,561	88,152,308
		<b>3,852,074,763</b>	<b>3,414,181,245</b>
		<b>5,262,634,748</b>	<b>5,158,813,016</b>

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, 2022		
	Ijarah Financing	Diminishing Musharika	Total
----- (Rupees) -----			
Within 90 days	-	-	-
91 - 180 days	-	52,174,308	52,174,308
181 - 365 days	-	30,665,153	30,665,153
Over 1 year	53,547,067	100,238,755	153,785,822
	<b>53,547,067</b>	<b>183,078,216</b>	<b>236,625,283</b>
Less: general and specific provision	12,327,647	89,189,561	101,517,208
Net of provision	<b>41,219,420</b>	<b>93,888,655</b>	<b>135,108,075</b>
Coverage ratio	<b>23.02%</b>	<b>48.72%</b>	<b>42.90%</b>

	June 30, 2021		
	Ijarah Financing	Diminishing Musharika	Total
	(Rupees)		
Within 90 days	-	-	-
91 - 180 days	-	14,625,000	14,625,000
181 - 365 days	41,375,245	-	41,375,245
Over 1 year	25,433,444	110,735,991	136,169,435
	66,808,689	125,360,991	192,169,680
Less: general and specific provision	16,520,076	88,152,308	104,672,384
Net of provision	50,288,613	37,208,683	87,497,296
Coverage ratio	24.73%	70.32%	54.47%

- 29.2.4 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, 2022 and June 30, 2021 was determined as follows:

#### Ijarah Finance and Diminishing Musharika

	June 30, 2022		
	Expected loss rate	Gross carrying amount	Loss allowance
	(Rupees)		
Not yet due	0.03%	2,694,252,177	877,101
1-30 days	0.11%	1,979,679,095	2,275,068
31-60 days	0.53%	410,847,704	2,195,750
61-90 days	0.70%	158,345,803	1,105,026
91-180 days	6.65%	54,641,623	3,633,794
181-365 days	30.59%	33,134,073	10,135,208
More than 365 days	75.26%	174,170,295	131,081,944
Total			151,303,891

#### Ijarah Finance and Diminishing Musharika

	June 30, 2021		
	Expected loss rate	Gross carrying amount	Loss allowance
	(Rupees)		
Not yet due	0.08%	3,655,336,347	3,006,748
1-30 days	0.06%	1,074,757,285	663,688
31-60 days	0.24%	346,627,280	819,850
61-90 days	0.64%	109,178,982	702,496
91-180 days	4.65%	15,337,638	712,637
181-365 days	54.75%	64,495,912	35,312,545
More than 365 days	92.27%	129,359,502	119,354,846
Total			160,572,810

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 forwarding-looking information in determination of ECL.

### 29.3 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, 2022						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
(Rupees)							
Financial liabilities							
Term finance arrangements	1,587,104,145	(1,587,104,145)	(19,259,628)	(128,748,299)	(288,986,259)	(1,150,009,963)	-
Security deposits	404,914,191	(473,254,943)	(96,738,015)	(19,692,702)	(37,378,976)	(319,045,258)	-
Creditors, accrued and other liabilities	347,675,377	(347,675,377)	(347,675,377)	-	-	-	-
Advance ijarah rentals	3,429,809	(3,429,809)	(3,429,809)	-	-	-	-
Redeemable capital	3,012,905,000	(3,012,905,000)	(955,485,000)	(383,750,000)	(1,229,050,000)	(449,700,000)	-
Unclaimed profit distribution	58,779,663	(58,779,663)	(58,779,663)	-	-	-	-
	5,445,800,137	(5,484,148,938)	(1,511,287,494)	(332,890,997)	(1,555,815,335)	(1,884,755,131)	-
June 30, 2021							
	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	1,297,550,316	(1,297,550,316)	-	(999,841,025)	(317,709,281)	-	-
Security deposits	156,015,572	(576,392,172)	(129,507,008)	(18,787,782)	(183,072,479)	(334,024,953)	-
Creditors, accrued and other liabilities	283,159,242	(283,159,242)	(283,159,242)	-	-	-	-
Advance ijarah rentals received	9,396,642	(9,396,642)	(9,396,642)	-	-	-	-
Redeemable capital	3,250,705,000	(3,250,705,000)	(377,905,000)	(391,100,000)	(2,338,250,000)	(342,450,000)	-
Unclaimed profit distribution	57,416,286	(57,416,286)	(57,416,286)	-	-	-	-
	5,512,063,228	(5,574,419,658)	(848,384,178)	(1,409,728,817)	(2,639,021,780)	(677,474,953)	-

