ORIX

ORIX Leasing Pakistan Limited

ANNUAL REPORT 2020

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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

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

Teamwork
We work together to
create synergies

ORIX

Integrity
We promote honesty
and fairness in all
our actions

Respect
We respect each others'
feelings and opinions

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

Strategic Objectives

1. Enhance ORIX brand image in the market as a leading diverse non-banking financial institution with strong brand loyalty.

2. Be a role model for the industry with high standards of governance and risk assessment framework.

3. Be recognized as making meaningful contribution to the economy and the society with a focus on micro and middle-tier segments.

4. Maintain the highest credit ratings in the non-banking financial sector of Pakistan to provide maximum security to our depositors and lenders.

5. Meet varying and diverse demands of customers through innovation and differentiation in our products.

6. Take personalized customer service to the next level through a highly trained and multi-skilled workforce.

7. Become an employer of choice by creating a fair and conducive work environment that fosters growth and rewards talent.

8. Bring transparency and control in all spheres of business and operations by introducing well-defined policies and procedures and training staff accordingly.

9. Identify and capitalize on opportunities for generating sustainable sources of income to secure the future interests of all stakeholders.

10. 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.

Our code of conduct principles are:

- 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 transactions.
- 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 towards 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

ORIX Leasing Pakistan Limited ("OLP") 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 38 branches situated in 35 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.6% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services groups with operations in 37 countries worldwide. The group has experience of 56 years of operations and has a total asset base of Yen (￥) 13,093 billion and equity of ￥ 2,935 billion as at June 30, 2020, which equates to US$ 122 billion and US$ 27 billion respectively.

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 experties acquired over the last 34 years provides OLP a distinctive competitive edge.

OLP takes pride in the fact that it has played a major role towards the economic development of the Country by supporting the Small and Medium Enterprises (SME) Sector and in doing so, has helped grow numerous small and medium businesses into larger enterprises and created thousands of jobs both directly and indirectly. Today, OLP is the largest SME focused non-banking finance company in Pakistan.

Company Information

Board of Directors

1. **Mr. Khalid Aziz Mirza**
   Chairman and Independent Non-Executive Director
2. **Mr. Naveed Kamran Baloch**
   Independent Non-Executive Director
3. **Mr. Nasim Hyder**
   Independent Non-Executive Director
4. **Ms. Aminah Zahid Zaheer**
   Independent Non-Executive Director
5. **Mr. Harukazu Yamaguchi**
   Non-Executive Director
6. **Mr. Yoshiaki Matsuoka**
   Non-Executive Director
7. **Mr. Masato Takata**
   Non-Executive Director
8. **Mr. Yohei Honda**
   Non-Executive Director
9. **Mr. Shaheen Amin**
   Chief Executive Officer and Executive Director

Committees

Audit Committee

1. **Mr. Nasim Hyder**
   Chairman
2. **Ms. Aminah Zahid Zaheer**
   Member
3. **Mr. Yohei Honda**
   Member

Human Resource, Nomination and Remuneration Committee

1. **Mr. Khalid Aziz Mirza**
   Chairman
2. **Mr. Naveed Kamran Baloch**
   Member
3. **Mr. Yoshiaki Matsuoka**
   Member

Risk Committee

1. **Ms. Aminah Zahid Zaheer**
   Chairperson
2. **Mr. Nasim Hyder**
   Member
3. **Mr. Yohei Honda**
   Member
4. **Mr. Shaheen Amin**
   Member

Credit Committee

1. **Mr. Shaheen Amin**
   Chairman
2. **Mr. Ramon Alfrey**
   Member
3. **Mian Faysal Riaz**
   Member
4. **Mr. Imtiaz Ahmed Chaudhary**
   Member
5. **Mr. Hira Lal Bharvani**
   Member

Deputy Chief Executive Officer
Mr. Ramon Alfrey

Chief Financial Officer
Ms. Maryam Aziz

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

The Management Team

1. **Mian Faysal Riaz**
   Group General Manager - Head of Operations
2. **Mr. Imtiaz Ahmed Chaudhary**
   Head - Marketing
3. **Mr. Hira Lal Bharvani**
   Head - Human Resource
4. **Mr. M. Ayub Khan**
   Head - Special Assets Management
5. **Mr. Tahir Ali Shah**
   Head - Commercial Vehicle Division
6. **Mr. Khawar Sultan**
   Head - Consumer Auto Division
7. **Mr. Waqas Ahmed Khwaja**
   Head - Corporate Lease
8. **Mr. Jawaid Akhter**
   Head - Micro Finance Division
9. **Mr. Shafique Ur Rehman**
   Head - Risk Management
10. **Mr. Hamood Ahmed**
    Head - Business Control
11. **Mr. Muhammad Ikram**
    Head - Information Systems
12. **Lt Col (Retd) Saad Saeed Ahmed**
    Head - Administration

Credit Rating by PACRA
Long Term Entity Rating AA+
Short Term Entity Rating A1+

Auditors
A.F. Ferguson & Co.
Chartered Accountants
State Life Building No. 1-C, I.I. Chundrigar Road,
P.O.Box 4716, Karachi - 74000, Pakistan

Shariah Advisor
Al - Hamd Shariah Advisory Services (Pvt) Limited

Legal Advisors
M/s Mansoor Ahmed Khan & Co.
M/s Mohsin Tayebaly & Co.

Registrar and Share Transfer Online
FAMCO Associates (Pvt) Limited,
8-F, Near Hotel Faran, Nursery, Block-6,
P.E.C.H.S, Shahrah-e-Faisal, Karachi.
Tel: (92-21) 34380101-5, 34384621-3

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. PAIR Investment Company Limited
13. Soneri Bank Limited
14. Standard Chartered Bank (Pakistan) Limited
15. United Bank Limited

Registered and Head Office

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

Parent, Subsidiaries & Associated Companies

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

ORIX Services Pakistan (Private) Limited
Office 601, 6th Floor, Syedna Tahir
Saifuddin Memorial Trust Building Civil Lines,
Beaumont Road, Karachi, Pakistan

Tel: (021) 35930000

ORIX Modaraba
Office 601, 6th Floor, Syedna Tahir
Saifuddin Memorial Trust Building
Civil Lines, Beaumont Road,
Karachi, Pakistan

Tel:(021) 35930000
www.orixmodaraba.com

Associated Companies

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.saudiorix.com.sa

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

Chairman's Message

The World experienced an unprecedented situation in 2020 when the COVID-19 pandemic wreaked havoc on the economies of many countries and brought health care systems, even in advanced countries, to the brink of collapse. Pakistan was similarly affected and the consequent lockdown caused economic hardship to the general public as well as businesses, especially SMEs. For the first time in 68 years, the economy showed negative GDP growth of 0.4% in FY20*, prompting the Government to take desperate measures to shore up the economy. The financial sector also felt the impact and as a result, both the State Bank of Pakistan and Securities and Exchange Commission of Pakistan allowed financial institutions to provide concessions to their customers in repayment of their financial obligations.

Your Company took immediate measures to protect both its staff and satisfy its customers, while ensuring business continuity. Health and safety of the staff remained the top-most priority and the affected staff was fully supported financially and administratively in coping. Marketing and collections staff worked round the clock to accommodate the customers in keeping their businesses afloat. All support teams provided full assistance within their spheres of responsibility to protect OLP from dire consequences of the lockdown. The Company's performance this year is owed truly to the commitment and selfless dedication of its staff, whom, when tested in the face of a once in a lifetime challenge, were found fully up to it.

The results of these efforts would be more evident in the next financial year. Marked recovery has already been observed in business activities across the country and economy is showing positive future outlook. In an uncertain and unpredictable world there always exists risks of the unexpected, however OLP has demonstrated its resilience in the worst of times and is ready for future challenges.

In these trying times, my colleagues on the Board have played an active and effective role in monitoring and advising on a rapidly unfolding situation. I would like to take this opportunity to extend my sincere gratitude to all Stakeholders and the Management of the Company for their contributions towards its success. The support and guidance from the SECP remained invaluable during this difficult period. Lastly, I wish to acknowledge each and every one of our dedicated staff member, who worked with admirable determination to deliver on our commitments to our customers and maintained the highest level of service at all times.

Khalid Aziz Mirza
Chairman Board of Directors

*Provisional GDP growth rate as per Pakistan Economic survey 2019-20

چیئرمین کا پیغام

2020 میں دنیا کو ایک غیر معمولی صورتحال کا سامنا کرنا پڑا جب COVID-19 کی وباء نے کئی ممالک کی معیشتوں کو تباہ کیا اور یہاں تک کہ ترقی یافتہ ممالک میں بھی صحت کی دیکھ بھال کے نظام کو تباہی کے دہانے پر پہنچا دیا۔ اسی طرح پاکستان بھی متاثر ہوا اور لاک ڈاؤن کے نتیجے میں عام عوام کے ساتھ ساتھ کاروباری طبقوں خصوصی طور پر SMEs کے لئے معاشی مشکلات پیدا ہو گئیں - 68 سال میں پہلی مرتبہ *FY20 کے دوران معیشت کے GDP میں منفی (0.4٪) فیصد نمو ہوئی، جس کی وجہ سے حکومت کو معیشت بحالی کے لئے فوری اقدامات کرنے پڑے - مالیاتی شعبہ نے بھی اس کے اثرات کو محسوس کیا جس کے نتیجے میں اسٹیٹ بینک آف پاکستان اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان دونوں نے مالیاتی اداروں کو اپنے صارفین کو مالیاتی ذمہ داریوں کی ادائیگی میں مراعات فراہم کرنے کی اجازت دی -

آپ کی کمپنی نے کاروباری تسلسل کو یقینی بنانے، اپنے ملازمین کے تحفظ اور اپنے صارفین کو مطمئن رکھنے کے لئے فوری اقدامات کئے۔ ملازمین کی صحت وتحفظ انتہائی اولین ترجیح رہا اور متاثرہ ملازمین کو مقابلہ کرنے کے لئے مالی اور انتظامی تعاون فراہم کیا گیا۔ مارکیٹنگ اور کلیکشن (وصولی) میں کام کرنے والے عملے نے مسلسل صارفین کو اپنے کاروبار کو جاری رکھنے کے لئے کام کیا۔ تمام معاون ٹیموں کو ان کی ذمہ داریوں کے محور میں مکمل مدد فراہم کی گئی تاکہ لاک ڈاؤن کے خطرناک نتائج میں اوایل پی کو تحفظ دیا جاسکے۔ اس سال کمپنی کی کارکردگی میں حقیقی معنوں میں اس کے عملے کی بے غرض محنت اور عزم کارفرما رہی جو زندگی کے اس مشکل وقت میں توقعات پر پورا اترے۔

ان کوششوں کے نتائج اگلے مالیاتی سال میں زیادہ ظاہر ہونگے۔ ملک بھر میں کاروباری سرگرمیوں میں علامتی بحالی پہلے سے دیکھی جارہی ہے اور معیشت مثبت مستقبل کا عندیہ دے رہی ہے۔ ایک غیر یقینی اور ناقابل پیشینگوئی دنیا میں ہمیشہ غیر متوقع خطرات رہتے ہیں۔ تاہم، اوایل پی نے مشکل ترین وقت میں بھی خوشگوار ردعمل دکھایا اور مستقبل کے چیلنجز سے نمٹنے کے لئے تیار ہے۔

ان مشکل اوقات میں بورڈ میں میرے ساتھیوں نے تیزی سے درپیش آنے والی صورتحال میں نگرانی اور مشاورت سے اپنا متحرکانہ اور موثر کردار ادا کیا۔ اس موقع پر میں اپنی مخلصانہ ستائش تمام اسٹیک ہولڈرز اور کمپنی کی انتظامیہ کے لئے ریکارڈ پر لانا چاہتا ہوں جنہوں نے ان کامیابیوں میں کردار ادا کیا۔ اس مدت کے دوران SECP کا تعاون اور رہنمائی قابل قدر رہا- آخر میں میں ہر مخلص ملازم کا معترف ہوں جس نے ہمارے صارفین کے لئے قابل تعریف عزم کے ساتھ کام کیا اور ہمیشہ اعلیٰ سطح کی خدمات فراہم کیں-

خالد عزیز مرزا
چیئرمین بورڈ آف ڈائریکٹرز

* پاکستان اقتصادی سروے 20-2019 کے مطابق عارضی شرح نمو۔

Directors' Report

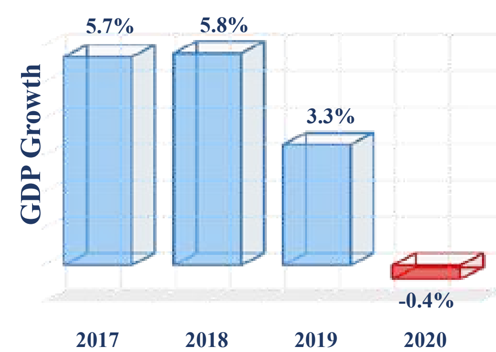
The Directors of ORIX Leasing Pakistan Limited (OLP/ the Company) are pleased to present the thirty fourth annual report together with the Unconsolidated Financial Statement for the year ended June 30, 2020.

The Company

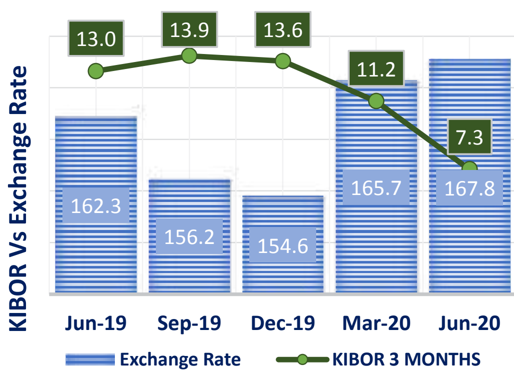
OLP is an investment finance company established in 1986. Since inception, the Company's main focus is on meeting financial needs of the Small and Medium Enterprise (SME) sector.

Overview of the Economy

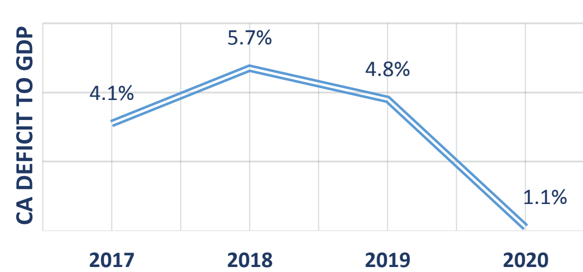
The emergence of the COVID-19 pandemic has triggered major disruptions to economic activities around the world. Pakistan's economy has also been affected due to this outbreak and subsequent lockdown. The lockdown impacted domestic as well as global demand, tourism and business travels, trade, production and supplies. For the first time in 68 years, the country's economy witnessed an overall negative growth rate of 0.4%* in FY 2020 as compared to positive growth of 3.3% in FY 2019.



To stimulate economic growth, the Government announced a PKR 1.24 trillion relief package. The State Bank of Pakistan (SBP) also took various steps including reduction in its discount rate to 7% from its peak of 13.25%, refinancing schemes for medical centers, various incentives for export-oriented industries and construction sector. The SBP also allowed all banks to accommodate requests from their borrowers for deferment of principal repayments for one year. The Securities and Exchange Commission of Pakistan (SECP) also allowed similar relaxation to NBFCs and Modarabas for their customers.



Pakistan's economy faced dual challenges of current account (CA) and fiscal deficits last year. In FY20, the CA deficit shrank by 78% year-on-year to USD 2.96 billion which is 1.1% of GDP, compared to a deficit of USD 13.43 billion in FY19, which was 4.8% of GDP. The improvement in CA deficit was earlier achieved at the expense of economic growth and later the pandemic also decreased the imports. Fiscal deficit for FY20 was 8.1% of GDP, down from 8.9% last year.

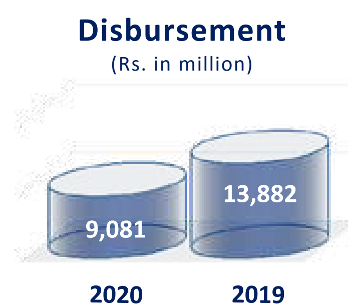


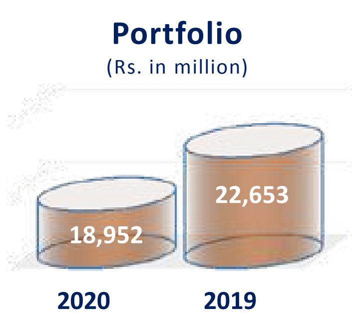
*Provisional GDP growth rate as per Pakistan Economic survey 2019-20

The government policies to stabilize the economy and to improve growth rate include broadening tax base, reduction in subsidies and privatization of loss-making state owned enterprises. These policies are expected to bring much needed economic stability. The early control of COVID-19 cases and return of normal economic activities from July 2020 will boost growth but the impact of lockdown will be felt by companies in coming months too. With the early signs of recovery, the stock market has also shown growth in the last few months, both in volumes and index. Economic slowdown in major economies along with the prevailing virus situation pose significant challenges for Pakistan's economy but strong resilience of the nation and right decision making by the government can result in the Country coming out stronger from this crisis.

Business Review

During the year, Pakistan faced one of its biggest economic and social challenges, the effects of which were felt across all segments of the economy. OLP also suffered from the fall out of the spread of the pandemic and consequent lockdown. The Company curtailed disbursements drastically in the last quarter to preserve liquidity and keep risk profile manageable. During the latter part of the year, considerable time and effort of marketing and back office departments were spent on principal deferment and rescheduling of financing facilities, as allowed by the SECP in response to the pandemic, and very low level of new business was booked during this period.





As a result of the curtailment of business volumes, the Company's portfolio of leases and loans reduced from Rs. 22.7 billion in June 2019 to Rs. 19 billion as of June 30, 2020.

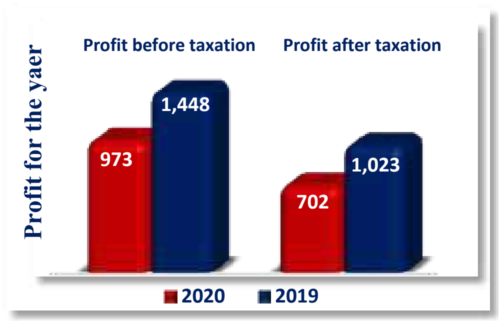
Recognizing the unprecedented situation, OLP fully supported its customers in financial distress by deferring their principal repayments for maximum of 12 months or rescheduled their facilities as allowed by the SECP. This facility was extended to 1,579 customers with net exposure of Rs. 3.8 billion. Economic stress faced by the SME sector due to the pandemic is reflected in the Company's non-performing loans increasing to 9.6% of portfolio compared to 5.4% as of June 2019.

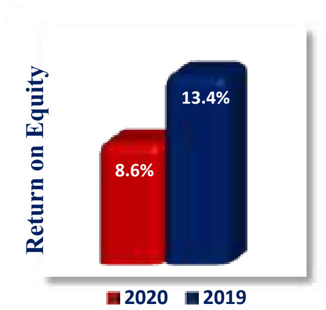
In line with economic downturn in markets around the world, OLP's associate, Saudi ORIX Leasing Company (SOLC), was also impacted by local market shutdowns and its business volume and profitability decreased in the year under review. Income from associates was therefore lower by 43%.

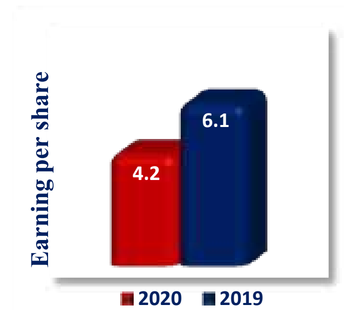
ORIX Modaraba (ORIXM), maintained its book size during the year despite the challenging environment. The total assets of the Company as of June 30, 2020 was Rs. 7,246 million (June 30, 2019: Rs. 6,966 million). Net profit earned during the year was Rs. 127.5 million (2019: Rs. 126 million) and it declared a dividend of 25%.

Financial Performance

OLP's financial results are summarized below:





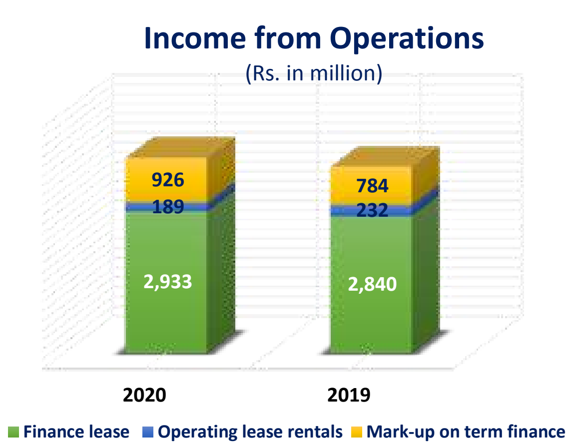


Dividend

Directors are pleased to recommend a final cash dividend of 12.5% and bonus shares of 5% for the year ended June 30, 2020 which, in addition to an interim cash dividend of 20%, brings total dividend for the year to 37.5% (2019: cash dividend of 37.5%).

Revenue

Total revenue for FY20 at Rs. 4,436 million was 6% higher than revenue of Rs. 4,180 million last year. Interest rates remained high during most the year resulting in a higher return on portfolio despite reduction in portfolio size.



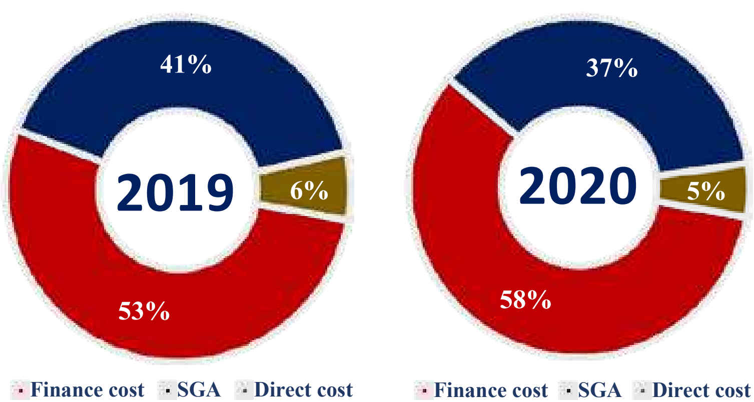
- Although lease receivables at Rs. 14,423 million were 20% lower than Rs. 17,955 million last year, the 3% increase in lease income is attributable to higher yields earned during the year. The average rate earned on leases during the year was 18.5% (FY19: 15.3%).

- Mark-up on term finance loans for the year was also 18% higher than last year. The term finance portfolio primarily comprises of car financing to individual and corporate customers and stands at Rs. 4,529 million (FY19: Rs. Rs. 4,697 million) with an average yield of 20.2% (FY19: 17.5%).

Interest rates in the country remained high in the first nine months of the financial year before falling significantly in the last quarter of the year due to the SBP's decision to support the economy by reducing rates in light of COVID 19. Higher average interest rates during the year contributed to the Company earning higher margins.

Expenses

Operational expenses amounted to Rs. 3,138 million, an increase of 8% over last year's expenses of Rs. 2,914 million.



- Higher average interest rates prevailing in the Country were reflected in the Company's average cost of funding which increased by 314 basis points over last year. Consequently, finance cost increased by 20% to Rs. 1,845 million in FY20 (FY19: Rs. 1,542 million) despite a reduction in total borrowings from Rs. 15,646 million in June 2019 to Rs. 12,860 million as of June 30, 2020.

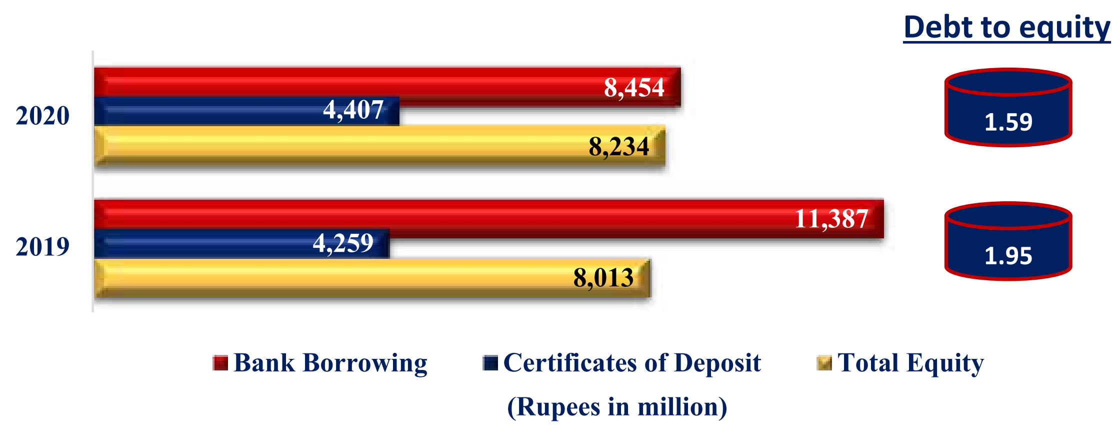
- Administrative and general expenses at Rs. 1,136 million were 4% below last year's expenses. Efforts were made to control costs in current circumstances and, as a result, costs under all major heads were either maintained or reduced during the year.

- Direct cost, which mainly consisted of cost associated with operating lease business, decreased by 14% to Rs. 158 million (FY19: Rs. 183 million) in line with the corresponding reduction in revenue.

Provision for potential lease, loan and other losses for the year was Rs. 324 million as compared to a reversal of Rs. 182 million in FY19. Last year the Company adopted a new provisioning methodology, resulting in a reversal in provision of Rs. 190 million for leases and loans. In line with IFRS 9, provision of Rs. 311 million was made this year to guard against the stress that OLP's portfolio may face in future in adverse post-pandemic conditions. OLP is the first company in the financial sector to have adopted a statistical provisioning model which uses the expected credit loss (ECL) principles of IFRS 9 to calculate provisions. Had the Company followed the provisioning requirements of the NBFC regulations, the provision for the year would have been significantly lower.

Funding and Liquidity

OLP's strong funding position is reflected in its low debt to equity ratio and high Capital Adequacy Ratio (CAR). The CAR as of June 30, 2020 was 33.57% as compared to 27.13% in June 2019 as against the regulatory requirement of 10%.



The Company ensures that it has sufficient funding available to meet any unexpected liquidity needs. As at June 30, 2020, the Company had available undrawn overdraft facilities amounting to Rs. 3,010 million (June 30, 2019: 2,800 million).

OLP has strong and diversified relationships with all major banks in the banking sector. Currently, there are 15 commercial banks providing different facilities (June 2019: 19 banks). The Certificate of Deposit (COD) portfolio increased by 3% to Rs. 4,407 million (Rs. 4,259 million) despite stiff competition from commercial and micro finance banks. This reflects OLP's sound credibility, outstanding services and attractive product line.

Risk Management

The Company is exposed to multiple risks due to the nature of its business. These include credit, liquidity, market and operational risks.

During the year under review, OLP faced an unprecedented situation when a lockdown was enforced due to the spread of COVID-19 pandemic. All businesses across the Country, including OLP's offices, were either closed or were working with minimal physical presence of staff. This situation not only increased credit and liquidity risks but also increased operational risks as most of the staff were working from home while only the critical staff were coming to office.

At the start of pandemic, the Marketing department performed a detailed analysis of OLP's portfolio to ascertain the direct and indirect impact of COVID-19 on OLP's customers. This analysis was reviewed by the Credit Committee and guidance was provided to the Marketing and Risk departments for new facilities and rescheduling/deferment of existing facilities based on the analysis.

Asset and Liability Management Committee (ALCO's) role also remained pivotal in the reported financial year, as the rapidly changing interest rates, in both directions, could have been detrimental to the Company's operations. Delayed payments from clients and rescheduling/deferment due to pandemic also posed liquidity risk. However, OLP was at no point in danger of defaulting on its financial obligations and maintained regular contact with bankers and lenders.

The operational risks pertaining to IT security during the COVID-19 situation was handled by OLP's IT Steering Committee. OLP has a Business Continuity Plan (BCP) in place to guide employees in the event of any disaster or operational breakdown. During the lockdown situation, this plan was also tested when most of the offices were working with minimal staff and remaining staff were working from home.

To handle the situation effectively during spread of virus, a separate committee, COVID Committee, was formed at the start of the pandemic. This committee made relevant SOPs and ensured that all Government guidelines and best practices were followed across the Country in OLP's offices. It also guided the departments and branches on how to handle the situation when an actual virus case was reported.

OLP's regular risk management framework consists of three lines of defense:

- First line – front office staff and IT systems.
- Second line – Risk management, IT security and different management committees
- Third line – Internal audit and compliance functions

The above framework is overseen by the Board's Risk Committee and ultimately by the Board of Directors while various internal management committees exist to oversee each of these risks. The Board's Risk Committee reviews in detail the overall risk management framework on behalf of the Board. OLP has implemented Enterprise Risk Management framework (ERM) to control the risk at strategic level. The Board's Risk Committee is responsible for implementing and overseeing the ERM strategy of the Company.

As a first line of defense, OLP has well defined policies and procedures for each function, which guide staff in controlling the ensuing risks.

Credit risk is controlled using a comprehensive credit policy which addresses both specific and portfolio risks. The Credit Committee is responsible for oversight of credit risk. It regularly reviews the credit policy and make changes in line with the changing business conditions. It is also responsible for reviewing and approving credit facilities above certain limits.

The asset liability management policy sets risk limits to control the Company's exposure to liquidity, market and funding risks. The Asset Liability Management Committee (ALCO) regularly reviews OLP's liquidity position and ensures that the Company is not exposed to any asset liability mismatch and different liquidity ratios are strictly in line with the ALM Policy. ALCO also considers the current and expected market risks, especially the interest rate risks, and guides the relevant departments to reassess their positions and operations in line with the prevailing environment.

OLP's IT systems also play an important role in risk management. Efforts are made to mitigate the risks by developing controls at the system level and minimize the dependence on human judgement. IT risks are controlled with the application of information security policies and compliance is overseen by an independent Information Security Officer. The IT Steering Committee plays an important role in mitigating operational risks. Under the guidance of this committee, the IT department continuously strive to enhance IT controls and ensure IT security.

These policies are also being reviewed by internal audit and compliance departments to ensure full compliance with the overall risk management framework of the Company. Training the staff in first line of defense, on Company's policies and different incidents happening in the Country and around the world, is a regular feature within the Company.

Internal Control, Compliance and Corporate Governance

The Company's third line of defense comprises of the internal audit and compliance departments, which 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. Strong internal controls and compliance with regulatory guidelines and best corporate practices have played an important role in OLP's success over the years. 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.

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 screening and Customer Due Diligence Process / KYC requirements. The compliance department regularly conducts 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.

Our high standard of corporate governance is reflected in full compliance with code of corporate governance and best industry practices. The governance structure starts with the Board of Directors and cascades downwards to the Board's committees, management committees and employees. The nine-member Board comprises of four independent directors and is Chaired by an independent director with illustrious industry experience. The Board also has 3 sub-committees, all headed by independent directors, which assist the Board in performing its duties. The Company also has four internal committees; the Management Committee, Credit Committee, Asset Liability Management Committee and IT Steering Committee are meant for specific functions to implement the Company's strategy and objectives in their specific areas. The Management Committee, comprised of all heads of departments, reviews the overall operations of the Company.

Corporate Social Responsibility

OLP's commitment towards the community is deeply rooted in the Company's purpose to contribute in environmental and social wellbeing. As a socially responsible company, OLP has been partnering with organizations for philanthropy. The Company has supported various initiatives aimed at the welfare and betterment of the underprivileged and physically disabled members of the society. Specific areas which benefitted from the Company's support include Education, Health and Poverty Alleviation.

The Company's Microfinance program has been instrumental in improving the lives of thousands of low income individuals with special emphasis on women entrepreneurs.

Awards and Recognition

The Company remained the best performing entity within the sector in which it operates. The following awards are a testament to OLP's performance during the year:

- Management Association of Pakistan (MAP) awarded the Company the Corporate Excellence Award in the leasing sector
- The NBFI and Modaraba Association of Pakistan awarded OLP the best NBFI Award for the year.
- The Federation of Pakistan Chamber of Commerce & Industry (FPCCI) awarded recognized the Company at their 8th achievement awards.

Future Outlook

Pakistan has achieved a high degree of success in curtailing the COVID-19 pandemic but a cautious approach is still required as a few cases are still occurring. With the fall in cases, economic activities are also returning to normal but the impact of low business during the lock down period will be felt across almost all industries and sectors in the coming months and their financial results are expected to remain stressed before returning to growth.

On an encouraging note, majority of OLP's customers are reporting increased business activity as the economy is steadily returning to normal. Demand for leasing / financing is increasing gradually and rental collections have also improved. The Company is optimistic about future growth as macro-economic indicators are pointing towards stability. The focus will be on re-building the balance sheet with extreme caution and keeping a close watch on changing business 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. 37.

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. This process is carried out in-house for two years and by the external independent consultant in the third year. The Board also ensures that the industry best practices are adopted by the Company and the Board in all its functions.

For this evaluation process, the evaluation proformas are circulated to the Board members who send their replies to the Company Secretary or the external consultant, as the case may be, while keeping the whole process confidential. The responses are then compiled and the results are shared in a Board Meeting where 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 the Board and its committee 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 expenses incurred for attending the meetings.

Compliance with Pakistan Stock Exchange Limited (PSX) Regulations

In compliance with rule 5.6.1(a) and (d) 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
- 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, 2020, 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. 44.

9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2020, except for those disclosed in the financial statements.

10. The value of investments of the recognized provident fund as at June 30, 2020, was PKR 538.1 million (unaudited), and as at June 30, 2019, was PKR 435.9 million (audited).

    The value of investments of the Company's recognized gratuity fund as at June 30, 2020, was PKR 238.9 million (unaudited), and as at June 30, 2019, was PKR 208.5 million (audited).

11. Following are the details of the trade in the shares of the Company, carried out by the significant Shareholder, Director and Executives of the Company, during the year:

Name	Designation	Nature of Transaction	Number of Shares
EXECUTIVES			
Mr. Shaheen Amin	Chief Executive Officer	Shares purchased	40,000
Mian Faysal Riaz	Executive Officer	Shares sold	30,000

12. Five (05) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program that meets the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019.

13. During the year, four meetings of the Board of Directors, five meetings of the Audit Committee, three meetings of Board Human Resource, Nomination and Remuneration Committee and two Meetings of Board Risk 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	4	Mr. Naveed Kamran Baloch	4
Mr. Nasim Hyder	4	Ms. Aminah Zahid Zaheer	4
Mr. Harukazu Yamaguchi (Non-resident)	4	Mr. Fumihiko Sato (Non-resident) [1]	1
Mr. Masato Takata (Non-resident) [2]	2	Mr. Kiyokazu Ishinabe (Non-resident) [3]	3
Mr. Ikuo Nakamura (Non-resident) [4]	4	Mr. Shaheen Amin	4
Mr. Yohei Honda (Non-resident) [5]	0	Mr. Yoshiaki Matsuoka (Non-resident) [6]	0

[1] Resigned as Director on September 06, 2019.

[2] Appointed as Director on September 06, 2019.

[3] Resigned as Director on June 15, 2020.

[4] Resigned as Director on June 15, 2020.

[5] Appointed as Director on June 15, 2020

[6] Appointed as Director on June 15, 2020

On request, the leave of absence was granted to the Directors who could not attend the Board meetings.

Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	5	Ms. Aminah Zahid Zaheer	5
Mr. Kiyokazu Ishinabe (Non-resident) [1]	5	Mr. Yohei Honda (Non-resident) [2]	0

[1] Resigned as Director on June 15, 2020.

[2] Appointed as a member on July 08, 2020

Human Resource Nomination And Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	3	Mr. Naveed Kamran Baloch	3
Mr. Ikuo Nakamura (Non-resident) [1]	3	Mr. Yoshiaki Matsuoka (Non-resident) [2]	0

[1] Resigned as Director on June 15, 2020.

[2] Appointed as a member on July 08, 2020

Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Ms. Aminah Zahid Zaheer	2	Mr. Nasim Hyder	2
Mr. Kiyokazu Ishinabe (Non-resident) [1]	1	Mr. Shaheen Amin	1
Mr. Yohei Honda (Non-resident) [2]	0		

[1] Resigned as Director on June 15, 2020.

[2] Appointed as a member on July 08, 2020

Board Changes

Mr. Fumhiko Sato resigned as Director on September 6, 2019, and Mr. Masato Takata was appointed as a Director on September 6, 2019. Mr. Kiyokazu Ishinabe and Mr. Ikuo Nakamura resigned as Directors of OLP on June 15, 2020 and Mr. Yoshiaki Matsuoka and Mr. Yohei Honda were appointed as Directors on June 15, 2020. The Board of Directors places on record its appreciation for services rendered by Mr. Fumihiko Sato, Mr. Kiyokazu Ishinabe and Mr. Ikuo Nakamura. Further, the Board welcomes Mr. Masato Takata, Mr. Yoshiaki Matsuoka and Mr. Yohei Honda as Directors 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 04, 2020. 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, 2020. 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, 2021.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2020 is given on page no. 225.

Acknowledgement

The commitment of OLP's staff towards work during the spread of virus was commendable. Few staff member, performing critical tasks, attended the offices during this period and many others performed their duties while working from home. The Board acknowledges the dedication of staff, especially during the pandemic and lock down period. The Board would also like to take this opportunity to thank the regulatory authorities, bankers, business partners and other stakeholders for their support and cooperation. We also thank our valued customers and depositors for their trust and confidence.

On behalf of the Board

SHAHEEN AMIN
Chief Executive Officer

NASIM HYDER
Director

September 29, 2020

آڈیٹرز

سال 30 جون 2020 کے لئے میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی گئی تھی۔ بورڈ آف ڈائریکٹرز میسرز اے ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 30 جون 2021 کے لئے کمپنی کے آڈیٹرز کی حیثیت سے تقرری کی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

حصص داری کی ساخت

30 جون 2020 کی حصص داری کی ساخت صفحہ نمبر 225 پر دی گئی ہے۔

اعتراف

وائرس کے پھیلاؤ کے دوران OLP کے عملہ کا کام کے لئے عزم قابل تعریف رہا۔ کچھ اسٹاف ممبران جن کے پاس انتہائی بنیادی کام تھے وہ اس مدت کے دوران دفتر میں حاضر ہوتے رہے اور دیگر بہت سے عملے نے گھر سے کام کرتے ہوئے اپنے فرائض انجام دیئے۔ بورڈ وبا اور لاک ڈاؤن کی مدت کے دوران عملہ کے خلوص کا اعتراف کرتا ہے۔ بورڈ اس موقع پر نگراں اداروں، بینکاروں، کاروباری شراکت داروں اور دیگر مستفیدان کے تعاون اور مدد پر ان کا مشکور ہے۔ ہم اپنے قابل قدر گاہکوں اور ڈپازٹرز کے اعتماد اور بھروسے پر ان کے بھی مشکور ہیں۔

بورڈ کی جانب سے

شاہین امین
چیف ایگزیکٹو آفیسر

نسیم حیدر
ڈائریکٹر

29 ستمبر 2020ء

ہیومن ریسورس، نومینشن اینڈ ریمنریشن کمیٹی کے اجلاس

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب نسیم حیدر	3	جناب نوید کامران بلوچ	3
جناب اکیوناکامورا (نان ریزیڈنٹ) [4]	3	جناب یوشیاکی ماٹسوکا (نان ریزیڈنٹ) [6]	0

[1] بحیثیت ڈائریکٹر 15 جون 2020 کو استعفیٰ دیا۔

[2] بحیثیت ڈائریکٹر 08 جولائی 2020 کو تقرری ہوئی۔

رسک کمیٹی کے اجلاس

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
مس امینہ زاہد ظہیر	2	جناب نسیم حیدر	2
جناب کیوکازواشنبے (نان ریزیڈنٹ) [1]	1	جناب شاہین امین	1
جناب یوہی ہونڈا (نان ریزیڈنٹ) [2]	0		

[1] بحیثیت ڈائریکٹر 15 جون کا استعفیٰ دیا۔

[2] بحیثیت ڈائریکٹر 08 جولائی 2020 کو تقرری ہوئی۔

بورڈ میں تبدیلیاں

جناب فومی ساٹو نے او ایل پی کے ڈائریکٹر کی حیثیت سے 6 ستمبر 2019 کو استعفیٰ دیا اور 6 ستمبر 2019 کو جناب ماساتو تاکاتا کی تقرری کی گئی۔ جناب کایوکازو اور جناب اکیوناکامورہ نے 15 جون 2020 کو او ایل پی کے ڈائریکٹر کی حیثیت سے استعفیٰ دیا اور جناب یوشیکا مائسوکا اور جناب یوہی ہانڈا کو 15 جون 2020 کو تقرری کی گئی۔ بورڈ آف ڈائریکٹرز جناب فومی ہیکو ساٹو، جناب کیوکازواشی نابی اور جناب اکیوناکامورا کی پیش کردہ خدمات پر ان کے لئے ستائش ریکارڈ پر لاتا ہے۔ مزید بورڈ جناب ماساتو تاکاتا، جناب یوشیاکی ماٹسوکا اور جناب یوہی ہونڈا کی بطور ڈائریکٹر بورڈ میں تقرری پر انہیں خوش آمدید کہتا ہے۔

کریڈٹ ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے 04 مارچ 2020 کو کمپنی کی طویل مدتی ریٹنگ AA+ (ڈبل اے پلس) اور قلیل مدتی ریٹنگ A1+ برقرار رکھی ہے۔ یہ نان بینکنگ فنانشل سیکٹر میں بلند ترین ریٹنگ ہے۔

بڑے حصص یافتگان

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

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کے اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب خالد عزیز مرزا	4	جناب نوید کامران بلوچ	4
جناب نسیم حیدر	4	مس امینہ زاہد ظہیر	4
جناب ہاروکازو یاما گوچی (نان ریزیڈنٹ)	4	جناب فومی ہیکو ساتو (نان ریزیڈنٹ)[1]	1
جناب ماساتو تاکاتا (نان ریزیڈنٹ)[2]	2	جناب کیوکازو اشنبے (نان ریزیڈنٹ)[3]	3
جناب اکیوناکامورا (نان ریزیڈنٹ)[4]	4	جناب شاہین امین	4
جناب یوہی ہونڈا (نان ریزیڈنٹ)[5]	0	جناب یوشیاکی ماٹسوکا (نان ریزیڈنٹ)[6]	0

[1] بحیثیت ڈائریکٹر 06 ستمبر 2019 کو استعفیٰ دیا۔
[2] بحیثیت ڈائریکٹر 06 ستمبر 2019 کو تقرری ہوئی۔
[3] بحیثیت ڈائریکٹر 15 جون 2020 کو استعفیٰ دیا۔
[4] بحیثیت ڈائریکٹر 15 جون 2020 کو استعفیٰ دیا۔
[5] بحیثیت ڈائریکٹر 15 جون 2020 کو تقرری ہوئی۔
[6] بحیثیت ڈائریکٹر 15 جون 2020 کو تقرری ہوئی۔

جو ڈائریکٹران بورڈ کے اجلاس میں حاضر نہ ہو سکے ان کی چھٹی کی درخواست منظور کر لی گئی

آڈٹ کمیٹی کے اجلاس

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد	ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
جناب نسیم حیدر	5	مس امینہ زاہد ظہیر	5
جناب کیوکازو اشنبے (نان ریزیڈنٹ)[1]	5	جناب یوہی ہونڈا (نان ریزیڈنٹ)[2]	0

[1] بحیثیت ڈائریکٹر 15 جون 2020 کو استعفیٰ دیا۔
[2] بحیثیت ڈائریکٹر 08 جولائی 2020 کو تقرری ہوئی۔

ڈائریکٹران کا اعلامیہ

1۔ کمپنی کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
2۔ کمپنی کے حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
3۔ 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۔
4۔ مالیاتی گوشواری 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 انکشاف اور وضاحت کی گئی ہے۔
5۔ اندرونی نگرانی کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
6۔ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
7۔ اختتامِ سال 30 جون 2020 کے دوران کمپنی کے کاروباری نتائج کے قابل ذکر انحراف کی تفصیل ڈائریکٹرز رپورٹ میں دی گئی ہے۔
8۔ گزشتہ چھ سالوں کے مختصراً اہم کاروباری اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے صفحہ نمبر 44 پر دیا گیا ہے۔
9۔ ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی 30 جون 2020 کو واجب الادا نہیں تھی سوائے جنھیں مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
10۔ تسلیم شدہ پروویڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2020 کو 538.1 ملین روپے تھی (غیر آڈٹ شدہ) اور جون 2019 کو 435.9 ملین روپے (آڈیٹڈ) تھی۔
تسلیم شدہ گریچویٹی فنڈ سے کی گئی سرمایہ کاریوں کی مالیت 30 جون 2020 کو 238.9 ملین روپے (غیر آڈٹ شدہ) تھی اور 30 جون 2019 کو 208.5 ملین روپے تھی۔ (آڈیٹڈ)
11۔ سال کے دوران کمپنی کے قابل ذکر حصص یافتہ ڈائریکٹر اور اعلیٰ عملے کی کمپنی کے حصص میں خرید و فروخت کی تفصیل درج ذیل ہے:

نام	عہدہ	ٹرانزیکشن کی نوعیت	شیئرز کی تعداد
نمایاں شیئر ہولڈرز			
جناب شاہین امین	چیف ایگزیکٹو آفیسر	حصص خریدے گئے	20,000
میاں فیصل ریاض	ایگزیکٹو آفیسر	حصص فروخت کئے گئے	10,000

12۔ کمپنی کے نو (09) ڈائریکٹران میں سے پانچ (05) کو ڈائریکٹران کے تربیتی پروگرام سے استثناء / تصدیق حاصل ہے جو کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تقاضوں کو پورا کرتا ہے۔

13۔ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس، آڈٹ کمیٹی کے پانچ اجلاس، بورڈ کی ہیومن ریسورس، نومینیشن اینڈ ریمیونریشن کمیٹی کے تین اجلاس اور بورڈ کی رسک کمیٹی کے دو اجلاس منعقد ہوئے۔ وہ ڈائریکٹران جو اجلاس میں حاضر نہ ہو سکے، انہیں بورڈ کی کارروائی پر عمل کیا۔

حوصلہ افزا بات یہ ہے کہ او ایل پی کے صارفین کی بڑی تعداد کی کاروباری سرگرمی میں اضافہ دیکھا جارہا ہے کیونکہ معیشت تیزی سے معمول کی طرف آرہی ہے۔ لیزنگ / فنانسنگ کی طلب میں بتدریج اضافہ ہورہا ہے اور کرایہ جاتی وصولیوں میں بھی بہتری آچکی ہے۔ کمپنی مستقبل کی نمو سے پر امید ہے کیونکہ بڑے معاشی اشاریئے استحکام کی نشاندہی کررہے ہیں۔ انتہائی احتیاط کے ساتھ میزانئے کی از سر نو تعمیر پر توجہ مرکوز ہوگی اور بدلتے ہوئے کاروباری ماحول پر قریبی نگاہ رکھی جائی گی۔

بورڈ آف ڈائریکٹرز اور بورڈ کی کمیٹیاں

بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشکیل بندی اسٹیٹمنٹ آف کمپلائنس میں دی گئی ہے جو کہ صفحہ نمبر 37 پر ہے۔

بورڈ کی کارکردگی کا جائزہ

او ایل پی کے پاس بورڈ آف ڈائریکٹرز اور اس کی کمیٹیوں کی تشخیص کا باضابطہ طریقہ کار موجود ہے- یہ طریق عمل اندرونی سطح پر دو سال تک انجام دیا جاتا ہے اور تیسرے سال میں بیرونی آزاد مشاورت کے ذریعے کارنے انجام دیا جاتا ہے۔ بورڈ اس بات کو یقینی بناتا ہے کہ کمپنی اور بورڈ اپنے تمام افعال میں صنعت کے بہترین طور طریقے اختیار کرے-

اس تشخیصی طریق عمل کیلئے تشخیصی فارم بورڈ کے ممبران میں تقسیم کئے جاتے ہیں جنہوں نے تمام طریقہ کو خفیہ رکھتے ہوئے کمپنی سیکریٹری یا بیرونی مشاورت کار کو اپنے جواب بھیج دیتے ہیں۔ پھر بورڈ کے اجلاس میں جوابوں کو نتائج سے موازنہ کیا جاتا ہے اور بہتری لانے کے لئے شعبوں کو اجاگر کیا جاتا ہے۔

بورڈ کی معاوضہ کی پالیسی

کمپنی کے پاس بورڈ آف ڈائریکٹر ز کی معاوضہ جاتی پالیسی موجود ہے جسے بورڈ نے منظور کیا تھا۔یہ کمپنی کے ڈائریکٹران کے بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضر ہونے کے معاوضہ کے تعین کے لئے ایک باضابطہ نظام فراہم کرتی ہے-پالیسی کے مطابق صرف آزاد نان ایگزیکٹو ڈائریکٹران بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری پر معاوضہ کے اہل ہیں - جبکہ نان ایگزیکٹو ڈائریکٹران اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کے حقدار ہیں-

پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ضوابط کی تعمیل / پاسداری

PSX ریگولیشنز کے ضوابط 5.6.1(a) اور (d) کی پاسداری کرتے ہوئے کاروبار سے متعلق قیمتوں کی حساس معلومات اور PSX کو ڈائریکٹران، سی ای او، قابل ذکر حصص یافتگان اور اعلیٰ انتظامیہ کی حصص میں خرید و فروخت کے منکشفات PSX کو فراہم کرنے کیلئے بورڈ نے "ایگزیکٹو" کی اصطلاح کے لئے درج ذیل حد مقرر کی ہے۔

- چیف ایگزیکٹو آفیسر
- ڈپٹی چیف ایگزیکٹو آفیسر
- چیف فنانشل آفیسر
- کمپنی سیکریٹری
- ہیڈ آف انٹرنل آڈٹ
- تمام ڈپارٹمنٹل ہیڈز

او ایل پی کا کمپلائنس فنکشن کمپنی کے موجودہ اور نئے لاگو ضوابط کی پاسداری کو یقینی بناتا ہے۔کیونکہ ملک اپنے ضابطوں کی ضروریات میں بہتری لارہا ہے، اس لئے SECP کی نگرانی کی سطح میں اضافہ ہوگیا ہے خاص طور پر جس کا تعلق اینٹی منی لانڈرنگ و دہشت گردی میں سرمایہ کاری سے ہو۔ قرضہ جاتی کاروبار کے علاوہ او ایل پی کے پاس قابل ذکر سرٹیفکیٹ آف ڈپازٹ کا پورٹ فولیو ہے جو کہ پاسداری کے نظام کو مضبوط بنانے میں بنیادی اہمیت کا حامل ہے۔ کمپنی نے کئی ایک اقدامات نافذ کئے ہیں تاکہ ضابطوں کی ضروریات کی مکمل پاسداری کو یقینی بنایا جاسکے جن میں UN/NACTA اسکریننگ اور کسٹمر ڈیوڈیلیجنس پروسیس/KYC کی ضروریات شامل ہیں۔ کمپلائنس ڈپارٹمنٹ باقاعدگی سے اینٹی منی لانڈرنگ (AML)/کاؤنٹرینگ فنانسنگ آف ٹیررزم (CFT) کے ہر پہلو پر تربیتی نشستیں منعقد کرتا ہے تاکہ عملے کو AML/CFT کے طرز نظام سے متعلق آگاہی دی جاسکے اور AML/CFT کی ضروریات کی پاسداری کی جاسکے۔رہنما اصول اور خطرات کی تشخیص کے عمل کو ادارے بھر میں مضبوط کیا گیا ہے تاکہ تمام ملازمین کو مکمل طور پر سمجھایا جاسکے اور سخت احتیاطی جائزوں کو نافذ کیا جاسکے۔

