



OLP


THE SUCCESS STORY **CONTINUES**

OLP FINANCIAL SERVICES PAKISTAN LIMITED
Annual Report 2022



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THE SUCCESS STORY CONTINUES

Our new logo is OLP and the new symbol mark  is a circle made of two dimensional block lines merging into a three dimensional solid to form a circle, representing perpetuity and regeneration as OLP strives to anticipate and meet individual client's needs by offering appropriate products.

The circle emphasizes OLP's capacity for flexibility and diversity. OLP represents **Originality**, **Loyalty** and **Passion**, the qualities that enabled OLP to become the preeminent Company in the NBFIs sector in Pakistan.

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ORIGINALITY

OLP approach is to think through a problem with creativity and flexibility to provide solution that meet our clients' diverse needs.

LOYALTY

At OLP we strive to add long term value to our business partners and stakeholders by developing loyal and sustainable relationships.



PASSION

Our passion to excel has been instrumental in our growth and success over the past 36 years.

OLP fosters a culture which encourages and rewards individuals who demonstrate passion to succeed. A host of satisfied customers is testament to the extra effort, innovation and pride our team members put into ensuring a quality experience for our valued customers.

VISION

Excellence in pioneering creative and flexible financial services for a diverse market with particular emphasis on serving the needs of SME sector in Pakistan.

MISSION

A corporate culture and environment that attracts and fosters the best available talent, inspires trust of customers, promotes innovation in products and services, creates value for all stakeholders and is inclusive of support to the less privileged by improving their access to finance.

CORE VALUES



Innovation

We seek continuous improvement and encourage creativity



Integrity

We promote honesty and fairness in all our actions



Ownership

We protect the interests of the Company as if it is our own business



Respect

We respect each others' feelings and opinions



Teamwork

We work together to create synergies



Customer Focus

We are because of our customers and our success lies in their satisfaction

STRATEGIC OBJECTIVES

- Enhance OLP brand image in the market as a leading diverse non-banking financial institution with strong brand loyalty.
- Be a role model for the industry with high standards of governance and risk assessment framework.
- Be recognized as making meaningful contribution to the economy and the society with a focus on micro and middle-tier segments.
- Maintain the highest credit ratings in the non-banking financial sector of Pakistan to provide maximum security to our depositors and lenders.
- Meet varying and diverse demands of customers through innovation and differentiation in our products.
- Take personalized customer service to next level through a highly trained and multi-skilled workforce.
- Become an employer of choice by creating a fair and conducive work environment that fosters growth and rewards talent.
- Bring transparency and control in all spheres of business and operations by introducing well-defined policies and procedures and training staff accordingly.
- Identify and capitalize on opportunities for generating sustainable sources of income to secure the future interests of all stakeholders.
- Maximize return to shareholders by steadily increasing ROE and ROA.

CODE OF BUSINESS ETHICS

It is vital to the financial success of OLP that we conduct our business in compliance with the rules and regulations applicable to and laid down by the Company. Our Code of Conduct sets out the fundamental standards to be followed by employees in their everyday actions.

-  Acting in the best interests of the Company by ensuring that personal interests do not influence decision-making ability.
-  Protecting OLP's proprietary and sensitive information by maintaining the highest level of confidentiality, both within and outside the Company.
-  Compliance with applicable laws, rules and regulations in letter and spirit.
-  Refrain from engaging in any illegal or unethical transaction.
-  Maintaining a conducive working environment by respecting human rights and treating each other with respect, fairness and dignity.
-  Exercising due care and acting within the scope of one's own authority.
-  Maintaining a respectful and reverential attitude toward customers and conducting ourselves at all times to meet customers' needs.
-  Considering values that serve to support and advance societal interests and harmony and conducting our business activities in a manner that promotes harmony with social and environmental issues.
-  Committing to a secure and safe work environment and striving to maintain uninterrupted business continuity.
-  Reporting the discovery of any illegal or unethical conduct and prohibiting any reprisal against or unfavorable treatment of OLP personnel who come forward in good faith to report issues.

COMPANY PROFILE

OLP Financial Services Pakistan Limited (OLP) (Formerly ORIX Leasing Pakistan Limited) was established in July 1986 as a joint venture between ORIX Corporation, Japan and local investors. The Company is listed on the Pakistan Stock Exchange.

OLP is headquartered in Karachi and has 36 branches situated in 34 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.58% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services groups with operations in 28 countries worldwide. The group has experience of 58 years of operations and has a total asset base of Yen (¥) 14,622 billion and equity of ¥ 3,294 billion as at June 30, 2022, which equates to US\$ 107 billion and US\$ 24 billion respectively.

OLP has traditionally focused on the leasing of productive plant and machinery and transportation assets. Over the past 36 years, OLP has played an important role in the development of the leasing industry in Pakistan and is currently the largest lending NBFC in Pakistan.

OLP offers value-added financial products and innovative customized services to a wide array of customers throughout Pakistan. The blend of international experience and local expertise acquired over the last 36 years provides OLP a distinctive competitive edge.

PARENT SUBSIDIARIES & ASSOCIATES

Parent Company

ORIX Corporation

Tokyo Headquarters, World Trade Center Building, 2-4-1, Hamamatsu-cho
Minato-ku, Tokyo 105-6135, Japan
Tel: (81)-3-3435-3145
Fax: (81)-3-3435-3163
www.orix.co.jp

Subsidiaries

OLP Services Pakistan (Private) Limited

(Formerly ORIX Services Pakistan (Private) Limited)

Office 601, 6th Floor, Syedna Tahir Saifuddin
Memorial Trust Building Civil Lines,
Beaumont Road, Karachi, Pakistan
Tel: (021) 35930000

OLP Modaraba

(Formerly ORIX Modaraba)

Office 601, 6th Floor, Syedna Tahir Saifuddin
Memorial Trust Building Civil Lines,
Beaumont Road, Karachi, Pakistan
Tel: (021) 35930000
www.olpmodaraba.com

Associated Companies

Yanal Finance Company

(Formerly Saudi ORIX Leasing Company)

P.O. Box 22890, Riyadh 11416
343 King Saud Street, Riyadh
Kingdom of Saudi Arabia
Tel: (9661) 2997777
Fax: (9661) 2997770
www.yanal.com

SAMA Finance SAE

(Formerly ORIX Leasing Egypt SAE)

5th Floor, Cairo Center Building,
2, Abd El Kader Hamza Street,
Garden City, Cairo 11461, Egypt
Tel: (202) 27922757-9
Fax: (202) 27922760
www.samafinance.com

COMPANY INFORMATION

Board of Directors



Mr. Khalid Aziz Mirza
Chairman and Independent
Non Executive Director



Mr. Yoshiaki Matsuoka
Non Executive Director



Mr. Nasim Hyder
Independent
Non Executive Director



Ms. Aminah Zahid Zaheer
Independent
Non Executive Director



Mr. Katsumi Matsumoto*
Non Executive Director



Ms. Keiko Watanabe
Non Executive Director



Mr. Daisuke Morita
Non Executive Director



Mr. Shaheen Amin
Chief Executive Officer and
Executive Director



Mr. Ramon Alfrey
Deputy Chief Executive Officer,
CFO and Executive Director

* Appointed on September 01, 2022, subject to SECP's approval

Audit Committee

1. Mr. Nasim Hyder
Chairman
2. Ms. Aminah Zahid Zaheer
Member
3. Ms. Keiko Watanabe
Member
4. Mr. Daisuke Morita
Member

Human Resource Nomination and Remuneration Committee

1. Mr. Khalid Aziz Mirza
Chairman
2. Mr. Yoshiaki Matsuoka
Member
3. Mr. Shaheen Amin
Member

Risk Committee

1. Ms. Aminah Zahid Zaheer
Chairperson
2. Mr. Nasim Hyder
Member
3. Ms. Keiko Watanabe
Member
4. Mr. Daisuke Morita
Member

Credit Committee

1. Mr. Yoshiaki Matsuoka
Chairman
2. Mr. Shaheen Amin
Member
3. Mr. Ramon Alfrey
Member

Chief Financial Officer

Mr. Ramon Alfrey

Company Secretary

Mr. Haider Abbas Kalhar

Head of Internal Audit and Secretary to Audit Committee

Mr. Nadeem Amir Ali

Head of Compliance

Mr. Rashid Ahmed

Credit Rating by PACRA

Long term entity rating AA+

Short term entity rating A1+

Legal Advisors

M/s Mansoor Ahmad Khan & Co.

Auditors

A.F.Ferguson & Co.

Chartered Accountants

State Life Building No. 1-C, I.I.

Chundrigar Road, P.O.Box 4716,

Karachi - 74000, Pakistan

Registrar and Share Transfer Office

FAMCO Associates (Pvt.) Limited

8-F, Near Hotel Faran, Nursery, Block-6,

P. E. C. H. S., Shahra-e-Faisal, Karachi.

Tel: (92-21) 34380101-5, 34384621-3

Shariah Advisor

Al Hamd Shariah Advisory Services

(Pvt.) Limited

Banks and Lending Institutions

1. Allied Bank Limited
2. Askari Bank Limited
3. Bank Al Habib Limited
4. Bank Alfalah Limited
5. Faysal Bank Limited
6. Habib Bank Limited
7. Habib Metropolitan Bank Limited
8. JS Bank Limited
9. Karandaaz Pakistan
10. MCB Bank Limited
11. Meezan Bank Limited
12. SCB (Pakistan) Limited
13. Telenor Microfinance Bank
14. United Bank Limited

Registered and Head Office

OLP Building, Plot No.16, Sector No.24,
Korangi Industrial Area, Karachi-74900,
Pakistan.

MEET THE TEAM



Mr. Shaheen Amin
Chief Executive Officer



Mr. Ramon Alfrey
Deputy Chief Executive
Officer and CFO



Mian Faysal Riaz
Chief Operating Officer



Mr. Imtiaz Chaudhry
Head - Marketing



Mr. Waqas Ahmed Khwaja
Head - Corporate Division



Mr. Tahir Ali Shah
Head - Commercial
Vehicle Division



Mr. Fahad Shahzad Memon
Head - Consumer Auto Division



Ms. Aseya Qasim
Head - Micro Finance
Division



Mr. Shah Suleman Fareed
Head - Commercial Real Estate/
Term Finance and Insurance
Division



Mr. Hira Lal Bharvani
Head - Human Resources



Mr. Shafiq Ur Rehman
Head - Risk Management



Mr. Hamood Ahmed
Head - Business Control



Mr. Haider Abbas Kalhar
Company Secretary



Mr. Nadeem Amir Ali
Head - Internal Audit



Mr. Abid Hussain Awan
Head - Group Strategy and
Planning



Syed Muhammad Matin
Head - Special Asset Management



Mr. Muhammad Ikram
Head - Information Systems



Mr. Rashid Ahmed
Head - Compliance



Mr. Mamoon Ishaq
Head - Administration

CHAIRMAN'S MESSAGE

Dear Shareholders,

On behalf of the Board of Directors, I am pleased to present the Annual Report of OLP Financial Services Pakistan Limited (OLP/ the Company) for the year ended June 30, 2022.

Pakistan's economy is facing economic challenges in the wake of international events and domestic political crisis. The Board and Management are closely monitoring the prevailing business environment and are guiding the Company well in these adverse circumstances. Against a backdrop of multi-faceted challenges, the Company continues to perform well and distributes a fair return to our valued shareholders by way of interim and final dividends.

A cautious approach was adopted for business growth in FY2022. OLP has a well diversified and strong loan book which increased by 16% to reach Rs. 25 billion (2021: Rs. 21.5 billion). As of June 30, 2022, the Company had total assets of Rs. 30 billion which were 20% higher than last year's total assets of Rs. 25 billion.

Profit before tax for the year at Rs. 1,377 million was 7% higher than last year (2021: Rs. 1,284 million). However, the profit after tax was 4% lower at Rs. 882 million compared to Rs. 915 million last year due to higher tax provision. The Government has levied 4% super tax on companies earning income of more than Rs. 300 million and has also made some other amendments in tax laws. Consequently, the Company has recorded total tax expense of Rs. 495 million which was 34% higher than last year.

OLP's strong risk management framework has been instrumental in the Company's success over the years. I appreciate the Board and its sub-committees efforts which continue to focus on risk management, especially credit and operational risks, to maintain a high level of operational efficiency and improve the Company's performance.

During the year, the Company was rebranded in line with its vision of enhancing its corporate image as an SME focused financial services company and not merely a leasing company. The Board is of the view that a change in the Company's name was essential to develop the Company's image as a financial institution which offers a full spectrum of financial services to its customers. The principal shareholder of the Company, ORIX Corporation, has fully endorsed this rebranding and is committed to the future growth of OLP with the new image.

On behalf of the Board of Directors, I would like to extend my heartfelt gratitude to all our stakeholders and employees for their contribution in steering the Company during these challenging times and creating value through their outstanding level of commitment and dedication. I would also like to thank the Regulators for their continued direction and support during the year.



Khalid Aziz Mirza
Chairman Board of Directors

چئیرمین کا پیغام

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2022 کو ختم ہونے والے سال کے لیے OLP فنانشل سروسز پاکستان لمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

بین الاقوامی واقعات اور ملکی سیاسی بحران کے تناظر میں پاکستان کی معیشت کو معاشی چیلنجز کا سامنا ہے۔ بورڈ اور انتظامیہ موجودہ کاروباری ماحول پر گہری نظر رکھے ہوئے ہیں اور ان منفی حالات میں کمپنی کی اچھی رہنمائی کر رہے ہیں۔ کثیر جہتی چیلنجوں کے باوجود کمپنی نے اچھی کارکردگی کا مظاہرہ کرتے ہوئے عبوری اور حتمی ڈیویڈنڈ کے ذریعے ہمارے قابل قدر شیئر ہولڈرز میں منافع کی مناسب تقسیم کی ہے۔

مالی سال 2022 میں کاروباری ترقی کے لیے محتاط انداز اپنایا گیا۔ OLP کے پاس متنوع اور مضبوط لون بک ہے جو 16% بڑھ کر 25 بلین روپے (2021: 21.5 بلین روپے) تک پہنچ گئی ہے۔ 30 جون 2022 تک، کمپنی کے کل اثاثے 30 ارب روپے تھے جو گزشتہ سال 25 ارب روپے کے کل اثاثوں کے مقابلے میں 20% زیادہ تھے۔

سال کے لیے قبل از ٹیکس منافع 1,377 ملین روپے پچھلے سال (2021: 1,284 ملین روپے) کے مقابلے میں 7% زیادہ تھا۔ تاہم، بعد از ٹیکس منافع 882 ملین روپے زیادہ ٹیکس ادائیگی کی بنا پر پچھلے سال 915 ملین روپے کے مقابلے میں 4% کم رہا۔ حکومت نے 300 ملین روپے سے زیادہ آمدنی حاصل کرنے والی کمپنیوں پر 4% سپر ٹیکس لگایا ہے اس کے علاوہ ٹیکس قوانین میں کچھ دیگر ترامیم بھی کی ہیں۔ نتیجتاً، کمپنی نے 495 ملین روپے کے کل ٹیکس اخراجات کو ریکارڈ کیا ہے جو کہ گزشتہ سال کے مقابلے میں 34% زیادہ ہے۔

OLP کا مضبوط رسک مینجمنٹ فریم ورک گزشتہ سالوں میں کمپنی کی کامیابی میں اہم کردار ادا کر رہا ہے۔ میں بورڈ اور اس کی ذیلی کمیٹیوں کی کوششوں کو سراہتا ہوں جو رسک مینجمنٹ بالخصوص کریڈٹ اور آپریشنل رسک پر توجہ مرکوز کرتے رہتے ہیں تاکہ آپریشنل کارکردگی کی اعلیٰ سطح کو برقرار رکھا جاسکے اور کمپنی کی کارکردگی کو بہتر بنایا جاسکے۔

سال کے دوران، کمپنی کو محض ایک لیزنگ کمپنی نہیں بلکہ ایک SME فوسڈ فنانشل سروسز کمپنی کے طور پر اپنے کارپوریٹ امیج کو بڑھانے کے وژن کے مطابق ری برانڈ کیا گیا۔ بورڈ کا خیال ہے کہ کمپنی کے نام میں تبدیلی کمپنی کے امیج کو ایک مالیاتی ادارے کے طور پر تیار کرنے کے لیے ضروری تھی جو اپنے صارفین کو مکمل مالیاتی خدمات پیش کرتا ہے۔ کمپنی کے پرنسپل شیئر ہولڈر، ORIX کارپوریشن نے اس ری برانڈنگ کی مکمل توثیق کی ہے اور نئے امیج کے ساتھ OLP کی مستقبل میں ترقی کے لیے پر عزم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام اسٹیک ہولڈرز اور ملازمین کا تہہ دل سے شکریہ ادا کرنا چاہوں گا جنہوں نے اس مشکل وقت میں کمپنی کو چلانے میں عزم اور لگن کے ساتھ اپنا حصہ ڈالا اور سال کے دوران ریگولیٹرز کی مسلسل رہنمائی اور تعاون کا بھی شکریہ ادا کیا۔

خالد عزیز مرزا

چئیرمین بورڈ آف ڈائریکٹرز

DIRECTOR'S REPORT

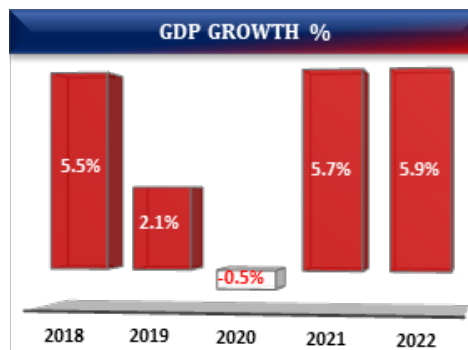
On behalf of the Board of Directors, we are pleased to present the thirty sixth annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2022.

