

# Towering **Strength**



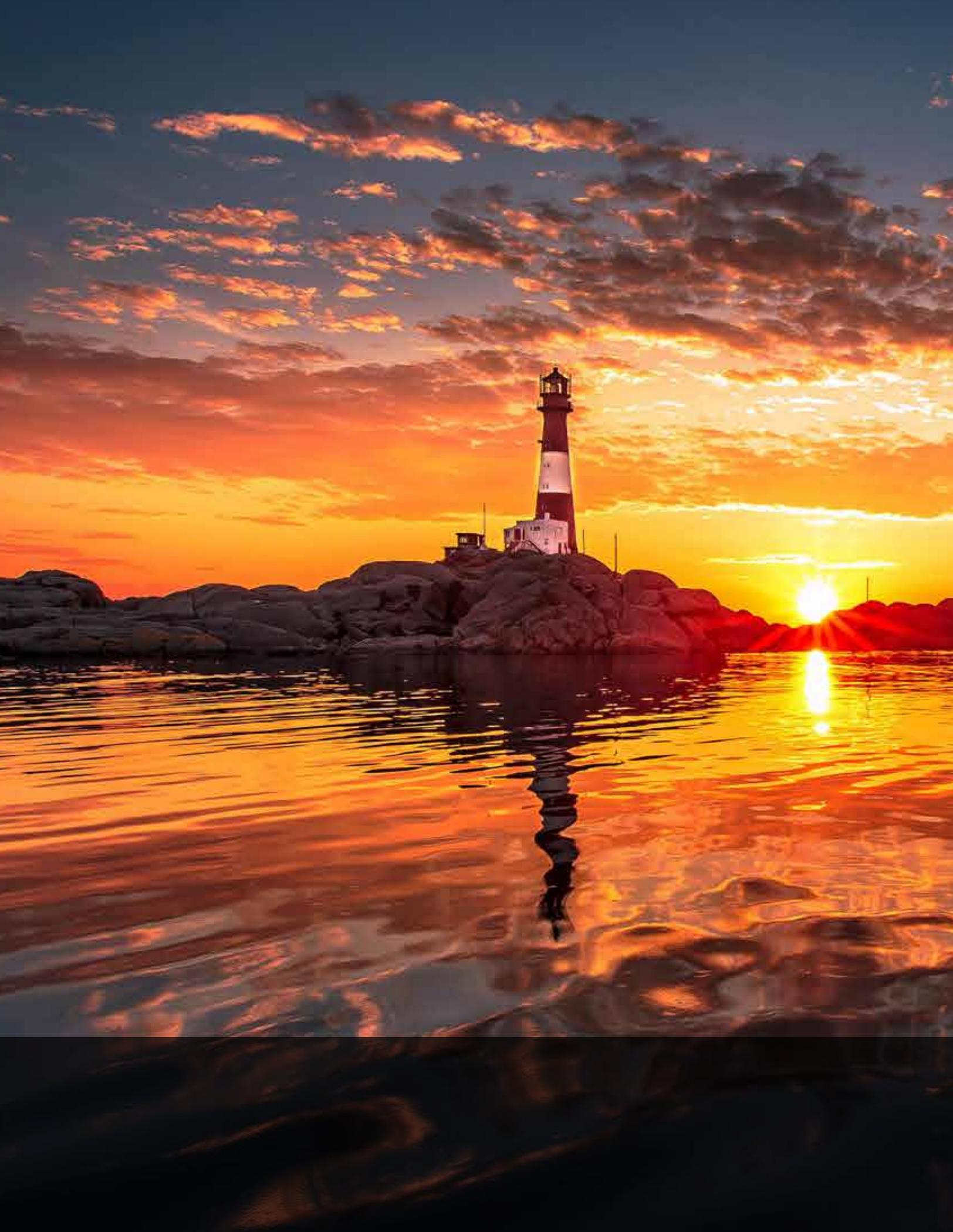
OLP



OLP FINANCIAL SERVICES PAKISTAN LIMITED

Annual Report

**2023**



# THEME

A lighthouse stands tall and steadfast. Guiding ships through treacherous waters, in good or bad weather.

Being the leader in its Sector, OLP has consistently demonstrated its commitment to its stakeholders. Withstanding all conditions, OLP embodies stability and resilience. We take pride in the solid foundation upon which OLP stands. For over three decades, OLP has provided financial support in all economic conditions to Small & Medium Enterprises, both Corporates and Individuals. Many companies have transitioned from SMEs to large corporations with OLP's support, contributing to the Country's economic prosperity.

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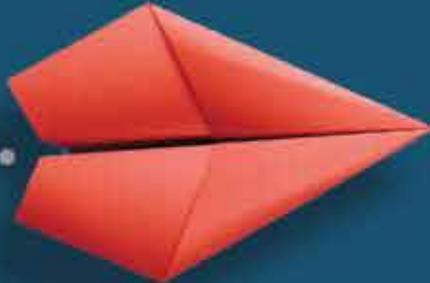


## VISION

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

## Integrity



We promote honesty and fairness in all our actions

## Ownership



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

## Respect



We respect each others' feelings and opinions

## Teamwork



We work together to create synergies

## Customer Focus



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

# STRATEGIC OBJECTIVES

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

# CODE OF BUSINESS ETHICS

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

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

# COMPANY PROFILE

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

OLP is headquartered in Karachi and has 36 branches situated in 33 cities. Its major shareholder is ORIX Corporation (ORIX) having 49.58% shareholding. Established in 1964, ORIX is one of Japan's leading integrated financial services groups with operations in 28 countries worldwide. The group has experience of 59 years of operations and has a total asset base of Yen (¥) 15,584 billion and equity of ¥ 3,643 billion as at June 30, 2023, which equates to US\$ 108 billion and US\$ 25 billion respectively.

OLP offers value-added financial products and innovative customized services to a wide array of customers under the umbrella of Investment Finance Services throughout Pakistan. The blend of international experience and local expertise acquired over the last 37 years provides OLP a distinctive competitive edge.

# PARENT SUBSIDIARIES & ASSOCIATES

## PARENT COMPANY

### ORIX Corporation

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

## SUBSIDIARIES

### OLP Services Pakistan (Private) Limited

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

### OLP Modaraba

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

## ASSOCIATED COMPANIES

### Yanal Finance Company (Formerly Saudi ORIX Leasing Company)

3612, Prince Fawaz Bin Abdul Aziz,  
Postal code 12813, Riyadh 7997,  
Kingdom of Saudi Arabia  
Tel: (9661) 2997777  
[www.yanal.com](http://www.yanal.com)

### SAMA Finance SAE (Formerly ORIX Leasing Egypt SAE)

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

# COMPANY INFORMATION

## Board of Directors



**Mr. Khalid Aziz Mirza**  
Chairman and Independent  
Non-Executive Director



**Mr. Nasim Hyder**  
Independent  
Non-Executive Director



**Ms. Keiko Watanabe**  
Non-Executive Director



**Ms. Mika Takeda**  
Non-Executive Director



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



**Mr. Yoshiaki Matsuoka**  
Non-Executive Director



**Ms. Aminah Zahid Zaheer**  
Independent  
Non-Executive Director



**Mr. Kenro Seishima**  
Non-Executive Director



**Mr. Shaheen Amin**  
Chief Executive Officer  
and Executive Director

### **Audit Committee**

Mr. Nasim Hyder – Chairman  
Ms. Aminah Zahid Zaheer  
Ms. Keiko Watanabe  
Ms. Mika Takeda

### **Human Resource Nomination and Remuneration Committee**

Mr. Khalid Aziz Mirza – Chairman  
Mr. Yoshiaki Matsuoka  
Mr. Kenro Seishima  
Mr. Shaheen Amin

### **Risk Committee**

Ms. Aminah Zahid Zaheer – Chairperson  
Mr. Nasim Hyder  
Mr. Kenro Seishima  
Mr. Ramon Alfrey

### **Credit Committee**

Mr. Yoshiaki Matsuoka – Chairman  
Mr. Shaheen Amin  
Mr. Ramon Alfrey

### **Chief Financial Officer**

Mr. Ramon Alfrey

### **Company Secretary**

Mr. Haider Abbas Kalhar

### **Head of Internal Audit and Secretary to Audit Committee**

Mr. Nadeem Amir Ali

### **Head of Compliance**

Mr. Rashid Ahmed

### **Credit Rating by PACRA**

Long term entity rating AA+  
Short term entity rating A1+

### **Legal Advisors**

M/s Mansoor Ahmad Khan & Co.

### **Auditors**

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

### **Registrar and Share Transfer Office**

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

### **Shariah Advisor**

Al Hamd Shariah Advisory Services  
(Pvt.) Limited

### **Banks and Lending Institutions**

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

### **Registered and Head Office**

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

# MEET THE TEAM



**Mr. Shaheen Amin**  
Chief Executive Officer



**Mian Faysal Riaz**  
Chief Operating Officer



**Mr. Waqas Ahmed Khwaja**  
Head - Marketing



**Mr. Fahad Shahzad Memon**  
Head - Consumer Auto Division



**Mr. Shah Suleman Fareed**  
Head - Term Finance and  
Insurance Division



**Mr. Shafiq Ur Rehman**  
Head - Credit Risk  
Management



**Mr. Ramon Alfrey**  
Deputy Chief Executive Officer  
and CFO



**Mr. Imtiaz Chaudhry**  
Group General Manager



**Mr. Tahir Ali Shah**  
Head - Commercial  
Vehicle Division



**Ms. Aseya Qasim**  
Head - Micro Finance  
Division



**Mr. Hira Lal Bharvani**  
Head - Human Resources



**Mr. Hamood Ahmed**  
Head - Business Control



**Mr. Haider Abbas Kalhar**  
Company Secretary



**Mr. Abid Hussain Awan**  
Head - Group Strategy and Planning



**Mr. Muhammad Ikram**  
Head - Information Systems



**Ms. Fauzia Noorani**  
Head - Legal



**Mr. Nadeem Amir Ali**  
Head - Internal Audit



**Mr. Muhammad Aslam**  
Head - Special Asset Management



**Mr. Rashid Ahmed**  
Head - Compliance



**Mr. Mamoon Ishaq**  
Head - Administration

# PEOPLE

We are because of the unwavering dedication of our people. Our employees go above and beyond the call of duty, demonstrating a level of commitment that sets us apart. OLP fosters a positive and supportive work environment, appreciates hard work and dedication of its employees and believes in growing together.





# CHAIRMAN'S MESSAGE

On behalf of the Board of Directors, I am pleased to present the Annual Report of OLP Financial Services Pakistan Limited (OLP/ the Company) for the year ended June 30, 2023.

The outgoing year was unprecedented as the Country faced multiple challenges throughout the year. Political uncertainty, devastating floods, historically high inflation and an adverse balance of payment situation, all contributed to difficult economic conditions in the Country. The contractionary monetary policy adopted by the State Bank of Pakistan (SBP) to curb inflation further subdued business activities. The economic growth for FY2023 was negative 0.5% and projected growth for FY2024 is 2.5% as per the International Monetary Fund (IMF).

Considering the prevailing uncertainty, OLP adopted a cautious business approach with more focus on maintaining portfolio quality. New disbursements of Rs. 16 billion were 9% lower than the disbursements of Rs. 17.6 billion last year. Total assets of the Company increased by 7% to reach Rs. 32 billion as compared to Rs. 29.7 billion as of June 30, 2022. OLP's delinquency rate came down to 2.7% from 4.5% last year. Effective portfolio management and strong recovery efforts against overdue customers contributed to the decrease in delinquent portfolio.

In this challenging situation, the Company's overall performance was commendable as highest ever profit before tax (PBT) was earned for the year. The PBT of Rs. 2,029 million for FY 2023 was 47% higher than last year's PBT of Rs. 1,376 million. The profit after tax at Rs. 1,210 million was 37% higher than Rs. 882 million earned last year. In the Federal budget announced in June 2023, the Government has retrospectively increased the Super tax rate to 10% for FY2023 from 4% last year. This is in addition to the normal tax rate of 29%. Consequently, the tax charge for the year was Rs. 818 million; 66% higher than last year (FY 2022: Rs. 494.5 million).

OLP's strong results are attributable to a robust risk management framework. Under the Board's guidance, management performed well in facing challenging economic conditions. The Board's sub-committees also played an important role in maintaining operational efficiency. Our people remained our biggest asset and their contribution during the year cannot be overemphasized. Their diligence and commitment are pivotal in the Company's success.

On behalf of the Board of Directors, I would like to extend my appreciation to all our stakeholders for their support and guidance. Especially, I would like to thank our Regulators for their continued guidance and assistance provided on various matters during the year.

# چیمبر میں کا پیغام

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2023 کو ختم ہونے والے سال کے لیے OLP فنانشل سروسز پاکستان لمیٹڈ کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

ملک کو درپیش بے شمار چیلنجز کے باعث گزشتہ سال قابل ذکر رہا۔ سیاسی عدم استحکام، تباہ کن سیلاب، تاریخی بلند افراط زر، اور ادائیگیوں کے توازن کی ناسازگار صورت حال نے ایک چیلنجنگ معاشی ماحول پیدا کرنے میں کردار ادا کیا۔ اسٹیٹ بینک آف پاکستان (SBP) نے افراط زر سے نمٹنے کے لیے انتہائی سخت مانیٹری پالیسی اختیار کی، جس سے کاروباری سرگرمیاں مزید متاثر ہوئیں۔ بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) کے مطابق مالی سال 2023 کے لیے اقتصادی شرح نمو منفی 0.5 فیصد تھی، اور مالی سال 2024 کے لیے متوقع شرح نمو 2.5 فیصد ہے۔

موجودہ غیر یقینی صورتحال کو مد نظر رکھتے ہوئے، OLP نے پورٹ فولیو کے معیار کو برقرار رکھنے پر زیادہ توجہ دی اور اس کے ساتھ ساتھ ایک محتاط کاروباری انداز اپنایا۔ دوران سال 16 بلین روپے کی نئی ادائیگیاں کی گئیں جو کہ گزشتہ سال کی 17.6 بلین روپے کی ادائیگیوں سے 9 فیصد کم تھی۔ 30 جون 2022 تک کمپنی کے کل اثاثے 29.7 بلین روپے کے مقابلے میں 7 فیصد بڑھ کر 32 بلین روپے تک پہنچ گئے۔ OLP کی نان پرفارمنگ پورٹ فولیو کی شرح گزشتہ سال کی 4.5 فیصد سے کم ہو کر 2.7 فیصد ہو گئی۔ پورٹ فولیو کے موثر انتظام اور زائد المیعا دصارفین کے خلاف ریکوری کی مضبوط کوششوں نے نان پرفارمنگ پورٹ فولیو میں کمی میں اہم کردار ادا کیا۔

اس مشکل صورتحال میں، کمپنی کی مجموعی کارکردگی قابل ستائش رہی کیونکہ اس سال سب سے زیادہ قبل از ٹیکس منافع کمایا گیا۔ OLP نے مالی سال 2023 کیلئے 2,029 بلین روپے روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ گزشتہ سال 2022 کے قبل از ٹیکس منافع 1,376 بلین روپے سے 47 فیصد زیادہ تھا۔ بعد از ٹیکس منافع 1,210 بلین روپے رہا جو کہ گزشتہ سال 2022 کے بعد از ٹیکس منافع 882 بلین روپے سے 37 فیصد زیادہ تھا۔ حکومت کی جانب سے جون 2023 میں اعلان کردہ بجٹ میں سپر ٹیکس کی شرح میں اضافہ کر کے 10 فیصد کر دیا گیا۔ جو گزشتہ سال 4 فیصد تھا۔ یہ 29 فیصد عام ٹیکس کی شرح کے علاوہ ہے۔ نتیجتاً، سال کیلئے ٹیکس چارج 818 بلین روپے تھا جو کہ گزشتہ سال (مالی سال 2022: 494.5 بلین روپے) سے 66 فیصد زیادہ ہے۔

OLP کے اچھے نتائج کا سہرا ایک مضبوط رسک مینجمنٹ فریم ورک کو جاتا ہے۔ بورڈ کی رہنمائی کے ساتھ، انتظامیہ نے مشکل معاشی حالات کے باوجود قابل ستائش کارکردگی کا مظاہرہ کیا۔ بورڈ کی ذیلی کمیٹیوں نے بھی آپریشنل کارکردگی کو اچھا رکھنے میں اہم کردار ادا کیا۔ ہمارے ملازمین ہمارا سب سے قیمتی اثاثہ ہے، اور سال بھر میں ان کی کارکردگی کو فروغ دینے میں کیا جاسکتا۔ ان کی محنت اور لگن کمپنی کی کامیابی کے لیے اہم ہے۔

بورڈ آف ڈائریکٹرز کی جانب سے، میں اپنے تمام اسٹیک ہولڈرز کا تہہ دل سے شکریہ ادا کرنا چاہوں گا جنہوں نے کمپنی کو مدد اور رہنمائی فراہم کی اور سال کے دوران ریگولیشنز کی مسلسل رہنمائی اور تعاون کا بھی شکریہ ادا کیا۔

# DIRECTORS' REPORT

On behalf of the Board of Directors, we are pleased to present the thirty seventh annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2023.

## The Company

The Company was established in 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. It has an Investment Finance Services license from SECP under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. OLP provides financial services to corporate and individual customers with emphasis on serving the needs of the Small and Medium Enterprise (SME) sector.

## Overview of the Economy

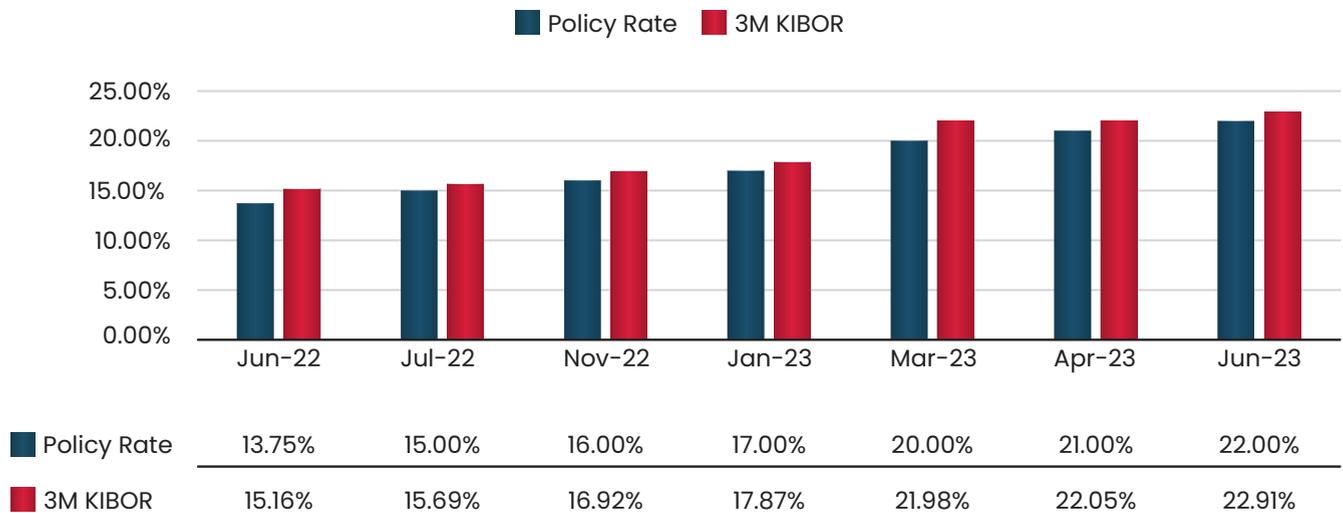
Pakistan's economic condition for the outgoing year can be termed as 'stagflation' where the economic growth remained stagnant with historically high level of inflation. The Country's economic challenges started in FY2022, however, the brunt of the crisis are being felt in FY2023. International commodity crisis, Country's ballooning current account and fiscal deficits and political uncertainty; all contributed to the economic crisis the Country is currently facing. The Government has estimated GDP growth of 0.3% for FY2023 whereas the International Monetary Fund's (IMF) estimate for the year was negative 0.5%. Pakistan reported GDP growth of almost 6% in the previous two fiscal years.

The industrial sector is expected to have contracted by 3% in FY2023 as compared to a growth of 6.8% last year. Large scale manufacturing industries were the worst performers with a decline of 10.26% in FY2023 as compared to last year's growth of 11.7%. High inflation, contractionary monetary policy and measures to control imports, have negatively affected industries and resulted in negative growth. Agriculture and services sectors witnessed meagre growths of 1.55% and 0.86% respectively, compared to 3.9% and 4% respectively last year.

During the outgoing year, the Country faced severe external account pressure with foreign currency reserves reaching a critically low level. Current Account Deficit (CAD) in FY2022 was USD 17.5 billion which reduced to a deficit of USD 2.5 billion in FY2023 due to import restrictions and currency depreciation. The IMF program also remained elusive during the year, putting additional pressure on the currency. The IMF, however, announced a new 9-month Stand-by Arrangement of USD 3 billion on the last day of the fiscal year, avoiding danger of default for the Country. High CAD and stalled IMF program contributed in drastic depreciation of Pakistani rupee. The rupee depreciated by 40% against US Dollar during the year and reached Rs. 286 per USD as of June 30, 2023.

The YoY CPI inflation rate of 38% in May 2023 was the highest monthly inflation the Country has ever recorded. The average CPI inflation for FY2023 was 29.2% as compared to 12.2% last year. Depreciation of rupee, high commodity prices and devastating floods have resulted in this historically high inflation rate.

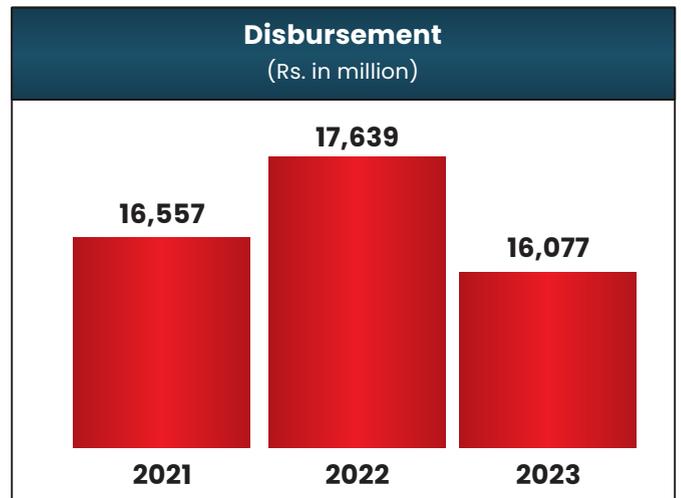
To control inflation, the State Bank of Pakistan (SBP) increased the policy rate multiple times during the year, from 13.75% in June 2022 to 22% in June 2023. Increase in policy rate and Karachi Interbank Offer Rate (KIBOR) in FY2023 were as follows:



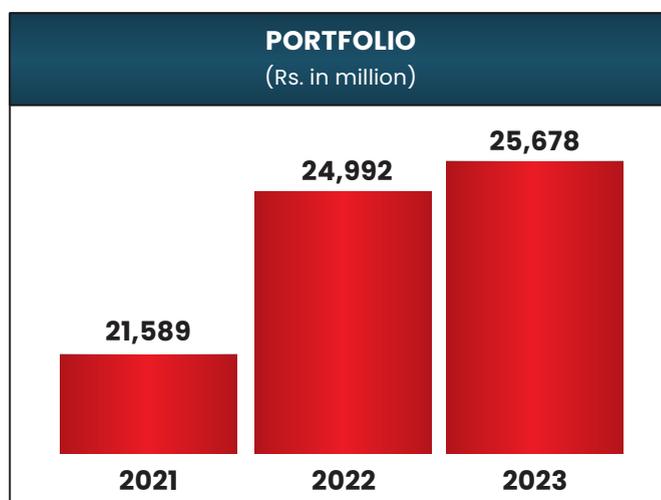
Pakistan’s budget deficit for FY2023 was Rs. 6.7 trillion; 7.9% of the Country’s GDP. Total tax collection for the year is expected at around Rs 7 trillion which will be short of the budgeted figure of Rs 7.6 trillion. In the Federal Budget, announced in June 2023, the Government has increased tax burden of documented companies while no effort has been made to enhance tax base. Super tax, which was re-introduced retrospectively in the previous fiscal year, was continued in FY2023 with higher rates. The rate has been increased retrospectively from 4% to 10% for companies earning profit of more than Rs. 500 million.

### Business Review

With the economic landscape remaining uncertain throughout the year, business sentiment also remained depressed. OLP adopted a cautious approach in this scenario and adhered to a risk averse business approach. Despite a challenging environment, the Company achieved new disbursements of Rs. 16.0 billion during the year; a 9% decrease over last year’s volumes of Rs. 17.6 billion. Vehicles leasing/financing (commercial vehicles and saloon cars) contributed 79% in total disbursements for the year. OLP’s Term Finance product, introduced last year, also contributed in this year’s business with disbursements of Rs. 890 million.

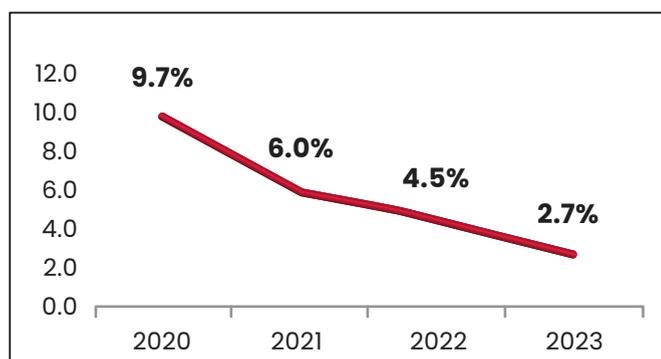


The Company's finance/lease portfolio increased marginally to Rs. 25.7 billion as of June 30, 2023 from Rs. 25 billion last year. The portfolio remains well diversified both geographically and by sector. Exposure to individual customers constituted 33% of the total portfolio followed by the goods transport sector and services sector with 12% and 7% respectively. Assets-wise, vehicles (saloon cars and commercial vehicles) constituted 79% of the portfolio followed by plant and machinery at 16% contribution. OLP has 26 core branches and 10 micro finance branches across Pakistan.



OLP's portfolio is spread over a diversified customer base. No single customer or group poses a risk to the quality of the Company's portfolio. As of June 30, 2023, the highest exposure to a single customer accounted for 0.5% of OLP's total portfolio.

During the outgoing year, the Company succeeded in reducing its delinquency ratio to 2.7% by effectively managing its portfolio and closely monitoring overdue accounts. The focus was on negotiating out-of-court settlements with long-outstanding overdue customers while vigorously following up with new delinquent customers.



Yanal Finance Company, OLP's associated company operating in Kingdom of Saudi Arabia, showed significant improvement in its profitability. OLP's share in profit from its associate amounted to Rs. 118 million (FY 2022: Rs. 64.3 million), an 84% increase over the preceding year.

OLP Modaraba (OM) reported net profit of Rs. 129 million for the year; 15% higher than the previous year's profit of Rs. 112 million. Total assets at 6,825 million were 2% higher than last year (June 30, 2022: Rs. 6,707 million). OM declared a cash dividend 20% for the year.

## Financial Performance

OLP's financial results are summarized below:

	2023	2022
	-----Rupees-----	
Profit before taxation	2,029,035,717	1,376,781,079
Taxation	818,302,927	494,570,693
Profit for the year after taxation	1,210,732,790	882,210,386
Appropriations: transfer to statutory reserve	60,536,640	44,110,519
Interim dividend	350,815,294	350,815,294
Final dividend	350,815,294	350,815,294
Earnings per share – basic and diluted	6.90	5.03

Despite difficult market conditions, OLP achieved its highest pre-tax profit of Rs. 2.03 billion (FY2022: Rs. 1.37 billion). Pre-tax profit was 47% higher than last year. Profit after tax of Rs. 1.2 billion (FY2022: Rs. 882 million) was 37% higher than last year. Super tax rate has been increased retrospectively by the Government in the budget announced in June 2023. The Company is required to pay super tax of 10% (FY2022: 4%) which added Rs. 216 million in taxation and increased it by 65% to Rs. 818 million, from Rs. 494 million last year.

### Dividend

The Directors are pleased to recommend a final cash dividend of 20% for the year ended June 30, 2023. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 40% (2022: total cash dividend of 40%)

### Revenue

Revenue for the year amounted to Rs. 6,796 million, a substantial increase of 51% from the previous year's revenue of Rs. 4,489 million.