ادارتی نظم و ضبط کے ہمارے اعلیٰ معیارات میں ادارتی نظم و ضبط کے ضابطہ اور بہترین صنعتی طور طریقوں کی مکمل پاسداری ہوتی ہے۔ نظم و ضبط کی ساخت کا آغاز بورڈ آف ڈائریکٹرز سے ہوتا ہے اور متواتر سلسلہ نیچے کی جانب بورڈ کی کمیٹیوں، انتظامی کمیٹیوں اور ملازمین تک چلا جاتا ہے۔ بورڈ نو ممبران پر مشتمل ہے جس میں چار آزاد ڈائریکٹران ہیں اور اس کا چیئرمین ایک آزاد ڈائریکٹر ہیں جو وسیع تجربے کے حامل ہیں۔ بورڈ کی تین ذیلی کمیٹیاں ہیں جو کہ بورڈ کو اپنے فرائض انجام دینے میں مدد کرتی ہیں، ان تمام کی سربراہی آزاد ڈائریکٹران کرتے ہیں۔ کمپنی کے پاس چار انٹرنل کمیٹیاں ہیں، انتظامی کمیٹی، کریڈٹ کمیٹی، ایسیٹ لائبلٹی کمیٹی اور آئی ٹی اسکریننگ کمیٹی کو مخصوص افعال سونپے گئے ہیں تاکہ کمپنی کی حکمت عملی اور مقاصد کو مخصوص شعبوں میں نافذ کیا جاسکے۔ مینجمنٹ کمیٹی تمام شعبہ جات کے سربراہان پر مشتمل ہے، جو کہ کمپنی کے مجموعی آپریشنز کا جائزہ لیتی ہے۔

کارپوریٹ سماجی ذمہ داری

کمپنی کے ماحولیاتی مقاصد اور معاشرتی بہبود کے لئے او ایل پی کا معاشرے کے لئے عزم کی جڑیں بہت مضبوط ہیں۔ ایک سماجی ذمہ دار کمپنی کی حیثیت سے او ایل پی فلاحی اداروں کے ساتھ شراکت داری کر رہی ہے۔ کمپنی نے مختلف ایسے اقدامات میں تعاون کیا ہے جن کا مقصد معاشرے کے پسماندہ اور جسمانی معذور افراد کی فلاح و بہبود ہے۔ مخصوص شعبے جن میں کمپنی نے تعاون کیا، ان میں تعلیم، صحت اور غربت کا خاتمہ شامل ہیں۔

کمپنی کا مائیکرو فنانس پروگرام ہزاروں کم آمدنی کمانے والے افراد کی زندگیوں میں بہتری لانے میں کلیدی رہا ہے جس میں خصوصی توجہ خواتین کاروباری افراد پر دی گئی ہے۔

ایوارڈ اور اعترافات

کمپنی جس شعبہ میں کاروبار کرتی ہے اس میں وہ بہترین کارکردگی کا حامل ادارہ ہے۔ سال کے دوران مندرجہ ذیل ایوارڈ او ایل پی کی کارکردگی کا منہ بولتا ثبوت ہیں:

- مینجمنٹ ایسوسی ایشن آف پاکستان (MAP) نے کمپنی کو لیزنگ سیکٹر میں کارپوریٹ ایکسیلینس ایواڈ سے نوازا۔
- دی NBFI اینڈ مضاربہ ایسوسی ایشن آف پاکستان نے او ایل پی کو سال کی بہترین NBFI کا ایوارڈ دیا۔
- فیڈریشن آف پاکستان چیمبر آف کامرس اینڈ انڈسٹری (ایف پی سی سی آئی) نے اپنے 8 ویں کامیابی ایوارڈ میں نامزد کیا۔

مستقبل کا منظر نامہ

پاکستان کو COVID-19 وباء کو کم کرنے میں اعلیٰ درجہ کی کامیابی حاصل ہوئی لیکن محتاط روی کی اب بھی ضرورت ہے کیونکہ چند ایک کیس اب بھی رونما ہورہے ہیں۔ کیسوں میں کمی کے ساتھ معاشی سرگرمیاں عمومی صورتحال کی جانب بڑھ رہی ہیں لیکن لاک ڈاؤن کی مدت کے دوران کاروبار کی زیریں سطح کے اثرات کو آنے والے مہینوں میں تقریباً تمام صنعتوں اور شعبوں میں محسوس کیا جائے گا اور ان کے مالیاتی نتائج نمو کی طرف جانے سے قبل دباؤ میں رہیں گے۔

مندرجہ بالا نظام کی نگرانی بورڈ کی رسک کمیٹی اور پھر بورڈ آف ڈائریکٹرز کرتا ہے جبکہ مختلف اندرونی انتظامی کمیٹیاں موجود ہیں جو کہ انمیں ہر ایک خطرے کی نگرانی کرتی ہیں- بورڈ کی رسک کمیٹی بورڈ کی طرف سے تفصیلی طور پر خطرات کے مجموعی انتظامی نظام کا جائزہ لیتی ہے- او ایل پی نے انٹرپرائز (ERM) رسک مینجمنٹ کا نظام نافذ کیا ہے تاکہ کلیدی سطح پر خطرے کو قابو کیا جاسکے- بورڈ کی رسک کمیٹی کمپنی کی ERM حکمت عملی کے نفاذ کی ذمہ دار ہے-

دفاع کی پہلی لائن کی حیثیت سے او ایل پی نے بہترین ترتیب شدہ پالیسیاں اور طریقہ کار ہر فعل کے لئے وضع کئے ہیں جو کہ آنے والے خطرات سے نمٹنے میں عملہ کی رہنمائی کرتے ہیں۔

قرضہ جاتی خطرے کو جامع کریڈٹ پالیسی کے ذریعے قابو کیا جاتا ہے جو کہ دونوں یعنی مخصوص اور پورٹ فولیو کے خطرات کا ازالہ کرتی ہے- کریڈٹ کمیٹی قرضہ جاتی خطرے کی نگرانی کی ذمہ دار ہوتی ہے- یہ باقاعدگی سے کریڈٹ پالیسی کا جائزہ لیتی ہے اور بدلتے ہوئے کاروباری حالات کے مطابق تبدیلیاں کرتی ہے- مخصوص حدوں سے اوپر قرضہ جاتی سہولیات کا جائزہ لینے اور منظور کرنے کی ذمہ داری بھی ہے-

ایسٹ اینڈ لائیبلیٹی پالیسی خطرات کی حدوں کا تعین کرتی ہے تاکہ کمپنی کی سرمایہ کاری کے روانیت، مارکیٹ اور فنڈنگ کے خطرات کو قابو کیا جاسکے- ایسیٹ لائبلٹی مینجمنٹ کمیٹی (ALCO) باقاعدگی کے ساتھ لیکویڈیٹی کی صورتحال کا جائزہ لیتی ہے اور یقینی بناتی ہے کہ کمپنی اثاثوں واجبات کی عدم مطابقت کا شکار نہ ہوجائے اور روانیت کی مختلف شرحیں سختی کے ساتھ ALM پالیسی کے مطابق ہوں- ALCO موجودہ اور متوقع مارکیٹ کے خطرات، خاص طور پر شرح سود کے خطرات پر غور کرتی ہے اور متعلقہ شعبوں کو جاری ماحول میں اپنے افعال اور حالت کی از سرنو تشخیص کے لئے رہنمائی فراہم کرتی ہے-

او ایل پی کا آئی ٹی سسٹم خطرات کے انتظام میں اہم کردار ادا کرتا ہے- ایسی کوششیں کی جاتی ہیں کہ سسٹم لیول پر تیار کرکے خطرات کو کم کیا جاسکے اور انسانی فیصلوں پر انحصار کو کم سے کم کیا جاسکے- آئی ٹی خطرات کو انفارمیشن سیکیورٹی پالیسیوں کے نفاذ سے کنٹرول کیا جاتا ہے اور کمپلائنس کی نگرانی ایک آزاد انفارمیشن سیکیورٹی آفیسر کرتا ہے- آئی ٹی اسکریننگ کمیٹی کاروباری خطرات کو کم کرنے میں اہم کردار ادا کرتی ہے- اس کمیٹی کی رہنمائی میں آئی ٹی ڈپارٹمنٹ تسلسل کے ساتھ آئی ٹی کنٹرولز میں بہتری لاتا ہے اور آئی ٹی کے تحفظ کو یقینی بناتا ہے-

ان پالیسیوں کا جائزہ انٹرنل آڈٹ اور کمپلائنس ڈپارٹمنٹ کرتا ہے تاکہ کمپنی کے مجموعی خطراتی انتظام کے نظام کی مکمل پاسداری کو یقینی بنایا جاسکے- دفاع کی پہلی قطار کے عملے کی تربیت کمپنی کی پالیسیوں اور ملک اور دنیا میں رونما ہونے والے مختلف واقعات پر کی جاتی ہے جو کمپنی کے اندر باقاعدہ ایک خاصہ ہے-

انٹرنل کنٹرول، کمپلائنس اینڈ کارپوریٹ گورننس

کمپنی کے دفاع کی تیسری لائن انٹرنل آڈٹ اور کمپلائنس ڈپارٹمنٹ پر مشتمل ہے جو کہ آڈٹ کمیٹی کے ذریعے بلاواسطہ بورڈ کو رپورٹ کرتا ہے- انٹرنل آڈٹ ڈپارٹمنٹ خطرات کی بنیاد پر ایک آڈٹ پلان سال کے شروع میں ترویج کرتا ہے جس کا جائزہ اور منظوری آڈٹ کمیٹی کرتی ہے- سال کے دوران آڈٹس کا باقاعدگی کے ساتھ جائزہ لیا جاتا ہے اور یہ آڈٹ کی سفارشات کے مطابق انتظامیہ کو کنٹرولز میں بہتری کے لئے رہنمائی کرتی ہے- ضابطوں کے رہنما اصولوں کی پاسداری اور مضبوط انٹرنل کنٹرول نے سالہا سال سے او ایل پی کی کامیابی میں اہم کردار ادا کیا ہے- انٹرنل آڈٹ ڈپارٹمنٹ نہ صرف پالیسیوں، طریقہ کار اور ضابطوں کی ضروریات کی پاسداری سے متعلق رائے پیش کرتا ہے بلکہ یہ صنعت کے بہترین طور طریقوں کے مطابق پالیسیوں میں بہتری کے لئے مشورے دیتا ہے-

کمپنی اس بات کو یقینی بنایا ہے کہ غیر متوقع لکیوڈیٹی کی ضروریات کو پورا کرنے کے لئے کافی فنڈ دستیاب ہو۔ 30جون 2020 کو کمپنی کو دستیاب غیر استعمال شدہ اوورڈرافٹ کی سہولیت 3,010 ملین روپے تھیں (30جون 2019: 2,800 ملین روپے)

او ایل پی کے بینکنگ سیکٹر ز میں تمام بڑے بینکوں سے مضبوط اور متنوع تعلقات ہیں- اس وقت 15 تجارتی بینکوں نے مختلف سہولیات فراہم کی ہوئی ہیں۔ (جون 2019 میں 19 بینک)مائیکرو فنانس اور تجارتی بینکوں سے سخت مسابقت کے باوجود سرٹیفکیٹ آف ڈپازٹ (COD)پورٹ فولیو 3 فیصد اضافہ کے ساتھ 4,407 ملین روپے (جون 2019 میں 4,259 ملین روپے) رہا۔ جس سے او ایل پی کی مضبوط معتبریت، غیر معمولی خدمات اور پر کشش مصنوعات کی عکاسی ہوتی ہے۔

رسک مینیجمنٹ

کمپنی کو اپنی کاروبارنوعیت کی وجہ سے کئی ایک خطرات لاحق ہیں- ان میں قرضہ جاتی، روانیت، مارکیٹ اور کاروباری خطرات شامل ہیں-

جائزہ مدت کے دوران او ایل پی کو COVID-19 کی وبا پھیلنے کے نتیجے میں لاک ڈاؤن کے نفاذ کی وجہ سے غیر معمولی صورتحال کا سامنا کرنا پڑا- ملک میں تمام شعبہ ہائے کاروبار بشمول او ایل پی کے دفاتر یا تو بند ہوگئے یا عملہ کی انتہائی کم طبعی موجودگی میں کام کرتے رہے- اس صورتحال نے نہ صرف قرضوں اور روانیت کے خطرات کو بڑھادیا بلکہ کاروباری خطرات میں اضافہ ہوا کیونکہ زیادہ تر عملہ گھر سے کام کرتا رہا جبکہ صرف بنیادی عملہ دفتر آتا رہا- وباء کے آغاز میں مارکیٹنگ ڈپارٹمنٹ نے اپنے پورٹ فولیو کا ایک تفصیلی تجزیہ کیا تاکہ او ایل پی کے صارفین پر بالواسطہ یا بلاواسطہ اثرات کا پتہ لگایا جا سکے۔ اس تجزیہ کا جائزہ کریڈٹ کمیٹی نے لیا اور اس تجزیہ کی بنیاد پر مارکیٹنگ اوررسک ڈپارٹمنٹس کو نئی سہولیات اور موجودہ سہولیات کو موخر/ری شیڈیولنگ کے لئے رہنمائی فراہم کی۔

ایسیٹ اینڈ لائبلٹی کمیٹی (ALCO) کا کردار رپورٹ شدہ مالیاتی سال میں بنیادی رہا کیونکہ دونوں سمتوں میں تیزی سے بدلتی ہوئی شرح سود کمپنی کے آپریشنز کیلئے ضرر رساں بھی ہوسکتی تھی- وبا کی وجہ سے تاخیر شدہ ادائیگیوں اور موخریت/ری شیڈیولنگ کی وجہ سے روانیت کا خطرہ لاحق ہوگیا تاہم او ایل پی کو کسی بھی موقع پر اپنی مالیاتی ذمہ داریوں کی عدم ادائیگی کا خطرہ پیدا نہیں ہوا اور بینکاروں اور قرض دہندگان سے باقاعدگی کے ساتھ رابطہ برقرار رکھا گیا۔

COVID-19 کی صورتحال کے دوران آئی ٹی کے تحفظ سے متعلق کاروباری خطرات کو او ایل پی کی آئی ٹی اسٹیئرنگ کمیٹی نے سنبھالا۔ او ایل پی کے پاس ایک بزنس کنٹیونٹی پلان (BCP) ہے جو کسی آفت یا کاروباری بریک ڈاؤن کی صورت میں ملازمین کی راہنمائی کرتا ہے۔ لاک ڈاؤن کی صورتحال کے دوران اس پلان کی آزمائش کی گئی جب زیادہ تر دفاتر کم سے کم عملہ کے ساتھ کام کررہے تھے اور بقایا عملہ گھر سے کام کررہا تھا-

وائرس کے پھیلاؤ کے دوران موثر انداز میں صورتحال سے نمٹنے کے لئے وباء کے آغاز ہی میں ایک علیحدہ کمیٹی COVID کمیٹی کے نام سے تشکیل دی گئی- اس کمیٹی نے متعلقہ SOPs تیار کیں اور او ایل پی کے ملک بھر میں تمام دفاتر میں حکومت کے رہنما اصولوں اور بہترین طور طریقوں کو یقینی بنایا گیا- اس نے شعبہ جات اور برانچوں کو رہنمائی فراہم کی کہ وائرس کا کیس رپورٹ ہونے پر صورتحال سے کس طرح نمٹا جائے-

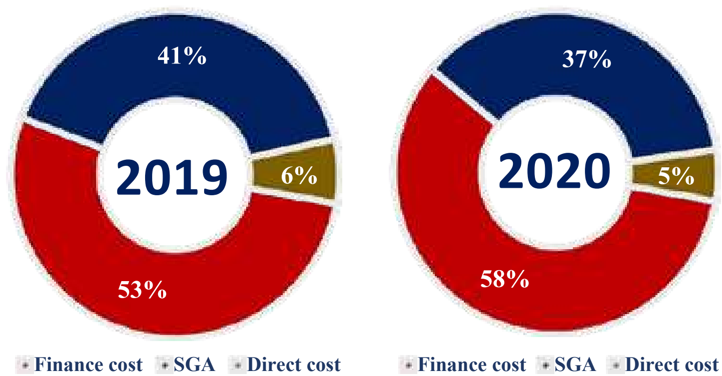
او ایل پی کا رسک مینیجمنٹ نظام تین دفاعی لائنوں پر مشتمل ہے:

- پہلی لائن۔ فرنٹ آفس کا عملہ اور آئی ٹی سسٹم
- دوسری لائن۔ خطرات کا انتظام، آئی ٹی کا تحفظ اور مختلف انتظامی کمیٹیاں
- تیسری لائن۔ اندرونی آڈٹ اور کمپلائنس کے افعال

اخراجات

کاروباری اخراجات 3,138 ملین روپے رہے جو کہ گزشتہ سال کے 2,914 ملین روپے کے مقابلے میں 8 فیصد زیادہ ہیں۔

- ملک میں جاری شرح سود کی اوسطاً بلند شرح کی عکاسی کمپنی کے اوسطاً فنڈنگ کی لاگت سے ظاہر ہوتی ہے جو کہ گزشتہ سال کے مقابلے میں 314 بیسس پوائنٹس زیادہ ہے، نتیجتاً جون 2019 کے 15,646 ملین روپے کے مقابلے 30 جون 2020 کو کل قرضے کم ہو کر 12,860 ملین روپے گئے لیکن قرضوں میں کمی کے باجود مالیاتی لاگت 20 فیصد اضافے کے ساتھ 1,854 ملین روپے رہی (جو کہ FY19 میں 1,542 ملین) تھی۔



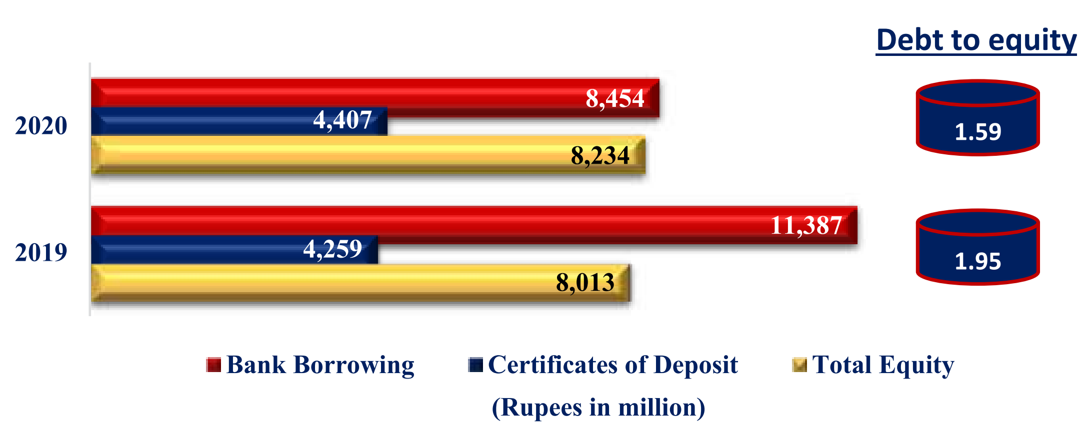
- انتظامی اور عمومی اخراجات 1,136 ملین روپے رہے جو کہ گزشتہ سال کے اخراجات کی بہ نسبت 4 فیصد کم ہیں۔رواں سال کے دوران موجودہ حالات کے پیش نظر اخراجات پر قابو پانے کی کوششیں کی گئیں اور اس کے نتیجے میں بڑے اخراجات یا تو اتنے ہی رہے یا ان میں کمی آئی۔
- براہراست (Direct Cost) لاگت جو بنیادی طور پر آپریٹنگ لیز سے وابسطہ ہے (مالی سال 2019 میں 183 ملین) میں 14 فیصد کمی کے ساتھ 158 ملین روپے رہی جو کہ آپریٹنگ لیز کی آمدن میں کمی سے مطابقت رکھتا ہے۔

سال کے لئے امکانی لیز، قرضوں اور دیگر خساروں کیلئے مختص کئے گئے پروویژن 324 ملین روپے رہے جبکہ FY2019 میں 182 ملین روپے سے پروویژن کو ریورسل کیا گیا۔گزشتہ سال کمپنی نے پروویژن کا ایک نیا طریقہ کار اختیار کیا جس کے نتیجے میں لیز اور قرضوں کیلئے 190 ملین روپے کے پروویژن کی ریورسل کی۔ IFRS9 کے تحت اس سال 311 ملین روپے کا پروویژن کیا گیا جو کہ وباء کے بعد مستقبل میں او ایل پی کو کسی ناموافق صورتحال سے تحفظ فراہم کرے گا۔

او ایل پی مالی شعبے میں پہلی کمپنی ہے جس نے ایک شماریاتی فراہمی کا ماڈل اپنایا جو دفعات کا حساب کرنے کے لئے IFRS9 کے متوقع کریڈٹ نقصان (ای سی ایل) کا استعمال کرتا ہے۔اگر کمپنی NBFC کے ضوابط کی فراہمی کے تقاضوں پر عمل کرتی تو اس سال کے لئے پروویژن خاصی کم ہوتی۔

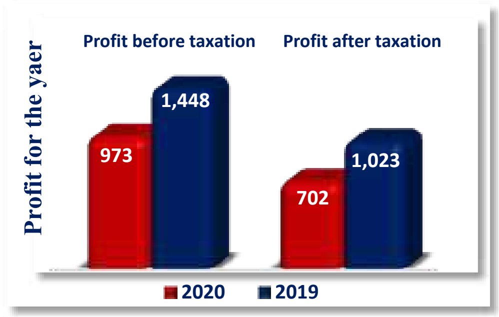
فنڈنگ اور لکیوڈیٹی

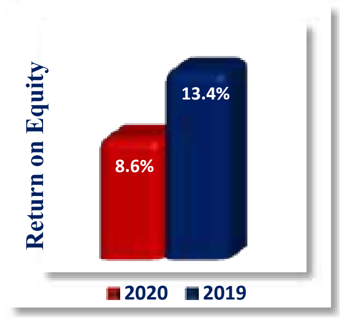
او ایل پی کی مضبوط فنڈنگ کی صورتحال کی عکاسی قرضہ بمقابلہ ایکویٹی تناسب کی زیریں سطح اور بلند کیپٹل ایڈوکسی ریشو (CAR) سے ہوتی ہے۔ضابطے کی ضروریات 10 فیصد کے مقابلے میں (CAR) 30 جون 2020 کو 33.57 فیصد رہا جو کہ جون 2019 میں 27.13 فیصد تھا۔

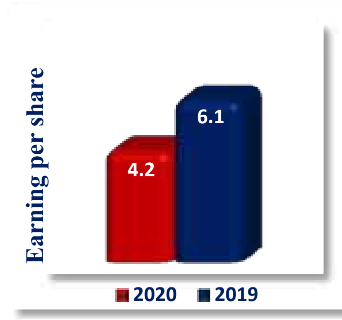


مالیاتی کارکردگی

او ایل پی کے مختصراً مالیاتی نتائج درج ذیل ہیں:





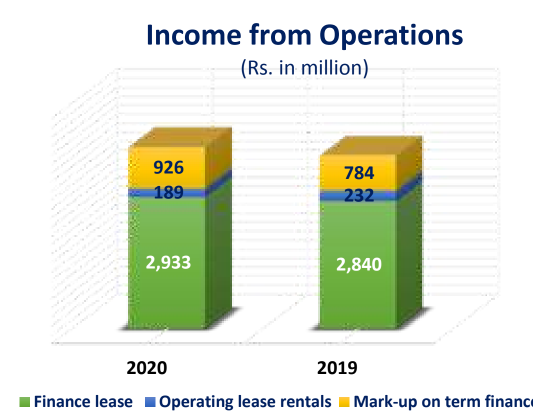


منافع منقسمہ

ڈائریکٹران سال مختتمہ 30 جون 2020 کے لئے 12.5٪ کیش اور 5٪ انعامی حصص کا حتمی منافع منقسمہ کی سفارش کرتے ہوئے اظہار مسرت کرتے ہیں جو کہ 20 فیصد عبوری منافع منقسمہ کے علاوہ ہے، جس سے کل منافع منقسمہ 37.5 فیصد ہوگیا ہے (2019 میں 37.5 فیصد)۔

آمدنی

مالی سال 2020 کی کل آمدن 4,436 ملین روپے رہی جو کہ گزشتہ سال کے 4,180 ملین روپے سے 6 فیصد زیادہ ہے- شرح سود سال کے زیادہ تر حصے میں بلند رہی جس کی وجہ سے پورٹ فولیو کے سائز میں کمی کے باوجود پورٹ فولیو پر بلند منافع حاصل ہوا۔

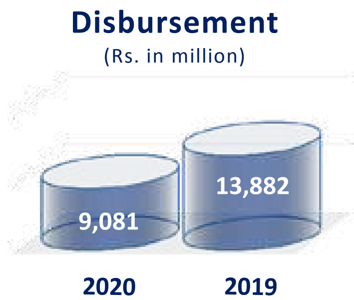


- اگرچہ کہ لیز کی واجب الوصولیاں 14,423 ملین روپے تھیں جو کہ گزشتہ سال 17,955 ملین روپے کے مقابلے میں 20 فیصد کم ہیں، تاہم بلند منافع کی وجہ سے لیز آمدن میں 3 فیصد اضافہ ہوا۔ سال کے دوران لیزوں پر اوسطاً آمدن 18.5 فیصد (FY19 میں 15.3 فیصد) رہی-
- سال کے دوران مدتی سرمایہ کاری قرضوں پر مارک اپ گزشتہ سال سے 18 فیصد زیادہ رہا- مدتی فنانس کے پورٹ فولیو میں انفرادی اور کارپوریٹ صارفین کو کار فنانسنگ فراہم کی گئی جو کہ 4,529 ملین روپے (مالیاتی سال 2019 میں 4,697 ملین روپے) رہی جس کی اوسطاً منافع 20.2 فیصد تھی (2019 میں 17.5 فیصد رہی)-

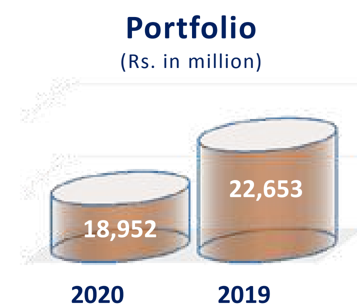
مالیاتی سال کے پہلے نو ماہ میں شرح سود بلند رہی جبکہ سال کی آخری سہ ماہی میں اس میں قابل ذکر کمی کی گئی جس کی وجہ COVID-19 میں معیشت کو سہارا دینے کیلئے شرح سود میں کمی تھی- سود کی اوسطاً بلند شرح نے کمپنی کے بلند منافع میں معاونت کی-

کریں گی- جلد بحالی کی علامات کے ساتھ اسٹاک مارکیٹ میں آخری چند ماہ میں حجم اور انڈیکس میں نمو دیکھی گئی- بڑی معیشتوں میں معاشی سست روی کے ساتھ وائرس کی جاری صورتحال نے پاکستان کی معیشت پر قابل ذکر چیلنجز پیدا کر دیئے ہیں لیکن قوم کے مضبوط ردعمل اور حکومت کی درست فیصلہ سازی کے نتیجے میں ملک ان بحرانوں سے مزید مضبوط ہو کر نکل سکتا ہے۔

کاروباری جائزہ



سال کے دوران پاکستان کو ایک بڑے معاشی اور سماجی چیلنج کا سامنا رہا جس کے اثرات ہر شعبے میں محسوس کئے گئے- او ایل پی بھی وباء کے پھیلاؤ اور اس کے نتیجے میں لاک ڈاؤن کی وجہ سے متاثر ہوئی- کمپنی نے لیکویڈیٹی (liquidity) بچانے اور رسک پروفائل کو محدود رکھنے کے لئے کاروباری حجم میں بڑے پیمانے پر کمی کی۔ سال کے آخری حصے میں مارکیٹنگ اور دوسرے ڈیپارٹمنٹس کا وقت ری شیڈیولنگ اور بنیادی رقم کی ادائیگی موخر کرنے میں صرف ہوا۔ جس کی اجازت ایس ای سی پی نے وباء کے دوران دی تھی اور بہت کم سطح پر نیا کاروبار کیا گیا۔



کاروباری حجم میں کمی کے نتیجے میں کمپنی کے لیز اور قرضوں کا پورٹ فولیو جو جون 2019 میں 22.17 بلین روپے تھا، 30 جون 2020 کو کم ہو کر 19 بلین روپے رہ گیا-

غیر معمولی صورتحال کو تسلیم کرتے ہوئے او ایل پی نے مالیاتی مشکلات میں پھنسے صارفین کے لئے ان کی اصل رقم کی واپس ادائیگی میں زیادہ سے زیادہ 12 ماہ تک موخر کر دی یا ری شیڈیولنگ کر دی جس کی اجازت ایس ای سی پی نے دی تھی- یہ سہولت 1,579 صارفین کو فراہم کی گئی جس کی کل مالیت 3.8 بلین روپے ہے- وباء کی وجہ سے SME شعبے کو لاحق معاشی دباؤ کی عکاسی کمپنی کے ناقابل عمل قرضوں میں اضافہ سے ہوتی ہے جو کہ جون 2019 کے 5.4 فیصد کے مقابلے میں بڑھ کر 9.6 فیصد ہو گئی۔

دنیا بھر کی مارکیٹوں میں معاشی بدحالی کے ساتھ ساتھ مقامی مارکیٹوں کی بندش کی وجہ سے او ایل پی کی شریک کمپنی سعودی اورکس لیزنگ کمپنی (SOLC) بھی متاثر ہوئی اور اس کا کاروباری حجم اور منافع زیر جائزہ سال کے دوران کم ہو گیا- شریک کمپنیوں سے حاصل ہونے والی آمدن بھی 43 فیصد کم رہی-

اورکس مضاربہ (ORIXM) نے سال کے دوران دشوار گزار ماحول کے باجود اپنی بک کے سائز کو برقرار رکھا- 30 جون 2020 کو کمپنی کے کل اثاثے 7,246 ملین روپے (30 جون 2019 کو 6,966 ملین روپے) تھے- سال کے دوران خالص منافع 127.5 ملین روپے (2019 میں 126 ملین روپے) رہا اور اس نے 25 فیصد منافع منقسمہ کا اعلان کیا-

ڈائریکٹرز کی رپورٹ

اورکس لیزنگ پاکستان لمیٹڈ (او ایل پی / دی کمپنی) کے ڈائریکٹران بمسرت 34ویں سالانہ رپورٹ بمعہ غیر مجموعی مالیاتی گوشوارے برائے اختتام سال 30 جون 2020 پیش کرتے ہیں۔

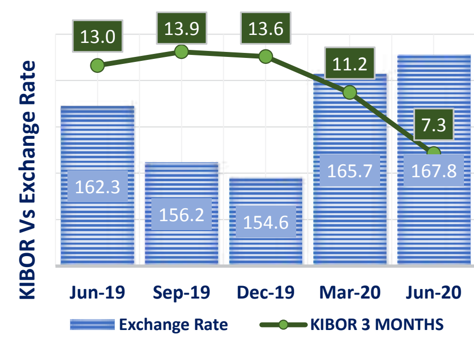
کمپنی

او ایل پی ایک سرمایہ کاری کرنے والی کمپنی ہے جس کا قیام 1986 میں ہوا۔ اپنے قیام کے ساتھ ہی کمپنی کی بنیادی توجہ چھوٹے اور درمیانی اداروں (SME) کے شعبے کی مالی ضروریات کو پورا کرنے پر مرکوز ہے۔

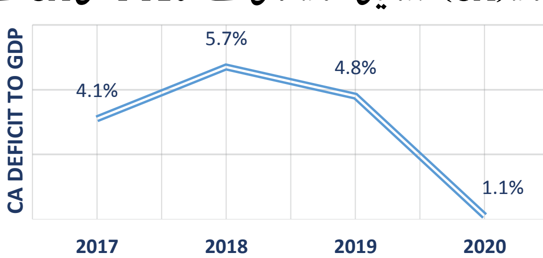
معیشت کا عمومی جائزہ

COVID-19 وباء کے ابھرنے سے دنیا بھر میں معاشی سرگرمیوں میں شدید رکاوٹیں پیدا ہوئیں۔ پاکستان کی معیشت بھی وباء کے پھیلاؤ اور بعد ازاں لاک ڈاؤن کے نتیجے میں متاثر ہوئی۔ اس لاک ڈاؤن نے مقامی کے ساتھ ساتھ عالمی طلب، سیاحت اور کاروباری سفر، تجارت، پیداوار اور سپلائی کو متاثر کیا۔ مالی سال 2020 میں پہلی مرتبہ 68 سالوں میں ملکی معیشت میں 0.4 فیصد مجموعی منفی نمو دیکھنے میں آئی جبکہ مالی سال 2019 میں 3.3 فیصد مثبت نمو ہوئی۔

معاشی نمو کو تقویت دینے کے لئے حکومت نے 1.24 ٹریلین روپے کا ریلیف پیکیج کا اعلان کیا۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) نے بھی مختلف اقدامات اٹھائے جن کے تحت رعایتی شرح کی بلند ترین سطح 13.25 فیصد کو کم کرکے 7 فیصد کردیا گیا، طبی مراکز کے لئے باز سرمایہ کاری اسکیمیں فراہم کی گئیں اور برآمدی صنعتوں اور تعمیراتی شعبے کے لیے مختلف مراعات سمیت متعدد اقدامات اٹھائے گئے۔ ایس بی پی نے تمام بینکوں کو اپنے قرض خواہوں کی (Principal) اصل رقم کی واپسی ایک سال کے لئے موخر کرنے کی درخواستوں کو قبول کرنے کی اجازت دے دی۔ سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے بھی NBFCs اور مضاربہ کو اپنے صارفین کو اسی قسم کی نرمیاں فراہم کرنے کی اجازت دی۔



پاکستان کی معیشت کو گزشتہ سال دہرے چیلنجز کا سامنا تھا جس میں رواں کھاتے کا خسارہ (CA) اور مالیاتی خسارہ شامل تھے۔ FY20 میں CA کے خسارہ میں گزشتہ سال کی بہ نسبت 78 فیصد کمی ہوئی جو کہ 2.96 بلین یو ایس ڈالر کے ساتھ GDP کا 1.1 فیصد رہ گیا جبکہ FY19 میں خسارہ 13.43 بلین یو ایس ڈالر یعنی GDP کا 4.8 فیصد تھا۔ CA خسارے میں بہتری پہلے اقتصادی ترقی کی قیمت پر حاصل کی گئی تھی۔ اور پھر وباء نے برآمدات کو کم کردیا۔ FY20 کا مالیاتی خسارہ GDP کا 8.1 فیصد رہا جو کہ گزشتہ سال کے مقابلے میں 8.9 فیصد کم ہے۔



معیشت کو مستحکم کرنے اور شرح نمو میں بہتری لانے کے لئے ٹیکس بیس میں توسیع، سبسڈیوں میں کمی اور خسارہ میں جانے والے سرکاری اداروں کی نجکاری حکومت کی پالیسی میں شامل ہے۔ ان پالیسیوں سے توقع کی جارہی ہے کہ معاشی استحکام آئے گا۔ COVID-19 کے کیسوں پر جلد قابو اور جولائی 2020 میں معمول کے مطابق معاشی سرگرمیوں کی بحالی سے نمو میں اضافہ ہوگا۔ لیکن لاک ڈاؤن کے اثرات آنے والے مہینوں میں محسوس

Statement of Compliance

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

For the year ended June 30, 2020

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: Eight (8)
   b. Female: One (1)

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

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Mr. Naveed Kamran Baloch Ms. Aminah Zahid Zaheer
Non-Executive Director	Mr. Harukazu Yamaguchi Mr. Masato Takata Mr. Yoshiaki Matsuoka Mr. Yohei Honda
Executive Director	Mr. Shaheen Amin

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 the 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:
   Name of Director - Nil
   At present, five out of nine directors of the Board have certification / exemption under the Directors Training Program that meets the requirements of the Regulations;

10. The Board approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial Statements before approval of the Board;

12. The Board has formed Committees comprising of members given below:

Name of Committees	Name of members and Chairman	
Audit Committee	Mr. Nasim Hyder Ms. Aminah Zahid Zaheer Mr. Yohei Honda	Chairman Member Member
Human Resource, Nomination and Re-muneration Committee	Mr. Khalid Aziz Mirza Mr. Naveed Kamran Baloch Mr. Yoshiaki Matsuoka	Chairman Member Member
Risk Committee	Ms. Aminah Zahid Zaheer Mr. Nasim Hyder Mr. Yohei Honda Mr. Shaheen Amin	Chairman Member Member Member

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

14. The frequency of meetings of the Committees were as per following:

    a) **Audit Committee** – five 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** – three meetings were held during the year.

    c) **Risk Committee** – two meetings were 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 nondependent 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

Notice of Annual General Meeting

Notice is hereby given that the Thirty Fourth Annual General Meeting (the AGM) of ORIX Leasing Pakistan Limited (the Company) will be held on Tuesday, October 27, 2020, at 01:15 p.m. at the Company's Head Office, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi, 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, 2020, the Auditors Report and Directors Report thereon.

2. To consider and approve dividend for the year ended June 30, 2020, in cash at PKR 1.25 per share of PKR 10/- (12.5%), 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 elect 09 (Nine) Directors of the Company as fixed by the Board of Directors on August 27, 2020 in accordance with the Section 159(1) of the Companies Act, 2017 for the term of three years commencing from October 27, 2020. Names of retiring Directors are stated hereunder:

    1. Mr. Khalid Aziz Mirza
    2. Mr. Naveed Kamran Baloch
    3. Mr. Nasim Hyder
    4. Ms. Aminah Zahid Zaheer
    5. Mr. Harukazu Yamaguchi
    6. Mr. Yoshiaki Matsuoka
    7. Mr. Masato Takata
    8. Mr. Yohei Honda
    9. Mr. Shaheen Amin

4. To appoint auditors of the Company for the financial year 2020-21 and fix their remuneration. The present auditors, Messrs. A.F Fergusons & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.

SPECIAL BUSINESS

5. To approve the issue of bonus shares in the ratio of 1 share for every 20 shares held (5%) as recommended by the Board of Directors. The Bonus Issue of Rs. 83,527,450/- by way of issue of 8,352,745 fully paid bonus shares of Rs. 10 each to be capitalized out of the share premium account by passing the following ordinary resolution:

    RESOLVED THAT a sum of Rs. 83,527,450/- be capitalized from the Share Premium Account and applied for the issuance of 8,352,745 ordinary shares of Rs. 10/- each and allotted as fully paid up Bonus shares to the members of the Company, who are registered in the books of the Company as at the close of the Business on October 19, 2020, in the proportion of one share for every twenty shares held.

    FURTHER RESOLVED THAT the bonus share shall rank pari passu in every respect with existing ordinary shares of the Company except that proposed bonus shares shall not be entitled for the final cash dividend for the year ended June 30, 2020.

    FURTHER RESOLVED THAT in the event of any member holding shares which are not an exact multiple of twenty, the Board of Directors be and are hereby authorized to consolidate all such fraction of bonus shares and sell the same on Pakistan Stock Exchange and the sale proceed thereof shall be donated as deemed appropriate by the Board.

    FURTHER RESOLVED THAT the Chief Executive Officer and Company Secretary be and are hereby jointly and/ or severally authorized to give effect to this resolution and to do or cause to do all acts, deeds and things that may be necessary required for issue, allotment and distribution of bonus shares.

6. To transact any other business as may be placed before the meeting with the consent of the Chair.

A Statement under the section 134 (3) of the Companies Act, 2017, pertaining to the special business is a part of this notice.

Karachi
Tuesday, October 06, 2020

BY ORDER OF THE BOARD

HAIDER ABBAS
Company Secretary

NOTES

1. **BOOK CLOSURE**

1.1 The Members' Register shall remain closed from October 20, 2020 to October 27, 2020 (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, 2020, 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

1.2 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.

1.3 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.orixpakistan.com).

1.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.

1.5 The Financial Statements for the year ended June 30, 2020, along with the Auditors and Directors Report thereon are available on the Company's website (www.orixpakistan.com).

1.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

2. **ELECTION OF DIRECTORS**

Any person who seeks to contest an election for the office of Director, shall whether he/she is a retiring Director or otherwise, file with the Company the following documents at its registered office not later than fourteen (14) days before the date of the meeting:

(i) His/her intention to offer him/herself for the election of Directors along with duly signed consent, Form 28 under Section 167 of the Companies Act 2017 and declaration to act as Director;

(ii) Undertaking on non-judicial stamp paper in respect of being compliant with the requirements of the Companies Act, 2017 and Listed Companies (Code of Corporate Governance) Regulations, 2019 to act as the director of a listed company;

(iii) Declaration by independent director(s) in terms of Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019, wherever applicable;

(iv) Undertaking on non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018, wherever applicable;

(v) Affidavit to, interalia, meet the requirement of Annexure B of Non-Banking Finance Companies and Notified Entities Regulations, 2008;

(vi) Fit and Proper Test for appointment of Directors as contained in Annexures A of Non-Banking Finance Companies and Notified Entities Regulations, 2008 along with questionnaire duly completed; and

(vi) Educational documents, Resume, recent photograph and copy of CNIC / Passport, Wealth Statement and Income tax return.

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 2020 effective July 2020, the rate of deduction of the Income Tax from dividend payments has been revised 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 fifteen (15) 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, 2020, have been made available on the Company's website (http://www.orixpakistan.com) in addition to the Annual and Quarterly Financial Statements. Further, please note that in accordance with SRO 470(I)/2016 dated May 31, 2016, through which SECP had allowed the companies to circulate the annual audited accounts to its members through CD/DVD/USB instead of transmitting the hard copies at their registered addresses, subject to consent of shareholders and compliance with all other conditions, the Company had obtained approval from its Shareholders in its AGM held on October 19, 2017. Accordingly, the Annual Report of the Company for the year ended June 30, 2020 has been dispatched to the Shareholders in the form of CD. 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.

8. **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".

STATEMENT OF MATERIAL FACTS UNDER SECTION 166(3) OF THE COMPANIES ACT, 2017

This statement sets out the material facts regarding the appointment of Independent Directors as required under Section 166(3) of the Companies Act 2017.

Pursuant to Section 166 of the Companies Act, 2017, Independent Directors will be elected through the process of election of directors in terms of Section 159 of the Companies Act, 2017. The following four retiring Independent Directors are proposed as Independent Directors for a term of three years commencing from October 27, 2020:

1. Mr. Khalid Aziz Mirza
2. Mr. Naveed Kamran Baloch
3. Mr. Nasim Hyder
4. Ms. Aminah Zahid Zaheer

Justification for selecting Independent Directors:

- They meet the independence criteria as set out in Section 166(2) of the Companies Act, 2017;
- Their names are included in the data bank maintained by Pakistan Institute of Corporate Governance (PICG) as required under Section 166 (1) of the Companies Act, 2017; and
- They possessed the required experience, competencies and knowledge to carry out their duties and responsibilities to effectively govern the affairs of the Company.

STATEMENT UNDER SECTION 134(3) OF THE COMPANIES ACT, 2017

This Statement sets out material facts concerning the Special Business to be transacted at the Annual General Meeting of the Company.

BONUS SHARES

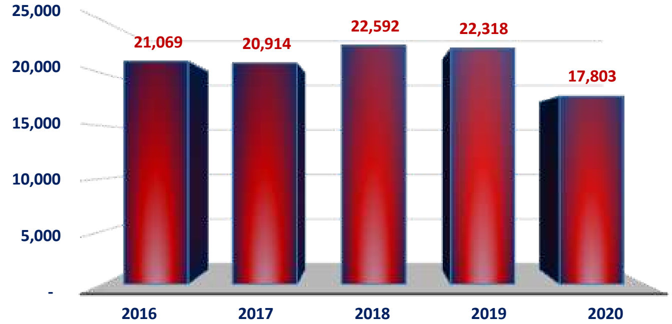
The Board of Directors recommends that the members of the Company approve issue of bonus shares in the proportion of 1 share for every 20 shares held by members i.e. 5% by capitalization of Rs. 83,527,450/- from Share Premium account. The proposed bonus shares shall not be entitled for final cash dividend for the year ended June 30, 2020.

The Directors are interested in the business to the extent of their entitlement of bonus shares as shareholders only.

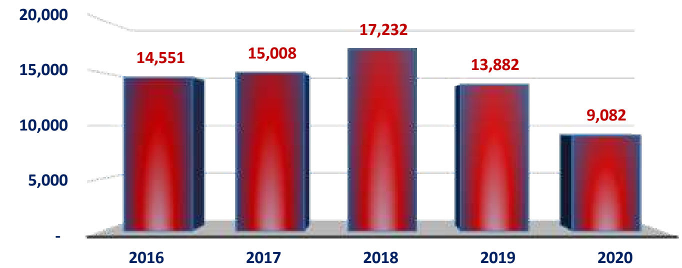
Six Years' Financial Summary

	2020	2019	2018	2017	2016	2015
Operating Results (Rupees in million)						
Total disbursement	9,082	13,882	17,232	15,008	14,551	13,408
Revenues	4,436	4,180	4,472	4,031	4,070	3,973
Lease revenue	3,122	3,072	2,844	2,891	2,859	2,925
Finance cost	1,845	1,542	1,390	1,586	1,666	1,728
(Reversal) / provision	324	(182)	18	(82)	175	162
Profit before taxation from continuing operations	974	1,448	1,720	1,158	977	808
Profit after taxation from continuing operations	702	1,023	1,380	841	760	628
Profit / (loss) after taxation from discontinued operations	-	-	-	-	(13)	43
Profit for the year after taxation	702	1,023	1,380	841	747	671
Proposed dividend	626	626	696	418	369	369
Statement of Financial Position (Rupees in million)						
Gross lease receivables	17,803	22,318	22,592	20,914	21,069	17,066
Fixed assets	1,737	1,191	1,304	1,533	1,765	1,762
Investment in associated	944	942	672	1,972	2,266	2,176
Total assets	22,999	25,991	26,699	26,096	26,900	21,513
Total borrowing	12,862	15,646	17,050	19,371	20,780	16,280
Long term debts	7,209	9,130	9,022	10,708	12,036	9,825
Total liabilities	14,765	17,978	19,450	21,629	22,723	17,964
Shareholders' equity	8,234	8,013	7,249	4,466	4,177	3,549
PERFORMANCE INDICATORS FOR THE CURRENT AND PAST FIVE YEARS						
Profitability						
Profit before taxation over revenue	21.96%	34.64%	38.46%	28.73%	24.00%	20.34%
Gross spread	53.25%	58.39%	61.18%	48.25%	43.88%	40.64%
Return on equity	8.64%	13.40%	23.55%	19.47%	19.34%	20.29%
Return on assets	2.87%	3.88%	5.23%	3.17%	3.09%	3.35%
Income / expense ratio	1.41	1.43	1.64	1.36	1.39	1.25
Liquidity						
Current ratio	1.62	1.56	1.39	1.27	1.38	1.42
Cash to current liabilities	0.03	0.02	0.05	0.03	0.03	0.02
Investment / Market						
Price to book ratio	0.47	0.51	0.83	0.74	0.97	1.43
Dividend yield	13.98%	15.24%	11.50%	7.45%	9.10%	7.29%
Dividend payout	89.17%	61.19%	50.43%	49.70%	49.45%	55.03%
Earning per share (Rs.)	4.20	6.12	8.40	9.42	9.10	8.18
Price earning ratio	5.53	4.02	5.18	4.27	5.43	7.55
Market value per Share (Rs.)	23.25	24.61	43.47	40.25	49.43	61.72
Proposed dividend	37.50%	37.50%	50.00%	30.00%	45.00%	45.00%
Capital Structure						
Debt / equity ratio	1.56	1.95	2.35	4.34	4.98	4.59
Book value per share (Rs.)	49.29	47.97	52.07	54.41	50.88	43.25
Interest cover ratio	1.70	1.82	2.25	1.68	1.69	1.59

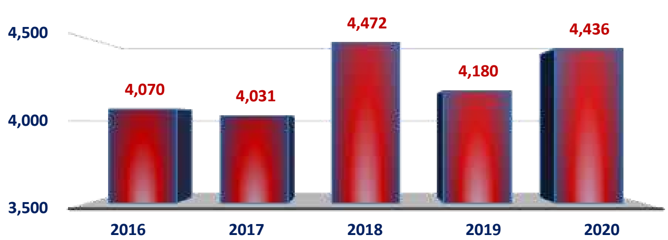
Gross Lease Receivables
(Rs. in million)



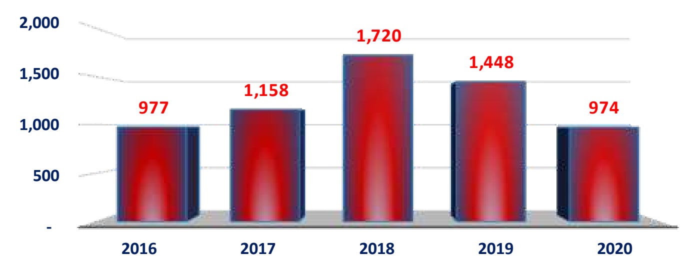
Disbursements
(Rs. in million)



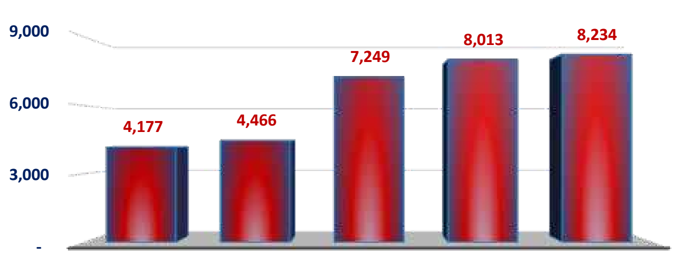
Revenues
(Rs. in million)



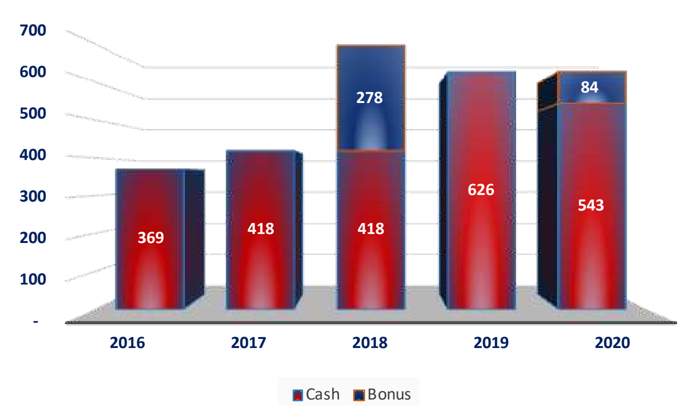
Profit before tax - Continuing operations
(Rs. in million)



Shareholders’ equity
(Rs. in million)



Dividends
(Rs. in million)