The Company

OLP was established in 1986 as one of the pioneers in the leasing industry in Pakistan. The Company has an Investment Finance Services license from SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Company provides financial services to corporate and individual customers with emphasis on serving the needs of Small and Medium Enterprise (SME) sector of the Country.

Overview of the Economy

Pakistan's economy is facing frequent boom-bust cycles for many years. Continuing with this trend, the economy achieved GDP growth of 5.74% and 5.97% in FY2021 and FY2022 respectively, however, it is again facing severe challenges owing to runaway inflation, current account deficit and political instability.

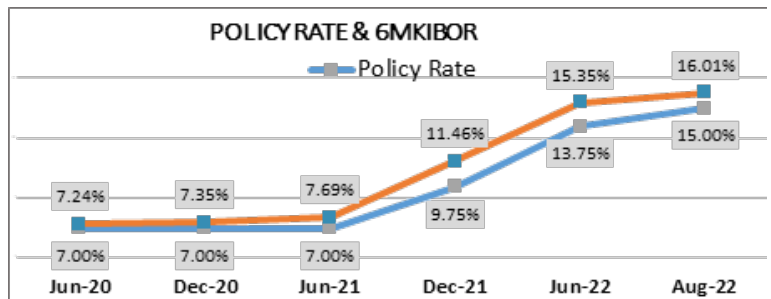


In FY2022, all major sectors performed well. The industrial sector grew by 7.2%, followed by services sector and agricultural sector at 6.2% and 4.4% respectively. However, international supply issues and high commodity prices, especially after the Russia-Ukraine conflict, created inflationary pressure during the year which exacerbated towards the end of the fiscal year. Annual inflation touched 25% in July 2022, which is one of the highest inflation rates the Country has faced. High commodity prices also caused sharp increase in current account deficit which necessitated the Country having to negotiate with the International Monetary Fund on tough conditions and approach other multilateral and bilateral lenders.

Given these challenges, political turmoil did not help the situation and severely dented business sentiment. Increasing current account deficit and political instability also caused freefall of the rupee against major currencies and it has depreciated by 44% against US Dollar since July 2021; reaching Rs. 223 per USD in September 2022. Increase in taxation of the already burdened documented sector of the economy also negatively affected the corporate sector and the KSE-100 index has fallen by 10% since April 15, 2022.

The SBP has taken a number of steps to control inflation and rupee depreciation, including raising the policy rate from 7% in September 2021 to 15% in July 2022. Other measures included increase in bank reserve requirements; tightening of consumer financing regulations and import curtailments through higher margin requirements.

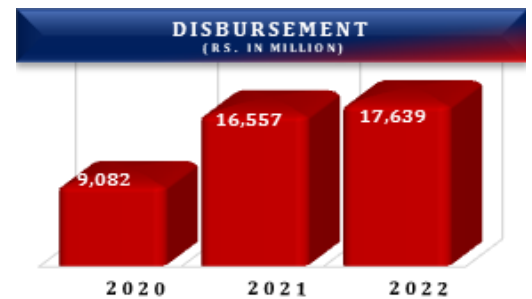
Despite high interest rates, unprecedented increase in car prices and restriction on consumer financing, car sales for the year increased by 55% to 234,180 units as compared to 151,182 units in FY2021. Truck sales also increased by 57% to 5,802 units in FY2022, indicating improved local and foreign trade in the Country. However, car sales are expected to decline substantially in FY2023, owing to persistent higher rates and high prices.



The challenging economic environment is expected to continue through the current fiscal year. With international demand for commodities remaining high, combined with COVID-related logistical issues and international conflicts, inflation is expected to remain high in the Country. The Government is taking difficult economic decisions which have already started impacting some businesses negatively. GDP growth of 3% to 4% has been projected by SBP for FY2023. Going forward, the Country's political situation will play a major role in the overall economic outlook for the current year.

Business Review

Given that economic conditions remained volatile in the second half of financial year 2021-22, OLP adopted a cautious approach and booked new business with enhanced diligence. Total disbursement for the year increased by 7% compared to last year. Vehicles leasing/financing (commercial vehicles and saloon cars) contributed 82% in total disbursements for the year. During the year, OLP introduced a new product of term financing secured by real estate. Contribution from this product in total business is expected to increase in coming years. The Company is also focusing on increasing fee based revenue through insurance agency business by leveraging its large customer base.

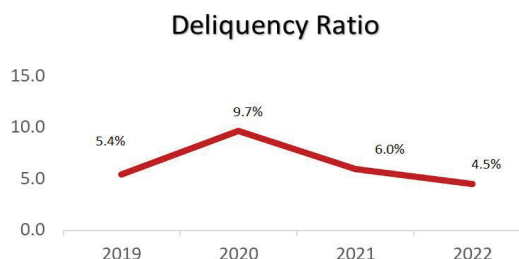


OLP's lease and loan portfolio increased by 16% during the year. Assets-wise, vehicles constituted 79% of the portfolio showing an increase of 19% over FY2021. This was followed by plant & machinery with an 18% contribution in total portfolio. The Company's portfolio is well diversified in a variety of economic sectors. Individual customers constituted the largest segment in the portfolio



with a share of 30.8% followed by Goods Transport sector with 14.6% share. OLP also endeavors to keep its portfolio diversified in different customers or groups. As of June 30, 2022, the highest exposure to a single customer is 0.57% of OLP's total portfolio.

The Company's non-performing portfolio and delinquency rate have improved over the past two years. While keeping tight control over overdue accounts in its current portfolio, the Company also made substantial recoveries from old overdue cases.



OLP's associated company, Yanal Finance Company improved its profitability this year. The share of profit from associate amounted to Rs. 64 million; 82% higher than last year's profit.

OLP Modaraba (OM) reported net profit of Rs. 111.5 million for the year; 27% lower than the previous year's profit of Rs. 152.5 million. The reduction was mainly due to taxation imposed on Modarabas in the current year. Total assets at 6,707 million were 1% lower than last year (June 30, 2021: Rs. 6,750 million) mainly due to reduction in Ijarah assets as OM is gradually moving towards a Diminishing Musharikah model. OM declared a cash dividend 20% for the year.

Financial Performance

OLP's financial results are summarized below:

	2022	2021
	-----Rupees-----	
Profit before taxation	1,376,781,079	1,283,979,509
Taxation	494,570,693	369,168,975
Profit for the year after taxation	882,210,386	914,810,534
Appropriations: transfer to statutory reserve	44,110,519	182,962,107
Earnings per share – basic and diluted	5.03	5.22

Profit before tax (PBT) for the year at Rs. 1,377 million was 7% higher than the PBT of Rs. 1,284 million earned last year. However, profit after tax was 4% lower at Rs. 882 million as compared to Rs. 915 million last year, as the Company's tax expense was 34% higher this year.

Dividend

The Directors are pleased to recommend a final cash dividend of 20% for the year ended June 30, 2022. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 40% (2021: total cash dividend of 40%)

Revenue

Total revenue for the year increased by 22%, from Rs. 3,681 million in FY2021 to Rs. 4,489 million in FY2022. This increase is attributable to the growth in earning portfolio together with increase in interest rates in the Country.

Finance lease income at Rs. 2,252 million (FY2021: Rs. 2,219 million) was 1% higher than last year. The average lease portfolio during the year was Rs. 13,742 million, 3% lower than last year as the Company booked most of its saloon cars business under finance and loan portfolio. Despite the reduction in portfolio, revenue was maintained due to higher interest rates in the later part of the year.

Mark-up on term finance at Rs. 1,614 million was 66% higher than Rs. 971 million earned last year. This significant increase in income reflects increase in both portfolio and interest rates. The average portfolio of term finance and loans has increased from Rs. 6,034 million last year to Rs. 9,549 million in the current year. This portfolio mainly comprises of saloon cars financing and growth therein was facilitated by increase in car sales and car prices in the Country.

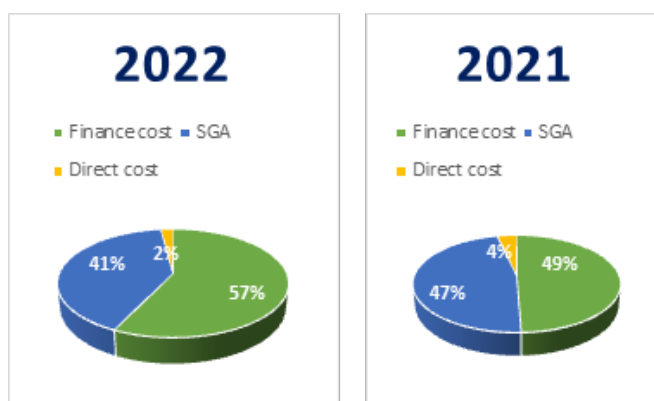
Income on operating leases was lower at Rs. 38 million in FY2022 compared to Rs. 88 million in the corresponding period. This income comprises of rentals from cranes provided to corporate customers on operating lease and rentals from the Ijarah finance portfolio. Prior year's income included rentals from a large Ijarah finance contract which concluded during that year.

Other income for the year of Rs. 520 million was 42% higher than the income of Rs. 367 million earned in FY2021. This income comprises of return on Government securities, documentation fee on new business and miscellaneous other incomes. In December 2021, the Company issued Privately Placed Term Finance Certificates (PPTFC) of Rs. 3,000 million. The excess liquidity available due to this issue was placed in Government securities which resulted in higher other income during the year.

Expenses

OLP's total expenses for the year at Rs. 3,142 million were 30% higher than the last year's expenses of Rs. 2,416 million. The breakup of expenses are follows:

- Finance cost for the year was Rs. 1,794 million, 50% higher than finance cost of Rs. 1,194 million last year. Higher borrowing portfolio in FY2022, coupled with the increase in interest rates in the later part of the year, resulted in increase in finance cost for the reported period.



- Administrative and general expenses at Rs. 1,285 million were 13% higher than the expenses of Rs. 1,135 million in the corresponding year. Despite high inflation in the Country, most of the expenses were contained during the year and the increase was mainly due to the increase in staff related expenses.
- Direct cost of Rs. 63 million (FY2021: Rs. 86 million) mainly comprises of stamp duty on new business, expenses associated with operating lease and Ijarah finance and other expenses directly attributable to lease and finance. The decline of 26% in this cost is mainly due to decrease of Ijarah finance portfolio as compared to last year.

Provision for Potential lease, loan and other losses

With strong recovery efforts, OLP managed to further reduce its non-performing assets portfolio during the year. Consequently, reversal of Rs. 65 million was made in provision for potential lease and loan losses as compared to the reversal of Rs. 40 million last year. OLP's model for calculation of provision against its lease and loan portfolio meets the requirements of IFRS 9. During the year, some amendments were made in this model in line with the regulatory requirements, which also resulted in lower provisioning requirement. Total provision balance of Rs. 1,055 million as of June 30, 2022 (June 30, 2021: Rs. 1,121 million) provided 94% coverage against the portfolio of 90+ days past due accounts (June 30, 2021: 87%).

Taxation

In the Finance Act, 2022, the Federal Government has levied a special tax, as super tax, for tax year 2022 and onwards on high earning companies. The rate of this new tax is based on the income earned by a company. For companies earning income of more than Rs. 300 million,

4% super tax will be levied. Further, the Government has also made amendments in taxability of capital gains arising on disposal of capital assets (investments). As per this amendment, the reduction of 25% on tax rate, applicable earlier on disposal of capital assets held for more than 1 year, has been removed. Such capital gains will now be fully taxable.

In line with these changes, higher tax of Rs. 495 million was recorded for the year, 34% higher than the tax expense of Rs. 369 million last year. This included super tax on current year's earning and deferred tax liability for subsequent years at the rate of 4% together with deferred tax liability for capital gains on disposal of investments in future.

Funding and Liquidity

Total borrowings of the Company as of June 30, 2022 were Rs. 18 billion as compared to Rs. 14.1 billion as of June 30, 2021. The increase in borrowing portfolio is in line with the increase in Company's earning asset portfolio. During the year, OLP issued Privately Placed Term Finance Certificates (PPTFC) of Rs. 3,000 million to further diversify its funding sources. The Company's debt to equity ratio as of June 30, 2022 was 2.02 (June 30, 2021: 1.65) while Capital Adequacy Ratio (CAR) was 27.32% (June 30, 2021: 31.8%) which is well above the regulatory requirement of 10%. This is indicative of the Company's strong capital position.

The breakup of borrowings is as follows:

	Rs. in millions	
	2022	2021
Bank borrowings	10,484	9,203
Certificates of Deposit	4,536	4,869
PPTFC	3,000	-
Total	18,020	14,073

The Company's bank borrowings are well diversified from 10 different banks. The largest exposure from a single bank was 18% of total borrowing of the Company as of June 30, 2022 (June 30, 2021: 15%).

Risk Management

As OLP's operations exposes it to different types of risks, a sound risk management framework has always played a significant role in Company's success. Risk management systems are the means of identifying, assessing, managing and controlling potential risks faced by the Company and provide reasonable assurance of OLP achieving its objectives. The Company's risk management framework consists of Board oversight, multi-tier supervision by head of departments and/or management committees, effective policies and procedures and strong IT systems. This framework is being continuously monitored and amendments are made in

line with changing market dynamics, regulatory requirements and change in the Company's business strategy.

In order to enhance the Board's role in the governance of risk and implementation of risk management policies, OLP has a Board's Risk Committee (BRC). The Committee comprises of 4 directors and is chaired by an Independent Director. It monitors, evaluates and manages the overall risk profile of the Company on an ongoing basis. Under BRC's supervision, the Company has an Enterprise Risk Management framework in place which allows the Board to review in detail risks faced by different operations and segments of the Company and provide guidelines for mitigating such risks while keeping in view the overall strategic objectives of the Company.

Major risks to which the Company is exposed to and the respective risk management framework are as follows:

Credit Risk

Credit risk is the risk of loss due to a borrowers' failure to fulfill their financial commitments. Being in the lending business, this is the biggest risk OLP is exposed to and extra efforts are made to bring this risk within the risk appetite acceptable to the Board.

OLP has a Board approved Credit Risk Policies which provides guidelines for extending credit to different segments of the economy. These policies also guides the Company on concentration of credit risk in different sectors and asset classes and for an entity or group. Credit approval authority has been delegated by the Board to different levels of management depending on the amount of the facility. The approving authorities ensure that all credit facilities are approved as per the Credit Risk Policies.

The Risk Management department performs an independent assessment of credit risk and reports the same to the Board's Credit Committee. New credit facilities above certain limits are reviewed by this department before approval. Additionally, a post-disbursement review of other approvals are also made to ensure that the Credit Policy is fully complied with at all levels of approving authorities. The department also ensures that Credit Policies are updated as per the changing business conditions.

The Board has also set exposures limits against each counterparty, sector and asset class. As a result, OLP maintains a well-diversified portfolio with no material concentrations of risk to any single party or sector.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligation as they fall due or is unable to arrange sufficient funds to meet its financial commitments. The overall responsibility of managing liquidity risk lies with the Asset Liability Management Committee (ALCO). The Board has approved an Asset Liability Management Policy supplemented by

detailed Terms of Reference of ALCO, which sets out the risk appetite within which ALCO should function.

ALCO meets at least every month to review the impact of changing economic and market conditions on the Company's profitability, liquidity and fund management position. It also monitors ALM ratios, current and future cash flow position and devises strategy for appropriate funding mix between options in hand to maintain adequate diversity in the funding sources.

OLP's main sources of funding are bank borrowings and certificates of deposit. The Company maintains a diversified mix of lenders and ensures that sufficient unutilized lines are available at all times to meet future funding requirements.

Market Risk

Market risk is the risk that the value of market sensitive assets and liabilities may fluctuate due to the movement in market factors. OLP is exposed to market risk mainly in the form of movement in interest rates affecting its debt obligations and leases and loans receivables, whereas the Company has a policy not to assume any unhedged foreign currency position.