Income from lease and loan portfolio at Rs. 5,904 million was 53% higher than the income of Rs. 3,867 million in the preceding year. High interest rate environment throughout the outgoing year resulted in higher revenues. Most of the OLP's lease and loan portfolio is linked to the KIBOR and was re-priced upward during the year. The portfolio has also increased by 3% during the year, however, the increase in rates mainly contributed to increase in income.

Other income for the year at Rs. 774 million was 39% higher than the income of Rs. 559 million earned in FY2022. It consisted of return on Government securities, gain on premature cancellation of lease and loan contracts, documentation fee on new business and miscellaneous other incomes. In the current volatile economic environment, OLP is maintaining excess liquidity in the form of Government securities. Higher rates on Government securities during the year resulted in return on this investment of Rs. 449 million; 88% higher than the return of Rs. 239 million earned last year.

Other income also included rentals of operating lease business. OLP discontinued this business during the year by disposing off its portfolio of cranes. As a result, rental income from this business came down to Rs. 13 million during the year from Rs. 34 million last year.

Share of profit from associated company was 84% higher at Rs. 118 million in FY2023 as compared to Rs. 64 million last year. As explained earlier, Yanal Finance Company reported improved results during the period which resulted in a higher share of profit for OLP.

## **Expenses**

Total expenses for the year, excluding provision for potential lease and loan losses, were Rs. 4,630 million, 47% higher than the last year's expenses of Rs. 3,142 million. The breakup of expenses are as follows:

- Finance cost for the year increased by 76% to Rs. 3,158 million, from Rs. 1,794 million in FY2022. This was in direct correlation with increase in KIBOR during the year as OLP's bank borrowings are linked to KIBOR. The cost of Certificate of Deposit (COD) portfolio has also increased as new CODs were issued at market competitive rates. Total borrowings as of June 30, 2023 were Rs. 18.7 billion as compared to Rs. 18 billion in June 2022.
- Administrative and general expenses at Rs. 1,435 million were 12% higher than the expenses of Rs. 1,285 million last year. Staff cost, which represents 73% of total expenses, increased by 13% to Rs. 1,044 million (FY2022: Rs. 922 million) due to adjustment in compensation on account of higher inflation in the country. Total staff numbers at the end of June 2023 were 435 as compared to 456 in June 2022. Despite steep currency devaluation and inflationary surge, other expenses were kept under control and increased by 8%.
- Direct cost decreased by 41% to Rs. 37 million (FY2022: Rs. 63 million) during the current year. The reduction was primarily due to disposal of OLP's fleet of cranes under operating lease. Other than the cost associated with operating lease, direct cost mainly comprised of stamp duty on new business, expenses associated with Ijarah finance and other expenses directly attributable to lease and finance.

## **Provision for Potential lease, loan and other losses**

OLP recorded a net provision charge of Rs. 106 million in FY2023 as compared to reversal in provision of Rs. 65 million in FY2022. Provision for potential lease and loan losses is maintained as per the Expected Credit Loss (ECL) model under IFRS 9. Subjective provision is also recorded against few specific cases as per management's judgement, as required under NBFC Regulations. Although OLP's non-performing portfolio (over 90 days past due portfolio) decreased from Rs. 1,099 million last year to Rs. 677 million as of June 30, 2023, higher provision was recorded for the year. Increase in provisioning was mainly due to

adjustments made in the ECL model in response to adverse change in macroeconomic indicators. The accumulated provision for potential lease and other loan losses was Rs. 880 million (FY2022: Rs. 1,033 million) which provides 130% coverage against all accounts over 90 days past due (FY2022: 94%).

## Taxation

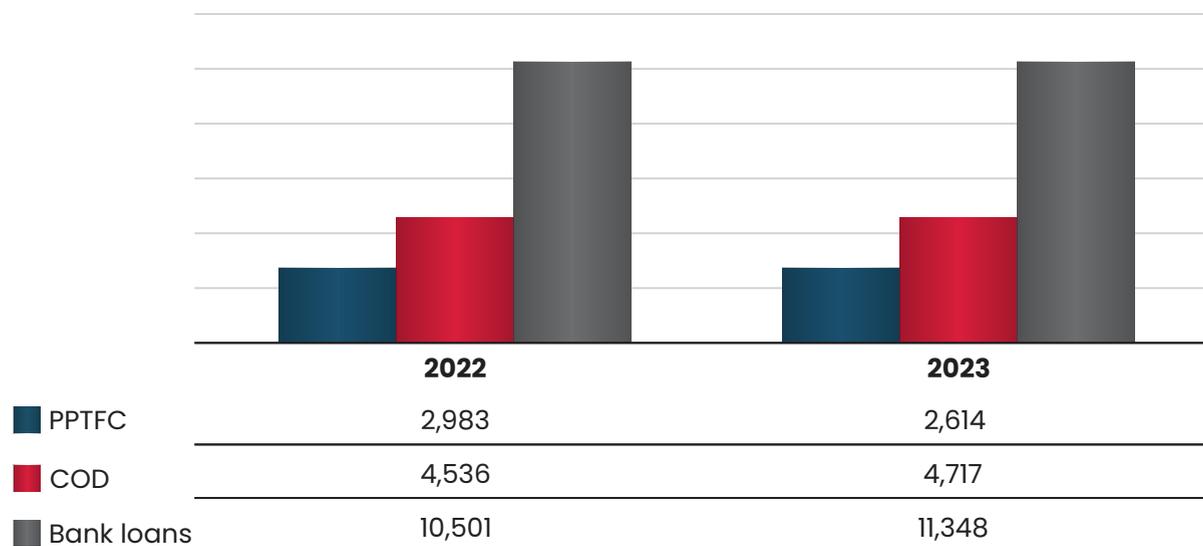
The Federal Government through Finance Act, 2023 has made amendments in the rate of super tax. These amendments include retrospective application of new slab rates for super tax. Under the revised rates, the highest slab rate of 10% (FY 2022: 4%) will be applicable on taxpayers from all sectors having income in excess of Rs 500 million.

In line with these changes, higher tax of Rs. 818 million was recorded for the year, 65% higher than the tax expense of Rs. 495 million last year. This included super tax at higher rate on current year's earning and deferred tax liability for subsequent years.

## Funding and Liquidity

OLP's borrowings consisted of a mix of bank loans, Certificate of Deposit (COD) and Privately Placed Term Finance Certificates (PPTFC). The Company has strong relationships in the banking sector and currently enjoys loan facilities from 9 banks. These facilities are in the form of long term loans and overdraft facilities at market competitive rates and are against the security of OLP's lease and loan portfolio. CODs are unsecured borrowings from individuals and institutional investors. These deposits are raised in direct competition with commercial banks and micro finance banks.

A breakup of OLP's borrowings are follows:



As mentioned earlier, in current economic conditions, OLP is maintaining excess liquidity in the form of Government securities (3-month Treasury Bills) to guard against a possible liquidity crisis in the financial market. At June 30, 2023, an amount of Rs. 1.9 billion was invested in Government securities. This was in addition to an investment of Rs. 707 million in Government securities against the Company's COD portfolio as per regulatory requirement.

The Company's debt to equity ratio as of June 30, 2023 was 1.91 (June 30, 2022: 2.01) while Capital Adequacy Ratio (CAR) was 27.2% (June 30, 2022: 27.5%) which is well above the regulatory requirement of 10%. This is indicative of the Company's strong capital position.

## **Risk Management**

OLP has implemented a robust risk management framework that plays a pivotal role in the Company's performance. This framework enables the Company to proactively identify and manage potential risks. It encompasses Board oversight, multi-tier supervision by department heads and/or management committees, effective policies and procedures, strong control mechanism and IT systems. OLP continually updates / amends this framework in line with change in business dynamics, regulatory framework and overall business strategies.

OLP has a Board's Risk Committee (BRC) which comprises of four directors and is chaired by an Independent Director. The Committee enhances Board's governance of risk and implementation of risk management policies to effectively manage the Company's risk profile. Additionally, the Company has Management Committee, responsible for oversight and execution of Board approved guidelines, while day-to-day risk management activities are delegated across various levels.

Under BRC's supervision, OLP has implemented an Enterprise Risk Management (ERM) framework. ERM framework applies to all functions, ensuring a robust and consistent approach to risk management across all levels of the Company. This framework allows the Board to comprehensively review risks faced by different operations and segments of the Company. It also provide guidelines for mitigating such risks while keeping in view the Company's overall strategic objectives.

Risk management measures adopted by the Company against major risks are outlined below:

### **Credit Risk**

OLP has Board approved Credit Risk Policies which provide guidelines for extending credit to different economic segments under different product lines. These policies guide the Company in managing and controlling credit risk by setting limits on the amount of risk it is willing to accept against individual counterparties, industries and asset types and monitoring exposures in relation to such limits. Risk Management Department (RMD) oversees adherence to credit risk policies of the Company and reports to the Board's Credit Committee.

The Company is continuously reviewing its guidelines to incorporate changes in policies due to evolving business environment and market dynamics. There is a continuous emphasis on portfolio monitoring and implementing tools for early identification of risks within the lending portfolio. The approach revolves around support to business growth while effectively managing credit risks. It also includes a score card approach where risk score is assessed for corporate customers in finance/loan portfolio at credit inception and on reporting date to asses any deterioration in credit risk of corporate customers.

Amid an economically challenging environment, RMD closely monitors different economic sectors and highlight risks in those sectors. It also escalates high risk sectors to the management, if required, to avoid further credit exposure in those sectors. OLP's existing portfolio in such sectors is also closely monitored by RMD and Marketing Department.

Due to its robust credit risk management approach, the Company is maintaining a well-diversified portfolio with low non-performing loans ratio even in the current difficult economic environment.

### **Liquidity Risk & Market Risk**

OLP's Board has approved an Asset Liability Management Policy which sets out Company's risk appetite with regards to liquidity and market risks. The Asset Liability Management Committee (ALCO) is responsible to oversee these risks. This committee convenes regularly, at least every month, to review the impact of changing economic and market conditions on the Company's profitability, liquidity and fund management position. ALCO monitors ALM ratios, current and future cash flow position and devises strategy for appropriate funding mix between options in hand to maintain adequate diversity in funding sources.

Liquidity risk is managed by diversifying funding sources, securing committed credit lines from financial institutions and maintaining a balance between long and short term lending and borrowing. OLP's primary funding sources include bank borrowings and certificates of deposit. The Company has also issued privately placed term finance certificates, ensuring a diversified mix of lenders.

A liquidity contingency plan is in place, offering alternative funding strategies and maintenance of liquidity reserves in the shape of investment in liquid Government securities. This ensures surplus funds availability when needed. Adequate levels of liquid securities are also held for compliance with statutory requirements.

OLP is exposed to market risk, primarily arising from interest rate fluctuations affecting debt obligations and lease/ loan receivables. ALCO has formulated pricing strategies and policies to manage the market risk. The Company limits interest rate risk by monitoring changes in market interest rates and by matching the pricing risk on its lending portfolio with the borrowing portfolio. ALCO regularly ensures that substantial portion of the lease/loan portfolio's interest rate profile (fixed and variable) matches the Company's financial obligations, keeping mismatches within acceptable limits. In case of a negative mismatch beyond acceptable limits, OLP has the option of repositioning its assets and/ or liabilities mix by executing interest rate swaps. Further, a sufficient profit margin is charged over bench-mark rate to cover rapid fluctuations in rates.

The Company is also exposed to currency risk due to its strategic investments in foreign associates, which is realized only on any change in holding of those investments. The currency exposure also arises if any debt obligation is taken in foreign currency. As a policy, OLP refrains from such borrowings without having cross currency swap to fully cover against the movement in foreign currency.

## Operational Risk

The Company has policies and procedures in place to manage operational risks in a systematic and consistent manner. These policies and procedures are regularly reviewed to ensure its relevancy with evolving operational landscape. Operational risks are mitigated and minimized through a Control framework, proactive monitoring and addressing potential risks. To mitigate risks from operations, OLP has strengthened its Internal Audit, Risk Management and Compliance functions. These functions ensure adherence to the policies and regularly monitors key risk indicators, operational disruptions or failures, if any.

Strong focus is maintained on high risk areas like system failures, breach of internal controls and any event of fraud or forgery. Emphasis is placed on improving IT security, defining individual responsibilities, and improving operational efficiency and effectiveness through automation and elevating quality of human resources through trainings and development. Orientation and trainings are provided to new and existing staff on Company's Code of Conduct, Anti-money laundering and Anti-fraud and Whistleblowing Policies for prevention of fraud and unethical practices.

A comprehensive regulatory risk management process is in place. OLP's Compliance Function ensures effectiveness of controls around regulatory requirements on an ongoing basis.

## Corporate Governance, Internal Control and Compliance

A strong corporate governance structure plays an important role in the success of a company, especially in volatile business conditions. OLP's governance framework, which includes well-established policies, clearly defined roles and strong internal controls, is instrumental in the success of the Company. This framework places a strong emphasis on transparency, accountability, and adherence to regulations.

The Board of Directors heads OLP's governance structure. The Board comprises of 3 independent directors, 4 nominee directors and 2 executive directors. To discharge their duties more effectively, the Board has constituted the following sub-committees:

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

Apart from the Board Committees, the Company has management committees with clear responsibilities and Terms of References (TOR). These committees include the Management Committee, Credit Committee, Asset Liability Management Committee, and IT Steering Committee. Each of these committees adds value to the governance process by involving senior staff members who contribute their extensive expertise in devising strategies, formulating business plans, and overseeing operations.

The Internal Audit and Compliance departments maintain a direct reporting line to the Board via the Audit Committee (BAC). At the beginning of each year, the internal audit department formulates an audit plan based on risk assessment, which is reviewed by the BAC. During the year, the BAC assesses the progress of internal audits and offers insights to management for refining controls in line with the audit suggestions.

The internal audit department's role extends beyond merely evaluating adherence to policies, procedures, and regulatory mandates; it also includes advisory support for improving policies to align with industry benchmarks and best practices.

The Company places significant emphasis on adhering to all regulatory requirements to foster a culture of compliance across all organizational levels. OLP is fully aligned with the Country's regulatory framework and also strives to align with best industry practices. The Company's compliance function is responsible for ensuring conformity with prevailing regulations pertaining to the Company's operations. Given the heightened regulatory focus, particularly concerning anti-money laundering and counter-terrorist financing, the Company has also increased its oversight measures.

In addition to its lending activities, OLP manages a considerable portfolio of certificate of deposit. A robust compliance framework is imperative for success of this product. The Company has taken numerous measures to guarantee full compliance with regulatory mandates, including sanctions screening as per UN/NACTA requirements, rigorous Customer Due Diligence (CDD) and Know Your Customer (KYC) procedures. Regular AML/CFT compliance audits of business functions are conducted by the compliance department to verify adherence to all relevant regulations.

Moreover, the compliance department conducts training sessions on Anti-Money Laundering (AML) and Countering Financing of Terrorism (CFT) regulations. These sessions aim to educate staff about AML/CFT protocols and ensure alignment with the corresponding regulatory mandates.

## **Corporate Social Responsibility**

OLP's CSR activities include supporting institutions focused on providing healthcare and educational facilities to under privileged communities and individuals.

During the year, in addition to supporting such institutions, OLP utilized its resources to contribute in disaster relief efforts in the areas most effected by the floods of 2022. Immediately after the floods, OLP partnered with relief organizations to provide shelter and food for affected families. A team of volunteers from OLP's Multan office, headed by the Zonal Head, steered OLP's efforts. Camps were established at Mangrotha and Wahuva areas in Taunsa District and our staff reached out to provide food and shelter to the effected families.

These efforts affected almost 300 households who were provided with a month's supply of food rations and tarpaulins & tents for shelter and protection of those families.

Staff members from OLP's Peshawar office also visited flood affectees of Charsada region and personal contribution from OLP staff was used to assist families sheltered in tented villages by providing them food and medical assistance.

## **Future Outlook**

The IMF has projected GDP growth of 2.5% for FY2024. However, the business environment will remain challenging in the coming months. SBP's policy rate is expected to increase further due to high inflation. In a subdued economy with high interest rates, the financial sector will remain risk averse in new financing and borrowers are also expected to avoid new capital investments. OLP will closely monitor the economic environment and will adjust its business operations accordingly.

## **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. 47.

## **Evaluation of the Performance of the Board**

OLP follows a structured procedure for assessing the performance of its Board of Directors and committees, as stipulated by the Listed Companies (Code of Corporate Governance) Regulations, 2019. This evaluation is conducted annually, in-house or through an independent external consultant.

Within this evaluation process, assessment questionnaires are disseminated to Board members, who submit their responses to the Company Secretary while maintaining confidentiality of the process. The compilation of these responses is overseen by the Company Secretary. The outcomes are subsequently shared during Board Meetings and the areas for improvement are highlighted.

## **Board's Remuneration Policy**

The Company has an established Board of Directors Remuneration Policy in place, which was duly approved by the Board. This policy establishes a process for defining the compensation allotted to the Company's directors who participate in meetings. As outlined by the policy, only Independent Non-Executive Directors are qualified to receive compensation for their presence at Board and committee meetings. Whereas Non-Executive Directors are solely eligible for reimbursement of the costs they accrue when attending these meetings.

Disclosure with regards to remuneration of each director and chief executive officer is given in note 37 of unconsolidated financial statements.

## **Compliance with Pakistan Stock Exchange Limited (PSX) Regulations**

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

- Chief Executive Officer
- Deputy Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Group General Manager
- 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, 2023, 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. 58.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2023, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2023, was PKR 741.6 million (unaudited), and as at June 30, 2022, was PKR 645.02 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2023, was PKR 310.6 million (unaudited), and as at June 30, 2022, was 282.56 million (audited).

11. Seven (07) out of nine (09) Directors of the Company have certification/exemption under the Directors Training Program (DTP) and the remaining two (2) directors, being recently appointed, will complete DTP within the stipulated time as provided under Listed Companies (Code of Corporate Governance) Regulations, 2019.
12. During the year, four meetings of the Board of Directors, seven meetings of the Audit Committee, three meetings of the Board Human Resource Nomination and Remuneration Committee, two meetings of the Board Risk Committee and no meeting of the Board Credit Committee were held.

## 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. Nasim Hyder	4
Ms. Aminah Zahid Zaheer	4	Mr. Yoshiaki Matsuoka (Non-resident)	4
Ms. Keiko Watanabe (Non-resident)	4	Mr. Daisuke Morita (Non-resident)	4
Mr. Katsumi Matsumoto (Non-resident)	2	Mr. Shaheen Amin	4
Mr. Ramon Alfrey	4		

[1] Resigned as Director on May 31, 2023.

[2] Appointment as Director on 22nd August 2022 and Resigned as Director on March 31, 2023.

## Audit Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Nasim Hyder	7	Ms. Aminah Zahid Zaheer	7
Ms. Keiko Watanabe (Non-resident)	7	Mr. Daisuke Morita (Non-resident) [1]	6

[1] Resigned as Director on May 31, 2023.

## Human Resource Nomination and Remuneration Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Khalid Aziz Mirza	3	Mr. Yoshiaki Matsuoka (Non-resident)	3
Mr. Shaheen Amin	3		

## Risk Committee's Meetings

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

## **Board Changes**

During the year, following changes were made in the Board:

- 1) Mr. Shin Hamada resigned with effect from 22<sup>nd</sup> August 2022. Mr. Katsumi Matsumoto was appointed as Director by the Board to fill the casual vacancy.
- 2) Mr. Katsumi Matsumoto resigned with effect from 31<sup>st</sup> March 2023. Ms. Mika Takeda was appointed as Director by the Board to fill the casual vacancy.
- 3) Mr. Daisuke Morita resigned with effect from 31<sup>st</sup> May 2023. Mr. Kenro Seishima was appointed as Director by the Board to fill the casual vacancy.

The Board of Directors places on record its appreciation for services rendered by Mr. Shin Hamada, Mr. Katsumi Matsumoto and Mr. Daisuke Morita. Further, the Board welcomes Ms. Mika Takeda and Mr. Kenro Seishima as Director on the Board.

## **Credit Rating**

The Pakistan Credit Rating Agency Limited (PACRA) maintained the Company's long term rating of AA+ (Double A plus) and short term rating of A1+ (A one plus) on March 03, 2023. 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, 2023. 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, 2024.

## **Pattern of Shareholding**

The pattern of shareholding as at June 30, 2023 is given on page no. 246.

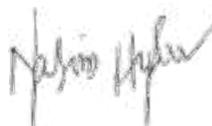
## Acknowledgement

The Board places on record its appreciation of the guidance and support provided by the regulatory authorities. We would also like to thank our bankers, business associates, and all stakeholders for their assistance and collaboration in the Company's achievements. We also extend our appreciation to our customers and depositors for their ongoing faith and trust.

On behalf of the Board



**SHAHEEN AMIN**  
Chief Executive Officer



**NASIM HYDER**  
Director

September 15, 2023

بڑے حصص یافتگان:

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

آڈیٹرز:

سال 30 جون 2023 کیلئے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی تقرری کی گئی۔ بورڈ آف ڈائریکٹرز نے میسرز ایف فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کی سال 30 جون 2024 کیلئے کمپنی آڈیٹرز کی حیثیت سے تقرری کی آڈٹ کمیٹی کی سفارش کی توثیق کی ہے۔

حصص داری کی ساخت:

30 جون 2023 کی حصص داری کی ساخت صفحہ نمبر 246 پر دی گئی ہے۔

اعتراف:

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

بورڈ کی جانب سے



نسیم حیدر  
ڈائریکٹر



شاہین امین  
چیف ایگزیکٹو آفیسر

15 ستمبر 2023

## آڈٹ کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب نسیم حیدر	7	محترمہ امینہ زاہد ظہیر	7
محترمہ کیکو و اتانا بے (نان ریزیڈنٹ)	7	جناب ڈائیسو کا موریتا (نان ریزیڈنٹ) (1)	6

(1) 31 مئی 2023 کو مستعفی ہو گئے۔

## ہیومن ریسورس نو مینٹیشن اینڈ ریویژن کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب خالد عزیز مرزا	3	جناب یوشیا کی ماتسوکا (نان ریزیڈنٹ)	3
جناب شاہین امین	3	جناب ڈائیسو کا موریتا (نان ریزیڈنٹ)	2

## رسک کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
محترمہ امینہ زاہد ظہیر	2	جناب نسیم حیدر	3
محترمہ کیکو و اتانا بے (نان ریزیڈنٹ)	2		

## بورڈ میں تبدیلیاں:

سال کے دوران بورڈ میں درج ذیل تبدیلیاں کی گئیں۔

- 1۔ جناب شن ہما ڈا 22 اگست 2022 کو مستعفی ہو گئے۔ بورڈ کی جانب سے خالی آسامی کو پُر کرنے کے لیے جناب کاٹسومی ماتسوموتو کو بطور ڈائریکٹر تقرر کیا گیا۔
- 2۔ جناب کاٹسومی ماتسوموتو 31 مارچ 2023 کو مستعفی ہو گئے۔ بورڈ کی جانب سے خالی آسامی کو پُر کرنے کیلئے محترمہ میکا تاکیڈا کو بطور ڈائریکٹر تقرر کیا گیا۔
- 3۔ جناب ڈیسو کے موریتا 31 مئی 2023 کو مستعفی ہو گئے۔ بورڈ کی جانب سے خالی آسامی کو پُر کرنے کے لیے جناب کینز و سیشیما کو بطور ڈائریکٹر تقرر کیا گیا۔

بورڈ آف ڈائریکٹرز جناب شن ہما ڈا، جناب کاٹسومی ماتسوموتو اور جناب ڈیسو کے موریتا کی خدمات کو سزا ہتا ہے۔ مزید یہ کہ بورڈ محترمہ میکا تاکیڈا اور جناب کینز و سیشیما کو بحیثیت ڈائریکٹر خوش آمدید کہتا ہے۔

## کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 03 مارچ 2023 کو کمپنی کی طویل مدتی AA+ (ڈبل A پلس) اور A1+ (A ون پلس) قلیل مدتی درجہ بندی برقرار رکھی ہے۔ یہ NBFC سیکٹر میں بلند ترین ریٹنگ ہے۔

- ۳۔ 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۔
- ۴۔ مالیاتی گوشوارے کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں کو ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں انکشافات اور وضاحت کی گئی ہے۔
- ۵۔ اندرونی نگرانی کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ۶۔ کمپنی کی چلتے ہوئے ادارے کی صلاحیت میں کوئی شک و شبہ نہیں ہے۔
- ۷۔ اختتام سال 30 جون 2023 کے دوران کمپنی کے نتائج کے قابل ذکر انحراف کی تفصیل ڈائریکٹرز رپورٹ میں ہے۔
- ۸۔ گزشتہ چھ سالوں کے اہم کاروباری اور مالیاتی اعداد و شمار اس سالانہ رپورٹ کے صفحہ نمبر 58 پر دیا گیا ہے۔
- ۹۔ ٹیکسوں، ڈیویڈنڈ، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی 30 جون 2023 کو واجب الادا نہیں تھی سوائے جن کا مالیاتی گوشواروں میں انکشاف کیا گیا ہے۔
- ۱۰۔ تسلیم شدہ پروڈنٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2023 کو 741.6 ملین روپے تھی (غیر آڈٹ شدہ) اور 30 جون 2022 کو 645.02 ملین روپے تھی (آڈٹ شدہ)۔
- تسلیم شدہ گریجویٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2023 کو 310.6 ملین روپے (غیر آڈٹ شدہ) اور 30 جون 2022 کو 282.56 ملین روپے (آڈٹ شدہ) تھی۔
- ۱۱۔ کمپنی کے نو (09) ڈائریکٹرز میں سے سات (07) کو ڈائریکٹرز ٹریڈنگ پروگرام کے تحت سرٹیفیکیشن/چھوٹ حاصل ہے اور بقیہ دو (2) ڈائریکٹرز، جن کا حال ہی میں تقرر کیا گیا ہے، وہ ڈائریکٹرز ٹریڈنگ پروگرام مقررہ وقت کے اندر مکمل کریں گے جیسا کہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز، 2019 کے تحت فراہم کیا گیا ہے۔
- ۱۲۔ سال کے دوران بورڈ آف ڈائریکٹرز کے چار اجلاس، آڈٹ کمیٹی کے سات اجلاس، بورڈ ہیومن ریسورسز نو مینیشن اینڈ ریویژن کمیٹی کے تین اجلاس، بورڈ رسک کمیٹی کے دو اجلاس اور بورڈ کریڈٹ کمیٹی کا کوئی اجلاس منعقد نہیں ہوا۔

#### بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کے اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	مہینے میں حاضری	ڈائریکٹر کا نام	مہینے میں حاضری
جناب خالد عزیز مرزا	4	جناب نسیم حیدر	4
محترمہ آمنہ زاہد ظہیر	4	جناب یوشیا کی ماتسوکا (نان ریڈیڈنٹ)	4
محترمہ کیکوواتانا بے (نان ریڈیڈنٹ)	4	جناب ڈائیسوکاموریتا (نان ریڈیڈنٹ) (1)	4
جناب کاتسومی ماتسوموتو (نان ریڈیڈنٹ) (2)	2	جناب شاہین امین	4
جناب ریمن ایلفرے	4		

(1) 31 مئی 2023 کو مستعفی ہو گئے۔

(2) 22 اگست 2022 میں بطور ڈائریکٹر تقرر ہوا اور 31 مارچ 2023 کو بطور ڈائریکٹر مستعفی ہو گئے۔

## بورڈ کی کارکردگی کا جائزہ:

لسٹڈ کمپنیوں (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کی ضرورت کے تحت، بورڈ اور اس کی کمیٹیوں کا جائزہ لینے کا ایک باضابطہ عمل تیار کیا گیا ہے اور اس پر عمل درآمد کیا گیا ہے۔ یہ جائزہ سالانہ بنیادوں پر اندرون خانہ یا بیرونی آزاد کنسلٹنٹس کے ذریعے کیا جاتا ہے۔

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

## بورڈ کے معاوضہ پالیسی:

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

ہر ڈائریکٹر اور چیف ایگزیکٹیو آفیسر کے معاوضے کے حوالے سے انکشاف غیر مجموعی مالیاتی گوشوارے کے نوٹ نمبر 37 میں دیا گیا ہے۔