Six Years' Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2020 Rs. in million	2020 %	2019 Rs. in million	2019 %	2018 Rs. in million	2018 %	2017 Rs. in million	2017 %	2016 Rs. in million	2016 %	2015 Rs. in million	2015 %
ASSETS												
Non-current assets												
Fixed assets	1,737	7.55%	1,191	4.58%	1,304	4.88%	1,533	5.87%	1,765	6.56%	1,762	8.19%
Intangible assets	11	0.05%	18	0.07%	20	0.07%	12	0.05%	12	0.04%	9	0.04%
Net investment in finance leases	5,984	26.02%	8,135	31.30%	8,594	32.19%	7,517	28.81%	7,416	27.57%	6,118	28.44%
Investment in subsidiaries	322	1.40%	322	1.24%	322	1.21%	322	1.23%	322	1.20%	-	0.00%
Investment in associate	944	4.10%	942	3.62%	672	2.52%	1,972	7.56%	2,266	8.42%	2,176	10.11%
Long term investments	443	1.93%	396	1.52%	293	1.10%	339	1.30%	84	0.31%	14	0.07%
Long term finances and loans	2,313	10.06%	2,208	8.50%	1,965	7.36%	1,531	5.87%	1,286	4.78%	879	4.09%
Long term deposits	13	0.06%	12	0.05%	12	0.04%	12	0.05%	11	0.04%	10	0.05%
	11,767	**51.16%**	**13,224**	**50.88%**	**13,182**	**49.37%**	**13,238**	**50.73%**	**13,162**	**48.93%**	**10,968**	**50.98%**
Current assets												
Short term finances	234	1.02%	285	1.10%	243	0.91%	149	0.57%	286	1.06%	407	1.89%
Accrued return on investments and term finances	121	0.53%	103	0.40%	69	0.26%	56	0.21%	98	0.36%	75	0.35%
Current maturity of non-current assets	9,458	41.12%	11,434	43.99%	11,574	43.35%	11,166	42.79%	11,449	42.56%	8,400	39.05%
Short term investments	804	3.50%	395	1.52%	773	2.90%	914	3.50%	1,219	4.53%	1,106	5.14%
Advances and prepayments	18	0.08%	40	0.15%	33	0.12%	39	0.15%	44	0.16%	47	0.22%
Other receivables	80	0.35%	33	0.13%	44	0.16%	55	0.21%	100	0.37%	75	0.35%
Cash and bank balances	208	0.90%	174	0.67%	500	1.87%	342	1.31%	333	1.24%	173	0.80%
Defined plan assets	38	0.17%	9	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	47	0.18%	62	0.23%	171	0.79%
	10,961	47.66%	12,473	47.99%	13,236	49.57%	12,768	48.93%	13,591	50.52%	10,454	48.59%
Assets classified as held for sale	271	1.18%	294	1.13%	281	1.05%	90	0.34%	147	0.55%	91	0.42%
	11,232	**48.84%**	**12,767**	**49.12%**	**13,517**	**50.63%**	**12,858**	**49.27%**	**13,738**	**51.07%**	**10,545**	**49.02%**
Total assets	**22,999**	**100.00%**	**25,991**	**100.00%**	**26,699**	**100.00%**	**26,096**	**100.00%**	**26,900**	**100.00%**	**21,513**	**100.00%**
EQUITY AND LIABILITIES												
Share capital and reserves	8,234	35.80%	8,013	30.83%	7,249	27.15%	4,466	17.11%	4,177	15.53%	3,549	16.50%
Non-current liabilities												
Long term finances	4,580	19.91%	6,310	24.28%	5,797	21.71%	6,707	25.70%	6,148	22.86%	4,708	21.88%
Long term certificates of deposit	2,630	11.44%	2,820	10.85%	3,225	12.08%	4,000	15.33%	5,888	21.89%	5,117	23.79%
Deferred taxation	515	2.24%	699	2.69%	481	1.80%	585	2.24%	476	1.77%	454	2.11%
Other long term liabilities	288	1.25%	165	0.63%	203	0.76%	214	0.82%	259	0.96%	268	1.25%
Defined benefit obligation - staff gratuity	-	0.00%	-	0.00%	20	0.07%	17	0.07%	1	0.00%	1	0.00%
	8,013	**34.84%**	**9,994**	**38.45%**	**9,726**	**36.43%**	**11,523**	**44.16%**	**12,772**	**47.48%**	**10,548**	**49.03%**
Current liabilities												
Trade and other payables	362	1.57%	909	3.50%	1,017	3.81%	1,092	4.18%	794	2.95%	634	2.95%
Accrued interest on term loans, term finance and certificate of deposit	314	1.37%	324	1.25%	242	0.91%	333	1.28%	396	1.47%	319	1.48%
Unpaid dividend	-	0.00%	-	0.00%	208	0.78%	-	0.00%	-	0.00%	-	0.00%
Unclaimed dividend	27	0.12%	23	0.09%	20	0.07%	19	0.07%	17	0.06%	7	0.03%
Short term borrowings	171	0.74%	1,333	5.13%	2,355	8.82%	2,449	9.38%	1,909	7.10%	884	4.11%
Short term certificates of deposit	1,047	4.55%	695	2.67%	1,048	3.93%	1,111	4.26%	2,073	7.71%	944	4.39%
Taxation net	368	1.60%	212	0.82%	209	0.78%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,463	19.41%	4,488	17.27%	4,625	17.32%	5,103	19.55%	4,762	17.70%	4,628	21.51%
	6,752	**29.36%**	**7,984**	**30.72%**	**9,724**	**36.42%**	**10,107**	**38.73%**	**9,951**	**36.99%**	**7,416**	**34.47%**
Total equity and liabilities	**22,999**	**100.00%**	**25,991**	**100.00%**	**26,699**	**100.00%**	**26,096**	**100.00%**	**26,900**	**100.00%**	**21,513**	**100.00%**

STATEMENT OF PROFIT OR LOSS	2020 Rs. in million	2020 %	2019 Rs. in million	2019 %	2018 Rs. in million	2018 %	2017 Rs. in million	2017 %	2016 Rs. in million	2016 %	2015 Rs. in million	2015 %
INCOME												
Income from operations												
Finance lease	2,933	66.12%	2,840	67.94%	2,531	56.60%	2,417	59.96%	2,324	57.09%	2,261	56.92%
Operating lease	189	4.26%	232	5.55%	313	7.00%	474	11.76%	535	13.14%	664	16.71%
Mark-up on term finance	926	20.87%	784	18.76%	633	14.15%	543	13.47%	507	12.45%	462	11.62%
	4,048	91.25%	3,856	92.25%	**3,477**	**77.75%**	**3,434**	**85.19%**	**3,366**	**82.68%**	**3,387**	**85.25%**
Income from other operating activities												
Other income - net	359	8.09%	273	6.53%	896	20.04%	368	9.13%	471	11.57%	311	7.82%
Share of profit of associate under equity accounting	29	0.65%	51	1.22%	99	2.21%	229	5.68%	234	5.75%	275	6.93%
	388	8.75%	324	7.75%	**995**	**22.25%**	**597**	**14.81%**	**705**	**17.32%**	**586**	**14.75%**
Total Income	**4,436**	**100.00%**	**4,180**	**100.00%**	**4,472**	**100.00%**	**4,031**	**100.00%**	**4,071**	**100.00%**	**3,973**	**100.00%**
EXPENSES												
Finance costs	1,845	41.59%	1,542	36.89%	1,390	31.08%	1,586	39.35%	1,666	40.92%	1,728	43.49%
Administrative and general expenses	1,136	25.61%	1,188	28.42%	1,094	24.46%	966	23.96%	857	21.05%	785	19.76%
Direct cost of leases	158	3.56%	184	4.40%	250	5.59%	403	10.00%	395	9.70%	491	12.35%
	3,139	**70.76%**	**2,914**	**69.71%**	**2,734**	**61.14%**	**2,955**	**73.31%**	**2,918**	**71.68%**	**3,003**	**75.59%**
Profit before Provisions and Taxation	**1,297**	**29.24%**	**1,266**	**30.29%**	**1,738**	**38.86%**	**1,076**	**26.69%**	**1,152**	**28.30%**	**970**	**24.41%**
Provisions												
Allowance for potential lease and loan losses	311	7.01%	(191)	-5%	18	0.40%	(23)	-0.57%	215	5.28%	122	3.06%
Other provisions / (reversal) - net	13	0.29%	9	0.22%	-	0.00%	(59)	-1.46%	(40)	-0.98%	40	1.01%
	324	7.30%	(182)	-4%	18	0.40%	(82)	-2.03%	175	4.30%	162	4.07%
Profit before taxation from continuing operations	**973**	**21.93%**	**1,448**	**34.64%**	**1,720**	**38.46%**	**1,158**	**28.73%**	**977**	**24.00%**	**808**	**20.34%**
Taxation	271	6.11%	425	10.17%	340	7.60%	317	7.86%	217	5.33%	180	4.54%
Profit after taxation from continuing operations	**702**	**15.83%**	**1,023**	**24.47%**	**1,380**	**30.86%**	**841**	**20.86%**	**760**	**18.67%**	**628**	**15.80%**
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	**-**	**0.00%**	**-**	**0.00%**	**(13)**	**-0.32%**	**43**	**1.08%**
Profit for the year after taxation	**702**	**15.83%**	**1,023**	**24.47%**	**1,380**	**30.86%**	**841**	**20.86%**	**747**	**18.35%**	**671**	**16.89%**

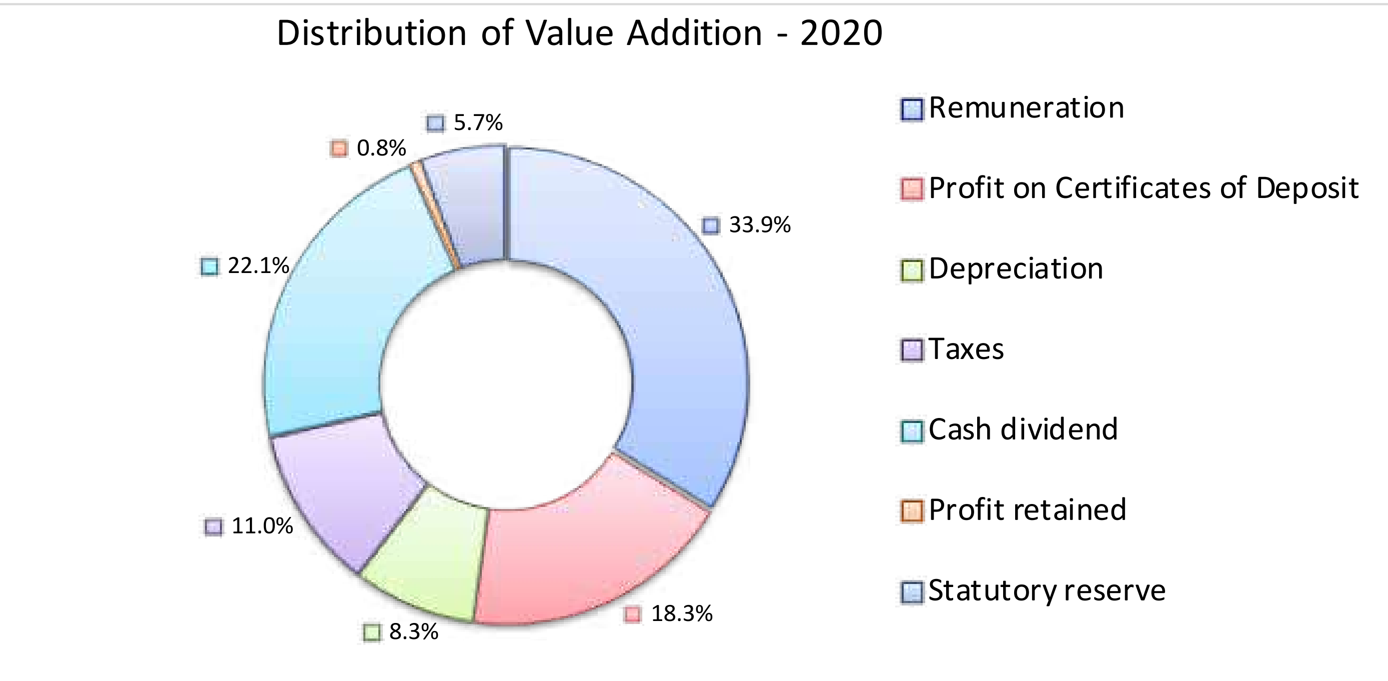
Six Years' Horizontal Analysis

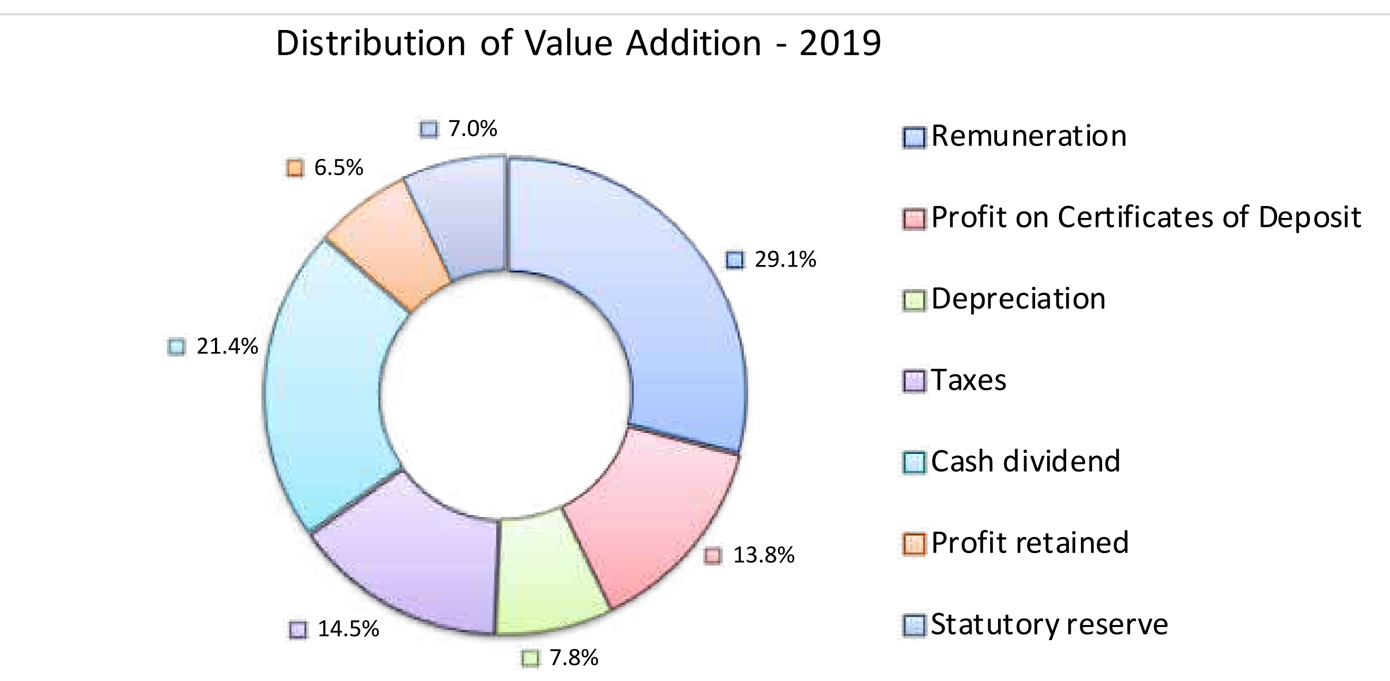
	20 vs 19		19 vs 18		18 vs 17		17 vs 16		16 vs 15		15 vs 14	
STATEMENT OF FINANCIAL POSITION	**2020**	**%**	**2019**	**%**	**2018**	**%**	**2017**	**%**	**2016**	**%**	**2015**	**%**
ASSETS												
Non-current assets												
Fixed assets	1,737	45.84%	1,191	-8.67%	1,304	-14.94%	1,533	-13.14%	1,765	0.17%	1,762	-0.28%
Intangible assets	11	-38.89%	18	-10.00%	20	66.67%	12	0.00%	12	33.33%	9	-18.18%
Net investment in finance leases	5,984	-26.44%	8,135	-5.34%	8,594	14.33%	7,517	1.36%	7,416	21.22%	6,118	26.09%
Investment in subsidiaries	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	100.00%	-	0.00%
Investment in associate	944	0.21%	942	40.18%	672	-65.92%	1,972	-12.97%	2,266	4.14%	2,176	27.92%
Long term investments	443	11.87%	396	35.15%	293	-13.57%	339	303.57%	84	500.00%	14	0.00%
Long term finances and loans	2,313	4.76%	2,208	12.37%	1,965	28.35%	1,531	19.05%	1,286	46.30%	879	18.62%
Long term deposits	13	8.33%	12	0.00%	12	0.00%	12	9.09%	11	10.00%	10	0.00%
	11,767	**-11.02%**	**13,224**	**0.32%**	**13,182**	**-0.42%**	**13,238**	**0.58%**	**13,162**	**20.00%**	**10,968**	**20.58%**
Current assets												
Short term finances	234	-17.89%	285	17.28%	243	63.09%	149	-47.90%	286	-29.73%	407	32.14%
Accrued return on investments and term finances	121	17.48%	103	49.28%	69	23.21%	56	-42.86%	98	30.67%	75	10.29%
Current maturity of non-current assets	9,458	-17.28%	11,434	-1.21%	11,574	3.65%	11,166	-2.47%	11,449	36.30%	8,400	11.55%
Short term investments	804	103.54%	395	-48.90%	773	-15.43%	914	-25.02%	1,219	10.22%	1,106	1.65%
Advances and prepayments	18	-55.00%	40	21.21%	33	-15.38%	39	-11.36%	44	-6.38%	47	-2.08%
Other receivables	80	142.42%	33	-25.00%	44	-20.00%	55	-45.00%	100	33.33%	75	-43.18%
Cash and bank balances	208	19.54%	174	-65.20%	500	46.20%	342	2.70%	333	92.49%	173	73.00%
Defined plan assets	38	322.22%	9	100.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Taxation - net	-	0.00%	-	0.00%	-	-100.00%	47	-24.19%	62	-63.74%	171	35.71%
	10,961	-12.12%	12,473	-5.76%	13,236	3.67%	12,768	-6.06%	13,591	30.01%	10,454	11.21%
Assets classified as held for sale	271	-7.82%	294	4.63%	281	212.22%	90	-38.78%	147	61.54%	91	2.25%
	11,232	**-12.02%**	**12,767**	**-5.55%**	**13,517**	**5.13%**	**12,858**	**-6.41%**	**13,738**	**30.28%**	**10,545**	**11.13%**
Total assets	**22,999**	**-11.51%**	**25,991**	**-2.65%**	**26,699**	**2.31%**	**26,096**	**-2.99%**	**26,900**	**25.04%**	**21,513**	**15.75%**
EQUITY AND LIABILITIES												
Share capital and reserves	8,234	2.76%	8,013	10.54%	7,249	62.32%	4,466	6.92%	4,177	17.70%	3,549	15.83%
Non-current liabilities												
Long term finances	4,580	-27.42%	6,310	8.85%	5,797	-13.57%	6,707	9.09%	6,148	30.59%	4,708	49.60%
Long term certificates of deposit	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%	5,888	15.07%	5,117	40.31%
Deferred taxation	515	-26.32%	699	45.32%	481	-17.78%	585	22.90%	476	4.85%	454	14.94%
Other long term liabilities	288	74.55%	165	-18.72%	203	-5.14%	214	-17.37%	259	-3.36%	268	8.06%
Defined benefit obligation - staff gratuity	-	0.00%	-	-100.00%	20	17.65%	17	1600.00%	1	0.00%	1	-75.00%
	8,013	**-19.82%**	**9,994**	**2.76%**	**9,726**	**-15.59%**	**11,523**	**-9.78%**	**12,772**	**21.08%**	**10,548**	**36.61%**
Current liabilities												
Trade and other payables	362	-60.18%	909	-10.62%	1,017	-6.87%	1,092	37.53%	794	25.24%	634	33.47%
Accrued interest on term loans, term finance and certificate of deposit	314	-3.09%	324	33.88%	242	-27.33%	333	-15.91%	396	24.14%	319	-29.58%
Unpaid dividend	-	0.00%	-	-100.00%	208	100.00%	-	0.00%	-	0.00%	-	0.00%
Unclaimed dividend	27	17.39%	23	15.00%	20	5.26%	19	11.76%	17	142.86%	7	16.67%
Short term borrowings	171	-87.17%	1,333	-43.40%	2,355	-3.84%	2,449	28.29%	1,909	115.95%	884	27.19%
Short term certificates of deposit	1,047	50.65%	695	-33.68%	1,048	-5.67%	1,111	-46.41%	2,073	119.60%	944	-7.36%
Taxation net	368	73.58%	212	1.44%	209	100.00%	-	0.00%	-	0.00%	-	0.00%
Current maturity of non-current liabilities	4,463	-0.56%	4,488	-2.96%	4,625	-9.37%	5,103	7.16%	4,762	2.90%	4,628	-10.17%
	6,752	**-15.43%**	**7,984**	**-17.89%**	**9,724**	**-3.79%**	**10,107**	**1.57%**	**9,951**	**34.18%**	**7,416**	**-4.92%**
Total equity and liabilities	**22,999**	**-11.51%**	**25,991**	**-2.65%**	**26,699**	**2.31%**	**26,096**	**-2.99%**	**26,900**	**25.04%**	**21,513**	**15.75%**

	20 vs 19		19 vs 18		18 vs 17		17 vs 16		16 vs 15		15 vs 14	
STATEMENT OF PROFIT OR LOSS	**2020**	**%**	**2019**	**%**	**2018**	**%**	**2017**	**%**	**2016**	**%**	**2015**	**%**
INCOME												
Income from operations												
Finance lease	2,933	3.27%	2,840	12.21%	2,531	4.72%	2,417	4.00%	2,324	2.77%	2,261	14.53%
Operating lease	189	-18.53%	232	-25.88%	313	-33.97%	474	-11.40%	535	-19.43%	664	-30.30%
Mark-up on term finance	926	18.11%	784	23.85%	633	16.57%	543	7.10%	507	9.80%	462	3.65%
	4,048	4.98%	3,856	10.90%	3,477	1.25%	3,434	2.02%	3,366	-0.62%	3,387	0.43%
Income from other operating activities												
Other income - net	359	31.50%	273	-69.53%	896	143.48%	368	-21.87%	471	51.58%	311	38.56%
Share of profit of associate under equity accounting	29	-43.14%	51	-48.48%	99	-56.77%	229	-2.14%	234	-14.95%	275	23.37%
	388	19.75%	324	-67.44%	995	66.67%	597	-15.32%	705	20.33%	586	30.99%
Total Income	**4,436**	**6.12%**	**4,180**	**-6.53%**	**4,472**	**10.94%**	**4,031**	**-0.98%**	**4,071**	**2.47%**	**3,973**	**4.01%**
EXPENSES												
Finance costs	1,845	19.57%	1,542	10.93%	1,390	-12.36%	1,586	-4.80%	1,666	-3.57%	1,728	4.18%
Administrative and general expenses	1,136	-4.38%	1,188	8.59%	1,094	13.25%	966	12.72%	857	9.18%	785	3.94%
Direct cost of leases	158	-13.66%	184	-26.40%	250	-37.97%	403	2.03%	395	-19.48%	491	-15.76%
	3,139	**7.72%**	**2,914**	**6.58%**	**2,734**	**-7.48%**	**2,955**	**1.27%**	**2,918**	**-2.84%**	**3,003**	**0.24%**
Profit before provisions and taxation	**1,297**	**2.45%**	**1,266**	**-27.16%**	**1,738**	**61.52%**	**1,076**	**-6.60%**	**1,152**	**18.79%**	**970**	**17.70%**
Provisions												
Allowance for potential lease and loan losses	311	-262.83%	(191)	-1161.11%	18	-178.26%	(23)	-110.70%	215	76.70%	122	-11.11%
Other provisions / (reversal) - net	13	44.44%	9	100.00%	-	-100.00%	(59)	47.50%	(40)	-0.02%	40	-14.78%
	324	-278.02%	(182)	-1111.11%	18	-121.95%	(82)	-146.86%	175	8.25%	162	-12.05%
Profit before taxation from continuing operations	**973**	**-32.80%**	**1,448**	**-15.81%**	**1,720**	**48.53%**	**1,158**	**18.53%**	**977**	**20.90%**	**808**	**26.24%**
Taxation	271	-36.24%	425	25.00%	340	7.26%	317	46.08%	217	20.43%	180	45.33%
Profit after taxation from continuing operations	**702**	**-31.38%**	**1,023**	**-25.87%**	**1,380**	**64.09%**	**841**	**10.66%**	**760**	**21.04%**	**628**	**21.66%**
DISCONTINUED OPERATIONS												
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	(13)	-69.77%	43	100.00%
Profit for the year after taxation	**702**	**-31.38%**	**1,023**	**-25.87%**	**1,380**	**64.09%**	**841**	**12.58%**	**747**	**11.34%**	**671**	**29.99%**

Statement of Value Addition

	2020 Rupees	2020 %	2019 Rupees	2019 %
Revenues from operations	3,723,918,690		4,037,915,048	
Other income	359,123,757		272,953,399	
Share of profit of equity accounted undertakings	28,938,203		50,671,374	
	4,111,980,650		4,361,539,821	
Finance cost	1,395,111,280		1,138,862,202	
Direct cost	256,481,342		289,536,038	
	1,651,592,622		1,428,398,240	
Value Added	2,460,388,028		2,933,141,581	
Distributed as follows:				
Remuneration	833,757,606	33.9%	853,266,557	29.1%
Profit on Certificates of Deposit	449,934,463	18.3%	403,453,331	13.8%
Depreciation	203,184,882	8.3%	228,622,961	7.8%
Taxes	271,289,487	11.0%	425,281,769	14.5%
Cash dividend	542,928,432	22.1%	626,455,883	21.4%
Profit retained	18,848,840	0.8%	191,557,687	6.5%
Statutory reserve	140,444,318	5.7%	204,503,393	7.0%
	2,460,388,028	100%	2,933,141,581	100%


Distribution of Value Addition - 2020
5.7%
0.8%
33.9%
22.1%
11.0%
8.3%
18.3%
Remuneration
Profit on Certificates of Deposit
Depreciation
Taxes
Cash dividend
Profit retained
Statutory reserve


Distribution of Value Addition - 2019
7.0%
6.5%
29.1%
21.4%
13.8%
14.5%
7.8%
Remuneration
Profit on Certificates of Deposit
Depreciation
Taxes
Cash dividend
Profit retained
Statutory reserve

Shariah Advisor's Report

For the year ended June 30, 2020

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

- Ijarah, and
- Diminishing Musharakah

By the grace of Allah, the year under review, was the ninth year of Islamic financing at ORIX Leasing Pakistan Limited. In this year OLP also followed rules and regulation 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 to 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 Orix Leasing Pakistan Limited and Islamic Finance.

MUFTI MUHAMMAD IBRAHIM ESSA
For and on behalf of
Alhamd Shariah Advisory Services Private Limited
Dated: September 01, 2020

Alhamd Shariah Advisory Services (Pvt.) Ltd.

INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of ORIX Leasing 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 ORIX Leasing Pakistan Limited (the Company) for the year ended June 30, 2020 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, 2020.

Afferguson & Co

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: October 5, 2020

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>

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INDEPENDENT AUDITOR'S REPORT

To the members of ORIX Leasing Pakistan Limited

Report on the Audit of the Unconsolidated Financial Statements

Opinion

We have audited the annexed unconsolidated financial statements of ORIX Leasing Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2020, 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, 2020 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 Matter

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, 7, 11, 12, 14 and 39 of the annexed unconsolidated financial statements)	
	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 have been Significant Increase in Credit Risk	Our audit procedures to assess adequacy of ECL 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
	(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 has further considered the impact of forward-looking information under the COVID-19 situation and its resulting impact on the provision for lease and loan portfolio of the Company. The Company has determined ECL on lease and loan balances and has recognised a net charge of Rs. 311.47 million in respect of potential lease and loan losses in the unconsolidated statement of profit or loss during the year ended June 30, 2020. As at June 30, 2020, the Company maintained a provision of Rs. 1,150.75 million for potential lease and loan losses. The determination of ECL in respect of lease and loans balances as per the requirements of IFRS 9 and particularly under COVID-19 situation 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 statement of financial position of the Company, we considered the area of provision for potential lease and loan losses as a key audit matter.	▪ Obtained an understanding of the design and tested the operating effectiveness of the key 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; ▪ 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 under the COVID-19 situation used by the management in preparing provisioning 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.

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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.

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- 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.

Other Matter

The unconsolidated financial statements of the Company for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 18, 2019.

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

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A. F. Ferguson & Co.
Chartered Accountants
Dated: October 5, 2020
Karachi

Unconsolidated Statement of Financial Position

As at June 30, 2020

	Note	2020	2019
ASSETS		----------------------Rupees---------------------	
Non-current assets			
Fixed assets	5	1,736,680,099	1,190,789,544
Intangible assets	6	10,907,307	18,349,641
Net investment in finance lease	7	14,423,109,666	17,955,603,086
Current maturity	14	(7,503,453,058)	(9,151,970,240)
Allowance for potential lease losses	39	(935,907,045)	(669,018,735)
		(8,439,360,103)	(9,820,988,975)
		5,983,749,563	8,134,614,111
Investment in subsidiaries	8	322,374,294	322,374,294
Investment in associate	9	944,087,843	942,321,227
Long-term investments	10	442,872,077	396,353,520
Long-term finances and loans	11	2,312,670,328	2,207,532,344
Long-term deposits		12,932,566	12,390,066
		11,766,274,077	13,224,724,747
Current assets			
Short-term finances	12	233,606,528	285,006,782
Accrued return on investments and term finance	13	120,754,142	102,798,425
Current maturity of non-current assets	14	9,458,291,323	11,433,548,335
Short-term investments	15	803,339,788	394,438,716
Advances and prepayments	16	18,311,409	40,410,228
Other receivables	17	80,233,054	32,887,347
Cash and bank balances	18	207,910,897	174,313,423
Defined benefit plan asset	26	39,263,947	8,808,244
		10,961,711,088	12,472,211,500
Assets classified as held for sale	19	270,818,625	293,867,662
Total assets		22,998,803,790	25,990,803,909
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2019: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	20	1,670,549,020	1,670,549,020
Reserves		6,563,188,320	6,342,539,724
		8,233,737,340	8,013,088,744
Non-current liabilities			
Long-term finances	22	4,579,592,284	6,310,419,269
Long-term certificates of deposit	23	2,629,732,769	2,819,697,418
Deferred taxation	24	515,506,913	699,540,763
Other long-term liabilities	25	287,777,777	164,902,777
		8,012,609,743	9,994,560,227
Current liabilities			
Trade and other payables	27	362,241,725	909,317,038
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	28	314,177,222	323,580,085
Unclaimed dividend		26,901,411	22,561,209
Short-term borrowings	29	171,304,003	1,332,642,374
Short-term certificates of deposit	30	1,046,812,035	695,436,338
Taxation - net		367,775,838	211,827,766
Current maturity of non-current liabilities	31	4,463,244,473	4,487,790,128
		6,752,456,707	7,983,154,938
Total equity and liabilities		22,998,803,790	25,990,803,909
Contingencies and commitments	32		

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the year ended June 30, 2020

	Note	2020	2019
		------------------Rupees------------------	
INCOME			
Income from operations			
Finance leases		2,932,739,117	2,840,177,559
Income from operating lease	33	189,214,890	232,274,251
Mark-up on term finance		926,230,982	783,769,382
		4,048,184,989	3,856,221,192
Income from other activities			
Other income - net	34	359,123,757	272,953,399
Share of profit of associate under equity accounting	35	28,938,203	50,671,374
		388,061,960	323,624,773
		4,436,246,949	4,179,845,965
EXPENSES			
Finance cost	36	1,845,045,743	1,542,315,533
Administrative and general expenses	37	1,135,780,835	1,188,176,655
Direct cost	38	157,642,995	183,248,901
		3,138,469,573	2,913,741,089
Profit before provision and taxation		1,297,777,376	1,266,104,876
Provision / (reversal) for potential lease and other loan losses - net	39	311,465,490	(190,522,095)
Other provision - net	40	12,800,809	8,828,239
		324,266,299	(181,693,856)
Profit before taxation		973,511,077	1,447,798,732
Taxation	42	271,289,487	425,281,769
Profit for the year after taxation		702,221,590	1,022,516,963
Earnings per share - basic and diluted	53	4.20	6.12

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2020

	2020	2019
	---Rupees---	
Profit for the year after taxation	702,221,590	1,022,516,963
Other comprehensive income		
Items that will be reclassified to the unconsolidated statement of profit or loss		
Exchange gain arising on translation of foreign associate - net of deferred tax	18,161,765	189,740,132
Surplus on revaluation of leasehold land and office buildings - net of deferred tax	566,450,107	-
	584,611,872	189,740,132
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss		
Fair value changes on remeasurement of financial assets - net of deferred tax	(137,794,222)	(31,988,341)
Remeasurement of defined benefit obligation - staff gratuity	32,056,433	8,808,244
Share of other comprehensive income of associate under equity accounting	118,610	(3,402,021)
	(105,619,179)	(26,582,118)
Total comprehensive income for the year	1,181,214,283	1,185,674,977

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020	2019
		-------------------Rupees------------------	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	43	3,259,953,533	2,926,987,250
Decrease / (increase) in operating assets			
Investment in finance lease - net		3,534,987,908	815,274,830
Long-term finances and loans - net		148,087,784	(199,766,301)
Short-term finances		22,383,812	(48,797,171)
Long-term deposits		(542,500)	(251,406)
Advances and prepayments		19,383,284	(7,770,452)
Other receivables		(38,906,302)	(29,952,803)
		3,685,393,986	528,736,697
(Decrease) / increase in operating liabilities			
Other long term liabilities - net		(417,348,749)	(475,446,203)
Trade and other payables		(601,545,441)	(109,765,677)
		(1,018,894,190)	(585,211,880)
Cash flows generated from operating activities		5,926,453,329	2,870,512,067
Payment of Sindh Workers' Welfare Fund		(985,545)	-
Payment against staff retirement benefits		(17,607,997)	(40,545,296)
Income tax paid		(279,953,147)	(203,010,334)
Net cash generated from operating activities		5,627,906,640	2,626,956,437
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(44,088,718)	(119,831,928)
Capital expenditure incurred - operating lease assets		(9,450,000)	-
Proceeds from disposal of assets - own use		6,654,654	8,929,346
Proceeds from sale of ijarah finance assets		-	5,268,996
Investments - net		(524,247,735)	140,541,985
Dividend received		62,554,151	26,511,524
Interest received		41,481,070	37,314,212
Net cash (used in) / generated from investing activities		(467,096,578)	98,734,135
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		2,000,000,000	4,250,000,000
Short-term borrowings - net		(250,000,000)	(395,000,000)
Certificates of deposit redeemed - net		147,803,717	(1,016,468,541)
Repayment of long-term finances		(3,774,702,383)	(3,622,446,653)
Finance cost paid		(1,352,155,162)	(1,015,942,995)
Payment of lease liability against right-of-use assets		(30,594,904)	-
Dividend paid		(956,225,485)	(623,618,096)
Net cash used in financing activities		(4,215,874,217)	(2,423,476,285)
Net increase in cash and cash equivalents during the year		944,935,845	302,214,287
Cash and cash equivalents at the beginning of the year		(908,328,951)	(1,210,543,238)
Cash and cash equivalents at the end of the year	44	36,606,894	(908,328,951)

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the year ended June 30, 2020

	Issued, subscribed and paid-up capital	Reserves							Total shareholders equity
		Capital reserves					Revenue reserve	Total reserves	
		Share premium	Statutory reserve	Foreign currency translation reserve	Surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income	Surplus on revaluation of leasehold land and office building (note 21)	Unappro-priated profit		
	---Rupees---								
Balance as at July 1, 2018	1,392,124,190	1,863,635,353	1,255,031,986	49,848,144	866,439	309,725,825	2,377,647,652	5,856,755,399	7,248,879,589
Impact of change in accounting policy - net of tax									
- relating to the Company	-	-	-	-	(39,060,357)	-	39,060,357	-	-
- relating to the associate	-	-	-	-	-	-	(3,828,565)	(3,828,565)	(3,828,565)
	-	-	-	-	(39,060,357)	-	35,231,792	(3,828,565)	(3,828,565)
Profit for the year after taxation	-	-	-	-	-	-	1,022,516,963	1,022,516,963	1,022,516,963
Other comprehensive income / (loss)	-	-	-	189,740,132	(31,988,341)	-	5,406,223	163,158,014	163,158,014
Total comprehensive income for the year ended June 30, 2019	-	-	-	189,740,132	(31,988,341)	-	1,027,923,186	1,185,674,977	1,185,674,977
Transaction with owners recorded directly in equity									
- Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	(278,424,830)	-
- Cash dividend @ Rs. 3.00 per ordinary share of Rs. 10 each for the year ended June 30, 2018	-	-	-	-	-	-	(417,637,257)	(417,637,257)	(417,637,257)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(6,828,720)	6,828,720	-	-
Transfer to statutory reserve	-	-	204,503,393	-	-	-	(204,503,393)	-	-
Balance as at June 30, 2019	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,825,490,700	6,342,539,724	8,013,088,744
Balance as at July 1, 2019	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,825,490,700	6,342,539,724	8,013,088,744
Profit for the year after taxation	-	-	-	-	-	-	702,221,590	702,221,590	702,221,590
Other comprehensive income / (loss)	-	-	-	18,161,765	(137,794,222)	566,450,107	32,175,043	478,992,693	478,992,693
Total comprehensive income for the year ended June 30, 2020	-	-	-	18,161,765	(137,794,222)	566,450,107	734,396,633	1,181,214,283	1,181,214,283
Transaction with owners recorded directly in equity									
- Cash dividend @ Rs. 3.75 per ordinary share of Rs. 10 each for the year ended June 30, 2019	-	-	-	-	-	-	(626,455,883)	(626,455,883)	(626,455,883)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2020	-	-	-	-	-	-	(334,109,804)	(334,109,804)	(334,109,804)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(6,828,720)	6,828,720	-	-
Transferred to statutory reserve	-	-	140,444,318	-	-	-	(140,444,318)	-	-
Balance as at June 30, 2020	1,670,549,020	1,585,210,523	1,599,979,697	257,750,041	(207,976,481)	862,518,492	2,465,706,048	6,563,188,320	8,233,737,340

The annexed notes 1 to 57 form an integral part of these unconsolidated financial statements.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2020

1 LEGAL STATUS AND OPERATIONS

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 ORIX 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+ (2019: AA+) and a short-term rating of A1+ (2019: A1+) to the Company on March 04, 2020 (2019: August 28, 2019).

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 As mentioned in note 2.7.1 of the unconsolidated financial statements, the Company has adopted IFRS 16 as at July 1, 2019, which replaces existing leasing guidance on IAS 17 'Leases'. However the SECP vide its notification dated May 22, 2007 has specified that the requirements of IFAS 2 'Ijarah' shall be followed in regard to the financial statements by companies while accounting for Ijarah transactions. Accordingly, Ijarah transactions are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.

2.3 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.

2.4 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;
- Financial instruments 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.

2.5 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.

2.6 Critical accounting estimates and judgments

The preparation of 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 5);
(b) determination of allowance for potential lease and other loan losses (notes 3.5 and 39);
(c) determination of classification, valuation and impairment of financial assets (note 3.10);
(d) recognition of taxation and deferred tax (notes 3.16 and 42);
(e) accounting for defined benefit obligation (notes 3.17 and 26);
(f) employees compensated absences (note 3.18 and 37.1);
(g) provision against workers' welfare fund (note 27); and
(h) impairment of non-financial assets (note 3.9).

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

2.7.1 IFRS 16: 'Leases'

IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2019) - IFRS 16 replaces existing leasing guidance on IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the unconsolidated statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption of IFRS 16 as at July 1, 2019, the Company has changed its accounting policy for operating leases which are now recognised on the unconsolidated statement of financial position. The Company had recorded right-of-use assets amounting to Rs 132.12 million and a corresponding lease liability amounting to Rs 126.41 million as at July 1, 2019 in respect of operating lease contracts (primarily arrangements in respect of rented premises occupied by the Company) as of that date. This change in accounting policy is disclosed in note 4.

The leases that are extended by the Company to its customer on Ijarah basis are accounted for under the requirements of IFAS 2 'Ijarah' and therefore are outside the scope of IFRS 16.

2.7.2 Allowance for potential lease and other loan losses

IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach.

Up to June 30, 2019, 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. During the year, the SECP vide its notification dated March 31, 2020 has specified that after the adoption and implementation of IFRS 9, the requirements of IFRS 9 shall be applicable.

Accordingly, the Company has applied provisioning requirements as specified under IFRS 9 for the purposes of calculation of allowance for potential lease and other loans losses in the unconsolidated financial statements of the Company for the year ended June 30, 2020.

2.7.3 There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 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.

2.8 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

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

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020

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

2.8.2 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, 2020 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 polices have been consistently applied to all the years presented except for the change as disclosed in note 4 to these unconsolidated financial statements.

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 5.1 and 5.2 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 5.2 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.

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 5.3.

3.2.3 Lease liability and right-of-use asset

The Company leases premises of certain branches. Rental contracts are typically for a period of 3 years and may have extension 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 exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the 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 the 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 asset.

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

The right-of-use asset is subsequently measured at cost 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. The right-of-use asset is 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 is 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.

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 6.1. 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 has further considered the impact of forward-looking information under the COVID-19 situation and its resulting impact on the provision for lease and loan portfolio of the Company.

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.

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).

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.

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharika 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.

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.

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.

3.18 Employees compensated absences

The Company provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the unconsolidated statement of profit or loss immediately.

3.19 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.

3.20 Revenue recognition

3.20.1 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.

3.20.2 Operating lease income

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

3.20.3 Ijarah lease income

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

3.20.4 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.

3.20.5 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.

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

3.20.6 Others

Other income is recognised on an receipt basis.

3.21 Earnings per share

The Company presents basic and diluted earnings per share data 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.

3.22 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.

3.23 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.

3.24 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.

3.25 Commitments

Commitments are disclosed in the financial statements at committed amounts.

4 CHANGE IN ACCOUNTING POLICY

4.1 Adoption of IFRS 16 - Leases

Effective July 1, 2019, the Company has adopted IFRS 16, “Leases” which replaces existing guidance on accounting for leases, including IAS 17 ‘Leases’, IFRIC 4 ‘Determining whether an arrangement contains a Lease’, SIC-15 ‘Operating Leases-Incentive and SIC-27 ‘Evaluating the substance of transactions involving the legal form of a Lease’. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting polices relating to Company's right-of-use assets and lease liability are disclosed in note 3.2.3.

The Company has adopted IFRS 16 retrospectively from July 1, 2019, but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from adoption of IFRS 16 are therefore recognised in the opening unconsolidated statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 ‘Leases’. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019.

On adoption of IFRS 16, the Company has recognised lease liability amounting to Rs. 126.41 million as at July 1, 2019 in respect of operating lease commitments of its rental premises amounting to Rs. 132.15 million for the year ended June 30, 2019. The on-balance sheet recognition of leases previously accounted for as operating leases was most significantly impacted by adjustments as a result of different treatment of extension and termination options under IFRS 16.

	June 30, 2020	July 1, 2019
	-----------------Rupees----------------	
Total lease liability recognised of which:		
Current	29,736,282	26,665,892
Non-current	90,218,131	99,745,114
	119,954,413	126,411,006

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the unconsolidated statement of financial position as at June 30, 2019. The recognised right-of-use assets relate to the following type of assets:

	June 30, 2020	July 1, 2019
	-----------------Rupees----------------	
Rented premises	113,839,333	132,115,778

The effect of this change in accounting policy is as follows:

	June 30, 2020	July 1, 2019
Impact on the unconsolidated statement of financial position		
Increase in fixed assets - right-of-use assets	113,839,333	132,115,778
Decrease in advances and prepayments	(6,113,350)	(5,704,772)
Increase in taxation - net	3,546,245	-
	111,272,228	126,411,006
Increase in lease liability against right-of-use asset	119,954,413	126,411,006
Decrease in net assets	(8,682,185)	-

Impact on the unconsolidated statement of profit or loss	June 30, 2020 (Rupees)
Increase in mark-up-expense - lease liability against right-of-use asset	(16,430,165)
Increase in depreciation on right-of-use asset	(25,837,151)
Decrease in rent expense	30,038,886
Decrease in profit before taxation	(12,228,430)
Decrease in taxation - net	3,546,245
Decrease in profit after taxation	(8,682,185)
Decrease in earnings per share - Rupees	(0.052)

Practical Expedients applied

In applying IFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the option of not to recognise right-of-use asset for low value leases.

The Company has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its arrangement made applying IAS 17 and Interpretation for determining whether an arrangement contains a Lease.

	Note	2020	2019
5 FIXED ASSETS		----------------Rupees----------------	
Own use	5.1	1,147,780,393	585,090,492
Operating lease	5.2	134,373,122	144,475,394
Ijarah finance	5.3	340,687,251	461,223,658
Right-of-use asset	5.4	113,839,333	-
		1,736,680,099	1,190,789,544

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2020

5.1 Fixed assets - own use

Description	2020									
	Cost / revalued amount				Accumulated depreciation				Net book value	Rate of depreciation / Number of years of useful life
	As at July 1, 2019	Additions / Transferred */ (disposals) / (transfers)*** / (write off)****	Surplus on revaluation / Adjustments due to revaluation	As at June 30, 2020	As at July 1, 2019	Charge for the year / (disposals) / (write off)	Adjustments due to revaluation	As at June 30, 2020	As at June 30, 2020	
	----- Rupees -----									
Leasehold land	344,450,000	-	531,606,106 (20,486,106)	855,570,000	15,364,484	5,121,622	(20,486,106)	-	855,570,000	77 & 99 years
Office building	87,796,647	-	49,076,057 (27,014,346)	109,858,358	20,260,758	6,753,588	(27,014,346)	-	109,858,358	11.1%
Leasehold improvements	109,882,409	9,256,799 55,333,310 * (2,299,365) (1,535,449) ****	-	170,637,704	99,650,256	7,768,184 (1,379,619) (1,535,449)	-	104,503,372	66,134,332	15% - 33%
Furniture, fittings and office equipment	123,358,979	1,815,893 3,422,299 * (1,713,400) (849,916) ****	-	126,033,855	89,923,710	13,607,249 (1,419,818) (847,597)	-	101,263,544	24,770,311	15% - 20%
Vehicles	100,134,026	3,346,785 (12,066,000) (61,500) ****	-	91,353,311	35,019,512	7,876,892 (7,200,425) (61,500)	-	35,634,479	55,718,832	4-5 years
Computers and accessories	68,710,019	11,754,839 198,300 * (3,714,341) (103,754) ****	-	76,845,063	49,492,966	10,887,928 (3,714,341) (103,754)	-	56,562,799	20,282,264	33%
Machinery	-	15,924,013 *	-	15,924,013	-	477,717	-	477,717	15,446,296	10 years
Capital work-in-progress	60,470,098	16,155,133 (74,877,922) * (345,889) ** (1,401,420) ***	-	-	-	-	-	-	-	-
	894,802,178	42,329,449 - * (19,793,106) (345,889) ** (1,401,420) *** (2,550,619) ****	580,682,163 (47,500,452)	1,446,222,304	309,711,686	52,493,180 - (13,714,203) - - (2,548,300)	(47,500,452)	298,441,911	1,147,780,393	

* Transfer from capital work in progress

** Charged to office repair and maintenance expense

*** Transfer to intangible assets (note 6)

Description	2019									
	Cost / revalued amount				Accumulated depreciation				Net book value	Rate / Number of years
	As at July 1, 2018	Additions / (disposals) / (transfers)* / (reclassification) **	Surplus on revaluation / Adjustments due to revaluation	As at June 30, 2019	As at July 1, 2018	Charge for the year / (disposals) / (transfers) *	Adjustments due to revaluation	As at June 30, 2019	As at June 30, 2019	
	------- Rupees -------									
Leasehold land	344,450,000	-	-	344,450,000	10,242,992	5,121,492	-	15,364,484	329,085,516	77 & 99 years
Office building	87,796,647	-	-	87,796,647	13,507,170	6,753,588	-	20,260,758	67,535,889	7.8%
Stock Exchange room	10,500,000	- (10,500,000) *	-	-	5,000,000	- (5,000,000) *	-	-	-	Indefinite life
Leasehold improvements	105,561,500	4,686,909 (366,000)	-	109,882,409	89,057,891	10,958,365 (366,000)	-	99,650,256	10,232,153	15% - 33%
Furniture, fittings and office equipment	118,951,089	7,847,156 (3,439,266)	-	123,358,979	78,206,775	14,683,225 (2,966,290)	-	89,923,710	33,435,269	15% - 20%
Vehicles	84,186,487	32,239,825 (16,292,286)	-	100,134,026	34,815,655	9,181,919 (8,978,062)	-	35,019,512	65,114,514	4-5 years
Computers and accessories	56,088,875	14,339,120 (1,717,976)	-	68,710,019	43,369,364	7,665,744 (1,542,142)	-	49,492,966	19,217,053	33%
Capital work-in-progress	10,253,357	50,251,051 (34,310) **	-	60,470,098	-	-	-	-	60,470,098	-
	817,787,955	109,364,061 (21,815,528) (10,500,000) * (34,310) **		894,802,178	274,199,847	54,364,333 (13,852,494) (5,000,000) *		309,711,686	585,090,492	

* The Management intends to sell the Stock Exchange room and accordingly, it is classified as 'Held for Sale'

** Charged to office repair and maintenance expense

5.1.1 During the year, the leasehold land and building of the Company was revalued by M/s. Surval (an independent professional valuer) on the basis of professional assessment of the present market values which resulted in an increase in surplus on revaluation by Rs. 580.68 million.

Had the revaluation not been carried out, costs, accumulated depreciation and written down value of leasehold land and office building thereon would have been as follows:

	2020		
	Cost	**Accumulated depreciation**	**Net book value**
	---------- Rupees ----------		
Leasehold land	54,399,300	9,044,908	45,354,392
Office building	76,781,580	42,049,987	34,731,593
	131,180,880	51,094,895	80,085,985

	2019		
	Cost	Accumulated depreciation	Net book value
	---------- Rupees ----------		
Leasehold land	54,399,300	8,431,050	45,968,250
Office building	76,781,580	38,210,908	38,570,672
	131,180,880	46,641,958	84,538,922

5.1.2 Included in the cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 228.88 million (2019: Rs. 208.30 million).

5.1.3 Details of fixed assets - own use disposed off during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	---------- Rupees ----------						
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	1,713,400	1,419,818	293,582	366,288	72,706	Negotiation	Various
Vehicles	4,020,000	2,450,925	1,569,075	2,553,977	984,902	Negotiation	Various
Computers and accessories	3,714,341	3,714,341	-	236,289	236,289	Negotiation	Various
	9,447,741	7,585,084	1,862,657	3,156,554	1,293,897		
Book value exceeding Rs. 500,000 each							
Vehicles	1,952,500	1,171,500	781,000	781,000	-	Company policy	Mr Khawar Sultan *
	1,970,500	1,182,300	788,200	788,200	-	Company policy	Mr Javaid Akhter *
	1,952,500	1,093,400	859,100	859,100	-	Company policy	Mr Tahir Ali Shah *
	2,170,500	1,302,300	868,200	868,200	-	Company policy	Mian Faysal Riaz *
	8,046,000	4,749,500	3,296,500	3,296,500	-		
Leasehold improvements	2,299,365	1,379,619	919,746	201,600	(718,146)	Trade-in	K-Electric Limited
	10,345,365	6,129,119	4,216,246	3,498,100	(718,146)		
Total - June 30, 2020	19,793,106	13,714,203	6,078,903	6,654,654	575,751		
Total - June 30, 2019	21,815,528	13,852,494	7,963,045	8,929,346	966,312		

* These represent Key Management Personnel of the Company.