ALCO Monitor and control interest rate risk. Significant portion of lease and loan portfolio is linked to the KIBOR and any change in rates have impact on the earnings of the Company. Similarly, major debts of the Company are also benchmarked against KIBOR. The ALCO has devised pricing strategies and policies to control and manage interest rate risk by passing on the same to customers to the extent possible and by matching substantial portion of variable rate liabilities with variable rate assets. In case of a negative mismatch beyond acceptable limits, OLP has the option of repositioning its assets and/ or liabilities mix or executing interest rate swaps.

The Company is exposed to currency risk due to its strategic investments in foreign associates, which is realized only on any change in holding of those investments. The currency exposure also arises if any debt obligation is taken in foreign currency. As a policy, OLP does not take any such borrowings without having cross currency swap to fully cover against the movement in foreign currency.

Operational Risk

Operational risk is the risk of loss due to occurrence of an event which disrupts the normal operations of the Company. It may include a loss due to failure of systems or processes, loss due to fraud or human error and loss due to external events like accidents or natural disaster. It also includes non-compliance with the local laws and regulations. Risk of reputational damage to the Company due to the above events also comes under operational risk.

Due to the size of OLP operations and its geographical expansion, OLP is exposed to a number of operational risks. To minimize these risks internal policies and controls are regularly reviewed and strengthened and adherence to these policies are ensured. OLP has a disaster

recovery plan for any external event, accident or natural disaster, causing disruption to its operations, which is periodically reviewed and tested. New and existing staff is provided orientation and training on Company's Code of Conduct, Anti-money laundering and Anti-fraud and Whistleblowing Policies for prevention of fraud and unethical practices.

Regular checks by the Internal Audit and Compliance functions help in monitoring the implementation of approved policies and related preventative internal controls.

Corporate Governance, Internal Control and Compliance

OLP's strong corporate governance structure facilitates effective management of the Company and achievement of its long-term objectives by emphasizing transparency, accountability and compliance. Well established policies, well defined authorities and responsibilities and strong risk management framework are in place to achieve these objectives. The Board of Directors heads the governance structure of the Company. The Board comprises of 3 independent directors, 4 nominee directors and 2 executive directors. To discharge their duties more effectively, the Board has constituted following 4 sub-committees:

- i. Board Audit Committee (BAC)
- ii. Board Human Resource, Nomination and Remuneration Committee (BHRN&RC)
- iii. Board Risk Committee (BRC)
- iv. Board Credit Committee (BCC)

A Number of Management Committees further enhances the governance process throughout the organization. These consist of Management Committee, Credit Committee, Asset Liability Management Committee and IT Steering Committee. Senior staff members are part of Management Committees and bring their vast experience in making strategies, business planning and operations.

Internal audit and compliance departments report directly to the Board through the Audit Committee. The internal audit department develops a risk based audit plan at the start of the year which is reviewed and approved by the Audit Committee. The audits during the year are regularly reviewed by this Committee and it provides guidance to the management in enhancing the controls in line with the audit recommendations. The internal audit department not only provides independent view on compliance with the policies, procedures and regulatory requirements, it also advises on improvement of policies in line with the best industry practices.

The Company also places high emphasis on compliance with all regulatory requirements and ensures that the compliance culture is cascaded to all levels of organization. OLP is fully compliant with the regulatory framework of the Country and also aims to comply with industry best practices. OLP's compliance function is responsible for ensuring compliance with the existing and new regulations applicable to the Company. As the Country is enhancing its regulatory framework, the level of oversight by the SECP has increased, especially with

regards to anti-money laundering and terrorist financing. Apart from its lending business, OLP has a sizeable certificates of deposit portfolio which makes a strong compliance framework crucial for its success. The Company has implemented a number of measures to ensure full compliance with all regulatory requirements including UN / NACTA sanctions screening and Customer Due Diligence Process (CDD) / know your customers (KYC) requirements. Compliance department regularly conducts AML / CFT Compliance audit of business functions to ensure that all regulatory requirement applicable to the Company have been complied with. They also conduct training sessions on aspects of Anti-Money laundering (AML) / Countering Financing of Terrorism (CFT) to educate staff on AML / CFT regime and to comply with the requirement of AML / CFT Regulations. Guidelines and risk assessment processes have been strengthened across the board to ensure that employees fully comprehend and apply strict due diligence reviews

Corporate Social Responsibility

OLP's business objective revolves around making a social impact by creating a sustainable business model, creating maximum value for all stakeholders, fostering individual talent and financial inclusion of all segments of the society. OLP has presence in all major cities of the Country and endeavors to support local businesses especially those which have no access to the financial sector of the Country.

The Company has a CSR Policy and a CSR Committee in place which ensure that all CSR activities are in line with the Company's vision and resources are channeled to the deserving institutions/individual.

Future Outlook

As political instability continued in the Country, its negative effects are being felt on the overall economy. Pakistan's current account deficit is also under pressure due to high commodity prices internationally. With persistently high inflation, the SBP's policy rate is expected to remain high in FY 2023. Structural changes are required in the economy to control current account deficit.

The Government has been able to reach agreement with IMF for its seventh and eighth reviews for its \$6 billion facility and the IMF has approved much awaited \$1.2 billion. The deal was reached after Pakistan complied with the IMF conditions. The Government is also negotiating with other lenders to ease pressure on its current account.

Given the challenges on the economic front and the high interest rate environment, the Company will continuously review its strategy on business growth and risk management. Strong risk management will also play an important role in the success of the Company in a challenging environment.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees are given in the Statement of Compliance on page no. 12.

Evaluation of the Performance of the Board

OLP has a formal process of evaluation of the performance of the Board of Directors and its committees as required by the Listed Companies (Code of Corporate Governance) Regulations, 2019. This evaluation is carried out on an annual basis either in-house or through external independent consultants. The Board members make full efforts to attend all Board Meetings and fully participate in the proceedings of the meetings. The Board ensures that the industry best practices are adopted by the Company and the Board in all its functions.

In this process of evaluation, the evaluation questionnaires are circulated to the Board members who send their replies to the Company Secretary while keeping the whole process confidential. The responses are compiled by the Company Secretary and the results are shared in the Board Meeting and the areas of improvements are highlighted.

Board's Remuneration Policy

The Company has a Board of Directors Remuneration Policy in place, which was duly approved by the Board. It provides a formal mechanism for determining the remuneration of the directors of the Company, for attending meetings. As per the Policy, only the Independent Non-Executive Directors are eligible for remuneration for attending the Board and its committees' meetings. Whereas, the Non-Executive Directors are only entitled to reimbursement of the expenses incurred for attending the meetings.

Disclosure with regards to remuneration of each director and chief executive officer is given in note 40 of unconsolidated financial statements.

Compliance with Pakistan Stock Exchange Limited (PSX) Regulations

In compliance with rule 5.6.1 and 5.6.4 of the PSX Regulations in respect of dissemination of price-sensitive information relating to the business and mandatory disclosure to PSX on buying and selling of shares by Directors, CEO, substantial shareholders and executives, the Board has set the following threshold for the term "Executive":

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Company Secretary
- Head of Internal Audit
- All Departmental Heads

Directors' Declaration

1. The financial statements of the Company fairly represent its financial state of affairs, the results of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in the preparation of financial statements, and accounting estimates are based on reasonable and prudent judgment.
4. International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements, and any departure has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored.
6. There is no reason to doubt the Company's ability to continue as a going concern.
7. Details of significant deviations in the Company's operating results during the year ended June 30, 2022, are stated within the Directors' Report.
8. Key operating and financial data for the last six years in a summarized form is given on page no. 52.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2022, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2022, was PKR 645.20 million (unaudited), and as at June 30, 2021, was PKR 617.08 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2022, was PKR 281.61 (unaudited), and as at June 30, 2021, was 259.04 million (audited).
11. Eight (08) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program.
12. During the year, five meetings of the Board of Directors, six meetings of the Audit Committee, four meetings of Board Human Resource Nomination and Remuneration Committee, two meetings of Board Risk Committee and one meeting of Board Credit Committee were held. The Directors, who were unable to attend the meetings, followed the progress of the proceedings of the Board.

Board of Directors' Meetings

The attendance at the meetings of the Board of Directors is given below:

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	5	Mr. Nasim Hyder	5
Ms. Aminah Zahid Zaheer	5	Mr. Yoshiaki Matsuoka	5
Ms. Keiko Watanabe (Non-resident)	5	(Non-resident)	
Mr. Daisuke Morita (Non-resident)	5	Mr. Shin Hamada (Non-resident) [1]	5
Mr. Ramon Alfrey	5	Mr. Shaheen Amin	5

[1] Resigned as Director subsequent to the year end.

Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	6	Ms. Aminah Zahid Zaheer	6
Ms. Keiko Watanabe (Non-resident)	6	Mr. Daisuke Morita (Non-resident) [1]	5

[1] Appointed as a member on September 23, 2021

Human Resource Nomination and Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	4	Mr. Yoshiaki Matsuoka (Non-resident)	4
Mr. Shin Hamada (Non-resident) [1]	2	Mr. Shaheen Amin	4

[1] Appointed as a member on September 23, 2021 and resigned as Director subsequent to the year end.

Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Aminah Zahid Zaheer	2	Mr. Nasim Hyder	2
Ms. Keiko Watanabe (Non-resident)	2	Mr. Daisuke Morita (Non-resident) ^[1]	2

[1] Appointed as a member on September 23, 2021

Credit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Yoshiaki Matsuoka (Non-resident)	1	Mr. Shaheen Amin	1
Mr. Ramon Alfrey	1		

Board Changes

Subsequent to the year end, Mr. Shin Hamada resigned with effect from September 01, 2022. Mr. Katsumi Matsumoto was appointed as Director by the Board to fill the casual vacancy. The appointment will be subject to the approval of the SECP. The Board of Directors places on record its appreciation for services rendered by Mr. Shin Hamada. Further, the Board welcomes Mr. Katsumi Matsumoto as Director on the Board.

Credit Rating

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on March 03, 2022. These are among the highest ratings in the Non-Banking Financial Sector.

Major Shareholder

ORIX Corporation, Japan hold 49.58% of the Company's shareholding.

Auditors

M/s A.F. Ferguson & Co., Chartered Accountants were appointed as auditors for the year ending June 30, 2022. The Board of Directors endorses the recommendation of the Audit Committee for the appointment of M/s A.F. Ferguson & Co., Chartered Accountants, as auditors of the Company for the year ending June 30, 2023.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2022 is given on page no. 209.

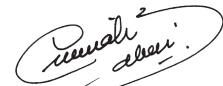
Acknowledgement

The Board would like to take this opportunity to thank the regulatory authorities for their continued support and guidance. We would like to express our appreciation to the bankers, business partners and all stakeholders for their support and cooperation in the success of the Company. We also thank our valued customers and depositors for their continued trust and confidence.

On behalf of the Board



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director

September 16, 2022

بڑے حصص یافتگان

ORIX کارپوریشن جاپان کی ملکیت میں کمپنی کے 49.58% کی حصص داری ہے۔

آڈیٹرز

سال 30 جون 2022 کے لئے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی گئی۔ بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 30 جون 2023 کے لئے کمپنی آڈیٹرز کی حیثیت سے تقرری کی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

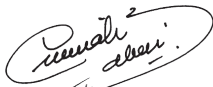
حصص داری کی ساخت


30 جون 2022 کی حصص داری کی ساخت صفحہ نمبر 209 پر دی گئی ہے۔

اعتراف

بورڈ اس موقع سے فائدہ اٹھاتے ہوئے ریگولیٹری حکام کی مسلسل حمایت اور رہنمائی کے لیے ان کا شکریہ ادا کرتا ہے۔ ہم بینکرز، کاروباری شراکت داروں اور تمام اسٹیک ہولڈرز کو کمپنی کی کامیابی میں ان کی حمایت اور تعاون کے لیے شکر گزار ہیں۔ ہم اپنے قابل قدر صارفین اور ڈپازٹرز کے مسلسل بھروسے اور اعتماد کے لیے ان کا بھی شکریہ ادا کرتے ہیں۔

بورڈ کی جانب سے


آمنہ زاہد ظہیر
ڈائریکٹر


شاہین امین
چیف ایگزیکٹو آفیسر

16 ستمبر 2022

آڈٹ کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب نسیم حیدر	6	محترمہ آمنہ زاہد ظہیر	6
محترمہ کیکو وائٹا نا بے (نان ریزی ڈنٹ) [1]	6	جناب ڈائیسو کاموریتا (نان ریزی ڈنٹ)	5

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی

ہیومن ریسورس نو مینیشن اینڈ ریمو نیشن کمیٹی

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب خالد عزیز مرزا	4	جناب پوشیا کی مٹسوکا (نان ریزی ڈنٹ)	4
جناب شن ہماڈا (نان ریزی ڈنٹ) [1]	2	جناب شاہین امین	4

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی اور سال کے اختتام کے بعد بحیثیت ڈائریکٹر مستعفی ہو گئے۔

رسک کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
محترمہ آمنہ زاہد ظہیر	2	جناب نسیم حیدر	2
محترمہ کیکو وائٹا نا بے (نان ریزی ڈنٹ)	2	جناب ڈائیسو کاموریتا (نان ریزی ڈنٹ) [1]	2

[1] بحیثیت ممبر 23 ستمبر 2021 کو تقرری ہوئی

کریڈٹ کمیٹی کے اجلاس

ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر زکات نام	حاضر اجلاسوں کی تعداد
جناب پوشیا کی مٹسوکا (نان ریزی ڈنٹ)	1	جناب شاہین امین	1
جناب ریمین ایلفرے	1		

بورڈ میں تبدیلیاں

سال کے اختتام کے بعد، جناب شن ہماڈا نے 1 ستمبر 2022 سے استعفیٰ دیا۔ جناب کاٹسومی مٹسوموٹو کو بورڈ نے اسامی کو پُر کرنے کے لیے بطور ڈائریکٹر مقرر کیا۔ تقرری ایس ای سی پی کی منظوری سے مشروط ہوگی۔ بورڈ آف ڈائریکٹرز جناب شن ہماڈا کی خدمات کو سراہتا ہے۔ مزید یہ کہ بورڈ جناب کاٹسومی مٹسوموٹو کو بحیثیت ڈائریکٹر خوش آمدید کہتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 3 مارچ 2022 کو کمپنی کی طویل مدتی AA+ (ڈبل A پلس) اور A1+ (ون پلس) قلیل مدتی درجہ بندی برقرار رکھی ہے۔ یہ NBFC سیکٹر میں بلند ترین ریٹنگ ہے۔

ڈائریکٹرز کا اعلامیہ

- کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
- کمپنی کی حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور دانشمندانہ فیصلوں پر ہے۔
- مالیاتی گوشوارے کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں انکشافات اور وضاحت کی گئی ہے۔
- اندرونی نگرانی کے نظام کی شکل مضبوط ہے اور مؤثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
- اختتام سال 30 جون 2022 کے دوران کمپنی کے نتائج کے قابل ذکر انحراف کی تفصیل ڈائریکٹرز رپورٹ میں ہے۔
- گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے صفحہ نمبر 52 پر دیا گیا ہے۔
- ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی 30 جون 2022 کو واجب الادا نہیں تھی سوائے جن کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
- تسلیم شدہ پروڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2022 کو 645.20 ملین روپے تھی (غیر آڈٹ شدہ) اور جون 2021 کو 617.08 ملین روپے تھی (آڈٹ شدہ)
- تسلیم شدہ گریجویٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2022 کو 281.61 ملین (غیر آڈٹ شدہ) اور 30 جون 2021 کو 259.04 ملین روپے (غیر آڈٹ شدہ) تھی۔
- کمپنی کے نو (09) ڈائریکٹرز میں سے آٹھ (08) کو ڈائریکٹرز ٹریننگ پروگرام کے تحت سرٹیفیکیشن / چھوٹ حاصل ہے۔
- سال کے دوران بورڈ آف ڈائریکٹرز کے پانچ اجلاس، آڈٹ کمیٹی کے چھ اجلاس، بورڈ ہیومن ریسورس نو مینیشن اینڈ ریمونریشن کمیٹی کے چار اجلاس، بورڈ رسک کمیٹی کے دو اجلاس اور بورڈ کریڈٹ کمیٹی کا ایک اجلاس ہوا۔ وہ ڈائریکٹرز جو بورڈ کے اجلاسوں میں حاضر نہ ہو سکے، وہ بورڈ کے اجلاسوں کی کارروائیوں سے آگاہ رہے۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کے اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹرز کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹرز کا نام	حاضر اجلاسوں کی تعداد
جناب خالد عزیز مرزا	5	جناب نسیم حیدر	5
محترمہ آمنہ زاہد ظہیر	5	جناب یوشیا کی مائسوکا (نان ریزی ڈنٹ)	5
محترمہ کیکیو اتانا بے (نان ریزی ڈنٹ)	5	جناب شن ہماڈا (نان ریزی ڈنٹ) [1]	5
جناب ڈائیسوکا موریتا (نان ریزی ڈنٹ)	5	جناب شاہین امین	5
جناب ریمن ایلفرے	5		