## پاکستان اسٹاک ایکسچینج لمیٹڈ (PSX) کے ضوابط کی تعمیل:

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

- ☆ چیف ایگزیکٹیو آفیسر
- ☆ ڈپٹی چیف ایگزیکٹیو آفیسر
- ☆ چیف فنانشل آفیسر
- ☆ چیف آپریٹنگ آفیسر
- ☆ گروپ جنرل منیجر
- ☆ کمپنی سیکرٹری
- ☆ ہیڈ آف انٹرنل آڈٹ
- ☆ تمام ڈپارٹمنٹل ہیڈز

## ڈائریکٹرز کا اعلامیہ:

- ۱- کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
- ۲- کمپنی کی حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔

فنانسنگ فراہم کرنے کے کاروبار کے علاوہ، OLP کے پاس ایک قابل قدر سٹریٹجک آف ڈپازٹ کا پورٹ فولیو ہے جس کی وجہ سے ایک مضبوط کمپلائنس فریم ورک کی ضرورت اور بھی اہم ہو جاتی ہے۔ OLP نے تمام ریگولیٹری تقاضوں کی مکمل پاسداری کو یقینی بنانے کے لیے متعدد اقدامات کیے ہیں جن میں UN/NACTA کی پابندیوں کی اسکریننگ اور کسٹمر ڈیوڈ لیجنس پروسیس (KYC)/(CCD) اپنے صارفین کی ضروریات کو جاننا شامل ہیں۔ کمپلائنس ڈیپارٹمنٹ باقاعدگی سے کاروباری افعال AML/CFT کا عمل پیرا لگاتا ہے تاکہ یہ یقینی بنایا جاسکے کہ کمپنی پر لاگو تمام ریگولیٹری تقاضوں کی تعمیل کی گئی ہے۔

انسداد منی لانڈرنگ ((CFT)/ AML) دہشت گردی کی مالی معاونت کے پہلوؤں پر تربیتی سیشن بھی منعقد کرائے جاتے ہیں تاکہ عملے کو AML/CFT نظام کے بارے میں تعلیم دی جائے اور AML/CFT ضوابط کی ضرورت کی تعمیل کی جائے۔ گائیڈ لائنز اور رسک اسیسمنٹ کے عمل کو کمپنی کے ہر شعبے میں مضبوط کیا گیا ہے تاکہ یہ یقینی بنایا جاسکے کہ ملازمین پوری طرح سے پالیسیوں کو سمجھیں اور ان کا اطلاق کریں۔

کارپوریٹ سماجی ذمہ داری:

OLP کی CSR سرگرمیوں میں ان اداروں کی معاونت کرنا شامل ہے جن کی توجہ پسماندہ لوگوں تک صحت اور تعلیم کی سہولیات پہنچانے پر مرکوز ہے۔

دوران سال ایسے اداروں کی مدد کرنے کے علاوہ، OLP نے 2022 کے سیلاب سے سب سے زیادہ متاثر ہونے والے علاقوں میں آفات سے متعلق امدادی سرگرمیوں میں حصہ ڈالنے کے لیے اپنے وسائل کا استعمال کیا۔ سیلاب کے فوراً بعد، OLP نے متاثرہ خاندانوں کو پناہ اور خوراک فراہم کرنے کے لیے امدادی تنظیموں کے ساتھ شراکت کی۔ زول ہیڈ کی سربراہی میں OLP کے ملتان آفس سے رضا کاروں کی ایک ٹیم نے OLP کی کوششوں کو آگے بڑھایا۔ ضلع تونسہ میں منگرو تھا اور واہووا کے علاقوں میں کیمپ قائم کیے گئے تھے اور ہمارا عملہ متاثرہ خاندانوں کو کھانا اور رہائش فراہم کرنے کے لیے پہنچ گیا تھا۔

اس سے تقریباً 300 گھرانوں کو فائدہ پہنچانے کے لیے انہیں ایک ماہ کے کھانے کا راشن اور ترپال اور خیمے فراہم کیے گئے تھے۔

OLP کے پشاور آفس کے اسٹاف ممبران نے بھی چارسدہ کے علاقے کے سیلاب متاثرین کا دورہ کیا اور OLP کے اسٹاف کی طرف سے ذاتی تعاون سے خیمے والے دیہات میں پناہ گزین خاندانوں کو خوراک اور طبی امداد فراہم کر کے ان کی مدد کی گئی۔

مستقبل کا منظر نامہ:

آئی ایم ایف نے مالی سال 2024 کے لیے جی ڈی پی کی شرح نمو 2.5 فیصد رہنے کی پیش گوئی کی ہے۔ تاہم آنے والے مہینوں میں کاروباری ماحول چیلنجنگ رہے گا۔ زیادہ افراط زر کے باعث اسٹیٹ بینک کی پالیسی ریٹ میں مزید اضافہ متوقع ہے۔ بلند شرح سود کے ساتھ سست معیشت میں، مالیاتی شعبہ نئی فنانسنگ میں رسک سے بچنے کی کوشش کرے گا اور قرض لینے والوں سے بھی توقع کی جاتی ہے کہ وہ نئی سرمایہ کاری سے گریز کریں گے۔ OLP اقتصادی ماحول کی قریب سے نگرانی کرے گا اور اس کے مطابق اپنے کاروباری آپریشن کو ایڈجسٹ کرے گا۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں:

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی تشکیل صفحہ نمبر 47 پرائیویٹ آف کمپلائنس میں دی گئی ہے۔

کی روک تھام کے لیے کمپنی کے ضابطہ اخلاق، ایٹھٹی مینی لائڈ رنگ اور ایٹھٹی فراڈ اور وِسل بلوگک پالیسیوں پر نئے اور موجودہ عملے کو واقفیت اور تربیت فراہم کی جاتی ہے۔

ان مقاصد کے حصول کے لئے نافذ کردہ بہترین پالیسیاں، متعین کردہ احکام اور ذمہ داریاں اور مضبوط رسک کے انتظام کا فریم ورک موجود ہے۔ OLP کا کمپلائنس فنکشن مسلسل بنیادوں پر ریگولیٹری تقاضوں کے گرد کنٹرول کو یقینی بناتا ہے۔

کارپوریٹ گورننس، اندرونی کنٹرول اور تعمیل:

ایک مضبوط کارپوریٹ گورننس کا ڈھانچہ کمپنی کی کامیابی میں اہم کردار ادا کرتا ہے، خاص طور پر غیر متزلزل کاروباری حالات میں OLP کا گورننس فریم ورک، جس میں قائم شدہ پالیسیاں، واضح طور پر بیان کردہ کردار اور مضبوط اندرونی کنٹرول شامل ہیں، کمپنی کی کامیابی میں اہم کردار ادا کرتے ہیں۔ یہ فریم ورک شفافیت، جوابدہی، اور ضوابط کی پابندی پر زور دیتا ہے۔

بورڈ آف ڈائریکٹرز OLP کے گورننس ڈھانچے کی سربراہی کرتا ہے جس میں 3 آزاد ڈائریکٹرز، 4 نامزد ڈائریکٹرز اور 12 ایگزیکٹو ڈائریکٹرز شامل ہیں۔ اپنی ذمہ داریوں کو زیادہ مؤثر طریقے سے نبھانے کے لیے بورڈ نے مندرجہ ذیل 4 ذیلی کمیٹیاں تشکیل دی ہیں:

- ۱۔ بورڈ ہیومن ریسورس نامی نیشن اینڈ ریسورس کمیشن (BHRN&RC)
- ۲۔ بورڈ آڈٹ کمیٹی (BAC)
- ۳۔ بورڈ رسک کمیٹی (BRC)
- ۴۔ بورڈ کریڈٹ کمیٹی (BCC)

بورڈ کمیٹیوں کے علاوہ، کمپنی کے پاس انتظامی کمیٹیاں ہیں جن کی واضح ذمہ داریاں اور طریقہ کار (Terms of Reference) موجود ہیں۔ ان کمیٹیوں میں مینجمنٹ کمیٹی، کریڈٹ کمیٹی، ایسیٹ لائیوٹی مینجمنٹ کمیٹی، اور آئی ٹی اسٹریٹجی کمیٹی شامل ہیں۔ عملے کے سینئر ممبران مینجمنٹ کمیٹیوں کا حصہ ہیں جو حکمت عملی بنانے، کاروبار کی منصوبہ بندی اور آپریشنز میں اپنا وسیع تجربہ بروئے کار لاتے ہیں۔

انٹرنل آڈٹ اور کمپلائنس کے محکمے آڈٹ کمیٹی کے ذریعے براہ راست بورڈ کو رپورٹ کرتے ہیں۔ انٹرنل آڈٹ سال کے آغاز میں رسک پڑھنی آڈٹ پلان تیار کرتا ہے جس کا جائزہ لیا جاتا ہے اور آڈٹ کمیٹی اسے منظور کرتی ہے۔ اس کمیٹی کے ذریعے سال کے دوران ہونے والے آڈٹ کا باقاعدگی سے جائزہ لیا جاتا ہے اور یہ آڈٹ کی سفارشات کے مطابق کنٹرول کو بڑھانے کے لیے انتظامیہ کو رہنمائی فراہم کرتی ہے۔

انٹرنل آڈٹ کا شعبہ نہ صرف پالیسیوں، طریقہ کار اور ریگولیٹری تقاضوں کی تعمیل پر آزادانہ نظریہ فراہم کرتا ہے، بلکہ یہ انڈسٹری کے بہترین اصولوں کے مطابق پالیسیوں کو بہتر بنانے کا مشورہ بھی دیتا ہے۔

کمپنی تمام ریگولیٹری تقاضوں کی تعمیل پر بھی زیادہ زور دیتی ہے اور اس بات کو یقینی بناتی ہے کہ تعمیل کا کلچر تنظیم کی تمام سطحوں پر محیط ہو۔ OLP ملک میں رائج ریگولیٹری فریم ورک کے ساتھ پوری طرح تعمیل کرتا ہے اور اس کا مقصد صنعت کے بہترین طریقوں کی تعمیل کرنا ہے۔ OLP کا کمپلائنس فنکشن کمپنی پر لاگو موجودہ اور نئے ضوابط کی تعمیل کو یقینی بنانے کے لیے ذمہ دار ہے۔ ملک کے ریگولیٹری فریم ورک کے بڑھنے کے ساتھ ایس ای سی بی نے بھی اپنی نگرانی کی سطح خاص طور پر ایٹھٹی مینی لائڈ رنگ اور دہشت گردی کی مالی معاونت کے حوالے سے اضافہ کیا ہے۔ جس کی وجہ سے کمپنی نے بھی اپنے نگرانی کے ضوابط کو مضبوط کیا ہے۔

## لیکویڈیٹی رسک اور مارکیٹ رسک:

OLP کے بورڈ نے ایسیٹ اینڈ لائبیلیٹی مینجمنٹ پالیسی کی توثیق کی ہے جو کمپنی کی لیکویڈیٹی اور مارکیٹ خطرات سے متعلق حدود معین کرتی ہے۔ ایسیٹ اینڈ لائبیلیٹی مینجمنٹ کمیٹی (ALCO) کو ان خطرات کی نگرانی کا کام سونپا گیا ہے۔ یہ کمیٹی باقاعدگی سے، کم از کم ماہانہ بنیادوں پر، اس بات کا جائزہ لینے کے لیے میٹنگ کرتی ہے کہ کس طرح بدلتے ہوئے اقتصادی اور مارکیٹ کے حالات کمپنی کے منافع، لیکویڈیٹی، اور فنڈ مینجمنٹ کو متاثر کر رہے ہیں۔ ALCO ایسیٹ اینڈ لائبیلیٹی مینجمنٹ (ALM) کے تناسب، موجودہ اور متوقع نقد بہاؤ کی صورت حال کا قریب سے مشاہدہ کرتا ہے، اور فنڈنگ کے ذرائع میں تنوع کو برقرار رکھنے کے لیے دستیاب فنڈنگ کے اختیارات کے مناسب مرکب کے لیے حکمت عملی تیار کرتا ہے۔

لیکویڈیٹی کے خطرے کو مختلف اقدامات بشمول فنڈنگ کے ذرائع میں تنوع، مالیاتی اداروں سے کریڈٹ لائنز حاصل کرنا، اور طویل مدتی اور قلیل مدتی قرضوں میں توازن برقرار رکھنے کے ذریعے کم کیا جاتا ہے۔ OLP بنیادی طور پر بینک قرضوں اور ڈپازٹس سرٹیفکیٹس جیسے ذرائع سے فنڈنگ حاصل کرتا ہے۔ مزید برآں، کمپنی نے پرائیویٹ ٹرم فنڈنگ ٹھیکہ جاری کیے ہیں، جو قرض دہندگان کے متنوع مرکب کو یقینی بناتے ہیں۔

ہنگامی صورتحال سے نمٹنے کیلئے منصوبے بھی موجود ہیں، جس میں فنڈنگ کی متبادل حکمت عملی اور آسانی سے کیش میں تبدیل ہونے والی سرکاری سیکورٹیز میں سرمایہ کاری کی صورت میں لیکویڈیٹی کے ذخائر کو برقرار رکھنا شامل ہے۔ یہ ضرورت پڑنے پر اضافی فنڈنگ کی دستیابی کو یقینی بناتا ہے۔ قانونی تقاضوں کی تعمیل کے لیے بھی لیکویڈیٹی سیکورٹیز رکھی گئی ہیں۔

OLP کو بنیادی طور پر شرح سود میں اتار چڑھاؤ کی وجہ سے مارکیٹ کے خطرے کا سامنا ہوتا ہے، جو قرض کی ذمہ داریوں اور لیز/قرض کی وصولی کو متاثر کر سکتا ہے۔ ایسیٹ لائبیلیٹی مینجمنٹ کمیٹی (ALCO) نے مارکیٹ کے اس خطرے سے نمٹنے کے لیے قیمتوں کے تعین کی حکمت عملی اور پالیسیاں وضع کی ہیں۔ کمپنی مارکیٹ کی شرح سود میں ہونے والی تبدیلیوں کی قریب سے نگرانی کرتی ہے۔ دیئے گئے قرضوں اور لئے گئے قرضوں کے فلسفہ اور متغیر شرح سود کے پورٹ فولیو کو آپس میں میچ کرنے کی کوشش کرتی ہے، اور ان کی عدم مطابقت کو ایک قابل قبول حد میں رکھتی ہے۔ اگر قابل قبول حد سے زیادہ منفی مماثلت پیدا ہوتی ہے تو، OLP کے پاس شرح سود کے تبادلے کے ذریعے اپنے اثاثہ اور/یا ذمہ داری کی ساخت کو ایڈجسٹ کرنے کا اختیار ہے۔ مزید برآں، کمپنی شرحوں میں تیزی سے اتار چڑھاؤ کو مد نظر رکھنے کے لیے ہیج مارکیٹ پر کافی منافع کا مارجن وصول کرتی ہے۔

کمپنی کو غیر ملکی ایسوی ایٹس میں اپنی اسٹریٹجک سرمایہ کاری کی وجہ سے بھی کرنسی رسک سے بھی دوچار ہے، جس کا اثر صرف ان سرمایہ کاریوں میں تبدیلی سے آتا ہے۔ اگر کوئی قرض غیر ملکی کرنسی میں لیا جائے، تب بھی کمپنی کرنسی رسک سے دوچار ہوتی ہے۔ OLP کی پالیسی ہے کہ اس کرنسی رسک سے بچا جائے جب تک کہ cross currency swap حاصل کر کے کرنسی رسک کو cover کیا جائے۔

## آپریٹنگ رسک:

کمپنی نے آپریٹنگ خطرات کو مستقل اور منظم طور پر سنبھالنے کے لیے پالیسیاں اور طریقہ کار قائم کیے ہیں۔ بدلتے آپریٹنگ ماحول میں ان کی مطابقت کو یقینی بنانے کے لیے ان پالیسیوں اور طریقہ کار کا وقتاً فوقتاً جائزہ لیا جاتا ہے۔ ایک کنٹرول فریم ورک، فعال نگرانی، اور ممکنہ خطرات سے نمٹنے کے ذریعے آپریٹنگ خطرات کو کم کیا جاتا ہے اور اسے کم سے کم رکھا جاتا ہے۔ آپریٹنگ خطرات کو کم کرنے کے لیے، OLP نے اپنے اندرونی آڈٹ، رسک مینجمنٹ، اور کمپلائنس کے افعال کو مضبوط کیا ہے۔ یہ افعال اس بات کو یقینی بناتے ہیں کہ پالیسیوں کی پیروی کی جاتی ہے اور انہیں خطرے کے اشارے کے ساتھ ساتھ کسی بھی آپریٹنگ رکاوٹوں یا ناکامیوں کی باقاعدگی سے نگرانی کی جاتی ہے۔

نظام کی ناکامی، اندرونی کنٹرول کی خلاف ورزی اور دھوکہ دہی یا جعل سازی کے کسی بھی واقعے جیسے زیادہ خطرے والی جگہوں پر مضبوط توجہ مرکوز رکھی جاتی ہے۔ آئی ٹی سیکورٹی کو بہتر بنانے، انفرادی ذمہ داریوں کی وضاحت، اور آڈٹیشن کے ذریعے آپریٹنگ کارکردگی اور تاخیر کو بہتر بنانے اور تربیت اور ترقی کے ذریعے انسانی وسائل کے معیار کو بلند کرنے پر زور دیا جاتا ہے۔ دھوکہ دہی اور غیر اخلاقی طریقوں

## رسک مینجمنٹ:

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

OLP کی رسک مینجمنٹ کمیٹی (BRC) 4 ڈائریکٹرز پر مشتمل ہے اور اس کی صدارت ایک آزاد ڈائریکٹر کرتے ہیں۔ رسک گورننس اور رسک مینجمنٹ پالیسیوں کے نفاذ میں بورڈ کے کردار کو بڑھانے کیلئے کمیٹی اپنا کردار ادا کرتی ہے۔ اس کے علاوہ کمپنی کے پاس مینجمنٹ کمیٹی ہے جس کی ذمہ داری ہے کہ وہ بورڈ کی منظور شدہ پالیسیوں کا اطلاق کرے جبکہ روزمرہ کے رسک مینجمنٹ کے کام خلی سطح پر منتقل کئے گئے ہیں۔

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

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

## کریڈٹ رسک:

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

کاروبار کے بدلنے ماحول اور مارکیٹ کی حرکیات کی وجہ سے کمپنی پالیسیوں میں تبدیلیاں شامل کرنے کے لیے اپنے رہنما خطوط کا مسلسل جائزہ لیتی ہے۔ قرض دینے والے پورٹ فولیو کے اندر خطرات کی جلد شناخت کے لیے پورٹ فولیو کی نگرانی اور ان پر عمل درآمد پر مسلسل زور دیا جاتا ہے۔ یہ حکمت عملی کاروباری ترقی کے گرد گھومتا ہے جبکہ کریڈٹ کے خطرات کو مؤثر طریقے سے منظم کرتا ہے۔ اس میں اسکور کارڈ کا طریقہ بھی شامل ہے جہاں کارپوریٹ صارفین کے کریڈٹ کے خطرے میں کسی نقص کا اندازہ لگانے کے لیے فنانس/لون پورٹ فولیو میں کریڈٹ کے آغاز پر اور رورٹنگ کی تاریخ پر رسک اسکور کا اندازہ لگایا جاتا ہے۔

معاشی طور پر چیلنجنگ ماحول کے درمیان، رسک مینجمنٹ ڈپارٹمنٹ مختلف اقتصادی شعبوں پر گہری نظر رکھتا ہے اور ان شعبوں میں خطرات کو اجاگر کرتا ہے۔ یہ ان شعبوں میں مزید قرضوں کے ایکسپوزر سے بچنے کے لیے ضروری ہو تو زیادہ خطرے والے شعبوں کی انتظامیہ کو رپورٹ کرتا ہے۔ اس طرح کے شعبوں میں OLP کا موجودہ پورٹ فولیو کو رسک مینجمنٹ ڈپارٹمنٹ اور مارکیٹنگ ڈیپارٹمنٹ کے ذریعے قریب سے مانٹریک کیا جاتا ہے۔

اپنی مضبوط کریڈٹ رسک مینجمنٹ حکمت عملی کی بدولت، کمپنی موجودہ مشکل معاشی ماحول میں بھی، غیر فعال قرضوں کے کم تناسب کے ساتھ متنوع پورٹ فولیو کو برقرار رکھے ہوئے ہے۔

ٹیکس:

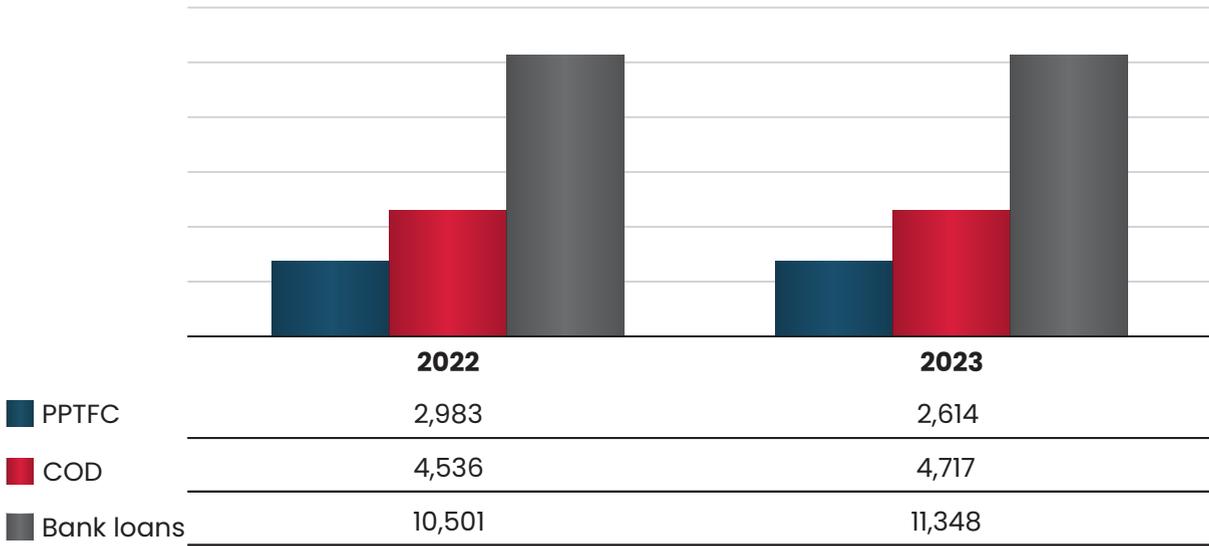
وفاقی حکومت نے فنانس ایکٹ 2023 کے ذریعے سپر ٹیکس کی شرح میں ترامیم کی ہیں۔ ان ترامیم میں سپر ٹیکس کے لیے نئے سلیب ریٹس کا سابقہ اطلاق شامل ہے۔ نظر ثانی شدہ نرخوں کے تحت، 10 فیصد (مالی سال 2022: 4 فیصد) کی سب سے زیادہ سلیب کی شرح 500 ملین روپے سے زیادہ آمدنی والے تمام شعبوں کے ٹیکس دہندگان پر لاگو ہوگی۔

ان ترامیم کے مطابق، سال کے لیے 818 ملین روپے کا زیادہ ٹیکس ریکارڈ کیا گیا، جو گزشتہ سال کے 495 ملین روپے کے ٹیکس اخراجات سے 65 فیصد زیادہ ہے۔ اس میں موجودہ سال کی آمدنی پر زیادہ شرح پر سپر ٹیکس اور آئندہ سالوں کے لیے ڈیفرنڈ ٹیکس بھی شامل ہے۔

فنڈنگ اور لیکویڈٹی:

OLP کے قرضے بینک قرضوں، سٹریٹجک آف ڈپازٹ (COD) اور پرائیویٹ پبلسڈ ٹرم فنانس سٹرکچر (PPTFC) کے مرکب پر مشتمل ہیں۔ کمپنی کے بینکنگ سیکٹر میں مضبوط تعلقات ہیں اور اس وقت اسے 9 بینکوں سے قرض کی سہولیات حاصل ہیں۔ یہ سہولیات طویل مدتی قرضوں اور مارکیٹ کی مسابقتی شرحوں پر اوور ڈرافٹ سہولیات کی شکل میں ہیں اور یہ OLP کے لیز اور لون پورٹ فولیو کی سکیورٹی پر فراہم کئے گئے ہیں۔ CODs افراد اور ادارہ جاتی سرمایہ کاروں سے غیر محفوظ شدہ قرضے ہیں۔ یہ ڈپازٹس کمرشل بینکوں اور مائیکرو فنانس بینکوں کے ساتھ براہ راست مقابلے میں جمع کیے جاتے ہیں۔

قرض لینے کی تقسیم درج ذیل ہے:



جیسا کہ پہلے ذکر کیا گیا ہے، موجودہ معاشی حالات میں OLP فنانشل مارکیٹ میں مکمل لیکویڈٹی بحران سے بچنے کے لیے گورنمنٹ سیکورٹیز (3 ماہ کے ٹریژری بلز) کی صورت میں اضافی لیکویڈٹی کو برقرار رکھے ہوئے ہے۔ 30 جون 2023 کو گورنمنٹ سیکورٹیز میں 1.9 بلین روپے کی سرمایہ کاری کی گئی۔ یہ ریگولیٹری ضرورت کے مطابق کمپنی کے COD پورٹ فولیو کے خلاف سرکاری سیکورٹیز میں 707 ملین روپے کی سرمایہ کاری کے علاوہ تھی۔

30 جون 2023 تک کمپنی کا قرض ایکویٹی تناسب 1.91 تھا (30 جون 2022: 2.01)، جبکہ کپٹل ایڈیکویٹی ریشو (CAR) 27.2 فیصد تھا (30 جون 2022: 27.5 فیصد) جو کہ 10 فیصد کی ریگولیٹری ضرورت سے کافی زیادہ ہے۔ یہ کمپنی کی مضبوط سرمائے کی پوزیشن کا اشارہ ہے۔

دیگر آمدنی میں آپریٹنگ لیز کے کاروبار کے کرائے بھی شامل تھے۔ دوران سال OLP نے اپنے کریٹوں کے پورٹ فولیو کو ختم کر کے اس کاروبار کو بند کر دیا۔ نتیجتاً، اس کاروبار سے کرائے کی آمدنی گزشتہ سال کے 34 ملین روپے سے کم ہو کر 13 ملین روپے رہ گئی۔

ایسوسی ایٹڈ کمپنی کے منافع کا حصہ مالی سال 2023 میں 118 ملین روپے رہا جو 84 فیصد زیادہ تھا جبکہ گزشتہ سال 64 ملین روپے تھا۔ جیسا کہ پہلے بیان کیا گیا ہے، اینال فنانش کمپنی نے اس عرصے کے دوران بہتر نتائج حاصل کئے جس کے نتیجے میں OLP کو منافع میں زیادہ حصہ ملا۔

#### اخراجات:

پنشنل لیز اور قرض کے نقصانات کے علاوہ سال کے کل اخراجات 4,630 ملین روپے رہے جو گزشتہ سال 3,142 ملین روپے کے اخراجات سے 47 فیصد زیادہ ہیں۔ اخراجات کی تقسیم درج ذیل ہے:

☆ مالی سال 2022 میں مالیاتی لاگت 1,794 ملین روپے سے 76 فیصد اضافہ کے ساتھ 3,158 ملین روپے ہو گئی۔ یہ سال کے دوران KIBOR میں اضافے کے ساتھ براہ راست تعلق تھا کیونکہ OLP کے بینک قرضے KIBOR سے منسلک ہیں۔ سرٹیفکیٹ آف ڈپازٹ (COD) پورٹ فولیو کی لاگت میں بھی اضافہ ہوا ہے کیونکہ نئے CODs مارکیٹ کی مسابقتی شرح پر جاری کیے گئے تھے۔ 30 جون 2023 تک کل قرضہ جات 18.7 ملین روپے رہے جو جون 2022 میں 18 ملین روپے تھے۔