5.1.4 Particulars of the Company's immovable fixed assets - own use are as follows:

Particulars	Location	Area
Head Office Building	Plot no. 16, sector no. 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no. 49, sector no. 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no. 16, sector no. 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no. 49, sector no. 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

5.1.5 The forced sale value of Leasehold Land and Office Buildings as at June 30, 2020 amounted to Rs. 772 million.

5.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

5.2 Fixed assets - operating lease

	2020							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2019	Additions	As at June 30, 2020	As at July 1, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	Number of years of useful life
	----------Rupees----------							
Cranes	155,419,512	-	155,419,512	10,944,118	10,102,272	21,046,390	134,373,122	10 years
	155,419,512	**-**	**155,419,512**	**10,944,118**	**10,102,272**	**21,046,390**	**134,373,122**	

	2019							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	Number of years of useful life
	----------Rupees----------							
Cranes	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	10 years
	143,549,998	**11,869,514**	**155,419,512**	**777,562**	**10,166,556**	**10,944,118**	**144,475,394**	

5.2.1 The depreciation expense for the year has been charged to direct cost.

5.3 Fixed assets - ijarah finance

2020

Description	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2019	Additions / (disposals)	As at June 30, 2020	As at July 1, 2019	Charge for the year / (on disposals)	As at June 30, 2020	As at June 30, 2020	Rate of depreciation
	---Rupees---							
Machinery and generators	673,583,590	-	669,583,590	214,183,063	127,224,069	337,407,132	332,176,458	2.67 to 4 years
		(4,000,000)			(4,000,000)			
Vehicles	32,692,460	9,450,000	13,083,960	30,869,329	2,762,338	4,573,167	8,510,793	3 to 5 years
		(29,058,500)			(29,058,500)			
	706,276,050	9,450,000	682,667,550	245,052,392	129,986,407	341,980,299	340,687,251	
		(33,058,500)			(33,058,500)			

2019

Description	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2018	Additions / (disposals)	As at June 30, 2019	As at July 1, 2018	Charge for the year / (on disposals)	As at June 30, 2019	As at June 30, 2019	Rate of depreciation
	---Rupees---							
Machinery and generators	764,564,376	-	673,583,590	157,993,976	142,377,324	214,183,063	459,400,527	2.83 to 3 years
		(90,980,786)			(86,188,237)			
Vehicles	41,309,960	-	32,692,460	29,924,014	9,562,815	30,869,329	1,823,131	3 to 5 years
		(8,617,500)			(8,617,500)			
	805,874,336	-	706,276,050	187,917,990	151,940,139	245,052,392	461,223,658	
		(99,598,286)			(94,805,737)			

5.3.1 Details of fixed assets - ijarah finance disposed of during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss)	Mode of disposal	Particulars of buyers
	--- Rupees ---						
Machinery and generators	4,000,000	4,000,000	-	-	-	As per contract terms	Various
Vehicles	29,058,500	29,058,500	-	-	-	As per contract terms	Various
Total - June 30, 2020	33,058,500	33,058,500	-	-	-		
Total - June 30, 2019	99,598,286	94,805,734	4,792,552	5,268,996	476,444		

5.3.2 The depreciation expense for the year has been charged to direct cost.

5.4 Right-of-use asset

Description	2020							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2019	Additions / (disposals)	As at June 30, 2020	As at July 1, 2019	Charge for the year / (on disposals)	As at June 30, 2020	As at June 30, 2020	Rate of depreciation
	-------Rupees-------							
Right-of-use asset	132,115,778	7,560,706	139,676,484	-	25,837,151	25,837,151	113,839,333	1 to 8.78 years
	132,115,778	**7,560,706**	**139,676,484**	**-**	**25,837,151**	**25,837,151**	**113,839,333**	

5.4.1 The depreciation expense for the year has been charged to administrative and general expenses.

	Note	2020	2019
6 INTANGIBLE ASSETS		-------Rupees-------	
Computer software and license	6.1	10,907,307	18,349,641

6.1 Following is a statement of intangible assets:

Description	2020							
	Cost			Accumulated amortisation			Net book value	
	As at July 1, 2019	Additions / transfer	As at June 30, 2020	As at July 1, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	Rate of depreciation
	-------Rupees-------							
Computer software and license	89,293,706	1,759,269 1,401,420 *	92,454,395	70,944,065	10,603,023	81,547,088	10,907,307	33%
	89,293,706	1,759,269 1,401,420	92,454,395	70,944,065	10,603,023	81,547,088	10,907,307	

* transferred from capital work in progress.

Description	2019							
	Cost			Accumulated amortisation			Net book value	
	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	Rate of depreciation
	Rupees							
Computer software and license	78,825,839	10,467,867	89,293,706	58,792,132	12,151,933	70,944,065	18,349,641	33%
	78,825,839	10,467,867	89,293,706	58,792,132	12,151,933	70,944,065	18,349,641	

6.2 Included in the cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 60.99 million (2019: Rs. 54.04 million).

6.3 No intangible assets were disposed of during the year.

6.4 The amortisation expense for the year has been charged to administrative and general expenses.

7 NET INVESTMENT IN FINANCE LEASE

	Note	2020	2019
		Rupees	
Instalment contract receivables		17,778,931,662	22,287,465,719
Residual value		7,578,780,621	8,457,924,284
Less: adjustable security deposit	7.1	(7,554,263,764)	(8,427,394,395)
Gross investment in finance lease	7.2	17,803,448,519	22,317,995,608
Less: unearned finance income		3,380,338,853	4,362,392,522
Present value of investment in finance lease		14,423,109,666	17,955,603,086

7.1 Security deposit is received from the lessees under finance lease contract which is adjustable at the expiry of the lease period.

7.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2020	2019	2020	2019
	Rupees			
Less than one year	9,582,058,187	11,790,170,570	7,503,453,058	9,151,970,240
One to five years	8,221,390,332	10,527,825,038	6,919,656,608	8,803,632,846
	17,803,448,519	22,317,995,608	14,423,109,666	17,955,603,086

7.3 The Company's implicit rate of return on leases ranges from 11.67% to 27.55% (2019: 9.16% to 27.12%) per annum. These are secured against leased assets and security deposits averaging 21.64% (2019: 21.25%) of the cost of leased assets and personal guarantees.

7.4 Based on the NBFC Regulations, the aggregate amount of portfolio on which income is suspended as at June 30, 2020 amounted to Rs. 1,484.43 million (2019: Rs. 951.33 million).

7.5 Lease rentals received during the year amounted to Rs. 10,648 million (2019: Rs. 11,365 million).

	Note	2020	2019
8 INVESTMENT IN SUBSIDIARIES		----------------Rupees----------------	
Related parties			
- ORIX Services Pakistan (Private) Limited (OSPPL)	8.1	182,430,262	182,430,262
- ORIX Modaraba	8.2	139,944,032	139,944,032
		322,374,294	322,374,294

8.1 The Company holds 100% shareholding (4,450,000 shares (2019: 4,450,000 shares)) in ORIX Services Pakistan (Private) Limited (OSPPL), a management company managing ORIX Modaraba.

The Company is incorporated in Karachi, Pakistan. The latest available financial statements, which are prepared on a going concern basis for the year ended June 30, 2020, have been audited by KPMG Taseer Hadi & Co., Chartered Accountants.

8.2 The Company holds 10% certificates (4,538,353 certificates (2019: 4,538,353 certificates)) in ORIX Modaraba which is being managed by OSPPL as the Modaraba management company. Since the Company holds 100% shareholding in the management company as mentioned in note 8.1 above, the investment in ORIX Modaraba has been accounted for as an investment in subsidiary in view of the control which the Company exercises through the fully owned management company and an aggregate holding of 20% in the certificates of Modaraba by the Company and OSPPL.

The latest available financial statements, which are prepared on a going concern basis for the year ended June 30, 2020, have been audited by A. F. Ferguson & Co., Chartered Accountants.

	Note	2020	2019
		----------------Rupees----------------	
9 INVESTMENT IN ASSOCIATE			
Related party			
Investment in associate	9.1	944,087,843	942,321,227

9.1 Shares held and carrying value of investment in equity accounted associate is as follows:

2020	2019		Note	2020	2019
(Number of shares)				-------------Rupees-------------	
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company	9.1.1	944,087,843	942,321,227

9.1.1 The Company holds 2.5% (2019: 2.5%) ownership interest in Saudi ORIX Leasing Company (SOLC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. SOLC is accounted for as an associate under equity accounting due to the significant influence exercised by the Company. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2019 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

9.1.2 Summarised un-audited financial statements of associate are as follows:

	Date of financial year end	As at June 30		For the period July 01 to June 30		Interest held
		Total assets	Total liabilities	Revenues	Profit / (loss)	
2020						
Unquoted						
Saudi ORIX Leasing Company	31 December	58,076,892,395	20,343,020,207	4,408,031,837	1,250,544,081	2.50%
2019						
Unquoted						
Saudi ORIX Leasing Company	31 December	50,281,564,133	12,959,808,083	4,289,516,884	2,533,568,712	2.50%

9.1.3 Movement of investment in associate is as follows:

	Note	2020	2019
		-----------------Rupees----------------	
Balance at the beginning of the year		942,321,227	672,208,880
Share of profit for the year	35	28,938,203	50,671,374
Dividends received during the year		(50,533,088)	(14,743,653)
Exchange gain arising on translation of foreign associate		23,209,923	242,479,382
Impact of change in associate's accounting policy		-	(4,892,735)
Share of other comprehensive income of associate under equity accounting		151,578	(3,402,021)
Balance at the end of the year		944,087,843	942,321,227

10 LONG-TERM INVESTMENTS

	Note	2020	2019
At amortised cost			
Pakistan Investment Bonds (PIBs)	10.1	442,872,077	268,623,384
At fair value through other comprehensive income			
Al Hail ORIX Finance PSC	10.2	279,097,858	279,097,858
Less: fair value change on remeasurement of financial assets		(279,097,858)	(90,919,910)
		-	188,177,948
Less: current maturity	14	-	(60,447,812)
		442,872,077	396,353,520

10.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 7.25% to 12.00% (2019: 7.25% to 12.00%) per annum and are due to mature latest by September 19, 2022 (2019: July 19, 2022).

10.2 During the year, the Company reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recognised Rs. 188.18 million as decrease in fair value (2019: Rs 41 million).

11 LONG-TERM FINANCES AND LOANS

	Note	2020	2019
		-----------------Rupees----------------	
Considered good			
Loans to key management personnel, other executives and employees - secured			
Key management personnel - related parties	11.1	20,042,773	23,074,920
Other executives		52,352,049	49,643,368
	11.2	72,394,822	72,718,288
Other employees		114,353,473	116,667,935
	11.6	186,748,295	189,386,223
Others			
Vehicle finance - secured	11.3	3,920,051,044	4,045,217,593
Micro finance - secured	11.4	36,289,462	116,168,803
Musharika finance - secured	11.5	18,599,846	21,264,234
		3,974,940,352	4,182,650,630
		4,161,688,647	4,372,036,853
Considered doubtful			
Others			
Term finance - secured		94,346,398	94,346,398
Vehicle finance - secured		134,007,058	84,229,861
Micro finance - secured		28,105,484	14,827,599
Musharika finance - secured		611,119	244,666
Agri finance - secured	11.7	12,706,417	13,867,530
		269,776,476	207,516,054
Less: allowance for potential loan losses		(163,755,779)	(150,315,191)
		106,020,697	57,200,863
Less: general provision against micro finance loans	11.8	(200,751)	(575,089)
		4,267,508,593	4,428,662,627
Less: current maturity			
Key management personnel, other executives and employees		37,026,375	36,261,910
Others		1,917,811,890	2,184,868,373
	14	1,954,838,265	2,221,130,283
		2,312,670,328	2,207,532,344

11.1 Loans to Key Management Personnel - related party

Names	Maximum Amount outstanding	Provisions / (write-off)	2020	2019
	----------Rupees----------			
Mian Faysal Riaz	1,942,881	-	859,750	2,036,000
Mr. Khawar Sultan	641,029	-	480,797	654,002
Mr. Ramon Alfrey	635,085	-	-	635,085
Mr. Tahir Ali Shah	4,099,397	-	3,726,418	1,017,854
Mr. Hamood Ahmed	3,016,097	-	2,829,035	-
Mr. Shafiq Ur Rehman	2,001,060	-	1,445,425	-
Mr. Jawaid Akhter	1,242,959	-	1,000,330	-
Mr. Haider Abbas Kalhar	2,208,548	-	1,721,961	-
Mr. Imtiaz Ahmad Chaudhary	8,663,663	-	7,979,057	6,576,592
Ms. Fakhara Rizwan	12,155,387	-	-	12,155,387
		-	20,042,773	23,074,920

11.1.1 Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

11.2 Movement in loans to key management personnel and other executives

	2020	2019
	----Rupees----	
Opening balance	72,718,288	63,895,870
Disbursements	26,932,712	30,838,872
Repayments	(27,256,178)	(22,016,454)
Closing balance	72,394,822	72,718,288

11.3 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 11.99% to 26.00% (2019: 12.06% to 24.00%) per annum. These finances are repayable within a period of 1 years to 5 years (2019: 1.5 years to 5 years) and are secured against charge over vehicles and personal guarantees.

11.4 This represents long-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.0% to 38.30% (2019: 28.0% to 35.78%) per annum. These finances are repayable within a period of 1.2 to 1.5 years (2019: 1.2 to 1.5 years) and are secured against personal guarantees of community organisations.

11.5 This represents Musharika finance facilities provided to customers. The mark-up on these finances ranges from 14.0% to 19.5% (2019: 14.0% to 17.8%) per annum. The facilities have a repayment term of 3 to 5 years (2019: 2 to 5 years) and are secured by assets subject to Musharika agreement.

11.6 This represents loans given to staff in accordance with the terms of the Company's HR policy and includes house loans which are repayable within a period of 20 years or retirement date, whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Company and carry mark-up rate ranging from 4.00% to 9.5% (2019: 4.00% to 6.5%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5% to 14.6% (2019: 7.5% to 13.3%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and other executives was Rs. 90.1 million (2019: Rs. 77.1 million).

11.7 This represents long-term finance provided to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2019: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2019: 1.5 years to 3 years) and are secured against title documents of immovable properties.

11.8 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

12 SHORT-TERM FINANCES

	Note	2020	2019
		-----------------Rupees----------------	
Considered good			
Micro finance - secured	12.1	203,321,148	283,951,543
Term finance - secured	12.2	21,500,001	2,475,001
		224,821,149	286,426,544
Considered doubtful			
Micro finance - secured		55,494,210	16,272,615
Agri finance - secured	12.3	4,176,201	4,176,213
		59,670,411	20,448,828
Less: Allowance for potential loan losses		(49,819,243)	(20,448,828)
		9,851,168	-
Less: General provision against micro finance loans	11.8	(1,065,789)	(1,419,762)
		233,606,528	285,006,782

12.1 This represents short-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.01% to 38.41% (2019: 19.71% to 35.08%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

12.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances range from 12.00% to 15.00% (2019: 11.50%) per annum. These finances are recoverable within the remaining maturity period of pledged CODs and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

12.3 This represents short-term finance offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 20.00% (2019: 17.00% to 20.00%) per annum. These are repayable within twelve months (2019: twelve months) and are secured against title documents of immovable property.

	Note	2020	2019
		-----------------Rupees----------------	

13 ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE

		2020	2019
Investments		16,803,344	12,460,687
Term finance		103,950,798	90,337,738
		120,754,142	102,798,425

14 CURRENT MATURITY OF NON-CURRENT ASSETS

	Note	2020	2019
Current maturity of			
Net investment in finance lease	7.2	7,503,453,058	9,151,970,240
Long-term investments	10	-	60,447,812
Long-term finances and loans	11	1,954,838,265	2,221,130,283
		9,458,291,323	11,433,548,335

15 SHORT-TERM INVESTMENTS

	Note	2020	2019
At fair value through profit or loss			
Treasury bills	15.1	777,319,870	380,501,894
Term finance certificates		-	7,500,000
		777,319,870	388,001,894
At fair value through other comprehensive income			
Ordinary shares - unlisted	15.2	26,019,918	13,936,822
Less: allowance for potential losses	39.2	-	7,500,000
		803,339,788	394,438,716

15.1 This includes Rs. 255.64 million investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit and short term investments for management of surplus funds. These are redeemable within a period of 1 to 9 months (2019: 3 months) from the reporting date, carrying yield ranging from 7.14% to 13.29% (2019: 10.80% to 12.74%) per annum.

15.2 This includes shares of LSE Financial Services Limited. The Company holds 843,975 (2019: 843,975) number of shares with a face value of Rs. 10 each. These includes 506,385 (60%) shares which are required to be held separately in a blocked account with Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with the members while the voting rights attached to these shares are suspended.

15.2.1 As at June 30, 2020, the fair value of LSE Financial Services Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 19.39 million (2019: Rs 8.44 million) and Rs 6.62 million (2019: Rs. 5.50 million) respectively. The Company has received dividend amounting to Rs. 0.67 million (2019: Rs. 0.42 million) from LSE Financial Services Limited.

		Note	2020	2019
			----------------Rupees----------------	
16	**ADVANCES AND PREPAYMENTS**			
	Advances - unsecured		3,762,502	4,159,297
	Prepayments			
	Rent		1,458,555	16,340,994
	Others		13,090,352	19,909,937
			14,548,907	36,250,931
			18,311,409	40,410,228
17	**OTHER RECEIVABLES**			
	Considered good			
	Operating lease assets rentals		-	5,065,279
	Ijarah finance rentals		63,824,651	24,928,679
	Others		16,408,403	2,893,389
			80,233,054	32,887,347
	Considered doubtful			
	Operating lease assets rentals		5,354,597	2,522,518
	Ijarah finance rentals		15,228,990	16,609,323
	Others		1,738,164	2,142,914
			22,321,751	21,274,755
	Less: allowance for potential losses	39.2	22,321,751	21,274,755
			80,233,054	32,887,347

17.1 This includes receivable from Saudi ORIX Leasing Company (a related party) and ORIX Corporation, Japan (a related party) amounting to Rs 9.70 million (2019: Rs 0.75 million) and Rs 0.76 million (2019: payable of Rs 0.09 million) respectively.

		Note	2020	2019
18	**CASH AND BANK BALANCES**		----------------Rupees----------------	
	Cash in hand		1,743,970	1,714,710
	Balances with banks in:			
	- Current accounts		155,619,204	166,377,433
	- Deposit accounts	18.1	50,547,723	6,221,280
			206,166,927	172,598,713
			207,910,897	174,313,423

18.1 These carry profit rates ranging from 2.75% to 6.75% per annum (2019: 3.00% to 10.30% per annum).

18.2 During the year, the Company has opened a bank account for the purpose of maintaining separately unclaimed dividend amount and has transferred the total amount of unclaimed dividend to this account.

19 ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2020	2019
		-----------------Rupees----------------	
Repossessed assets	19.1	6,321,189	29,370,226
Investment in associated undertaking			
- OPP (Private) Limited	19.2	87,754,399	87,754,399
- SAMA Finance SAE (SAMA)	19.3	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		270,818,625	293,867,662

19.1 This represents repossessed assets consisting of vehicles, machinery and other equipment previously leased out to customers. The Company intends to dispose of these assets to recover the balance amount outstanding against such leases.

19.2 The Company holds 45% (2019: 45%) ownership interest in OPP (Private) Limited. During 2014, the Board of Directors of the Company approved divestment of the Company's entire investment in OPP.

The sales negotiations for disposal of investment in OPP were held with a minority shareholder of OPP and a Share Purchase Agreement (SPA) was signed by all the parties in July 2014. However, the minority shareholder had failed to comply with the terms of the SPA and initiated legal proceedings to restrict the Company in managing the affairs of OPP. The Company has also filed a reference in the Lahore High Court to allow the Company to buy out the minority stakeholder in OPP or to wind up OPP which is pending to date.

19.3 The Company holds 23% (2019: 23%) ownership interest in SAMA. The Board of Directors in their meeting held in February 2019 approved divestment of the Company's investment in SAMA. In pursuance of the above, the Company intends to dispose of its investment in SAMA.

The sale negotiations for disposal of SAMA were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019.

The process of disposal is expected to be completed before December 2020 with agreed terms and conditions, subject to necessary regulatory approvals.

20 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
-------(Number of Shares)-------			--------------Rupees-------------	
		Ordinary shares of Rs. 10 each		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
58,386,847	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
167,054,902	167,054,902		1,670,549,020	1,670,549,020

20.1 As at June 30, 2020, ORIX Corporation, Japan and its nominees held 82,819,539 (2019: 82,819,539) ordinary shares equivalent to 49.58% (2019: 49.58%) of the total shareholding.

21 SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAX

	Note	2020	2019
		-----------------Rupees----------------	
Opening balance		310,980,411	318,755,783
Revaluation surplus arising during the year	5.1.1	580,682,163	-
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(7,775,364)	(7,775,372)
		883,887,210	310,980,411
Opening balance of deferred tax liability		(8,083,306)	(9,029,958)
Deferred tax liability on surplus on revaluation of office building arising during the year		(14,232,056)	-
Adjustment on transfer of incremental depreciation to unappropriated profit		946,644	946,652
	24	(21,368,718)	(8,083,306)
		862,518,492	302,897,105

22 LONG-TERM FINANCES

	Note	2020	2019
Secured			
Long-term finances utilised under mark-up arrangements - financial institutions	22.1	8,283,333,329	10,058,035,712
Less: Unamortised transaction cost		963,267	4,164,059
Less: Current maturity	31	3,702,777,778	3,743,452,384
		3,703,741,045	3,747,616,443
		4,579,592,284	6,310,419,269

22.1 The Company has unutilised long term finance facilities of Rs. 1,000 million as at June 30, 2020 (2019: Rs. 2,000 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables and financing receivables. The mark-up rates thereon range from 8.00% to 14.77% (2019: 11.05% to 14.09%) per annum. These finances are repayable within a period of 36 to 60 months (2019: 36 to 60 months).

23 LONG-TERM CERTIFICATES OF DEPOSIT

	Note	2020	2019
		-----------------Rupees----------------	
Unsecured			
Certificates of deposit	23.1	3,360,463,182	3,564,035,162
Less: Current maturity	31	730,730,413	744,337,744
		2,629,732,769	2,819,697,418

23.1 These certificates of deposit have been obtained for financing of operations and issued at rate of return ranging from 7.00% to 13.15% (2019: 6.50% to 12.82%) per annum and issued for terms ranging from 3 years to 10 years (2019: 2 years to 10 years).

		Note	2020	2019
24	**DEFERRED TAXATION**		----------------Rupees----------------	

The deferred tax liability is attributable to the following items:

	Note	2020	2019
- Accelerated tax depreciation		699,255,839	834,490,876
- Right-of-use asset		(3,385,000)	-
- Surplus on revaluation of office building	21	21,368,718	8,083,306
- Unamortised transaction costs relating to long term finances and loans		279,348	1,207,577
- Investments		138,799,235	180,638,909
- Allowance for potential lease, loan and other losses		(340,811,227)	(250,285,187)
- Alternative corporate tax		-	(74,594,718)
		515,506,913	699,540,763

24.1 The movement in deferred tax during the year is as follows:

	Note	2020	2019
Opening		699,540,763	480,597,549
(Reversal) / charge to the unconsolidated statement of profit or loss	42	(164,611,732)	176,186,186
(Reversal) / charge to the unconsolidated statement of profit or loss and other comprehensive income		(19,422,118)	42,757,028
Closing		515,506,913	699,540,763

25 OTHER LONG-TERM LIABILITIES

	Note	2020	2019
Profit on certificates of deposit	25.1	197,559,646	164,902,777
Lease liability against right-of-use asset		90,218,131	-
		287,777,777	164,902,777

25.1 This represents accrued profit on Certificates of Deposit payable on maturity.

26 DEFINED BENEFIT PLAN ASSET - STAFF GRATUITY

26.1 General description

The Company operates a funded gratuity scheme which was established under the provisions of the Trust Deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2020 using the Projected Unit Credit Method.

26.2 Principal actuarial assumptions	2020	2019
- Discount rate	8.50%	14.25%
- Expected rate of increase in salary for first year	2.00%	14.25%
- Expected rate of increase in salary for second year	2.00%	14.25%
- Expected rate of increase in salary for third year and onwards	8.50%	14.25%
- Expected rate of return on plan assets	8.50%	14.25%
- Average service years	11.45	10.57

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the SLIC (2001 - 2005) -1 ultimate mortality tables rated down one year.

26.3 The amount recognised in the unconsolidated statement of financial position is as follows:

	Note	2020	2019
		-----------------Rupees----------------	
Present value of defined benefit obligation	26.4	202,888,717	208,381,881
Fair value of plan assets	26.4	(242,152,664)	(217,190,125)
		(39,263,947)	(8,808,244)

26.4 The movement in the defined benefit obligation over the year is as follows:

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net asset
	------------------------- Rupees -------------------------		
At July 1	208,381,885	(217,190,129)	(8,808,244)
Current service cost	20,499,285	-	20,499,285
Interest expense / (income)	29,551,421	(30,841,979)	(1,290,558)
	258,432,591	(248,032,108)	10,400,483
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	8,012,246	8,012,246
- Experience gain	(40,068,679)	-	(40,068,679)
	(40,068,679)	8,012,246	(32,056,433)
	218,363,912	(240,019,862)	(21,655,950)
Contributions made	-	(17,607,997)	(17,607,997)
Benefits paid	(14,674,985)	15,403,305	728,320
Benefits payable to outgoing members	(800,210)	71,890	(728,320)
At June 30	202,888,717	(242,152,664)	(39,263,947)

	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	------------------------- Rupees -------------------------		
At July 1	197,700,484	(177,730,800)	19,969,684
Current service cost	18,939,030	-	18,939,030
Interest expense / (income)	17,766,951	(16,130,369)	1,636,582
	234,406,465	(193,861,169)	40,545,296
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(5,632,814)	(5,632,814)
- Experience losses	(3,175,430)	-	(3,175,430)
	(3,175,430)	(5,632,814)	(8,808,244)
	231,231,035	(199,493,983)	31,737,052
Contributions made	-	(40,545,296)	(40,545,296)
Benefits paid	(21,977,050)	22,736,472	759,422
Benefits payable to outgoing members	(872,100)	112,678	(759,422)
At June 30	208,381,885	(217,190,129)	(8,808,244)

26.5 The amount recognised in the unconsolidated statement of profit or loss is as follows:

	2020	2019
	-----------------Rupees----------------	
Current service cost	20,499,285	18,939,030
Interest expense	(1,290,558)	1,636,582
	19,208,727	20,575,612

26.6 The plan assets and defined benefit obligations are based in Pakistan.

26.7 Plan assets consist of the following:

	2020 (Un-audited)		2019 (Audited)	
	(Rupees)	**%**	(Rupees)	%
Government securities	236,686,193	97.74%	210,640,628	96.98%
Cash and bank balances and others	5,466,471	2.26%	6,549,501	3.02%
	242,152,664	100.00%	217,190,129	100.00%

26.8 Historical results

	2020	2019	2018	2017	2016
	------ Rupees ------				
Present value of defined benefit obligation	202,888,717	208,381,885	197,700,484	170,252,664	156,681,763
Fair value of plan assets	(242,152,664)	(217,190,129)	(177,730,800)	(153,738,644)	(155,218,531)
(Surplus) / deficit	(39,263,947)	(8,808,244)	19,969,684	16,514,020	1,463,232
Remeasurement of plan liabilities	(40,068,679)	(3,175,430)	19,345,982	9,530,886	2,990,578
Remeasurement of plan assets	8,012,246	(5,632,814)	623,703	6,983,136	(1,238,531)

26.9 Actual return on plan assets during the year amounted to Rs. 22.8 million.

26.10 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 14.8 million in respect of contribution to gratuity fund in the unconsolidated financial statements for the year ending June 30, 2021.

26.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service / age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

26.12 The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		-----------------Rupees----------------	
Discount rate	1.0%	186,849,142	219,598,747
Salary growth rate	1.0%	216,536,915	189,217,546

The above sensitivity analysis are based on a change in assumption by 1% while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the unconsolidated statement of financial position.

26.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	12,878,684	8,029,016	41,133,190	26,219,240	37,109,631	151,063,151

26.14 The weighted average duration of the defined benefit obligation is 8.06 years.

26.15 The information provided in notes 26.1 to 26.14 has been obtained from the details provided by the actuary of the Company.

27 TRADE AND OTHER PAYABLES

	2020	2019
	-----------------Rupees----------------	
Creditors	97,949,767	619,833,517
Accrued liabilities	109,219,737	140,946,919
Other liabilities		
Advance from customers against finance lease and Ijarah finance	7,156,564	14,080,899
Sales tax payable	2,129,755	2,117,636
Federal Excise Duty payable	865,619	1,006,305
Insurance premium payable	53,372,212	63,939,518
Provision for Provincial Workers' Welfare Fund	33,989,425	9,975,000
Payable to minority shareholders of Standard Chartered Leasing Limited	14,841,494	14,868,986
Others	42,717,152	42,548,258
	155,072,221	148,536,602
	362,241,725	909,317,038

		Note	2020	2019
28	**ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT**			
			------Rupees------	
	Interest / mark-up / profit on			
	Long-term finances		225,225,837	216,402,777
	Short-term borrowings		9,048,268	27,203,036
	Certificates of deposit		79,903,117	79,974,272
			314,177,222	323,580,085

		Note	2020	2019
29	**SHORT-TERM BORROWINGS**			
	From banking companies - secured			
	Running finance arrangements	29.1	171,304,003	1,082,642,374
	Short term loans		-	250,000,000
			171,304,003	1,332,642,374

29.1 This represents short-term running finance facilities available from commercial banks for financing of operations with limits aggregating to Rs. 3,010 million as at June 30, 2020 (2019: Rs. 2,800 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 8.81% to 14.86% (2019: 11.59% to 13.80%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

		Note	2020	2019
30	**SHORT-TERM CERTIFICATES OF DEPOSIT**		------Rupees------	
	Unsecured			
	Short-term certificates of deposit	30.1	976,692,124	627,510,247
	Payable to holders of matured certificates of deposits		70,119,911	67,926,091
			1,046,812,035	695,436,338

30.1 These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 6.50% to 12.30% (2019: 6% to 11.00%) per annum, for a term upto 12 months (2019: 12 months).

		Note	2020	2019
			------Rupees------	
31	**CURRENT MATURITY OF NON-CURRENT LIABILITIES**			
	Current maturity of:			
	Long-term finances	22	3,702,777,778	3,743,452,384
	Lease liability against right-of-use asset		29,736,282	-
	Long-term certificates of deposit	23	730,730,413	744,337,744
			4,463,244,473	4,487,790,128

32 CONTINGENCIES AND COMMITMENTS

32.1.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Company. The Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A which is pending adjudication.

Based on tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.2 During 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Company has obtained a stay against recovery of demand from the Sindh High Court (SHC) until adjudication of the appeal by ATIR.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity - for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million was added to income. In appeals with the ATIR, the addition was maintained. SCLL filed a rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these unconsolidated financial statements in this respect as the management is of the view that the same will be allowed.

32.1.4 The ACIR passed amended assessment order under section 122(5A) of the Ordinance for the tax years 2015 to 2018 where demands in aggregate of Rs. 3,229 million were raised. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. In tax years 2015 and 2016, the issue of determination of the levy of minimum tax has also been raised. The Company had been granted stay against recovery of both these demands from the SHC.

The Company preferred appeals against these amended assessment orders before the CIR-A and for all these years, on January 8, 2020 CIR-A has disposed off certain matters whereas certain matters were remanded back with specific directions to the Officer. The Company as well as the income tax department have filed appeals before the ATIR on the matters which have not been decided in their favour by the CIR-A and these are pending for adjudication.

Additionally on October 3, 2019, the ACIR rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created an additional demand of Rs. 290 million after taking into account the amended amount of brought forward tax losses. The Company preferred separate appeal against this order before the CIR-A which was disposed off vide appellate order dated March 18, 2020 as 'not pressed' in view of the combined appellate order dated January 8, 2020, disposing off the appeals of the earlier years. Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.5 The Company by way of the amendment notices and the orders under section 122(5A) of the Ordinance was charged with the levy of super tax under section 4B of the Ordinance for the years 2015 to 2018. The Company's legal advisor is of the opinion that levy of super tax is unlawful and leading to double taxation. Accordingly in January 2019, the Company had filed constitutional petitions before the SHC challenging the levy of super tax. Subsequent to the year end, on July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful and its an additional tax, not a double tax. This matter was also challenged in appeal before CIR-A and after being maintained it has also been taken up before the ATIR in the years 2015 to 2018. This levy has been considered in light of the position emerging after the appellate order of the CIR -A and it is expected not to have effect in the tax years 2015 and 2016 in light of the available losses.

The company has evaluated its position in relation to the tax years 2015 to 2018 with the legal advisors and filed the petitions in Supreme Court for respective tax year dated September 12, 2020. For tax year 2019, the Company considers it appropriate to challenge the levy in the appellate process.

The Company has already made a provision in respective tax years 2016 to 2019 amounting to Rs. 145 million against super tax.

32.1.6 In March 2019, the DCIR issued a show cause notice to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarter ended March 2019 and additionally demanded Rs. 259.4 million. The Company's tax advisors are of the opinion that the estimate filed by the Company is in accordance with the law and accordingly the Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed stay order restricting the FBR from taking any coercive measures against the Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.7 In September 2019, the DCIR issued another show cause notice to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarter ended September 30, 2019 and additionally demanded Rs. 117.2 million. The Company's tax advisors are of the opinion that the estimate filed by the Company is in accordance with the law and accordingly the Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting the FBR from taking any coercive measures against the Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.8 In 2019, the Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Company had filed suits against the show cause notices relating to the years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained a stay order restricting SRB from taking any coercive measures against the Company. In 2019, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. For financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Company and created a demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.9 During 2017, the Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.1.10 During 2018, the Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Company until further orders of SHC.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these unconsolidated financial statements.

32.2 Leases committed but not executed at the reporting date amounted to Rs. 9.01 million (2019: Rs. 82.07 million).

32.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 5.65 million (2019: Rs. 15.75 million).

33 INCOME FROM OPERATING LEASE

	2020	2019
	Rupees	
Operating lease assets	4,836,819	24,073,065
Ijarah finance	184,378,071	208,201,186
	189,214,890	232,274,251

34 OTHER INCOME - NET

	2020	2019
Income from financial assets		
Return on investments and deposits	436,816	437,320
Interest income on government securities	75,795,233	64,768,133
Dividend income	12,021,063	11,767,871
Gain on sale of investments - net	9,408,704	-
Unrealised gain on remeasurement of financial assets at fair value through profit or loss - net	4,098,900	214,403
	101,760,716	77,187,727
Income from other than financial assets		
Fees and other income	180,724,809	113,896,038
Documentation fee	23,744,380	37,322,044
Gain on disposal of fixed assets	573,432	1,442,756
Gain on sale of leased assets	52,146,536	41,740,649
Other exchange gain - net	173,884	1,364,185
	257,363,041	195,765,672
	359,123,757	272,953,399

35 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

Names of associate	2020		2019	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
Un-quoted - related party				
Saudi ORIX Leasing Company	1,157,528,120	28,938,203	2,026,854,960	50,671,374

36 FINANCE COST

	2020	2019
	Rupees	
Interest / mark-up / profit on:		
- Long-term finances	1,277,170,805	989,124,404
- Short-term borrowings	88,021,058	127,637,881
- Certificates of deposit	449,934,463	403,453,331
- Lease liability against right-of-use asset	16,430,165	-
Amortisation of transaction cost	3,200,792	7,331,729
Bank charges and commission	10,288,460	14,768,188
	1,845,045,743	1,542,315,533

		Note	2020	2019
37	**ADMINISTRATIVE AND GENERAL EXPENSES**		-----------------Rupees-----------------	
	Salaries, allowances, welfare and training	37.1	833,757,606	853,266,557
	Rent and utilities		73,215,059	102,986,792
	Travelling		3,761,368	7,728,469
	Vehicle running and maintenance		12,658,907	13,358,235
	Insurance on operating assets		5,055,935	5,244,656
	Legal and professional charges		18,999,082	23,353,623
	Communication		18,563,293	20,599,884
	Subscriptions		7,058,171	6,675,157
	Auditors' remuneration	37.2	4,781,970	3,504,000
	Advertising		4,383,444	7,720,704
	Printing and stationery		7,208,257	9,795,964
	Depreciation	5.1 & 5.4	78,330,331	54,364,333
	Amortisation	6.1	10,603,023	12,151,933
	Office repairs and maintenance of equipment		39,717,969	48,873,524
	Donations	37.3	10,245,000	10,050,000
	Office general expenses		7,441,420	8,502,824
			1,135,780,835	1,188,176,655

37.1 This includes expenses in relation to the following employee benefits:

	Note	2020	2019
Defined benefit plan - gratuity fund	26.5	19,208,727	20,575,612
Defined contribution plan - provident fund		30,685,620	30,421,673
Compensated absences		3,034,009	10,726,332
		52,928,356	61,723,617

37.2 Auditors' remuneration

	2020	2019
Annual audit fee	1,700,000	1,700,000
Half yearly review fee	300,000	300,000
Other services and certifications	2,220,947	1,090,000
Sales tax on audit fee and other services	337,676	247,200
Out of pocket expenses	223,347	166,800
	4,781,970	3,504,000

37.3 Donations above 10% of total donation or Rs. 1,000,000 which ever is higher

	Note	2020	2019
The Citizens Foundation		2,800,000	2,900,000
The Layton Rahmatullah Benevolent Trust (LRBT)	37.3.1	1,000,000	1,250,000
The Indus Hospital	37.3.2	1,000,000	1,000,000
		4,800,000	5,150,000

37.3.1 A director of the Company is a director of LRBT.

37.3.2 A director of the Company is a director of The Indus Hospital.

38 DIRECT COST

	Note	2020	2019
		-----------------Rupees-----------------	
Court fee, stamp duty and others		3,513,630	5,465,400
Operating lease and Ijarah finance			
Maintenance and insurance cost		14,040,686	15,676,806
Depreciation - operating lease assets	5.2	10,102,272	10,166,556
Depreciation - ijarah finance	5.3	129,986,407	151,940,139
		154,129,365	177,783,501
		157,642,995	183,248,901

39 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

2020

	Finance lease	Finances and loans (note 39.1)	Sub-total	Operating lease, investments and other receivables (note 39.2)	Total
	----------------	----------------	Rupees	----------------	----------------
Balance at the beginning of the year	669,018,735	172,758,870	841,777,605	28,774,755	870,552,360
Provision charge during the year	486,198,425	81,459,224	567,657,649	2,922,083	570,579,732
Reversal made during the year	(216,815,627)	(39,376,532)	(256,192,159)	(6,137,004)	(262,329,163)
	269,382,798	42,082,692	311,465,490	(3,214,921)	308,250,569
Write-offs	(2,494,488)	-	(2,494,488)	(3,238,083)	(5,732,571)
Balance at the end of the year	935,907,045	214,841,562	1,150,748,607	22,321,751	1,173,070,358

2019

	Finance leases	Finances and loans (note 39.1)	Sub-total	Operating lease, investments and other receivables (note 39.2)	Total
	----------------	----------------	Rupees	----------------	----------------
Balance at the beginning of the year	924,124,734	385,555,673	1,309,680,407	74,150,589	1,383,830,996
Provision charge during the year	80,006,784	25,339,776	105,346,560	-	105,346,560
Reversal made during the year	(265,183,039)	(30,685,616)	(295,868,655)	(2,296,745)	(298,165,400)
	(185,176,255)	(5,345,840)	(190,522,095)	(2,296,745)	(192,818,840)
Write-offs	(69,929,744)	(207,450,963)	(277,380,707)	(43,079,089)	(320,459,796)
Balance at the end of the year	669,018,735	172,758,870	841,777,605	28,774,755	870,552,360

39.1 Provision against finances and loans

	Note	2020	2019
		-----------------Rupees-----------------	
Long-term finances and loans	11	163,956,530	150,890,280
Short-term finances	12	50,885,032	21,868,590
		214,841,562	172,758,870

39.2 Provision against operating lease, investments and other receivables	Note	2020	2019
		Rupees	
Other receivables	17	22,321,751	21,274,755
Short-term investments	15	-	7,500,000
		22,321,751	28,774,755

40 OTHER PROVISIONS / (REVERSALS) - NET

	Note	2020	2019
Operating lease, investments and other receivables			
Reversal of provision against other receivables		(1,834,589)	(80,871)
Reversal of provision against Ijarah receivables		(1,380,332)	(2,215,874)
		(3,214,921)	(2,296,745)
Others			
Provision for Workers' Welfare Fund	40.1	24,999,970	-
(Reversal of impairment) / impairment of assets classified as 'held for sale'		(8,984,240)	11,124,984
		12,800,809	8,828,239

40.1 The Government of Punjab, on December 13, 2019, has promulgated the Punjab Workers Welfare Fund Act, 2019 (PWWF Act) whereby every establishment is required to pay to the fund in accordance with certain conditions. Accordingly, a provision of Rs. 25 million has been recorded in these unconsolidated financial statements.

41 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

41.1 The aggregate amount charged in the unconsolidated financial statements for the year in respect of the remuneration and benefits to the Chief Executive and executives is as follows:

	2020		
	Chief Executive	Executives	Total
	Rupees		
Managerial remuneration and other perquisites	34,957,248	215,954,649	250,911,897
House rent and utilities	9,620,820	50,435,221	60,056,041
Retirement benefits	3,274,560	15,129,390	18,403,950
	47,852,628	281,519,260	329,371,888
Number of persons	1	48	49

	2019		
	Chief Executive	Executives	Total
	Rupees		
Managerial remuneration and other perquisites	34,957,248	204,864,714	239,821,962
House rent and utilities	9,620,820	48,135,797	57,756,617
Retirement benefits	3,464,536	15,235,384	18,699,920
	48,042,604	268,235,895	316,278,499
Number of persons	1	46	47

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

41.3 The Chief Executive and certain executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company's HR policy.

41.4 The aggregate amount charged in these unconsolidated financial statements for meeting fees paid to 4 non-executive directors (2019: 4) amounts to Rs. 3.6 million (2019: Rs. 4.8 million). This includes fee paid to the Chairman of the Board of Directors amounting to Rs. 0.7 million (2019: Rs. 1 million).

42 TAXATION

	2020	2019
	----------------Rupees----------------	
Current tax	436,565,030	249,526,655
Prior year tax	(663,811)	(431,072)
Deferred tax	(164,611,732)	176,186,186
	271,289,487	425,281,769

42.1 Effective tax rate reconciliation

42.1.1 Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2020 is as follows. Reconciliation of corresponding year June 30, 2019 has not been presented as provision of income tax was made under the provisions of Alternative Corporate Tax under section 113C of the Income Tax Ordinance, 2001.

	2020 (Effective tax rate) (%)	2020 Rupees
Profit before taxation		973,511,077
Tax at enacted tax rate	29.00	282,318,212
Tax effect of income subject to final tax regime	(0.91)	(8,824,210)
Tax effect of income subject to lower tax rate	(0.14)	(1,317,219)
Prior year	(0.07)	(663,811)
Tax effect of rebates/credits	(0.08)	(768,443)
Others	0.06	544,958
	27.86	271,289,487

42.2 Current status of pending tax assessments

Tax Year 1999 to 2000

In the assessment year 1999-2000 the Officer Inland Revenue (OIR) had revised the income tax assessment order of the Company under Section 221 of the Ordinance. The Company had preferred an appeal against the order of the OIR before the Commissioner Inland Revenue [CIR(A)] who confirmed the treatment of the OIR. The Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR while deciding the appeal filed by the Company, has remanded back the appellate order dated December 12, 2005 to the CIR(A) to pass speaking order after considering all the relevant facts of the case. The case is still pending adjudication, however, as a matter of prudence, the Company has made adequate provision in respect of the disallowances.

Tax Year 2010 to 2019

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2019. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017 and 2018.

Tax Year 2010, 2011, 2014, 2017 and 2018

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in notes 32.1.1, 32.1.2, 32.1.5 and 32.1.6.

43 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2020	2019
		----------------Rupees----------------	
Profit before taxation		973,511,077	1,447,798,732
Adjustments for			
Depreciation	5.1, 5.2, 5.3 & 5.4	218,419,010	216,471,028
Amortisation	6.1	10,603,023	12,151,933
Amortisation of transaction cost	36	3,200,792	7,331,729
Provision / (reversal) for potential lease and other loan losses - net	39	311,465,490	(190,522,095)
Reversal of provision against Ijarah receivable	40	(1,380,332)	(2,215,874)
(Reversal of impairment) / impairment of assets classified as ‘held for sale’	40	(8,984,240)	11,124,984
Reversal of provision against other receivables	40	(1,834,589)	(80,871)
Gain on sale of investments - net	34	(9,408,704)	-
Share of profit of associate under equity accounting	35	(28,938,203)	(50,671,374)
Other exchange gain - net	34	(173,884)	(1,364,185)
Charge for defined benefit plan - gratuity fund	37.1	19,208,727	20,575,612
Capital work in progress reclassified to repair and maintenance		345,889	34,310
Unrealised gain on remeasurement of financial assets at fair value through profit or loss - net	34	(4,098,900)	(214,403)
Finance cost including bank charges	36	1,391,910,488	1,131,530,473
Profit on certificates of deposit	36	449,934,463	403,453,331
Dividend income	34	(12,021,063)	(11,767,871)
Return on investments and deposits	34	(436,816)	(437,320)
Interest income on government securities	34	(75,795,233)	(64,768,133)
Provision for Workers Welfare Fund		24,999,970	-
Gain on disposal of fixed assets	34	(573,432)	(1,442,756)
		2,286,442,456	1,479,188,518
		3,259,953,533	2,926,987,250

44 CASH AND CASH EQUIVALENTS

Cash at bank	18	206,166,927	172,598,713
Cash in hand	18	1,743,970	1,714,710
Short-term running finance facilities	29	(171,304,003)	(1,082,642,374)
		36,606,894	(908,328,951)

44.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020						
	Short term loans	Certificates of deposit	Long term finances	Unclaimed dividend	Share capital	Share premium	Total
	---- Rupees ----						
Balance as at July 01, 2019	250,000,000	4,259,471,500	10,058,035,712	22,561,209	1,670,549,020	1,585,210,523	17,845,827,964
Changes from financing cash flows							
Repayment	(250,000,000)	(732,401,028)	(3,774,702,383)	-	-	-	(4,757,103,411)
Proceeds received	-	880,204,745	2,000,000,000	-	-	-	2,880,204,745
Dividend paid	-	-	-	(956,225,485)	-	-	(956,225,485)
Total changes from financing activities	(250,000,000)	147,803,717	(1,774,702,383)	(956,225,485)	-	-	(2,833,124,151)
Other changes							
Bonus shares	-	-	-	-	-	-	-
Dividend Declared	-	-	-	960,565,687	-	-	960,565,687
Total other changes	-	-	-	960,565,687	-	-	960,565,687
Balance as at June 30, 2020	-	4,407,275,217	8,283,333,329	26,901,411	1,670,549,020	1,585,210,523	15,973,269,500

45 SEGMENT INFORMATION

The Company has four primary reporting segments namely, ‘Finance lease’, ‘Finances & Loans ‘, ‘Islamic Finance ‘ and ‘Operating lease’, based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long-term leases of movable assets to corporate entities and individuals. Finances and loans are primarily extended to corporate entities and individuals for purchase of saloon vehicles. This segment also includes micro finance which primarily represents group / community based lending to the under-privileged community. Under the operating lease segment, the Company provides equipment on short-term rentals to corporate entities. Islamic Finance includes Ijarah and Diminishing Musharika to corporate entities and individuals. Other operations, which do not fall into the above segment categories and are not deemed by the management to be sufficiently significant to disclose as separate items, are reported under ‘Investment in subsidiaries, associates, and others’.

45.1 Segment analysis is given below:

	2020					
	Finance lease	**Finances and loans**	**Operating lease**	**Islamic Finance**	**Investment in subsidiaries, associates & others**	**Total**
	------- Rupees -------					
Segment revenues	3,150,083,120	940,421,598	4,853,819	184,521,642	156,366,770	4,436,246,949
Finance cost	1,267,075,500	357,002,303	10,716,940	31,830,235	178,420,765	1,845,045,743
Administrative and general expenses	866,945,266	230,001,049	24,978,947	13,855,573	-	1,135,780,835
Direct cost of leases	14,104,326	752,643	12,732,514	130,053,512	-	157,642,995
(Reversal) / provision - net	269,382,798	42,082,692	2,832,078	(1,380,332)	11,349,063	324,266,299
Segment results	732,575,230	310,582,911	(46,406,660)	10,162,654	(33,403,058)	973,511,077
Provision for taxation						(271,289,487)
Profit for the year						702,221,590
Other information						
Segment assets	13,487,202,621	4,418,317,624	134,373,122	404,511,902	2,987,044,266	21,431,449,535
Unallocated assets						1,567,354,255
Total assets						22,998,803,790
Segment liabilities	52,771,236	9,539,048	7,190,967	134,490	-	69,635,741
Unallocated liabilities						14,695,430,709
Total liabilities						14,765,066,450
Capital expenditure	-	-	-	9,450,000	-	9,450,000
Depreciation	-	-	10,102,272	129,986,407	-	140,088,679
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-		-	42,329,449
Additions made to intangible assets	-	-	-		-	1,759,269
Unallocated depreciation and amortisation	-	-	-		-	88,933,354

	2019					
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in subsidiaries, associates & others	Total
	Rupees					
Segment revenues	2,957,342,895	800,995,373	39,340,405	208,454,954	173,712,338	4,179,845,965
Finance cost	1,059,172,985	298,425,149	8,958,499	26,607,511	149,151,389	1,542,315,533
Administrative and general expenses	904,112,492	239,365,924	30,109,806	14,588,433	-	1,188,176,655
Direct cost of leases	12,394,657	1,170,726	17,638,998	152,044,520	-	183,248,901
Provisions / (reversal) - net	(185,176,259)	(5,345,836)	1,462,704	(2,215,865)	9,581,400	(181,693,856)
Segment result	1,166,839,020	267,379,410	(18,829,602)	17,430,355	14,979,549	1,447,798,732
Provision for taxation						(425,281,769)
Profit for the year						1,022,516,963
Other information						
Segment assets	17,315,954,578	4,614,620,917	144,475,391	461,223,658	2,392,893,694	24,929,168,238
Unallocated assets						1,061,635,671
Total assets						25,990,803,909
Segment liabilities	351,496,511	81,755,834	7,438,261	1,408,638	-	442,099,244
Unallocated liabilities						17,535,615,921
Total liabilities						17,977,715,165
Capital expenditure	-	-	-	-	-	-
Depreciation	-	-	10,166,556	151,940,139	-	162,106,695
Unallocated						
Capital expenditure - Fixed assets for own use	-	-	-		-	109,364,061
Additions made to intangible assets	-	-	-		-	10,467,867
Unallocated depreciation and amortisation	-	-	-		-	66,516,266

45.2 Segment by class of business

An analysis by class of business of the Company's net investment in finance leases and other finances and loans is given below:

Sectors	2020 (Rupees)	2020 %	2019 (Rupees)	2019 %
Individuals	4,307,226,836	22.73%	5,238,438,416	20.48%
Goods Transport	2,829,252,167	14.93%	3,466,130,163	20.15%
Services	1,655,530,820	8.74%	1,605,703,372	8.10%
Distributor	1,541,083,662	8.13%	1,604,156,309	6.67%
Public Transport	1,482,331,553	7.82%	2,237,103,193	6.46%
Textile & Allied	1,171,203,188	6.18%	1,273,010,660	5.75%
Trading	1,085,167,652	5.73%	1,221,815,545	5.66%
Fuel & Energy	867,317,544	4.58%	1,136,424,920	5.46%
Food & Allied	549,023,002	2.90%	549,647,045	3.74%
Glass, Ceramics & Plastic	546,845,813	2.89%	576,737,966	2.93%
Construction	513,603,249	2.71%	684,918,313	2.22%
Steel & Engineering	496,719,988	2.62%	485,223,681	2.19%
Chemical & Pharmaceutical	433,417,908	2.29%	612,646,380	1.85%
Paper, Board & Printing	421,284,693	2.22%	476,076,742	1.82%
Natural Resource & Farming	305,022,461	1.61%	300,626,986	1.73%
Miscellaneous	304,324,917	1.61%	481,645,450	1.59%
Automotive Industry	250,977,921	1.32%	316,884,836	1.56%
Sugar	98,790,896	0.52%	244,371,668	1.10%
Cables, Electric & Electronic Goods	93,193,784	0.47%	141,083,497	0.54%
	18,952,318,054	100.00%	22,652,645,142	100.00%

Reconciliation of the Company's gross net investment in finance leases and other finances and loans is given below:

	2020	2019
	-----------------Rupees----------------	
Net investment in finance leases	14,423,109,666	17,955,603,086
Other finances and loans	4,529,208,388	4,697,042,056
	18,952,318,054	22,652,645,142

45.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 18,952 million (2019: Rs. 22,652 million).