### 29.4 Operational risk

Operational risk is the potential for loss resulting from inadequate or failed internal processes and systems, human error, or from impact of external events (including legal risks). Operational risk is inherent in the Modaraba's activities and, as with the other risk types, is managed through an overall framework with checks and balances that includes recognised ownership of the risk by the businesses, independent risk management oversight and an independent review by the Internal Audit.

The Modaraba considers the overall operational risk by breaking it down into different sub-components / areas called as operational risk sub-types under which operational risks are identified. The overall operational risk management responsibilities lie with the Operational Risk department. For the identified operational risks, operational risk control owners are put in place and made responsible for performance of checks and testing of identified controls in their areas and reporting of the same to the operational risk department which reports any exception or deviation to the Operational Risk Committee where corrective and preventive actions are taken.

## 30 FINANCIAL INSTRUMENTS BY CATEGORY

	June 30, 2022			Total
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	
(Rupees)				
<b>FINANCIAL ASSETS</b>				
Cash and bank balances	514,148,625	-	-	514,148,625
Ijarah rentals receivable	124,755,394	-	-	124,755,394
Advances, deposits and other receivables	255,664,043	-	-	255,664,043
Diminishing musharika	3,762,885,202	-	-	3,762,885,202
Net investment in Ijarah finance	370,000	-	-	370,000
	<b>4,657,823,264</b>	<b>-</b>	<b>-</b>	<b>4,657,823,264</b>

	June 30, 2022		Total
	At fair value through profit or loss	At amortised cost	
(Rupees)			
<b>FINANCIAL LIABILITIES</b>			
Term finance arrangements	-	1,587,104,145	1,587,104,145
Security deposits	-	404,914,141	404,914,141
Creditors, accrued and other liabilities	-	347,675,377	347,675,377
Advance Ijarah rentals received	-	3,429,809	3,429,809
Redeemable capital	-	3,013,905,000	3,013,905,000
Unclaimed profit distribution	-	58,779,665	58,779,665
	<b>-</b>	<b>5,415,808,137</b>	<b>5,415,808,137</b>

	June 30, 2021			Total
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	
(Rupees)				
<b>FINANCIAL ASSETS</b>				
Cash and bank balances	769,029,312	-	-	769,029,312
Ijarah rentals receivable	113,500,031	-	-	113,500,031
Advances, deposits and other receivables	121,658,078	-	-	121,658,078
Diminishing musharika	3,326,028,937	-	-	3,326,028,937
Net investment in Ijarah finance	370,000	-	-	370,000
	<u>4,330,586,358</u>	-	-	<u>4,330,586,358</u>

	June 30, 2021		Total
	At fair value through profit or loss	At amortised cost	
(Rupees)			
<b>FINANCIAL LIABILITIES</b>			
Term finance arrangements	-	1,397,550,316	1,397,550,316
Security deposits	-	514,015,752	514,015,752
Creditors, accrued and other liabilities	-	283,159,242	283,159,242
Advance Ijarah rentals received	-	9,196,642	9,196,642
Redeemable capital	-	3,250,705,000	3,250,705,000
Unclaimed profit distribution	-	57,416,286	57,416,286
	-	<u>5,512,043,238</u>	<u>5,512,043,238</u>

### 31 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

Underlying the definition of fair value is the presumption that the Modaraba is a going concern without any intention or requirement to curtail materially the scale of its operations or to undertake a transaction on adverse terms.