☆ انتظامی اور عمومی اخراجات 1,435 ملین روپے رہے جو گزشتہ سال کے اخراجات 1,285 ملین روپے سے 12 فیصد زیادہ تھے۔ اسٹاف کی لاگت، جو کل اخراجات کا 73 فیصد ہے 13 فیصد اضافے کے باعث 1,044 ملین روپے (مالی سال 2022: 922 ملین روپے) ہو گئی، جس کی وجہ ملک میں مہنگائی کی وجہ سے معاوضے میں اضافہ ہے۔ جون 2023 کے آخر میں اسٹاف کی کل تعداد 435 تھی جبکہ جون 2022 میں یہ تعداد 456 تھی۔ کرنسی کی قدر میں زبردستی کمی اور مہنگائی میں اضافے کے باوجود، دیگر اخراجات کو کنٹرول میں رکھا گیا جس میں 8 فیصد اضافہ ہوا۔

☆ رواں سال کے دوران براہ راست لاگت 41 فیصد کم ہو کر 37 ملین روپے (مالی سال 2022: 63 ملین روپے) ہو گئی۔ یہ کمی بنیادی طور پر آپریٹنگ لیز کے تحت OLP کے کریٹوں کے بیڑے کی فروخت کی وجہ سے تھی۔ آپریٹنگ لیز سے وابستہ لاگت کے علاوہ، براہ راست لاگت بنیادی طور پر نئے کاروبار پر اسٹامپ ڈیوٹی، اجارہ فنانس سے وابستہ اخراجات اور لیز اور فنانس سے براہ راست منسوب دیگر اخراجات پر مشتمل ہے۔

#### ممکنہ لیز، قرض اور دیگر نقصانات کا پروویژن:

OLP نے مالی سال 2023 میں 106 ملین روپے کا خالص پروویژن چارج ریکارڈ کیا جبکہ مالی سال 2022 میں پروویژن میں 65 ملین روپے کا اورسل تھا۔ IFRS 9 کے تحت متوقع کریڈٹ لاس (ECL) ماڈل کے مطابق ممکنہ لیز اور قرض کے نقصانات کا کے پروویژن کیا جاتا ہے۔ NBFC ضابطوں کے تحت کچھ مخصوص اکاؤنٹس میں اضافی پروویژن بھی کیا گیا۔ اگرچہ OLP کا نان پرفارمنگ پورٹ فولیو (بقایا پورٹ فولیو کے 90 دنوں سے زیادہ) گزشتہ سال 1,099 ملین روپے سے کم ہو کر 30 جون 2023 تک 677 ملین روپے ہو گیا پھر بھی دوران سال زیادہ پروویژن ریکارڈ کیا گیا۔ پروویژن میں اضافہ بنیادی طور پر میکرو اکنامک اشاریوں میں منفی تبدیلی کے جواب میں ECL ماڈل میں کی گئی ایڈجسٹمنٹ کی وجہ سے تھا۔ ممکنہ لیز اور قرض کے دیگر نقصانات کے لیے مجموعی پروویژن 880 ملین روپے (مالی سال 2022: 1,033 ملین روپے) تھا جو کہ 90 دنوں سے زیادہ کے تمام اکاؤنٹس کے خلاف 130 فیصد (مالی سال 2022: 94 فیصد) کوریج فراہم کرتا ہے۔

## مالیاتی کارکردگی:

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

2022	2023	
-----روپے-----		
1,376,781,079	2,029,035,717	قبل از محصول منافع
494,570,693	818,302,927	محصولات (ٹیکس)
882,210,386	1,210,732,790	سالانہ خالص منافع بعد از محصول (ٹیکس)
44,110,519	60,536,640	مختص: قانونی ریزرو میں منتقلی
350,815,294	350,815,294	عبوری ڈویڈنڈ
350,815,294	350,815,294	حتمی ڈویڈنڈ
5.03	6.90	فی شیئر آمدنی - بنیادی اور رقیب شدہ

مشکل مارکیٹ کے حالات کے باوجود، OLP نے 2.03 بلین روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ گذشتہ سال 2022 کے قبل از ٹیکس منافع 1.37 بلین روپے سے 47 فیصد زیادہ رہا۔ بعد از ٹیکس منافع 1.2 بلین روپے رہا جو کہ گذشتہ سال 2022 کے بعد از ٹیکس منافع 882 ملین روپے سے 37 فیصد زیادہ تھا۔ حکومت کی جانب سے جون 2023 میں اعلان کردہ بجٹ میں سپر ٹیکس کی شرح میں سابقہ طور پر اضافہ کیا گیا ہے۔ کمپنی کو 10 فیصد سپر ٹیکس (مالی سال 2022 میں 4 فیصد) ادا کرنے کی ضرورت ہے جو ٹیکس میں 216 ملین روپے کا اضافہ کرتا ہے۔ اس طرح کل ٹیکس 65 فیصد اضافے کے ساتھ 818 ملین روپے ہو گیا، جو کہ پچھلے سال 494 ملین روپے تھا۔

## ڈویڈنڈ:

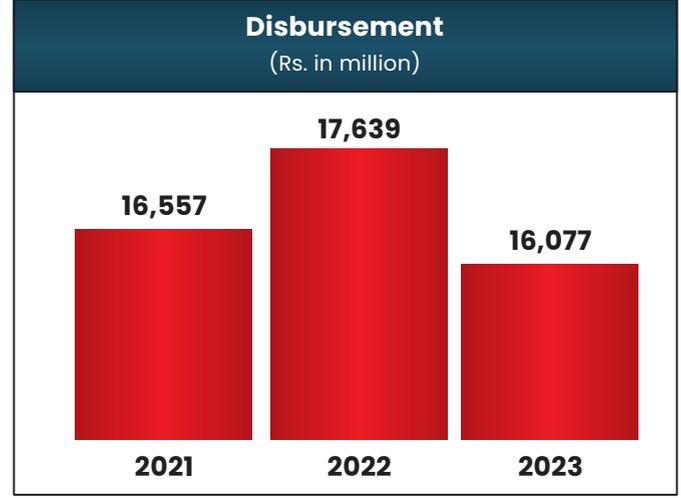
ڈائریکٹرز 30 جون 2023 کو ختم ہونے والے سال کیلئے 20 فیصد کے حتمی نقد منافع کی سفارش کرتے ہوئے پرمسرت ہیں۔ یہ سال کے دوران ادا کئے گئے 20 فیصد کے عبوری کیش ڈویڈنڈ کے علاوہ ہے جو سال کیلئے کل ڈویڈنڈ کو 40 فیصد تک لاتا ہے (2022: کل کیش ڈویڈنڈ 40 فیصد)۔

## آمدنی:

سال کی کل آمدنی میں 51 فیصد اضافہ ہوا، جو کہ گذشتہ سال کی آمدنی 4,489 ملین روپے سے 6,796 ملین روپے ہو گئی۔

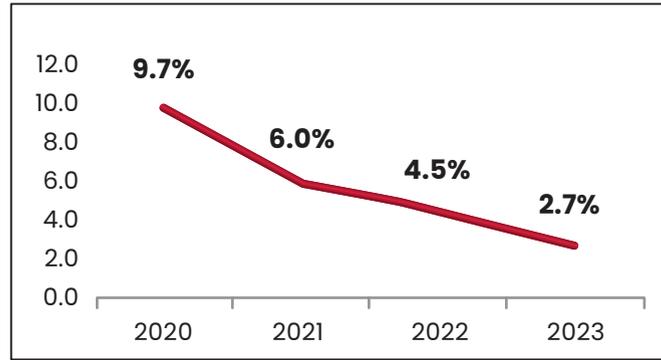
لیز اور لون پورٹ فولیو سے 5,904 ملین کی آمدنی گذشتہ سال کی 3,867 ملین کی آمدنی سے 53 فیصد زیادہ تھی۔ سال کے دوران زیادہ شرح سود کے نتیجے میں زیادہ آمدنی ہوئی۔ OLP کا زیادہ تر لیز اور لون پورٹ فولیو KIBOR سے منسلک ہے اور سال کے دوران اس کی قیمت دوبارہ اوپری سطح پر گئی تھی۔ سال کے دوران پورٹ فولیو میں بھی 3 فیصد کا اضافہ ہوا، تاہم شرح میں اضافے نے بنیادی طور پر آمدنی میں اضافے میں اہم کردار ادا کیا۔

سال کی دیگر آمدنی 774 ملین روپے، مالی سال 2022 میں حاصل کی گئی آمدنی 559 ملین روپے سے 39 فیصد زیادہ تھی۔ اس میں سرکاری سیکورٹیز پر منافع، لیز اور قرض کے معاہدوں کی قبل از وقت منسوخی پر منافع، نئے کاروبار پر دستاویزات کی فیس اور متفرق دیگر آمدنی شامل تھی۔ موجودہ غیر مستحکم معاشی ماحول میں، OLP حکومتی سیکورٹیز کی شکل میں اضافی لیکویڈیٹی کو برقرار رکھے ہوئے ہے۔ سال کے دوران سرکاری سیکورٹیز پر بلند شرح کے نتیجے میں 449 ملین روپے کی سرمایہ کاری پر منافع ہوا جو گذشتہ سال مکائے گئے 239 ملین روپے کے منافع سے 88 فیصد زیادہ ہے۔



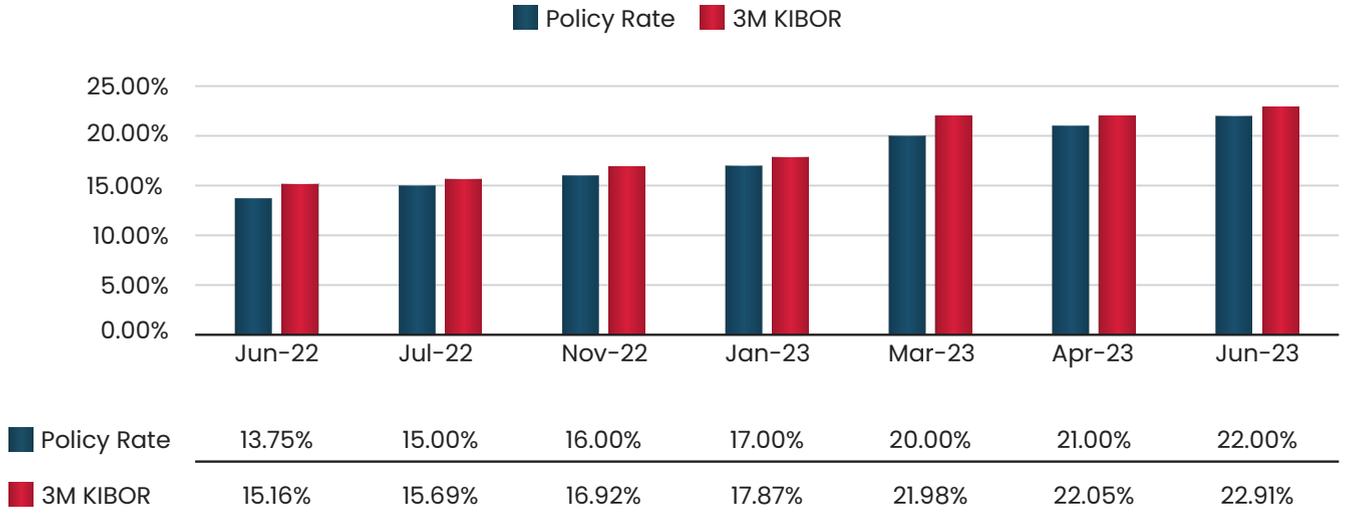
OLP اپنے پورٹ فولیو کو مختلف صارفین یا گروپوں میں متنوع رکھنے کی بھی کوشش کرتی ہے۔ 30 جون 2023 تک، کسی ایک صارف کیلئے سب سے زیادہ ایکسپوزیچر OLP کے کل پورٹ فولیو کا 0.5 فیصد ہے۔

گذشتہ سال کمپنی نان پرفارمنگ پورٹ فولیو کی شرح 2.7 فیصد تک کم کرنے میں کامیاب رہی۔ اپنے موجودہ پورٹ فولیو میں زائد المیعاد اکائٹس پر سخت کنٹرول رکھتے ہوئے، کمپنی نے پرانے زائد المیعاد کیسوں سے بھی خاطر خواہ ریکوری کی۔



سعودی عرب میں OLP سے منسلک کمپنی بینال فنانس کمپنی کے منافع میں نمایاں بہتری آئی ہے۔ OLP کا اس کے ایسوسی ایٹ سے منافع میں حصہ 118 ملین روپے (مالی سال 2022: 64.3 ملین روپے) ہے، جو کہ گذشتہ سال کے مقابلے میں 84 فیصد کا اضافہ ہے۔

OLP مضاربہ (OM) نے رواں سال 129 ملین روپے کا خالص منافع کمایا جو کہ گذشتہ سال کے 112 ملین روپے کے منافع سے 15 فیصد زیادہ ہے۔ کل اثاثے گذشتہ سال کے مقابلے میں 2 فیصد زیادہ ہو کر 6,825 ملین روپے ہو گئے (30 جون 2022: 6,707 ملین روپے)۔ OM نے سالانہ کیش ڈویڈنڈ 20 فیصد کا اعلان کیا۔



مالی سال 2023 کے لیے پاکستان کا بجٹ خسارہ 6.7 ٹریلیں روپے ہے جو کہ ملک کی جی ڈی پی کے 7.9 فیصد کے برابر ہے۔ سال کے لیے کل ٹیکس وصولی تقریباً 7 ٹریلیں روپے ہونے کی توقع ہے جو کہ بجٹ کی رقم 7.6 ٹریلیں روپے سے کم ہے۔ وفاقی بجٹ میں جس کا اعلان جون 2023 میں کیا گیا تھا، حکومت نے رجسٹرڈ کمپنیوں پر ٹیکس کا بوجھ بڑھایا ہے، جبکہ ٹیکس کی بنیاد کو بڑھانے کے لیے کوئی اقدامات نہیں کیے گئے۔ سپرنٹیکس، جو گذشتہ مالی سال میں دوبارہ متعارف کرایا گیا تھا، اسے مالی سال 2023 میں جاری رکھا گیا۔ 500 ملین روپے سے زیادہ منافع کمانے والی کمپنیوں کے لیے شرح سابقہ طور پر 4 فیصد سے بڑھا کر 10 فیصد کر دی گئی ہے۔

#### کاروباری جائزہ:

سال بھر جاری اقتصادی غیر یقینی صورتحال کے باعث کاروباری ماحول بھی غیر یقینی کیفیت کا شکار رہا۔ OLP نے اس منظر نامے میں ایک محتاط انداز اپنایا اور رسک سے بچتے ہوئے کاروبار کیا۔ ایک چیلنجنگ ماحول کا سامنا کرنے کے باوجود، کمپنی نے دوران سال 16.0 بلین روپے کی نئی ادائیگیاں کیں، جو گذشتہ سال کے 17.6 بلین روپے کے حجم کے مقابلے میں 9 فیصد کمی کو ظاہر کرتی ہے۔

گاڑیوں کی لیزنگ/فنانسنگ (تجارتی گاڑیاں اور سیلون کاریں) نے سال کیلئے کل ادائیگیوں میں 79 فیصد حصہ ڈالا۔ مزید برآں، OLP کی ٹرم فنانس پروڈکٹ، جو گذشتہ سال متعارف کرائی گئی تھی، نے بھی اس سال کے کاروبار میں 890 ملین روپے کی ادائیگیوں کے ساتھ اپنا حصہ ڈالا۔

30 جون 2023 تک کمپنی کا فنانس/ لیز پورٹ فولیو معمولی اضافہ کے ساتھ 25.7 بلین روپے ہو گیا جو گذشتہ سال 25 بلین روپے تھا۔ پورٹ فولیو جغرافیائی اور شعبے کے لحاظ سے اچھی طرح سے متنوع ہے۔ individual customer کا ایک سپروژر کل پورٹ فولیو کا 33 فیصد ہے جس کے بعد گڈ ٹرانسپورٹ کا شعبہ اور سروسز کا شعبہ بالترتیب 12 فیصد اور 7 فیصد ہے۔ اثاثہ جات کے لحاظ سے، گاڑیاں (سیلون کاریں اور تجارتی گاڑیاں) پورٹ فولیو کا 79 فیصد حصہ بنتی ہیں جبکہ پلانٹ اور مشینری کا کل پورٹ فولیو 16 فیصد ہے۔ OLP کی پاکستان بھر میں 26 بنیادی شاخیں اور 10 مائیکرو فنانس شاخیں ہیں۔

# ڈائریکٹرز کی رپورٹ:

اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP / دی کمپنی) کے ڈائریکٹران بمسرت 37 ویں سالانہ رپورٹ بمعہ غیر مجموعی مالیاتی گوشوارے برائے اختتام سال 30 جون 2023 پیش کرتے ہیں۔

کمپنی:

کمپنی 1986 میں ORIX کارپوریشن، جاپان (ORIX) اور مقامی سرمایہ کاروں کے درمیان ایک مشترکہ منصوبے کے طور پر قائم کی گئی تھی۔ کمپنی نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز 2003 کے تحت SECP سے نو ایسٹنٹ فنانس سروسز لائسنس کی حامل ہے۔ OLP چھوٹے اور درمیانے درجے کے انٹرنیشنل (SME) سیکٹرز کی ضروریات کو پورا کرنے پر زور دیتے ہوئے کارپوریٹ اور انفرادی صارفین کو مالی خدمات فراہم کرتی ہے۔

معیشت کا جائزہ:

پاکستان میں گزشتہ سال کی معاشی صورت حال کو (stagflation) کے طور پر بیان کیا جاسکتا ہے، جہاں تاریخی طور پر بلند ترین افراط زر کے ساتھ ساتھ معاشی ترقی، جمود کا شکار رہی۔ مالی سال 2022 میں ملکی معاشی چیلنجز کا آغاز ہوا تاہم بحران کا خمیازہ مالی سال 2023 میں محسوس کیا گیا۔ ملک کو اس وقت جن معاشی بحران کا سامنا ہے ان میں بین الاقوامی اجناس کا بحران، ملک کے بڑھتے ہوئے کرنٹ اکاؤنٹ اور مالیاتی خسارے اور سیاسی غیر یقینی صورتحال نے اہم کردار ادا کیا۔ حکومت نے مالی سال 2023 کے لیے GDP کی شرح نمو 0.3 فیصد کا تخمینہ کیا گیا جب کہ سال کے لیے انٹرنیشنل مانیٹری فنڈ (آئی ایم ایف) کا تخمینہ منفی 0.5 فیصد تھا۔ گزشتہ دو مالی سالوں کے دوران پاکستان میں جی ڈی پی کی شرح نمو تقریباً 6 فیصد رہی ہے۔

مالی سال 2023 میں توقع ہے کہ صنعتی شعبہ کی شرح نمو میں 3 فیصد کمی آئے گی جبکہ گزشتہ سال شرح نمو 6.8 فیصد تھی۔ مالی سال 2023 میں مینوفیکچرنگ انڈسٹریز نے بڑے پیمانے پر 10.26 فیصد کمی کے ساتھ بدترین کارکردگی کا مظاہرہ کیا جبکہ گزشتہ سال شرح نمو 11.7 فیصد تھی۔ بلند افراط زر، کونٹریکشنی مانیٹری پالیسی، اور درآمدات کو کنٹرول کرنے کے لیے کیے گئے اقدامات نے صنعتوں پر منفی اثرات مرتب کیے جس سے شرح نمو منفی رہی۔ زراعت اور خدمات کے شعبوں نے بالترتیب 1.55 فیصد اور 0.86 فیصد کی معمولی شرح نمو دکھائی، جو گزشتہ سال بالترتیب 3.9% اور 4% تھی۔

گزشتہ سال کے دوران، غیر ملکی کرنسی کے ذخائر انتہائی کم سطح پر پہنچنے کے باعث ملک کو شدید بیرونی کھاتوں کے دباؤ کا سامنا کرنا پڑا۔ مالی سال 2022 میں کرنٹ اکاؤنٹ خسارہ (CAD) 17.5 بلین امریکی ڈالر تھا جو کہ درآمدی پابندیوں اور کرنسی کی قدر میں کمی کی وجہ سے مالی سال 2023 میں 2.5 بلین امریکی ڈالر رہا۔ دوران سال آئی ایم ایف پروگرام بھی یقینی رہا، جس سے کرنسی پر اضافی دباؤ پڑا۔

تاہم، آئی ایم ایف نے مالی سال کے آخری دن 3 بلین امریکی ڈالر کے 9 ماہ کے اسٹینڈ بائی آرینجمنٹ کا اعلان کیا، اس طرح ملک کے لیے ڈیفالٹ کا خطرہ ٹل گیا۔ ہائی کرنٹ اکاؤنٹ خسارہ اور آئی ایم ایف کے رکے ہوئے پروگرام نے پاکستانی روپے کی ڈرامائی گراوٹ میں اہم کردار ادا کیا۔ دوران سال، امریکی ڈالر کے مقابلے میں روپے کی قدر میں 40 فیصد کمی ہوئی، جو 30 جون 2023 تک 286 روپے فی امریکی ڈالر تک پہنچ گئی۔

مئی 2023 میں سال بہ سال کنزیومر پرائس انڈیکس (CPI) کی افراط زر کی شرح 38 فیصد تھی جو ملک میں اب تک ریکارڈ کی گئی سب سے زیادہ ماہانہ مہنگائی تھی۔ مالی سال 2023 کے لیے اوسط سی پی آئی افراط زر گزشتہ سال 12.2 فیصد کے مقابلے میں 29.2 فیصد رہی۔ اس تاریخی طور پر بلند افراط زر کی شرح میں کردار ادا کرنے والے عوامل میں روپے کی قدر میں کمی، اشیاء کی قیمتوں میں اضافہ اور شدید سیلاب کے اثرات شامل تھے۔

اسٹیٹ بینک آف پاکستان (ایس بی پی) نے دوران سال افراط زر کو کنٹرول کرنے کے لیے بارہا پالیسی ریٹ میں اضافہ کیا جو جون 2022 میں 13.75 فیصد سے جون 2023 میں 22 فیصد ہو گیا۔ مالی سال 2023 میں پالیسی ریٹ اور کراچی انٹربینک آفر ریٹ (KIBOR) میں درج ذیل اضافہ ہوا:

# STATEMENT OF COMPLIANCE

WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019  
FOR THE YEAR ENDED JUNE 30, 2023

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: Six (6)
  - b. Female: Three (3)
2. The composition of the Board of Director is as follows:

Independent Directors	Mr. Khalid Aziz Mirza Mr. Nasim Hyder Ms. Aminah Zahid Zaheer
Non-Executive Directors	Mr. Yoshiaki Matsuoka Ms. Keiko Watanabe Mr. Kenro Seishima Ms. Mika Takeda
Executive Directors	Mr. Shaheen Amin Mr. Ramon Alfrey

3. The Directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company, along with its supporting policies and procedures;
5. The Board has developed a vision / mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that complete record of particulars of significant policies along with their dates of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised, and decisions on relevant matters have been taken by the Board / Shareholders, as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of the directors in accordance with the Act and these Regulations;
9. At present, seven out of nine Directors of the Board have certification / exemption under the Directors Training Program (DTP) and the remaining two Directors, being recently appointed, will complete DTP within the stipulated time as required under the Code;
10. The Board approved the appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the Financial Statements before approval of the Board;
12. The Board has formed Committees comprising of the members given below:

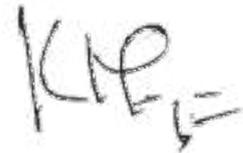
Name of Committees	Name of members and Chairman	
Audit Committee	Mr. Nasim Hyder Ms. Aminah Zahid Zaheer Ms. Keiko Watanabe Ms. Mika Takeda	Chairman Member Member Member
Human Resource, Nomination and Remuneration Committee	Mr. Khalid Aziz Mirza Mr. Yoshiaki Matsuoka Mr. Kenro Seishima Mr. Shaheen Amin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

13. The terms of reference of the aforesaid Committees have been formed, documented and advised to the Committees for compliance.
14. The frequency of meetings of the Committees were as follows:
  - a) Audit Committee – Seven 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.
- d) Credit Committee – No meeting was held during the year
15. The Board has set up an effective internal audit function, who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The Statutory Auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan and registered with the Audit Oversight Board of Pakistan, that they and all their partners are in compliance with the International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company;
17. The Statutory Auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations have been complied with.



**SHAHEEN AMIN**  
Chief Executive Officer



**KHALID AZIZ MIRZA**  
Chairman Board of Directors

# NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Thirty Seventh Annual General Meeting (the AGM) of OLP Financial Services Pakistan Limited (the Company) will be held on Thursday, October 26, 2023, at 09:30 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi and also through video link (Zoom Application), to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2023, the Auditors Report and Directors Report thereon.
2. To consider and approve dividend for the year ended June 30, 2023, in cash at PKR 2 per share of PKR 10/- (20%), as recommended by the Board of Directors, which is in addition to the 20% Interim Cash Dividend (i.e. PKR. 2 per share) already paid.
3. To appoint auditors of the Company for the financial year 2023-24 and fix their remuneration. The present auditors, Messrs. A.F Fergusons & Co., Chartered Accountants, retire and being eligible, have offered themselves for reappointment.
4. To elect 07 (Seven) Directors of the Company as fixed by the Board of Directors on September 15, 2023 in accordance with the Section 159(1) of the Companies Act, 2017 for the term of three years commencing from October 26, 2023. The categories of Directors are as follows:

Category of Directors	Number of Directors to be Elected
Female Director	1
Independent Director	2
Other Director	4

The Names of retiring Directors are stated hereunder:

1. Mr. Khalid Aziz Mirza
2. Mr. Nasim Hyder
3. Ms. Aminah Zahid Zaheer
4. Mr. Yoshiaki Matsuoka
5. Mr. Kenro Seishima
6. Ms. Keiko Watanabe
7. Ms. Mika Takeda
8. Mr. Ramon Alfrey
9. Mr. Shaheen Amin

## SPECIAL BUSINESS

5. To consider and, if thought fit, pass, with or without modification(s), the following resolutions to enable and authorize the Company to circulate the Annual Audited Financial Statements, to the members of the Company through QR enabled code and web link as required by the Securities and Exchange Commission of Pakistan (SECP) vide its Notification S.R.O. 389(I)/2023 dated March 21, 2023, instead of circulating the same through CD/DVD/USB.

**RESOLVED THAT** the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, to the members of the Company through QR enabled code and web link, in accordance with S.R.O. 389(I)/2023 dated March 21, 2023, issued by SECP.

**FURTHER RESOLVED THAT** the Chief Executive, Chief Financial Officer or Company Secretary of the Company be and are hereby singly authorized to do all acts, deeds and things, take or cause to be taken all necessary actions to comply with all legal formalities and requirements and file necessary documents, as may be necessary or incidental for the purpose of implementing this resolution.

6. To transact any other ordinary business of the Company with the permission of the Chairman

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

Karachi  
Thursday, October 05, 2023

BY ORDER OF THE BOARD  
**HAIDER ABBAS**  
Company Secretary

## NOTES

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

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

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

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

## **2. BOOK CLOSURE**

- 2.1 The Members' Register shall remain closed from October 19, 2023 to October 26, 2023 (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 18, 2023, will be treated in time to attend the AGM and entitlement of the dividend. Address of the Company's Share Registrar is as follows:

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

- 2.2 All Shareholders are entitled to attend, speak and vote at the AGM. A Shareholder may appoint a proxy to attend, speak and vote on behalf of the Shareholder. The proxy needs to be a Member of the Company. A proxy, to be effective, must be received at the office of the Company's Share Registrar not less than 48 hours before the AGM.
- 2.3 The Shareholders and their proxies are required to produce their Computerized National Identity Card (CNIC) or passport for identification purpose, at the time of attending the AGM. The Proxy Form must be submitted to the Company within the stipulated time, duly witnessed by two persons whose names, addresses and CNIC numbers must be mentioned on the Proxy Form, along with attested copies of the CNICs or passports of the beneficial owner and the proxy. In case of corporate entity, the resolution of the Board of Directors or power of attorney with specimen signature of the nominee shall be produced at the time of AGM. The Proxy Form is available on Company's website ([www.olpfinance.com](http://www.olpfinance.com)).
- 2.4 Members are requested to intimate any change in address immediately to the Company's Share Registrar.
- 2.5 The Financial Statements for the year ended June 30, 2023, along with the Auditors and Directors Report thereon are available on the Company's website ([www.olpfinance.com](http://www.olpfinance.com)).
- 2.6 CDC account holders shall also follow the guidelines mentioned hereunder, as laid down by the Securities and Exchange Commission of Pakistan (SECP).

## **3. 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) Category in which he/she seeks to contest the election;

- (iii) 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;
- (iv) Affidavit to, inter alia, meet the requirement of Annexure B of Non-Banking Finance Companies and Notified Entities Regulations, 2008;
- (v) 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.