45.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

46 TRANSACTIONS WITH RELATED PARTIES

The Company has related party relationships with its parent company, related group companies, associated companies, staff provident fund, staff gratuity fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

The Company in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes to the unconsolidated financial statements.

46.1 Transactions with related parties during the year are given below:

	Note	2020	2019
		-----------------Rupees----------------	
ORIX Corporation, Japan - Parent Company - 49.58% Holding			
Dividend paid		440,496,423	383,024,136
Saudi ORIX Leasing Company - Associate / common directorship - 2.5% ownership			
Dividend received		50,533,088	14,743,653
Reimbursement of cost		7,613,325	4,152,340
BOD attendance fee received		-	3,768,108
ORIX Modaraba - subsidiary - 20% ownership			
Dividend received		11,345,883	11,345,883
Reimbursement of cost		496,686	504,004
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		30,685,620	30,421,673
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made	26.4	17,607,997	40,545,296
Charity / Donation paid - Common Directorship			
The Indus Hospital		1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust		1,000,000	1,250,000
Other related party transactions during the year			
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		3,600,000	4,800,000
Short-term employee benefits		177,249,098	159,368,467
Retirement benefits		10,122,658	10,833,638
Total compensation to directors and key management personnel		190,971,756	175,002,105

	Note	2020	2019
		-----------------Rupees----------------	
Proceeds from sale of fixed assets		3,296,500	973,300
Staff loans disbursed		13,247,411	4,924,561
Interest recovered on staff loans		2,262,034	1,453,246
Principal recovered on staff loans		23,552,235	9,950,625
Issuance of certificates of deposit		200,000	400,000
Redemption of certificates of deposit		200,000	2,510,000
Amount of profit paid on certificates of deposit		189,998	301,208

46.2 The balances with related parties as at year end:

	Note	2020	2019
Investment in subsidiaries	8	322,374,294	322,374,294
Investment in associate	9	944,087,843	942,321,227
Long-term investment - Al Hail ORIX Finance PSC (net of provision)	10	-	188,177,948
Assets classified as held for sale			
- OPP (Private) Limited	19	87,754,399	87,754,399
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	19	172,043,037	172,043,037
Certificates of deposit held		2,100,000	2,100,000
Accrued profit on certificates of deposit payable		9,628	9,561
Outstanding loans to Key Management Personnel	11.1	20,042,773	23,074,920
Receivable from Saudi ORIX Leasing Company - Associate		9,697,526	754,396
Receivable from / (payable) to ORIX Corporation, Japan - Parent Company		757,140	(92,885)

47 STAFF STRENGTH

	2020	2019
	---------- Number of staff ----------	
Staff strength at the end of the year	487	517
Average number of employees*	500	525

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

48 PROVIDENT FUND RELATED DISCLOSURES

The Company operates a Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2020 (unaudited) and 2019 (audited) respectively:

	2020 Unaudited	2019 Audited
	-----------------Rupees----------------	
Size of the Fund - total assets	546,765,718	449,263,937
Fair value of investments	538,084,827	435,948,955
	------------- Percentage -------------	
Percentage of investments made	98%	97%

The cost of the above investments amounted to Rs. 503.40 million (2019: Rs. 423.47 million).

The break-up of fair value of investments is as follows:

	Unaudited 2020	Audited 2019	Unaudited 2020	Audited 2019
	----------- Percentage -----------		------------- Rupees -------------	
Cash and bank deposits	1.56%	3.00%	8,395,656	12,964,881
Government securities				
- Treasury Bills	48.85%	37.60%	262,844,158	163,840,550
- National Savings Certificates	36.96%	39.70%	198,874,500	173,000,000
- Pakistan Investment Bonds	12.63%	19.80%	67,970,513	86,143,524
	100.00%	100.00%	538,084,827	435,948,955

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

49 FINANCIAL INSTRUMENTS BY CATEGORY

	2020			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	---------- Rupees ----------			
ASSETS				
Net investment in finance lease	13,487,202,621	-	-	13,487,202,621
Long-term investments	442,872,077	-	-	442,872,077
Finances and loans	4,501,115,121	-	-	4,501,115,121
Accrued return on investments and term finance	120,754,142	-	-	120,754,142
Short-term investments	-	777,319,870	26,019,918	803,339,788
Other receivables	80,233,054	-	-	80,233,054
Cash and bank balances	207,910,897	-	-	207,910,897
	18,840,087,912	777,319,870	26,019,918	19,643,427,700

	2020		
	At fair value through profit or loss	At amortised cost	Total
	---------- Rupees ----------		
LIABILITIES			
Term finances	-	8,283,333,329	8,283,333,329
Certificates of deposit	-	4,407,275,217	4,407,275,217
Other long-term liabilities	-	197,559,646	197,559,646
Trade and other payables	-	318,100,362	318,100,362
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	314,177,222	314,177,222
Lease liability against right-of-use asset	-	119,954,413	119,954,413
Unclaimed dividend	-	26,901,411	26,901,411
Short-term borrowings	-	171,304,003	171,304,003
	-	13,838,605,603	13,838,605,603

	2019			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	---------- Rupees ----------			
ASSETS				
Net investment in finance lease	17,286,584,351	-	-	17,286,584,351
Long-term investments	268,623,384	-	188,177,948	456,801,332
Finances and loans	4,713,669,409	-	-	4,713,669,409
Accrued return on investments and term finance	102,798,425	-	-	102,798,425
Short-term investments	-	380,501,894	13,936,822	394,438,716
Other receivables	32,887,347	-	-	32,887,347
Cash and bank balances	174,313,423	-	-	174,313,423
	22,578,876,339	380,501,894	202,114,770	23,161,493,003

	2019		
	At fair value through profit or loss	At amortised cost	Total
	------------------------- Rupees -------------------------		
LIABILITIES			
Term finances	-	10,058,035,712	10,058,035,712
Certificates of deposit	-	4,259,471,500	4,259,471,500
Other long-term liabilities	-	164,902,777	164,902,777
Trade and other payables	-	882,137,198	882,137,198
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	323,580,085	323,580,085
Unclaimed dividend	-	22,561,209	22,561,209
Short-term borrowings	-	1,332,642,374	1,332,642,374
	-	17,043,330,855	17,043,330,855

50 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Company has the overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

50.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

50.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company is exposed to currency risk in US dollar, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, held for sale investments and investment in associates. The Company's exposure to foreign currency transactions is as follows:

	2020	2019
	-----------------Rupees----------------	
Foreign currency bank account	4,735,993	4,537,899
Long-term investments	-	188,177,948
Investment in associate	944,087,843	942,321,227
Assets classified as held for sale	172,043,037	172,043,037

As at June 30, 2020, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies with all other variables held constant, the impact on the total comprehensive income would have been lower / higher by an amount of Rs. 112.1 million (2019: Rs. 130.6 million).

50.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Company has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Company's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	2020							
	Exposed to yield / interest rate risk							Not exposed to yield / profit rate risk
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
		Rupees						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	11.67% - 27.55%	13,487,202,621	913,073,722	1,572,319,740	4,941,883,257	6,059,925,902	-	-
Long-term investments	7.25% - 12.00%	442,872,077	-	-	-	442,872,077	-	-
Finances and loans	4.00% - 38.30%	4,501,115,121	374,303,732	223,623,354	557,559,021	3,345,629,014		-
Accrued return on investments and term finance		120,754,142	-	-	-	-	-	120,754,142
Short-term investments	7.05% - 13.95%	803,339,788	662,877,510	114,442,360	-	-	-	26,019,918
Other receivables		80,233,054	-	-	-	-	-	80,233,054
Cash and bank balances	2.75%-6.75%	207,910,897	50,547,723	-	-	-	-	157,363,174
Total		19,643,427,700	2,000,802,687	1,910,385,454	5,499,442,278	9,848,426,993	-	384,370,288
Financial Liabilities								
Term finances	8.00% - 14.10%	8,283,333,329	394,097,220	692,708,333	2,615,972,222	4,580,555,554	-	-
Certificates of deposit	6.50% - 13.15%	4,407,275,217	272,699,199	327,147,185	1,177,696,064	2,615,532,769	14,200,000	-
Other long-term liabilities		197,559,646	-	-	-	-	-	197,559,646
Trade and other payables		318,100,362	-	-	-	-	-	318,100,362
Accrued interest / mark-up on loans, finances and certificates of deposit		314,177,222	-	-	-	-	-	314,177,222
Lease liability against right-of-use asset		119,954,413	-	-	-	-	-	119,954,413
Unclaimed dividend		26,901,411	-	-	-	-	-	26,901,411
Short-term borrowings	8.93% - 12.19%	171,304,003	171,304,003	-	-	-	-	-
Total		13,838,605,603	838,100,422	1,019,855,518	3,793,668,286	7,196,088,323	14,200,000	976,693,054
On-balance sheet gap (a)		5,804,822,097	1,162,702,265	890,529,936	1,705,773,992	2,652,338,670	(14,200,000)	(592,322,766)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		5,804,822,097	1,162,702,265	890,529,936	1,705,773,992	2,652,338,670	(14,200,000)	
Cumulative interest rate sensitivity gap		5,804,822,097	6,967,524,362	7,858,054,298	9,563,828,290	12,216,166,960	12,201,966,960	

	2019							
	Exposed to yield / interest rate risk							Not exposed to yield / profit rate risk
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
		---------- Rupees ----------						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	9.16% - 27.12%	17,286,584,351	1,400,551,759	1,408,120,148	5,674,279,596	8,803,632,848	-	-
Long-term investments	7.25% - 12.00%	456,801,332	-	60,447,812	-	208,175,572	-	188,177,948
Finances and loans	4.00% - 35.78%	4,713,669,409	318,953,275	431,204,286	1,605,089,221	2,358,422,627	-	-
Accrued return on investments and term finance		102,798,425	-	-	-	-	-	102,798,425
Short-term investments	10.80% - 12.74%	394,438,716	14,931,865	365,570,029	-	-	-	13,936,822
Other receivables		32,887,347	-	-	-	-	-	32,887,347
Cash and bank balances	3.00%-10.30%	174,313,423	6,221,280	-	-	-	-	168,092,143
Total		23,161,493,003	1,740,658,179	2,265,342,275	7,279,368,817	11,370,231,047	-	505,892,685
Financial liabilities								
Term finances	11.05% -14.09%	10,058,035,712	429,017,854	604,166,667	2,710,267,858	6,314,583,333	-	-
Certificates of deposit	6.00% - 12.82%	4,259,471,500	76,679,414	383,211,108	979,883,560	2,703,507,379	116,190,039	-
Other long-term liabilities		164,902,777	-	-	-	-	-	164,902,777
Trade and other payables		882,137,198	-	-	-	-	-	882,137,198
Accrued interest / mark-up on loans, finances and certificates of deposit		323,580,085	-	-	-	-	-	323,580,085
Unclaimed dividend		22,561,209	-	-	-	-	-	22,561,209
Short-term borrowings	8.93% - 12.19%	1,332,642,374	1,332,642,374	-	-	-	-	-
Total		17,043,330,855	1,838,339,642	987,377,775	3,690,151,418	9,018,090,712	116,190,039	1,393,181,269
On-balance sheet gap		6,118,162,148	(97,681,463)	1,277,964,500	3,589,217,399	2,352,140,335	(116,190,039)	(887,288,584)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		6,118,162,148	(97,681,463)	1,277,964,500	3,589,217,399	2,352,140,335	(116,190,039)	
Cumulative interest rate sensitivity gap		6,118,162,148	6,020,480,685	7,298,445,185	10,887,662,584	13,239,802,919	13,123,612,880	

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based long-term leases and finances to various counter parties that expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been higher / lower by Rs. 130.9 million (2019: Rs. 144.8 million).

Furthermore, the Company also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Company to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been lower / higher by Rs. 112.5 million (2019: Rs. 99.8 million).

The Company holds unutilized credit lines with banks amounting in aggregrate to Rs. 3,839 million as at June 30, 2020 as mentioned in the note 22.1 and 29.1.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2020, the Company holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net profit for the year and net assets of the Company would have been higher / lower by Rs. 5.1 million (2019: Rs. 1.8 million).

50.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. As at June 30, 2020 and June 30, 2019, the Company did not hold any listed instruments which exposed it to price risk.

50.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Company has established procedures to manage credit exposure including credit approval limit, credit exposure limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines as well as the requirements of the NBFC Rules and the NBFC Regulations. The Company also manages credit risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Company's policy is to enter into financial instrument contracts by following internal guidelines for approval.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. Significant concentration of the Company's risk assets by class of business, industry sector and geographical region is set out in note 45.

The maximum exposure to credit risk at the reporting date is as follows:

	Carrying value		Maximum exposure	
	2020	2019	2020	2019
	------------------- Rupees -------------------		------------------- Rupees -------------------	
Net investment in finance lease	13,487,202,621	17,286,584,351	13,487,202,621	17,286,584,351
Long-term investments	442,872,077	456,801,332	-	-
Finances and loans	4,501,115,121	4,713,669,409	4,501,115,121	4,713,669,409
Accrued return on investments and term finance	120,754,142	102,798,425	120,754,142	102,798,425
Short-term investments	803,339,788	394,438,716	-	-
Other receivables	80,233,054	32,887,347	80,233,054	32,887,347
Cash and bank balances	207,910,897	174,313,423	206,166,927	172,598,713
	19,643,427,700	23,161,493,003	18,395,471,865	22,308,538,245

Difference in the balance as per the carrying value and maximum exposure is due to the fact that investments in Government securities, equity securities and cash in hand are not exposed to credit risk.

The Company controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Company has established exposure limits for single lessees and industrial sectors. The Company has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of non performing receivables is as follows:

	2020			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	------------------------------------ Rupees ------------------------------------			
Within 90 days	428,168,049	13,989,683	-	442,157,732
91 - 180 days	432,497,343	86,282,978	-	518,780,321
181-365 days	247,124,777	65,289,351	-	312,414,128
Over 1 year	804,804,489	177,874,570	22,321,751	1,005,000,810
	1,912,594,658	343,436,582	22,321,751	2,278,352,991
Less: General and specific provision	935,907,045	214,841,562	22,321,751	1,173,070,358
Net of provision	976,687,613	128,595,020	-	1,105,282,633
Coverage ratio	48.93%	62.56%	100.00%	51.49%

	2019			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	Rupees			
Within 90 days	86,121,951	14,906,340	-	101,028,291
90 - 180 days	242,639,685	56,434,639	438,869	299,513,193
181-365 days	126,300,824	23,860,709	-	150,161,533
Over 1 Year	582,388,748	146,309,605	28,335,886	757,034,239
	1,037,451,208	241,511,293	28,774,755	1,307,737,256
Less: General and specific provision	669,018,735	172,758,870	28,774,755	870,552,360
Net of provision	368,432,473	68,752,423	-	437,184,896
Coverage ratio	64.49%	71.53%	100.00%	66.57%

The credit quality of the Company's bank balances and investment portfolio are assessed with reference to external credit ratings which in all cases are above investment grade rating.

The analysis below summarises the credit rating quality of the Company's bank balances as at June 30, 2020:

Bank balances	2020	2019
	Rupees	
AAA	105,853,576	90,058,044
AA+	55,301,098	40,877,346
AA	37,232,960	38,413,559
AA-	6,322,766	2,087,727
A+	428,636	229,716
A	71,379	-
State Bank of Pakistan	956,512	932,321
	206,166,927	172,598,713

The Company does not hold any other financial assets which are rated.

50.2.1 The Company applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease, micro finance, Ijarah and Musharika finance. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2020 and June 30, 2019 was determined as follows:

Net investment in finance lease

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	Rupees					
Not yet due	0.15%	9,435,828,703	13,712,238	0.01%	13,224,986,431	1,967,376
1-30 days	1.66%	1,206,747,129	20,021,223	0.30%	1,702,580,339	5,114,150
31-90 days	5.07%	2,531,022,705	128,297,070	0.86%	2,568,786,408	22,047,418
91-365 days	29.54%	812,403,148	240,023,435	16.15%	366,544,388	59,182,084
More than 365 days	66.79%	799,301,932	533,853,079	99.30%	584,784,961	580,707,707
Total			935,907,045			669,018,735

Micro finance, Ijarah and Musharika finance

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	Rupees					
Not yet due	0.35%	261,637,664	926,538	0.55%	361,978,688	1,994,851
1-30 days	0.41%	38,025,435	156,599	0.14%	62,258,094	90,005
31-90 days	18.61%	22,982,513	4,278,085	32.45%	7,798,676	2,530,799
91-365 days	67.26%	52,484,086	35,302,454	71.64%	18,540,511	13,282,103
More than 365 days	100.00%	51,699,809	51,699,197	100.00%	35,744,683	35,744,683
Total			92,362,873			53,642,441

For loans and 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. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in determination of ECL.

50.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The table below summarises the Company's financial liabilities into relevant maturity groupings based on the remaining period at the unconsolidated statement of financial position date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

2020

	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	---(Rupees)---				
Term finances	8,283,333,329	9,370,582,534	1,391,587,085	2,956,419,430	5,022,576,019
Certificates of deposit	4,407,275,217	5,609,590,696	588,542,724	1,204,275,565	3,816,772,407
Trade and other payables	318,100,362	342,666,236	342,666,236	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	511,736,868	511,736,868	249,657,308	55,508,590	206,570,970
Lease liability against right of use asset	119,954,413	119,954,413	-	29,736,282	90,218,131
Unclaimed dividend	26,901,411	26,901,411	26,901,411	-	-
Short-term borrowings	171,304,003	171,304,003	171,304,003	-	-
	13,838,605,603	16,152,736,161	2,770,658,767	4,245,939,867	9,136,137,527

2019

	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	---(Rupees)---				
Term finances	10,058,035,712	12,222,149,012	1,392,267,387	3,449,198,272	7,380,683,353
Certificates of deposit	4,259,471,500	5,609,590,696	588,542,724	1,204,275,565	3,816,772,407
Trade and other payables	882,137,198	882,137,198	882,137,198	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	488,482,862	488,482,862	265,482,289	47,120,998	175,879,575
Unclaimed dividend	22,561,209	22,561,209	22,561,209	-	-
Short-term borrowings	1,332,642,374	1,332,642,374	1,332,642,374	-	-
	17,043,330,855	20,557,563,351	4,483,633,181	4,700,594,835	11,373,335,335

50.4 COVID-19 risk management

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown to reduce the spread of pandemic. The lockdown globally impacted the economies and businesses in different facets. In Pakistan, the financial sector encountered an overall increase in credit risk pertaining to their loans and advances portfolio in certain sectors, reduced income due to slowdown in business activity, operational issues such as preventing spread of virus at work place and managing cyber security threat, etc. Subsequent to the financial year-end and before the approval of these unconsolidated financial statements, most of the lockdown restrictions have been lifted by the Government especially related to businesses and their operations. The major aspects of COVID-19 on the Company's risk management policies are discussed below along with measures and controls adopted to mitigate those risks.

50.4.1 Management of credit risk

Similar to the financial relief offered by the State Bank of Pakistan (SBP) to the customers of financial institutions governed by it, the Securities and Exchange Commission of Pakistan (SECP) vide its Circular (the Circular) dated March 31, 2020 allowed NBFCs to defer customers' principal repayments on their finance obligations by up to one year along with relaxing other regulatory criteria related to restructuring / rescheduling of financing limits. As per the Circular, the customers were required to apply by June 30, 2020 to avail the deferment. SECP subsequently extended the deadline for application till September 30, 2020.

The Company has processed all the eligible deferment requests received and agreed with its customers. A total of 273 customers availing finance lease arrangements with aggregate balance of Rs. 3.1 billion, 69 customers availing vehicle finance arrangements with aggregate balance of Rs. 502 million and 1,238 contracts of micro finance arrangements amounting to Rs. 216 million have been allowed deferment as per the treatment prescribed in the Circular. All necessary legal and procedural arrangements were executed to ensure the timely processing of eligible deferment requests. Furthermore, the recovery status and credit risk of financing exposures under both regular and deferred arrangements are being closely monitored amid changing economic and overall situation in the country due to COVID-19.

The Company has further strengthened its credit review procedures after COVID-19 outbreak with respect to granting of fresh credit limits to its customers. In addition, the Company has also reassessed the credit risk of its entire portfolio at the year-end and has downgraded customers at heightened risk levels on a subjective basis.

50.4.2 Liquidity risk

The ever-changing environment amid COVID-19 and the financial deferment did not result in any pressure situation on the Company's liquidity profile and it remained strong. The liquidity position, future cash flows and availability of credit lines are being continuously monitored by the Asset Liability Management Committee (ALCO) of the Company and due precautionary measures are taken where needed. As a result, the Company maintained sufficient liquidity to meet all its financial obligations on timely basis as these became due. The Company conducted various stress testing on its liquidity position and is confident that the liquidity buffer being maintained is sufficient to cater to any adverse movement in cash flow maturity profile.

50.4.3 Operational risk

After the outbreak of COVID-19, the Company has invoked necessary measures to ensure the safety and health of its staff and an uninterrupted service to its customers. These include implementing mandatory adherence to the recommended standard operating procedures within the Company including social distancing among employees, wearing of face masks, improvement to office ventilation, managing control over visitors to the offices and provision of remote working facilities to critical staff, etc. The Company has significantly enhanced monitoring for all cyber security risk from its information security protocols. The remote work capabilities for critical staff have been assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Company has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks. The Management COVID Committee is closely and regularly monitoring the overall compliance with the measures taken in the COVID-19 scenario and is observant to overall evolving situation so as to ensure that the Company and its employees contribute as required socially and meet the expectations of their customers as they would in a normal scenario.

50.4.4 Other impacts / risks

The Company's operations were not significantly disrupted due to the circumstances arising from COVID-19 however, new disbursements under lease and loan arrangements were deliberately curtailed during the last quarter. As a result, management assessed the accounting implications of these developments, including but not limited to provisioning requirements on financing and going concern assumption used for the preparation of these unconsolidated financial statements. The going concern assessment included both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of operations, workforce management and employee health issue) considerations. The management do not foresee any going concern risk in the company and maintained sufficient provision coverage as per accounting and reporting standards.

Management believes that due to COVID-19 the Company's operation, financial position and results have been impacted primarily due to decline in disbursement from April 2020 onwards. The situation has since then improved with the operations reaching the pre COVID-19 levels. The estimated financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses cannot be made with sufficient certainty. Management has made disclosures related to the impact of COVID-19 and its financial risk management addressing the credit risk, liquidity risk and operational risk in the above notes.

51 FAIR VALUE MEASUREMENT

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

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

The fair value of investments classified as "at fair value through profit or loss" and "at fair value through other comprehensive income" are based on active market. The investment in associates are accounted for using the equity method while the subsidiaries have been kept at cost.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the Company's accounting policy.

In the opinion of management, fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

Fair value hierarchy

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

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

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

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

The table below analysis financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2020			
	Level 1	Level 2	Level 3	Total
Financial assets	------------------------------ (Rupees) ------------------------------			
Financial assets at fair value through other comprehensive income				
Ordinary shares - unlisted	-	26,019,918	-	26,019,918
Financial assets at fair value through profit or loss				
Treasury bills	-	777,319,870	-	777,319,870
Non-financial assets				
Fixed assets (Leasehold land and building)	-	-	965,428,358	965,428,358
Total	-	803,339,788	965,428,358	1,768,768,146

	2019			
	Level 1	Level 2	Level 3	Total
Financial assets	------------------------------ (Rupees) ------------------------------			
Financial assets at fair value through other comprehensive income				
Al Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares - unlisted	-	13,936,822	-	13,936,822
Financial assets at fair value through profit or loss				
Treasury bills	-	380,501,894	-	380,501,894
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	396,621,405	396,621,405
Total	-	394,438,716	584,799,353	979,238,069

Item	Valuation approach and input used
Treasury bills	The fair value of Treasury bills is derived using PKRV rates. The PKRV rates are announced by the Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from 8 different pre-defined / approved dealers / brokers.
Fixed assets (leasehold land and office building)	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of unlisted ordinary shares is determined using the Market Value approach.
Long-term investments	Unlisted investment in Al-Hail ORIX Finance PSC are valued by applying the 'Income approach' where expected future returns are discounted at applicable rates using the discounted cash flow (DCF) model. The model takes into account expected future dividend income from Al Hail ORIX Finance PSC discounted at risk rates attributable to this investment.

52 CAPITAL RISK MANAGEMENT

The objective of the Company when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Company manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividend paid to its shareholders or issue new shares.

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and thereafter at the rate of 10%. The Company has maintained and complied with the minimum equity requirement during the current year.

53 EARNINGS PER SHARE - basic and diluted

	2020	2019
Profit for the year after taxation (Rupees)	702,221,590	1,022,516,963
Weighted average number of ordinary shares	167,054,902	167,054,902
Earnings per share - basic and diluted (Rupees)	4.20	6.12

53.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2020 and June 30, 2019 which would have any effect on the earnings per share if the option to convert is exercised.

Notes to and Forming Part of The Unconsolidated Financial Statements

For the year ended June 30, 2020

54 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 29, 2020 proposed a final dividend of Rs. 1.25 per share (2019: Rs. 3.75 per share) for the year ended June 30, 2020, amounting to Rs. 208,818,628 (2019: Rs. 626,455,883) and proposed bonus issue in the ratio of 1 share for every 20 shares held of Rs. 83,527,451 (2019: Nil). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 27, 2020. The unconsolidated Financial Statements for the year ended June 30, 2020 do not include the effect of the appropriation which will be accounted for in the financial statements of the Company for the year ending June 30, 2021.

55 CORRESPONDING FIGURES

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

56 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 29, 2020 by the Board of Directors of the Company.

57 GENERAL

Figures reported in these unconsolidated financial statements have been rounded off to the nearest Rupee unless otherwise stated.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Financial Statements

Directors Report On Consolidated Financial Statements

The Directors of ORIX Leasing Pakistan Limited (OLP) are pleased to present their report together with the audited consolidated financial statements of the Group for the year ended 30 June 2020. The Group comprises of:

- ORIX Leasing Pakistan Limited (OLP) -The Holding Company
- ORIX Modaraba (OM) - Subsidiary Company.
- ORIX Services Pakistan (Private) Limited (OSP) - Subsidiary Company

The Directors' Report giving commentary on the performance of OLP for the year ended 30 June 2020 has been presented separately on page 12, which contains the business review, operational performance of OLP, future prospects and other requisite information on OLP. The contents of the said report shall be read along with this report and shall form an integral part of the Director's Report in terms of section 227 of the Companies Act, 2017 and the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 issued by the Securities and Exchange Commission of Pakistan.

Group Results

The consolidated financial results of the Group are summarized below :

	2020	2019
	---------------Rupees---------------	
Profit before taxation	1,063,200,248	1,530,106,082
Taxation	271,289,487	425,281,769
Profit for the year after taxation	791,910,761	1,104,824,313
Profit attributable to Equity shareholders of the Holding Company	699,772,567	1,016,139,632
Profit attributable to Non-controlling interest	92,138,194	88,684,681
Earnings Per Share – basic and diluted	4.19	6.08
Appropriation: Transferred to statutory reserve	140,444,318	204,503,393

Pattern of Shareholding

The pattern of shareholding and related information as at June 30, 2020 is presented at page 225.

Financial and Operational Performance Based on Consolidated Financial Statements

Consolidated profit after tax of the Group for the year ended June 30, 2020 was Rs. 792 million (2019: Rs. 1,105 million) with the EPS of Rs. 4.19 (2019: Rs. 6.08). Profit from OM amounted to Rs. 127.45 million (2019: Rs. 126.06 million) and loss from OSP amounted to Rs. 5.7 million (2019: loss of 8.7 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 92.1 million (2019: Rs. 88.7 million) out of OM's profit is attributable to non-controlling interest.

On Behalf of the Board.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

September 29, 2020

ڈائریکٹرز کی رپورٹ برائے اشتمالی مالیاتی گوشوارے

اورکس لیزنگ پاکستان لمیٹڈ (او ایل پی) کے ڈائریکٹران بمسرت اپنی رپورٹ معہ گروپ کے آڈٹ شدہ اشتمالی مالیاتی گوشوارے برائے اختتام سال 30جون2020پیش کرتے ہیں۔گروپ میں شامل ہیں:

-	اورکس لیزنگ پاکستان لمیٹڈ(OLP)	ہولڈنگ کمپنی
-	اورکس مضاربہ (ORIXM)	ذیلی کمپنی
-	اورکس سروسز پاکستان (پرائیویٹ)لمیٹڈ(OSP)	ذیلی کمپنی

اختتام سال30جون2020کے لئے اورکس لیزنگ پاکستان لمیٹڈ (او ایل پی) کی کارکردگی کا احاطہ کرتی ڈائریکٹران کی رپورٹ صفحہ نمبر12پر پیش کی گئی ہے۔جس میں کاروبار کا جائزہ، عملیاتی کارکردگی، مستقبل کے امکانات اور ہولڈنگ کمپنی سے متعلق دیگر معلومات شامل ہیں۔مذکورہ بالا رپورٹ کے مندجات کو اس رپورٹ کے ساتھ پڑھا جائے، جو کمپنیز ایکٹ 2017کے سیکشن227اور سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز(کوڈ آف کارپوریٹ گورننس)کے قوائد وضوابط2019کی رو سے ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہیں۔

گروپ کے نتائج:

گروپ کے اشتمالی مالیاتی نتائج مختصراً درج ذیل ہیں

	2020	2019
	------روپے------	
قبل از محصول(ٹیکس) منافع	1,063,200,248	1,530,106,082
محصولات (ٹیکس)	271,289,487	425,281,769
بعد از محصول(ٹیکس)سال کا منافع	791,910,761	1,104,824,313
ہولڈنگ کمپنی کے ایکویٹی شئیر ہولڈرز کے لئے منافع	699,772,567	1,016,139,632
اقلیتی شئیر ہولڈرز کے لئے منافع	92,138,194	88,684,681
فی شئیر آمدنی-بنیادی اور رقیق شدہ	4.19	6.08
تخصیص قانونی ریزرو میں منتقلی	140,444,318	204,503,393

شئیر ہولڈنگ کا طرز

شئیر ہولڈنگ کا طرز اور متعلقہ معلومات بمطابق30جون2020صفحہ نمبر225پر پیش کی گئی ہیں۔

اشتمالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملی کارکردگی

گروپ کا اشتمالی منافع بعد از محصول(ٹیکس)برائے اختتام سال30جون792،2020ملین روپے(2019میں1,105ملین روپے)اور فی حصص آمدنی4.19روپے (2019میں6.08روپے)رہی، اورکس مضاربہ سے127.45ملین روپے منافع حاصل ہوا(2019میں126.06ملین روپے)، جبکہ اورکس سروسز پاکستان میں 5.7ملین روپے نقصان ہوا(2019میں8.7ملین روپے)نقصان ہوا۔اورکس مضاربہ میں80فیصد ایکویٹی اقلیتی حصص یافتگان کی ہے۔اس طرح، اورکس مضاربہ کے منافع میں92.1ملین روپے(2019میں88.7ملین روپے)اقلیتی حصص یافتگان کا حصہ ہے۔

بورڈ کی جانب سے

شاہین امین	نسیم حیدر
چیف ایگزیکٹو آفیسر	ڈائریکٹر
29ستمبر2020ء	

Consolidated Vertical Analysis

STATEMENT OF FINANCIAL POSITION	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS										
Non-current assets										
Fixed assets	4,374	14.59%	4,338	13.26%	5,154	15.41%	6,007	18.84%	5,434	16.97%
Intangible assets	62	0.21%	82	0.25%	96	0.29%	102	0.32%	121	0.38%
Net investment in finance leases	5,984	19.96%	8,135	24.87%	8,594	25.70%	7,517	23.57%	7,416	23.17%
Investment in associate	944	3.15%	942	2.88%	672	2.01%	1,972	6.18%	2,266	7.08%
Long-term investments	454	1.51%	407	1.24%	307	0.92%	356	1.12%	98	0.31%
Long-term finances and loans	4,558	15.20%	4,236	12.95%	3,895	11.65%	2,426	7.61%	2,315	7.23%
Long-term deposits	13	0.04%	12	0.04%	12	0.04%	13	0.04%	11	0.03%
	16,389	**54.65%**	**18,152**	**55.48%**	**18,730**	**56.02%**	**18,393**	**57.68%**	**17,661**	**55.17%**
Current assets										
Short-term finances	234	0.78%	285	0.87%	243	0.73%	149	0.47%	286	0.89%
Accrued return on investments and term finances	163	0.54%	135	0.41%	83	0.25%	60	0.19%	106	0.33%
Current maturity of non-current assets	10,443	34.83%	12,490	38.18%	12,139	36.30%	11,268	35.34%	11,618	36.29%
Short-term investments	803	2.68%	395	1.21%	773	2.31%	914	2.87%	1,219	3.81%
Advances and prepayments	124	0.41%	193	0.59%	106	0.32%	57	0.18%	75	0.23%
Other receivables	269	0.90%	147	0.45%	156	0.47%	164	0.51%	211	0.66%
Cash and bank balances	1,251	4.17%	616	1.88%	925	2.77%	728	2.28%	613	1.91%
Taxation - net	-	0.00%	-	0.00%	-	0.00%	65	0.20%	75	0.23%
Defined benefit asset	39	0.13%	9	0.03%	-	0.00%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	-	0.00%
	13,326	**44.44%**	**14,270**	**43.62%**	**14,425**	**43.14%**	**13,405**	**42.04%**	**14,203**	**44.37%**
Assets classified as held for sale	271	0.90%	294	0.90%	281	0.84%	89	0.28%	148	0.46%
	13,597	**45.35%**	**14,564**	**44.52%**	**14,706**	**43.98%**	**13,494**	**42.32%**	**14,351**	**44.83%**
Total assets	**29,986**	**100.00%**	**32,716**	**100.00%**	**33,436**	**100.00%**	**31,887**	**100.00%**	**32,012**	**100.00%**
EQUITY AND LIABILITIES										
Share capital and reserves										
Total equity attributable to equity holder of the Holding Company	8,198	27.34%	7,980	24.39%	7,222	21.60%	4,450	13.96%	4,176	13.05%
Non-controlling interest	981	3.27%	980	3.00%	982	2.94%	1,002	3.14%	1,023	3.20%
Non-current liabilities										
Long-term finances	5,300	17.67%	7,411	22.65%	6,834	20.44%	7,454	23.38%	6,298	19.67%
Long-term certificates of deposit	2,630	8.77%	2,820	8.62%	3,225	9.65%	4,000	12.54%	5,888	18.39%
Long-term deposits	375	1.25%	460	1.41%	554	1.66%	597	1.87%	464	1.45%
Deferred taxation	516	1.72%	700	2.14%	481	1.44%	585	1.83%	476	1.49%
Other long-term liabilities	288	0.96%	165	0.50%	203	0.61%	214	0.67%	260	0.81%
Post-employment benefits	-	0.00%	-	0.00%	20	0.06%	17	0.05%	2	0.01%
Redeemable capital	39	0.13%	38	0.12%	8	0.02%	0	0.00%	683	2.13%
	9,148	**30.51%**	**11,594**	**35.44%**	**11,325**	**33.87%**	**12,867**	**40.35%**	**14,071**	**43.96%**
Current liabilities										
Trade and other payables	603	2.01%	1,158	3.54%	1,239	3.71%	1,295	4.06%	1,059	3.31%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	393	1.31%	449	1.37%	284	0.85%	361	1.13%	440	1.37%
Unpaid dividend	-	0.00%	-	0.00%	208	0.62%	-	0.00%	-	0.00%
Unclaimed dividend	85	0.28%	78	0.24%	71	0.21%	65	0.20%	17	0.00%
Short-term borrowings	171	0.57%	1,333	4.07%	2,355	7.04%	2,449	7.68%	1,918	5.99%
Short-term certificates of deposit	1,047	3.49%	696	2.13%	1,048	3.13%	1,111	3.48%	2,073	6.48%
Current maturity of non-current liabilities	9,017	30.07%	8,257	25.24%	8,511	25.45%	8,287	25.99%	7,235	22.60%
Taxation - net	343	1.14%	191	0.58%	191	0.57%	-	0.00%	-	0.00%
	11,659	**38.88%**	**12,162**	**37.17%**	**13,907**	**41.59%**	**13,568**	**42.55%**	**12,742**	**39.80%**
Total equity and liabilities	**29,986**	**100.00%**	**32,716**	**100.00%**	**33,436**	**100.00%**	**31,887**	**100.00%**	**32,012**	**100.00%**

STATEMENT OF PROFIT OR LOSS	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME										
Income from operations										
Finance lease	2,933	45.08%	2,840	45.33%	2,531	38.91%	2,417	40.51%	2,324	56.48%
Operating lease	1,690	25.98%	1,901	30.34%	2,117	32.55%	2,254	37.78%	574	13.95%
Mark-up on term Finance	1,383	21.26%	1,122	17.91%	769	11.82%	642	10.76%	510	12.39%
	6,006	**92.31%**	**5,863**	**93.58%**	**5,417**	**83.29%**	**5,313**	**89.05%**	**3,408**	**82.82%**
Income from other activities										
Other income - net	471	7.24%	351	5.60%	989	15.21%	424	7.11%	473	11.49%
Share of profit of associate under equity accounting	29	0.45%	51	0.81%	98	1.51%	229	3.84%	234	5.69%
	500	**7.69%**	**402**	**6.42%**	**1,087**	**16.71%**	**653**	**10.95%**	**707**	**17.18%**
Total Income	**6,506**	**100.00%**	**6,265**	**100.00%**	**6,504**	**100.00%**	**5,966**	**100.00%**	**4,115**	**100.00%**
EXPENSES										
Finance costs	2,444	37.57%	1,990	31.76%	1,636	25.15%	1,790	30.00%	1,674	40.68%
Administrative and general expenses	1,342	20.63%	1,370	21.87%	1,262	19.40%	1,124	18.84%	863	20.97%
Direct cost	1,318	20.26%	1,553	24.79%	1,783	27.41%	1,905	31.93%	427	10.38%
	5,104	**78.45%**	**4,913**	**78.42%**	**4,681**	**71.97%**	**4,819**	**80.77%**	**2,964**	**72.03%**
Profit before provision and taxation	**1,402**	**21.55%**	**1,352**	**21.58%**	**1,823**	**28.03%**	**1,147**	**19.23%**	**1,151**	**27.97%**
Provision / (Reversal) for potential lease and other loan losses - net	322	4.95%	(192)	-3.06%	20	0.31%	(23)	-0.39%	215	5.22%
Other provisions / (reversal) - net	17	0.26%	14	0.22%	11	0.17%	(76)	-1.27%	(40)	-0.97%
	339	**5.21%**	**(178)**	**-2.84%**	**31**	**0.48%**	**(99)**	**-1.66%**	**175**	**4.25%**
Profit before taxation from continuing operations	**1,063**	**16.34%**	**1,530**	**24.42%**	**1,792**	**27.55%**	**1,246**	**20.89%**	**976**	**23.72%**
Taxation	271	4.17%	425	6.78%	343	5.27%	322	5.40%	217	5.27%
Profit after taxation from continuing operations	**792**	**12.17%**	**1,105**	**17.64%**	**1,449**	**22.28%**	**924**	**15.49%**	**759**	**18.44%**
DISCONTINUED OPERATIONS										
Loss after taxation from discontinued operations	-	0.00%	-	0.00%	-	0.00%	-	0.00%	(13)	-0.32%
Profit for the year after taxation	**792**	**12.17%**	**1,105**	**17.64%**	**1,449**	**22.28%**	**924**	**15.49%**	**746**	**18.13%**

Consolidated Horizontal Analysis

STATEMENT OF FINANCIAL POSITION	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
ASSETS										
Non-current assets										
Fixed assets	4,374	0.83%	4,338	-15.83%	5,154	-14.20%	6,007	10.54%	5,434	208.43%
Intangible assets	62	-24.39%	82	-14.58%	96	-5.88%	102	-15.70%	121	1301.85%
Net investment in finance leases	5,984	-26.44%	8,135	-5.34%	8,594	14.33%	7,517	1.36%	7,416	62.96%
Investment in associate	944	0.21%	942	40.18%	672	-65.92%	1,972	-12.97%	2,266	4.12%
Long-term investments	454	11.55%	407	32.57%	307	-13.76%	356	263.27%	98	580.34%
Long-term finances and loans	4,558	7.60%	4,236	8.75%	3,895	60.55%	2,426	4.79%	2,315	163.29%
Long-term deposits	13	8.33%	12	0.00%	12	-7.69%	13	18.18%	11	9.47%
	16,389	**-9.71%**	**18,152**	**-3.09%**	**18,730**	**1.83%**	**18,393**	**4.14%**	**17,661**	**87.86%**
Current assets										
Short-term finances	234	-17.89%	285	17.28%	243	63.09%	149	-47.90%	286	-29.79%
Accrued return on investments and term finances	163	20.74%	135	62.65%	83	38.33%	60	-43.40%	106	41.74%
Current maturity of non-current assets	10,443	-16.39%	12,490	2.89%	12,139	7.73%	11,268	-3.01%	11,618	16.58%
Short-term investments	803	103.50%	395	-48.95%	773	-15.43%	914	-25.02%	1,219	10.22%
Advances and prepayments	124	-35.75%	193	82.08%	106	85.96%	57	-24.00%	75	59.62%
Other receivables	269	82.99%	147	-5.77%	156	-4.88%	164	-22.27%	211	183.17%
Cash and bank balances	1,251	103.08%	616	-33.41%	925	27.06%	728	18.76%	613	253.75%
Taxation - net	-	0.00%	-	0.00%	-	-100.00%	65	-13.33%	75	-56.14%
Defined benefit asset	39	333.33%	9	100.00%	-	0.00%	-	0.00%	-	0.00%
Net investment in Ijarah finance	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	100.00%	-	0.00%
	13,326	**-6.61%**	**14,270**	**-1.08%**	**14,425**	**7.61%**	**13,405**	**-5.62%**	**14,203**	**18.16%**
Assets classified as held for sale	271	-7.82%	294	4.63%	281	215.73%	89	-39.86%	148	62.10%
	13,597	**-6.64%**	**14,564**	**-0.97%**	**14,706**	**8.98%**	**13,494**	**-5.97%**	**14,351**	**18.49%**
Total assets	**29,986**	**-8.34%**	**32,716**	**-2.15%**	**33,436**	**4.86%**	**31,887**	**-0.39%**	**32,012**	**48.81%**
EQUITY AND LIABILITIES										
Share capital and reserves										
Total equity attributable to equity holder of the Holding Company	8,198	2.73%	7,980	10.50%	7,222	62.29%	4,450	6.56%	4,176	17.67%
Non-controlling interest	981	0.10%	980	-0.20%	982	-2.00%	1,002	-2.05%	1,023	100.00%
Non-current liabilities										
Long-term finances	5,300	-28.48%	7,411	8.44%	6,834	-8.32%	7,454	18.36%	6,298	33.78%
Long-term certificates of deposit	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%	4,000	-32.07%	5,888	15.07%
Long-term deposits	375	-18.48%	460	-16.97%	554	-7.20%	597	28.66%	464	100.00%
Deferred taxation	516	-26.29%	700	45.53%	481	-17.78%	585	22.90%	476	4.91%
Other long-term liabilities	288	74.55%	165	-18.72%	203	-5.14%	214	-17.69%	260	-3.07%
Post-employment benefits	-	0.00%	-	-100.00%	20	17.65%	17	750.00%	2	135.52%
Redeemable capital	39	2.63%	38	375.00%	8	100.00%	0	-100.00%	683	100.00%
	9,148	**-21.10%**	**11,594**	**2.38%**	**11,325**	**-11.99%**	**12,867**	**-8.56%**	**14,071**	**33.40%**
Current liabilities										
Trade and other payables	603	-47.93%	1,158	-6.54%	1,239	-4.32%	1,295	22.29%	1,059	65.18%
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	393	-12.47%	449	58.10%	284	-21.33%	361	-17.95%	440	37.94%
Unpaid dividend	-	0.00%	-	-100.00%	208	100.00%	-	0.00%	-	0.00%
Unclaimed dividend	85	8.97%	78	9.86%	71	9.23%	65	282.35%	17	100.00%
Short-term borrowings	171	-87.17%	1,333	-43.40%	2,355	-3.84%	2,449	27.69%	1,918	117.01%
Short-term certificates of deposit	1,047	50.43%	696	-33.59%	1,048	-5.67%	1,111	-46.41%	2,073	119.52%
Current maturity of non-current liabilities	9,017	9.20%	8,257	-2.98%	8,511	2.70%	8,287	14.54%	7,235	56.34%
Taxation - net	343	79.58%	191	0.00%	191	100.00%	-	0.00%	-	0.00%
	11,659	**-4.14%**	**12,162**	**-12.55%**	**13,907**	**2.50%**	**13,568**	**6.48%**	**12,742**	**71.81%**
Total equity and liabilities	**29,986**	**-8.34%**	**32,716**	**-2.15%**	**33,436**	**4.86%**	**31,887**	**-0.39%**	**32,012**	**48.81%**

STATEMENT OF PROFIT OR LOSS	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17	2017	17 vs 16	2016	16 vs 15
	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%	Rs. in million	%
INCOME										
Income from operations										
Finance lease	2,933	3.27%	2,840	12.21%	2,531	4.72%	2,417	4.00%	2,324	2.77%
Operating lease	1,690	-11.10%	1,901	-10.20%	2,117	-6.08%	2,254	292.68%	574	-13.55%
Mark-up on term Finance	1,383	23.26%	1,122	45.90%	769	19.78%	642	25.88%	510	10.45%
	6,006	**2.44%**	**5,863**	**8.23%**	**5,417**	**1.96%**	**5,313**	**55.90%**	**3,408**	**0.62%**
Income from other activities										
Other income - net	471	34.19%	351	-64.51%	989	133.25%	424	-10.36%	473	52.22%
Share of profit of associate under equity accounting	29	-43.14%	51	-47.96%	98	-57.21%	229	-2.14%	234	-14.95%
	500	**24.38%**	**402**	**-63.02%**	**1,087**	**66.46%**	**653**	**-7.64%**	**707**	**20.67%**
Total Income	**6,506**	**3.85%**	**6,265**	**-3.67%**	**6,504**	**9.02%**	**5,966**	**44.98%**	**4,115**	**3.57%**
EXPENSES										
Finance costs	2,444	22.81%	1,990	21.64%	1,636	-8.60%	1,790	6.93%	1,674	-3.11%
Administrative and general expenses	1,342	-2.04%	1,370	8.56%	1,262	12.28%	1,124	30.24%	863	9.94%
Direct cost	1,318	-15.13%	1,553	-12.90%	1,783	-6.40%	1,905	346.14%	427	-12.96%
	5,104	**3.89%**	**4,913**	**4.96%**	**4,681**	**-2.86%**	**4,819**	**62.58%**	**2,964**	**-1.31%**
Profit before provision and taxation	**1,402**	**3.70%**	**1,352**	**-25.84%**	**1,823**	**58.94%**	**1,147**	**-0.35%**	**1,151**	**18.69%**
Provision / (Reversal) for potential lease and other loan losses - net	322	-267.71%	(192)	-1060.00%	20	-186.96%	(23)	-110.70%	215	76.70%
Other provisions / (reversal) - net	17	21.43%	14	27.27%	11	-114.47%	(76)	90.00%	(40)	-200.02%
	339	**-290.45%**	**(178)**	**-674.19%**	**31**	**-131.31%**	**(99)**	**-156.57%**	**175**	**8.25%**
Profit before taxation from continuing operations	**1,063**	**-30.52%**	**1,530**	**-14.62%**	**1,792**	**43.82%**	**1,246**	**27.66%**	**976**	**20.78%**
Taxation	271	-36.24%	425	23.91%	343	6.52%	322	48.39%	217	20.43%
Profit after taxation from continuing operations	**792**	**-28.33%**	**1,105**	**-23.74%**	**1,449**	**56.82%**	**924**	**21.74%**	**759**	**20.88%**
DISCONTINUED OPERATIONS										
Loss after taxation from discontinued operations	-	-	-	-	-	-	-	100.00%	(13)	-130.23%
Profit for the year after taxation	**792**	**-28.33%**	**1,105**	**-23.74%**	**1,449**	**56.82%**	**924**	**23.86%**	**746**	**11.19%**

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INDEPENDENT AUDITOR'S REPORT

To the members of ORIX Leasing Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of ORIX Leasing Pakistan Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2020, and the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at June 30, 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the accounting and reporting standards as applicable in Pakistan.

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 Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of the Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matter

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated 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 3.7, 7, 10, 11, 13 and 40 of the annexed consolidated financial statements)	
	In respect of provision for potential lease and loan losses: ▪ The Group applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL) for lease and loan balances related to the Holding Company. 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	Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following: ▪ Obtained an understanding of the design and tested the operating effectiveness of the key controls established by the Group to identify loss events and for determining the extent of provisioning required against lease and loans balances;

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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>

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S. No.	Key audit matter	How the matter was addressed in our audit
	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 management of the Holding 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 Holding Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the consolidated 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 of the Group 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 under the COVID-19 situation and its resulting impact on the provision for lease and loan portfolio of the Holding Company. ▪ The Group determines provision against Ijarah finance and Diminishing Musharika portfolio of ORIX Modaraba (subsidiary company) included under loans balances in the consolidated financial statements as per the requirements of the Prudential Regulations (PRs) issued by the Securities and Exchange Commission of Pakistan for modarabas which specifies a time-based criteria (that involves ensuring all non-performing loans are classified in accordance with the ageing criteria prescribed under the PRs) and as per the subjective evaluation of the credit worthiness of borrowers to determine the classification of loans. The Group has determined provision for potential lease and loan balances and has recognised a net charge of Rs. 321.79 million in respect of potential lease and loan losses in the consolidated statement of profit or loss during the year ended June 30, 2020. As at June 30, 2020, the Group maintained a provision of Rs. 1,161.38 million for potential lease and loan losses. The determination of provision for potential lease and loans balances as per the abovementioned requirements and particularly under COVID-19 situation 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 consolidated statement of financial position of the Group, we considered the area of provision for potential lease and loan losses as a key audit matter.	▪ Evaluated the key decisions made by the Group'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 Group'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 Group as well as the related external sources used for this purpose; ▪ Assessed the ECL model used by the management of the Holding Company to calculate provision against lease and loans balances of the Holding 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 under the COVID-19 situation used by the management of the Holding Company in preparing provisioning model; ▪ Checked repayments of principal and mark-up installments and tested classification of non-performing loans based on the number of days overdue; ▪ Evaluated the management's assessment for classification of customers' Ijarah finance and Diminishing Musharika facilities as performing or non-performing based on our review of repayment pattern, inspection of credit documentation and through discussions with the management; ▪ Assessed the accuracy of specific provision made in respect of Ijarah finance and Diminishing Musharika portfolio of the subsidiary by recomputing the provision amount in accordance with the criteria prescribed under the PRs; and ▪ Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they complied with the accounting and reporting standards as applicable in Pakistan.

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Information Other than the Consolidated and Unconsolidated 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 consolidated and unconsolidated financial statements and our auditor's reports thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 the Board of Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Group's internal control.

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- 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 Group'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 consolidated 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 Group to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated 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.

Other Matter

The consolidated financial statements of the Group for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion thereon vide their report dated September 18, 2019.