[1] سال کے اختتام کے بعد مستعفی ہو گئے

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی تشکیل صفحہ نمبر 12 پر اسٹیٹمنٹ آف کمپلائنس میں دی گئی ہے۔

بورڈ کی کارکردگی کا جائزہ

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضرورت کے تحت، بورڈ اور اس کی کمیٹیوں کا جائزہ لینے کا ایک باضابطہ عمل تیار کیا گیا ہے اور اس پر عمل درآمد کیا گیا ہے۔ یہ جائزہ سالانہ بنیادوں پر اندرون خانہ یا بیرونی آزاد کنسلٹنٹس کے ذریعے کیا جاتا ہے۔ بورڈ ممبران تمام بورڈ میٹنگز میں شرکت اور میٹنگز کی کارروائیوں میں حصہ لینے کی بھرپور کوشش کرتے ہیں۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی اور بورڈ اپنے تمام کاموں میں انڈسٹری کے بہترین اصولوں کو اپنائے۔

تشخیص کے اس عمل میں، جائزے کے سوالنامے بورڈ کے اراکین کو بھیجے جاتے ہیں جو اس پورے عمل کو خفیہ رکھتے ہوئے کمپنی سیکرٹری کو اپنے جوابات بھیجتے ہیں۔ کمپنی سیکرٹری جوابات مرتب کرتا ہے جبکہ نتائج کو بورڈ میٹنگ میں شیئر کیا جاتا ہے اور بہتری کے امکانات کو اجاگر کیا جاتا ہے۔

بورڈ کے معاوضہ پالیسی

کمپنی کے پاس بورڈ سے منظور شدہ بورڈ آف ڈائریکٹرز کے معاوضے کی پالیسی موجود ہے۔ یہ کمپنی کے ڈائریکٹرز کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضر ہونے کے معاوضے کے تعین کا طریقہ کار فراہم کرتی ہے۔ پالیسی کے مطابق صرف آزاد نان ایگزیکٹو ڈائریکٹرز بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری پر معاوضے کے اہل ہیں۔ جبکہ نان ایگزیکٹو ڈائریکٹرز اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کے حقدار ہیں۔

ہر ڈائریکٹر اور چیف ایگزیکٹو آفیسر کے معاوضے کے حوالے سے انکشاف غیر مجموعی مالیاتی گوشوارے کے نوٹ نمبر 40 میں دیا گیا ہے۔

پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ضوابط کی تعمیل

PSX ریگولیشنز کے ضوابط 5.6.1 اور 5.6.4 کی پاسداری کرتے ہوئے کاروبار سے متعلق قیمتوں کی حساس معلومات اور ڈائریکٹر ان، سی ای او، قابل ذکر حصص یافتگان اور اعلیٰ انتظامیہ کی حصص میں خرید و فروخت کے منکشافات PSX کو فراہم کرنے کے لئے بورڈ نے، ”ایگزیکٹو“ کی اصطلاح کے لئے درج ذیل حد مقرر کی ہے:

- چیف ایگزیکٹو آفیسر
- ڈپٹی چیف ایگزیکٹو آفیسر
- چیف فنانس آفیسر
- چیف آپریٹنگ آفیسر
- کمپنی سیکرٹری
- ہیڈ آف انٹرنل آڈٹ
- تمام ڈپارٹمنٹل ہیڈ

انٹرئل آڈٹ اور کمپلائنس کے محکمے آڈٹ کمیٹی کے ذریعے براہ راست بورڈ کو رپورٹ کرتے ہیں۔ انٹرئل آڈٹ سال کے آغاز میں رسک پر مبنی آڈٹ پلان تیار کرتا ہے جس کا جائزہ لیا جاتا ہے اور آڈٹ کمیٹی اسے منظور کرتی ہے۔ اس کمیٹی کے ذریعے سال کے دوران ہونے والے آڈٹ کا باقاعدگی سے جائزہ لیا جاتا ہے اور یہ آڈٹ کی سفارشات کے مطابق کنٹرول کو بڑھانے کے لیے انتظامیہ کو رہنمائی فراہم کرتی ہے۔ انٹرئل آڈٹ کا شعبہ نہ صرف پالیسیوں، طریقہ کار اور ریگولیٹری تقاضوں کی تعمیل پر آزادانہ نظریہ فراہم کرتا ہے، بلکہ یہ انڈسٹری کے بہترین اصولوں کے مطابق پالیسیوں کو بہتر بنانے کا مشورہ بھی دیتا ہے۔

کمپنی تمام ریگولیٹری تقاضوں کی تعمیل پر بھی زیادہ زور دیتی ہے اور اس بات کو یقینی بناتی ہے کہ تعمیل کا کلچر تنظیم کی تمام سطحوں پر محیط ہو۔ OLP ملک میں رائج ریگولیٹری فریم ورک کے ساتھ پوری طرح تعمیل کرتا ہے اور اس کا مقصد صنعت کے بہترین طریقوں کی تعمیل کرنا ہے۔

OLP کا کمپلائنس فنکشن کمپنی پر لاگو موجودہ اور نئے ضوابط کی تعمیل کو یقینی بنانے کے لیے ذمہ دار ہے۔ ملک کے ریگولیٹری فریم ورک کے بڑھنے کے ساتھ ایس ای سی پی نے بھی اپنی نگرانی کی سطح خاص طور پر اینٹی منی لانڈرنگ اور دہشت گردی کی مالی معاونت کے حوالے سے اضافہ کیا ہے۔ فنانسنگ فراہم کرنے کے کاروبار کے علاوہ، OLP کے پاس ایک قابل قدر سرٹیفکیٹ آف ڈپازٹ کا پورٹ فولیو ہے جس کی وجہ سے ایک مضبوط کمپلائنس فریم ورک کی ضرورت اور بھی اہم ہو جاتی ہے۔ OLP نے تمام ریگولیٹری تقاضوں کی مکمل پاسداری کو یقینی بنانے کے لیے متعدد اقدامات کیے ہیں جن میں UN/NACTA کی پابندیوں کی اسکریننگ اور کسٹمر ڈیوڈیلیجنس پروسیس (KYC)/(CCD) اپنے صارفین کی ضروریات کو جاننا شامل ہیں۔ کمپلائنس ڈپارٹمنٹ باقاعدگی سے کاروباری افعال AML/CFT کی پاسداری کرتا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی پر لاگو تمام ریگولیٹری تقاضوں کی تعمیل کی گئی ہے۔ انسداد منی لانڈرنگ ((AML)/(CFT)) دہشت گردی کی مالی معاونت کے پہلوؤں پر تربیتی سیشن بھی منعقد کرائے جاتے ہیں تاکہ عملے کو AML/CFT نظام کے بارے میں تعلیم دی جائے اور AML/CFT ضوابط کی ضرورت کی تعمیل کی جائے۔ گائیڈ لائنز اور رسک ایسیمنٹ کے عمل کو کمپنی کے ہر شعبے میں مضبوط کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ملازمین پوری طرح سے پالیسیوں کو سمجھیں اور ان کا اطلاق کریں۔

کارپوریٹ سماجی ذمہ داری

OLP کا کاروباری مقصد ایک پائیدار کاروباری ماڈل بنا کر، تمام اسٹیک ہولڈرز کے لیے زیادہ سے زیادہ قدر پیدا کرنے، انفرادی ٹیلنٹ کو فروغ دینے اور معاشرے کے تمام طبقات کی مالی شمولیت کے ذریعے سماجی اثرات مرتب کرنے کے گرد گھومتا ہے۔ OLP کی ملک کے تمام بڑے شہروں میں موجود مقامی کاروباروں کو سپورٹ کرنے کی کوشش کرتا ہے خاص طور پر ان لوگوں کو جن کی ملک کے مالیاتی شعبے تک رسائی نہیں ہے۔ کمپنی کی CSR پالیسی اور ایک CSR کمیٹی موجود ہے جو اس بات کو یقینی بناتی ہے کہ تمام CSR سرگرمیاں کمپنی کے وژن کے مطابق ہوں اور وسائل کو مستحق اداروں / افراد تک پہنچایا جائے۔

مستقبل کا منظر نامہ

ملک میں جوں جوں سیاسی عدم استحکام جاری ہے، اس کے منفی اثرات مجموعی معیشت پر پڑ رہے ہیں۔ بین الاقوامی سطح پر اشیاء کی بلند قیمتوں کی وجہ سے پاکستان کا کرنٹ اکاؤنٹ خسارہ بھی دباؤ کا شکار ہے۔ مسلسل بلند افراط زر کے ساتھ، مالی سال 2023 میں اسٹیٹ بینک کی پالیسی کی شرح بلند رہنے کی توقع ہے۔ کرنٹ اکاؤنٹ خسارے کو کنٹرول کرنے کے لیے معیشت کے ڈھانچے میں تبدیلیوں کی ضرورت ہے۔

حکومت 6 ارب ڈالر کی سہولت کے لیے اپنے ساتویں اور آٹھویں جائزے کے بعد آئی ایم ایف کے ساتھ معاہدہ کرنے میں کامیاب رہی ہے جبکہ آئی ایم ایف نے 1.2 بلین ڈالر کی منظوری دے دی ہے۔ یہ معاہدہ پاکستان کی جانب سے آئی ایم ایف کی شرائط ماننے کے بعد طے پایا۔ حکومت اپنے کرنٹ اکاؤنٹ پر دباؤ کم کرنے کے لیے دوسرے قرض دہندگان کے ساتھ بھی بات چیت کر رہی ہے۔

اقتصادی مجاز پر چیلنجز اور بلند شرح سود کے ماحول کے پیش نظر، کمپنی کاروبار کی ترقی اور رسک مینجمنٹ پر اپنی حکمت عملی کا مسلسل جائزہ لے گی۔ ایسے ماحول میں کمپنی کی کامیابی میں مضبوط رسک مینجمنٹ بھی اہم کردار ادا کرے گا۔

ALCO سود کی شرح کے رسک کی نگرانی اور اس کو کنٹرول کرتی ہے۔ لیز اور لون پورٹ فولیو کا بیشتر حصہ KIBOR سے منسلک ہے اور شرحوں میں کسی بھی تبدیلی کا اثر کمپنی کی آمدنی پر پڑتا ہے۔ اسی طرح، کمپنی کے بڑے قرضوں کو بھی KIBOR کے ساتھ منسلک کیا گیا ہے۔ ALCO نے شرح سود کے خطرے کو کنٹرول کرنے اور ان کا انتظام کرنے کے لیے اسے ممکنہ حد تک صارفین تک پہنچا کر اور متغیر شرح و اجبات کے کافی حصے کو متغیر شرح کے اثاثوں کے ساتھ ملا کر قیمتوں کے تعین کی حکمت عملی اور پالیسیاں وضع کی ہیں۔ قابل قبول حد سے زیادہ negativemismatch کی صورت میں، OLP کے پاس اپنے اثاثوں اور / یا واجبات کے ملس کوری پوزیشن کرنے اور شرح سود کے swaps کرنے کا بھی اختیار ہے۔

OLP غیر ملکی کمپنیوں میں اپنی اسٹریٹجک سرمایہ کاری کی وجہ سے کرنسی رسک سے دوچار ہے، جس کا اثر صرف ان سرمایہ کاری کے انعقاد میں کسی تبدیلی پر ہوتا ہے۔ کوئی بھی قرض غیر ملکی کرنسی میں لینے کی صورت میں کرنسی ایکسچوئر بھی پیدا ہوتا ہے۔ ایک پالیسی کے طور پر، OLP غیر ملکی کرنسی میں نقل و حرکت کے خلاف مکمل طور پر احاطہ کرنے کے لیے کراس کرنسی سویپ کے بغیر اس طرح کا کوئی قرضہ نہیں لیتا ہے۔

آپریشنل رسک

آپریشنل رسک کسی ایسے واقعے کی وجہ سے ہونے والے نقصان کا خطرہ ہے جو کمپنی کے معمول کے کاموں میں خلل ڈالتا ہے۔ اس میں نظام یا عمل کی ناکامی، دھوکہ دہی یا انسانی غلطی کی وجہ سے ہونے والے نقصان اور حادثات یا قدرتی آفات جیسے بیر ونی عوامل کی وجہ سے ہونے والا نقصان شامل ہو سکتا ہے۔ اس میں مقامی قوانین اور ضوابط کی عدم تعمیل بھی شامل ہے۔ مندرجہ بالا واقعات کی وجہ سے کمپنی کی ساکھ کو پہنچنے والے نقصان کا خطرہ بھی آپریشنل خطرے کے زمرے میں آتا ہے۔

OLP اپنے آپریشنز کے حجم اور جغرافیائی وسعت کی وجہ سے کئی اقسام کے آپریشنل خطرات سے دوچار ہے۔ ان خطرات کو کم کرنے کے لیے داخلی پالیسیوں اور کنٹرولز کا باقاعدگی سے جائزہ لے کر ان کو مزید مضبوط بنا کر اس کی پابندی کو یقینی بنایا جاتا ہے۔ OLP کے پاس کسی بھی بیر ونی واقعے، حادثے یا قدرتی آفت سے نمٹنے کے لیے ڈیزاسٹر ریکوری پلان موجود ہے، جس کا وقتاً فوقتاً جائزہ لیا جاتا ہے۔ نئے اور موجودہ عملے کو کمپنی کے ضابطہ اخلاق، اینٹی منی لانڈرنگ اور دھوکہ دہی اور غیر اخلاقی طریقوں کی روک تھام کے لیے اینٹی فراڈ اور وسل بلوگ پالیسیوں پر واقفیت اور تربیت فراہم کی جاتی ہے۔

انٹرئل آڈٹ اور کمپلائنس کے شعبہ جات منظور شدہ پالیسیوں اور متعلقہ روک تھام کے اندرونی کنٹرول کے نفاذ کی نگرانی میں مدد کرتے ہیں۔

کارپوریٹ گورننس، اندرونی کنٹرول اور کمپلائنس

OLP کا مضبوط کارپوریٹ گورننس ڈھانچہ شفافیت، جوابدہی اور کمپلائنس پر زور دے کر کمپنی کے طویل المدتی مقاصد کے حصول میں موثر انتظام و نفاذ کی سہولت فراہم کرتا ہے۔ ان مقاصد کے حصول کے لئے نافذ کردہ بہترین پالیسیاں، متعین کردہ احکام اور ذمہ داریاں اور مضبوط رسک کے انتظام کا فریم ورک موجود ہے۔ بورڈ آف ڈائریکٹرز کمپنی کے گورننس ڈھانچے کی سربراہی کرتا ہے جس میں 3 آزاد ڈائریکٹرز، 4 نامزد ڈائریکٹرز اور 2 ایگزیکٹو ڈائریکٹرز شامل ہیں۔ اپنی ذمہ داریوں کو زیادہ مؤثر طریقے سے نبھانے کے لیے بورڈ نے مندرجہ ذیل 4 ذیلی کمیٹیاں تشکیل دی ہیں:

- 1 بورڈ آڈٹ کمیٹی (BAC)
- 2 بورڈ ہیومن ریسورس، نامی نیشن اینڈ ریسورس کمیٹی (BHRN&RC)
- 3 بورڈ رسک کمیٹی (BRC)
- 4 بورڈ کریڈٹ کمیٹی (BCC)

کئی مینیجمنٹ کمیٹیاں ادارے میں انتظام کے عمل کو مزید بہتر کرتی ہیں۔ یہ مینیجمنٹ کمیٹی، کریڈٹ کمیٹی، ایسٹ اینڈ لائسبلٹی مینیجمنٹ کمیٹی اور آئی ٹی اسٹریٹجک کمیٹی پر مشتمل ہے۔ عملے کے سینئر ممبران مینیجمنٹ کمیٹیوں کا حصہ ہیں جو حکمت عملی بنانے، کاروبار کی منصوبہ بندی اور آپریشنز میں اپنا وسیع تجربہ بروئے کار لاتے ہیں۔

کے پاس ایک انٹرپرائزر رسک مینجمنٹ فریم ورک موجود ہے جو بورڈ کو تفصیل سے کمپنی کے مختلف آپریشنز اور طبقات کو درپیش خطرات اور کمپنی کے مجموعی اسٹریٹجک مقاصد کو مد نظر رکھتے ہوئے ایسے خطرات کو کم کرنے کے لیے رہنما خطوط فراہم کرتا ہے۔

بڑے خطرات جن کا کمپنی کو سامنا ہے اور متعلقہ رسک مینجمنٹ فریم ورک درج ذیل ہیں:

کریڈٹ رسک

کریڈٹ رسک قرض لینے والوں کا اپنے مالی وعدوں کو پورا کرنے میں ناکامی کی وجہ سے ہونے والے نقصان کا خطرہ ہے۔ قرض دینے کے کاروبار میں ہونے کی وجہ سے، کریڈٹ رسک سب سے بڑا خطرہ ہے جس کا OLP کو سامنا ہے اور اس خطرے کو بورڈ کے قابل قبول رسک ایپائٹائٹ کے اندر رکھا جاتا ہے۔