**For Independent Director:**

Along with the documents mentioned above, any person willing to contest election as Independent Director is required to submit the following documents:

- (a) Declaration by independent director(s) in terms of Regulation 6(3) of the Listed Companies (Code of Corporate Governance) Regulations, 2019;
- (b) 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; and
- (c) Evidence that his/her name is included in Data portal of Independent Director maintained by the Pakistan Institute of Corporate Governance (PICG)

**4. 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.

## **5. 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.

## **6. DEDUCTION OF INCOME TAX FROM DIVIDEND UNDER THE SECTION 150 OF THE INCOME TAX ORDINANCE 2001**

6.1 According to the provisions of the Finance Act 2023 effective July 2023, the rate of deduction of the Income Tax from dividend payments has been as follows:

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

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

6.2 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.

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

6.4 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.

## **7. 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.

## **8. AVAILABILITY OF ANNUAL AUDITED FINANCIAL STATEMENTS**

The Audited Financial Statements of the Company for the year ended June 30, 2023, have been made available on the Company's website ([www.olpfinance.com](http://www.olpfinance.com)) in addition to the Quarterly Financial Statements. Further, in compliance with the section 223(6) of Companies Act 2017, the Company has electronically transmitted the Annual Report 2023 through email to shareholders whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Associates (Private) Limited. In those cases, where email addresses are not available with the Company, the CDs containing financial statements have been dispatched. However, if a Shareholder, in addition, requests for hard copy of the Annual Audited Financial Statements, the same will be provided free of cost within seven working days of receipt of such request. For the Shareholders' convenience, a 'Standard Request Form for Provision of Annual Audited Financial Accounts' has also been made available on the Company's website.

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

## **9. UNCLAIMED DIVIDEND AND UNDELIVERED SHARE CERTIFICATES**

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

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

## **10. 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".

## **11. PROCEDURE FOR E-VOTING AND POSTAL BALLOT**

Pursuant to the Companies (Postal Ballot) Regulations, 2018 and its amendments notified vide SRO 2192(I)/2022 dated December 5, 2022, members will be allowed to exercise their right to vote for the special business in the AGM, in accordance with the conditions mentioned in the aforesaid regulations. The Company shall provide its members with the following options for voting.

### **(i) E-VOTING PROCEDURE**

- (a) Members who intend to exercise their right of vote through e-voting shall send email with subject "E-voting Request" at [agm@olpfinance.com](mailto:agm@olpfinance.com) and provide their valid CNIC Numbers, Cell numbers and email address on or before October 15, 2023. Details of the e-voting facility will be shared through an email with the members.
- (b) The web address, login details, and password, will be communicated to members via email. The security codes will be communicated to members through SMS from the web portal of FAMCO Associates (Pvt.) Limited.
- (c) Identity of the Members intending to cast vote through e-voting shall be authenticated through electronic signature or authentication for login.
- (d) E-Voting lines will start from October 20, 2023, 09:00 a.m. and shall close on October 25, 2023 at 5:00 p.m. Members can cast their votes any time during this period. Once the vote on a resolution is cast by a Member, he / she shall not be allowed to change it subsequently.

### **(ii) POSTAL BALLOT**

Members may alternatively opt for voting through postal ballot. The members shall ensure that duly filled and signed ballot paper, along with copy of Computerized National Identity Card (CNIC), should reach the Chairman of the meeting through post on the Company's registered address, OLP Financial Services Pakistan Limited, OLP Building Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi or email with subject "Voting through Postal Ballot" at [agm@olpfinance.com](mailto:agm@olpfinance.com) not later than one day before the AGM on October 26, 2023, during working hours. Postal Ballot Paper will be placed on the Company's website [www.olpfinance.com](http://www.olpfinance.com) at least seven (7) days before the meeting.

## **STATEMENT OF MATERIAL FACTS UNDER SECTION 134(3) AND SECTION 166(3) OF THE COMPANIES ACT, 2017**

This statement sets out the material facts regarding the appointment of Independent Director and special business, given in Agenda No. 5 of the Notice, intended to be transacted at the AGM.

### **Independent Director**

Pursuant to Section 166(3) 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. After the receipt of notice/intention to contest for elections with the Company, the Company will ensure that following criteria shall be met:

- (a) They meet the independence criteria as set out in Section 166(2) of the Companies Act, 2017;
- (b) 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
- (c) They meet the eligibility criteria as provided in Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018.

## **Agenda No. 5 of the Notice**

In view of the technological advancements, the SECP has allowed Listed Companies, through its SRO No. 389(I)/2023 dated March 21, 2023, to circulate the Annual Audited Financial Statements, to the Members of the Company through QR-enabled code and Web link, which is to be included in the Notice of shareholders meeting. The Company shall circulate Annual Audited Financial Statements, through email, in case it has been provided by the members to the Company and shall also send hard copies of Annual Audited Financial Statements, to the shareholders, free of cost, upon receipt of a duly completed Request Form, as available on the Company's website [\*\*www.olpfinance.com\*\*](http://www.olpfinance.com)

None of the Directors of the Company have any direct or indirect interest in the Special business, except in their capacity as members and directors of the company.

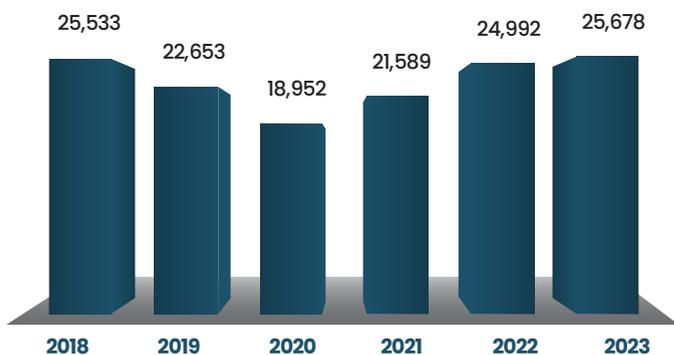
# SIX YEARS'

## FINANCIAL SUMMARY

	2023	2022	2021	2020	2019	2018
<b>Operating Results (Rupees in million)</b>						
Total disbursement	16,077	17,639	16,557	9,082	13,882	17,232
Revenues	6,796	4,490	3,681	4,436	4,180	4,472
Finance cost	3,158	1,794	1,193	1,845	1,543	1,390
Provisions / (reversals)	137	(29)	(18)	324	(182)	18
Profit for the period before taxation	2,029	1,377	1,284	973	1,448	1,720
Profit for the period after taxation	1,211	882	915	702	1,023	1,380
Proposed dividend	702	702	702	626	626	696
<b>Statement of Financial Position (Rupees in million)</b>						
Portfolio	25,678	24,992	21,589	18,952	22,653	25,533
Fixed assets	1,266	1,289	1,356	1,737	1,191	1,304
Investment in associates	1,719	1,208	916	944	942	672
Total Assets	31,953	29,730	24,786	22,999	25,991	26,699
Total Borrowing	18,679	18,020	14,073	12,862	15,646	17,050
Long term debts	9,812	11,511	7,319	7,209	9,130	9,022
Total Liabilities	22,159	20,816	16,261	14,765	17,978	19,450
Shareholders' equity	9,794	8,914	8,525	8,234	8,013	7,249
<b>PERFORMANCE INDICATORS</b>						
<b>Profitability</b>						
Profit before taxation over revenue	29.86%	30.67%	34.88%	21.96%	34.64%	38.46%
Gross spread	50.44%	56.45%	63.52%	53.25%	58.39%	61.18%
Return on equity	12.94%	10.12%	10.92%	8.64%	13.40%	23.55%
Return on assets	3.93%	3.24%	3.83%	2.87%	3.88%	5.23%
Income / expense ratio	1.47	1.43	1.52	1.41	1.43	1.64
<b>Liquidity</b>						
Current ratio	1.33	1.50	1.27	1.62	1.56	1.39
Cash to current liabilities	0.01	0.10	0.03	0.03	0.02	0.05
<b>Investment / Market</b>						
Price to book ratio	0.33	0.41	0.53	0.47	0.51	0.83
Dividend yield	21.93%	19.05%	15.53%	16.13%	15.24%	11.50%
Dividend payout	57.97%	79.57%	76.74%	89.17%	61.19%	50.43%
Earning per share (Rs.)	6.90	5.03	5.22	4.00	6.12	8.40
Price earning ratio	2.64	4.18	4.94	5.81	4.02	5.18
Market value per share (Rs.)	18.24	21.00	25.75	23.25	24.61	43.47
Proposed dividend	40.00%	40.00%	40.00%	37.50%	37.50%	50.00%
<b>Capital Structure</b>						
Debt / Equity ratio	1.91	2.02	1.65	1.56	1.95	2.35
Book value per share (Rs.)	55.84	50.82	48.60	49.29	47.97	52.07
Interest cover ratio	1.69	1.75	2.06	1.70	1.82	2.25

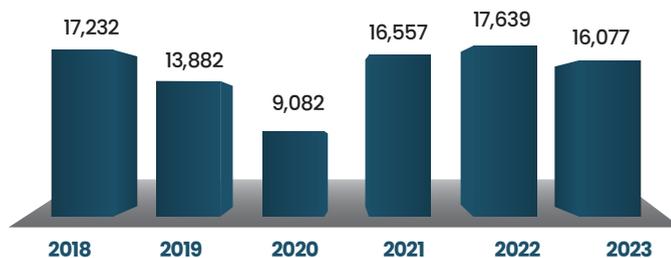
## Portfolio

(Rs. in million)



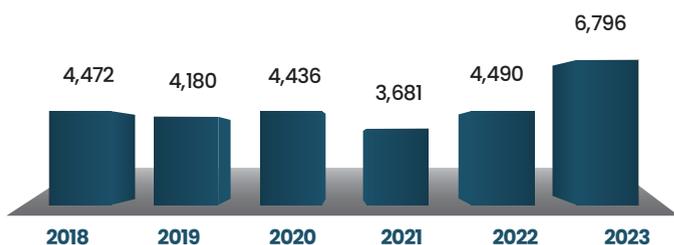
## Disbursements

(Rs. in million)



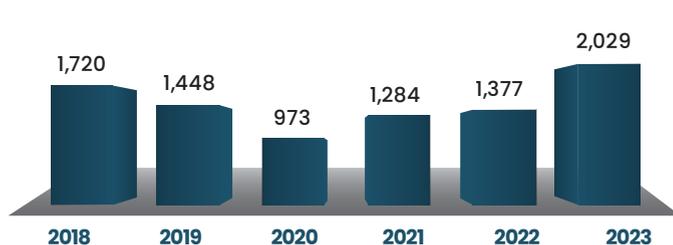
## Revenues

(Rs. in million)



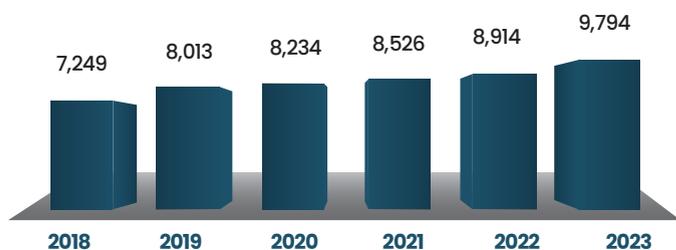
## Profit before tax

(Rs. in million)



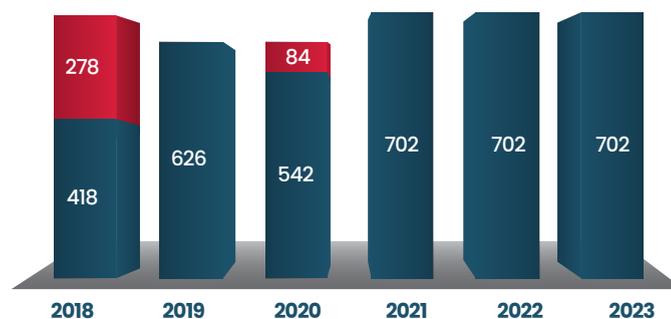
## Shareholders' equity

(Rs. in million)



## Dividends

(Rs. in million)



# SIX YEARS'

## VERTICAL ANALYSIS

Unconsolidated Statement of Financial Position	2023		2022		2021		2020		2019		2018	
	Rs. In Million	%										
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	1,266	3.96%	1,289	4.34%	1,356	5.47%	1,737	7.55%	1,191	4.58%	1,304	4.88%
Intangible assets	1	0.00%	1	0.00%	4	0.02%	11	0.05%	18	0.07%	20	0.07%
Net investment in finance lease	5,734	17.95%	6,495	21.85%	6,563	26.48%	5,984	26.02%	8,135	31.30%	8,594	32.19%
Investment in subsidiaries	322	1.01%	322	1.08%	322	1.30%	322	1.40%	322	1.24%	322	1.21%
Investment in associate	1,719	5.38%	1,208	4.06%	916	3.70%	944	4.10%	942	3.62%	672	2.52%
Long-term investments	-	0.00%	195	0.66%	387	1.56%	443	1.93%	396	1.52%	293	1.10%
Long-term finances and loans	7,271	22.76%	7,009	23.58%	4,509	18.19%	2,313	10.06%	2,208	8.50%	1,966	7.36%
Long-term deposits	11	0.03%	12	0.04%	12	0.05%	13	0.06%	12	0.05%	12	0.04%
Defined benefit plan asset	6	0.02%	27	0.09%	8	0.03%	39	0.17%	9	0.03%	-	0.00%
<b>16,330</b>	<b>51.11%</b>	<b>16,558</b>	<b>55.69%</b>	<b>14,077</b>	<b>56.79%</b>	<b>11,806</b>	<b>51.33%</b>	<b>13,233</b>	<b>50.91%</b>	<b>13,183</b>	<b>49.38%</b>	
<b>Current assets</b>												
Short-term finances	42	0.13%	20	0.07%	6	0.02%	234	1.02%	285	1.10%	243	0.91%
Current maturity of non-current assets	12,604	39.45%	11,337	38.13%	9,849	39.74%	9,579	41.65%	11,537	44.39%	11,642	43.60%
Short-term investments	2,448	7.66%	577	1.94%	328	1.32%	803	3.49%	395	1.52%	773	2.90%
Advances and prepayments	29	0.09%	29	0.10%	28	0.11%	18	0.08%	40	0.15%	33	0.12%
Other receivables	90	0.28%	72	0.24%	20	0.08%	80	0.35%	33	0.13%	44	0.16%
Cash and bank balances	145	0.45%	872	2.93%	213	0.86%	208	0.90%	174	0.67%	500	1.87%
Assets classified as held for sale	15,358	48.06%	12,907	43.41%	10,444	42.14%	10,922	47.49%	12,464	47.96%	13,235	49.57%
	265	0.83%	265	0.89%	265	1.07%	271	1.18%	294	1.13%	281	1.05%
<b>15,623</b>	<b>48.89%</b>	<b>13,172</b>	<b>44.31%</b>	<b>10,709</b>	<b>43.21%</b>	<b>11,193</b>	<b>48.67%</b>	<b>12,758</b>	<b>49.09%</b>	<b>13,516</b>	<b>50.62%</b>	
<b>Total assets</b>	<b>31,953</b>	<b>100.00%</b>	<b>29,730</b>	<b>100.00%</b>	<b>24,786</b>	<b>100.00%</b>	<b>22,999</b>	<b>100.00%</b>	<b>25,991</b>	<b>100.00%</b>	<b>26,699</b>	<b>100.00%</b>
<b>EQUITY AND LIABILITIES</b>												
Share capital and reserves	9,794	30.65%	8,914	29.98%	8,525	34.39%	8,234	35.80%	8,013	30.83%	7,249	27.15%
<b>Non-current liabilities</b>												
Long-term finances	8,822	27.61%	9,415	31.67%	4,728	19.08%	4,580	19.91%	6,310	24.28%	5,797	21.71%
Long-term certificates of deposit	990	3.10%	2,096	7.05%	2,592	10.46%	2,630	11.44%	2,820	10.85%	3,225	12.08%
Deferred taxation	623	1.95%	363	1.22%	412	1.66%	516	2.24%	700	2.69%	481	1.80%
Other long-term liabilities	194	0.61%	336	1.13%	287	1.16%	288	1.25%	165	0.63%	203	0.76%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	20	0.07%
<b>10,629</b>	<b>33.26%</b>	<b>12,210</b>	<b>41.07%</b>	<b>8,019</b>	<b>32.35%</b>	<b>8,014</b>	<b>34.84%</b>	<b>9,995</b>	<b>38.46%</b>	<b>9,726</b>	<b>36.43%</b>	
<b>Current liabilities</b>												
Trade and other payables	1,187	3.71%	1,264	4.25%	855	3.45%	362	1.57%	909	3.50%	1,017	3.81%
Unpaid dividend	483	1.51%	168	0.57%	185	0.75%	-	0.00%	-	0.00%	208	0.78%
Unclaimed dividend	34	0.11%	34	0.11%	27	0.11%	27	0.12%	23	0.09%	20	0.07%
Short-term borrowings	861	2.69%	389	1.31%	1,446	5.83%	180	0.78%	1,360	5.23%	2,372	8.88%
Short-term certificates of deposit	3,311	10.36%	1,574	5.29%	1,692	6.83%	1,054	4.58%	699	2.69%	1,052	3.94%
Taxation - net	318	1.00%	233	0.78%	172	0.69%	368	1.60%	212	0.82%	209	0.78%
Current maturity of non-current liabilities	5,336	16.70%	4,944	16.63%	3,865	15.59%	4,760	20.70%	4,780	18.39%	4,846	18.15%
<b>11,530</b>	<b>36.08%</b>	<b>8,606</b>	<b>28.95%</b>	<b>8,242</b>	<b>33.25%</b>	<b>6,751</b>	<b>29.35%</b>	<b>7,983</b>	<b>30.71%</b>	<b>9,724</b>	<b>36.42%</b>	
<b>Total equity and liabilities</b>	<b>31,953</b>	<b>100.00%</b>	<b>29,730</b>	<b>100.00%</b>	<b>24,786</b>	<b>100.00%</b>	<b>22,999</b>	<b>100.00%</b>	<b>25,991</b>	<b>100.00%</b>	<b>26,699</b>	<b>100.00%</b>

Unconsolidated Statement of Profit or Loss	2023		2022		2021		2020		2019		2018	
	Rs. In Million	%										
<b>INCOME</b>												
<b>Income from operations</b>												
Mark-up on finance leases	2,881	42.39%	2,253	50.18%	2,219	60.28%	2,933	66.12%	2,840	67.94%	2,531	56.60%
Mark-up on finances and loans	3,023	44.48%	1,615	35.97%	971	26.38%	926	20.87%	784	18.76%	634	14.18%
<b>5,904</b>	<b>86.87%</b>	<b>3,868</b>	<b>86.15%</b>	<b>3,190</b>	<b>86.66%</b>	<b>3,859</b>	<b>86.99%</b>	<b>3,624</b>	<b>86.70%</b>	<b>3,165</b>	<b>70.77%</b>	
<b>Income from other activities</b>												
Other income - net	774	11.39%	558	12.43%	456	12.39%	548	12.35%	505	12.08%	1,208	27.01%
Share of profit from associate	118	1.74%	64	1.43%	35	0.95%	29	0.65%	51	1.22%	99	2.21%
<b>892</b>	<b>13.13%</b>	<b>622</b>	<b>13.85%</b>	<b>491</b>	<b>13.34%</b>	<b>577</b>	<b>13.01%</b>	<b>556</b>	<b>13.30%</b>	<b>1,307</b>	<b>29.23%</b>	
<b>Total Income</b>	<b>6,796</b>	<b>100.00%</b>	<b>4,490</b>	<b>100.00%</b>	<b>3,681</b>	<b>100.00%</b>	<b>4,436</b>	<b>100.00%</b>	<b>4,180</b>	<b>100.00%</b>	<b>4,472</b>	<b>100.00%</b>
<b>EXPENSES</b>												
Finance cost	3,158	46.47%	1,794	39.96%	1,193	32.41%	1,845	41.59%	1,543	36.91%	1,390	31.08%
Administrative and general expenses	1,435	21.12%	1,285	28.62%	1,136	30.86%	1,136	25.61%	1,188	28.42%	1,094	24.46%
Direct cost	37	0.54%	63	1.40%	86	2.34%	158	3.56%	183	4.38%	250	5.59%
<b>4,630</b>	<b>68.13%</b>	<b>3,142</b>	<b>69.98%</b>	<b>2,415</b>	<b>65.61%</b>	<b>3,139</b>	<b>70.76%</b>	<b>2,914</b>	<b>69.71%</b>	<b>2,734</b>	<b>61.14%</b>	
Profit before provision and taxation	<b>2,166</b>	<b>31.87%</b>	<b>1,348</b>	<b>30.02%</b>	<b>1,266</b>	<b>34.39%</b>	<b>1,297</b>	<b>29.24%</b>	<b>1,266</b>	<b>30.29%</b>	<b>1,738</b>	<b>38.86%</b>
Provision / (reversal of provision) for potential lease and other loan losses - net	106	1.56%	(65)	-1.45%	(40)	-1.09%	311	7.01%	(191)	-4.57%	18	0.40%
Other provision - net	31	0.46%	36	0.80%	22	0.60%	13	0.29%	9	0.22%	-	0.00%
Profit before taxation	<b>2,029</b>	<b>29.86%</b>	<b>1,377</b>	<b>30.67%</b>	<b>1,284</b>	<b>34.88%</b>	<b>973</b>	<b>21.93%</b>	<b>1,448</b>	<b>34.64%</b>	<b>1,720</b>	<b>38.46%</b>
Taxation	818	12.04%	495	11.02%	369	10.02%	271	6.11%	425	10.17%	340	7.60%
Profit for the year after taxation	<b>1,211</b>	<b>17.82%</b>	<b>882</b>	<b>19.64%</b>	<b>915</b>	<b>24.86%</b>	<b>702</b>	<b>15.83%</b>	<b>1,023</b>	<b>24.47%</b>	<b>1,380</b>	<b>30.86%</b>

# SIX YEARS'

## HORIZONTAL ANALYSIS

Unconsolidated Statement of Financial Position	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	1,266	-1.78%	1,289	-4.94%	1,356	-21.93%	1,737	45.84%	1,191	-8.67%	1,304	-14.94%
Intangible assets	1	0.00%	1	-75.00%	4	-63.64%	11	-38.89%	18	-10.00%	20	66.67%
Net investment in finance lease	5,734	-11.72%	6,495	-1.04%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%	8,594	14.33%
Investment in subsidiaries	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%
Investment in associate	1,719	42.30%	1,208	31.88%	916	-2.97%	944	0.21%	942	40.18%	672	-65.92%
Long-term investments	-	-100.00%	195	-49.61%	387	-12.64%	443	11.87%	396	35.15%	293	-13.57%
Long-term finances and loans	7,271	3.74%	7,009	55.44%	4,509	94.94%	2,313	4.76%	2,208	12.31%	1,966	28.41%
Long-term deposits	11	-8.33%	12	0.00%	12	-7.69%	13	8.33%	12	0.00%	12	0.00%
Defined benefit plan asset	6	-77.78%	27	237.50%	8	-79.49%	39	333.33%	9	0.00%	-	0.00%
<b>Total</b>	<b>16,330</b>	<b>-1.38%</b>	<b>16,558</b>	<b>17.62%</b>	<b>14,077</b>	<b>19.24%</b>	<b>11,806</b>	<b>-10.78%</b>	<b>13,233</b>	<b>0.38%</b>	<b>13,183</b>	<b>-0.77%</b>
<b>Current assets</b>												
Short-term finances	42	110.00%	20	233.33%	6	-97.44%	234	-17.89%	285	17.28%	243	63.09%
Current maturity of non-current assets	12,604	11.18%	11,337	15.11%	9,849	2.82%	9,579	-16.97%	11,537	-0.90%	11,642	3.74%
Short-term investments	2,448	324.26%	577	75.91%	328	-59.15%	803	103.29%	395	-48.90%	773	-15.43%
Advances and prepayments	29	0.00%	29	3.57%	28	55.56%	18	-55.00%	40	21.21%	33	-15.38%
Other receivables	90	25.00%	72	260.00%	20	-75.00%	80	142.42%	33	-25.00%	44	-20.00%
Cash and bank balances	145	-83.37%	872	309.39%	213	2.40%	208	19.54%	174	-65.20%	500	46.20%
<b>Total</b>	<b>15,358</b>	<b>18.99%</b>	<b>12,907</b>	<b>23.58%</b>	<b>10,444</b>	<b>-4.38%</b>	<b>10,922</b>	<b>-12.37%</b>	<b>12,464</b>	<b>-5.83%</b>	<b>13,235</b>	<b>4.04%</b>
Assets classified as held for sale	265	0.00%	265	0.00%	265	-2.21%	271	-7.82%	294	4.63%	281	212.22%
<b>Total</b>	<b>15,623</b>	<b>18.61%</b>	<b>13,172</b>	<b>23.00%</b>	<b>10,709</b>	<b>-4.32%</b>	<b>11,193</b>	<b>-12.27%</b>	<b>12,758</b>	<b>-5.61%</b>	<b>13,516</b>	<b>5.50%</b>
<b>Total assets</b>	<b>31,953</b>	<b>7.48%</b>	<b>29,730</b>	<b>19.95%</b>	<b>24,786</b>	<b>7.77%</b>	<b>22,999</b>	<b>-11.51%</b>	<b>25,991</b>	<b>-2.65%</b>	<b>26,699</b>	<b>2.31%</b>
<b>EQUITY AND LIABILITIES</b>												
Share capital and reserves	9,794	9.87%	8,914	4.56%	8,525	3.53%	8,234	2.76%	8,013	10.54%	7,249	62.32%
<b>Non-current liabilities</b>												
Long-term finances	8,822	-6.30%	9,415	99.13%	4,728	3.23%	4,580	-27.42%	6,310	8.85%	5,797	-13.57%
Long-term certificates of deposit	990	-52.77%	2,096	-19.14%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%
Deferred taxation	623	71.63%	363	-11.89%	412	-20.16%	516	-26.29%	700	45.53%	481	-17.78%
Other long-term liabilities	194	-42.26%	336	17.07%	287	-0.35%	288	74.55%	165	-18.72%	203	-5.14%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	20	17.65%
<b>Total</b>	<b>10,629</b>	<b>-12.95%</b>	<b>12,210</b>	<b>52.26%</b>	<b>8,019</b>	<b>0.06%</b>	<b>8,014</b>	<b>-19.82%</b>	<b>9,995</b>	<b>2.77%</b>	<b>9,726</b>	<b>-15.59%</b>
<b>Current liabilities</b>												
Trade and other payables	1,187	-6.09%	1,264	47.84%	855	136.19%	362	-60.18%	909	-10.62%	1,017	-6.87%
Unpaid dividend	483	187.50%	168	-9.19%	185	0.00%	-	0.00%	-	-100.00%	208	100.00%
Unclaimed dividend	34	0.00%	34	25.93%	27	0.00%	27	17.39%	23	15.00%	20	5.26%
Short-term borrowings	861	121.34%	389	-73.10%	1,446	703.33%	180	-86.76%	1,360	-42.66%	2,372	-4.85%
Short-term certificates of deposit	3,311	110.36%	1,574	-6.97%	1,692	60.53%	1,054	50.79%	699	-33.56%	1,052	-5.99%
Taxation - net	318	36.48%	233	35.47%	172	-53.26%	368	73.58%	212	1.44%	209	100.00%
Current maturity of non-current liabilities	5,336	7.93%	4,944	27.92%	3,865	-18.80%	4,760	-0.42%	4,780	-1.36%	4,846	-9.99%
<b>Total</b>	<b>11,530</b>	<b>33.98%</b>	<b>8,606</b>	<b>4.42%</b>	<b>8,242</b>	<b>22.09%</b>	<b>6,751</b>	<b>-15.43%</b>	<b>7,983</b>	<b>-17.90%</b>	<b>9,724</b>	<b>-3.79%</b>
<b>Total equity and liabilities</b>	<b>31,953</b>	<b>7.48%</b>	<b>29,730</b>	<b>19.95%</b>	<b>24,786</b>	<b>7.77%</b>	<b>22,999</b>	<b>-11.51%</b>	<b>25,991</b>	<b>-2.65%</b>	<b>26,699</b>	<b>2.31%</b>