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

AFFerguson & Co

A. F. Ferguson & Co.
Chartered Accountants
Dated: October 5, 2020
Karachi

Consolidated Statement of Financial Position

As at June 30, 2020

	Note	2020	2019
ASSETS		---------------------Rupees	---------------------
Non-current assets			
Fixed assets	5	4,373,998,639	4,338,066,725
Intangible assets	6	61,906,765	81,938,905
Net investment in finance lease	7	14,423,109,666	17,955,603,086
Current maturity	13	(7,503,453,058)	(9,151,970,240)
Allowance for potential lease losses	40	(935,907,045)	(669,018,735)
		(8,439,360,103)	(9,820,988,975)
		5,983,749,563	8,134,614,111
Investment in associate	8	944,087,843	942,321,227
Long-term investments	9	454,228,517	407,342,320
Long-term finances and loans	10	4,558,157,907	4,235,619,137
Long-term deposits		12,932,566	12,390,066
		16,389,061,800	18,152,292,491
Current assets			
Short-term finances	11	233,606,528	285,006,782
Accrued return on investments and term finance	12	163,434,051	135,034,672
Current maturity of non-current assets	13	10,443,289,111	12,489,841,573
Short-term investments	14	803,339,788	394,438,716
Advances and prepayments	15	123,539,353	192,821,561
Other receivables	16	268,546,763	147,089,203
Cash and bank balances	17	1,250,709,145	616,220,762
Defined benefit plan asset	26	39,263,947	8,808,244
Net investment in ijarah finance		370,000	370,000
		13,326,098,686	14,269,631,513
Assets classified as held for sale	18	270,818,625	293,867,662
Total assets		29,985,979,111	32,715,791,666
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2019: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	19	1,670,549,020	1,670,549,020
Reserves		6,527,831,451	6,309,631,878
Total equity attributable to equity holders of the Holding Company		8,198,380,471	7,980,180,898
Non-controlling interest		981,345,164	979,976,301
		9,179,725,635	8,960,157,199
Non-current liabilities			
Long-term finances	21	5,300,407,489	7,411,171,148
Long-term certificates of deposit	22	2,629,732,769	2,819,697,418
Long-term deposits	23	375,075,859	460,371,219
Deferred taxation	24	515,506,913	699,540,763
Other long-term liabilities	25	287,777,777	164,902,777
Redeemable capital	27	39,100,000	37,750,000
		9,147,600,807	11,593,433,325
Current liabilities			
Trade and other payables	28	602,817,775	1,158,069,669
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	29	392,671,256	449,397,319
Unclaimed dividend		85,020,835	78,313,447
Short-term borrowings	30	171,304,003	1,332,642,374
Short-term certificates of deposit	31	1,046,812,035	695,436,338
Current maturity of non-current liabilities	32	9,016,838,060	8,257,099,667
Taxation - net		343,188,705	191,242,328
		11,658,652,669	12,162,201,142
Total equity and liabilities		29,985,979,111	32,715,791,666
Contingencies and commitments	33		

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Profit or Loss

For the year ended June 30, 2020

	Note	2020	2019
		----------------Rupees----------------	
INCOME			
Income from operations			
Finance leases		2,932,739,117	2,840,177,559
Operating leases	34	1,690,052,756	1,900,937,982
Mark-up on term finance		1,383,600,800	1,122,314,862
		6,006,392,673	5,863,430,403
Income from other activities			
Other income - net	35	471,011,108	351,023,935
Share of profit of associate under equity accounting	36	28,938,203	50,671,374
		499,949,311	401,695,309
		6,506,341,984	6,265,125,712
EXPENSES			
Finance cost	37	2,443,983,988	1,989,860,723
Administrative and general expenses	38	1,342,223,916	1,369,994,314
Direct cost	39	1,317,836,771	1,553,463,745
		5,104,044,675	4,913,318,782
Profit before provision and taxation		1,402,297,309	1,351,806,930
Provision / (reversal) for potential lease and other loan losses - net	40	321,788,886	(192,007,498)
Other provisions - net	41	17,308,175	13,708,346
		339,097,061	(178,299,152)
Profit before taxation		1,063,200,248	1,530,106,082
Taxation	43	271,289,487	425,281,769
Profit for the year after taxation		791,910,761	1,104,824,313
Profit for the year after taxation attributable to:			
Equity holders of the Holding Company		699,772,567	1,016,139,632
Non-controlling interest		92,138,194	88,684,681
		791,910,761	1,104,824,313
Earnings per share - basic and diluted	54	4.19	6.08

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended June 30, 2020

	2020	2019
	----------------------Rupees---------------------	
Profit for the year after taxation attributable to:		
Equity holders of the Holding Company	699,772,567	1,016,139,632
Non-controlling interest	92,138,194	88,684,681
	791,910,761	1,104,824,313
Other comprehensive income		
Items that will be subsequently reclassified to the consolidated statement of profit or loss		
Exchange gain arising on translation of foreign associate - net of deferred tax	18,161,765	189,740,132
Surplus on revaluation of leasehold land and office buildings - net of deferred tax	566,450,107	-
	584,611,872	189,740,132
Items that will not be subsequently reclassified to the consolidated statement of profit or loss		
Fair value change on remeasurement of financial assets - net of deferred tax	(137,794,222)	(31,988,341)
Remeasurement of defined benefit obligation - staff gratuity	32,056,433	8,808,244
Share of other comprehensive income of associate under equity accounting	118,610	(3,402,021)
	(105,619,179)	(26,582,118)
Total comprehensive income for the year	1,270,903,454	1,267,982,327
Total comprehensive income for the year attributable to:		
Equity holders of the Holding Company	1,178,765,260	1,179,297,646
Non-controlling interest	92,138,194	88,684,681
	1,270,903,454	1,267,982,327

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

Maryam Aziz
Chief Financial Officer

Consolidated Statement of Cash Flows

For the year ended June 30, 2020

	Note	2020	2019
		---Rupees---	
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	44	5,037,552,130	4,785,802,373
Decrease / (increase) in operating assets			
Investment in finance lease - net		3,534,987,908	815,274,830
Long-term finances and loans - net		(8,340,948)	(331,142,073)
Short-term finances		22,383,812	(48,797,171)
Long-term deposits		(542,500)	(251,406)
Advances and prepayments		57,821,002	(104,744,032)
Other receivables		(112,688,602)	(32,352,641)
		3,493,620,672	297,987,507
(Decrease) / increase in operating liabilities			
Deposits from lessee - net		(71,796,613)	(72,820,691)
Other long term liabilities - net		(417,348,749)	(475,446,203)
Trade and other payables		(614,229,386)	(87,463,157)
		(1,103,374,748)	(635,730,051)
Net cash generated from operating activities before income tax		7,427,798,054	4,448,059,829
Payment of Sindh Workers' Welfare Fund		(985,545)	-
Payment against staff retirement benefits		(17,607,997)	(40,545,296)
Income tax paid		(283,954,842)	(205,942,002)
Net cash generated from operating activities		7,125,249,670	4,201,572,531
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - fixed assets for own use and intangible assets		(46,381,937)	(121,276,989)
Capital expenditure incurred - ijarah finance		(1,510,598,709)	(1,628,807,141)
Proceeds from disposal of assets - own use		6,696,405	8,929,346
Proceeds from sale of Ijarah finance assets		904,655,237	561,598,696
Investments - net		(524,247,735)	140,541,996
Dividend received		51,521,368	38,328,067
Interest received		97,271,635	57,060,894
Net cash used in investing activities		(1,021,083,736)	(943,625,131)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		2,535,000,000	4,547,301,549
Redeemable capital less repayments		1,085,800,000	(341,410,000)
Short-term borrowings-net		(250,000,000)	(395,000,000)
Certificates of deposit redeemed - net		147,803,717	(1,016,468,541)
Repayment of long-term finances		5,003,303,756	(3,622,446,654)
Profit paid on redeemable capital		(401,575,544)	(189,223,269)
Finance cost paid		(1,596,841,063)	(1,189,846,662)
Payment of lease liability against right-of-use assets		(30,594,904)	-
Dividend paid		(1,044,627,630)	(731,853,392)
Net cash used in financing activities		(4,558,339,180)	(2,938,946,969)
Net increase in cash and cash equivalents during the year		1,545,826,754	319,000,431
Cash and cash equivalents at the beginning of the year		(466,421,612)	(785,422,043)
Cash and cash equivalents at the end of the year	45	1,079,405,142	(466,421,612)

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Consolidated Statement of Changes in Equity

For the year ended June 30, 2020

	Attributable to equity holders of the Holding Company								Non-controlling Interest	Total
		Reserves								
		Capital Reserves				Revenue reserve				
	Issued, subscribed and paid-up capital	Share premium	Statutory reserve	Foreign currency translation reserve	Surplus / (deficit) on re-measurement of financial assets at fair value through other comprehensive income	Surplus on revaluation of leasehold land and office building	Unappropriated profit	Total reserves		
	Rupees									
Balance as at July 1, 2018	1,392,124,190	1,863,635,353	1,255,031,986	49,848,144	2,888,459	309,725,825	2,349,095,118	5,830,224,885	982,061,399	8,204,410,474
Impact of change in accounting policy - net of tax										
- relating to the Company	-	-	-	-	(41,082,377)	-	41,082,377	-	-	-
- relating to the associate	-	-	-	-	-	-	(3,828,566)	(3,828,566)	-	(3,828,566)
	-	-	-	-	(41,082,377)	-	37,253,811	(3,828,566)	-	(3,828,566)
Total comprehensive income for year ended June 30, 2019										
Profit for the year	-	-	-	-	-	-	1,016,139,632	1,016,139,632	88,684,681	1,104,824,313
Other comprehensive income / (loss)	-	-	-	189,740,132	(31,988,341)	-	5,406,223	163,158,014	-	163,158,014
Total comprehensive income for the year	-	-	-	189,740,132	(31,988,341)		1,021,545,855	1,179,297,646	88,684,681	1,267,982,327
Transactions with owners recorded directly in equity										
- Bonus shares issued from share premium reserve	278,424,830	(278,424,830)	-	-	-	-	-	(278,424,830)	-	-
- Cash dividend @ Rs.3.00 per ordinary share of Rs. 10.00 each for the year ended June 30, 2018	-	-	-	-	-	-	(417,637,257)	(417,637,257)	-	(417,637,257)
Profit distribution for the year ended June 30, 2018 @ Rs. 2.5 per certificate	-	-	-	-	-		-	-	(90,769,779)	(90,769,779)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(6,828,720)	6,828,720	-	-	-
Transfer to statutory reserve	-	-	204,503,393	-	-	-	(204,503,393)	-	-	-
Balance as at June 30, 2019	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,792,582,854	6,309,631,878	979,976,301	8,960,157,199
Balance as at July 1, 2019	1,670,549,020	1,585,210,523	1,459,535,379	239,588,276	(70,182,259)	302,897,105	2,792,582,854	6,309,631,878	979,976,301	8,960,157,199
Total comprehensive income for year ended June 30, 2020										
Profit for the year	-	-	-	-	-	-	699,772,567	699,772,567	92,138,194	791,910,761
Other comprehensive income / (loss)	-	-	-	18,161,765	(137,794,222)	566,450,107	32,175,043	478,992,693	-	478,992,693
Total comprehensive income for the year	-	-	-	18,161,765	(137,794,222)	566,450,107	731,947,610	1,178,765,260	92,138,194	1,270,903,454
Transactions with owners recorded directly in equity										
- Cash dividend @ Rs.3.75 per ordinary share of Rs. 10.00 each for the year ended June 30, 2019	-	-	-	-	-	-	(626,455,883)	(626,455,883)	-	(626,455,883)
- Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2020	-	-	-	-	-	-	(334,109,804)	(334,109,804)	-	(334,109,804)
Profit distribution for the year ended June 30, 2019 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(90,769,331)	(90,769,331)
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation - net of tax	-	-	-	-	-	(6,828,720)	6,828,720	-	-	-
Transfer to statutory reserve	-	-	140,444,318	-	-	-	(140,444,318)	-	-	-
Balance as at June 30, 2020	1,670,549,020	1,585,210,523	1,599,979,697	257,750,041	(207,976,481)	862,518,492	2,430,349,179	6,527,831,451	981,345,164	9,179,725,635

The annexed notes 1 to 59 form an integral part of these consolidated financial statements.

Shaheen Amin
Chief Executive Officer

Nasim Hyder
Director

Maryam Aziz
Chief Financial Officer

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2020

1 LEGAL STATUS AND OPERATIONS

The “Group” consists of:

(i) ORIX Leasing Pakistan Limited, the Holding Company;
(ii) ORIX Services Pakistan (Private) Limited - subsidiary company; and
(iii) ORIX Modaraba - subsidiary company.

1.1 Holding company

ORIX Leasing Pakistan Limited (“the Holding Company / 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 Holding 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 ORIX 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+ (2019: AA+) and a short-term rating of A1+ (2019: A1+) to the Company on March 04, 2020 (2019: August 28, 2019).

1.2 Subsidiary companies

1.2.1 ORIX Services Pakistan (Private) Limited - 100% effective holding

ORIX Services Pakistan (Private) Limited (“the Management Company”) was incorporated as a private limited company on February 25, 1957 under the then applicable Companies Act, 1913 (now the Companies Act, 2017). Subsequently, it was registered as a Modaraba Management Company with the Registrar of Modaraba Companies and Modarabas under the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980.

The principal activity of the Management Company is to engage in the business of floatation of Modarabas and to function as a Modaraba Management Company within the meaning of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980. Presently, the Management Company manages only ORIX Modaraba. The registered office of the Management Company is situated at 6th Floor, Syedna Tahir Saif-ud-din Trust Building, Beaumont Road, Civil Lines, Karachi, Pakistan.

On June 20, 2016, the Holding Company acquired 100% shareholding (4,450,000 shares) of the Management Company. The Holding Company continues to hold 100% shares in ORIX Services Pakistan (Private) Limited till date.

1.2.2 ORIX Modaraba - 20% effective holding

ORIX Modaraba (“the Modaraba”) was formed in the name of Standard Chartered Modaraba under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder. The Modaraba is managed by ORIX Services Pakistan (Private) Limited (formerly Standard Chartered Services of Pakistan (Private) Limited) (“the Management Company”) which is a wholly owned subsidiary of ORIX Leasing Pakistan Limited.

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

The Modaraba is a perpetual Modaraba and is primarily engaged in financing of plant and machinery, motor vehicles (both commercial and private), computer equipment and housing under the modes of Ijarah (Islamic leasing) and Diminishing Musharika. The Modaraba may also invest in commercial and industrial ventures suitable for the Modaraba. The Modaraba is listed on the Pakistan Stock Exchange Limited. The Pakistan Credit Rating Agency Limited (PACRA) has assigned long term rating of AA (2019: AA) and short term rating of A1+ (2019: A1+) to the Modaraba on March 24, 2020 (2019: February 26, 2019).

On June 21, 2016, the Holding Company acquired 10% certificate holding (4,538,353 certificates) in the Modaraba. Since the Holding Company had acquired 100% shareholding in the Management Company as mentioned in note 1.2.1 above, the Modaraba became a subsidiary of the Holding Company in view of the control which the Holding Company exercised through its fully owned Management Company and an effective holding of 20% in the certificates of Modaraba by the Holding Company collectively with the Management Company. Subsequent to the acquisition, the Modaraba has been renamed as ORIX Modaraba.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These consolidated 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 As mentioned in note 2.9.1 of the consolidated financial statements, the Group has adopted IFRS 16 as at July 1, 2019, which replaces existing leasing guidance on IAS 17 ‘Leases’. However the SECP vide its notification dated May 22, 2007 has specified that the requirements of IFAS 2 ‘Ijarah’ shall be followed in regard to the financial statements by companies while accounting for Ijarah transactions. Accordingly, Ijarah transactions are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.

2.3 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.

2.4 IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach.

During 2019 Modaraba Association of Pakistan informed its members that the SECP has deferred the applicability of IFRS 9 to the extent of provision against financings made by the modaraba and required the modaraba to follow all other requirements of IFRS 9. The aforementioned communication by the Modaraba Association of Pakistan to its members was based on the clarification given by the SECP to Modaraba Association of Pakistan. Accordingly, the Modaraba had adopted all requirements of IFRS 9 and had determined the provision against financings (Ijarah and Diminishing Musharika) as per the requirements of the Prudential Regulations issued by the SECP at the time of finalization of the financial statements for the year ended June 30, 2019.

During the current year, the SECP has deferred the applicability of all requirements of IFRS 9 for modarabas uptil June 30, 2021. The Modaraba had already adopted all the requirements of IFRS 9 in the financial statements for the year ended June 30, 2019 with the exception of determining the provision against financing (Ijarah and Diminishing Musharika). Accordingly, the provision against financing (Ijarah and Diminishing Musharika) by the Modaraba has been determined in accordance with the requirements of Prudential Regulations issued by the SECP.

2.5 The Securities and Exchange Commission of Pakistan (SECP), on application of the Holding Company, has allowed the Group to defer application of IFRS 9 to the extent of provisioning requirements in respect of the Modaraba since accounting policy related to provisioning requirements in respect of Ijarah and Diminishing Musharika financings in separate financial statements of ORIX Modaraba is based on the exemption granted by the SECP as more fully explained in note 2.4. Accordingly, the requirements of IFRS 9 have been applied in these consolidated financial statements on balances of assets and liabilities of the Group except provisioning requirements in respect of the Modaraba's Ijarah and Diminishing Musharika financing.

2.6 Basis of measurement

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

- Leasehold land and office building are stated at revalued amounts;

- Financial instruments 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.

2.7 Functional and presentation currency

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

2.8 Critical accounting estimates and judgments

The preparation of 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 Group'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 3.4 and 5);
(b) determination of amortisation rates for intangible assets (notes 3.3, 3.5 and 6);
(c) determination of allowance for potential lease and other loan losses (notes 3.7 and 40);
(d) determination of classification, valuation and impairment of financial assets (note 3.11);
(e) recognition for taxation and deferred tax (notes 3.18 and 43);
(f) accounting for defined benefit obligation (notes 3.19 and 26);
(g) employees compensated absences (notes 3.20 and 38.1);
(h) provision against workers' welfare fund (notes 3.16 and 41.1); and
(i) impairment of non-financial assets (notes 3.10).

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

2.9.1 IFRS 16: 'Leases'

IFRS 16, 'Leases' (effective from annual reporting periods beginning on or after January 1, 2019) - IFRS 16 replaces existing leasing guidance on IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases - Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 will affect primarily the accounting by lessees and will result in the recognition of almost all leases on the consolidated statement of financial position. The standard removes the current distinction between operating and financing leases and requires recognition of an asset (the right to use the leased item) and a financial liability to pay rentals for virtually all lease contracts. An optional exemption exists for short-term and low-value leases.

The accounting by lessors will not significantly change. Some differences may arise as a result of the new guidance on the definition of a lease. Under IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

On adoption of IFRS 16 as at July 1, 2019, the Group has changed its accounting policy for operating leases which are now recognised on the consolidated statement of financial position with the exception of short-term and low-value leases. The Group had recorded right-of-use assets amounting to Rs 132.12 million and a corresponding lease liability amounting to Rs 126.41 million as at July 1, 2019 in respect of operating lease contracts (primarily arrangements in respect of rented premises occupied by the Group) as of that date. This change in accounting policy is disclosed in note 4.1.

The leases that are extended by the Group to its customer on Ijarah basis are accounted for under the requirements of IFAS 2 'Ijarah' and therefore are outside the scope of IFRS 16.

2.9.2 Allowance for potential lease and other loan losses

IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. The standard addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach.

Up to June 30, 2019, the Holding 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. During the year, the SECP vide its notification dated March 31, 2020 has specified that after the adoption and implementation of IFRS 9, the requirements of IFRS 9 shall be applicable.

Accordingly, management has applied provisioning requirements as specified under IFRS 9 for the purposes of calculation of allowance for potential lease and other loans losses in the consolidated financial statements of the Group for the year ended June 30, 2020, with the exception of provisioning requirements for the Modaraba as more fully explained in note 2.4.

2.9.3 There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

2.10 Standards, interpretations and amendments to published accounting and reporting standards that are not yet effective

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

Standards, Interpretations or Amendments	Effective date (accounting period beginning on or after)
- IAS 1 - 'Presentation of financial statements' (amendments)	January 1, 2020
- IAS 8 - 'Accounting policies, change in accounting estimates and errors' (amendments)	January 1, 2020

The standards / amendments highlighted above may impact the consolidated financial statements of the Group on adoption. The management is currently in the process of assessing the impact of these standards and amendments on the consolidated financial statements of the Group.

2.10.2 There are certain other new and amended standards, interpretations and amendments that are mandatory for the Group's accounting periods beginning on or after July 1, 2020 but are considered not to be relevant or will not have any significant effect on the Group's operations and are, therefore, not detailed in these consolidated financial statements.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting polices applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented except for the change as disclosed in note 4 to these consolidated financial statements.

3.1 Basis of consolidation

The consolidated financial statements include the financial statements of the Holding Company and its subsidiary companies.

Subsidiary companies are fully consolidated from the date on which the power to control the company is established and are excluded from consolidation from the date of disposal or when the control is lost.

The financial statements of subsidiaries are prepared for the same reporting period as the Holding Company, using accounting policies that are consistent with those of the Holding Company, except for the policies as more fully detailed in notes 2.4 and 2.5 to the consolidated financial statements.

The assets and liabilities of the subsidiaries have been consolidated with those of the Holding Company on a line by line basis and the carrying values of the Holding Company's investment in the subsidiaries are eliminated against the subsidiaries' share capital and pre-acquisition reserves in these consolidated financial statements.

Non-controlling interests represent that part of the net results of operations and of the net assets of the subsidiaries that are not owned by the Group.

All material intra-group balances and transactions have been eliminated.

Acquisitions of non-controlling interest (NCI) are measured at the proportionate share of the NCI in the fair value of the net assets acquired by the Holding Company. The excess of the fair value of consideration transferred over the proportionate share of the NCI in the fair value of net assets acquired is recognised in equity.

3.2 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 Holding 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 consolidated statement of profit or loss.

3.3 Goodwill

Goodwill acquired in a business combination is measured, subsequent to initial recognition, at its cost less accumulated impairment losses, if any. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the Cash Generating Units (CGUs), or groups of CGU, that is expected to benefit from the synergies of the combination. Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense in the consolidated statement of profit or loss and is not subsequently reversed.

3.4 Fixed assets

3.4.1 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 Group 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 consolidated 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 5.1 and 5.2 to these consolidated financial statements after taking into account residual values if significant. Cranes under operating lease are depreciated at the rates specified in note 5.2 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.

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 consolidated statement of financial position and consolidated 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 consolidated statement of profit or loss as an impairment of the asset. A surplus arising subsequently on an impaired asset is reversed through the consolidated 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 consolidated 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 consolidated statement of profit or loss in the period in which they arise except that the related surplus on revaluation of fixed assets (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.

3.4.2 Ijarah assets

Rental from Ijarah arrangements are recognised in the consolidated 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 at the rates specified in note 5.3.

3.4.3 Lease liability and right-of-use asset

The Group leases premises of certain branches. Rental contracts are typically for a period of 3 years and may have extension options as described below. At inception of a contract, the Group 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, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The lease liability is initially measured at the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

Lease payments include fixed payments less any lease incentive receivable, variable lease payment that are based on an index or a rate which are initially measured using the index or rate as at the commencement date, amounts expected to be payable by the Group under residual value guarantees, the exercise price of a purchase option if the Group 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 Group 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 Group reassesses the 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 consolidated 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 asset.

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

The right-of-use asset is subsequently measured at cost 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. The right-of-use asset is reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The Group 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 is recognised as an expense on a straight line basis over the lease term.

3.5 Intangible assets

Intangible assets having definite lives are stated at cost less accumulated amortisation and 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 Group and the cost of the item can be measured reliably.

Amortisation is charged using the straight-line method over the estimated useful lives of the assets at the rates specified in note 6.1. 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 consolidated statement of profit or loss in the period in which these arise.

3.6 Net investment in finance lease

Leases in which the Group 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 these consolidated financial statements is recorded net of adjustable security deposit.

3.7 Allowance for potential lease and other loan losses

Holding Company

The Group applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL) for lease and loan balances related to the Holding Company. 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 management of the Holding 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 Holding Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the consolidated 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 of the Group 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 under the COVID-19 situation and its resulting impact on the provision for lease and loan portfolio of the Holding Company.

The Modaraba

The Group determines provision against Ijarah finance and Diminishing Musharika portfolio of the Modaraba included under loans balances in the consolidated financial statements as per the requirements of the Prudential Regulations (PRs) issued by the Securities and Exchange Commission of Pakistan for modarabas which specifies a time-based criteria (that involves ensuring all non-performing loans are classified in accordance with the ageing criteria prescribed under the PRs) and as per subjective evaluation of the credit worthiness of borrowers to determine the classification of loans.

3.8 Assets classified as held for sale

The Group 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 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 consolidated 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 costs 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.

3.9 Investment in associates

Investment in associate is accounted for under the equity method of accounting. An associate is an entity in which the Group 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 consolidated statement of financial position at cost plus post-acquisition changes in the Group'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 Group determines whether it is necessary to recognise any additional impairment loss with respect to the Group's net investment in the associate. The consolidated 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 Group recognises its share of any changes and discloses this, when applicable, in the consolidated statement of changes in equity.

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

The Group 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 Group in the former associate is a financial asset, the Group 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 Group recognises in the consolidated 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 consolidated statement of profit or loss.

3.10 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 consolidated 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.

3.11 Financial assets

3.11.1 Classification and subsequent measurement

The Group 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).

a) At amortised cost

The Group measures financial assets at amortised cost if the financial asset is held within a business model with the objective to hold financial assets in order to 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 3.11.2. Gains and losses are recognised in the consolidated 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 Group measures financial assets at FVOCI if the financial asset is held within a business model with the 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 3.11.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the consolidated 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 consolidated statement of profit or loss.

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

Upon initial recognition, the Group 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 consolidated statement of profit or loss. Dividends are recognised in the consolidated statement of profit or loss when the right of payment has been established, except when the Group 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 consolidated statement of profit or loss in the period in which it arises.

3.11.2 Impairment

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

The Holding Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharika 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.

However, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain the same as defined under the Prudential Regulations for modarabas issued by the SECP. Accordingly, the Modaraba has maintained provision against Diminishing Musharika and Ijarah arrangements in accordance with the Prudential Regulations issued by the SECP. The management has made an assessment of impairment under expected credit loss model of IFRS 9 for all other financial assets of the Modaraba and concluded that the impact is not material to the financial statements.

3.11.3 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 Group transfers substantially all the risks and rewards of ownership; or

(ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control.

3.11.4 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 Group commits to purchase or sell the asset.

3.11.5 Initial recognition

Financial assets are recognised at the time the Group 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 consolidated statement of profit or loss.

3.11.6 Business model

The business model reflects how the Group 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 Group 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.

3.11.7 SPPI

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Group assesses whether the financial instruments' cash flows represent solely payments of principal and interest (the 'SPPI test'). In making this assessment, the Group 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.

3.11.8 Reclassifications

The Group 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.

3.11.9 Write-offs

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

3.12 Financial liabilities

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

3.12.1 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 consolidated statement of profit or loss.

3.13 Offsetting of financial assets and financial liabilities

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

3.14 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.

3.15 Redeemable capital

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

As per the requirements of the Guidelines, the scheme of COM is based on the concept of “Musharika”. Hence, it is classified as redeemable capital. The salient features of the COM are as follows:

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.

- Total profits after charging all expenses, provisions/impairments and Management Company’s remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Funds.

- The amount of profit allocated to the COM holders shall be shared among different categories/tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.

- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their respective funds.

3.16 Provisions

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

3.17 Contingent liabilities

A contingent liability is disclosed when the Group 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 Group; or the Group 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.

3.18 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the consolidated 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 the 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.

The income, not being income from trading activity, of the Modaraba is exempt from tax provided that not less than 90% of its total profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each 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 Group 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 Group also recognises deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS) 12 “Income Taxes”.

3.19 Staff retirement benefits

(a) Defined contribution plans

Operated by the Holding Company

The Holding 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 Holding Company and by the employees at the rate of 10% of basic salary.

Operated by the Modaraba

The Modaraba operates a recognised provident fund for all eligible employees and an approved funded defined contributory gratuity scheme for all permanent employees. Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees.

Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the consolidated statement of profit or loss when these are due.

(b) Defined benefit plan

The Holding 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 recycling through the consolidated statement of profit or loss.

3.20 Employees compensated absences

The Holding Company provides for unavailed compensated absences for all its permanent employees on the basis of actuarial advice under the Projected Unit Credit Method. Increase or decrease in long-term compensated absences due to remeasurement are recognised in the consolidated statement of profit or loss immediately.

3.21 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 consolidated statement of profit or loss, except those arising on translation of the net investment in foreign operations (associate) which are taken to the consolidated 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 consolidated statement of profit or loss.

3.22 Revenue recognition

3.22.1 Finance leases

The Group 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.

3.22.2 Operating lease income

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

3.22.3 Ijarah lease income

Rental income from ijarah is recognised on accrual basis.

3.22.4 Return on investments

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

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

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

3.22.5 Finances and loans

Income on finances and loans is recognised on a time proportionate basis 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 receipt basis.

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

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

3.22.6 Diminishing Musharika

Profit on Diminishing Musharika arrangements is recognised under the effective profit rate method based on the outstanding amount.

3.22.7 Others

Other income is recognised on receipt basis.

3.23 Earnings per share

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group 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.

3.24 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 consolidated financial statements in the period in which such dividends are declared / transfers are made.

3.25 Cash and cash equivalents

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

3.26 Segment reporting

An operating segment is a component of the Group 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 Group's other components.

Operating segments are reported in a manner consistent with the internal reporting structure. 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.

3.27 Commitments

Commitments are disclosed in the consolidated financial statements at committed amounts.

4 CHANGE IN ACCOUNTING POLICY

4.1 Adoption of IFRS 16 - Leases

Effective July 1, 2019, the Group has adopted IFRS 16, "Leases" which replaces existing guidance on accounting for leases, including IAS 17 'Leases', IFRIC 4 'Determining whether an arrangement contains a Lease', SIC-15 'Operating Leases-Incentive and SIC-27 'Evaluating the substance of transactions involving the legal form of a Lease'. IFRS 16 introduces a single, on balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right-of-use of the underlying asset and a lease liability representing its obligations to make lease payments. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The accounting polices relating to Group's right-of-use assets and lease liability are disclosed in note 3.4.3.

The Group has adopted IFRS 16 retrospectively from July 1, 2019 but has not restated comparatives for the 2019 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from adoption of IFRS 16 are therefore recognised in the opening consolidated statement of financial position on July 1, 2019.

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 'Leases'. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of July 1, 2019.

On adoption of IFRS 16, the Group has recognised lease liability amounting to Rs. 126.41 million as at July 1, 2019 in respect of operating lease commitments of its rental premises amounting to Rs. 132.15 million for the year ended June 30, 2019. The on-balance sheet recognition of leases previously accounted for as operating leases was most significantly impacted by adjustments as a result of different treatment of extension and termination options under IFRS 16.

	June 30, 2020	July 1, 2019
	-----------------Rupees----------------	
Total lease liability recognised of which:		
Current	29,736,282	26,665,892
Non-current	90,218,131	99,745,114
	119,954,413	126,411,006

The right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated statement of financial position as at June 30, 2019. The recognised right-of-use assets relate to the following type of assets:

	June 30, 2020	July 1, 2019
	-----------------Rupees----------------	
Rented premises	113,839,333	132,115,778

The effect of this change in accounting policy is as follows:

Impact on the consolidated statement of financial position		
Increase in fixed assets - right-of-use assets	113,839,333	132,115,778
Decrease in advances and prepayments	(6,113,350)	(5,704,772)
Increase in taxation - net	3,546,245	-
	111,272,228	126,411,006
Increase in lease liability against right-of-use asset	119,954,413	126,411,006
Decrease in net assets	(8,682,185)	-

Impact on the consolidated statement of profit or loss	**June 30, 2020 (Rupees)**
Increase in mark-up-expense - lease liability against right-of-use asset	(16,430,165)
Increase in depreciation on right-of-use asset	(25,837,151)
Decrease in rent expense	30,038,886
Decrease in profit before taxation	(12,228,430)
Decrease in taxation - net	3,546,245
Decrease in profit after taxation	(8,682,185)
Decrease in earnings per share - Rupees	(0.052)

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous as an alternative to performing an impairment review;
- the accounting for operating leases with a remaining lease term of less than 12 months as at January 1, 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application; and
- the option of not to recognise right-of-use asset for low value leases.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its arrangement made applying IAS 17 and interpretation for determining whether an arrangement contains a Lease.

		Note	2020	2019
5	**FIXED ASSETS**		-----------------Rupees-----------------	
	Own use	5.1	1,153,155,844	592,849,951
	Operating lease	5.2	134,373,122	144,475,394
	Ijarah finance	5.3	2,972,630,340	3,600,741,380
	Right of use assets	5.4	113,839,333	-
			4,373,998,639	4,338,066,725

5.1 Fixed assets - own use

	2020									
	Cost / revalued amount				Accumulated depreciation				Net book value	
Description	As at July 1, 2019	Additions / Transferred */ (disposals) / (transfers)*** / (write off)****	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2020	As at July 1, 2019	Charge for the year / (disposals) / (write off)	Reversals due to revaluation	As at June 30, 2020	As at June 30, 2020	Rate of depreciation / Number of years of useful life
	-----Rupees-----									
Leasehold land	344,450,000	-	531,606,106 (20,486,106)	855,570,000	15,364,484	5,121,622	(20,486,106)	-	855,570,000	77 & 99 years
Office building	87,796,647	-	49,076,057 (27,014,346)	109,858,358	20,260,758	6,753,588	(27,014,346)	-	109,858,358	11.10%
Leasehold improvements	121,092,417	9,256,799 55,333,310 * (2,299,365) (1,535,449) ****	-	181,847,712	106,563,151	10,010,204 - (1,379,619) (1,535,449)	-	113,658,287	68,189,425	15% - 33%
Furniture, fittings and office equipment	132,773,458	1,815,893 3,422,299 * (1,713,400) (849,916) ****	-	135,448,334	102,208,143	13,607,249 - (1,419,818) (847,597)	-	113,547,977	21,900,357	20% - 33.33%
Vehicles	102,728,342	3,346,785 (12,066,000) (61,500) ****	-	93,947,627	36,654,376	8,741,660 (7,200,425) (61,500)	-	38,134,111	55,813,516	4-5 years
Computers and accessories	75,982,679	14,048,058 198,300 * (4,012,179) (103,754) ****	-	86,113,104	51,392,778	12,458,367 - (4,012,179) (103,754)	-	59,735,212	26,377,892	33%
Machinery	-	15,924,013 *	-	15,924,013	-	477,717	-	477,717	15,446,296	10 years
Capital work-in-progress	60,470,098	16,155,133 (74,877,922) * (345,889) ** (1,401,420) ***	-	-	-	-	-	-	-	-
	925,293,641	44,622,668 - * (20,090,944) (345,889) ** (1,401,420) *** (2,550,619) ****	580,682,163 (47,500,452)	1,478,709,148	332,443,690	57,170,407 - (14,012,041) - - (2,548,300)	(47,500,452)	325,553,304	1,153,155,844	

* Transferred from capital work in progress.
** Charged to office repair and maintenance expense.
*** Transferred to intangible assets (note 6).
**** Write off.

	2019									
	Cost / revalued amount				Accumulated depreciation				Net book value	
Description	As at July 1, 2018	Additions / (disposals) / (transfers)* / (reclassification) **	Surplus on revaluation / (reversal of accumulated depreciation)	As at June 30, 2019	As at July 1, 2018	Charge for the year / (disposals) / (transfers) *	Reversals due to revaluation	As at June 30, 2019	As at June 30, 2019	Rate of depreciation / Number of years of useful life
	-----Rupees-----									
Leasehold land	344,450,000	-	-	344,450,000	10,242,992	5,121,492	-	15,364,484	329,085,516	77 & 99 years
Office building	87,796,647	-	-	87,796,647	13,507,170	6,753,588	-	20,260,758	67,535,889	7.80%
Stock Exchange room	10,500,000	- (10,500,000) *	-	-	5,000,000	- (5,000,000)	- *	-	-	Indefinite life
Leasehold improvements	116,771,508	4,686,909 (366,000)	-	121,092,417	93,728,766	13,200,385 (366,000)	-	106,563,151	14,529,266	15% - 33%
Furniture, fittings and office equipment	127,794,025	8,418,699 (3,439,266)	-	132,773,458	84,444,116	20,730,317 (2,966,290)	-	102,208,143	30,565,315	20% - 33.33%
Vehicles	86,780,803	32,239,825 (16,292,286)	-	102,728,342	35,585,751	10,046,687 (8,978,062)	-	36,654,376	66,073,966	4-5 years
Computers and accessories	63,361,535	14,339,120 (1,717,976)	-	75,982,679	45,269,176	7,665,744 (1,542,142)	-	51,392,778	24,589,901	33%
Capital work-in-progress	10,253,357	50,251,051 (34,310)**	-	60,470,098	-	-	-	-	60,470,098	
	847,707,875	109,935,604 (21,815,528) (10,500,000)* (34,310)**	-	925,293,641	287,777,971	63,518,213 (13,852,494) (5,000,000)	- *	332,443,690	592,849,951	

* The management of the Group intends to sell the Stock Exchange room and accordingly, it is classified as 'Held for Sale'.
** Charged to office repair and maintenance expense.

5.1.1 During the year, the leasehold land and building of the Holding Company was revalued by M/s. SURVAL (an independent professional valuer) on the basis of professional assessment of present market values which resulted in an increase in surplus on revaluation by Rs. 580.68 million.

Had the revaluation not been carried out, the costs, the accumulated depreciation and the written down value of leasehold land and office building thereon would have been as follows:

	2020		
	Cost	**Accumulated depreciation**	**Net book value**
	-----Rupees-----		
Leasehold land	54,399,300	9,044,908	45,354,392
Office building	76,781,580	42,049,987	34,731,593
	131,180,880	51,094,895	80,085,985

	2019		
	Cost	Accumulated depreciation	Net book value
	--------------------------Rupees--------------------------		
Leasehold land	54,399,300	8,431,050	45,968,250
Office building	76,781,580	38,210,908	38,570,672
	131,180,880	46,641,958	84,538,922

5.1.2 Included in cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 246.88 million (2019: Rs.222.24 million).

5.1.3 Details of fixed assets - own use disposed of during the year are as follows:

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (Loss)	Mode of disposal	Particulars of buyers
	--------------------------------Rupees--------------------------------						
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	1,713,400	1,419,818	293,582	366,288	72,706	Negotiation	Various
Vehicles	4,020,000	2,450,925	1,569,075	2,553,977	984,902	Negotiation	Various
Computers and accessories	4,012,179	4,012,179	-	278,040	278,040	Negotiation	Various
	9,745,579	7,882,922	1,862,657	3,198,305	1,335,648		
Book value exceeding Rs. 500,000 each							
Vehicles	1,952,500	1,171,500	781,000	781,000	-	Company policy	Mr Khawar Sultan *
	1,970,500	1,182,300	788,200	788,200	-	Company policy	Mr Javaid Akhter *
	1,952,500	1,093,400	859,100	859,100	-	Company policy	Mr Tahir Ali Shah *
	2,170,500	1,302,300	868,200	868,200	-	Company policy	Mian Faysal Riaz *
	8,046,000	4,749,500	3,296,500	3,296,500	-		
Leasehold improvements	2,299,365	1,379,619	919,746	201,600	(718,146)	Negotiation	K-Electric Limited
	10,345,365	6,129,119	4,216,246	3,498,100	(718,146)		
Total - June 30, 2020	20,090,944	14,012,041	6,078,903	6,696,405	617,502		
Total - June 30, 2019	21,815,528	13,852,494	7,963,034	8,929,346	966,312		

* These represent Key Management Personnel of the Group.

5.1.4 Particulars of the Group's immovable fixed assets - own use are as follows;

Particulars	Location	Area
Head Office Building	Plot no.16 sector 24, Korangi Industrial Area, Karachi	44,893 Sq. feet
Office Building	Plot no.49 sector 24, Korangi Industrial Area, Karachi	4,477 Sq. feet
Leasehold Land	Plot no.16 sector 24, Korangi Industrial Area, Karachi	6,667 Sq. Yds.
Leasehold Land	Plot no.49 sector 24, Korangi Industrial Area, Karachi	2,222 Sq. Yds.

5.1.5 The fair value of leasehold land and office buildings as at June 30, 2020 approximated to Rs. 772 million.

5.1.6 The depreciation expense for the year has been charged to administrative and general expenses.

5.2 Fixed assets - operating lease

	2020							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2019	Additions / reclassification	As at June 30, 2020	As at July 1, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	Number of years of useful life
	Rupees							
Cranes	155,419,512	-	155,419,512	10,944,118	10,102,272	21,046,390	134,373,122	10 years
	155,419,512	-	155,419,512	10,944,118	10,102,272	21,046,390	134,373,122	

	2019							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2018	Additions / reclassification	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	Number of years of useful life
	Rupees							
Cranes	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	10 years
	143,549,998	11,869,514	155,419,512	777,562	10,166,556	10,944,118	144,475,394	

5.2.1 The depreciation expense for the year has been charged to direct cost.

5.3 Fixed assets - Ijarah finance

	2020							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2019	Additions / (disposals)	As at June 30, 2020	As at July 1, 2019	Charge for the year / (on disposals)	As at June 30, 2020	As at June 30, 2020	Number of years of useful life
	Rupees							
Machinery and generators	2,726,162,165	1,062,814,904 (996,712,146)	2,792,264,923	411,061,684	831,441,605 (609,044,858)	633,458,431	2,158,806,492	2.67 to 4 years
Vehicles	1,574,864,354	447,783,805 (1,131,946,954)	890,701,205	289,223,455	446,452,864 (658,798,962)	76,877,357	813,823,848	3 to 5 years
	4,301,026,519	1,510,598,709 (2,128,659,100)	3,682,966,128	700,285,139	1,277,894,469 (1,267,843,820)	710,335,788	2,972,630,340	

	2019							
	Cost			Accumulated depreciation			Net book value	
Description	As at July 1, 2018	Additions / (disposals)	As at June 30, 2019	As at July 1, 2018	Charge for the year / (on disposals)	As at June 30, 2019	As at June 30, 2019	Number of years of useful life
	Rupees							
Machinery and generators	2,610,968,878	1,061,091,547 (945,898,260)	2,726,162,165	152,533,282	840,510,697 (581,982,295)	411,061,684	2,315,100,481	2.83 to 3 years
Vehicles	2,429,844,799	567,715,594 (1,422,696,039)	1,574,864,354	437,568,853	669,358,572 (817,703,970)	289,223,455	1,285,640,899	3 to 5 years
	5,040,813,677	1,628,807,141 (2,368,594,299)	4,301,026,519	590,102,135	1,509,869,269 (1,399,686,265)	700,285,139	3,600,741,380	

5.3.1 Disposals during the year in respect of Ijarah finance have been made to the lessees as per the contract terms.

5.3.2 The depreciation expense for the year has been charged to direct cost.

5.4 Right of use asset

Description	2020							
	Cost			Accumulated depreciation			Net book value	Rate of depreciation
	As at July 1, 2019	Additions / (disposals)	As at June 30, 2020	As at July 1, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	
	----------Rupees----------							
Right of use asset	132,115,778	7,560,706	139,676,484	-	25,837,151	25,837,151	113,839,333	1 to 8.78 years
	132,115,778	7,560,706 -	139,676,484	-	25,837,151 -	25,837,151	113,839,333	

	Note	2020	2019
		-----Rupees-----	
6 INTANGIBLE ASSETS			
Computer software and license	6.1	11,320,889	19,067,315
Goodwill		13,728,733	13,728,733
Customer relationship for Ijarah	6.1 & 6.5	36,857,143	49,142,857
		61,906,765	81,938,905

6.1 Following is a statement of intangible assets:

Description	2020							
	Cost			Accumulated amortisation			Net book value	Rate of amortisation / Number of years of useful life
	As at July 1, 2019	Additions	As at June 30, 2020	As at July 1, 2019	Charge for the year	As at June 30, 2020	As at June 30, 2020	
	----------Rupees----------							
Computer software and license	98,448,270	1,759,269 1,401,420	101,608,959 *	79,380,955	10,907,115	90,288,070	11,320,889	33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	36,857,143	12,285,714	49,142,857	36,857,143	7 years
	184,448,270	1,759,269 1,401,420	187,608,959	116,238,098	23,192,829	139,430,927	48,178,032	

* transferred from capital work in progress.

Description	2019							
	Cost			Accumulated amortisation			Net book value	Rate of amortisation / Number of years of useful life
	As at July 1, 2018	Additions	As at June 30, 2019	As at July 1, 2018	Charge for the year	As at June 30, 2019	As at June 30, 2019	
	----------Rupees----------							
Computer software and license	87,106,885	11,341,385	98,448,270	66,070,407	13,310,548	79,380,955	19,067,315	33%
Customer relationship for Ijarah	86,000,000	-	86,000,000	24,571,429	12,285,714	36,857,143	49,142,857	7 years
	173,106,885	11,341,385 -	184,448,270	90,641,836	25,596,262 -	116,238,098	68,210,172	

6.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 90.96 million (2019: Rs. 84.01 million).

6.3 No intangible assets were disposed of during the year.

6.4 The amortisation expense for the year has been charged to administrative and general expenses.

6.5 Customer relationship for ijarah comprises of Ijarah portfolio relationships which were recognised at the time of acquisition of ORIX Modaraba. Customer relationship arises from disbursements expected to be made to existing Ijarah customers. These ijarah represent a more beneficial investment than alternate financing in the market. The customer relationship implies that the economic life of ijarah portfolio is longer than its contractual life.

7 NET INVESTMENT IN FINANCE LEASE

	Note	2020	2019
		-----------------Rupees-----------------	
Instalment contract receivables		17,778,931,662	22,287,465,719
Residual value		7,578,780,621	8,457,924,284
Less: adjustable security deposit	7.1	(7,554,263,764)	(8,427,394,395)
	7.2	17,803,448,519	22,317,995,608
Less: unearned finance income		3,380,338,853	4,362,392,522
		14,423,109,666	17,955,603,086

7.1 Security deposit is received from the lessees under finance lease contracts which is adjustable at the expiry of the lease period.

7.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2020	2019	2020	2019
	--Rupees--			
Less than one year	9,582,058,187	11,790,170,570	7,503,453,058	9,151,970,240
One to five years	8,221,390,332	10,527,825,038	6,919,656,608	8,803,632,846
	17,803,448,519	22,317,995,608	14,423,109,666	17,955,603,086

7.3 The Group’s implicit rate of return on leases ranges from 11.67% to 27.55% (2019: 9.16% to 27.12%) per annum. These are secured against leased assets and security deposits averaging 21.64% (2019: 21.25%) of the cost of leased assets and personal guarantees.

7.4 Based on the NBFC Regulations, the aggregate amount of portfolio on which income is suspended as at June 30, 2020 amounted to Rs. 1,484.43 million (2019: Rs. 951.33 million).

7.5 Lease rentals received during the year aggregate to Rs. 10,648 million (2019: Rs. 11,365 million).

	Note	2020	2019
8 INVESTMENT IN ASSOCIATE		----------Rupees----------	
Related party			
Investment in associate under equity accounting	8.1	944,087,843	942,321,227

8.1 The breakup of carrying value of investment accounted under equity method is as follows:

2020	2019		Note	2020	2019
(Number of shares)				------Rupees------	
		Unquoted			
1,375,000	1,375,000	Saudi ORIX Leasing Company	8.1.1	944,087,843	942,321,227

8.1.1 The Group holds 2.5% (2019: 2.5%) ownership interest in Saudi ORIX Leasing Company (SOLC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. SOLC is accounted for as an associate under equity accounting due to the significant influence exercised by the Group. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2019 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

8.1.2 Summarised un-audited financial statements of associate under equity accounting are as follows:

Name	Date of financial year end	As at June 30		For the period July 01 to June 30		Interest held
		Total assets	Total liabilities	Revenues	Profit / (loss)	
		------Rupees------				
2020 - Unquoted						
Saudi ORIX Leasing Company	31 December	58,076,892,395	20,343,020,207	4,408,031,837	1,250,544,081	2.50%
2019 - Unquoted						
Saudi ORIX Leasing Company	31 December	50,281,564,133	12,959,808,083	4,289,516,884	2,533,568,712	2.50%

	Note	2020	2019
		----------Rupees----------	
8.1.3 Movement of investment in associate is as follows:			
Balance at the beginning of the year		942,321,227	672,208,880
Share of profit for the year	36	28,938,204	50,671,374
Dividends received during the year		(50,533,088)	(14,743,653)
Exchange gain		23,209,923	242,479,382
Impact of change in associate's accounting policy		-	(4,892,735)
Share of other comprehensive income / (loss) of associate under equity accounting		151,577	(3,402,021)
		944,087,843	942,321,227

9 LONG-TERM INVESTMENTS

	Note	2020	2019
		-----------------Rupees----------------	
Amortised cost			
Pakistan Investment Bonds (PIBs)	9.1	442,872,077	268,623,384
Investment in sukuk certificates	9.2	57,701,835	57,701,835
Less: Provision for potential losses on investments	40.2	(57,701,835)	(57,701,835)
		-	-
		442,872,077	268,623,384
At fair value through profit or loss			
Units of collective investment scheme			
National Investment (Unit) Trust			
202,000 (2019: 202,000) units of Rs. 10 each			
Cost Rs. 1,363,500 (2019: Rs. 1,363,500)		11,356,440	10,988,800
At fair value through other comprehensive income			
Al Hail ORIX Finance PSC	9.3	279,097,858	279,097,858
Less: Fair value change on remeasurement of financial assets		(279,097,858)	(90,919,910)
		-	188,177,948
		454,228,517	467,790,132
Less: Current maturity	13	-	(60,447,812)
		454,228,517	407,342,320

9.1 This represents investments made as required under Regulation 14(4)(g) of the NBFC Regulations, 2008 to maintain liquidity against certificates of deposit. These carry coupon rate of 7.25% to 12.00% (2019: 7.25% to 12.00%) per annum and are due to mature on various latest by September 19, 2022.

9.2 This represents investment by the Modaraba in unlisted sukuk certificates which have been fully provided.

9.3 During the year, the Group reassessed the fair value of its investment in Al Hail ORIX Finance PSC and recognised Rs. 188 million as decrease in fair value (2019: Rs. 41 million).

10	LONG-TERM FINANCES AND LOANS	Note	2020	2019
			-----------------Rupees----------------	
	Considered good			
	Loans to key management personnel, other executives and employees - secured			
	Key management personnel - related parties	10.2	73,572,531	62,046,771
	Other executives		119,822,619	112,282,692
		10.1	193,395,150	174,329,463
	Other employees	10.6	114,353,473	116,667,935
			307,748,623	290,997,398
	Others - secured			
	Vehicle finance	10.3	3,920,051,044	4,045,217,593
	Musharika finance	10.4	3,128,084,885	3,004,033,089
	Micro finance	10.5	36,289,462	116,168,803
			7,084,425,391	7,165,419,485
			7,392,174,014	7,456,416,883
	Considered doubtful			
	Others - secured			
	Term finance		104,979,991	94,656,596
	Vehicle finance		134,007,058	84,229,861
	Musharika finance		611,119	244,666
	Micro finance		28,105,484	14,827,599
	Agri finance	10.7	12,706,417	13,867,530
			280,410,069	207,826,252
	Less: Allowance for potential loan losses		(174,389,372)	(150,625,388)
			106,020,697	57,200,864
	Less: General provision against micro finance loans	10.8	(200,751)	(575,089)
			7,497,993,960	7,513,042,658
	Less: Current maturity			
	Key management personnel, other executives and employees		37,026,375	36,261,910
	Others		2,902,809,678	3,241,161,611
		13	2,939,836,053	3,277,423,521
			4,558,157,907	4,235,619,137

10.1 Movement in loans to key management personnel and other executives

	2020	2019
Opening balance	174,329,463	142,664,842
Disbursements	62,490,323	79,137,445
Repayments	(43,424,636)	(42,732,025)
Transfer from staff to others	-	(4,740,799)
	193,395,150	174,329,463

10.2 Loans to Key Management Personnel

Names	Maximum aggregate balance during the year	Provisions / (write-off)	2020	2019
	---------------------------------Rupees---------------------------------			
Mian Faysal Riaz	1,942,881	-	859,750	2,036,000
Mr. Khawar Sultan	641,029	-	480,797	654,002
Mr. Ramon Alfrey	635,085	-	-	635,085
Mr. Tahir Ali Shah	4,099,397	-	3,726,418	1,017,854
Mr. Hamood Ahmed	3,016,097	-	2,829,035	-
Mr. Shafiq Ur Rehman	2,001,060	-	1,445,425	-
Mr. Jawaid Akhter	1,242,959	-	1,000,330	-
Mr. Haider Abbas Kalhar	2,208,548	-	1,721,961	-
Mr. Imtiaz Ahmad Chaudhary	8,663,663	-	7,979,057	6,576,592
Ms. Fakhara Rizwan	12,155,387	-	-	12,155,387
Mr. Muhammad Siddique	2,723,242	-	1,573,262	2,723,242
Mr. Mohammad Arif Daya	6,576,434	-	5,060,363	6,576,434
Mr. Nadir Shah	8,425,830	-	6,922,826	8,425,830
Mr. Muhammad Asim Javed	18,356,148	-	18,004,822	17,149,045
Muhammad Ahsan Ilyas	2,273,748	-	1,767,427	2,273,748
Mr. Salwat Ahmad	21,555,376	-	20,201,058	1,823,552
		-	73,572,531	62,046,771

10.2.1 Loans to Key Management Personnel include house loan, vehicle loan and personal loan.

10.3 This represents vehicle financing facility provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 11.99% to 26.00% (2019: 12.06% to 24.00%) per annum. These finances are repayable within a period of 1 years to 5 years (2019: 1.5 years to 5 years) and are secured against charge over vehicles and personal guarantees.