#### 31.1 Fair value hierarchy

International Financial Reporting Standard 13, 'Fair Value Measurement' requires the Modaraba to classify assets using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

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

As at June 30, 2022 and June 30, 2021, there were no financial instruments which were measured at fair values in these financial statements.

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.

		June 30, 2022						
		Carrying value			Fair value			
Note		Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value		(Rupees)						
	31.1							
		514,348,625	-	514,348,625	-	-	-	-
		124,758,394	-	124,758,394	-	-	-	-
		255,664,843	-	255,664,843	-	-	-	-
		1,762,895,202	-	1,762,895,202	-	-	-	-
		370,000	-	370,000	-	-	-	-
		<b>4,657,823,264</b>	<b>-</b>	<b>4,657,823,264</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities not measured at fair value								
	31.1							
		-	1,587,104,345	1,587,104,345	-	-	-	-
		-	484,994,341	484,994,341	-	-	-	-
		-	347,675,377	347,675,377	-	-	-	-
		-	3,429,609	3,429,609	-	-	-	-
		-	1,033,905,000	1,033,905,000	-	-	-	-
		-	98,779,665	98,779,665	-	-	-	-
		<b>-</b>	<b>5,415,888,137</b>	<b>5,415,888,137</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
		June 30, 2021						
		Carrying value			Fair value			
Note		Financial assets at amortised cost	Financial liabilities at amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value		(Rupees)						
	31.1							
		769,029,312	-	769,029,312	-	-	-	-
		113,500,031	-	113,500,031	-	-	-	-
		121,658,078	-	121,658,078	-	-	-	-
		1,374,028,931	-	1,374,028,931	-	-	-	-
		370,000	-	370,000	-	-	-	-
		<b>4,330,586,258</b>	<b>-</b>	<b>4,330,586,258</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial liabilities not measured at fair value								
	31.1							
		-	1,397,358,316	1,397,358,316	-	-	-	-
		-	594,095,752	594,095,752	-	-	-	-
		-	283,759,247	283,759,247	-	-	-	-
		-	9,746,642	9,746,642	-	-	-	-
		-	1,250,705,000	1,250,705,000	-	-	-	-
		-	57,416,286	57,416,286	-	-	-	-
		<b>-</b>	<b>5,512,043,238</b>	<b>5,512,043,238</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

- 31.1.1 The majority of these financial assets and liabilities are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

## 32 CAPITAL RISK MANAGEMENT

The Modaraba's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for certificate holders and benefits for other stakeholders and to maintain an optimal capital structure so as to reduce the cost of capital.

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

Consistent with others in the industry, the Modaraba monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total Certificates of Musharika, Musharika Finance and borrowings less cash and bank balances. Total capital is calculated as equity as shown in the balance sheet plus net debt.

	June 30, 2022	June 30, 2021
	----- (Rupees) -----	
Total borrowings	4,601,009,145	4,648,255,316
Less: Cash and bank balances	514,148,625	769,029,312
Net debt	4,086,860,520	3,879,226,004
Total equity	1,138,605,222	1,158,672,101
Total capital	5,225,465,742	5,037,898,105
Gearing ratio	78.21%	77.00%

As required under the Modaraba Regulations, 2021, every Modaraba issuing Certificate of Musharika shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and thereafter at the rate of 10%. The Modaraba has maintained and complied with the minimum capital adequacy ratio and minimum equity requirement during the current year.

## 33 SEGMENT INFORMATION

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

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

The internal reporting provided to the Chief Executive Officer for the Modaraba's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of the approved accounting standards as applicable in Pakistan.

The Modaraba is domiciled in Pakistan. All of the Modaraba's income is from investments in entities incorporated in Pakistan.

The Modaraba also has a diversified certificate holder population. As at June 30, 2022, there were only two (2021: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (2021: 10% and 10%) respectively.