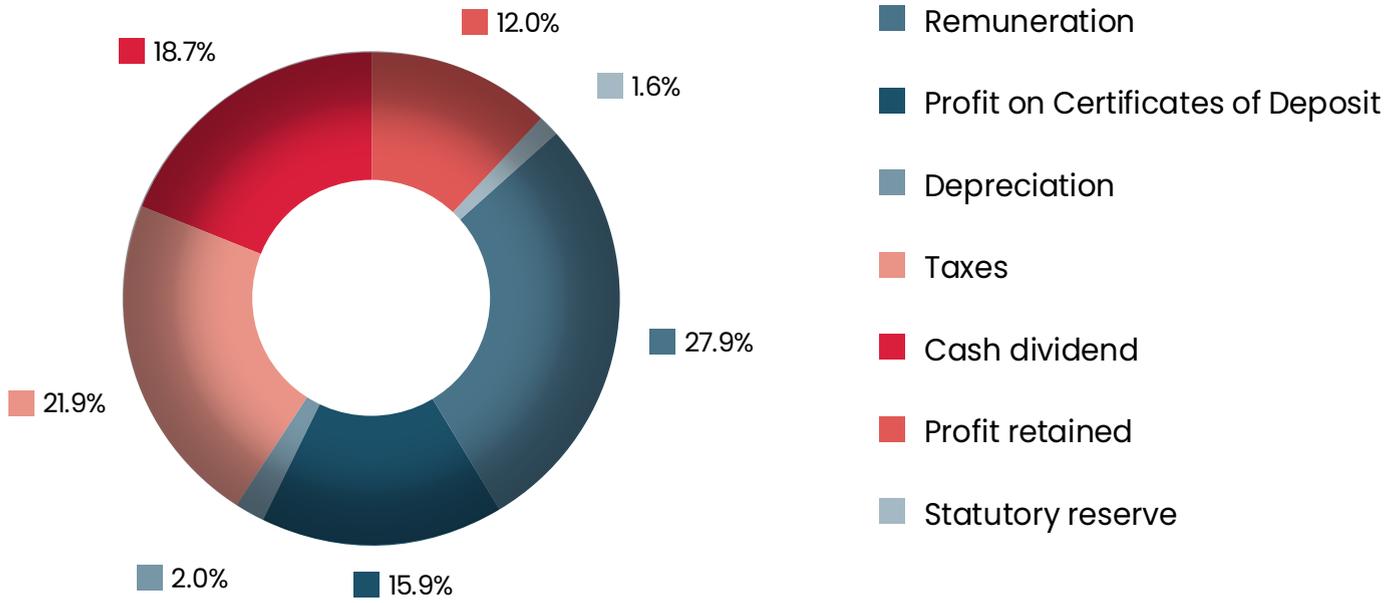
Unconsolidated Statement of Financial Position	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>INCOME</b>												
<b>Income from operations</b>												
Mark-up on finance leases	2,881	27.87%	2,253	1.53%	2,219	-24.34%	2,933	3.27%	2,840	12.21%	2,531	4.72%
Mark-up on finances and loans	3,023	87.18%	1,615	66.32%	971	4.86%	926	18.11%	784	23.66%	634	16.76%
<b>Total</b>	<b>5,904</b>	<b>52.64%</b>	<b>3,868</b>	<b>21.25%</b>	<b>3,190</b>	<b>-17.34%</b>	<b>3,859</b>	<b>6.48%</b>	<b>3,624</b>	<b>14.50%</b>	<b>3,165</b>	<b>6.93%</b>
<b>Income from other activities</b>												
Other income - net	774	38.71%	558	22.37%	456	-16.79%	548	8.51%	505	-58.20%	1,208	43.47%
Share of profit from associate	118	84.38%	64	82.86%	35	20.69%	29	-43.14%	51	-48.48%	99	-56.77%
<b>Total</b>	<b>892</b>	<b>43.41%</b>	<b>622</b>	<b>26.68%</b>	<b>491</b>	<b>-14.90%</b>	<b>577</b>	<b>3.78%</b>	<b>556</b>	<b>-57.46%</b>	<b>1,307</b>	<b>22.04%</b>
<b>Total Income</b>	<b>6,796</b>	<b>51.36%</b>	<b>4,490</b>	<b>21.98%</b>	<b>3,681</b>	<b>-17.02%</b>	<b>4,436</b>	<b>6.12%</b>	<b>4,180</b>	<b>-6.53%</b>	<b>4,472</b>	<b>10.94%</b>
<b>EXPENSES</b>												
Finance cost	3,158	76.03%	1,794	50.38%	1,193	-35.34%	1,845	19.57%	1,543	11.01%	1,390	-12.36%
Administrative and general expenses	1,435	11.67%	1,285	13.12%	1,136	0.00%	1,136	-4.38%	1,188	8.59%	1,094	13.25%
Direct cost	37	-41.27%	63	-26.74%	86	-45.57%	158	-13.66%	183	-26.80%	250	-37.97%
<b>Total</b>	<b>4,630</b>	<b>47.36%</b>	<b>3,142</b>	<b>30.10%</b>	<b>2,415</b>	<b>-23.06%</b>	<b>3,139</b>	<b>7.72%</b>	<b>2,914</b>	<b>6.58%</b>	<b>2,734</b>	<b>-7.48%</b>
Profit before provision and taxation	<b>2,166</b>	<b>60.68%</b>	<b>1,348</b>	<b>6.48%</b>	<b>1,266</b>	<b>-2.39%</b>	<b>1,297</b>	<b>2.45%</b>	<b>1,266</b>	<b>-27.16%</b>	<b>1,738</b>	<b>61.52%</b>
Provision / (reversal of provision) for potential lease and other loan losses - net	106	-263.08%	(65)	62.50%	(40)	-112.86%	311	-262.83%	(191)	-116.11%	18	-178.26%
Other provision - net	31	-13.89%	36	63.64%	22	69.23%	13	44.44%	9	0.00%	-	-100.00%
<b>Total</b>	<b>137</b>	<b>-572.41%</b>	<b>(29)</b>	<b>61.11%</b>	<b>(18)</b>	<b>-105.56%</b>	<b>324</b>	<b>-278.02%</b>	<b>(182)</b>	<b>-1111.11%</b>	<b>18</b>	<b>-121.95%</b>
Profit before taxation	<b>2,029</b>	<b>47.35%</b>	<b>1,377</b>	<b>7.24%</b>	<b>1,284</b>	<b>31.96%</b>	<b>973</b>	<b>-32.80%</b>	<b>1,448</b>	<b>-15.81%</b>	<b>1,720</b>	<b>48.53%</b>
Taxation	818	65.25%	495	34.15%	369	36.16%	271	-36.24%	425	25.00%	340	7.26%
Profit for the year after taxation	<b>1,211</b>	<b>37.30%</b>	<b>882</b>	<b>-3.61%</b>	<b>915</b>	<b>30.34%</b>	<b>702</b>	<b>-31.38%</b>	<b>1,023</b>	<b>-25.87%</b>	<b>1,380</b>	<b>64.09%</b>

# STATEMENT OF VALUE ADDITION

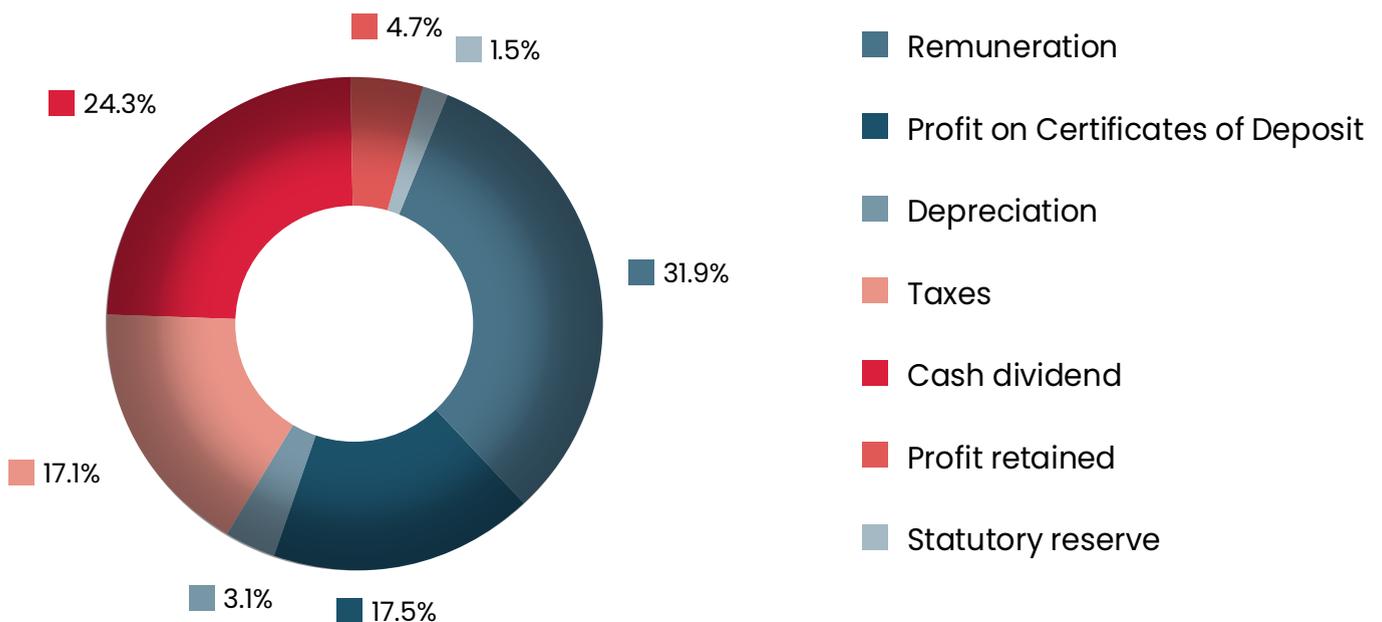
	2023	2022
Revenues from operations	5,766,949,304	3,896,195,976
Other income	774,345,806	557,844,350
Share of profit of equity accounted undertakings	118,023,757	64,289,981
	<u>6,659,318,867</u>	<u>4,518,330,307</u>
Finance cost	2,562,546,925	1,288,829,676
Direct cost	352,059,606	337,082,227
	2,914,606,531	1,625,911,903
<b>Value Added</b>	<u>3,744,712,336</u>	<u>2,892,418,404</u>

<b>Distributed as follows:</b>	2023		2022	
		%		%
Remuneration	1,044,095,136	27.9%	922,008,605	31.9%
Profit on Certificates of Deposit	595,284,289	15.9%	504,748,388	17.5%
Depreciation	76,297,194	2.0%	88,880,332	3.1%
Taxes	818,302,927	21.9%	494,570,693	17.1%
Cash dividend	701,630,588	18.7%	701,630,588	24.3%
Profit retained	448,565,561	12.0%	136,469,278	4.7%
Statutory reserve	60,536,640	1.6%	44,110,519	1.5%
	<u>3,744,712,335</u>	<u>100%</u>	<u>2,892,418,403</u>	<u>100%</u>

## Distribution of Value Addition – 2023



## Distribution of Value Addition – 2022





**ALHAMD SHARIAH ADVISORY SERVICES**

**(PVT) LIMITED**

## **Shariah Advisor's Report**

*For the period ended June 30, 2023*

OLP Financial Services Pakistan Limited (Formerly ORIX Leasing Pakistan Limited) embarked on its journey into Islamic Financing in April 2011. Under my consultation, OLP meticulously designed and initially introduced the following two Shariah-compliant financial products:

- 1. Ijarah**
- 2. Diminishing Musharakah**

OLP has earnestly adhered to the rules and regulations of Shariah in the implementation of both Ijarah and Diminishing Musharakah throughout this year.

I hereby affirm that the treasury function and accounting treatment of Ijarah and Diminishing Musharakah transactions align seamlessly with the stringent requirements of Shariah.

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

**MUFTI MUHAMMAD IBRAHIM ESSA**

For and on behalf of

Alhamd Shariah Advisory Services Private Limited

Date: September 14, 2023



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**INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of OLP Financial Services Pakistan Limited**

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of OLP Financial Services Pakistan Limited (the Company) for the year ended June 30, 2023 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, 2023.

*A.F. Ferguson & Co*  
A. F. Ferguson & Co,  
Chartered Accountants  
Karachi  
Dated: September 28, 2023  
UDIN: CR202310061IWU1o401Y

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](http://www.pwc.com/pk)>

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**INDEPENDENT AUDITOR'S REPORT**

**To the members of OLP Financial Services Pakistan Limited**

**Report on the Audit of the Unconsolidated Financial Statements**

**Opinion**

We have audited the annexed unconsolidated financial statements of OLP Financial Services Pakistan Limited (the Company), which comprise the unconsolidated statement of financial position as at June 30, 2023, 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, 2023 and of the profit and other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

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

**Key Audit Matters**

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

A/CO

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Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	<p><b>Provision for potential lease and other loan losses</b> (Refer notes 3.5, 6, 10, 11, 12 and 35 of the annexed unconsolidated financial statements)</p> <p>The Company records provision for potential lease and other loan losses under the requirements of IFRS 9.</p> <p>Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.</p> <p>Determination of provision including calculating ECL for lease and loans is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.</p> <p>The Company has determined a provision on lease and loans balances and has recognised a gross charge of Rs. 378.145 million and a gross reversal of Rs. 271.872 million in respect of potential lease and other loan losses in the unconsolidated statement of profit or loss during the year ended June 30, 2023. As at June 30, 2023, the Company maintained a provision of Rs. 879.978 million for potential lease and other loan losses.</p> <p>The determination of provision in respect of lease and loans balances as per the requirements of IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of lease and loans balances relative to the overall unconsolidated financial statements of the Company, we considered the area of provision for potential lease and other loan losses as a key audit matter.</p>	<p>Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following:</p> <ul style="list-style-type: none"> <li>Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Company to identify loss events and for determining the extent of provisioning required against lease and loans balances;</li> <li>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 other loan losses and assessed the appropriateness based on our understanding of the Company's business and operations;</li> <li>Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Company as well as the related external sources used for this purpose;</li> <li>Assessed the ECL model used by the management to calculate provision against 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;</li> <li>Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and</li> <li>Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

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

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

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

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

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

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

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

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

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

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

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

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



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

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

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

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

#### **Report on Other Legal and Regulatory Requirements**

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

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

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

A. F. Ferguson & Co.  
Chartered Accountants

Dated: September 28, 2023

Karachi

UDIN: AR202310061vatgrUC2H

# Unconsolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
-----Rupees-----			
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	1,265,875,514	1,289,260,170
Intangible assets	5	1,338,374	695,415
Net investment in finance lease	6	11,962,400,718	13,436,624,395
Current maturity of net investment in finance lease	12	(6,085,689,467)	(6,867,323,292)
Allowance for potential lease losses	35	(142,820,838)	(73,912,352)
		(6,228,510,305)	(6,941,235,644)
Investment in subsidiaries	7	5,733,890,413	6,495,388,751
Investment in associate	8	322,374,294	322,374,294
Long-term investments	9	1,718,529,322	1,207,909,411
Long-term finances and loans	10	-	194,786,354
Long-term deposits	10	7,270,780,461	7,009,195,274
Defined benefit plan asset	24	11,213,566	11,530,566
		6,118,331	27,256,484
		16,330,120,275	16,558,396,719
<b>Current assets</b>			
Short-term finances	11	42,392,159	19,784,894
Current maturity of non-current assets	12	12,603,884,172	11,336,991,262
Short-term investments	13	2,448,177,114	577,218,551
Advances and prepayments	14	28,713,523	28,767,080
Other receivables	15	89,815,350	71,583,510
Cash and bank balances	16	145,389,228	872,164,575
		15,358,371,546	12,906,509,872
Assets classified as held for sale	17	264,747,437	264,747,437
		31,953,239,258	29,729,654,028
<b>Total assets</b>			
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 350,000,000 (2022: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	18	1,754,076,470	1,754,076,470
Reserves		8,039,927,726	7,160,104,770
		9,794,004,196	8,914,181,240
<b>Non-current liabilities</b>			
Long-term finances	20	8,822,351,900	9,414,506,693
Long-term certificates of deposit	21	989,747,273	2,096,072,585
Deferred taxation	22	623,278,254	362,891,625
Other long-term liabilities	23	193,792,585	336,434,019
		10,629,170,012	12,209,904,922
<b>Current liabilities</b>			
Trade and other payables	25	1,187,194,008	1,263,660,464
Unpaid dividend		482,630,856	168,373,952
Unclaimed dividend		33,634,185	34,303,297
Short-term borrowings	26	860,821,168	388,820,881
Short-term certificates of deposit	27	3,310,914,290	1,573,409,819
Taxation - net		318,501,393	233,347,546
Current maturity of non-current liabilities	28	5,336,369,150	4,943,651,907
		11,530,065,050	8,605,567,866
		31,953,239,258	29,729,654,028
<b>Total equity and liabilities</b>			
<b>Contingencies and commitments</b>			
	29		

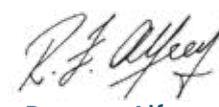
The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Unconsolidated Statement of Profit or Loss

For the Year Ended June 30, 2023

	Note	2023	2022
-----Rupees-----			
<b>INCOME</b>			
<b>Income from operations</b>			
Mark-up on finance leases		2,880,850,518	2,252,516,751
Mark-up on finances and loans		3,022,662,867	1,614,522,863
		5,903,513,385	3,867,039,614
<b>Income from other activities</b>			
Other income - net	30	774,345,806	557,844,350
Share of profit from associate	31	118,023,757	64,289,981
		892,369,563	622,134,331
		6,795,882,948	4,489,173,945
<b>EXPENSES</b>			
Finance cost	32	3,157,831,214	1,793,578,064
Administrative and general expenses	33	1,435,214,405	1,284,871,569
Direct cost	34	37,237,531	63,099,595
		4,630,283,150	3,141,549,228
Profit before provision and taxation		2,165,599,798	1,347,624,717
Provision / (reversal of provision) for potential lease and other loan losses - net	35	106,273,213	(65,369,020)
Other provision - net	36	30,290,868	36,212,658
		136,564,081	(29,156,362)
<b>Profit before taxation</b>		2,029,035,717	1,376,781,079
Taxation	38	818,302,927	494,570,693
<b>Profit for the year after taxation</b>		1,210,732,790	882,210,386
<b>Earnings per share - basic and diluted</b>	49	6.90	5.03

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended June 30, 2023

	Note	2023	2022
-----Rupees-----			
Profit for the year after taxation		1,210,732,790	882,210,386
<b>Other comprehensive income</b>			
<b>Items that will be reclassified to the unconsolidated statement of profit or loss</b>			
- Exchange gain arising on translation of foreign associate	8.1.3	495,154,959	282,281,515
- Deferred tax on exchange gain arising on translation of foreign associates		(226,471,704)	(123,912,340)
		268,683,255	158,369,175
<b>Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss</b>			
- Surplus on revaluation of leasehold land and office building	19	140,386,211	-
- Deferred tax on surplus on revaluation of office building		(21,543,097)	-
		118,843,114	-
- Fair value changes on remeasurement of financial assets		(5,962,356)	(4,137,296)
- Deferred tax on fair value changes on remeasurement of financial assets		1,891,659	31,485,257
		(4,070,697)	27,347,961
Remeasurement (loss) / gain on defined benefit obligation	24.4	(15,431,263)	18,904,040
- Share of other comprehensive income from associate	8.1.3	1,724,491	502,550
- Deferred tax on share of other comprehensive income from associate		971,854	2,973,955
		2,696,345	3,476,505
<b>Total comprehensive income for the year</b>		<b>1,581,453,544</b>	<b>1,090,308,067</b>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2023

	Note	2023	2022
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before working capital changes	39	4,852,216,984	2,948,383,824
<b>Increase in operating assets</b>			
Investment in finance lease - net		1,403,037,528	609,636,540
Long-term finances and loans - net		(2,446,698,351)	(4,148,259,718)
Short-term finances		46,329,619	1,149,575
Long-term deposits		317,000	(109,000)
Advances and prepayments		53,557	(460,874)
Other receivables		(12,930,534)	(156,809,025)
		(1,009,891,181)	(3,694,852,502)
<b>Increase in operating liabilities</b>			
Other long term liabilities - net		(603,053,465)	(443,036,100)
Trade and other payables		(106,263,158)	374,818,384
		(709,316,623)	(68,217,716)
		3,133,009,180	(814,686,394)
Payment against staff retirement benefits		(11,413,776)	(20,442,024)
Income tax paid		(717,913,739)	(570,984,854)
<b>Net cash generated from / (used in) operating activities</b>		<b>2,403,681,665</b>	<b>(1,406,113,272)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred - own use and intangible assets		(39,841,017)	(26,845,070)
Proceeds from disposal of assets - own use		5,574,732	6,784,954
Investments - net		(1,183,680,895)	(109,921,901)
Dividend received		113,360,002	70,178,795
Interest received		161,210,629	69,278,250
<b>Net cash (used in) / generated from investing activities</b>		<b>(943,376,549)</b>	<b>9,475,028</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term finances		4,000,000,000	8,800,000,000
Repayment of long-term finances		(4,009,515,904)	(3,436,187,746)
Short-term borrowings - net		-	(900,000,000)
Certificates of deposit - net		180,581,714	(333,138,576)
Finance cost paid		(2,421,460,688)	(1,145,254,573)
Payment of lease liability against right-of-use assets		(36,524,776)	(34,678,159)
Dividend paid		(388,042,796)	(711,849,851)
<b>Net cash (used in) / generated from financing activities</b>		<b>(2,674,962,450)</b>	<b>2,238,891,095</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		<b>(1,214,657,334)</b>	<b>842,252,851</b>
Cash and cash equivalents at the beginning of the year		532,664,730	(309,588,121)
<b>Cash and cash equivalents at the end of the year</b>	40	<b>(681,992,604)</b>	<b>532,664,730</b>

The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Unconsolidated Statement of Changes in Equity

For the Year Ended June 30, 2023

	Reserves							Total reserves	Total Share holder equity
	Capital reserves					Revenue reserve			
	Share premium	Statutory reserve (note 18.2)	Foreign currency translation reserve	Net surplus / (deficit) on re-measurement of financial assets at fair value through OCI	Surplus on revaluation of leasehold land and office building (note 19)	Unappropriated profit			
	(Rupees)								
<b>Balance as at July 1, 2021</b>	1,754,076,470	1,501,683,073	1,782,941,804	213,948,996	(207,316,340)	844,238,868	2,635,930,890	6,771,427,291	8,525,503,761
Profit for the year after taxation	-	-	-	-	-	-	882,210,386	882,210,386	882,210,386
Other comprehensive income	-	-	-	158,369,175	27,347,961	-	22,380,545	208,097,681	208,097,681
<b>Total comprehensive income for the year ended June 30, 2022</b>	-	-	-	158,369,175	27,347,961	-	904,590,931	1,090,308,067	1,090,308,067
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(173,684)	173,684	-	-
	-	-	-	-	-	(20,627,301)	20,627,301	-	-
Transfer to statutory reserve	-	-	44,110,519	-	-	-	(44,110,519)	-	-
<b>Transaction with owners recorded directly in equity</b>									
- Final cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ending June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(701,630,588)
<b>Balance as at June 30, 2022</b>	1,754,076,470	1,501,683,073	1,827,052,323	372,318,171	(179,968,379)	823,611,567	2,815,408,015	7,160,104,770	8,914,181,240
Profit for the year after taxation	-	-	-	-	-	-	1,210,732,790	1,210,732,790	1,210,732,790
Other comprehensive income / (loss)	-	-	-	268,683,255	(4,070,697)	118,843,114	(12,734,918)	370,720,754	370,720,754
<b>Total comprehensive income / (loss) for the year ended June 30, 2023</b>	-	-	-	268,683,255	(4,070,697)	118,843,114	1,197,997,872	1,581,453,544	1,581,453,544
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(19,391,198)	19,391,198	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(1,012,228)	1,012,228	-	-
	-	-	-	-	-	(20,403,426)	20,403,426	-	-
Transferred to statutory reserve	-	-	60,536,640	-	-	-	(60,536,640)	-	-
Transferred from deficit on revaluation of financial asset at FVTOCI on disposal of investment - net of tax	-	-	-	-	186,995,565	-	(186,995,565)	-	-
<b>Transaction with owners recorded directly in equity</b>									
- Final cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ending June 30, 2023	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(701,630,588)
<b>Balance as at June 30, 2023</b>	1,754,076,470	1,501,683,073	1,887,588,963	641,001,426	2,956,489	922,051,255	3,084,646,520	8,039,927,726	9,794,004,196

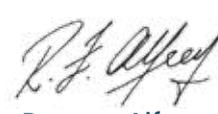
The annexed notes 1 to 53 form an integral part of these unconsolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 1 LEGAL STATUS AND OPERATIONS

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

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

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ (2022: AA+) and a short-term rating of A1+ (2022: A1+) to the Company on March 03, 2023 (2022: March 03, 2022).

## 2 BASIS OF PREPARATION

### 2.1 Statement of compliance

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

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

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

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- 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.

## 2.3 Basis of measurement

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

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

## 2.4 Functional and presentation currency

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

## 2.5 Critical accounting estimates and judgments

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

The areas where various assumptions and estimates are significant to the Company's financial statements or where judgments were exercised in the application of accounting policies are as follows:

- (a) determination of the residual values and useful lives of fixed assets (notes 3.2 and 4);
- (b) determination of allowance for potential lease and other loan losses (notes 3.5 and 35);
- (c) determination of classification, valuation and impairment of financial assets (notes 3.10, 9, and 13);
- (d) classification and valuation of assets classified as held for sale (notes 3.6 and 17);
- (e) recognition of taxation and deferred tax (notes 3.16, 38 and 22);
- (f) accounting for defined benefit obligation (notes 3.17 and 24);
- (g) provision against workers' welfare fund (notes 25 and 36); and
- (h) impairment of non-financial assets (note 3.9).

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

**2.6.1** There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2022 but are considered not to be relevant or do not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

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

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

<b>Interpretations or Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- Amendments to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendments to IAS 1 - Non current liabilities with covenants	January 1, 2024

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

**2.7.2** There are certain other new and amended standards, interpretations and amendments that are mandatory for the Company's accounting periods beginning on or after July 1, 2023 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these unconsolidated financial statements are set out below. These policies have been consistently applied to all the years presented other than change in accounting policy as stated in note 3.5.

### 3.1 Business combination

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

### 3.2 Fixed assets

#### 3.2.1 Own use, operating lease and capital work in progress

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

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

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

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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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 these 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 these are incurred. The Ijarah assets are depreciated over the period of Ijarah finance on a straight line basis over the underlying term of the contract as stated in note 4.3.

## 3.2.3 Lease liability and right-of-use assets

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

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

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

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

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

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

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

Right-of-use assets are subsequently measured at cost model and depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. Right-of-use assets are reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

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

### 3.3 Intangible assets

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

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

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

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

### 3.4 Net investment in finance lease

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 3.5 Allowance for potential lease and other loan losses

The Company applies IFRS 9 simplified approach and general approach for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans as at the reporting date with the risk of default as at the date of initial recognition. The Company also considers reasonable and supportive forward-looking information in the determination of ECL. The allowance is increased by provisions charged to the unconsolidated statement of profit or loss and is decreased by charge-offs, net of recoveries.

Calculating ECL for lease and loan is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management further considers the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Company.

The Company had recognised allowance for potential lease and other loans losses in line with "Accounting Guidelines Application of IFRS 9 by Non-Banking Finance Companies", issued by Institute of Chartered Accountant of Pakistan (ICAP), which required NBFCs to apply requirement of IFRS 9 in conjunction with the requirements of NBFC Regulations. Therefore, the Company had recognised allowance for potential lease and other loans losses as the higher of provisioning requirements as specified under the NBFC Regulations and IFRS 9 till year ended June 30, 2022.

During the year, SECP vide S.R.O. 592(i)/2023 dated May 17, 2023 has amended Non-Banking Finance Company Regulations, whereby after adoption and implementation of IFRS 9 by the Company, the requirements of IFRS 9 will be applicable. The ICAP has also clarified that calculation and accounting of provision shall be in accordance with amended NBFC Regulations. The Company, therefore, has calculated provision as per IFRS 9 ECL model in the unconsolidated financial statements for the year ended June 30, 2023. The difference between the provision under IFRS 9 and the provision under previous method as at June 30, 2023 is not material.

## 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 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 considers a financial asset to be in default when:

- the borrower is past due more than 90 days on any material credit obligation to the Company; or
- the borrower is unlikely to pay its credit obligations to the Company in full.