10.4 This represents Musharika facilities provided to customers. The mark-up on these finances ranges from 6.0% to 19.5% (2019: 10.5% to 18.5%) per annum. The facilities have a repayment term of 2 to 5 years (2019: 2 to 5 years) and are secured by assets subject to Musharika agreement.

10.5 This represents long-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.0% to 38.30% (2019: 28.0% to 35.78%) per annum. These finances are repayable within a period of 1.2 to 1.5 years (2019: 1.2 to 1.5 years) and are secured against personal guarantees of community organisations.

10.6 This represents loans given to staff in accordance with the terms of the HR policy and includes house loans which are repayable within a period of 20 years or retirement date whichever is earlier. House loans are secured against equitable mortgage on the property by deposit of title documents of the property with the Group and carry mark-up range from 4.00% to 9.5% (2019: 4.00% to 6.5%) per annum. Loans to Key Management Personnel, other executives and other employees (other than house loans) carry mark-up rates ranging from 5% to 14.6% (2019: 7.5% to 15%) per annum. These are secured against retirement benefits and are repayable within a period of five years.

Maximum amount outstanding at the end of any month during the year against loans to key management personnel and executives was Rs. 211.10 million (2019: Rs. 178.61 million).

10.7 This represents long-term finance provided to farmers on mark-up basis. The rate of return on these loans ranges from 15.00% to 28.00% (2019: 15.00% to 28.00%) per annum. These loans are repayable within a period of 1.5 year to 3 years (2019: 1.5 years to 3 years) and are secured against title documents of the immovable property.

10.8 As per Regulation 25(A) of the NBFC Regulations, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro finance portfolio (finance net of specific provisions).

11 SHORT-TERM FINANCES

	Note	2020	2019
		-----------------Rupees----------------	
Considered good - secured			
Micro finance	11.1	203,321,148	283,951,543
Term finance	11.2	21,500,001	2,475,001
		224,821,149	286,426,544
Considered doubtful - secured			
Micro finance		55,494,210	16,272,615
Agri finance	11.3	4,176,201	4,176,213
		59,670,411	20,448,828
Less: Allowance for potential loan losses		(49,819,243)	(20,448,828)
		9,851,168	-
Less: General provision against micro finance loans	10.8	(1,065,789)	(1,419,762)
		233,606,528	285,006,782

11.1 This represents short-term micro finance provided to individuals and women entrepreneurs on mark-up basis. The mark-up on these loans ranges from 28.01% to 38.41% (2019: 19.71% to 35.08%) per annum. These are secured against personal guarantees of community organisations and are repayable within twelve months.

11.2 This represents term finance facilities provided to customers of Certificates of Deposit (CODs) on mark-up basis. The mark-up on these finances ranges from 12.00% to 15.00% (2019: 11.50%) per annum. These finances are recoverable within the remaining maturity period of pledged CODs and are secured against lien over the respective CODs with minimum security margin of 25% over the principal value of the CODs.

11.3 This represents short-term finance offered to farmers on mark-up basis. The mark-up on these loans ranges from 17.00% to 20.00% (2019: 17.00% to 20.00%) per annum. These are repayable within twelve months (2019: twelve months) and are secured against title documents of the immovable property.

12	ACCRUED RETURN ON INVESTMENTS AND TERM FINANCE	Note	2020	2019
			-----------------Rupees-----------------	
	Investments		16,803,344	12,460,687
	Term finance		146,630,707	122,573,985
			163,434,051	135,034,672

13	CURRENT MATURITY OF NON-CURRENT ASSETS	Note	2020	2019
	Current maturity of:			
	Net investment in finance lease	7.2	7,503,453,058	9,151,970,240
	Long-term investments	9	-	60,447,812
	Long-term finances and loans	10	2,939,836,053	3,277,423,521
			10,443,289,111	12,489,841,573

14	SHORT-TERM INVESTMENTS	Note	2020	2019
	At fair value through profit or loss			
	Treasury bills	14.1	777,319,870	380,501,894
	Term finance certificates		-	7,500,000
			777,319,870	388,001,894
	At fair value through other comprehensive income			
	Ordinary shares - unlisted	14.2	26,019,918	13,936,822
	Less: Allowance for potential losses	40.2	-	7,500,000
			803,339,788	394,438,716

14.1 This includes Rs. 255.64 million investments made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit and short term investments for management of surplus funds. These are redeemable within a period of 1 to 9 months (2019: 3 months) from the reporting date, carrying yield ranging from 7.14% to 13.29% (2019: 10.80% to 12.74%) per annum.

14.2 This includes shares of LSE Financial Services Limited. The Group holds 843,975 (2019: 843,975) number of shares with a face value of Rs. 10 each. These include 506,385 (60%) shares which are required to be held separately in a blocked account with the Central Depository Company of Pakistan Limited to restrict the sale of these shares by the members. However, the rights to receive dividend, bonus shares, right shares and the proceeds of sale of these shares are vested with members while the voting rights attached to these shares are suspended.

14.2.1 As at June 30, 2020, the fair value of LSE Financial Services Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 19.39 million (2019: Rs 8.44 million) and Rs 6.62 million (2019: Rs. 5.50 million) respectively. The Group has received dividend amounting to Rs. 0.67 million (2019: Rs. 0.42 million) from LSE Financial Services Limited.

		Note	2020	2019
15	**ADVANCES AND PREPAYMENTS**		-----------------Rupees	----------------
	Advances - unsecured		79,768,068	138,183,610
	Prepayments			
	Rent		2,060,849	17,391,886
	Others		41,710,436	37,246,065
			43,771,285	54,637,951
			123,539,353	192,821,561

		Note	2020	2019
16	**OTHER RECEIVABLES**			
	Considered good			
	Operating lease rentals		-	5,065,279
	Ijarah rentals		247,230,402	134,549,811
	Others		21,316,361	7,474,113
			268,546,763	147,089,203
	Considered doubtful			
	Operating lease rentals		5,354,597	2,522,518
	Ijarah rentals		17,517,235	18,897,568
	Others		1,738,164	2,142,914
			24,609,996	23,563,000
	Less: Allowance for potential losses	40.2	24,609,996	23,563,000
			268,546,763	147,089,203

		Note	2020	2019
17	**CASH AND BANK BALANCES**			
	Cash in hand		1,793,730	1,764,470
	Balances with banks in:			
	- Current accounts		262,038,348	266,816,059
	- Deposit accounts	17.1	486,877,067	347,640,233
			748,915,415	614,456,292
	Term deposit	17.2	500,000,000	-
		17.3	1,250,709,145	616,220,762

17.1 These carry expected profits rates ranging from 2.75% to 6.75% per annum (2019: 3.00% to 10.30% per annum).

17.2 Term deposit receipts carry profit at the rate of 7.35% per annum (2019: Nil) and are due to mature on July 22, 2020.

17.3 These include balances amounting to Rs 931.6 million held with banks in deposit accounts and term deposit receipts which have been kept in order to comply with the requirement of the guidelines issued by the SECP with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

17.4 During the year, the Holding Company has opened bank accounts for the purpose of maintaining separately unclaimed dividend amount and has transferred the total amount of unclaimed dividend to this account.

18 ASSETS CLASSIFIED AS HELD FOR SALE

	Note	2020	2019
		Rupees	
Repossessed assets	18.1	6,321,189	29,370,226
Investment in associates			
- OPP (Private) Limited	18.2	87,754,399	87,754,399
- ORIX Leasing Egypt SAE	18.3	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		270,818,625	293,867,662

18.1 This represents repossessed assets consisting of vehicles, machinery and other equipment, previously leased to customers. The Group intends to dispose off these assets to recover the balance amount outstanding against such leases.

18.2 The Holding Company holds 45% (2019: 45%) ownership interest in OPP (Private) Limited. During 2014, the Board of Directors of the Holding Company approved divestment of the Holding Company's entire investment in OPP.

The sale negotiations for disposal of investment in OPP were held with a minority shareholder of OPP and a Share Purchase Agreement (SPA) was signed by all the parties in July 2014. However, the minority shareholder had failed to comply with the terms of the SPA and initiated legal proceedings to restrict the Holding Company in managing the affairs of OPP. The Holding Company has also filed a reference in the Lahore High Court to allow the Holding Company to buy out the minority stakeholder in OPP or to wind up OPP which is pending to date.

18.3 The Holding Company holds 23% (2019: 23%) ownership interest in SAMA. The Board of Directors of the Holding Company in their meeting held in February 2019 approved divestment of the Holding Company's investment in SAMA. In pursuance of the above, the Holding Company intends to dispose of its investment in SAMA.

The sale negotiations for disposal of SAMA were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019.

The process of disposal is expected to be completed before December 2020 with agreed terms and conditions, subject to necessary regulatory approvals.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
(Number of shares)			Rupees	
		Ordinary shares of Rs. 10/- each		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
58,386,847	58,386,847	Fully paid bonus shares	583,868,470	583,868,470
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
167,054,902	167,054,902		1,670,549,020	1,670,549,020

19.1 As at June 30, 2020, ORIX Corporation, Japan and its nominees held 82,819,539 (2019: 82,819,539) ordinary shares equivalent to 49.58% (2019: 49.58%) of the total shareholding.

20	**SURPLUS ON REVALUATION OF LEASEHOLD LAND AND OFFICE BUILDING - NET OF TAXATION**	**Note**	**2020**	2019
			----Rupees----	
	Opening balance		310,980,411	318,755,783
	Revaluation surplus arising during the year	5.1.1	580,682,163	-
	Adjustment in respect of incremental depreciation transferred to unappropriated profit		(7,775,364)	(7,775,372)
			883,887,210	310,980,411
	Opening balance of deferred tax liability		(8,083,306)	(9,029,958)
	Deferred tax liability on surplus on revaluation of office building arising during the year		(14,232,056)	-
	Adjustment on transfer of incremental depreciation to unappropriated profit		946,644	946,652
		24	(21,368,718)	(8,083,306)
			862,518,492	302,897,105

21 LONG-TERM FINANCES - secured

	Note	2020	2019
Long-term finances utilised under mark-up arrangements - financial institutions	21.1 & 21.2	9,523,403,833	11,991,707,589
Less: Unamortised transaction cost		963,267	4,164,059
Less: Current maturity	32	4,222,033,077	4,576,372,382
		4,222,996,344	4,580,536,441
		5,300,407,489	7,411,171,148

21.1 The Group has unutilised long term finance facilities of Rs. 1,640.5 million as at June 30, 2020 (2019: Rs. 2,028 million). These finances have been obtained for financing of operations and are secured by hypothecation of leased assets, related lease receivables and financing receivables. The mark-up rates thereon range from 8.00% to 14.77% (2019: 11.05% to 14.09%) per annum. These finances are repayable within a period of 36 to 60 months (2019: 36 to 60 months).

21.2 This also includes Musharika term finance various banks / companies amounting to Rs. 1,240.07 million (2019: Rs.1,933.67 million). These carry profit ranging from 6% to 14.51% (2019: 7.49% to 13.60%) per annum. These finances are repayable within a period of 60 months (2019: 60 months).

22 LONG-TERM CERTIFICATES OF DEPOSIT

	Note	2020	2019
		----------------Rupees----------------	
Unsecured			
Certificates of deposit	22.1	3,360,463,182	3,564,035,162
Less: Current maturity	32	730,730,413	744,337,744
		2,629,732,769	2,819,697,418

22.1 These certificates of deposit have been obtained for financing of operations of Holding Company and issued at expected rates of return ranging from 7.00% to 13.15% (2019: 6.50% to 12.82%) per annum and issued for terms ranging from 2 years to 10 years (2019: 2 years to 10 years).

23 LONG-TERM DEPOSITS

	Note	2020	2019
		----------------Rupees----------------	
Security deposit on finance lease and ijarah contracts		577,009,147	648,805,760
Less: Current maturity	32	201,933,288	188,434,541
		375,075,859	460,371,219

23.1 This represents amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period.

24 DEFERRED TAXATION

	Note	2020	2019
		----------------Rupees----------------	
The deferred tax liability is attributable to the following items:			
- Accelerated tax depreciation		699,255,839	834,490,876
- Asset capitalised under IFRS 16		(3,385,000)	-
- Surplus on revaluation of office building	20	21,368,718	8,083,306
- Unamortised transaction costs relating to long term finances and loans		279,348	1,207,577
- Investments		138,799,235	180,638,909
- Allowance for potential lease, loan and other losses		(340,811,227)	(250,285,187)
- Alternative corporate tax		-	(74,594,718)
		515,506,913	699,540,763

24.1 The movement in deferred tax during the year is as follows;

	Note	2020	2019
		----------------Rupees----------------	
Opening		699,540,763	480,597,549
(Reversal) / charge to the consolidated statement of profit or loss	43	(164,611,732)	176,186,186
(Reversal) / charge in other comprehensive income		(19,422,118)	42,757,028
Closing		515,506,913	699,540,763

		Note	2020	2019
			Rupees	
25	**OTHER LONG-TERM LIABILITIES**			
	Profit on certificates of deposit	25.1	197,559,646	164,902,777
	Lease liability against right of use asset	25.2	90,218,131	-
			287,777,777	164,902,777

25.1 This represents accrued profit on Certificates of Deposit payable on maturity.

25.2 Details of minimum lease payments, financial charges and principal outstanding related to lease liability are as follows:

	2020			2019		
	Minimum lease Payments	Financial charges	Principal outstanding	Minimum lease Payments	Financial charges	Principal outstanding
	Rupees					
Not later than one year	32,190,875	2,454,593	29,736,282	-	-	-
Later than one year and not later than five years	116,126,625	38,190,286	77,936,339	-	-	-
Later than five years	23,730,699	11,448,907	12,281,792			
	172,048,199	52,093,786	119,954,413	-	-	-

26 DEFINED BENEFIT OBLIGATION - STAFF GRATUITY

26.1 General description

The Holding Company operates a funded gratuity scheme which was established under the provision of the trust deed dated July 1, 2004 for its permanent staff who have completed the minimum qualifying period of three years of service under the scheme. The funded scheme is administered by the Board of Trustees in accordance with the provisions of the Trust Deed. Contributions therein are made in accordance with actuarial recommendations. The most recent valuation in this regard was carried out as at June 30, 2020, using the Projected Unit Credit Method.

26.2 Principal actuarial assumptions

	2020	2019
- Discount rate	8.50%	14.25%
- Expected rate of increase in salary for first year	2.00%	14.25%
- Expected rate of increase in salary for second year	2.00%	14.25%
- Expected rate of increase in salary for second year and onwards	8.50%	14.25%
- Expected rate of return on plan assets	8.50%	14.25%
- Average service years	11.45	10.57

Assumptions regarding future mortality are set based on actuarial advice in accordance with published statistics and experience in Pakistan. The rates assumed are based on the SLIC 2001 - 2005 ultimate mortality tables rated down one year.

26.3 The amount recognised in the consolidated statement of financial position is as follows:

	Note	2020	2019
		----------------Rupees----------------	
Present value of defined benefit obligation	26.4	202,888,713	208,381,881
Fair value of any plan assets	26.4	(242,152,660)	(217,190,125)
		(39,263,947)	(8,808,244)

26.4 The movement in the defined benefit obligation over the year is as follows:

	2020		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	---------------------------Rupees---------------------------		
At July 1	208,381,885	(217,190,129)	(8,808,244)
Current service cost	20,499,285	-	20,499,285
Interest expense / (income)	29,551,421	(30,841,979)	(1,290,558)
	258,432,591	(248,032,108)	10,400,483
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	8,012,246	8,012,246
- Experience gain	(40,068,679)	-	(40,068,679)
	(40,068,679)	8,012,246	(32,056,433)
	218,363,912	(240,019,862)	(21,655,950)
Contributions made	-	(17,607,997)	(17,607,997)
Benefits paid	(14,674,985)	15,403,305	728,320
Benefits payable to outgoing member(s)	(800,210)	71,890	(728,320)
At June 30	202,888,717	(242,152,664)	(39,263,947)

	2019		
	Present value of defined benefit obligation	Fair value of plan assets	Net liability
	---------------------------Rupees---------------------------		
At July 1	197,700,484	(177,730,800)	19,969,684
Current service cost	18,939,030	-	18,939,030
Interest expense / (income)	17,766,951	(16,130,369)	1,636,582
	234,406,465	(193,861,169)	40,545,296
Remeasurements:			
- Interest on plan assets, excluding amounts included in interest expense	-	(5,632,814)	(5,632,814)
- Experience losses	(3,175,434)	-	(3,175,430)
	(3,175,434)	(5,632,814)	(8,808,244)
	231,231,035	(199,493,983)	31,737,052
Contributions made	-	(40,545,296)	(40,545,296)
Benefits paid	(21,977,050)	22,736,472	759,422
Benefits payable to outgoing member(s)	(872,100)	112,678	(759,422)
At June 30	208,381,885	(217,190,129)	(8,808,244)

26.5 The amount recognised in consolidated statement of profit or loss is as follows:

	2020	2019
	-----------------Rupees-----------------	
Current service cost	20,499,285	18,939,030
Interest expense	(1,290,558)	1,636,582
	19,208,727	20,575,612

26.6 The plan assets and defined benefit obligations are based in Pakistan.

26.7 Plan assets consist of the following:

	2020 (Un-audited)		2019 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	236,686,193	97.74%	210,640,628	96.98%
Cash and bank balances and others	5,466,471	2.26%	6,549,501	3.02%
	242,152,664	100.00%	217,190,129	100.00%

26.8 Historical results	2020	2019	2018	2017	2016
	---Rupees---				
Present value of defined benefit obligation	202,888,717	208,381,885	197,700,484	170,252,664	156,681,763
Fair value of plan assets	(242,152,664)	(217,190,129)	(177,730,800)	(153,738,644)	(155,218,531)
(Surplus) / deficit	(39,263,947)	(8,808,244)	19,969,684	16,514,020	1,463,232
Remeasurements of plan liabilities	(40,068,679)	(3,175,434)	19,345,982	9,530,886	2,990,578
Remeasurements of plan assets	8,012,246	(5,632,814)	623,703	6,983,136	(1,238,531)

26.9 Actual return on plan assets during the year amounted to Rs. 22.8 million.

26.10 Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 14.8 million in respect of contribution to gratuity fund in the financial statements for the year ending June 30, 2021.

26.11 The Fund is exposed to a number of risks, the most significant of which are detailed below:

Mortality risk	This is the risk that the actual mortality experience is different from what was initially expected. The effect depends on the beneficiaries' service/age distribution and the benefit.
Investment risk	This is the risk of investments underperforming and not being sufficient to meet liabilities. However, the trustees of the fund have a practice to invest the amounts in government securities that are secured.
Final salary risk	This is the risk that the final salary at the time of cessation of service is greater than expectation. Since the benefit is calculated on the basis of final salary, the benefit amount increases proportionately. In order to minimise the risk the actuary of the Holding Company uses past pattern which provides basis to form a reliable estimate.
Withdrawal risk	This is the risk that withdrawals may be higher or lower than actuarial assumptions. The final effect could go either way depending on the beneficiaries' service / age distribution and the benefit. The Holding Company ensures the availability of sufficient liquid funds in the gratuity fund and makes regular contributions to minimise the risk.

26.12 The sensitivity of the defined benefit obligation to changes in principal actuarial assumptions is as follows:

	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
		---Rupees---	
Discount rate	1.0%	186,849,142	219,598,747
Salary growth rate	1.0%	216,536,915	189,217,546

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the gratuity liability recognised within the consolidated statement of financial position.

26.13 The distribution of timing of payment of benefits is as follows:

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6 to Year 10
Defined benefit obligation	12,878,684	8,029,016	41,133,190	26,219,240	37,109,631	151,063,151

26.14 The weighted average duration of the defined benefit obligation is 8.06 years.

26.15 The information provided in notes 26.1 to 26.14 has been obtained from the details provided by the actuary of the Holding Company.

	Note	2020	2019
		-----------------Rupees-----------------	
27 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED			
Certificates of Musharika (COM)	27.1	3,871,505,000	2,785,705,000
Less: Current portion of redeemable capital	32	(3,832,405,000)	(2,747,955,000)
		39,100,000	37,750,000

27.1 These carry estimated share of profit ranging between Re. 0.2148 to Re. 0.3093 per thousand per day (7% to 14% per annum) (2019: Re. 0.2205 to Re. 0.3874 per thousand per day (8% to 14.14% per annum)) and are due to mature latest by June 22, 2023 (2019: June 22, 2023).

27.1.1 This includes COM issued to key management personnel amounting to Rs. 4.550 million (2019: Rs. 4 million) at the rate of 8.90% (2019: 9.9%) per annum and to mutual fund managed by AWT Investments Limited (a related party) amounting to Rs. 29 million (2019: Nil) at the rate of 8.56% (2019: Nil) per annum.

	Note	June 30, 2020	June 30, 2019
		-----------------Rupees-----------------	
27.2 Current portion of redeemable capital			
Current portion of Certificates of Musharika		3,664,000,000	2,616,550,000
Payable to holders of matured Certificates of Musharika	27.2.1	168,405,000	131,405,000
		3,832,405,000	2,747,955,000

27.2.1 These represent amounts with respect to already matured certificates against which respective customer's request for encashment along with original certificates are pending.

28 TRADE AND OTHER PAYABLES

	Note	2020	2019
		Rupees	
Creditors		229,876,409	788,488,199
Accrued liabilities		151,350,096	162,410,638
Other liabilities			
Advance from customers against finance lease and ijarah finance		9,019,559	15,656,273
Sales tax payable		21,277,965	19,359,673
Federal Excise Duty payable		865,619	1,006,305
Insurance premium payable		53,372,212	63,939,518
Provision for Provincial Worker's Welfare Fund	28.1 & 41.1	56,231,027	29,615,409
Payable to minority shareholders of SCLL		14,841,494	14,868,986
Others		65,983,394	62,724,668
		221,591,270	207,170,832
		602,817,775	1,158,069,669

28.1 This includes Rs 21.27 million in respect of Sindh Workers' Welfare Fund liability of the Modaraba. As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB /DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby it was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. Subsequent to the year end, the Modaraba has deposited the SWWF amounting to Rs 5.98 million with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to June 30, 2020 in these consolidated financial statements on a prudent basis.

29 ACCRUED INTEREST / MARK-UP / PROFIT ON LOANS, FINANCES AND CERTIFICATES OF DEPOSIT

	2020	2019
	Rupees	
Interest / mark-up / profit on:		
Long-term finances	250,508,218	252,200,621
Redeemable capital	53,211,653	90,019,390
Short-term borrowings	9,048,268	27,203,036
Certificates of deposit	79,903,117	79,974,272
	392,671,256	449,397,319

30 SHORT-TERM BORROWINGS

	Note	2020	2019
		-----------------Rupees----------------	
From banking companies - secured			
Running finance arrangements	30.1	171,304,003	1,082,642,374
Short-term loans		-	250,000,000
		171,304,003	1,332,642,374

30.1 This represents short-term running finance facilities available from commercial banks for financing of operations with limits aggregating to Rs. 3,010 million as at June 30, 2020 (2019: Rs. 2,800 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 8.93% to 12.19% (2019: 11.59% to 13.80%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

31 SHORT-TERM CERTIFICATES OF DEPOSIT

	Note	2020	2019
		-----------------Rupees----------------	
Unsecured			
Short-term certificates of deposit	31.1	976,692,124	695,436,338
Payable to holders of matured certificates of deposit		70,119,911	-
		1,046,812,035	695,436,338

31.1 These represent short-term certificates of deposit obtained for financing of operations, issued at expected rates of profit, ranging from 6.50% to 12.30% (2019: 6% to 11.00%) per annum for a term upto 12 months (2019: 12 months).

32 CURRENT MATURITY OF NON-CURRENT LIABILITIES

	Note	2020	2019
		-----------------Rupees----------------	
Current maturity of:			
Long-term finances	21	4,222,033,077	4,576,372,382
Long-term certificates of deposit	22	730,730,413	744,337,744
Lease liability against right-of-use asset		29,736,282	-
Long-term deposits	23	201,933,288	188,434,541
Current portion of redeemable capital	27	3,832,405,000	2,747,955,000
		9,016,838,060	8,257,099,667

33 CONTINGENCIES AND COMMITMENTS

33.1.1 The Additional Commissioner Inland Revenue (ACIR) passed an amended assessment order on July 18, 2014 under section 122(5A) of the Income Tax Ordinance 2001 (the Ordinance) for the tax year 2010 and created a demand of Rs. 167 million by disallowing capital loss on sale of shares and certain other matters. The Holding Company preferred an appeal against the amended assessment order passed by the ACIR before the Commissioner Inland Revenue (Appeals) (CIR-A). The CIR-A disposed of the appeal with minor relief to the Holding Company. The Holding Company has filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company by the CIR-A which is pending adjudication.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.2 During 2017, the Deputy Commissioner Inland Revenue (DCIR) amended the orders for the tax years 2011 and 2014 creating an aggregate demand of Rs. 126.2 million mainly on account of difference in determination of minimum tax liability under section 113 of the Ordinance. The Holding Company's appeal against these amended orders before the CIR-A was maintained and is currently pending adjudication before the ATIR. The Holding Company has obtained a stay against recovery of demand from the Sindh High Court (SHC) until adjudication of the appeal by ATIR.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.3 The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity - for the years 1998-99 to 2002-03 were finalised by the tax officer whereby lease key money amounting to Rs. 239 million was added to income. In appeals with the ATIR, the addition was maintained. SCLL filed a rectification application before ATIR that certain arguments advanced at the time of hearing of appeals were not considered while framing the order. The ATIR vide appellate order dated February 27, 2008 recalled its original appellate order for all these years and referred the case to the Chairman ATIR to constitute a larger bench for rehearing / decision of the case.

No provision has been made in these consolidated financial statements in this respect as the management is of the view that the same will be allowed.

33.1.4 The ACIR passed amended assessment order under section 122(5A) of the Ordinance for the tax years 2015 to 2018 where demands in aggregate of Rs. 3,229 million were raised. This was mainly the result of disallowance of tax loss on lease terminations and certain other matters. In tax years 2015 and 2016, the issue of determination of the levy of minimum tax has also been raised. The Holding Company had been granted stay against recovery of both these demands from the SHC.

The Holding Company preferred appeals against these amended assessment orders before the CIR-A and for all these years, on January 8, 2020 CIR-A has disposed off certain matters whereas certain matters were remanded back with specific directions to the Officer. The Holding Company as well as the income tax department have filed appeals before the ATIR on the matters which have not been decided in their favour by the CIR-A and these are pending for adjudication.

Additionally on October 3, 2019, the ACIR rectified the amended assessment order (rectification order) under section 221(1) of the Ordinance for the tax year 2017 and created an additional demand of Rs. 290 million after taking into account the amended amount of brought forward tax losses. The Holding Company preferred separate appeal against this order before the CIR-A which was disposed off vide appellate order dated March 18, 2020 as 'not pressed' in view of the combined appellate order dated January 8, 2020, disposing off the appeals of the earlier years.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.5 The Holding Company by way of the amendment notices and the orders under section 122(5A) of the Ordinance was charged with the levy of super tax under section 4B of the Ordinance for the years 2015 to 2018. The Holding Company's legal advisor is of the opinion that levy of super tax is unlawful and leading to double taxation. Accordingly in January 2019, the Holding Company had filed constitutional petitions before the SHC challenging the levy of super tax. Subsequent to the year end, on July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful and its an additional tax, not a double tax. This matter was also challenged in appeal before CIR-A and after being maintained it has also been taken up before the ATIR in the years 2015 to 2018. This levy has been considered in light of the position emerging after the appellate order of the CIR -A and it is expected not to have effect in the tax years 2015 and 2016 in light of the available losses.

The Holding Company has evaluated its position in relation to the tax years 2015 to 2018 with the legal advisors and filed the petitions in Supreme Court for respective tax year dated September 12, 2020. For tax year 2019, the Holding Company considers it appropriate to challenge the levy in the appellate process.

The Holding Company has already made a provision in respective tax years 2016 to 2019 amounting to Rs. 145 million against super tax.

33.1.6 In March 2019, the DCIR issued a show cause notice to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Holding Company for the quarter ended March 2019 and additionally demanded Rs. 259.4 million. The Holding Company's tax advisors are of the opinion that the estimate filed by the Holding Company is in accordance with the law and accordingly the Holding Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed stay order restricting the FBR from taking any coercive measures against the Holding Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.7 In September 2019, the DCIR issued another show cause notice to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Holding Company for the quarter ended September 30, 2019 and additionally demanded Rs. 117.2 million. The Holding Company's tax advisors are of the opinion that the estimate filed by the Holding Company is in accordance with the law and accordingly the Holding Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting the FBR from taking any coercive measures against the Holding Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.8 In 2019, the Holding Company received show cause notices from the Sindh Revenue Board (SRB) demanding Sindh Provincial Sales Tax (SPST) amounting to Rs. 519 million against income from operating lease rental of generators for the years ended June 30, 2012, 2013, 2014, 2015, 2016 and 2017 along with the applicable penalty and default surcharge.

In April, 2016, the Holding Company had filed suits against the show cause notices relating to the years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained a stay order restricting SRB from taking any coercive measures against the Holding Company. In 2019, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in respective treasury. Consequent to withdrawal of the suits, SRB issued fresh show cause notices for each of the tax years 2012 to 2017. For financial year 2012 and 2016, the Assistant Commissioner SRB also passed an order against the Holding Company and created a demand of Rs. 43.6 million and Rs. 77.3 million respectively and issued recovery notices. The Holding Company has filed an appeal against the recovery orders before the Commissioner Appeals SRB and also obtained interim relief from SHC by filing separate petitions for each of the years from 2012 to 2017, challenging the levy of SPST on renting of generators and obtained stay order restricting SRB from taking coercive measures against the Holding Company.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.9 During 2017, the Holding Company received show cause notice from SRB for short payment of SPST of Rs. 5.4 million against supplies made to a local vendor in September 2015. Additional Commissioner SRB Karachi confirmed the said liability through order No. 125 of 2017 dated May 15, 2017 which was also challenged by the Holding Company by filing an appeal before Commissioner Appeals SRB Karachi.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.1.10 During 2018, the Holding Company received a notice from SRB regarding non-payment of stamp duty on purchase orders amounting to Rs. 12.6 million. The Holding Company's legal advisor is of the opinion that application of stamp duty on purchase orders is unlawful. The Holding Company filed a petition before the SHC challenging the levy of stamp duty on purchase orders. The SHC has passed ad-interim stay order restricting SRB from taking any coercive measures against the Holding Company until further orders of SHC.

Based on the tax advisor's opinion, the management is confident of a favourable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

33.2 Leases committed but not executed at the reporting date amounted to Rs. 9.01 million (2019: Rs. 82.07 million).

33.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 5.65 million (2019: Rs. 15.75 million).

33.4 The Deputy Commissioner Inland Revenue (ACIR) has issued an amended order to the Modaraba Management Company and has created a demand of Workers' Welfare Fund (WWF) amounting to Rs 48,367 under section 221 of the Income Tax Ordinance, 2001 with respect to tax year 2013. Against the order, the Modaraba Management Company has not filed an appeal as the financial impact is nominal.

33.5 The Modaraba has issued letters of comfort to various commercial banks on behalf of its customers. These aggregate to Rs.107.7 million (2019: Rs. 119.2 million) as at the reporting date.

34 INCOME FROM OPERATING LEASE

	2020	2019
	----Rupees----	
Operating lease assets	4,836,819	24,073,065
Ijarah finance	1,685,215,937	1,876,864,917
	1,690,052,756	1,900,937,982

35 OTHER INCOME - NET

	2020	2019
Income from financial assets		
Return on investments and deposits	58,252,608	20,597,361
Interest income on government securities	75,795,233	64,768,133
Dividend income	988,280	892,648
Capital gain on sale of investments - net	9,408,704	-
Unrealised gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net	4,466,540	(3,714,497)
	148,911,365	82,543,645
Income from other than financial assets		
Other fees and income	180,730,506	114,011,038
Documentation fee	44,591,358	59,841,676
Gain on disposal of fixed assets	617,502	966,312
Gain on disposal of Ijarah assets	43,839,957	50,079,986
Gain on sale of leased assets	52,146,536	41,740,649
Other exchange gain - net	173,884	1,840,629
	322,099,743	268,480,290
	471,011,108	351,023,935

36 SHARE OF PROFIT OF ASSOCIATE UNDER EQUITY ACCOUNTING

Name of associate	2020		2019	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
Un-quoted				
Saudi ORIX Leasing Company	1,157,528,120	28,938,203	2,026,854,960	50,671,374

		Note	2020	2019
			-----------------Rupees-----------------	
37	**FINANCE COST**			
	Interest / mark-up / profit on:			
	- Long-term finances		1,277,170,805	989,124,404
	- Redeemable Capital		364,767,807	253,219,560
	- Musharika finance arrangements		208,348,873	178,213,060
	- Short-term borrowings		88,021,058	127,637,881
	- Certificates of deposit		449,934,463	403,453,331
	- Lease liability against right-of-use asset		16,430,165	-
	Amortisation of transaction costs		3,200,792	7,331,729
	Bank charges and commission		36,110,025	30,880,758
			2,443,983,988	1,989,860,723
38	**ADMINISTRATIVE AND GENERAL EXPENSES**			
	Salaries, allowances, welfare and training	38.1	991,136,154	983,040,955
	Rent and utilities		81,956,574	110,623,196
	Travelling		3,761,368	7,728,469
	Vehicle running and maintenance		12,658,907	13,358,235
	Insurance on operating assets		5,367,236	5,456,634
	Legal and professional charges		24,804,544	30,544,876
	Communication		24,613,067	26,437,597
	Subscriptions		8,987,039	8,302,279
	Auditors' remuneration	38.2	5,739,641	4,590,168
	Advertising		6,164,124	9,461,160
	Printing and stationery		9,871,309	12,394,943
	Depreciation	5.1 & 5.4	83,007,558	63,518,213
	Amortisation	6.1	10,907,115	13,310,548
	Office repairs and maintenance of equipment		49,271,707	57,168,618
	Donations	38.3	10,245,000	10,050,000
	Office general expenses		13,732,573	14,008,423
			1,342,223,916	1,369,994,314
38.1	This includes expenses in relation to the following employee benefits:			
	Defined benefit plan - gratuity fund	26.5	19,208,727	20,575,612
	Defined contribution plan - gratuity fund		3,927,610	3,404,928
	Defined contribution plan - provident fund		35,400,687	34,510,900
	Compensated absences		3,034,009	5,751,594
			61,571,033	64,243,034

38.2 Auditors' remuneration	Note	2020	2019
		----------------Rupees----------------	
Annual audit fee including consolidation		1,700,000	1,700,000
Fee for special certification including half yearly review fee		300,000	300,000
Other services and certifications		2,220,947	1,090,000
Sales tax on audit fee and other services		337,676	247,200
Out of pocket expenses		223,347	166,800
		4,781,970	3,504,000
Subsidiaries		957,671	1,086,168
		5,739,641	4,590,168

38.3 Donations above 10% of total donation or Rs. 1,000,000 which ever is higher

	Note	2020	2019
The Citizens Foundation		2,800,000	2,900,000
The Layton Rahmatullah Benevolent Trust (LRBT)	38.3.1	1,500,000	1,250,000
The Indus Hospital	38.3.2	1,000,000	1,000,000
		5,300,000	5,150,000

38.3.1 A director of the Holding Company is a director of LRBT.

38.3.2 A director of the Holding Company is a director of The Indus Hospital.

39 DIRECT COST	Note	2020	2019
		----------------Rupees----------------	
Court fee, stamp duty and others		3,513,630	5,465,400
Operating lease and Ijarah finance			
Maintenance and insurance		14,040,686	15,676,806
Depreciation - operating lease assets	5.2	10,102,272	10,166,556
Depreciation - ijarah finance	5.3	1,277,894,469	1,509,869,269
Amortisation	6.1	12,285,714	12,285,714
		1,314,323,141	1,547,998,345
		1,317,836,771	1,553,463,745

40 PROVISION / (REVERSAL) FOR POTENTIAL LEASE AND OTHER LOAN LOSSES - NET

	2020				
	Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
	-------Rupees-------				
Balance at the beginning of the year	669,018,735	173,069,067	842,087,802	88,764,835	930,852,637
Provision charge for the year	486,198,425	91,782,620	577,981,045	2,922,083	580,903,128
Reversal made during the year	(216,815,627)	(39,376,532)	(256,192,159)	(6,137,004)	(262,329,163)
	269,382,798	52,406,088	321,788,886	(3,214,921)	318,573,965
Write-offs	(2,494,488)	-	(2,494,488)	(3,238,083)	(5,732,571)
	935,907,045	225,475,155	1,161,382,200	82,311,831	1,243,694,031

	2019				
	Finance leases	Finance and loans	Sub-total	Operating lease, investments and other receivables	Total
	-------Rupees-------				
Balance at the beginning of the year	924,124,734	387,351,273	1,311,476,007	133,718,355	1,445,194,362
Provision charge for the year	80,006,784	25,339,776	105,346,560	422,315	105,768,875
Reversal made during the year	(265,183,039)	(32,171,019)	(297,354,058)	(2,296,745)	(299,650,803)
	(185,176,255)	(6,831,243)	(192,007,498)	(1,874,430)	(193,881,928)
Write-offs	(69,929,744)	(207,450,963)	(277,380,707)	(43,079,090)	(320,459,797)
	669,018,735	173,069,067	842,087,802	88,764,835	930,852,637

40.1 Provision against finances and loans

	Note	2020	2019
		-------Rupees-------	
Long-term finances and loans	10	(174,590,123)	(151,200,477)
Short-term finances and loans	11	(50,885,032)	(21,868,590)
		(225,475,155)	(173,069,067)

40.2 Provision against Operating lease, investments and other receivables

	Note	2020	2019
Other receivables	16	24,609,996	23,563,000
Short-term investments	14	-	7,500,000
Long-term investments	9	57,701,835	57,701,835
		82,311,831	88,764,835

41 OTHER PROVISIONS - NET

	Note	2020	2019
		---Rupees---	
Operating lease, investments and other receivables			
Reversal of provision against other receivables		(1,834,589)	(80,871)
Reversal of provision against Ijarah receivable		(1,380,332)	(1,793,559)
		(3,214,921)	(1,874,430)
Others			
Provision against Workers' Welfare Fund	41.1	27,601,163	2,572,584
Provision for services sales tax on Management Company's remuneration	41.2	1,906,173	1,885,208
(Reversal of impairment) / impairment of assets classified as 'held for sale'		(8,984,240)	11,124,984
		17,308,175	13,708,346

41.1 This includes Rs. 25 million in respect of Punjab Workers Welfare Fund. The Government of Punjab, on December 13, 2019, has promulgated the Punjab Workers Welfare Fund Act, 2019 (PWWF Act) whereby every establishment is required to pay to the fund in accordance with certain conditions. Accordingly, a provision of Rs. 25 million has been recorded in these consolidated financial statements.

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

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

42 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

42.1 The aggregate amount charged in the consolidated financial statements for the year in respect of the remuneration and benefits to the Chief Executive and Executives is as follows:

	2020			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	------------------------------------Rupees------------------------------------			
Managerial remuneration and allowances	34,957,248	22,360,459	261,853,194	319,170,901
House rent and utilities	9,620,820	-	62,188,309	71,809,129
Retirement benefits	3,274,560	-	20,515,228	23,789,788
	47,852,628	22,360,459	344,556,731	414,769,818
Number of persons	1	1	62	64

	2019			
	Chief Executive of the Holding Company	Chief Executive of the Management Company	Executives	Total
	------------------------------------Rupees------------------------------------			
Managerial remuneration and allowances	34,957,248	21,355,880	245,091,784	301,404,912
House rent and utilities	9,620,820	-	57,281,679	66,902,499
Retirement benefits	3,464,536	-	19,426,491	22,891,027
	48,042,604	21,355,880	321,799,954	391,198,438
Number of persons	1	1	57	59

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

42.3 The Chief Executive and certain executives are also provided with the Group maintained cars and other benefits in accordance with their entitlement as per the Group policy.

42.4 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 5 non-executive directors amounting to Rs. 4.1 million (2019: 5 non-executive directors Rs. 5.3 million. This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 1 million (2019: Rs. 1 million).

43 TAXATION

	2020	2019
	-----------------Rupees-----------------	
Current tax - for the year	436,565,030	249,526,655
Current tax - for prior years	(663,811)	(431,072)
Deferred	(164,611,732)	176,186,186
	271,289,487	425,281,769

43.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2020 is as follows. Reconciliation of corresponding year June 30, 2019 has not been presented as provision of income tax was made under the provisions of Alternative Corporate Tax under section 113C of the Income Tax Ordinance, 2001.

	2020 (Effective tax rate %)	2020 ------Rupees-----
Profit before taxation		1,063,200,248
Tax at enacted tax rate	29.00	308,328,072
Tax effect of income subject to final tax regime	(0.83)	(8,824,210)
Tax effect of income subject to lower tax rate	(0.12)	(1,317,219)
Prior year	(0.06)	(663,811)
Tax effect of rebates/credits	(0.07)	(768,443)
Others	(2.40)	(25,464,902)
	25.52	271,289,487

43.2 Current status of pending tax assessments

Tax Year 1999 to 2000

In the assessment year 1999-2000 the Officer Inland Revenue (OIR) had revised the income tax assessment order of the Holding Company under Section 221 of the Ordinance. The Holding Company had preferred an appeal against the order of the OIR before the Commissioner Inland Revenue [CIR(A)] who confirmed the treatment of the OIR. The Holding Company then filed an appeal before the Appellate Tribunal Inland Revenue (ATIR). The ATIR while deciding the appeal filed by the Holding Company, has remanded back the appellate order dated December 12, 2005 to the CIR(A) to pass speaking order after considering all the relevant facts of the case. The case is still pending for adjudication, however, as a matter of prudence, the Holding Company has made adequate provision in respect of the disallowances.

Tax Year 2010 to 2019

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2019. The said returns were taken to be assessment orders passed by the Commissioner Inland Revenue on the day the said returns were filed other than tax year 2010, 2011, 2014, 2017 and 2018.

Tax Year 2010-2011, 2014, 2017 and 2018

Details of the assessment made by the tax authorities are provided in note 33.

		Note	2020	2019
44	**OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES**		-----------------Rupees----------------	
	Profit before taxation		1,063,200,248	1,530,106,082
	Adjustments for			
	Depreciation	5.1, 5.2 & 5.3	1,371,004,299	1,584,712,653
	Amortisation	6.1	23,192,829	24,437,647
	Amortisation of transaction cost	37	3,200,792	7,331,729
	Provision / (Reversal) for potential lease and other loan losses - net	40	321,788,886	(192,007,498)
	Provision against Workers' Welfare Fund	41	27,601,163	2,572,584
	(Reversal) of provision against Ijarah receivable	41	(1,380,332)	(1,793,559)
	Impairment of assets classified as 'held for sale'	41	(8,984,240)	11,124,984
	Reversal of provision against other receivables	41	(1,834,589)	(80,871)
	Provision for services sales tax on Management Company's remuneration	41	1,906,173	1,885,208
	Capital gain on sale of investments - net	35	(9,408,704)	-
	Share of profit of equity accounted undertakings	36	(28,938,203)	(50,671,374)
	Other exchange gain - net	35	(173,884)	(1,364,185)
	Charge for defined benefit plan - gratuity fund	38.1	19,208,727	20,575,612
	Capital work in progress reclassified to repair and maintenance		345,889	34,310
	Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	35	(4,466,540)	3,714,497
	Finance cost including bank charges	37	1,990,848,733	1,579,075,663
	Profit on certificates of deposit	37	449,934,463	403,453,331
	Dividend income	35	(988,280)	(892,648)
	Return on investments and deposits	35	(58,252,608)	(20,597,361)
	Interest income on government securities	35	(75,795,233)	(64,768,133)
	Gain on disposal of Ijarah assets	35	(43,839,957)	(50,079,986)
	Gain on disposal of fixed assets	35	(617,502)	(966,312)
			3,974,351,882	3,255,696,291
			5,037,552,130	4,785,802,373

		Note	2020	2019
45	**CASH AND CASH EQUIVALENTS**			
	Cash at bank	17	1,248,915,415	614,456,292
	Cash in hand	17	1,793,730	1,764,470
	Short-term running finance facilities	30	(171,304,003)	(1,082,642,374)
			1,079,405,142	(466,421,612)

45.1 Reconciliation of movements of liabilities to cash flows arising from financing activities

	2020							
	Short term loans	Certificate of deposit	Long term finances	Unclaimed dividend	Share capital	Share premium	Redeemable capital	Total
	---Rupees---							
Balance as at July 01, 2019	250,000,000	4,259,471,500	11,991,707,589	78,313,447	1,670,549,020	1,585,210,523	2,785,705,000	22,620,957,079
Changes from financing cash flows								
Repayment	(250,000,000)	(732,401,028)	(5,003,303,756)	-	-	-	(3,359,650,000)	(9,345,354,784)
Proceeds received	-	880,204,745	2,535,000,000	-	-	-	4,445,450,000	7,860,654,745
Dividend paid	-	-	-	(1,044,627,630)	-	-	-	(1,044,627,630)
Total changes from financing activities	(250,000,000)	147,803,717	(2,468,303,756)	(1,044,627,630)	-	-	1,085,800,000	(2,529,327,669)
Other changes								
Bonus shares	-	-	-	-	-	-	-	-
Dividend Declared	-	-	-	1,074,026,784	-	-	-	1,074,026,784
Total other changes	-	-	-	1,074,026,784	-	-	-	1,074,026,784
Balance as at June 30, 2020	-	4,407,275,217	9,523,403,833	107,712,601	1,670,549,020	1,585,210,523	3,871,505,000	21,165,656,194

46 SEGMENT INFORMATION

The Group has four primary reporting segments namely, ‘Finance lease’, ‘Finances & Loans ‘, ‘Islamic Finance ‘ and ‘Operating lease’, based on the nature of business and the related risks and returns associated with these segments. The finance lease operations are primarily for long-term leases of movable assets to corporate entities and individuals. Finances and loans are primarily extended to corporate entities and individuals for purchase of saloon vehicles. This segment also includes micro finance which primarily represents group / community based lending to the under-privileged community. Under the operating lease segment, the Group provides equipment on short-term rentals to corporate entities. Islamic Finance includes Ijarah and Diminishing Musharika to corporate entities and individuals. Other operations, which do not fall into the above segment categories and are not deemed by the management to be sufficiently significant to disclose as separate items, are reported under ‘Investment in associates and others’.

46.1 Segment analysis is given below:

	2020					
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in associates & others	Total
	---Rupees---					
Segment revenues	3,150,083,120	940,421,598	4,853,819	2,207,418,580	203,564,867	6,506,341,984
Finance cost	1,267,075,500	357,002,303	10,716,940	630,768,480	178,420,765	2,443,983,988
Administrative and general expenses	866,945,266	230,001,049	24,978,947	189,568,529	30,730,125	1,342,223,916
Direct cost	14,104,326	752,643	12,732,514	1,290,247,288	-	1,317,836,771
Provisions / (reversals) - net	269,382,797	42,082,692	2,832,078	10,849,236	11,349,065	336,495,868
Segment results	732,575,231	310,582,911	(46,406,660)	85,985,047	(16,935,088)	1,065,801,441
Provision for Sindh Worker's Welfare Fund						(2,601,193)
Provision for taxation						(271,289,487)
Profit for the year						791,910,761
Other information						
Segment assets	13,487,572,624	4,418,317,624	134,373,122	6,447,279,073	2,675,716,214	27,163,258,657
Unallocated assets						2,822,720,454
Total assets						29,985,979,111
Segment liabilities	52,771,236	9,539,048	7,190,967	134,490	-	69,635,741
Unallocated liabilities						20,736,617,735
Total liabilities						20,806,253,476
Capital expenditure	-	-		1,510,598,709	-	1,510,598,709
Depreciation and amortisation	-	-		1,300,282,455	-	1,300,282,455
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	109,935,604
Additions made to intangible assets	-	-	-	-	-	11,341,385
Unallocated depreciation and amortisation	-	-	-	-	-	93,914,673

	2019					
	Finance lease	Finances and loans	Operating lease	Islamic Finance	Investment in associates & others	Total
	---Rupees---					
Segment revenues	2,957,342,895	800,995,373	39,340,405	2,288,263,783	179,183,256	6,265,125,712
Finance cost	1,059,172,985	298,425,149	8,958,499	474,152,701	149,151,389	1,989,860,723
Administrative and general expenses	904,112,492	239,365,924	30,109,806	167,539,189	28,866,903	1,369,994,314
Direct cost	12,394,657	1,170,726	17,638,998	1,522,259,364	-	1,553,463,745
Provisions/(reversal)-net	(185,176,259)	(5,345,836)	1,462,703	(1,393,744)	9,581,400	(180,871,736)
Segment result	1,166,839,020	267,379,410	(18,829,601)	125,706,273	(8,416,436)	1,532,678,666
Provision for Sindh Worker's Welfare Fund						(2,572,584)
Provision for taxation						(425,281,769)
Profit for the year						1,104,824,313
Other information						
Segment assets	17,316,324,578	4,614,620,917	144,475,391	6,791,675,506	2,052,831,600	30,919,927,992
Unallocated assets						1,795,863,674
Total assets						32,715,791,666
Segment liabilities	351,496,511	81,755,834	7,438,261	1,408,638	-	442,099,244
Unallocated liabilities						23,313,535,223
Total liabilities						23,755,634,467
Capital expenditure	-	-	-	2,699,036,596	-	2,699,036,596
Depreciation	-	-	-	1,692,689,310	-	1,692,689,310
Unallocated						
Capital expenditure - fixed assets for own use	-	-	-	-	-	51,466,060
Additions made to intangible assets	-	-	-	-	-	17,865,346
Unallocated depreciation and amortisation	-	-	-	-	-	73,242,096

46.2 Segment by class of business

An analysis by class of business of the Group's net investment in finance leases and other finances and loans is given below:

Sectors	2020 (Rupees)	2020 %	2019 (Rupees)	2019 %
Individuals	5,094,646,821	20.98%	6,213,978,977	21.96%
Goods Transport	2,829,252,167	11.64%	3,466,130,163	12.25%
Services	2,607,305,975	10.72%	2,605,604,018	9.21%
Public Transport	1,729,692,735	7.11%	2,559,873,922	9.04%
Textile & Allied	1,656,615,861	6.81%	1,750,355,586	6.18%
Distributor	1,542,777,507	6.34%	1,608,180,931	5.68%
Steel & Engineering	1,144,846,311	4.71%	1,113,033,200	3.93%
Miscellaneous	1,144,040,347	4.70%	1,088,268,366	3.84%
Trading	1,085,167,652	4.46%	1,221,815,545	4.32%
Fuel & Energy	961,278,536	3.95%	1,333,603,229	4.71%
Food & Allied	929,176,472	3.82%	910,613,600	3.22%
Paper, Board & Printing	857,948,479	3.53%	941,566,913	3.33%
Chemical & Pharmaceutical	675,654,096	2.78%	974,534,006	3.44%
Glass, Ceramics & Plastic	647,756,505	2.66%	683,909,197	2.42%
Construction	513,603,249	2.11%	684,918,313	2.42%
Natural Resource & Farming	305,022,461	1.25%	300,626,986	1.06%
Automotive Industry	250,977,921	1.03%	316,884,836	1.12%
Sugar	247,717,278	1.02%	388,926,047	1.37%
Cables, Electric & Electronic Goods	93,193,784	0.38%	141,083,497	0.50%
	24,316,674,157	100.00%	28,303,907,332	100.00%

Reconciliation of the Group's gross net investment in finance leases and other finances and loans is given below:

	2020	2019
	-----------------Rupees----------------	
Net investment in finance leases	14,423,109,666	17,955,603,086
Other finances and loans	9,893,564,491	10,348,304,246
	24,316,674,157	28,303,907,332

46.3 Segment by sector

The Group's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 24,316 million (2019: Rs. 28,303 million).