OLP کے پاس بورڈ سے منظور شدہ کریڈٹ رسک پالیسیاں ہیں جو معیشت کے مختلف طبقات کو کریڈٹ فراہم کرنے کے لیے رہنما اصول فراہم کرتی ہیں۔ یہ پالیسیاں کمپنی کو مختلف شعبوں، مختلف اثاثوں اور کسی ادارے یا گروپ کے لیے کریڈٹ رسک کے ارتکاز پر بھی رہنمائی فراہم کرتی ہیں۔ بورڈ کی طرف سے کریڈٹ اپروول اتھارٹی کو مینجمنٹ کے مختلف سطحوں پر سہولت کے مطابق تفویض کیا گیا ہے۔

رسک مینجمنٹ ڈپارٹمنٹ کریڈٹ رسک کی آزادانہ تشخیص کرتا ہے اور یہ بورڈ کی کریڈٹ کمیٹی کو رپورٹ کرتا ہے۔ کچھ حدود سے زیادہ نئی کریڈٹ سہولیات کا منظوری سے قبل اس محکمہ کے ذریعے جائزہ لیا جاتا ہے۔ مزید برآں، اس بات کو یقینی بنانے کے لیے کہ منظوری دینے والے حکام کی تمام سطحوں پر کریڈٹ پالیسی کی مکمل تعمیل کی گئی ہے۔ تقسیم سے قبل منظور یوں کا جائزہ بھی لیا جاتا ہے۔ محکمہ اس بات کو بھی یقینی بناتا ہے کہ بدلتے ہوئے کاروباری حالات کے مطابق کریڈٹ پالیسیوں کو اپ ڈیٹ کیا جائے۔ بورڈ نے ہر کاؤنٹر پارٹی، سیکٹر اور اثاثہ کلاس کے لئے ایکسپوژر کی حد بھی مقرر کی ہے۔ نتیجے کے طور پر، OLP ایک اچھی طرح سے متنوع پورٹ فولیو کو برقرار رکھتا ہے جس میں کسی ایک فریق یا شعبے میں بہت زیادہ ارتکاز نہیں ہے۔

لیکویڈیٹی رسک

لیکویڈیٹی رسک وہ خطرہ ہے جس کی وجہ سے کمپنی اپنی مالی ذمہ داری کو پورا نہیں کر پائے گی یا وہ اپنے مالی وعدوں کو پورا کرنے کے لیے فنڈز کا بندوبست کرنے سے قاصر رہے گی۔ لیکویڈیٹی رسک کے انتظام کی مجموعی ذمہ داری ایسٹ اینڈ لائیبیلٹی مینجمنٹ کمیٹی (ALCO) پر عائد ہوتی ہے۔

بورڈ نے ایسٹ اینڈ لائیبیلٹی مینجمنٹ پالیسی کے ساتھ ALCO کے لئے ضمیمہ (Term of Reference) بھی بنایا ہے جو رسک ایپائٹائٹ کو متعین کرتا ہے جس میں ALCO کو کام کرنا چاہئے۔ ALCO کم از کم ہر ماہ میٹنگ کرتا ہے تاکہ کمپنی کے منافع، لیکویڈیٹی اور فنڈ مینجمنٹ پوزیشن پر بدلتے ہوئے معاشی اور مارکیٹ کے حالات کے اثرات کا جائزہ لیا جاسکے۔ یہ ALM کے تناسب، موجودہ اور مستقبل میں کیش فلو پوزیشن پر بھی نظر رکھتا ہے اور فنڈنگ کے ذرائع میں مناسب تنوع کو برقرار رکھنے کے لیے موجود آپشنز کے درمیان مناسب فنڈنگ مکس کے لیے حکمت عملی کو وضع کرتا ہے۔

OLP کے فنڈنگ کے اہم ذرائع بینک قرضے اور سرٹیفکیٹس آف ڈپازٹ ہیں۔ کمپنی قرض دہندگان کے تنوع کو برقرار رکھتی ہے اور اس بات کو یقینی بناتی ہے کہ مستقبل کی فنڈنگ کی ضروریات کو پورا کرنے کے لیے کافی غیر استعمال شدہ فنڈز ہر وقت دستیاب ہوں۔

مارکیٹ رسک

مارکیٹ رسک وہ خطرہ ہے جس کی وجہ سے مارکیٹ کے عوامل میں تغیر کی وجہ سے پیدا ہونے کے سبب حساس اثاثوں اور واجبات کی قیمت میں اتار چڑھاؤ آسکتا ہے۔ اوایل پی بنیادی طور پر شرح سود میں تبدیلی کی صورت میں مارکیٹ رسک سے دوچار ہوتی ہے جو اس کے قرض کی ذمہ داریوں، لیز اور قرضوں کی وصولی کو متاثر کرتا ہے۔ جبکہ کمپنی کی پالیسی ہے کہ unhedged غیر ملکی کرنسی کی پوزیشن کو نہ سنبھالے۔

ٹیکس

فنانس ایکٹ 2022 میں، وفاقی حکومت نے ٹیکس سال 2022 اور اس کے بعد زیادہ کمانے والی کمپنیوں پر بطور سپر ٹیکس ایک خصوصی ٹیکس لگایا ہے۔ اس نئے ٹیکس کی شرح کمپنی کی کمائی ہوئی آمدنی پر مبنی ہے۔ 300 ملین روپے سے زیادہ آمدنی حاصل کرنے والی کمپنیوں پر 4% سپر ٹیکس لگایا جائے گا۔ مزید یہ کہ حکومت نے کیپیٹل گین کے ٹیکس میں بھی ترامیم کی ہیں۔ اس ترمیم کے مطابق، ٹیکس کی شرح پر 25% کی کمی، جو پہلے ایک سال سے زائد عرصے سے رکھے گئے سرمائے کے اثاثوں کے تصرف پر لاگو ہوتی تھی، ہٹا دی گئی ہے۔ اس طرح کے کیپیٹل گین اب مکمل طور پر قابل ٹیکس ہوں گے۔ ان تبدیلیوں کے بعد اس سال 495 ملین روپے کا ٹیکس ریکارڈ کیا گیا جو کہ پچھلے سال کے 369 ملین روپے سے 34% زیادہ ہے۔ اس میں سپر ٹیکس بھی شامل ہے جو کہ اس سال کے منافع اور اگلے سالوں کی (Deferred tax liability) ڈیفیرڈ ٹیکس لائبلٹی پر 4% کے حساب سے ریکارڈ کی گئی ہے۔ اس کے علاوہ مستقبل میں سرمایہ کاری کی فروخت پر ہونے والے کیپیٹل گین پر ڈیفیرڈ ٹیکس لائبلٹی بھی شامل ہے۔

فنڈنگ اور لیکویڈٹی

30 جون 2022 تک کمپنی کے کل قرضے 18 ارب روپے تھے۔ جو 30 جون 2021 میں 14.1 ارب روپے تھے۔ قرض لینے کے پورٹ فولیو میں اضافہ کمپنی کے اثاثوں کے پورٹ فولیو میں اضافے سے مطابقت رکھتا ہے۔ سال کے دوران، OLP نے فنڈنگ کے ذرائع کو مزید متنوع بنانے کے لیے 3,000 ملین روپے کے پرائیویٹ پبلک پلےسڈ ٹرم فنانس سرٹیفکیٹس (PPTFC) جاری کیے ہیں۔ 30 جون 2022 تک کمپنی کا قرض ایکویٹی تناسب 2.02 تھا (30 جون 2021: 1.65)۔ جبکہ کیپیٹل ایڈمیسی ریشو 27.32% (30 جون 2021: 31.8%) تھا جو کہ 10% کی ریگولیٹری ضرورت سے کافی زیادہ ہے۔ یہ کمپنی کی مضبوط فنڈنگ پوزیشن کی اکائی کرتا ہے۔

ادھار کی تقسیم درج ذیل ہے:

2022	2021	بینک کے قرضہ جات
روپے ملین میں		
10,484	9,203	بینک سے حاصل شدہ قرضہ جات
4,536	4,869	سرٹیفکیٹ آف ڈپازٹس
3,000	-	پی پی ٹی ایف سی
18,020	14,073	ٹوٹل

کمپنی کے بینک قرضے 10 مختلف بینکوں سے حاصل کئے گئے ہیں۔ 30 جون 2022 تک کسی ایک بینک کی طرف سے سب سے بڑا ایکسپوزر کمپنی کے کل قرضے کا 18% تھا (30 جون 2021: 15%)۔

رسک مینجمنٹ

چونکہ OLP کے آپریشنز اسے مختلف قسم کے خطرات میں مبتلا کر سکتے ہیں، اس لیے ایک مضبوط رسک مینجمنٹ فریم ورک نے ہمیشہ کمپنی کی کامیابی میں اہم کردار ادا کیا ہے۔ رسک مینجمنٹ سسٹم کمپنی کو درپیش ممکنہ خطرات کی شناخت، تشخیص، انتظام اور کنٹرول کرنے کا ذریعہ ہیں اور OLP کو اپنے مقاصد کے حصول کے لئے معقول طریقہ کار فراہم کرتے ہیں۔ کمپنی کا رسک مینجمنٹ فریم ورک بورڈ کی نگرانی، محکموں اور / یا انتظامی کمیٹیوں کے سربراہ کی طرف سے کثیر سطحی نگرانی، موثر پالیسیوں، طریقہ کار اور مضبوط IT نظام پر مشتمل ہے۔ اس فریم ورک کی مسلسل نگرانی کے ساتھ مارکیٹ کی تبدیلیوں، ریگولیٹری تقاضوں اور کمپنی کی کاروباری حکمت عملی میں تبدیلی کے مطابق ترامیم کی جاتی ہیں۔ رسک گورننس اور رسک مینجمنٹ پالیسیوں کے نفاذ میں بورڈ کے کردار کو بڑھانے کے لیے، OLP کے پاس بورڈ کی رسک کمیٹی (BRC) ہے۔ کمیٹی 4 ڈائریکٹرز پر مشتمل ہے اور اس کی صدارت ایک Independent ڈائریکٹر کرتے ہیں۔ یہ مسلسل بنیادوں پر کمپنی کے مجموعی رسک پروفائل کی نگرانی، جائزہ اور انتظام کرتا ہے۔ BRC کی نگرانی میں، کمپنی

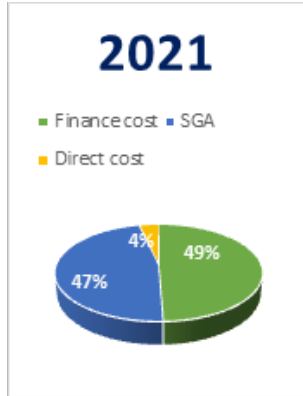
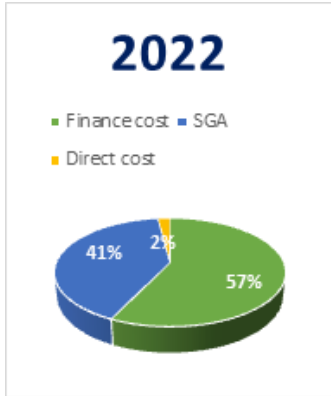
پورٹ فولیو بنیادی طور پر سیلون کاروں کی فنانسنگ پر مشتمل ہے اور اس میں اضافہ ملک میں کاروں کی فروخت اور کاروں کی قیمتوں میں اضافے سے ہوا ہے۔

آپریٹنگ لیز پر آمدنی مالی سال 2022 میں 38 ملین روپے رہی جو کہ گزشتہ سال 88 ملین روپے کے مقابلے میں کم تھی۔ یہ آمدنی آپریٹنگ لیز پر کار پوریٹ صارفین کو فراہم کردہ کرایوں سے کرایہ اور اجارہ فنانس پورٹ فولیو سے حاصل شدہ کرایہ پر مشتمل ہے۔ پچھلے سال کی آمدنی میں ایک بڑے اجارہ فنانس کنٹریکٹ سے کرایہ شامل تھا جو اسی سال کے دوران ختم ہو گیا۔

دیگر سالانہ آمدنی 520 ملین روپے رہی جو کہ گزشتہ سال سے 42% زیادہ ہے۔ جبکہ مالی سال 2021 میں دیگر آمدنی 367 ملین روپے رہی۔ اس آمدنی میں سرکاری سیکورٹیز پر منافع، نئے کاروبار پر دستاویزات کی فیس اور متفرق دیگر آمدنی شامل ہے۔ دسمبر 2021 میں، کمپنی نے 3,000 ملین روپے کے پرائیویٹ پبلک انڈر ٹرم فنانس سرٹیفیکیٹس (PPTFC) جاری کیے۔ دستیاب اضافی لیکویڈٹی کو سرکاری سیکورٹیز میں رکھا گیا جس کے نتیجے میں سال کے دوران دیگر آمدنی زیادہ ہوئی۔

اخراجات

OLP کے کل سالانہ اخراجات 3,142 ملین روپے رہا۔ جو پچھلے سال کے اخراجات 2,416 ملین روپے سے 30% زیادہ تھے۔ اخراجات کی تقسیم درج ذیل ہے:



سالانہ مالیاتی لاگت 1,794 ملین روپے رہی جو کہ پچھلے سال 1,194 ملین روپے کی مالیاتی لاگت سے 50% زیادہ ہے۔ مالی سال 2022 میں قرض کے پورٹ فولیو میں اضافہ اور اس سال کے آخری حصے میں شرح سود میں اضافہ رپورٹ شدہ مدت کے لیے مالیاتی لاگت میں اضافے کی وجہ ہے۔

انتظامی اور عمومی اخراجات 1,285 ملین روپے سے 13% زیادہ رہے جو کہ گزشتہ سال 1,135 ملین روپے تھے۔ ملک میں مہنگائی میں اضافے کے باوجود، سال کے دوران زیادہ تر اخراجات اپنی گزشتہ سال کی سطح پر برقرار رہے جبکہ مجموعی اضافہ بنیادی طور پر عملے سے متعلق اخراجات میں اضافے کی وجہ سے ہوا۔

63 ملین روپے کی براہ راست لاگت (FY 2021: 86 ملین روپے) بنیادی طور پر نئے کاروبار پر اسٹامپ ڈیوٹی، آپریٹنگ لیز اور اجارہ فنانس سے وابستہ اخراجات اور لیز اور فنانس سے براہ راست منسوب دیگر اخراجات پر مشتمل ہے۔ اس لاگت میں 26% کی کمی بنیادی طور پر گزشتہ سال کے مقابلے اجارہ فنانس پورٹ فولیو میں کمی کی وجہ سے ہے۔

ممکنہ لیز، قرض اور دیگر نقصانات کا پروویژن

ریکورری کی مضبوط کوششوں کے ساتھ، OLP سال کے دوران اپنے نان پر فارمنگ اثاثوں کے پورٹ فولیو کو مزید کم کرنے میں کامیاب رہا۔ جس کے نتیجے میں ممکنہ لیز اور لون کا پروویژن ریورسل 65 ملین روپے بک ہوا جو گزشتہ سال 40 ملین روپے تھے۔ OLP اپنے لیز اور لون پورٹ فولیو کے پروویژن کے حساب کے لیے ایک ماڈل استعمال کرتا ہے جو IFRS 9 کی ضروریات کے مطابق ہے۔ سال کے دوران، ریگولیٹری ضروریات کے مطابق اس ماڈل میں کچھ ترامیم کی گئیں، جس کے نتیجے میں پروویژن کی ضرورت بھی کم ہو گئی۔ پروویژن کا مجموعی بیلنس 30 جون 2022 تک 1,055 ملین روپے رہا (30 جون 2021: 1,121 ملین روپے) جس نے +90 دنوں کے واجب الادا کاؤنٹس کے پورٹ فولیو کو 94% کوریج فراہم کیا (30 جون 2021: 87%)۔

OLP کی ایسوسی ایٹڈ کمپنی، نیال فنانس کمپنی اس سال اپنے منافع میں بہتری لائی ہے۔ ایسوسی ایٹ سے منافع کا حصہ 64 ملین روپے تھا۔ جو گزشتہ سال کے منافع سے 82% زیادہ ہے۔

OLP مضاربہ (OLPM) نے رواں سال 111.5 ملین روپے کا منافع کمایا جو کہ گزشتہ سال کے 153 ملین روپے سے 27% کم ہے۔ یہ کمی بنیادی طور پر موجودہ سال میں مضاربہ پر عائد ٹیکس کی وجہ سے ہوئی۔ کل اثاثے 1% کم ہو کر 6,707 ملین روپے ہو گئے (30 جون، 2021: 6,750 ملین روپے)۔ بنیادی طور پر اجارہ اثاثوں میں کمی کی وجہ OLPM کا بندرتج مشارتہ ماڈل کی طرف بڑھنا ہے۔ OLPM نے سالانہ کیش ڈیویڈنڈ 20% کا اعلان کیا۔

مالیاتی کارکردگی

OLP کے مالی نتائج کا خلاصہ ذیل میں دیا گیا ہے:

2021	2022	
-----روپے-----		
1,283,979,509	1,376,781,079	قبل از محصول منافع
369,168,975	494,570,693	محصولات (ٹیکس)
914,810,534	882,210,386	سالانہ خالص منافع بعد از محصول (ٹیکس)
182,962,107	44,110,519	مختص: قانونی ریزرو میں منتقلی
5.22	5.03	فی شنیر آمدنی - بنیادی اور رقیق شدہ

سال کے لئے قبل از ٹیکس منافع 1,377 ملین روپے، گزشتہ سال کمائے گئے قبل از ٹیکس منافع 1,284 ملین روپے؛ سے 7% زیادہ رہا۔ تاہم ٹیکس کے بعد منافع کم ہو کے گزشتہ سال 915 ملین روپے کے مقابلے میں 882 ملین روپے پر آگیا۔ جیسا کہ کمپنی کا ٹیکس خرچ اس سال 34 فیصد سے زیادہ تھا۔

ڈیویڈنڈ

ڈائریکٹرز 30 جون 2022 کو ختم ہونے والے سال کے لیے 20% کے حتمی نقد منافع کی سفارش کرتے ہوئے پُرسرت ہیں۔ یہ سال کے دوران ادا کیے گئے 20% کے عبوری کیش ڈیویڈنڈ کے علاوہ ہے جو سال کے لیے کل ڈیویڈنڈ کو 40% تک لاتا ہے (2021: کل کیش ڈیویڈنڈ 40%)۔

آمدنی

سال کی کل آمدنی میں 22% اضافہ ہوا، مالی سال 2021 میں 3,681 ملین روپے سے مالی سال 2022 میں 4,489 ملین روپے تک۔ یہ اضافہ ملک میں شرح سود میں اضافے کے ساتھ آمدنی کے پورٹ فولیو میں اضافے سے منسوب ہے۔

فنانس لیز آمدنی 2,252 ملین روپے ہوئی جو کہ پچھلے سال کی لیز آمدنی سے 1% زیادہ ہے (2021: 2,219 ملین روپے)۔ سال کے دوران اوسط لیز پورٹ فولیو، 13,742 ملین روپے تھا۔ جو کہ پچھلے سال کے مقابلے میں 3% کم ہے کیونکہ کمپنی نے اپنے سیلون کاروں کے زیادہ تر کاروبار کو فنانس اور لون پورٹ فولیو کے تحت بک کیا تھا۔ پورٹ فولیو میں کمی کے باوجود سال کے آخر میں شرح سود میں اضافے کی وجہ سے محصول برقرار رہا۔

ٹرم فنانس پر مارک اپ 1,614 ملین روپے رہا جو کہ پچھلے سال سے 66% زیادہ ہے جبکہ پچھلے سال 971 ملین روپے کمائے۔ آمدنی میں یہ نمایاں اضافہ پورٹ فولیو اور شرح سود دونوں میں اضافے کی عکاسی کرتا ہے۔ ٹرم فنانس اور قرضوں کا اوسط پورٹ فولیو گزشتہ سال 6,034 ملین روپے سے بڑھ کر 30 جون 2022 تک 9,549 ملین روپے ہو گیا۔ یہ

ڈائریکٹر کی رپورٹ

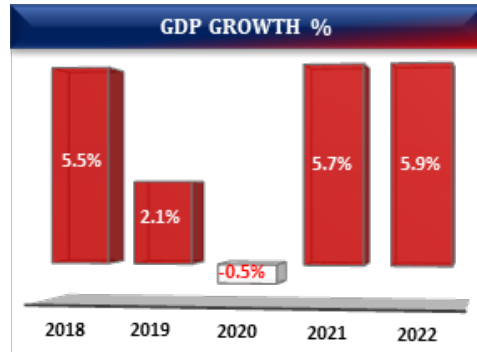
اولیل پی فنانشل سروسز پاکستان لمیٹڈ (OLP / دی کمپنی) کے ڈائریکٹر ان بسمرت 36 ویں سالانہ رپورٹ بدم غیر مجموعی مالیاتی گوشوارے برائے اختتام سال 30 جون 2022 پیش کرتے ہیں۔

کمپنی

اولیل پی 1986 میں پاکستان میں لیزنگ انڈسٹری کے بانوں میں سے ایک کے طور پر قائم کیا گیا۔ کمپنی کے پاس نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز، 2003 کے تحت ایس ای سی پی کی جانب سے انویسٹمنٹ فنانس سروسز کلائنسنس ہے۔ اولیل پی کی بنیادی توجہ چھوٹے اور درمیانے درجے کے اداروں (SME) کے شعبے کی مالی ضروریات کو پورا کرنے پر مرکوز ہے۔

معیشت کا جائزہ

پاکستان کی معیشت کئی سالوں سے اتار چڑھاؤ کا شکار ہے۔ اسی رجحان کو جاری رکھتے ہوئے معیشت نے مالی سال 2021 اور 2022 میں بالترتیب 5.74% اور 5.97% جی ڈی پی کی نمو حاصل کی، تاہم مہنگائی، کرنٹ اکاؤنٹ خسارہ اور سیاسی عدم استحکام کی وجہ سے ایک بار پھر شدید چیلنجوں کا سامنا ہے۔



مالی سال 2022 میں تمام بڑے شعبوں نے اچھی کارکردگی کا مظاہرہ کیا۔ صنعتی شعبے میں 7.2% اضافہ ہوا جبکہ خدمات اور زراعت کے شعبے بالترتیب 6.2% اور 4.4% کی رفتار سے آگے بڑھے۔ بین الاقوامی رسد کے مسائل اور اجناس کی گراں قیمتوں نے، خاص طور پر روس یوکرین تنازعہ کے بعد، سال کے دوران افراط زر کا دباؤ پیدا کیا جو مالی سال کے اختتام تک مزید بڑھ گیا۔ جولائی 2022 میں سالانہ افراط زر کی شرح 25% تک پہنچ گئی۔ جو ملک کو درپیش مہنگائی کی بلند ترین شرحوں میں سے ایک ہے۔ اجناس کی گراں قیمتوں نے بھی کرنٹ اکاؤنٹ خسارے میں تیزی سے اضافہ کیا جس کی وجہ سے ملک کو بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے ساتھ سخت شرائط پر بات چیت کرنے اور دوسرے کثیر جہتی اور دوطرفہ قرض دہندگان سے رجوع کرنے کی ضرورت پڑی۔

ان چیلنجوں کے ساتھ، سیاسی ہنگامہ آرائی نے صورتحال کو بہتر بنانے میں مدد کرنے کے بجائے کاروباری سرگرمیوں کو شدید نقصان پہنچایا۔ بڑھتا ہوا کرنٹ اکاؤنٹ خسارہ اور سیاسی عدم استحکام بھی اہم کرنسیوں کے مقابلے میں روپے کی گراؤ کا سبب بنا ہے اور جولائی 2021 سے امریکی ڈالر کے مقابلے میں اس کی قدر میں 44% کمی ہوئی اور روپیہ ستمبر 2022 میں 223 روپے فی امریکی ڈالر تک پہنچ گیا۔ معیشت میں موجود پہلے سے دستاویزی طور پر رجسٹرڈ شعبوں کے ٹیکس میں اضافے نے کارپوریٹ سیکٹر کو بھی منفی طور پر متاثر کیا جبکہ KSE-100 انڈیکس 15 اپریل 2022 سے 10% تک گر چکا ہے۔

اسٹیٹ بینک نے افراط زر اور روپے کی قدر میں کمی کو کنٹرول کرنے کے لیے متعدد اقدامات کیے ہیں جن میں ستمبر 2021 میں پالیسی ریٹ کو 7% سے بڑھا کر جولائی 2022 میں 15% کرنا بھی شامل ہے۔ دیگر اقدامات میں بینک ریزرو کی ضروریات میں اضافہ، صارفین کی مالی اعانت کے ضوابط کو سخت کرنا اور زیادہ مارجن کی ضروریات کے ذریعے درآمدی کنٹری شامل ہیں۔

زیادہ شرح سود، کاروں کی قیمتوں میں غیر معمولی اضافے اور صارفین کی فنانسنگ پر رکاوٹوں کے باوجود، مالی سال 2021 کے 151,182 یونٹس کے مقابلے گزشتہ سال میں کاروں کی فروخت 55% سے بڑھ کر 234,180 یونٹس ہو گئی۔ مالی سال 2022 میں ٹرکوں کی فروخت بھی 57% اضافے سے 5,802 یونٹس تک پہنچ گئی، جو ملک میں مقامی اور غیر ملکی تجارت میں بہتری کی نشاندہی کرتی ہے۔ تاہم، مالی سال 2023 میں، مسلسل بلند شرح اور بلند قیمتوں کی وجہ سے کاروں کی فروخت میں نمایاں کمی متوقع ہے۔

Statement of Compliance

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

For the Year Ended June 30, 2022

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

1. The total number of directors are Nine (9) as per the following:

- a. Male: Seven (7)
- b. Female: Two (2)

2. The composition of the Board of Director is as follows:

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Ms. Aminah Zahid Zaheer
Non-Executive Directors	Mr. Yoshiaki Matsuoka Ms. Keiko Watanabe Mr. Shin Hamada Mr. Daisuke Morita
Executive Directors	Mr. Shaheen Amin Mr. Ramon Alfrey

- 3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
- 4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company, along with its supporting policies and procedures;
- 5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their dates 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 / Shareholders, 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 the 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 procedure for remuneration of the directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following Directors:
Ms. Keiko Watanabe
Mr. Daisuke Morita

At present, eight out of nine Directors of the Board have certification / exemption under the Directors Training Program;

10. The Board approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial Statements before approval of the Board;
12. The Board has formed Committees comprising of the members given below:

Name of Committees	Name of members and Chairman	
Audit Committee	Mr. Nasim Hyder Ms. Aminah Zahid Zaheer Ms. Keiko Watanabe Mr. Daisuke Morita	Chairman Member Member Member
Human Resource, Nomination and Remuneration Committee	Mr. Khalid Aziz Mirza Mr. Yoshiaki Matsuoka Mr. Shin Hamada Mr. Shaheen Amin	Chairman Member Member Member
Risk Committee	Ms. Aminah Zahid Zaheer Mr. Nasim Hyder Ms. Keiko Watanabe Mr. Daisuke Morita	Chairperson Member Member Member
Credit Committee	Mr. Yoshiaki Matsuoka Mr. Shaheen Amin Mr. Ramon Alfrey	Chairman Member Member

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as follows:
 - a) Audit Committee – Six meetings were held during the year; at least one meeting was held in each quarter of the year.
 - b) Human Resource, Nomination and Remuneration Committee – Four meetings were held during the year.

- c) Risk Committee –Two meetings were held during the year.
 - d) Credit Committee – One meeting was held during the year
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The Statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by 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 company;
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.



Shaheen Amin
Chief Executive Officer



Khalid Aziz Mirza
Chairman Board of Directors

Notice of Annual General Meeting

Notice is hereby given that the Thirty Sixth Annual General Meeting (the AGM) of OLP Financial Services Pakistan Limited (the Company) will be held on Thursday, October 27, 2022, at 03:00 p.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi and also through video link (Zoom Application), to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022, the Auditors Report and Directors Report thereon.
2. To consider and approve dividend for the year ended June 30, 2022, in cash at PKR 2 per share of PKR 10/- (20%), as recommended by the Board of Directors, which is in addition to the 20% Interim Cash Dividend (i.e. PKR. 2 per share) already paid.
3. To appoint auditors of the Company for the financial year 2022-23 and fix their remuneration. The present auditors, Messrs. A.F Fergusons & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To transact any other business as may be placed before the meeting with the consent of the Chair.

Karachi
Thursday, October 06, 2022

BY ORDER OF THE BOARD

HAIDER ABBAS
Company Secretary

NOTES

1. PARTICIPATION IN ANNUAL GENERAL MEETING (AGM) THROUGH ELECTRONIC MEANS:

To attend and participate in the AGM through video link facility, members are requested to register themselves by providing following particulars with the Company Secretary by emailing to agm@olpfinance.com at least 48 hours before the AGM.

Name of Shareholder	CNIC No.	Folio No./ CDC Account No.	Mobile No.	Email Address

Video link details and login credentials (ZOOM Application) will be shared with those shareholders who have shown their intent to attend the meeting containing all the particulars as mentioned above

2. BOOK CLOSURE

- 2.1 The Members' Register shall remain closed from October 20, 2022 to October 27, 2022 (both days inclusive). Transfers in good order received at the office of the Company's Share Registrar before the close of the business on October 19, 2022, will be treated in time to attend the AGM and entitlement of the dividend. Address of the Company's Share Registrar is as follows:

FAMCO Associates (Pvt.) Ltd.
8-F, Block-6, PECHS
Main Shahra-e-Faisal
Karachi-74400
Pakistan
Phone: +92 (021) 34380101

- 2.2 All Shareholders are entitled to attend, speak and vote at the AGM. A Shareholder may appoint a proxy to attend, speak and vote on behalf of the Shareholder. The proxy needs to be a Member of the Company. A proxy, to be effective, must be received at the office of the Company's Share Registrar not less than 48 hours before the AGM.
- 2.3 The Shareholders and their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose, at the time of attending the AGM. The Proxy Form must be submitted to the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form, along with attested copies of the CNICs or passports of the beneficial owner and the proxy. In case of corporate entity, the resolution of the Board of Directors or power of attorney with specimen signature of the nominee shall be produced at the time of AGM. The Proxy Form is available on Company's website (www.olpfinance.com).
- 2.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.
- 2.5 The Financial Statements for the year ended June 30, 2022, along with the Auditors and Directors Report thereon are available on the Company's website (www.olpfinance.com).
- 2.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

3. SUBMISSION OF COPIES OF CNICS/NTN

The Company with reference to the S.R.O. 779(I) 2011 dated August 18, 2011 and S.R.O. 831(I)/2012 dated July 5, 2012, had made several requests through advertisements in Urdu and English newspapers having circulation throughout the country, and Share Registrar of the Company had also sent letters to the Shareholders who have not yet provided valid copies of their CNICs/NTNs, requesting them to provide the same. As per the Companies (Distribution of Dividends) Regulations, 2017, CNIC/NTN number of a shareholder is mandatory for the payment of cash dividend, and in the absence of such information, the Company would be constrained to withhold dividend payment. Accordingly, the Members who have not yet submitted a copy of their valid CNIC/NTN are again requested to provide the same to the Company's Share Registrar, with Member's folio number mentioned thereon. It may be noted that in case of non-receipt of the copy of CNIC/NTN, the Company would be constrained to withhold the payment of the dividend.

4. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

As per Section 242 of the Companies Act, 2017, a listed company shall pay cash dividend to its shareholders only through electronic mode directly into the bank account designated by the entitled shareholder. Therefore, the physical dividend warrants will not be issued to the Company's Shareholders. In order to receive dividend into respective banks accounts, the Shareholders are requested (if not already provided) to fill in the Dividend Mandate Form for Electronic Credit of Cash Dividend, available on the Company's website and send the duly signed form, along with a copy of CNIC to the Company's Share Registrar in case of physical shares. In case shares are held in the CDC/Brokerage House, Dividend Mandate Form must be directly submitted to the CDC investor account services/respective participant accounts. In case of non-receipt of information, the Company will be obliged to withhold payment of dividend to such shareholders.

5. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER THE SECTION 150 OF THE INCOME TAX ORDINANCE 2001

5.1 According to the provisions of the Finance Act 2021 effective July 2022, the rate of deduction of the Income Tax from dividend payments has been as follows:

- i. The Rate of Income Tax deduction for filers of the Income Tax returns is 15%
- ii. The Rate of Income Tax deduction for non-filers of income tax returns is 30%

The Shareholders whose names are not entered into the Active Tax-payers List (ATL) available on FBR's website, despite the fact that they have filed their returns, are advised to ensure that their names be entered in ATL. Otherwise, the tax on their cash dividend will be deducted @ 30% instead of 15%.

5.2 Withholding Tax exemption from the dividend income shall only be allowed if a copy of the valid tax exemption certificate is made available to the Company's Share Registrar by the first day of the book closure.

5.3 Withholding tax will be determined separately on 'Filer/Non-filer' status of principal shareholder as well as joint-holders(s) based on their shareholding proportions. In this regard, the Shareholders who hold the Company's shares jointly are requested to provide shareholding proportions of the principal shareholder and joint-holder(s) in respect of shares held by them (if not already provided) to the Company's Share Registrar in writing, within ten (10) days of this notice. Otherwise, it will be assumed that the shares are equally held by the principal shareholder and joint-holder(s).

- 5.4 The Corporate Shareholders having CDC accounts are required to have their NTN updated with their respective participants, and the corporate physical shareholders are requested to send a copy of their NTN certificate to the Company's Share Registrar. The Shareholders while sending NTN or NTN certificates, as the case may be, must quote the company's name and their respective folio numbers.