In assessing whether a borrower is in default, the Company considers indicators that are:

- qualitative - e.g., market information, business dynamics, breaches of covenant etc.
- quantitative - e.g., overdue status, quality of collateral and eCIB reports; and

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary overtime to reflect changes in circumstances.

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases, Ijarah finance, musharikhah finance and microfinance. For all other financial assets, a life time ECL is recorded in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and for financial assets which are credit impaired as on reporting date. A 12 months ECL is recorded for all other financial assets which do not meet the criteria for SICR or "credit impaired" as at reporting date.

### 3.10.3 Derecognition

Financial assets, or a portion thereof, are derecognised when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either:

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

### 3.10.4 Regular way contracts

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

### 3.10.5 Initial recognition

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

### 3.10.6 Business model

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 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 expired. 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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 Foreign currency transactions

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

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

### Foreign operations

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

### Translation gains and losses

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

## 3.19 Revenue recognition

### 3.19.1 Finance leases

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

### 3.19.2 Operating lease income

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 3.19.3 Ijarah lease income

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

## 3.19.4 Return on investments

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

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

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

## 3.19.5 Finances and loans

Income on finances and loans is recognised on a time proportionate basis using effective interest rate method taking into account the principal outstanding and applicable rates of interest / return thereon. 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.

## 3.19.6 Others

Other income is recognised on a receipt basis.

## 3.20 Earnings per share

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

## 3.21 Proposed dividend and transfer between reserves

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 3.22 Cash and cash equivalents

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

## 3.23 Segment reporting

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

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

## 3.24 Commitments

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

## 4 FIXED ASSETS

	Note	2023	2022
----- Rupees -----			
Own use	4.1	1,191,832,833	1,082,864,333
Operating leases	4.2	-	114,168,578
Ijarah assets	4.3	1,149,660	3,076,782
Right-of-use assets	4.4	72,893,021	89,150,477
		<u>1,265,875,514</u>	<u>1,289,260,170</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 4.1 Fixed assets – own use

	2023							
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
----- Rupees -----								
<b>As at July 01, 2022</b>								
Cost / revalued amount	855,570,000	109,858,358	183,792,961	140,139,287	89,306,404	99,191,033	16,041,513	1,493,899,556
Accumulated depreciation	(27,135,000)	(21,971,665)	(127,277,724)	(111,679,812)	(39,609,748)	(79,996,998)	(3,364,276)	(411,035,223)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>56,515,237</b>	<b>28,459,475</b>	<b>49,696,656</b>	<b>19,194,035</b>	<b>12,677,237</b>	<b>1,082,864,333</b>
<b>Year ended June 30, 2023</b>								
Opening net book value	828,435,000	87,886,693	56,515,237	28,459,475	49,696,656	19,194,035	12,677,237	1,082,864,333
Additions	-	-	5,573,614	2,836,325	23,452,782	6,051,248	70,200	37,984,169
<b>Movement in surplus on assets revalued during the year</b>								
Cost	44,445,000	24,435,942	-	-	-	-	-	68,880,942
Accumulated depreciation	40,702,500	30,802,769	-	-	-	-	-	71,505,269
	85,147,500	55,238,711	-	-	-	-	-	140,386,211
<b>Disposals</b>								
Cost	-	-	(54,000)	(5,603,342)	(4,500,790)	(6,522,899)	-	(16,681,031)
Accumulated depreciation	-	-	54,000	5,512,817	2,785,887	6,511,037	-	14,863,741
	-	-	-	(90,525)	(1,714,903)	(11,862)	-	(1,817,290)
Less: depreciation charge	(13,567,500)	(8,831,104)	(14,941,707)	(9,687,229)	(7,421,892)	(11,685,641)	(1,449,517)	(67,584,590)
<b>Net book value</b>	<b>900,015,000</b>	<b>134,294,300</b>	<b>47,147,144</b>	<b>21,518,046</b>	<b>64,012,643</b>	<b>13,547,780</b>	<b>11,297,920</b>	<b>1,191,832,833</b>
<b>As at June 30, 2023</b>								
Cost / revalued amount	900,015,000	134,294,300	189,312,575	137,372,270	108,258,396	98,719,382	16,111,713	1,584,083,636
Less: accumulated depreciation	-	-	(142,165,431)	(115,854,224)	(44,245,753)	(85,171,602)	(4,813,793)	(392,250,803)
<b>Net book value</b>	<b>900,015,000</b>	<b>134,294,300</b>	<b>47,147,144</b>	<b>21,518,046</b>	<b>64,012,643</b>	<b>13,547,780</b>	<b>11,297,920</b>	<b>1,191,832,833</b>
Useful life / Rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2022							Total
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	
<b>----- Rupees -----</b>								
<b>As at July 01, 2021</b>								
Cost / revalued amount	855,570,000	109,858,358	177,883,925	144,221,648	90,938,263	91,532,994	16,041,513	1,486,046,701
Accumulated depreciation	(13,567,500)	(10,985,833)	(111,957,221)	(110,113,373)	(36,532,994)	(69,435,112)	(1,920,556)	(354,512,589)
<b>Net book value</b>	<b>842,002,500</b>	<b>98,872,525</b>	<b>65,926,704</b>	<b>34,108,275</b>	<b>54,405,269</b>	<b>22,097,882</b>	<b>14,120,957</b>	<b>1,131,534,112</b>
<b>Year ended June 30, 2022</b>								
Opening net book value	842,002,500	98,872,525	65,926,704	34,108,275	54,405,269	22,097,882	14,120,957	1,131,534,112
Additions	-	-	5,909,036	5,331,859	5,110,351	10,427,142	-	26,778,388
<b>Disposals</b>								
Cost	-	-	-	(8,409,676)	(6,742,210)	(2,535,902)	-	(17,687,788)
Accumulated depreciation	-	-	-	8,111,341	3,914,598	2,505,705	-	14,531,644
	-	-	-	(298,335)	(2,827,612)	(30,197)	-	(3,156,144)
<b>Write off</b>								
Cost	-	-	-	(1,004,544)	-	(233,201)	-	(1,237,745)
Accumulated depreciation	-	-	-	1,004,544	-	233,201	-	1,237,745
	-	-	-	-	-	-	-	-
Less: depreciation charge	(13,567,500)	(10,985,832)	(15,320,503)	(10,682,324)	(6,991,352)	(13,300,792)	(1,443,720)	(72,292,023)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>56,515,237</b>	<b>28,459,475</b>	<b>49,696,656</b>	<b>19,194,035</b>	<b>12,677,237</b>	<b>1,082,864,333</b>
<b>As at June 30, 2022</b>								
Cost / revalued amount	855,570,000	109,858,358	183,792,961	140,139,287	89,306,404	99,191,033	16,041,513	1,493,899,556
Less: accumulated depreciation	(27,135,000)	(21,971,665)	(127,277,724)	(111,679,812)	(39,609,748)	(79,996,998)	(3,364,276)	(411,035,223)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>56,515,237</b>	<b>28,459,475</b>	<b>49,696,656</b>	<b>19,194,035</b>	<b>12,677,237</b>	<b>1,082,864,333</b>
Useful life / Rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

**4.1.1** The leasehold land and building of the Company were revalued by M/s. Surval (Private) Limited (an independent professional valuer) on June 30, 2023 on the basis of professional assessment of the present market values which resulted in an increase in surplus on revaluation by Rs. 140.39 million. The forced sales value of leasehold land and office building as at June 30, 2023 amounted to Rs. 827.45 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:

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2023		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	10,938,542	43,460,758
Office building	76,781,580	49,908,027	26,873,553
	<u>131,180,880</u>	<u>60,846,569</u>	<u>70,334,311</u>

	2022		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	10,265,746	44,133,554
Office building	76,781,580	49,728,145	27,053,435
	<u>131,180,880</u>	<u>59,993,891</u>	<u>71,186,989</u>

**4.1.2** Included in the cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 314.76 million (2022: Rs. 270.50 million).

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

Description	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	----- Rupees -----						
<b>Book value not exceeding Rs. 500,000 each</b>							
Leasehold improvements	54,000	54,000	-	1,000	1,000	Negotiation	Mr. Nadeem
Furniture, fittings and office equipment	5,603,342	5,512,817	90,525	717,438	626,913	Negotiation	Various
Vehicles (various)	4,500,790	2,785,887	1,714,903	4,163,984	2,449,081	Negotiation	Various
Computers and accessories	6,522,899	6,511,037	11,862	692,310	680,448	Negotiation	Various
<b>Total - June 30, 2023</b>	<u>16,681,031</u>	<u>14,863,741</u>	<u>1,817,290</u>	<u>5,574,732</u>	<u>3,757,442</u>		
<b>Total - June 30, 2022</b>	<u>17,687,788</u>	<u>14,531,644</u>	<u>3,156,144</u>	<u>6,784,954</u>	<u>3,628,810</u>		

**4.1.4** 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.

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 4.2 Fixed assets – operating leases

Description	2023							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2022	Additions / (transfers)	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	
Rupees								
Cranes	155,419,512	- (155,419,512)	-	41,250,934	5,571,593 (46,822,527)	-	-	
	155,419,512	- (155,419,512)	-	41,250,934	5,571,593 (46,822,527)	-	-	

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
Rupees								
Cranes	155,419,512	-	155,419,512	31,148,662	10,102,272	41,250,934	114,168,578	10 years

### 4.2.1 Details of fixed assets- operating lease transferred to finance lease during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
Rupees							
Crane - 50 tons	24,788,719	7,250,700	17,538,019	17,538,019	-	Transferred to finance lease	I.S Enterprises
Crane - 50 tons	24,788,719	7,250,700	17,538,019	17,538,019	-	Transferred to finance lease	I.S Enterprises
Crane - 50 tons	24,788,719	7,519,245	17,269,474	17,269,474	-	Transferred to finance lease	Crescent Cranes & Carriers Cont.
Crane - 75 tons	36,302,562	10,815,138	25,487,424	25,487,424	-	Transferred to finance lease	Muhammad Ghani & Company
Crane - 50 tons	25,720,355	7,801,841	17,918,514	17,918,514	-	Transferred to finance lease	I.S Enterprises
Crane - 30 tons	19,030,438	6,184,903	12,845,535	12,845,535	-	Transferred to finance lease	Pakistan Stone Crusher
<b>Total - June 30, 2023</b>	<b>155,419,512</b>	<b>46,822,527</b>	<b>108,596,985</b>	<b>108,596,985</b>	<b>-</b>		
<b>Total - June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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

## 4.3 Fixed assets – ijarah assets

Description	2023							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2022	Additions / disposal	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	
Rupees								
Machinery and generators	26,849,999	- (20,700,000)	6,149,999	26,849,999	- (20,700,000)	6,149,999	-	3 years
Vehicles	10,308,960	-	10,308,960	7,232,178	1,927,122	9,159,300	1,149,660	3 to 4 years
	37,158,959	- (20,700,000)	16,458,959	34,082,177	1,927,122 (20,700,000)	15,309,299	1,149,660	

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / disposal	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
	----- Rupees -----							
Machinery and generators	26,849,999	-	26,849,999	26,849,999	-	26,849,999	-	2.67 to 4 years
Vehicles	13,942,460	-	10,308,960	7,479,722	3,385,956	7,232,178	3,076,782	3 to 5 years
		(3,633,500)			(3,633,500)			
	40,792,459	-	37,158,959	34,329,721	3,385,956	34,082,177	3,076,782	
		(3,633,500)			(3,633,500)			

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

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
	----- Rupees -----						
Machinery	20,700,000	20,700,000	-	-	-	As per contract terms	Various
<b>Total - June 30, 2023</b>	<b>20,700,000</b>	<b>20,700,000</b>	<b>-</b>	<b>-</b>	<b>-</b>		
<b>Total - June 30, 2022</b>	<b>3,633,500</b>	<b>3,633,500</b>	<b>-</b>	<b>-</b>	<b>-</b>		

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

## 4.4 Right-of-use assets

Description	2023							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2022	Additions / disposal	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	
	----- Rupees -----							
Rental property	163,868,722	9,512,246	147,910,971	74,718,245	25,511,168	75,017,950	72,893,021	3 to 10 years
		(25,469,997)			(25,211,463)			
	163,868,722	9,512,246	147,910,971	74,718,245	25,511,168	75,017,950	72,893,021	
		(25,469,997)			(25,211,463)			

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / disposal	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
	----- Rupees -----							
Rental property	144,080,444	20,476,334	163,868,722	50,104,701	24,921,983	74,718,245	89,150,477	1 to 8.78 years
		(688,056)			(308,439)			
	144,080,444	20,476,334	163,868,722	50,104,701	24,921,983	74,718,245	89,150,477	
		(688,056)			(308,439)			

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

5 INTANGIBLE ASSETS	Note	2023	2022
		----- Rupees -----	
Computer software and license	5.1	1,338,374	695,415

5.1 Following is a statement of intangible assets:

Description	2023							
	Cost			Amortization depreciation			Net book value	Number of years of useful life
	As at July 1, 2022	Additions	As at June 30, 2023	As at July 1, 2022	Charge for the year	As at June 30, 2023	As at June 30, 2023	
----- Rupees -----								
Computer software and license	92,590,563	1,856,848	94,447,411	91,895,148	1,213,889	93,109,037	1,338,374	33%
	92,590,563	1,856,848	94,447,411	91,895,148	1,213,889	93,109,037	1,338,374	

Description	2022							
	Cost			Accumulated depreciation			Net book value	Rate of amortization
	As at July 1, 2021	Additions	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
----- Rupees -----								
Computer software and license	92,523,881	66,682	92,590,563	88,795,067	3,100,081	91,895,148	695,415	33%
	92,523,881	66,682	92,590,563	88,795,067	3,100,081	91,895,148	695,415	

5.2 Included in the cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 92.45 million (2022: Rs. 88.89 million).

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

6 NET INVESTMENT IN FINANCE LEASE	Note	2023	2022
		----- Rupees -----	
Instalment contract receivables		15,965,496,335	16,831,144,200
Residual value		6,875,123,327	7,223,673,546
Less: adjustable security deposit	6.1	(6,864,775,784)	(7,209,618,143)
Gross investment in finance lease	6.2	15,975,843,878	16,845,199,603
Less: unearned finance income		(4,013,443,160)	(3,408,575,208)
Present value of investment in finance lease		11,962,400,718	13,436,624,395

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 6.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2023	2022	2023	2022
	----- Rupees -----			
Less than one year	8,440,178,391	8,953,360,109	6,085,689,467	6,867,323,292
One to five years	7,535,665,487	7,891,839,494	5,876,711,251	6,569,301,103
	<u>15,975,843,878</u>	<u>16,845,199,603</u>	<u>11,962,400,718</u>	<u>13,436,624,395</u>

**6.3** The Company's implicit rate of return on leases ranges from 14.6% to 33.78% (2022: 8.00% to 27.55%) per annum. These are secured against leased assets, security deposits averaging 24.04% (2022: 23.41%) of the cost of leased assets and personal guarantees.

**6.4** The aggregate amount of portfolio on which income is suspended as at June 30, 2023 amounted to Rs. 524.7 million (2022: Rs. 798.8 million).

**6.5** Lease rentals received during the year amounted to Rs. 8,981 million (2022: Rs. 9,143 million).

	Note	2023	2022
		----- Rupees -----	
<b>7 INVESTMENT IN SUBSIDIARIES</b>			
<b>Related parties</b>			
- OLP Services Pakistan (Private) Limited - unlisted	7.1	182,430,262	182,430,262
- OLP Modaraba - listed	7.2	139,944,032	139,944,032
		<u>322,374,294</u>	<u>322,374,294</u>

**7.1** The Company holds 100% shareholding (4,450,000 shares (2022: 4,450,000 shares)) in OLP Services Pakistan (Private) Limited (formerly ORIX Services Pakistan (Private) Limited) (OSPPL), a management company managing OLP Modaraba (formerly ORIX Modaraba).

OSPPL is incorporated in Karachi, Pakistan. The latest available financial statements, which are prepared on a going concern basis for the year ended June 30, 2023, have been audited by Grant Thornton Anjum Rahman, Chartered Accountants.

**7.2** The Company holds 10% certificates (4,538,353 certificates (2022: 4,538,353 certificates)) in OLP Modaraba (formerly: 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 7.1 above, the investment in OLP Modaraba (formerly 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, 2023, have been audited by A. F. Ferguson & Co., Chartered Accountants.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

8 INVESTMENT IN ASSOCIATE	Note	2023	2022
		----- Rupees -----	
<b>Related party</b>			
Yanal Finance Company	8.1	<u>1,718,529,322</u>	<u>1,207,909,411</u>

8.1 Shares held and carrying value of investment in associate is as follows:

2023	2022	Note	2023	2022
-----(Number of shares)-----			----- Rupees -----	
<u>1,375,000</u>	<u>1,375,000</u>			
			<b>Unquoted</b>	
		8.1.1	<u>1,718,529,322</u>	<u>1,207,909,411</u>

8.1.1 The Company holds 2.5% (2022: 2.5%) ownership interest in Yanal Finance Company (YFC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. YFC is accounted under equity method of accounting due to the significant influence exercised by the Company by virtue of directorship on the board of YFC. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2022 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

8.1.2 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	
----- Rupees -----						
<b>2023</b>						
<b>Unlisted</b>						
Yanal Finance Company	<u>31 December</u>	<u>119,012,181,688</u>	<u>49,546,270,295</u>	<u>11,005,545,171</u>	<u>5,172,018,135</u>	2.50%
<b>2022</b>						
<b>Unlisted</b>						
Yanal Finance Company	<u>31 December</u>	<u>82,862,579,506</u>	<u>34,142,969,689</u>	<u>5,633,463,639</u>	<u>2,557,541,905</u>	2.50%

8.1.3 Movement of investment in associate is as follows:	Note	2023	2022
		----- Rupees -----	
Balance at the beginning of the year		1,207,909,411	915,924,945
Share of profit for the year	31	118,023,757	64,289,981
Dividend received during the year		(104,283,296)	(55,089,580)
Exchange gain arising on translation of foreign associate		495,154,959	282,281,515
Share of other comprehensive income		1,724,491	502,550
Balance at the end of the year		<u>1,718,529,322</u>	<u>1,207,909,411</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	2023	2022
		----- Rupees -----	
<b>9 LONG-TERM INVESTMENTS</b>			
<b>At amortised cost</b>			
Pakistan Investment Bonds (PIBs)	9.1	203,006,501	607,860,807
<b>At fair value through other comprehensive income</b>			
Sama Finance PSC – related party	9.2	-	279,097,858
Less: fair value change on remeasurement of financial assets		-	(279,097,858)
		-	-
Less: current maturity	12	(203,006,501)	(413,074,453)
		-	194,786,354

**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% (2022: 7.00% to 12.00%) per annum and are due to mature latest by August 20, 2023 (2022: August 20, 2023).

**9.2** During the year, investment in Sama Finance PSC has been disposed off to Al Hail Holding LLC.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 10 LONG-TERM FINANCES AND LOANS

### Considered good

#### Loans to key management personnel, other executives and employees - secured

	Note	2023	2022
Key management personnel - related parties	10.1	30,602,414	25,458,953
Other executives - related parties		110,448,580	115,052,464
	10.2	141,050,994	140,511,417
Other employees	10.7	123,057,624	140,557,842
		264,108,618	281,069,259

#### Others - secured

Vehicle finance	10.3	12,327,227,060	10,901,708,671
Micro finance / small enterprise finance	10.4	119,796,457	47,612,038
Term finance	10.5	1,004,307,233	242,451,131
Musharikah finance	10.6	8,478,010	39,685,193
Agri finance	10.8	61,423,583	-
		13,521,232,343	11,231,457,033

### Considered doubtful

#### Others - secured

Term finance		1,114,316	94,346,398
Vehicle finance	10.3	115,691,896	95,098,303
Micro finance / small enterprise finance	10.4	2,026,919	30,119,237
Musharikah finance	10.6	19,564,785	-
Agri finance	10.8	9,796,999	11,860,073
		148,194,915	231,424,011
Less: allowance for potential loan losses	35.2	(46,389,702)	(4,619,996)
		101,805,213	226,804,015
Less: general provision against micro finance	10.9 & 35.2	(600,679)	(241,613)

#### Accrued return on finance and loans

		13,886,545,495	11,739,088,694
		385,772,168	208,294,800
		14,272,317,663	11,947,383,494

#### Less: current maturity

Key management personnel, other executives and employees		(47,197,991)	(47,763,859)
Others		(6,954,339,211)	(4,890,424,361)
	12	(7,001,537,202)	(4,938,188,220)

		7,270,780,461	7,009,195,274
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# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 10.1 Loans to Key Management Personnel – related party

Names	Maximum amount outstanding	Provisions / (write-off)	2023	2022
----- Rupees -----				
Ms. Aseya Qasim	1,000,000	-	966,712	-
Mr. Fahad Shahzad Memon	6,269,158	-	5,695,770	-
Mian Faysal Riaz	4,231,786	-	3,117,619	4,346,292
Mr. Haider Abbas Kalhar	1,155,945	-	812,205	1,185,877
Mr. Hamood Ahmed	2,878,381	-	1,749,688	2,963,664
Mr. Hira Lal Bharvani	1,754,556	-	280,394	1,883,046
Mr. Imtiaz Ahmad Chaudhary	5,922,931	-	5,922,931	5,116,667
Mr. Muhammad Aslam	3,266,257	-	2,968,225	-
Mr. Shafiq Ur Rehman	3,692,067	-	2,991,753	3,796,328
Mr. Tahir Ali Shah	4,798,095	-	3,441,735	2,581,944
Mr. Waqas Ahmad Khwaja	3,497,244	-	2,655,382	3,585,135
		-	30,602,414	25,458,953

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

## 10.2 Movement in loans to the key management personnel and other executives

	2023	2022
----- Rupees -----		
Opening balance	140,511,417	104,682,513
Disbursements during the year	19,142,524	74,284,762
Repayments during the year	(18,602,947)	(38,455,858)
Closing balance	141,050,994	140,511,417

10.3 These represent vehicle financing facilities provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 15.00% to 34.50% (2022: 12.56% to 27.50%) per annum. These finances are repayable within a period of upto 6 years (2022: upto 6 years) and are secured against charge over vehicles and personal guarantees.

10.4 These represent long-term micro finance facilities provided to individuals on mark-up basis. The mark-up on these loans ranges from 27.50% to 44.80% (2022: 12.56% to 27.50%) per annum. These finances are repayable within a period of 1.25 to 2 years (2022: 1.2 to 2 years) and are secured against personal guarantees.

10.5 These represent term finance facilities provided to commercial business customers on mark-up basis. The mark-up on these finances ranges from 20.00% to 29.55% (2022: 13.75% to 22.00%) per annum. These finances are repayable within a period of upto 5 years (2022: upto 5 years) and are secured against business assets. Additional collateral in form of property mortgage and personal guarantees are also obtained.

10.6 These represent musharikhah finance facilities provided to customers. The profit rate on these finances ranges from 21.86% to 28.58% (2022: 17.43% to 20.76%) per annum. The facilities have a repayment term of 3 to 5 years (2022: 3 to 5 years) and are secured by assets subject to musharikhah agreement.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**10.7** These represent loans given to staff in accordance with the terms of the Company's HR policy and include 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 17.70% (2022: 4.00% to 6.50%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5.00% to 22.80% (2022: 5.00% to 14.60%) 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 the key management personnel and other executives was Rs. 153.9 million (2022: Rs. 147.3 million).

**10.8** These represent long-term finance facilities provided to farmers on mark-up basis. The rates of return on these loans range from 28.00% to 33.00% (2022: 17.00% to 28.00%) per annum. These loans are repayable within a period of 2 years (2022: 1.5 years to 3.2 years) and are secured against title documents of the immovable properties.

**10.9** 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 (net of specific provisions).

## 11 SHORT-TERM FINANCES

### Considered good - secured

Micro finance / small enterprise finance  
Term finance  
Agri finance

### Considered doubtful - secured

Micro finance  
Agri finance

Less: allowance for potential loan losses

Less: general provision against micro finance

Note	2023	2022
	----- Rupees -----	
11.1	36,027,049	17,888,446
	-	1,538,862
11.2	6,459,950	-
	42,486,999	19,427,308
11.2	421,683	69,405,011
	3,301,333	3,707,315
	3,723,016	73,112,326
35.2	(3,637,197)	(72,664,516)
	85,819	447,810
10.9 & 35.2	(180,659)	(90,224)
	42,392,159	19,784,894

**11.1** These represent short-term micro finance facilities provided to individuals on mark-up basis. The mark-up on these loans ranges from 22.00% to 42.00% (2022: 11.00% to 35.00%) per annum. These are secured against personal guarantees and are repayable within twelve months.

**11.2** These represent short-term finance facilities offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 33.00% (2022: 17.00% to 20.00%) per annum. These are repayable within twelve months and are secured against title documents of the immovable properties.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**11.3** As per Regulation 25(A) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, NBFCs with micro finance portfolio are required to maintain a general provision equivalent to 0.5% of the net outstanding micro financing portfolio (finance net of specific provisions).

12	<b>CURRENT MATURITY OF NON-CURRENT ASSETS</b>	Note	2023	2022
----- Rupees -----				
<b>Current maturity of</b>				
	Net investment in finance lease	6.2	6,085,689,467	6,867,323,292
	Allowance for potential lease losses	35.1	(562,224,766)	(678,394,356)
			5,523,464,701	6,188,928,936
	Long-term investments	9	203,006,501	413,074,453
	Long-term finances and loans	10	7,001,537,202	4,938,188,220
	Allowance for potential loan losses	35.2	(124,124,232)	(203,200,347)
			6,877,412,970	4,734,987,873
			<u>12,603,884,172</u>	<u>11,336,991,262</u>

## 13 SHORT-TERM INVESTMENTS

### At fair value through profit or loss

Market Treasury bills	13.1	2,431,413,219	554,492,300
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### At fair value through other comprehensive income

Ordinary shares - unlisted	13.2 & 13.4	7,757,077	22,726,251
Ordinary shares - listed	13.3 & 13.4	9,006,818	-
		<u>2,448,177,114</u>	<u>577,218,551</u>

**13.1** These include investment amounted to Rs. 509,908,808 (2022: Rs. 111,509,376) made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 1 to 3 months (2022: 1 month) from the reporting date, carrying yield ranging from 21.60% to 21.99% (2022: 11.34% to 14.45%) per annum.

**13.2** This includes 705,882 (2022: 705,882) shares of Al-Baraka Bank (Pakistan) Limited (Al-Baraka) having a face value of Rs. 10 and nil (2022: 843,975) shares of LSE Financial Services Limited (LSEFSL) having a face value of Rs. 10.

**13.3** During the current period, LSE Financial Services Limited (LSEFSL) underwent restructuring through Court Sanctioned Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger / Split whereby all assets and liabilities of LSEFSL were transferred to LSE Ventures Limited and LSE Proptech Limited, which are listed on the Pakistan Stock Exchange, against issuance of shares of these companies. Accordingly, the Company was issued 842,810 shares and 295,536 shares of LSE Ventures Limited and LSE Proptech Limited respectively in lieu of 843,975 shares of LSEFSL.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**13.4** As at June 30, 2023, the fair value of LSE Ventures Limited, LSE PropTech Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 7.59 million, Rs. 1.42 million and Rs. 7.76 million (2022: Rs. 7.03 million) respectively.