46.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

47 TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its subsidiary companies, related group companies, associated companies, staff provident fund, staff gratuity fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

The Group in the normal course of business carries out transactions with various related parties. These transactions are executed substantially on the same terms as those prevailing at the time of comparable transactions with unrelated parties and do not involve more than a normal risk. Amounts due from and due to related parties are disclosed in the relevant notes.

47.1 Transactions with related parties during the year are given below:

	2020	2019
	----------------Rupees----------------	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	440,496,423	383,024,136
Saudi ORIX Leasing Company - Associate / common directorship - 2.5% ownership		
Dividend received	50,533,088	14,743,653
Reimbursement of cost	7,613,325	4,152,340
BOD attendance fee received	-	3,768,108
ORIX Leasing Pakistan Limited - Employees Provident Fund (OLP-EPF)		
Contribution made	30,685,620	30,421,673
ORIX Modaraba - Staff Provident Fund (OM-EPF)		
Contribution made	4,715,067	4,089,227
ORIX Leasing Pakistan Limited - Staff Gratuity Fund (OLP-SGF)		
Contribution made	17,607,997	40,545,292
ORIX Modaraba - Staff Gratuity Fund (OM-SGF)		
Contribution made	3,927,610	3,404,928
Reimbursement from Staff Gratuity Fund	218,555	649,505
Charity / Donation paid - Common Directorship		
The Indus Hospital	1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust	1,500,000	1,250,000

Other related party transactions during the year	2020	2019
	-----------------Rupees----------------	
Directors and key management personnel		
Compensation of directors and key management personnel		
Director fees paid	3,600,000	4,800,000
Short-term employee benefits	247,339,800	214,485,123
Retirement benefits	13,468,241	13,470,570
Total compensation to directors and key management personnel	264,408,041	232,755,693
Proceeds from sale of vehicles	3,296,500	973,300
Loans disbursed	13,247,411	4,924,561
Interest received	2,262,034	1,453,246
Principal recovered	23,552,235	9,950,625
Profit on Redeemable Capital	505,515	35,938
Advance to the Chief Executive Officer of the Management Company	1,320,000	1,320,000
Provision for performance bonus to the Chief Executive Officer of the Management Company	6,000,000	6,000,000
Issuance of certificates of deposit	200,000	400,000
Dividend received by the Chief Executive Officer of the Group	250,000	-
Redemption of certificates of deposit	200,000	2,510,000
Ijarah rental earned on ijarah finances to key management personnel of the Modaraba	-	3,313,445
Income earned on Musharika finance to key management personnel of the Modaraba	7,955,245	5,345,972
Amount of profit paid on Certificate of Musharika	3,873,252	-
Amount of profit paid on Certificates of Deposit	189,998	301,208

47.2 The balances with related parties as at year end:

	2020	2019
	----------------Rupees----------------	
Investment in associates	944,087,843	942,321,227
Long term investment - Al Hail ORIX Finance PSC	-	188,177,948
Investment in associates - held for sale		
- OPP (Private) Limited	87,754,399	87,754,399
- SAMA Finance SAE (formerly ORIX Leasing Egypt SAE) - 23% ownership	172,043,037	172,043,037
Certificates of deposit held	2,100,000	2,100,000
Accrued profit on certificates of deposit	9,628	9,561
Outstanding loans to Key Management Personnel	73,572,531	62,046,771
Receivable from Saudi ORIX Leasing Company - Associate	9,697,526	754,396
Receivable from / (payable to) ORIX Corporation, Japan - Parent Company	757,140	(92,885)
Accrued profit on finances under Diminishing Musharika	226,999	389,714
Profit payable on redeemable capital to Key Management Personnel	280,127	195,273
Redeemable Capital to Key Management Personnel	4,550,000	4,000,000
Receivable from / (Payable to) staff retirements funds - Modaraba	-	55,962

48 STAFF STRENGTH

	2020	2019
	----- Number of staff -----	
Group's staff strength at the end of the year	540	567
Average number of employees*	541	562

* Represents the average taken of the number of employees at the end of each month in the year. This average has been calculated for Group's employees.

49 PROVIDENT FUND RELATED DISCLOSURES

The Group operates Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2020 (un-audited) and June 30, 2019 (audited):

	2020 Un-audited	2019 Audited
	-----------------Rupees----------------	
Size of the Fund - total assets	603,091,629	495,582,634
Fair value of investments	594,199,268	481,875,978
	-------------(Percentage)-------------	
Percentage of investments made	99%	97%

The cost of the above investments amounted to Rs. 559.2 million (2019: Rs. 469.1 million).

The break-up of fair value of investments is as follows:

	Un-audited 2020	Audited 2019	Un-audited 2020	Audited 2019
	-------------Percentage------------		---------------Rupees--------------	
Cash and bank deposits	10.85%	10.67%	64,510,097	51,414,985
Government securities				
- Treasury Bills	44.24%	34.00%	262,844,158	163,840,550
- National Savings Certificate	33.47%	37.45%	198,874,500	180,476,919
- Pakistan Investment Bonds	11.44%	17.88%	67,970,513	86,143,524
	100.00%	100.00%	594,199,268	481,875,978

The investments of the provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

50 FINANCIAL INSTRUMENTS BY CATEGORY

	2020			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	--Rupees--			
ASSETS				
Net investment in finance lease	13,487,202,621	-	-	13,487,202,621
Long-term investments	442,872,077	11,356,440	-	454,228,517
Finances and loans	7,731,600,488	-	-	7,731,600,488
Accrued return on investments and term finance	163,434,051	-	-	163,434,051
Short-term investments	-	777,319,870	26,019,918	803,339,788
Other receivables	268,546,763	-	-	268,546,763
Cash and bank balances	1,250,709,145	-	-	1,250,709,145
Net investment in ijarah finance	370,000	-	-	370,000
	23,344,735,145	788,676,310	26,019,918	24,159,431,373

	2020		
	At fair value through profit or loss	At amortised cost	Total
	----------Rupees----------		
LIABILITIES			
Long-term finances	-	9,523,403,833	9,523,403,833
Certificates of deposit	-	4,407,275,217	4,407,275,217
Other long-term liabilities	-	197,559,646	197,559,646
Redeemable capital	-	3,871,505,000	3,871,505,000
Trade and other payables	-	515,423,605	515,423,605
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	392,671,256	392,671,256
Lease liability against right-of-use asset	-	119,954,413	119,954,413
Unclaimed dividend	-	85,020,835	85,020,835
Short-term borrowings	-	171,304,003	171,304,003
	-	19,284,117,808	19,284,117,808

	2019			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
	----------Rupees----------			
ASSETS				
Net investment in finance lease	17,286,584,351	-	-	17,286,584,351
Long-term investments	268,623,384	10,988,800	188,177,948	467,790,132
Finances and loans	7,798,049,440	-	-	7,798,049,440
Accrued return on investments and term-finance	135,034,672	-	-	135,034,672
Short-term investments	-	380,501,894	13,936,822	394,438,716
Other receivables	147,089,203	-	-	147,089,203
Cash and bank balances	616,220,762	-	-	616,220,762
Net investment in ijarah finance	370,000	-	-	370,000
	26,251,971,812	391,490,694	202,114,770	26,845,577,276

	2019		
	At fair value through profit or loss	At amortised cost	Total
	------------------------------	Rupees	------------------------------
LIABILITIES			
Long-term finances	-	11,991,707,589	11,991,707,589
Certificates of deposit	-	4,259,471,500	4,259,471,500
Other long-term liabilities	-	164,902,777	164,902,777
Redeemable capital	-	2,785,705,000	2,785,705,000
Trade and other payables	-	1,092,432,009	1,092,432,009
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	449,397,319	449,397,319
Unclaimed dividend	-	78,313,447	78,313,447
Short-term borrowings	-	1,332,642,374	1,332,642,374
	-	22,154,572,015	22,154,572,015

51 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's activities expose it to a variety of financial risks which mainly include market risk, credit risk and liquidity risk. The Board of Directors of the Group has the overall responsibility for the establishment and oversight of the Group's risk management framework. The Board is also responsible for developing and monitoring the Group's risk management policies.

51.1 Market risk

Market risk is the risk that the fair value or the future cash flows of a financial instrument may fluctuate as a result of changes in market prices. Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

51.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group incurs currency risk in US dollar, Saudi Riyal, UAE Dirhams and Egyptian Pound on account of its foreign currency bank account, held for sale investments and investment in associate. The Group's exposure to foreign currency transactions is as follows:

	2020	2019
	---------Rupees---------	
Foreign currency bank account	4,735,993	4,537,899
Long-term investments	-	188,177,948
Investment in associate	944,087,843	942,321,227
Assets classified as held for sale	172,043,037	172,043,037

As at June 30, 2020, if the Pakistani Rupee had strengthened / weakened by 10% against these currencies with all other variables held constant, the impact on the total comprehensive income would have been lower / higher by an amount of Rs. 112.1 million (2019: Rs. 130.6 million).

51.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. The Group has adopted appropriate policies to minimise its exposure to this risk. The interest rate profile of the Group's significant interest bearing financial instruments and the periods in which these will mature are as follows:

	2020							
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
On-balance sheet financial instruments		----------(Rupees)----------						
Financial assets								
Net investment in finance lease	11.67% - 27.55%	13,487,202,621	913,073,722	1,572,319,740	4,941,883,257	6,059,925,902	-	-
Long-term investments	7.25% - 12.00%	454,228,517	-	-	-	442,872,077	-	11,356,440
Term finances and loans	4.00% - 38.30%	7,731,600,488	521,073,229	340,512,979	1,273,758,851	5,166,440,902	429,814,527	-
Accrued return on investments and term finance	-	163,434,051	-	-	-	-	-	163,434,051
Short-term investments	7.05% - 13.95%	803,339,788	662,877,510	114,442,360	-	-	-	26,019,918
Other receivables	-	268,546,763	-	-	-	-	-	268,546,763
Cash and bank balances	2.75%-6.75%	1,250,709,145	762,038,348	-	-	-	-	488,670,797
Net investment in ijarah finance	-	370,000	-	-	-	-	-	370,000
Total		24,159,431,373	2,859,062,809	2,027,275,079	6,215,642,108	11,669,238,881	429,814,527	958,397,969
Financial liabilities								
Long-term finances	8.00% - 14.10%	9,523,403,833	526,039,693	717,708,333	2,978,285,048	5,301,370,759	-	-
Certificates of deposit	6.50% - 13.15%	4,407,275,217	272,699,199	327,147,185	1,177,696,064	2,615,532,769	14,200,000	-
Other long-term liabilities	-	197,559,646	-	-	-	-	-	197,559,646
Trade and other payables	-	515,423,605	-	-	-	-	-	515,423,605
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	392,671,256	-	-	-	-	-	392,671,256
Lease liability against right-of-use asset	-	119,954,413	-	-	-	-	-	119,954,413
Unclaimed dividend	-	85,020,835	-	-	-	-	-	85,020,835
Short-term borrowings	8.93% - 12.19%	171,304,003	171,304,003	-	-	-	-	-
Redeemable capital	6.05% - 7.05%	3,871,505,000	305,605,000	393,750,000	3,133,050,000	39,100,000	-	-
Total		19,284,117,808	1,275,647,895	1,438,605,518	7,289,031,112	7,956,003,528	14,200,000	1,310,629,755
On-balance sheet gap (a)		4,875,313,565	1,583,414,914	588,669,561	(1,073,389,004)	3,713,235,353	415,614,527	(352,231,786)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		4,875,313,565	1,583,414,914	588,669,561	(1,073,389,004)	3,713,235,353	415,614,527	
Cumulative interest rate sensitivity gap		4,875,313,565	6,458,728,479	7,047,398,040	5,974,009,036	9,687,244,389	10,102,858,916	

	2019							
	Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
		----------(Rupees)----------						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	9.16% - 27.12%	17,286,584,351	1,400,551,759	1,408,120,148	5,674,279,596	8,803,632,848	-	-
Long-term investments	7.25% - 12.00%	467,790,132	-	60,447,812	-	208,175,572	-	199,166,748
Term finances and loans	4.00% - 35.78%	7,798,049,440	456,865,377	603,902,851	2,350,461,580	3,854,702,738	532,116,894	-
Accrued return on investments and term finance	-	135,034,672	-	-	-	-	-	135,034,672
Short-term investments	10.80% - 12.74%	394,438,716	14,931,865	365,570,029	-	-	-	13,936,822
Other receivables	-	147,089,203	-	-	-	-	-	147,089,203
Cash and bank balances	3.00%-10.30%	616,220,762	266,816,059	-	-	-	-	349,404,703
Net investment in ijarah finance	-	370,000	-	-	-	-	-	370,000
Total		26,845,577,276	2,139,165,060	2,438,040,840	8,024,741,176	12,866,511,158	532,116,894	845,002,148
Financial liabilities								
Long-term finances	5.29% - 13.60%	11,991,707,589	524,055,930	677,746,324	3,374,570,123	7,415,335,212	-	-
Certificates of deposit	6.00% - 12.82%	4,259,471,500	76,679,414	383,211,108	979,883,560	2,703,507,379	116,190,039	-
Other long-term liabilities	-	164,902,777	-	-	-	-	-	164,902,777
Trade and other payables	-	1,092,432,009	-	-	-	-	-	1,092,432,009
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	-	449,397,319	-	-	-	-	-	449,397,319
Unclaimed dividend	-	78,313,447	-	-	-	-	-	78,313,447
Short-term borrowings	11.59% - 13.80%	1,332,642,374	1,332,642,374	-	-	-	-	-
Redeemable capital	8.05% - 13.25%	2,785,705,000	119,625,000	331,200,000	2,208,350,000	37,750,000	-	88,780,000
Total		22,154,572,015	2,053,002,718	1,392,157,432	6,562,803,683	10,156,592,591	116,190,039	1,873,825,552
On-balance sheet gap (a)		4,691,005,261	86,162,342	1,045,883,408	1,461,937,493	2,709,918,567	415,926,855	(1,028,823,404)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		4,691,005,261	86,162,342	1,045,883,408	1,461,937,493	2,709,918,567	415,926,855	
Cumulative interest rate sensitivity gap		4,691,005,261	4,777,167,603	5,823,051,011	7,284,988,504	9,994,907,071	10,410,833,926	

a) Sensitivity analysis for variable rate financial instruments

The Group has extended KIBOR based long-term leases and finances to various counter parties that expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been higher / lower by Rs. 145.1 million (2019: Rs.158.9 million).

Furthermore, the Group also has KIBOR based financial liabilities in Pakistani Rupees representing short-term running finance arrangements, short-term and long-term finances obtained from various financial institutions and certificates of deposit which expose the Group to cash flow interest rate risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax would have been lower / higher by Rs.126.6 million (2019: Rs.113.6 million).

The Group holds unutilized credit lines with banks amounting in aggregate to Rs 4,479 million as at June 30, 2020 (2019: Rs. 2,028 million) as disclosed in the note 21.1 and 30.1.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2020, the Group holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Group to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net profit for the year and net assets of the Group would have been higher / lower by Rs. 5.1 million (2019: Rs. 1.8 million).

51.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from profit rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The Group is exposed to price risk only in respect of its investment in units of National Investment (Unit) Trust classified as fair value through profit or loss. These investments are marked to market based on the net asset value which is declared on a daily basis. The management reviews this investment on a regular basis.

51.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The risk is generally limited to principal amounts and accrued profit thereon, if any. The Group has established procedures to manage credit exposure including credit approval limit, credit exposure limits, collateral and guarantee requirements. These procedures incorporate both internal guidelines as well as the requirements of the NBFC Rules and the NBFC Regulations. The Group also manages credit risk through an independent credit department which evaluates customers' credit worthiness and obtains adequate securities where applicable.

All investing transactions are settled / paid for upon delivery. The Group's policy is to enter into financial instrument contracts by following internal guidelines for approval.

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Group's performance to developments affecting a particular industry or geographic location. Significant concentration of the Group's risk assets by class of business, industry sector and geographical region is set out in note 46.

	Carrying value		Maximum exposure	
	2020	2019	**2020**	2019
	---------------- Rupees ----------------		---------------- Rupees ----------------	
Net investment in finance lease	13,487,202,621	17,286,584,351	13,487,202,621	17,286,584,351
Long-term investments	454,228,517	467,790,132	-	-
Finances and loans	7,731,600,488	7,798,049,440	7,731,600,488	7,798,049,440
Accrued return on investments and term finance	163,434,051	135,034,672	163,434,051	135,034,672
Short-term investments	803,339,788	394,438,716	-	-
Other receivables	268,546,763	147,089,203	268,546,763	147,089,203
Cash and bank balances	1,250,709,145	616,220,762	1,248,915,415	614,456,292
Net investment in ijarah finance	370,000	370,000	370,000	370,000
	24,159,431,373	26,845,577,276	22,900,069,338	25,981,583,958

Difference in the balance as per the carrying value and maximum exposure is due to the fact that investments in Government securities, equity securities and cash in hand are not exposed to credit risk.

The Group controls the credit quality of receivables through diversification of activities to avoid undue concentration of risks with individuals, groups or specific industry segments. For such purpose, the Group has established exposure limits for single lessees and industrial sectors. The Group has an effective rental monitoring system which allows it to evaluate customers' credit worthiness and identify potential problem accounts. An allowance for potential lease, instalment and other loan losses is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and other loan portfolios that can be reasonably anticipated. The credit quality of receivables can be assessed with reference to their historical performance with no or some defaults in recent history.

The carrying value of receivables which are past due are as under:

	2020				
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
	---Rupees---				
Within 90 days	428,168,049	13,989,683	-	-	442,157,732
90 - 180 days	432,497,343	86,282,978	-	-	518,780,321
181-365 days	247,124,777	65,289,351	-	-	312,414,128
Over 1 Year	804,804,489	178,184,764	108,565,104	1,134,443	1,092,688,800
	1,912,594,658	343,746,776	108,565,104	1,134,443	2,366,040,981
Less: General and specific provision	935,907,045	225,475,155	82,311,831	1,134,443	1,244,828,474
Net of Provision	976,687,613	118,271,621	26,253,273	-	1,121,212,507
Coverage Ratio	48.93%	65.59%	75.82%	100.00%	52.61%

	2019				
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Net investment in ijarah finance	Total
	------Rupees------				
Within 90 days	86,121,951	14,906,340	-	-	101,028,291
90 - 180 days	242,639,685	56,434,639	438,869	-	299,513,193
181-365 days	126,300,824	23,860,709	-	-	150,161,533
Over 1 Year	582,388,748	146,619,799	114,247,866	1,134,443	844,390,856
	1,037,451,208	241,821,487	114,686,735	1,134,443	1,395,093,873
Less: General and specific provision	669,018,735	173,069,067	88,764,835	1,134,443	931,987,080
Net of provision	368,432,473	68,752,420	25,921,900	-	463,106,793
Coverage Ratio	64.49%	71.57%	77.40%	100.00%	66.80%

The credit quality of the Group's bank balances and investment portfolio are assessed with reference to external credit ratings which in all cases are above investment grade rating.

The analysis below summarises the credit rating quality of the Group's bank balances and investment in NIT units as at June 30, 2020:

	2020	2019
	------Rupees------	
Bank balances		
AAA	1,143,607,444	531,697,493
AA+	60,243,661	41,093,418
AA	37,232,960	38,413,559
AA-	6,322,766	2,087,727
A+	429,144	230,225
A	71,379	-
A-	-	-
State bank of Pakistan	1,008,061	933,870
	1,248,915,415	614,456,292
Units of collective investment scheme		
AM2++	11,356,440	10,988,800

The Group does not hold any other financial asset which are rated.

51.2.1 The Holding Company applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease, micro finance, Ijarah and Musharika finance. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2020 and June 30, 2019 was determined as follows:

Net investment in finance lease

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	----------	----------	---------- Rupees	----------	----------	----------
Not yet due	0.15%	9,435,828,703	13,712,238	0.01%	13,224,986,431	1,967,376
1-30 days	1.66%	1,206,747,129	20,021,223	0.30%	1,702,580,339	5,114,150
31-90 days	5.07%	2,531,022,705	128,297,070	0.86%	2,568,786,408	22,047,418
91-365 days	29.54%	812,403,148	240,023,435	16.15%	366,544,388	59,182,084
More than 365 days	66.79%	799,301,932	533,853,079	99.30%	584,784,961	580,707,707
Total			935,907,045			669,018,735

Micro finance, Ijarah and Musharika finance

	2020			2019		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	----------	----------	---------- Rupees	----------	----------	----------
Not yet due	0.35%	261,637,664	926,538	0.55%	361,978,688	1,994,851
1-30 days	0.41%	38,025,435	156,599	0.14%	62,258,094	90,005
31-90 days	18.61%	22,982,513	4,278,085	32.45%	7,798,676	2,530,799
91-365 days	67.26%	52,484,086	35,302,454	71.64%	18,540,511	13,282,103
More than 365 days	100.00%	51,699,809	51,699,197	100.00%	35,744,683	35,744,683
Total			92,362,873			53,642,441

For loans and 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. To assess whether there is a significant increase in credit risk the Holding Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Holding Company also considers reasonable and supportive forward-looking information in determination of ECL.

51.2.2 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Prudential Regulations for Modarabas is as follows:

	2020				
	Other Assets Especially Mentioned	**Substandard**	**Doubtful**	**Loss**	**Total**
	----------	----------	(Rupees)	----------	----------
Ijarah rentals receivable (being principal outstanding)	85,676,283	-	48,850,000	28,541,518	163,067,801
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	240,860,185	16,208,906	76,159,823	-	333,228,914
Sukuk certificates	-	-	-	57,701,835	57,701,835
	326,536,468	16,208,906	125,009,823	87,377,796	555,132,993

	2019				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	----------	----------	(Rupees)	----------	----------
Ijarah rentals receivable (being	-	-	-	28,210,145	28,210,145
principal outstanding)	-	-	-	1,134,443	1,134,443
Net investment in Ijarah finance	-	-	-	-	-
Diminishing Musharika	25,366,723	-	-	-	25,366,723
Sukuk certificates	-	-	-	57,701,835	57,701,835
	25,366,723	-	-	87,046,423	112,413,146

Impairment is recognised by the Modaraba based on the provisioning requirements of the Prudential Regulations for Modarabas issued by the SECP which includes subjective evaluation of the portfolio of the Modaraba on an on-going basis. The Modaraba also performs a subjective evaluation of performing and non-performing advances / loans / lease portfolio based on past experience, repayment patterns and consideration of financial positions of counter parties and has the option to downgrade the category of classification determined on the basis of Prudential Regulations. During the year, the management of the Modaraba, besides the regular basis it applies on subjective evaluation of portfolio, has also considered the impacts of COVID-19 on customers and accordingly, a number of customers were classified on subjective basis.

51.3 Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting its financial obligations as these fall due. Liquidity risk arises because of the possibility that the Group will be required to pay its liabilities earlier than expected or will face difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The table below summarises the Group's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date. The amounts in the table are the contractual undiscounted cash flows.

	2020				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	(Rupees)				
Long-term finances	9,523,403,833	10,610,653,037	1,548,529,558	3,318,732,256	5,743,391,223
Certificates of deposit	4,407,275,217	5,609,590,696	588,542,724	1,204,275,565	3,816,772,407
Trade and other payables	515,423,605	515,423,605	515,423,605	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	590,230,902	590,230,902	328,151,342	55,508,590	206,570,970
Lease liability against right of use asset	119,954,413	119,954,413	-	29,736,282	90,218,131
Unclaimed dividend	85,020,835	85,020,835	85,020,835	-	-
Short-term borrowings	171,304,003	171,304,003	171,304,003	-	-
Redeemable capital	3,871,505,000	3,871,505,000	699,355,000	3,133,050,000	39,100,000
	19,284,117,808	21,573,682,491	3,936,327,067	7,741,302,693	9,896,052,731

	2019				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	(Rupees)				
Long-term finances	11,991,707,589	14,155,820,889	1,560,885,119	4,113,500,537	8,481,435,233
Certificates of deposit	4,259,471,500	6,622,417,490	635,648,908	1,833,014,808	4,153,753,774
Trade and other payables	1,092,432,009	1,092,432,009	1,092,432,009	-	-
Accrued interest / mark-up / profit on loans, finances and certificates of deposit	614,300,096	614,300,096	391,284,402	47,120,998	175,894,696
Unclaimed dividend	78,313,447	78,313,447	78,313,447	-	-
Short-term borrowings	1,332,642,374	1,332,642,374	1,332,642,374	-	-
Redeemable capital	2,785,705,000	2,785,705,000	539,605,000	2,208,350,000	37,750,000
	22,154,572,015	26,681,631,305	5,630,811,259	8,201,986,343	12,848,833,703

51.4 COVID-19 risk management

The World Health Organisation declared COVID-19 a global pandemic in March 2020. Like other parts of the world, Pakistan also went into lockdown to reduce the spread of pandemic. The lockdown globally impacted the economies and businesses in different facets. In Pakistan, the financial sector encountered an overall increase in credit risk pertaining to its loans and advances portfolio in certain sectors, reduced income due to slowdown in business activity, operational issues such as preventing spread of virus at work place and managing cyber security threat, etc. Subsequent to the financial year-end and before the approval of these consolidated financial statements, most of the lockdown restrictions have been lifted by the Government especially related to businesses and their operations. The major aspects of COVID-19 on the Group's risk management policies are discussed below along with measures and controls adopted to mitigate those risks.

51.4.1 Management of credit risk

Similar to the financial relief offered by the State Bank of Pakistan (SBP) to the customers of financial institutions governed by it, the Securities and Exchange Commission of Pakistan (SECP) vide its Circular (the Circular) dated March 31, 2020 allowed NBFCs to defer customers' principal repayments on their finance obligations by up to one year along with relaxing other regulatory criteria related to restructuring / rescheduling of financing limits. As per the Circular, the customers were required to apply by June 30, 2020 to avail the deferment. SECP subsequently extended the deadline for application till September 30, 2020.

The Group has processed all the eligible deferment requests received and agreed with its customers. The management of the Holding Company has approved a total of 273 customers availing finance lease arrangements with aggregate balance of Rs. 3.1 billion, 69 customers availing vehicle finance arrangements with aggregate balance of Rs. 502 million and 1,238 contracts of micro finance arrangements amounting to Rs. 216 million as per the treatment prescribed in the Circular. The management of the Modaraba has approved Diminishing Musharika and Ijarah financing facility amounting to Rs 1,688.60 million in respect of 37 customers as at June 30, 2020 in accordance with the treatment prescribed in the Circular. All necessary legal and procedural arrangements were executed to ensure the timely processing of eligible deferment requests. Furthermore, the recovery status and credit risk of financing exposures under both regular and deferred arrangements are being closely monitored amid changing economic and overall situation in the country due to COVID-19.

The Group has further strengthened its credit review procedures after COVID-19 outbreak with respect to granting of fresh credit limits to its customers. In addition, the Group has also reassessed the credit risk of its entire portfolio at the year-end and has downgraded customers at heightened risk levels on a subjective basis.

51.4.2 Liquidity risk

The ever-changing environment amid COVID-19 and the financial deferment did not result in any pressure situation on the Group's liquidity profile and it remained strong. The liquidity position, future cash flows and availability of credit lines are being continuously monitored by the Asset Liability Management Committee (ALCO) of the Group and due precautionary measures are taken where needed. As a result, the Group maintained sufficient liquidity to meet all its financial obligations on timely basis as these became due. The Group conducted various stress testing on its liquidity position and is confident that the liquidity buffer being maintained is sufficient to cater to any adverse movement in cash flow maturity profile.

51.4.3 Operational risk

After the outbreak of COVID-19, the Group has invoked necessary measures to ensure the safety and health of its staff and an uninterrupted service to its customers. These include implementing mandatory adherence to the recommended standard operating procedures within the Group including social distancing among employees, wearing of face masks, improvement to office ventilation, managing control over visitors to the offices and provision of remote working facilities to critical staff, etc. The Group has significantly enhanced monitoring for all cyber security risk from its information security protocols. The remote work capabilities for critical staff have been assessed to make sure they are fully protected using virtual private network ("VPN") connections. Further, the Group has also ensured that its remote access systems are sufficiently resilient to any unwanted cyber-attacks. The Management COVID Committee is closely and regularly monitoring the overall compliance with the measures taken in the COVID-19 scenario and is observant to overall evolving situation so as to ensure that the Group and its employees contribute as required socially and meet the expectations of their customers as they would in a normal scenario.

51.4.4 Other impacts / risks

The Group's operations were not significantly disrupted due to the circumstances arising from COVID-19 however, new disbursements under lease and loan arrangements were deliberately curtailed during the last quarter. As a result, management assessed the accounting implications of these developments, including but not limited to provisioning requirements on financing and going concern assumption used for the preparation of these consolidated financial statements. The going concern assessment included both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of operations, workforce management and employee health issue) considerations. The management do not foresee any going concern risk in the Group and maintained sufficient provision coverage as per accounting and reporting standards.

Management believes that due to COVID-19 the Group's operation, financial position and results have been impacted primarily due to decline in disbursement from April 2020 onwards. The situation has since then improved with the operations reaching the pre COVID-19 levels. The estimated financial impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses cannot be made with sufficient certainty. Management has made disclosures related to the impact of COVID-19 and its financial risk management addressing the credit risk, liquidity risk and operational risk in the above notes.

52 FAIR VALUE MEASUREMENT

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

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

The fair value of investments classified as "at fair value through profit or loss" and "at fair value through other comprehensive income" are based on active market. The investment in associate is accounted for using the equity method.

Fair value of net investments in finance lease, long term loans and finances, long term deposits and other assets, other liabilities, long term certificates of deposit and other accounts are approximate to their carrying value. The provision for impairment of finance lease and long term loans and finances has been calculated in accordance with the accounting policy mentioned in note 3.5.

In the opinion of management, fair value of the remaining financial assets and liabilities are not significantly different from their carrying values since these assets and liabilities are short term in nature or are periodically repriced.

Fair value hierarchy

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

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

The table below analyses financial instruments measured at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorised:

	2020			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	-	-
Ordinary shares-unlisted	-	26,019,918	-	26,019,918
Units of collective investment scheme	11,356,440	-	-	11,356,440
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	777,319,870	-	777,319,870
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	965,428,358	965,428,358
Total	11,356,440	803,339,788	965,428,358	1,780,124,586

	2019			
	Level 1	Level 2	Level 3	Total
	(Rupees)			
RECURRING FAIR VALUE MEASUREMENTS				
Financial assets				
Financial assets at fair value through other comprehensive income				
Al-Hail ORIX Finance PSC	-	-	188,177,948	188,177,948
Ordinary shares-unlisted	-	13,936,822	-	13,936,822
Units of collective investment scheme	10,988,800	-	-	10,988,800
Financial assets at fair value through profit or loss				
Treasury bills (T-Bills)	-	380,501,894	-	380,501,894
Non-financial assets				
Fixed assets (Leasehold land & building)	-	-	396,621,405	396,621,405
Total	10,988,800	394,438,716	584,799,353	990,226,869

Item	Valuation approach and input used
Treasury bills	The fair value of Treasury bills is derived using PKRV rates. The PKRV rates are announced by the Financial Market Association (FMA) through Reuters. The rates announced are simple average of quotes received from 8 different pre-defined / approved dealers / brokers.
Fixed assets (leasehold land and office building)	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of unlisted ordinary shares and units of mutual funds is determined using the Market Value approach.
Long-term investments	Unlisted investment in Al-Hail ORIX Finance PSC are valued by applying the 'Income approach' where expected future returns are discounted at applicable rates using the discounted cash flow (DCF) model. The model takes into account expected future dividend income from Al Hail ORIX Finance PSC discounted at risk rates attributable to this investment.

53 CAPITAL RISK MANAGEMENT

The objective of the Group when managing capital is to safeguard its ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to maintain a strong capital base to support the sustained development of its business.

The Group manages its capital structure by monitoring return on net assets and makes adjustments to it in the light of changes in economic conditions. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividend paid to its shareholders or issue new shares.

As required under the NBFC Regulations, every Investment finance company involved in deposit taking shall maintain a capital adequacy ratio of 8% for the first two years after the amendment coming into force and 10% thereafter. The Group has maintained and complied with the minimum equity requirement during the current year.

54 EARNINGS PER SHARE - basic and diluted

	2020	2019
	Rupees	
Profit for the year after taxation attributable to equity holders of the Holding Company	699,772,567	1,016,139,632
Weighted average number of ordinary shares	167,054,902	167,054,902
Earnings per share - basic and diluted	4.19	6.08

54.1 Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2020 and June 30, 2019 which would have had any effect on the earnings per share had the option to convert been exercised.

55 INTERESTS IN OTHER ENTITIES

	2020	2019
NCI Percentage (%)	80%	80%
	Rupees	
Non-current assets	4,883,529,899	5,176,391,845
Current assets	2,362,837,279	1,789,621,276
Non-current liabilities	1,134,991,064	1,598,873,098
Current liabilities	4,936,903,309	4,206,664,577
Net assets attributable to non-controlling interest	939,578,244	928,380,357
Revenue	2,079,511,349	2,099,462,945
Expenses	(1,952,052,893)	(1,973,406,318)
Profit after taxation for the year	127,458,456	126,056,627
Other comprehensive income attributable to non-controlling interest	-	-
Total comprehensive income attributable to non-controlling interest	101,966,765	100,845,302
Net cash inflow / (outflow) from operating activities	272,389,417	157,870,302
Net cash inflow / (outflow) from investing activities	52,290,268	17,680,708
Net cash inflow / (outflow) from financing activities	281,104,716	152,343,747

Associates

Details about the Group's investment in associate and summarised financial information are disclosed in note 8 of these consolidated financial statements.

Notes to and Forming Part of The Consolidated Financial Statements

For the year ended June 30, 2020

56 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 29, 2020 proposed a final dividend of Rs.1.25 per share (2019: Rs. 3.75 per share) for the year ended June 30, 2020, amounting to Rs. 208,818,628 (2019: Rs. 626,455,883) and proposed bonus issue in the ratio of 1 share for every 20 shares held of Rs. 83,527,451 (2019: Nil). This appropriation will be approved by the members of the Holding Company at the Annual General Meeting to be held on October 27, 2020. The consolidated Financial Statements for the year ended June 30, 2020 do not include the effect of the appropriation which will be accounted for in the financial statements of the Group for the year ending June 30, 2021.

57 CORRESPONDING FIGURES

Certain corresponding figures have been reclassified, rearranged or additionally incorporated in this consolidated financial statements for the purposes of comparison and better presentation. There were no significant reclassifications / restatements to corresponding figures during the year.

58 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 29, 2020 by the Board of Directors of the Holding Company.

59 GENERAL

Figures reported in these consolidated financial statements have been rounded off to the nearest Rupee unless otherwise stated.

Shaheen Amin	Nasim Hyder	Maryam Aziz
Chief Executive Officer	Director	Chief Financial Officer

Pattern of Shareholdings

As at June 30, 2020

No. of Shareholders	From	To	Shares Held	Percentage %
1,474	1	100	42,192	0.03
631	101	500	163,439	0.10
312	501	1,000	227,965	0.14
726	1,001	5,000	1,777,771	1.06
186	5,001	10,000	1,364,263	0.82
123	10,001	15,000	1,519,215	0.91
45	15,001	20,000	811,715	0.49
48	20,001	25,000	1,094,690	0.66
25	25,001	30,000	701,685	0.42
15	30,001	35,000	491,712	0.29
17	35,001	40,000	642,015	0.38
10	40,001	45,000	426,119	0.26
17	45,001	50,000	830,237	0.50
6	50,001	55,000	317,864	0.19
9	55,001	60,000	533,798	0.32
4	60,001	65,000	247,939	0.15
6	65,001	70,000	409,964	0.25
1	70,001	75,000	71,123	0.04
1	75,001	80,000	76,300	0.05
3	80,001	85,000	249,084	0.15
1	85,001	90,000	85,355	0.05
2	90,001	95,000	189,500	0.11
7	95,001	100,000	695,917	0.42
2	105,001	110,000	214,100	0.13
4	115,001	120,000	479,500	0.29
4	120,001	125,000	488,436	0.29
2	125,001	130,000	255,387	0.15
1	130,001	135,000	131,000	0.08
1	135,001	140,000	139,800	0.08
1	140,001	145,000	141,500	0.08
3	145,001	150,000	450,000	0.27
2	155,001	160,000	318,200	0.19
1	160,001	165,000	161,721	0.10
2	170,001	175,000	348,200	0.21
1	175,001	180,000	178,658	0.11
1	180,001	185,000	180,100	0.11
1	185,001	190,000	188,500	0.11
1	195,001	200,000	200,000	0.12
2	200,001	205,000	403,558	0.24
1	210,001	215,000	210,176	0.13
1	235,001	240,000	235,065	0.14
1	240,001	245,000	240,500	0.14
2	245,001	250,000	496,400	0.30

Pattern of Shareholdings

As at June 30, 2020

No. of Shareholders	From	To	Shares Held	Percentage %
1	250,001	255,000	252,600	0.15
1	260,001	265,000	265,000	0.16
1	280,001	285,000	281,274	0.17
1	295,001	300,000	300,000	0.18
2	315,001	320,000	635,048	0.38
1	320,001	325,000	323,000	0.19
1	335,001	340,000	340,000	0.20
1	355,001	360,000	360,000	0.22
2	360,001	365,000	725,600	0.43
1	365,001	370,000	366,336	0.22
1	395,001	400,000	400,000	0.24
2	405,001	410,000	814,500	0.49
1	430,001	435,000	434,787	0.26
1	440,001	445,000	445,000	0.27
1	455,001	460,000	460,000	0.28
1	460,001	465,000	463,000	0.28
1	470,001	475,000	474,600	0.28
1	495,001	500,000	500,000	0.30
2	500,001	505,000	1,004,040	0.60
1	505,001	510,000	510,000	0.31
1	540,001	545,000	541,256	0.32
1	595,001	600,000	600,000	0.36
1	630,001	635,000	632,288	0.38
1	660,001	665,000	664,400	0.40
1	735,001	740,000	740,000	0.44
1	740,001	745,000	740,426	0.44
1	855,001	860,000	856,400	0.51
1	875,001	880,000	875,136	0.52
1	895,001	900,000	900,000	0.54
1	980,001	985,000	982,200	0.59
1	1,000,001	1,005,000	1,002,000	0.60
1	1,010,001	1,015,000	1,011,494	0.61
1	1,315,001	1,320,000	1,320,000	0.79
1	2,970,001	2,975,000	2,970,374	1.78
1	3,060,001	3,065,000	3,062,474	1.83
1	4,195,001	4,200,000	4,200,000	2.51
1	5,565,001	5,570,000	5,566,500	3.33
1	8,620,001	8,625,000	8,623,731	5.16
1	8,770,001	8,775,000	8,773,546	5.25
1	12,390,001	12,395,000	12,391,200	7.42
1	82,815,001	82,820,000	82,816,029	49.57
3,748			**167,054,902**	**100.00**

Pattern of Shareholdings

As at June 30, 2020

Categories of Shareholders	Number of Shares Held	Category wise Number of Shareholders	Category wise Shares held	Percentage
Directors, Chief Executive Officer and their Spouse(s) and Minor Children				
Khalid Aziz Mirza	600			
Naveed Kamran Baloch	120,000			
Aminah Zahid Zaheer	600			
Nasim Hyder	600			
Shaheen Amin	200,600			
		5	322,400	0.19%
Executives		16	188,028	0.11%
Associated Companies, Undertaking and Related Parties				
ORIX Corporation		3	82,819,539	49.58%
NIT and ICP		0	0	0.00%
Banks, Development Financial Institutions, Non Banking Financial Institutions		6	5,366,857	3.21%
Insurance Companies		4	9,870,621	5.91%
Modarabas and Mutual Funds		6	316,829	0.19%
Share holders holding 10%		3	82,819,539	49.58%
Foreign Companies		4	13,714,157	8.21%
General Public				
a. Local		3661	36,110,241	21.62%
b. Foreign		0	0	0.00%
Others		43	18,346,230	10.98%
Total (excluding : share holders holding 10%)		**3,748**	**167,054,902**	**100%**

Shareholders holding five percent or more voting rights

ORIX Corporation	82,819,539	49.58%
Arif Habib Corporation Limited	12,391,200	7.42%
State Life Insurance Corp. of Pakistan	8,773,546	5.25%
Aberdeen Asian Smaller Companies Investment Trust PLC	8,623,731	5.16%
Total	**112,608,016**	**67.41%**

Trading in Shares by Directors and Executives During the Year 2019-20

By Director

Name of Director	Designation	Number of shares	Purchased / Sold
Shaheen Amin	Executive Director & Chief Executive Officer	40,000	Shares Purchased

By Executive

Name of Executive	Designation	Number of shares	Purchased / Sold
Mian Faysal Riaz	Executive	30,000	Shares Sold


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@jamapunji_pk
*Mobile apps are also available for download for android and ios devices
Jama Punji is an Investor Education Initiative of Securites and Exchange Commission of Pakistan
SECP

ORIX Leasing Pakistan Limited

Proxy Form

I / We ____

of (full address) ____

being a Member of ORIX Leasing Pakistan Limited hereby appoint ______________________________

of (full address) ____

____

____

or failing him / her ____

of (full address) ____

as my/our proxy (the Proxy) to attend and vote for me and on my behalf at the Thirty Fourth Annual General Meeting of the Company to be held on October 27, 2020 and at any adjournment thereof.

Signature this ______________________________ Year 2020
(day) (date, month)

Please affix revenue stamp

Signature of Member: ______________________

Folio Number: ______________________

Number of shares held: ______________________

Signature and Company Seal

Signatures and addresses of witnesses

1. ____

2. ____

Note:

1. A Member entitled to attend and vote at the General Meeting is entitled to appoint a Proxy to attend and vote instead of him/her. A Proxy needs to be a Member of the Company.

2. The instrument appointing a Proxy shall be in writing under the hand of the appointer or of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal or the hand of an officer or attorney duly authorized.

3. The instrument appointing a Proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of a power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting.

4. An individual Beneficial Owner of the Central Depository Company entitled to attend and vote at this meeting must bring the original Computerized National Identity Card (CNIC) or Passport to prove identity. In case of Proxy, must enclose an attested copy of the CNIC or Passport. The representative of corporate entity shall submit the Board of Directors' resolution or power of attorney with specimen signature (unless it has been provided earlier) along with the Proxy Form to the Company.

اورِکس لیزنگ پاکستان لمیٹڈ

پراکسی فارم

میں مسمّی/مسماۃ ____________ ساکن ____________

ضلع ____________ بحیثیت ممبر اوریکس لیزنگ پاکستان لمیٹڈ، مسمی/مسماۃ ____________

ساکن ____________ کو بطورِ مختار (پراکسی) مقرر کرتا ہوں تا کہ وہ میری جگہ اور میری طرف سے

کمپنی کے تینتیسویں (34) سالانہ اجلاسِ عام جو بتاریخ 27 اکتوبر 2020 منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی تاریخ ____________

ممبر کے دستخط ____________

فولیو نمبر ____________

حصص کی تعداد ____________

ڈاک ٹکٹ چسپاں کریں

دستخط اور کمپنی کی مہر

گواہوں کے دستخط اور پتے

۱۔ ____________

۲۔ ____________

نوٹ:

۱۔ اجلاس عام میں شرکت اور رائے دہی کا اہل ممبر اپنی جانب سے شرکت اور رائے دہی کے لئے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔

۲۔ یہ فارم ممبر یا اس کے مختار کی جانب سے جسے تحریری طور پر اختیار دیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔

۳۔ پراکسی کی تقرری کے دستاویز مختار نامہ یا دیگر دستاویز جس کے تحت تقرری ہوئی یا مختار نامہ کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹہ قبل جمع کرانی ہو گی۔

۴۔ سی ڈی سی اکاونٹ ہولڈر یا سب اکاونٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہو گی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہو گا۔ کارپوریٹ ادارہ ہونے کی صورت میں بحیثیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد/مختار نامہ بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہونگے۔

Geographical Presence

Head Office / Registered Office
ORIX Building, Plot No. 16, Sector No. 24,
Korangi Industrial Area, Karachi
Tel: 021-35144029-40
Fax: 021-35144002, 35144020, 35144090-91
UAN: 111 24 24 24
Email: olp@orixpakistan.com
Website: www.orixpakistan.com

COD Office, Karachi
Islamic Chamber of Commerce Building,
Ground Floor, ST-2/A, Block-9,
KDA Scheme No.5, Clifton, Karachi
Tel: 021-35303560-62

KBW - Karachi
Plot # 151-A, Shop No. 9 & 10,
Datari Arcade, P.E.C.H.S, Block-2.
Tel: 021-35143752-5

Hyderabad
First Floor, State Life Building,
Thandi Sarak.
Tel: 022-2784143, 2720397
Fax: 022-2785388

Sukkur
Shop No. S-33 & 34, New City Banglows,
Shikarpur Road.
Tel: 071-5807031-32

Multan
Plot # 116, Pull Moj Darya,
LMQ Road Multan.
Tel: 061- 4518431-3, 4518435-6
Fax: 061-4518436
UAN: 111 24 24 24

Rahim Yar Khan
Plot No. 26, Main Street
Businessman Colony, Rahim Yar Khan.
Tel: 068-5888565, 5887617-8
Fax: 068-5887618

Bahawalpur
Ground Floor, Near Cantonment Office Board
Ahmed Pur East Road, Bahawalpur
Tel: 062-9255382, 9255494
Fax: 062-2886273

Vehari
137, Block-D, Vehari
Tel: 067-3360351 – 3

Lahore
76-B, E-1, Main Boulevard,
Gulberg III
Tel: 042-35782586-93
Fax: 042-35790488
UAN: 111 24 24 24

Thokar Niaz Baig
1st floor, 55th Avenue,
Lalazar Commercial Market, Raiwind Road,
Thokar Niaz Baig, Lahore
Tel: 042-35963581-84

Faisalabad
3rd Floor, Sitara Towers, Bilal Chowk,
Civil Lines, Faisalabad
Tel: 041-2633926, 2633811-3
Fax: 041-2633927
UAN: 111 24 24 24

Sargodha
Khan Arcade, 66 Old Civil Lines,
Katchery Road, Sargodha
Tel: 048-3729521
Fax: 048-3729522

Sahiwal
Five Ways Chowk, Stadium Road,
Sahiwal
Tel: 040-4227613-4
Fax: 040-4227615

Jhang
Church Road, Near Government
Girls College Chowk, Jhang
Tel: 047-7650421-2
Fax: 047-7650423

Sialkot
1st Floor, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
UAN: 111 24 24 24

Gujrat
Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No. 1,
G.T. Road, Gujrat
Tel: 053-3726053-55

Gujranwala
76-ABC, Block - P, Trust Plaza
G.T. Road, Gujranwala.
Tel: 055-3731021-22
Fax: 055-3250599

Islamabad
Ground Floor, State Life Building No. 5,
Nizamuddin Road, Blue Area, Islamabad
Tel: 051-2822800-2, 2821706, 2821748
Fax: 051-2821917
UAN- 111 24 24 24

Rawalpindi
146-B Satellite Town, Chandni Chowk,
Murree Road, Rawalpindi
Tel: 051-4571431-3, 4571442-3
Fax: 051-4571445

Chakwal
Ground Floor, Opposite Sadar Police Station
Talagang Road Chakwal
Tel: 0543-666221, 666052-53
Fax: 0543-666054

Mirpur A.K.
1st floor, Jarral plaza, 63/F, Sector F-1,
Kotli Road, Mirpur, A.K
Tel: 05827-434368, 451219
Fax: 05827-432216

Taxila
1st Floor, Raja Business Tower,
Plot No. 1023/1028, Taxila Cantt
Main G.T Road, Taxila
Tel: 051-4254473, 4254475, 4254476

Peshawar
Ground Floor, State Life Building
The Mall
Tel: 091- 5278647, 5279789, 5285541, 5285520
Fax: 091-5273389,
UAN: 111 24 24 24

Abbottabad
Yousaf Jamal Plaza, Near HBL
Mansehra Road.
Tel: 0992-343888, 343188
Fax: 0992-405856

Mingora
First Floor, Shahzad Plaza, Makan Bagh,
Saidu Road, Mingora Swat
Tel: 0946 -722620
Fax: 0946 -722621

Kohat
Ground Floor, Saad Ullah Shah Market,
Near Kachehri Chowk, Kohat City
Tel: 0922- 512564-5

Micro Finance Division

Kot Abdul Malik
11 K.M Lahore, Near Askari Bank,
Kot Abdul Malik, Distt. Sheikhupura
Tel: 042-37340711

Jallo Morre
Sooter Mill Stop, Near Karachi Hot & Spicy
Restaurant, Batapur Lahore
Tel: 042-36522931

Sharaqpur Sharif
Main Lahore Jaranwala Road, Opposite
Government Pilot High School Sharaqpur Sharif,
District Sheikhupura
Tel: 056-2590021

Morre Khunda
Opposite Rice Mill, Main Jarranwala Road,
Morre Khunda, District Nankana Sahib
Tel: 056-2442371

Pattoki
Faisal Colony Road, Near Raffay Sajid Hospital.
Tel: 049-4422064

Chunian
Purana Kharkhana, Allahbad Road, Near Dare
Akram School, Chunian. District Kasur.
Tel: 049-4310054

Renala Khurd
Near Dogar Petrol Pump Raay Town,
Renala Khurd, Distt. Okara
Tel: 044-2635185

Manga Mandi
Main Multan Road, Madina Market, Kalma
Chowk.
Tel: 042-35383864

Bhalwal
First Floor, Rehmat Plaza, Mandir Road,
Block No. 3, Bhalwal. District Sargodha
Tel: 048-6644448

Sahiwal
Main Circular Road, Opposite Kashmiri
Gate Tehsil Sahiwal District, Sargodha
Tel: 048-6785505

Sillanwali
Chaudhary Akhter Market, 46 Adda Road,
Sillanwali, District Sargodha
Tel: 048-6532666

Shahpur
Khushab Road Shahpur Saddar
Near Bismallah Hotel, District Sargodha
Tel: 048-6310424

AA+ Long Term | A1+ Short Term

PACRA - March 04, 2020

Answers, Custom Fit.

ORIX Leasing Pakistan Limited

UAN: 111 24 24 24

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Korangi Industrial Area,
Karachi, Pakistan