6. VIDEO CONFERENCE FACILITY

In pursuance to the SECP's circular No. 10/2014, dated May 21, 2014, and the Section 134(1)(b) of the Companies Act 2017, the Members can also avail video conference facility at places other than Karachi (since the AGM is scheduled to be held in Karachi); provided that the Company shall receive consent from members holding in aggregate 10% or more shareholding, residing at a geographical location, to participate in the meeting through video conference at least 10 days prior to the AGM. The Company will arrange a video conference facility in the city subject to availability of such facility in that city. In this regard, the Shareholders are requested to send duly signed Form of Video Conference Facility, available on Company's website to the Company's Share Registrar.

7. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS

The Audited Financial Statements of the Company for the year ended June 30, 2022, have been made available on the Company's website (www.olpfinance.com) in addition to the Quarterly Financial Statements. Further, in compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2022 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company, the CDs containing financial statements have been dispatched. However, if a Shareholder, in addition, requests for hard copy of the Annual Audited Financial Statements, the same will be provided free of cost within seven working days of receipt of such request. For the Shareholders' convenience, a 'Standard Request Form for Provision of Annual Audited Financial Accounts' has also been made available on the Company's website.

Moreover, shareholders are requested to kindly provide the valid email address (along with a copy of valid CNIC) to the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited if you hold shares in physical form or to the respective Participant/Investor Account Services if shares are held in book entry form.

8. UNCLAIMED DIVIDEND AND UNDELIVERED SHARE CERTIFICATES

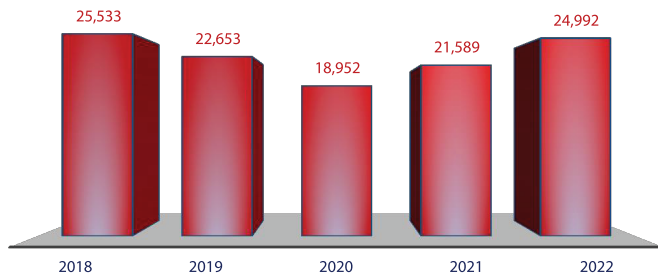
The Company has previously discharged its responsibility under Section 244 of the Companies Act, 2017 whereby the Company approached the shareholders to claim their unclaimed dividends and undelivered share certificates in accordance with the law.

Shareholders, whose dividends still remain unclaimed and/or undelivered share certificates are available with the Company, are hereby once again requested to approach the Company to claim their outstanding dividend amounts and/or undelivered share certificates.

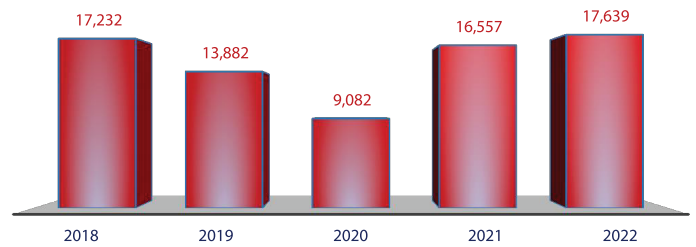
9. CONVERSION OF PHYSICAL SHARES INTO CDC ACCOUNT

The Shareholders having physical shareholding are encouraged to place their physical shares into electronic form as Section 72(2) of the Companies Act, 2017 states that "Every existing 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 SECP, within a period not exceeding four years from the commencement of the Act".

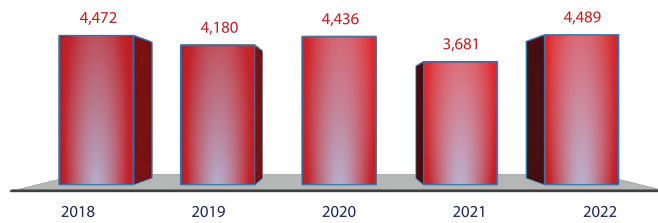
Portfolio
(Rs. in million)



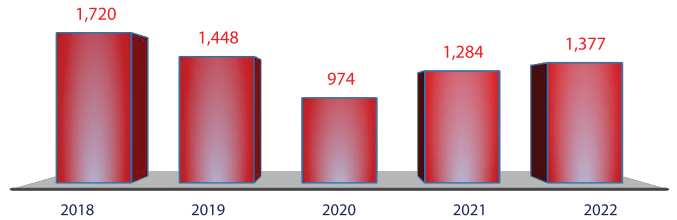
Disbursements
(Rs. in million)



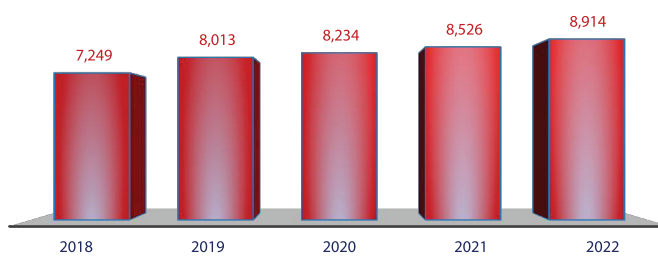
Revenues
(Rs. in million)



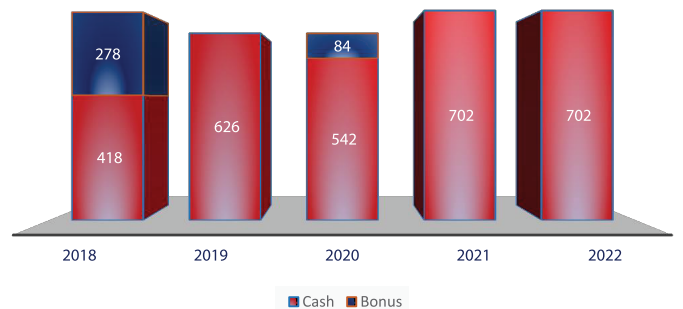
Profit before tax
(Rs. in million)



Shareholders' equity
(Rs. in million)



Dividends
(Rs. in million)



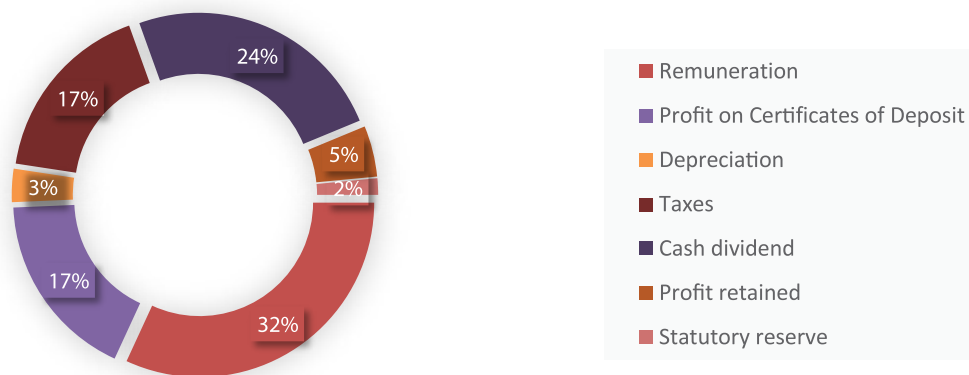
Statement of Value Addition

	2022		2021	
	Rupees	%	Rupees	%
Revenues from operations	3,934,427,250		3,296,375,362	
Other income	519,613,076		367,407,196	
Share of profit of equity accounted undertakings	64,289,981		35,363,150	
	4,518,330,307		3,699,145,708	
Finance cost	1,288,829,676		726,222,691	
Direct cost	337,082,227		263,326,124	
	1,625,911,903		989,548,815	
Value Added	2,892,418,404		2,709,596,893	

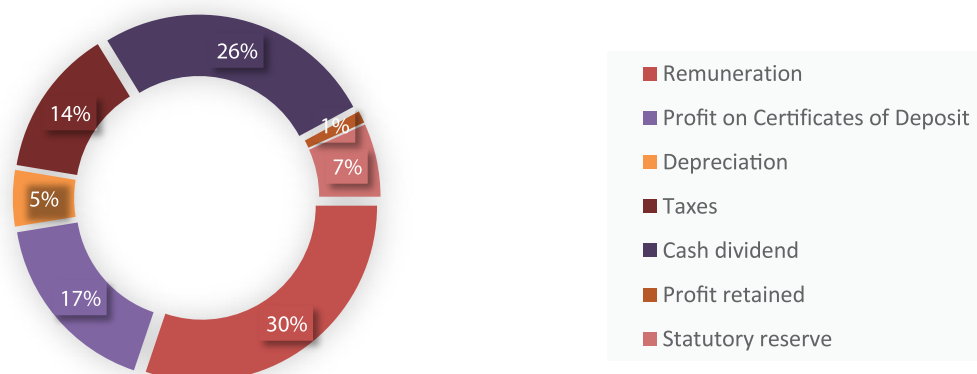
Distributed as follows:

Remuneration	922,008,605	31.9%	818,067,610	30.2%
Profit on Certificates of Deposit	504,748,388	17.5%	467,295,949	17.2%
Depreciation	88,880,332	3.1%	140,253,825	5.2%
Taxes	494,570,693	17.1%	369,168,975	13.6%
Cash dividend	701,630,588	24.3%	701,630,588	25.9%
Profit retained	136,469,278	4.7%	30,217,838	1.1%
Statutory reserve	44,110,519	1.5%	182,962,107	6.8%
	2,892,418,403	100%	2,709,596,892	100%

Distribution of Value Addition - 2022



Distribution of Value Addition - 2021





ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Shariah Advisor's Report

For the period ended June 30, 2022

OLP Financial Services Pakistan Limited (OLP) started Islamic Financing in April 2011. OLP, with the consultation of the undersigned, developed and executed initially the following two Shariah Complaint products:

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, in this year, OLP also followed rules and regulations of Shariah in the implementation of Ijarah and Diminishing Musharakah.

I certify that the treasury function and accounting treatment of *Ijarah* and *Diminishing Musharakah* transactions are in conformity with Shariah requirements.

I would like to take this opportunity to offer praise to Almighty Allah and seek His Guidance and Blessings and to express my best wishes for further progress, development, and prosperity of OLP Financial Services Pakistan Limited and Islamic Finance.

MUFTI MUHAMMAD IBRAHIM ESSA

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Date: September 26, 2022



+92 322 2671867 |



www.alhamdshariahadvisory.com |



info@alhamdshariahadvisory.com

INDEPENDENT AUDITOR'S REVIEW REPORT**To the members of OLP Financial Services Pakistan Limited****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 Financial Services Pakistan Limited (the Company) 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 Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company'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 Company's personnel and review of various documents prepared by the 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 Company's corporate governance procedures and risks.

The Regulations require the 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 Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2022.



A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 30, 2022

UDIN: CR2022100611mD0u6ldw

A. F. FERGUSON & CO., Chartered Accountants, a member firm of the PwC network
State Life Building No. 1-C, I.I. Chundrigar Road, P.O. Box 4716, Karachi-74000, Pakistan
Tel: +92 (21) 32426682-6/32426711-5; Fax: +92 (21) 32415007/32427938/32424740; <www.pwc.com/pk>

■ KARACHI ■ LAHORE ■ ISLAMABAD

INDEPENDENT AUDITOR'S REPORT

To the members of OLP Financial Services Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of OLP Financial Services Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2022, and the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity, the unconsolidated statement of cash flows for the year then ended, and notes to the unconsolidated financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2022 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

Key Audit Matters

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

Following is the Key audit matter:

S. No.	Key audit matter	How the matter was addressed in our audit
1	Provision for potential lease and loan losses (Refer notes 3.5, 6, 10, 11, 13 and 38 of the annexed unconsolidated financial statements)	
	The Company records provision for potential lease and loan losses under the requirement of IFRS 9 and the Non-Banking Finance Companies Regulations (the NBFC Regulations), whichever is higher.	Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following:



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S. No.	Key audit matter	How the matter was addressed in our audit
	<p>Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans 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 the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.</p> <p>Determination of provision including calculating ECL for lease and loans is subject to numerous judgments and estimates. 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 management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.</p> <p>The Company has determined a provision on lease and loans balances and has recognised a gross charge of Rs. 228.279 million and a gross reversal of Rs. 293.648 million in respect of potential lease and loan losses in the unconsolidated statement of profit or loss during the year ended June 30, 2022. As at June 30, 2022, the Company maintained a provision of Rs. 1,033.123 million for potential lease and loan losses.</p> <p>The determination of provision in respect of lease and loans balances as per the requirements of NBFC Regulations and IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of lease and loans balances relative to the overall unconsolidated financial statements of the Company, we considered the area of provision for potential lease and loan losses as a key audit matter.</p>	<ul style="list-style-type: none"> Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Company to identify loss events and for determining the extent of provisioning required against lease and loans balances; Evaluated the key decisions made by the Company's management with respect to accounting policies, estimates and judgments in relation to computation of provision for potential lease and loan losses and assessed the appropriateness based on our understanding of the Company's business and operations; Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Company as well as the related external sources used for this purpose; Checked, on a test basis, the accuracy of specific provision made against non-performing lease and loans balances and of general provision made against performing lease and loans balances as per the requirements of NBFC by recomputing the provision amount in accordance with the criteria prescribed under the NBFC. Assessed the ECL model used by the management to calculate provision against lease and loans balances of the Company for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.

Information Other than the Unconsolidated and Consolidated Financial Statements and Auditor's Reports Thereon

Management is responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the unconsolidated and consolidated financial statements and our auditor's reports thereon.

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



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

Responsibilities of Management and Board of Directors for the Unconsolidated Financial Statements

Management is responsible for the preparation and fair presentation of the unconsolidated financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of unconsolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Unconsolidated Financial Statements

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

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

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





- Evaluate the overall presentation, structure and content of the unconsolidated financial statements, including the disclosures, and whether the unconsolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the unconsolidated statement of financial position, the unconsolidated statement of profit or loss, the unconsolidated statement of profit or loss and other comprehensive income, the unconsolidated statement of changes in equity and the unconsolidated statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The engagement partner on the audit resulting in this independent auditor's report is **Noman Abbas Sheikh**.

A.F. Ferguson & Co.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 30, 2022

Karachi

UDIN: AR202210061prCVf5voc

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2022

	Note	2022	2021		
		-----Rupees-----			
INCOME					
Income from operations					
Finance leases		2,252,516,751	2,218,909,215		
Income from operating leases / ijarah	32	38,231,274	88,224,287		
Mark-up on finances and loans		1,614,522,863	971,212,569		
		3,905,270,888	3,278,346,071		
Income from other activities					
Other income - net	33	519,613,076	367,407,196		
Share of profit from associate	34	64,289,981	35,363,150		
		583,903,057	402,770,346		
		4,489,173,945	3,681,116,417		
EXPENSES					
Finance cost	35	1,793,578,064	1,193,518,640		
Administrative and general expenses	36	1,284,871,569	1,135,904,153		
Direct cost	37	63,099,595	85,743,406		
		3,141,549,228	2,415,166,199		
Profit before provision and taxation		1,347,624,717	1,265,950,218		
Reversal of provision for potential lease and other loan losses - net	38	(65,369,020)	(39,987,946)		
Other provision - net	39	36,212,658	21,958,655		
		(29,156,362)	(18,029,291)		
Profit before taxation		1,376,781,079	1,283,979,509		
Taxation	41	494,570,693	369,168,975		
Profit for the year after taxation		882,210,386	914,810,534		
Earnings per share - basic and diluted	52	5.03	5.22		

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.


Shaheen Amin
 Chief Executive Officer


Aminah Zahid Zaheer
 Director


Ramon Alfrey
 Chief Financial Officer

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

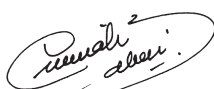
For the year ended June 30, 2022

	Note	2022	2021
		-----Rupees-----	
Profit for the year after taxation		882,210,386	914,810,534
Other comprehensive income			
Items that will be reclassified to the unconsolidated statement of profit or loss			
- Exchange gain / (loss) arising on translation of foreign associate	8.1.3	282,281,515	(55,975,776)
- Deferred tax on exchange gain / (loss) arising on translation of foreign associates		(123,912,340)	12,174,731
		158,369,175	(43,801,045)
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss			
- Fair value changes on remeasurement of financial assets	14	(4,137,296)	843,631
- Deferred tax on fair value changes on remeasurement of financial assets		31,485,257	(183,490)
		27,347,961	660,141
Remeasurement gain / (loss) on defined benefit obligation	25	18,904,040	(21,050,512)
- Share of other comprehensive income from associate	8.1.3	502,550	998,371
- Deferred tax on share of other comprehensive income from associate		2,973,955	(217,146)
		3,476,505	781,225
Total comprehensive income for the year		1,090,308,067	851,400,343

The annexed notes 1 to 56 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Aminah Zahid Zaheer
Director



Ramon Alfrey
Chief Financial Officer

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

1 LEGAL STATUS AND OPERATIONS

OLP Financial Services Pakistan Limited (formerly ORIX Leasing Pakistan Limited) ("the Company") was incorporated in Pakistan as a private limited company on July 01, 1986 under the repealed Companies Ordinance, 1984 (now the Companies Act, 2017) and was converted into a public limited company on December 23, 1987. The Company is listed on the Pakistan Stock Exchange Limited and is licensed to carry out Investment Finance Services as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP).