## 34 RELATED PARTY TRANSACTIONS

### 34.1 Details of related parties of the Modaraba

Name of related party	Nature of relationship	Basis of relationship
OLP Financial Services Pakistan Limited	Holding Company of Management Company	Common Management and Control
OLP Services Pakistan (Private) Limited	Associate	Management Company of the Modaraba
ORIX Staff Provident fund	Associate	Common Management
ORIX Staff gratuity Fund	Associate	Common Management
AWT Investment	Associate	Common Directorship
Layton Rehmatullah Benevolent Trust Free Eye Hospital	Associate	Common Trusteeship
The Patients' Behbud Society for AKU	Associate	Common Directorship

### 34.2 Transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements and remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	30 June 2022	30 June 2021
(Rupees)					
ORIX Leasing Pakistan Limited	Holding Company of the Management Company	100% Holding in the Management Company, 10% Holding in the Modaraba	Dividend	13,161,224	11,345,883
			Allocated cost to the Modaraba for Islamabad Office	600,047	608,052
ORIX Services Pakistan (Private) Limited	Management Company	10% Holding in the Modaraba	Management Company's remuneration	17,941,905	17,545,831
			Dividend	13,161,224	11,345,883
			Rent Expense	4,273,198	-
			Rent payable	4,273,190	-
AWT Investments Limited (AWTIL)	Associated Undertaking	Common directorship	Profit on certificate of musharika issued to mutual funds managed by AWTIL	3,283,231	504,551
AWT Investments Limited (AWTIL)	Associated Undertaking	Common directorship	Deposit against Certificate of Musharika	100,000,000	-
The Patients' Behbud Society for AKU	Associated Undertaking	Common directorship	Donation paid by the Modaraba	1,000,000	-
Layton Rahmatulla Benevolent Benevolent Trust Hospital	Associated Undertaking	Trusteeship of a Director	Donation paid by the Modaraba	2,000,000	1,000,000
ORIX Modaraba – Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	5,408,858	5,149,606
ORIX Modaraba – Staff Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	4,520,110	4,289,591
			Refund received from the Modaraba	1,725,310	301,173
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	290,000	250,000
Mr. Nadeem D Khan	Director of the Management Company	Director of the Management Company	Dividend paid	17,542	15,123
Key management personnel	Employees	Members of the Management Committee	Salaries and benefits	52,236,316	47,140,775
			Contributions to the staff provident fund	2,080,249	1,937,709
			Contributions to the staff gratuity fund	1,732,843	1,614,087
			Income earned on diminishing musharika finances	4,979,234	12,169,699
			Financial charges on redeemable capital	1,074,818	478,095
			Number of persons	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.

- 34.3 Details of the diminishing musharika finances given and receivables (as disclosed under current assets) from key management personnel are as follows:

June 30, 2022

Muhammad Siddique  
 Mohammad Arif Daya  
 Nadir Shah  
 Aniq-Ul Islam  
 Salwat Ahmad  
 Muhammad Ahsan Ilyas

Balances at Year-end			Maximum Aggregate Balance during the year
Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Total (1+2+3)	
(Rupees)			
3,088,481	14,580	3,103,061	3,750,443
3,685,770	18,584	3,704,354	5,506,640
4,045,910	6,905	4,052,815	5,914,175
1,144,644	2,474	1,147,118	1,250,000
16,066,717	29,047	16,095,764	17,611,594
12,396,716	67,090	12,463,806	12,934,303
<b>40,428,238</b>	<b>138,680</b>	<b>40,566,918</b>	

June 30, 2021

Muhammad Siddique  
 Mohammad Arif Daya  
 Nadir Shah  
 Muhammad Asim Javed  
 Salwat Ahmad  
 Muhammad Ahsan Ilyas

Balances at Year-end			Maximum Aggregate Balance during the year
Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Total (1+2+3)	
(Rupees)			
3,736,914	13,529	3,750,443	3,997,000
5,505,756	884	5,506,640	5,798,860
5,471,816	6,594	5,478,410	6,874,749
-	-	-	17,965,822
17,596,806	14,788	17,611,594	19,995,626
2,555,161	9,276	2,564,437	2,564,437
<b>34,866,453</b>	<b>45,071</b>	<b>34,911,524</b>	

- 34.3.1 Under diminishing musharika arrangements, housing, motor vehicle and personal finances are provided to key management personnel. Tenure of maximum twenty years are offered for housing finance whereas for motor vehicles and personal finances the tenure offered is five years under the approved human resource policies. The limit for housing finance is lower of eighty-five multiples of monthly basic salary or Rs. 20 million whereas for personal finance the same is granted as lower of three multiples of monthly basic salaries or Rs. 0.5 million. For limits of motor vehicle financings, the Modaraba sets benchmark on the basis of prices prevalent on the date employee becomes entitled or when entitlement revises of particular models of certain vehicles available in the market. These carry mark-up at the rate of six month Karachi Interbank Offering rate (KIBOR) + 3%. Financing provided for housing is secured by way of registered mortgages over the respective property created in favour of the Modaraba whereas motor vehicles financed by the Modaraba are held by Modaraba in its ownership. Personal finances are unsecured. All the above balances are not due at the balance sheet date. Mark-up receivable represents profit on diminishing musharika finances accrued from the respective last paid installments till the balance sheet date and is disclosed under note 7 to these financial statements under current assets.

## 35 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise of the following amounts appearing on the balance sheet:

Note	June 30, 2022	June 30, 2021
	(Rupees)	
Cash and bank balances	514,148,625	769,029,312

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

	Term Finance arrangement	Redeemable Capital	Unclaimed profit distribution	Total
	(Rupees)			
Opening balance as at July 1, 2021	1,397,550,316	3,250,705,000	57,416,286	4,705,671,602
Dividend declared	-	-	131,612,237	131,612,237
	-	-	131,612,237	131,612,237
Proceeds from term finance	651,431,762	-	-	651,431,762
Repayment of term finance	(461,877,933)	-	-	(461,877,933)
Proceeds from issuance of redeemable capital	-	3,122,500,000	-	3,122,500,000
Repayment of redeemable capital	-	(3,359,300,000)	-	(3,359,300,000)
Dividend paid	-	-	(130,248,858)	(130,248,858)
	189,553,829	(236,800,000)	(130,248,858)	(177,495,029)
Closing balance as at June 30, 2022	1,587,104,145	3,013,905,000	58,779,665	4,659,788,810

### 36 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and better presentation. No significant rearrangements or reclassifications have been made in these financial statements during the current year, except for the following:

Reclassification from the balance sheet	Reclassification to the balance sheet	June 30, 2022 (Rupees)
Tangible assets	Intangible assets	121,323
Reclassification from the profit and loss account	Reclassification to the profit and loss account	June 30, 2021 (Rupees)
Ijarah rentals earned	Financial and other charges	18,912,141

The amount of amortisation on security deposit for the year has been presented as a financial cost for the year ended June 30, 2021. Moreover, the amortisation of unearned premium has been recognised as past of ijarah rental income for the year ended June 30, 2021.

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

The Board of Directors of the Management Company in their meeting held on September 15, 2022 approved a cash distribution of Rs. 2.00 (2021: Rs. 2.9) per certificate. The financial statements of the Modaraba for the year ended June 30, 2022 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, 2023.

## 38 GENERAL

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

38.2 The Modaraba has set up provident fund for its permanent employees and the contributions are made by the Modaraba to the fund. The total contribution made to the provident fund for the year ended June 30, 2022 was Rs. 5.409 million (2021: Rs. 5.150 million). The audit of the provident fund for the year ended June 30, 2022 is in progress. The net assets of the provident fund, based on the unaudited financial statements as at June 30, 2022 amounted to Rs. 60.523 million, out of which 25% (2021: nil) was invested in different financial instruments categories while 75% (2021: 99%) as deposits with Banks in remunerative accounts. The fair value as at June 30, 2022 of investments of the provident fund amounted to Rs. 60.618 million (2021: Rs. 64.738 million).

## 39 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on September 15, 2022 by the Board of Directors of the Management Company.

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

Chief Executive

Director

Director

Chief Financial Officer

OLP





**OLP**

**OLP Modaraba**  
(Formerly ORIX Modaraba)

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