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

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

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Islamic Financial Accounting Standards (IFAS) issued by the Institute of Chartered Accountants of Pakistan as are notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017; and
- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, the IFAS, the NBFC Rules or the NBFC Regulations have been followed.

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

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

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

2.3 Basis of measurement

These unconsolidated financial statements have been prepared under the historical cost convention except for the following:

- Leasehold land and office building are stated at revalued amounts;
- Certain investments are stated at fair value;
- Non-current assets classified as held-for-sale are valued at lower of carrying amount and fair value less cost to sell;
- Obligation in respect of staff gratuity is measured at present value of the defined benefit obligation; and
- Investment in associate is valued under equity accounting method.

2.4 Functional and presentation currency

Items included in these unconsolidated financial statements are measured using the currency of the primary economic environment in which the Company operates. These unconsolidated financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

2.5 Critical accounting estimates and judgments

The preparation of unconsolidated financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the management to make estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, income and expenses. 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 Company's financial statements or where judgments were exercised in the application of accounting policies are as follows:

- (a) determination of the residual values and useful lives of fixed assets (notes 3.2 and 4);
- (b) determination of allowance for potential lease and other loan losses (notes 3.5 and 38);
- (c) determination of classification, valuation and impairment of financial assets (note 3.10,9,14 and 39);
- (d) classification and valuation of assets classified as held for sale (notes 3.6 and 18);
- (e) recognition of taxation and deferred tax (notes 3.16 and 41);
- (f) accounting for defined benefit obligation (notes 3.17 and 25);
- (g) provision against workers' welfare fund (notes 26 and 39); and
- (h) impairment of non-financial assets (note 3.9).

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

- 2.6.1** There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2021 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

2.7 Interpretations and amendments to published accounting and reporting standards that are not yet effective:

- 2.7.1** The following amendments and interpretations with respect to published accounting and reporting standards would be effective from the date mentioned below against the respective amendments or interpretations:

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2023
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2023

The amendments highlighted above may impact the unconsolidated financial statements of the Company on application. The management is currently in the process of assessing the impact of these amendments on the unconsolidated financial statements of the Company.

2.7.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company'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 Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Business combination

Business combinations are accounted for by applying the acquisition method. The cost of acquisition is measured as the fair value of assets given, equity instruments issued and the liabilities incurred or assumed at the date of acquisition. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement, if any. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the consideration transferred over the fair value of the Company's share of identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets acquired in the case of a bargain purchase, the difference is recognised directly in the unconsolidated statement of profit or loss.

3.2 Fixed assets

3.2.1 Own use, operating lease and capital work in progress

Fixed assets (except leasehold land and office building) are stated at cost less accumulated depreciation and impairment losses, if any. Leasehold land and office building are carried at revalued amounts less accumulated depreciation and subsequent impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Cost incurred to replace a component of an item of fixed asset is capitalised and the asset so replaced is retired from use. All repairs and maintenance expenditure are charged to the unconsolidated statement of profit or loss during the period in which these are incurred.

Depreciation is charged using the straight line method over the estimated useful lives of assets, at the rates specified in notes 4.1 and 4.2 to these unconsolidated financial statements after taking into account residual values if significant. Cranes under operating lease are depreciated at the rates specified in note 4.2 by considering residual values. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Accounting treatment and presentation of revaluation of fixed assets is in conformity with IAS 16 'Property, Plant and Equipment'. Revaluation surplus on fixed assets is presented in the unconsolidated statement of financial position and unconsolidated statement of changes in equity as a capital reserve.

An increase arising on revaluation is credited to the surplus on revaluation of leasehold land and office building. A decrease arising on revaluation of leasehold land and office building is adjusted against the surplus of that asset or, if no surplus exists, is charged to the unconsolidated statement of profit or loss as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the unconsolidated statement of profit or loss up to the extent of the original impairment. Each year, the difference between depreciation based on the revalued carrying amount of the asset charged to the unconsolidated statement of profit or loss and depreciation based on the asset's original cost, net of deferred taxation, is reclassified from revaluation surplus on leasehold land and office building to unappropriated profit.

An asset's carrying amount is written down immediately to its recoverable amount if the carrying amount is greater than its estimated recoverable amount.

Gains / losses on disposal of fixed assets, if any, are taken to the unconsolidated statement of profit or loss in the period in which they arise except that the related surplus on revaluation of leasehold land and office building (net of deferred taxation) is transferred directly to unappropriated profit.

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

The residual values, useful lives and methods of depreciation of assets are reviewed and adjusted, if appropriate, at each reporting date.

Capital work-in-progress is stated at cost less impairment loss, if any and consists of expenditure incurred (including any borrowing cost, if applicable) and advances made in the course of their construction and installation. Transfers are made to relevant asset category as and when assets are available for intended use.

3.2.2 Ijarah assets

Rental from Ijarah arrangements are recognised in the unconsolidated statement of profit or loss on an accrual basis as and when rentals become due. Costs, including depreciation, incurred in earning the Ijarah income are recognised as an expense. Initial direct costs incurred specifically to earn revenues from Ijarah are recognised as an expense in the period in which they are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis over the underlying term of the contract as stated in note 4.3.

3.2.3 Lease liability and right-of-use assets

The Company lease premises of certain branches. Rental contracts are typically for a period of 3 years and may have renewal options as described below. At inception of a contract, the Company assesses whether a rental contract conveys the right to control the use of the rented premises for a period of time in exchange for consideration. Lease term is negotiated on an individual basis.

In determining the lease term, the management considers all facts and circumstances that create an economic incentive to exercise an extension option or not to 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 as 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 Company's incremental borrowing rate.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

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 Company under residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease if the lease term reflects the lessee exercising that option. The extension and termination options are incorporated in determination of lease term only when the Company 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 Company reassesses with reasonable certainty of exercising the 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 payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the unconsolidated statement of profit or loss 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 of the lease, it 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 stand-alone price for the increase in scope adjusted to reflect the circumstances of the particular contracts, 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 assets.

Right-of-use assets are 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 assets or to restore the underlying assets or the site on which the assets are located.

Right-of-use assets are subsequently measured at cost model and 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. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Company has elected to apply the practical expedient of not to recognise right-of-use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low-value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term.

3.3 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible assets having indefinite lives are stated at cost less accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 5.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

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

3.4 Net investment in finance lease

Leases in which the Company transfers substantially all the risks and rewards incidental to the ownership of an asset to the lessees are classified as finance leases. A receivable is recognised at an amount equal to the present value of the minimum lease payments, including any guaranteed residual value. The “net investment in finance lease” included in the unconsolidated financial statements is recorded as net of adjustable security deposit.

3.5 Allowance for potential lease and other loan losses

The Company applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans 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 the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.

Calculating ECL for lease and loan is subject to numerous judgments and estimates. 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 management further considers the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.

In 2021, the Institute of Chartered Accountant of Pakistan (ICAP) had issued ‘Accounting Guideline Application of IFRS 9 by Non-Banking Finance Companies’, which allows NBFC’s to apply the requirements of IFRS 9 in conjunction with the requirements of NBFC Regulations. Accordingly, the Company has recognised allowance for potential lease and other loans losses as the higher of provisioning requirements as specified under the NBFC Regulations and IFRS 9.

3.6 Assets classified as held for sale

The Company classifies a non-current asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

A non-current asset classified as held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the unconsolidated statement of profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less cost to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. A non-current asset is not depreciated while classified as held for sale.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.7 Investment in subsidiaries

Investment in subsidiaries is initially recognised at cost. At subsequent reporting dates, the recoverable amount is estimated to determine the extent of impairment loss, if any, and carrying amount of the investment is adjusted accordingly.

3.8 Investment in associate

Investment in associate is accounted for under the equity method of accounting. An associate is an entity in which the Company has significant influence and which is neither a subsidiary nor a joint venture.

Under the equity method of accounting, the investment in an associate is carried in the unconsolidated statement of financial position at cost plus post-acquisition changes in the Company's share of net assets of the associate. Goodwill relating to an associate is included in the carrying amount of the investment and is not amortised. After application of the equity method, the Company determines whether it is necessary to recognise any additional impairment loss with respect to the Company's net investment in the associate. The unconsolidated statement of profit or loss reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of an associate, the Company recognises its share of any changes and discloses this, when applicable, in the unconsolidated statement of changes in equity.

Associates' accounting policies conform to those used by the Company for like transactions and events in similar circumstances.

The Company discontinues the use of the equity method from the date when it loses the power to participate in the financial and operating policy decisions of the investee. If the retained interest of the Company in the former associate is a financial asset, the Company measures the retained interest at its fair value. The fair value of the retained interest is regarded as its fair value on initial recognition as a financial asset. The Company recognises in the unconsolidated statement of profit or loss any difference between the fair value of the retained interest and any proceeds from disposing of a partial interest in the associate and the carrying amount of the investment at the date the equity method was discontinued.

When the investment in associate is sold, all amounts previously recognised in 'other comprehensive income' in relation to that investment are reclassified to the unconsolidated statement of profit or loss.

3.9 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 unconsolidated statement of profit or loss. 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.

3.10 Financial assets

3.10.1 Classification and subsequent measurement

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

- at amortised cost;
- at fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses;
- at FVOCI with no recycling of cumulative gains and losses upon derecognition; and
- at fair value through profit or loss (FVPL).

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

a) At amortised cost

The Company measures financial assets at amortised cost if the financial asset is held within a business model with an objective to hold and collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.10.2. Gains and losses are recognised in the unconsolidated statement of profit or loss when the asset is derecognised, modified or impaired.

b) At fair value through other comprehensive income (FVOCI) with recycling of cumulative gains and losses

The Company measures financial assets at FVOCI if the financial asset is held within a business model with an objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. 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 3.10.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss.

c) At FVOCI with no recycling of cumulative gains and losses upon derecognition

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to the unconsolidated statement of profit or loss. Dividends are recognised in the unconsolidated statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

d) 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 financial asset that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in the unconsolidated statement of profit or loss in the period in which it arises.

3.10.2 Impairment

The Company assesses on a forward-looking basis the expected credit losses (ECL) associated with its debt instrument assets carried at amortised cost and FVOCI. The Company 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.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharikhah finance and microfinance. For all other financial assets, 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.

3.10.3 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 Company transfers substantially all the risks and rewards of ownership; or
- (ii) the Company neither transfers nor retains substantially all the risks and rewards of ownership and the Company has not retained control.

3.10.4 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 Company commits to purchase or sell the asset.

3.10.5 Initial recognition

Financial assets are recognised at the time the Company 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 FVPL. Financial assets carried at FVPL are initially recognised at fair value and transaction costs associated with these financial assets are taken directly to the unconsolidated statement of profit or loss.

3.10.6 Business model

The business model reflects how the Company manages the assets in order to generate cash flows, that is, whether the objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes), then the financial assets are classified as part of ‘other’ business model and measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset’s performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.10.7 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments’ cash flows represent solely payments of principal and interest (the ‘SPPI test’). In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement i.e. interest includes only consideration for the time value of money, credit risk, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

3.10.8 Reclassifications

The Company reclassifies financial assets when and only when its business model for managing those assets changes. The reclassification takes place from the start of the first reporting period following the change. Such changes are expected to be very infrequent and none occurred during the period.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.10.9 Write-offs

The gross carrying amount of a financial asset is written off when the Company 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, the Company 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.

3.11 Financial liabilities

Financial liabilities are recognised at the time the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value less any directly attributable transaction cost.

Financial liabilities are subsequently measured at amortised cost except for:

- Financial liabilities at fair value through profit and 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.

3.11.1 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 expires. Any gain or loss on derecognition of financial assets and financial liabilities is taken to the unconsolidated statement of profit or loss.

3.12 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the unconsolidated 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.

3.13 Certificate of deposits, borrowings, finances, loans and their costs

These are initially recognised at cost being the fair value of consideration received. Subsequently, these are carried at amortised cost using the effective interest method.

Costs in respect of above are recognised as an expense in the period in which these are incurred using the effective interest method.

Transaction costs, if any, are amortised over the period of agreement using the effective interest method.

3.14 Provisions

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

3.15 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arise from past events but it is not probable that an outflow of resources embodying benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.16 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the unconsolidated statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity through other comprehensive income.

Current

Provision for current taxation is based on taxable income for the year at the current rate of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. Tax charge for the current year is determined in accordance with the prevailing laws for taxation. The charge for current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for the current tax also includes adjustments relating to prior years, if necessary, arising from assessments finalised during the year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on available tax losses, if any. Deferred tax is calculated using 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.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realised.

The Company also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets / foreign currency translation reserves which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 Income Taxes.

3.17 Staff retirement benefits

(a) Defined contribution plan

The Company operates a recognised contributory Provident Fund Scheme (the Fund) for all its permanent employees who have completed the minimum qualifying period in accordance with the HR policy. The Fund is administered by a Board of Trustees. Equal monthly contributions to the Fund are made both by the Company and by the employees at the rate of 10% of basic salary.

(b) Defined benefit plan

The Company operates an approved funded gratuity scheme covering all permanent employees who have completed the minimum qualifying period of three years of service under the scheme. The scheme is administered by a Board of Trustees and contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the Projected Unit Credit Method for the valuation of the scheme.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in other comprehensive income when these occur with no subsequent transfer through the unconsolidated statement of profit or loss.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

3.18 Foreign currency transactions

Transactions in foreign currencies are translated to rupees at the foreign exchange rates prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the reporting date.

Non-monetary assets and liabilities in foreign currencies are expressed in rupee terms at the rates of exchange prevailing at the date of initial recognition of the non-monetary assets / liabilities.

Foreign operations

The assets and liabilities of foreign operations (associate) are translated to rupees at exchange rates prevailing at the reporting date. The results of foreign operations are translated at the average rates of exchange for the year.

Translation gains and losses

Translation gains and losses are taken to the unconsolidated statement of profit or loss, except those arising on translation of the net investment in foreign operations (associate) which are taken to the unconsolidated statement of profit or loss and other comprehensive income under foreign currency translation reserve until the disposal of the net investment, at which time these are recognised in the unconsolidated statement of profit or loss.

3.19 Revenue recognition

3.19.1 Finance leases

The Company follows the 'financing method' in accounting for finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and amortised over the term of the lease, so as to produce a systematic return on the net investment in finance lease. Revenue recognition from finance leases is suspended when rent is past due by ninety days or more. Front end fee and other lease related income is recognised on receipt basis.

3.19.2 Operating lease income

Rental income from assets classified as operating lease is recognised on an accrual basis.

3.19.3 Ijarah lease income

Rental income from Ijarah arrangement is recognised on an accrual basis.

3.19.4 Return on investments

Return on debt securities and deposit accounts is recognised using the effective interest method.

Dividend income from investments is recognised when the Company's right to receive the dividend is established.

Gain / loss on sale of investments is recognised in the period in which it arises.

3.19.5 Finances and loans

Income on finances and loans is recognised on a time proportionate basis using effective interest rate method taking into account the principal outstanding and applicable rates of interest / return thereon except in case of finance and loans classified under the NBFC Regulations, on which income is recognised on a receipt basis.

Income recognition on finances and loans is suspended when it is past due by ninety days or more and thirty days or more in case of micro finance portfolio.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2022

Interest / mark-up on rescheduled / restructured leases, finances, loans and investments is recognised in accordance with the requirements of the NBFC Regulations.

3.19.6 Others

Other income is recognised on a receipt basis.

3.20 Earnings per share

The Company presents basic and diluted earnings per share for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders, and the weighted average number of ordinary shares outstanding, for the effects of all dilutive potential ordinary shares, if any.

3.21 Proposed dividend and transfer between reserves

Dividends declared and transfers between reserves, except appropriations which are required by law, made subsequent to the reporting date are considered as non-adjusting events and are recognised in the unconsolidated financial statements in the period in which such dividends are declared / transfers are made.

3.22 Cash and cash equivalents

Cash and cash equivalents for the purposes of unconsolidated statement of cash flows includes cash and bank balances and short term running finance facilities that form an integral part of the Company's cash management.

3.23 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components.

Operating segments are reported in a manner consistent with the internal reporting structure. The management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Those assets and liabilities which cannot be allocated to a particular segment on a reasonable basis are reported as unallocated assets and liabilities.

3.24 Commitments

Commitments are disclosed in the financial statements at committed amounts.

	Note	2022	2021
4		-----Rupees-----	
FIXED ASSETS			
Own use	4.1	1,082,864,333	1,131,534,112
Operating leases	4.2	114,168,578	124,270,850
Ijarah assets	4.3	3,076,782	6,462,738
Right-of-use assets	4.4	89,150,477	93,975,743
		<u>1,289,260,170</u>	<u>1,356,243,443</u>