## 14 ADVANCES AND PREPAYMENTS

Advances - unsecured

### Prepayments

Rent

Others

Note	2023	2022
----- Rupees -----		
	4,062,876	3,890,972
14.1	3,722,682	6,481,241
	20,927,965	18,394,867
	24,650,647	24,876,108
	<u>28,713,523</u>	<u>28,767,080</u>

**14.1** This includes furnishing allowance provided to the Key Management Personnel.

Names	Maximum aggregate amount	2023	2022
----- Rupees -----			
Mr. Abid Hussain Awan	124,980	112,482	-
Mian Faysal Riaz	106,667	66,667	106,667
Mr. Haider Abbas Kalhar	52,083	27,083	52,083
Mr. Hamood Ahmed	81,500	48,750	81,500
Mr. Imtiaz Ahmed Chaudhary	136,667	96,667	136,667
Mr. Mohammad Aslam	127,081	114,583	-
Mr. Mohammad Ikram	130,626	114,583	-
Mr. Shafiq Ur Rehman	67,813	43,063	67,813
Mr. Syed Muhammad Matin	75,000	-	75,000
Mr. Tahir Ali Shah	3,125	-	3,125
Mr. Waqas Ahmed Khwaja	101,417	64,417	101,417
		<u>688,295</u>	<u>624,272</u>

## 15 OTHER RECEIVABLES

### Considered good

Operating lease rentals

Ijarah finance rentals

Others

### Considered doubtful

Operating lease rentals

Ijarah finance rentals

Others

Less: allowance for potential losses

Note	2023	2022
----- Rupees -----		
15.1	-	6,825,221
	197,679	118,156
	89,617,671	64,640,133
	89,815,350	71,583,510
	5,192,607	5,158,934
	2,766,139	15,228,990
	1,520,401	1,520,401
35.3	9,479,147	21,908,325
	(9,479,147)	(21,908,325)
	<u>89,815,350</u>	<u>71,583,510</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- 15.1** These include receivable from Yanal Finance Company (a related party), ORIX Corporation, Japan (a related party) and OLP Services Pakistan Limited (a related party) amounting to Rs. 8.8 million (2022: Rs. 6.4 million), Rs. 1.6 million (2022: Rs. 1.6 million) and Rs. 56.4 million (2022: Rs. 34.8 million) respectively. Maximum amount outstanding at the end of any month during the year from Yanal Finance Company, ORIX Corporation, Japan and OLP Services Pakistan Limited was Rs 17.1 million, Rs. 1.6 million and Rs. 71.2 million respectively.

	Note	2023	2022
----- Rupees -----			
Cash in hand		1,791,978	1,671,163
<b>Balances with banks in:</b>			
- Current accounts		66,291,849	134,483,318
- Deposit accounts	16.1	77,305,401	736,010,094
		143,597,250	870,493,412
		<u>145,389,228</u>	<u>872,164,575</u>

- 16.1** These carry profit rates ranging from 5.50% to 19.50% per annum (2022: 3.25% to 15.50% per annum).

	Note	2023	2022
----- Rupees -----			
Repossessed assets	17.1	250,001	250,001
Investment in associates - related party			
- OPP (Private) Limited	17.2	87,754,399	87,754,399
- SAMA Finance SAE (SAMA)	17.3	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		<u>264,747,437</u>	<u>264,747,437</u>

- 17.1** These represent 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.

- 17.2** The Company holds 45% (2022: 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**17.3** The Company holds 23% (2022: 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 negotiation for disposal were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019. However in May 2022, the long stop date was expired and no addendum was signed to extend long stop date. The Board of Director in their meeting held in April 2023 has reiterated their intentions to sale the Company's investment in SAMA. Accordingly, the Company has signed mandate with a consultant to advise and execute sale of investment. The disposal is expected to be completed within a year, subject to necessary regulatory approvals.

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

## 18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
-----(Number of shares)-----			----- Rupees -----	
		<b>Ordinary shares of Rs. 10 each</b>		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
66,739,592	66,739,592	Fully paid bonus shares	667,395,920	667,395,920
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>175,407,647</u>	<u>175,407,647</u>		<u>1,754,076,470</u>	<u>1,754,076,470</u>

**18.1** As at June 30, 2023, ORIX Corporation, Japan and its nominees held 86,960,515 (2022: 86,960,515) ordinary shares equivalent to 49.58% (2022: 49.58%) of the total shareholding.

**18.2** As per regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, an NBFC is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserves equals the paid up capital. Thereafter, 5% of the profit after tax is required to be transferred to this reserves. Accordingly, the Company has transferred 5% of its profit after tax to the statutory reserves for the year ended June 30, 2023 and June 30, 2022.

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

	Note	2023	2022
		----- Rupees -----	
Opening balance		842,979,976	863,433,593
Revaluation surplus arising during the year		140,386,211	-
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(19,391,198)	(20,453,617)
		<u>963,974,989</u>	<u>842,979,976</u>
Opening balance of deferred tax liability		(19,368,409)	(19,194,725)
Deferred tax liability on surplus arising during the year on revaluation of office building		(21,543,097)	-
Adjustment in respect of incremental depreciation transferred to unappropriated profit		(1,012,228)	(173,684)
	22	<u>(41,923,734)</u>	<u>(19,368,409)</u>
		<u>922,051,255</u>	<u>823,611,567</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	2023	2022
----- Rupees -----			
<b>20 LONG-TERM FINANCES</b>			
<b>Secured</b>			
Long-term finances utilised under mark-up arrangements – financial institutions	20.1	10,520,833,328	10,161,111,106
Privately placed term finance certificates	20.2	2,625,000,000	3,000,000,000
Accrued interest / mark-up on long term finances		388,743,225	249,341,065
		<u>13,534,576,553</u>	<u>13,410,452,171</u>
Less: unamortised transaction cost		(10,981,428)	(16,743,302)
Less: current maturity	28	(4,701,243,225)	(3,979,202,176)
		<u>(4,712,224,653)</u>	<u>(3,995,945,478)</u>
		<u>8,822,351,900</u>	<u>9,414,506,693</u>

**20.1** 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 17.29% to 23.72% (2022: 10.73% to 15.42%) per annum. These finances are repayable within a period of 36 to 60 months (2022: 36 to 60 months).

**20.2** The Company has issued rated, privately placed, secured term finance certificates (“TFCs”) as an instrument of redeemable capital. These carry markup of 3 months kibar plus 0.8% and will mature on December 30, 2026 and are secured against hypothecation charge on receivables of the Company.

	Note	2023	2022
----- Rupees -----			
<b>21 LONG-TERM CERTIFICATES OF DEPOSIT</b>			
<b>Unsecured</b>			
Certificates of deposit	21.1	1,502,853,920	2,975,050,845
Accrued profit on certificate of deposit		95,385,673	63,200,906
		<u>1,598,239,593</u>	<u>3,038,251,751</u>
Less: current maturity	28	(608,492,320)	(942,179,166)
		<u>989,747,273</u>	<u>2,096,072,585</u>

**21.1** These certificates of deposit have been obtained for financing the operations of the Company and issued at rate of return ranging from 7.10% to 17.50% (2022: 7.10% to 13.25%) per annum and issued for terms ranging from 3 years to 10 years (2022: 3 years to 10 years).

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	2023	2022
----- Rupees -----			
<b>22 DEFERRED TAXATION</b>			
The deferred tax liability is attributable to the following items:			
- Accelerated tax depreciation		361,413,423	429,534,905
- Right-of-use assets and lease liability against right-of-use assets		(10,273,540)	(7,815,582)
- Surplus on revaluation of office building	19	41,923,734	19,368,409
- Unamortised transaction costs relating to long term finances and loans		4,282,757	5,525,289
- Investments		622,607,356	294,821,223
- Allowance for potential lease, loan and other losses		(396,675,476)	(378,542,619)
		<u>623,278,254</u>	<u>362,891,625</u>

**22.1** The movement in deferred tax liability during the year is as follows:

Opening		362,891,625	411,606,294
Charge / (reversal of charge) to the unconsolidated statement of profit or loss	38	15,235,341	(138,167,787)
Charge to the unconsolidated statement of profit or loss and other comprehensive income		245,151,288	89,453,118
Closing		<u>623,278,254</u>	<u>362,891,625</u>

## 23 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	23.1	126,746,202	251,425,977
Lease liability against right-of-use assets	23.2	67,046,383	85,008,042
		<u>193,792,585</u>	<u>336,434,019</u>

**23.1** This represents accrued profit on certificates of deposits payable on maturity.

**23.2** Details of minimum lease payments, financial charges and principal outstanding related to lease liability are as follows:

	2023			2022		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
----- Rupees -----						
Not later than one year	37,620,802	10,987,197	26,633,605	35,061,056	12,790,491	22,270,565
Later than one year and not later than five years	76,681,482	14,995,825	61,685,657	100,238,421	21,982,613	78,255,808
Later than five years	6,264,736	904,010	5,360,726	8,401,236	1,649,002	6,752,234
	<u>120,567,020</u>	<u>26,887,032</u>	<u>93,679,988</u>	<u>143,700,713</u>	<u>36,422,106</u>	<u>107,278,607</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 24 DEFINED BENEFIT PLAN ASSET - STAFF GRATUITY

### 24.1 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. In view of promulgation of Sindh Trust Act, 2020 (the Act), the Company and the trustees of the fund has registered the original trust deed and rules under the Act in September 2022. 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, 2023 using the Projected Unit Credit Method.

### 24.2 Principal actuarial assumptions

	2023	2022
- Discount rate	15.75%	13.25%
- Expected short term salary increase rate	15.00%	10.00%
- Expected long term salary increase rate	15.75%	13.25%
- Expected rate of return on plan assets	12.29%	9.55%
- Average service years	13.65	12.04

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.

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

	Note	2023	2022
----- Rupees -----			
Present value of defined benefit obligation	24.4	302,086,399	265,876,926
Fair value of plan assets	24.4	(308,204,730)	(293,133,410)
		<u>(6,118,331)</u>	<u>(27,256,484)</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

	Note	2023		
		Present value of defined benefit obligation	Fair value of plan assets	Net asset
				Rupees
At July 1		265,876,926	(293,133,410)	(27,256,484)
Current service cost	24.5	20,613,945	-	20,613,945
Interest expense / (income)	24.5	33,453,802	(36,947,081)	(3,493,279)
		319,944,673	(330,080,491)	(10,135,818)
Remeasurements:				
Actuarial loss on plan assets		-	18,494,869	18,494,869
Actuarial gain on obligation		(3,063,606)	-	(3,063,606)
		(3,063,606)	18,494,869	15,431,263
		316,881,067	(311,585,622)	5,295,445
Contributions made		-	(11,413,776)	(11,413,776)
Benefits paid		(14,794,668)	14,794,668	-
At June 30		302,086,399	(308,204,730)	(6,118,331)

	Note	2022		
		Present value of defined benefit obligation	Fair value of plan assets	Net asset
				Rupees
At July 1		248,556,585	(256,909,032)	(8,352,447)
Current service cost	24.5	21,314,699	-	21,314,699
Interest expense / (income)	24.5	25,382,361	(26,255,033)	(872,672)
		295,253,645	(283,164,065)	12,089,580
Remeasurements:				
Actuarial gain on plan assets		-	(10,618,488)	(10,618,488)
Actuarial gain on obligation		(8,285,552)	-	(8,285,552)
		(8,285,552)	(10,618,488)	(18,904,040)
		286,968,093	(293,782,553)	(6,814,460)
Contributions made		-	(20,442,024)	(20,442,024)
Benefits paid		(21,091,167)	21,091,167	-
At June 30		265,876,926	(293,133,410)	(27,256,484)

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

	2023	2022
Rupees		
Current service cost	20,613,945	21,314,699
Interest expense - net	(3,493,279)	(872,672)
	17,120,666	20,442,027

**24.6** The Plan assets and defined benefit obligations are based in Pakistan.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**24.7** Plan assets consist of the following:

	2023 (Un-audited)		2022 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	297,840,538	96.64%	279,596,535	95.38%
Term finance certificates	6,000,000	1.94%	6,000,000	2.05%
Cash and bank balances and others	4,364,192	1.42%	7,536,875	2.57%
	<u>308,204,730</u>	<u>100.00%</u>	<u>293,133,410</u>	<u>100.00%</u>

**24.8 Historical results**

	2023	2022	2021	2020	2019
	----- Rupees -----				
Present value of defined benefit obligation	302,086,399	265,876,926	248,556,585	202,888,717	208,381,885
Fair value of plan assets	(308,204,730)	(293,133,410)	(256,909,032)	(242,152,664)	(217,190,129)
Surplus	<u>(6,118,331)</u>	<u>(27,256,484)</u>	<u>(8,352,447)</u>	<u>(39,263,947)</u>	<u>(8,808,244)</u>
Remeasurement of plan liabilities	<u>(3,063,606)</u>	<u>(8,285,552)</u>	<u>21,750,801</u>	<u>(40,068,679)</u>	<u>(3,175,430)</u>
Remeasurement of plan assets	<u>18,494,869</u>	<u>(10,618,488)</u>	<u>(700,289)</u>	<u>8,012,246</u>	<u>(5,632,814)</u>

**24.9** Actual return on plan assets during the year amounted to Rs. 18.45 million (2022: Rs. 36.87 million).

**24.10** Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 21.8 million in respect of contribution to gratuity fund in the unconsolidated financial statements for the year ending June 30, 2024.

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

<b>Mortality risk</b>	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.
<b>Investment risk</b>	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.
<b>Final salary risk</b>	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.
<b>Withdrawal risk</b>	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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

	Defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
	----- % -----	----- Rupees -----	
Discount rate	1.0%	283,555,797	321,421,504
Salary growth rate	1.0%	319,859,782	284,642,233

The above sensitivity analyses 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.

**24.13** 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
	----- Rupees -----					
Defined benefit obligation	27,957,109	89,113,589	22,369,907	42,010,087	80,082,081	253,544,060

**24.14** The weighted average duration of the defined benefit obligation is 6.26 years.

**24.15** The information provided in notes 25.1 to 25.14 has been obtained from the details provided by the actuary of the Company.

Note	2023	2022
	----- Rupees -----	
<b>25 TRADE AND OTHER PAYABLES</b>		
Trade creditors	628,166,093	820,003,698
Accrued liabilities	170,406,382	133,323,414
<b>Other liabilities</b>		
Advance from customers against finance lease and Ijarah finance	2,057,078	3,885,097
Sales tax payable	2,277,678	2,755,792
Federal excise duty payable	1,652,417	1,923,509
Insurance premium payable	210,848,538	181,111,741
Provision for Provincial Workers' Welfare Fund	129,257,869	93,665,694
Payable to minority shareholders of Standard Chartered Leasing Limited	14,719,516	14,772,204
Others	27,808,437	12,219,315
	388,621,533	310,333,352
	1,187,194,008	1,263,660,464

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

26	<b>SHORT-TERM BORROWINGS</b>	Note	2023	2022
----- Rupees -----				
<b>From banking companies - secured</b>				
	Running finance arrangements		827,381,832	339,499,845
	Accrued interest / mark-up on short term borrowings		33,439,336	49,321,036
		26.1	860,821,168	388,820,881

**26.1** These represent short-term running finance facilities for financing of operations with limits aggregating to Rs. 3,050 million as at June 30, 2023 (2022: Rs. 3,100 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 22.20% to 23.23% (2022: 12.40% to 14.81%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

27	<b>SHORT-TERM CERTIFICATES OF DEPOSIT</b>	Note	2023	2022
----- Rupees -----				
<b>Unsecured</b>				
	Short-term certificates of deposit	27.1	3,146,303,288	1,498,777,827
	Payable to holders of matured certificates of deposits		67,653,592	62,400,414
	Accrued profit on short-term certificates of deposits		96,957,410	12,231,578
			3,310,914,290	1,573,409,819

**27.1** These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 14.00% to 20.75% (2022: 7.90% to 14.20%) per annum, for a term upto 12 months (2022: 12 months).

28	<b>CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>	Note	2023	2022
----- Rupees -----				
<b>Current maturity of:</b>				
	Long-term finances	20	4,701,243,225	3,979,202,176
	Lease liability against right-of-use assets	23.2	26,633,605	22,270,565
	Long-term certificates of deposit	21	608,492,320	942,179,166
			5,336,369,150	4,943,651,907

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 29 CONTINGENCIES AND COMMITMENTS

**29.1.1** 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 contested the matter in appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Company by the CIR-A. Apart from contesting the matter in appeal before the CIR-A, the Company also filed rectification application with the Officer which was rejected. The Company filed a before the CIR-A wherein certain relief was allowed. Departed filed appeal against the order passed by the CIR-A. The hearing of both the appeals was held on August 17, 2023 when the case was heard and reserved for order.

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

**29.1.2** 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 appeals against these amended orders before the CIR-A were maintained and are currently pending adjudication before the ATIR. During May 2021, the Company has filed applications for fixation of hearing of these appeals against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication. The Company has obtained a stay order against the 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 favorable outcome. Accordingly, no tax provision has been made in these unconsolidated financial statements.

**29.1.3** The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity - for the years 1998-99 to 2002- 03 were finalized 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 in the favor of the Company.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**29.1.4** The ACIR passed an 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. 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 appeals against these amended assessment orders before the CIR-A for all these years. The Company was granted stay against recovery of demands for TY 2015 and TY 2016 from the SHC. On January 8, 2020 CIR-A 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 favor by the CIR-A and these are pending for adjudication.

In February 2021, the ACIR has also given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demand of Rs 11.06 million and Rs 118.76 million respectively has been raised. During March 2021, the Company filed appeals against these orders before the CIR-A, The Company has also discharged 10% of the demand u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively. Both the appeals were heard on July 26, 2023. CIR-A vide order August 3, 2023 disposed of the company's appeal for tax year 2015 wherein he remanded back the matters to the Officer with directions.

In January 2021, the ACIR has given effect to the orders passed by CIR-A for tax years 2017 and 2018 in which demands of Rs. 1.22 billion and Rs. 1.36 billion respectively were raised. During February 2021, the Company filed rectification applications. The ACIR has substantially rectified the orders and allowed tax losses on termination and unabsorbed depreciation resulting in a reduction in tax demand to Rs. 252 million and Rs. 479 million respectively. The Company filed an appeal for both the tax years before CIR-A against the remaining pending issues in the appeal effect orders along with an application for rectification for tax year 2017. The officer passed the rectification order and further revised the demand for tax year 2017 to Rs. 227 million. The Company discharged 10% of the demand u/s 140 of the Ordinance amounting to Rs 19.02 million and Rs 14.58 million for tax year 2017 and tax year 2018 respectively. Both the appeals were heard on July 26, 2023 and the CIR-A vide orders dated July 31, 2023 has remanded back certain matters with specific directions to the officer.

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.

**29.1.5** 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 petition before the SHC challenging the levy of super tax. On July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful it's an additional tax, and not a double tax. The Company filed a petition in the Supreme Court of Pakistan (SCP) for tax years 2015 to 2018 dated September 12, 2020 where stay had been granted in November 2020 subject to deposit of 50% of the impugned outstanding tax with the authorities.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

This matter was also challenged in appeal before CIR-A for tax years 2015 to 2019 and after being maintained it has also been taken up in appeal before the ATIR for 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.

Further, in line with the SCP decision, the Company has paid 50% of super tax liability for tax year 2017 and tax year 2018 amounting to Rs 18.5 million and Rs 25.8 million respectively.

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

**29.1.6** Through Finance Act 2022, the Federal Government has levied Super Tax up to 4% on high earning persons / companies for the tax year 2022 and onwards. The Company's legal advisor was of the opinion that levy of super tax is unlawful and leading to double taxation. The Company along with the other companies had filed constitutional petition before the Sindh High Court (SHC) challenging the levy of super tax. The SHC had granted stay, on submission of bank guarantee, till the decision had been made and the Company duly submitted a bank guarantee of Rs. 87 million. On January 27, 2023, the SHC disposed off the petitions stating levy of super tax is lawful, however, it would not be applied retrospectively i.e. for Tax Year 2022. Subsequently, tax authorities filed an appeal against SHC decision in Supreme Court of Pakistan (SCP). On February 16, 2023, SCP through interim order directed SHC to en-cash submitted bank guarantee up to 4% of taxable income and release the amount to the tax authorities. Accordingly, Company's bank has furnish pay-order of Rs. 87 million against their bank guarantee issued in favor of Nazir Sindh High Court. The hearing of the main appeal before the SCP is pending.

The Company has discharge its liability against the already made provision of Rs. 87 million in respective tax year 2022 on account of super tax.

**29.1.7** In 2020, the Company received an amended assessment order under section 122(5A) of the Ordinance for tax year 2019 wherein a demand of Rs. 1,022 million was raised. This was mainly due to the result of disallowance of tax losses on lease termination and certain other matters including super tax. The Company has filed an appeal against the order. CIR-A vide order dated July 27, 2023 disposed-off the Company's appeal where certain matters were favorably decided whilst remanded back the other with directions.

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

**29.1.8** The Company received an amended assessment order dated October 04, 2021, under section 122(5A) of the Ordinance for tax year 2020 wherein a demand of Rs.137 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. The Company has filed an appeal against the order. CIR-A vide order dated August 8, 2023 disposed-off the Company's appeal where certain matters were favorably decided whilst remanded back the other with directions. The Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million.

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

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**29.1.9** The Company received an amendment assessment order notice dated July 5, 2022, under section 122(5A) of the Ordinance for tax year 2021 wherein a demand of Rs.57 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. On August 3, 2022, the Company has filed appeal before the CIR-A and is pending for adjudication. Apart from above, the Company filed an application for the rectification under section 221 of the Ordinance with the ACIR. The Company paid 10% of the demand after adjusting rectification u/s 140 of the Ordinance amounting to Rs. 4.9 million.

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

**29.1.10** The Company received an order on monitoring of withholding taxes of Standard Chartered Leasing Limited (SCLL) under section 161(1) of the Ordinance for tax year 2016 wherein a demand of Rs. 50 million along with Rs. 36 million default surcharge has been levied. This was in continuation with the notice dated October 11, 2017 which was then duly responded by the Company. However, due to change in jurisdiction of the case, the notice was raised again on June 22, 2022. The Company responded to the notice along with previous submitted reply and evidences dated June 29, 2022.

The Company has also filed an appeal dated July 21, 2022 against the order and the matter is pending for adjudication.

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

**29.1.11** During October 2022, the DCIR issued notices under section 176 of the Ordinance to reconcile withholding of income tax with payments as per audited accounts for tax year 2017. The Company had accordingly filed replies, related documents and reconciliation of various expenses. However, on June 26, 2023, the DCIR has issued order under section 161(1) of the Ordinance without considering Company's submitted reply. The demand of Rs. 482 million has been raised on account short deduction or non payment of withholding taxes. On July 12, 2023, the Company has filed an appeal against the order. On September 6, 2023, CIR-A has disposed-off the Company's appeal by remanded back to the officer with directions for scrutiny of documents.

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.

**29.1.12** The DCIR issued show cause notices to the Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Company for the quarters ended March 31, 2019 and September 30, 2019 and additionally demanded Rs. 259.4 million and Rs. 117.2 million respectively for these years. The Company's tax advisors are of the opinion that the estimates 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**29.1.13** 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 the 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.

**29.1.14** 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.

**29.1.15** In continuation to the notice received from SRB in 2018, the Company received an order dated November 03, 2021 u/s 40(1)(b) of the Stamp Act, 1899 amounting to Rs. 19.5 million, which also includes the late payment charges of Rs. 6.5 million. On December 10, 2021, the Sindh High Court disposed-off the petition filed by the Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing Company's plea against applicability of stamp duty. The Company had also filed a petition on December 10, 2021 before SHC to prevent the SRB from taking any coercive action against the Company subsequent to the issuance of the recovery order, as the matter was pending in SHC. The Court directed the SRB to provide the Company an opportunity of being heard and to decide the matter within 3 months, and till such period no coercive action can be taken against the Company.

The Company filed an appeal with member SRB against the recovery order. However, member SRB has passed an order of Rs. 19.5 million, including amount of additional charges. The Company has filed petition in Sindh High Court against the order. On April 06, 2022, directions were issued with regard to payment of the stamp duty of Rs 12.5 million whereas hearing was adjourned on the additional charges of Rs 6.5 million. Accordingly, the Company has paid the stamp duty amount of Rs. 12.5 million on April 16, 2022. Based on legal opinion, the management is confident of a favorable outcome on waiver of additional charges of Rs 6.5 million.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

Accordingly, no provision against additional charges levied has been made in these unconsolidated financial statements.

**29.1.16** In December 2022, the Company received a show cause notice from the Sindh Revenue Board (SRB) for short payment against services along with default surcharge amounting to Rs. 1.8 million for the period from September 2019 to April 2022 against income from operating lease and income from services provided to Insurance companies through workshop. The same was adequately responded stating that the services fall under the reduced rate of sales tax. However, the additional commissioner of SRB confirmed the said liability through Order no 2892 of 2022 dated December 9, 2022, which has been challenged by the Company before commissioner appeals SRB. The same is pending for 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 unconsolidated financial statements.

**29.2** Leases committed but not executed at the reporting date is Nil (2022: Rs. 22.5 million).

**29.3** Commitments relating to capital expenditure at the reporting date amounted to Rs. 0.83 million (2022: Rs. 0.63 million).

## 30 OTHER INCOME - NET

	Note	2023	2022
----- Rupees -----			
<b>Income from financial assets</b>			
Return on investments and deposits		7,755,010	2,218,593
Interest income on government securities		172,443,657	79,971,796
Gain on sale of investments - net		276,653,990	159,017,417
Dividend income		9,076,706	15,089,215
Operating lease rentals		12,903,707	34,278,645
Ijarah finance income		2,130,777	3,952,629
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net		(3,480,059)	3,197
		477,483,788	294,531,492
<b>Income from other than financial assets</b>			
Fees and other income	30.1	169,557,501	172,912,999
Documentation fee		33,076,982	34,275,734
Gain on disposal of fixed assets	4.1.3 & 4.3.1	3,757,442	3,628,810
Gain on sale of lease and finance assets		84,557,540	49,651,025
Exchange gain - net		5,912,553	2,844,290
		296,862,018	263,312,858
		774,345,806	557,844,350

**30.1** This includes a grant received from Karandaaz Pakistan amounting to Rs. 5 million for IT related consultancy services.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 31 SHARE OF PROFIT OF ASSOCIATE

Name of associate	2023		2022	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
----- Rupees -----				
<b>Un-quoted - related party</b>				
Yanal Finance Company	5,172,018,135	118,023,757	2,557,541,905	64,289,981

## 32 FINANCE COST

	Note	2023	2022
----- Rupees -----			
Interest / mark-up / profit on:			
- Long-term finances		2,339,317,211	1,074,500,967
- Short-term borrowings		196,786,791	188,724,512
- Certificates of deposit		595,284,289	504,748,388
- Lease liability against right-of-use assets		13,669,535	14,121,270
Amortisation of transaction cost		5,761,874	4,282,927
Bank charges and commission		7,011,514	7,200,000
		<u>3,157,831,214</u>	<u>1,793,578,064</u>

## 33 ADMINISTRATIVE AND GENERAL EXPENSES

Salaries, allowances, welfare and training	33.1	1,044,095,136	922,008,605
Rent and utilities	33.2	87,510,189	73,954,089
Travelling		6,961,100	3,331,717
Vehicle running and maintenance		22,115,776	13,152,115
Insurance on operating assets		5,645,442	5,260,434
Legal and professional charges		40,535,436	41,351,631
Communication		18,668,467	16,839,568
Subscriptions		6,418,008	5,876,932
Auditors' remuneration	33.3	11,020,502	13,727,004
Advertising		6,731,395	9,999,996
Printing and stationery		14,336,635	11,382,862
Depreciation	4.1 & 4.4	93,095,758	97,214,006
Amortisation	5.1	1,213,889	3,100,081
Office repairs and maintenance of equipment		55,094,326	46,806,657
Donations	33.4	9,203,502	10,005,998
Office general expenses		12,568,844	10,859,874
		<u>1,435,214,405</u>	<u>1,284,871,569</u>

**33.1** This includes expenses in relation to the following employee benefits:

	Note	2023	2022
----- Rupees -----			
Defined benefit plan - gratuity fund	24.5	17,120,666	20,442,027
Defined contribution plan - provident fund		31,412,555	30,459,673
Charge against compensated absences		647,235	459,859
		<u>49,180,456</u>	<u>51,361,559</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**33.2** This includes rent expenses of Rs. 39.79 million (2022: Rs. 37.64 million) against short term leases and leases of low value assets.

## 33.3 Auditors' remuneration

Note	2023	2022
----- Rupees -----		
<b>Audit services</b>		
Annual audit fee	3,150,000	2,450,000
Half yearly review fee	660,000	500,000
Sales tax on audit fee and other services	495,300	383,500
Out of pocket expenses	500,000	278,244
	<u>4,805,300</u>	<u>3,611,744</u>
<b>Non-audit services</b>		
Other services and certifications	695,202	2,009,260
Tax advisory services	5,520,000	8,106,000
	<u>6,215,202</u>	<u>10,115,260</u>
	<u>11,020,502</u>	<u>13,727,004</u>

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

Family Educational Services Foundation		1,250,000	750,000
The Layton Rahmatullah Benevolent Trust (LRBT)	33.4.1	1,000,000	1,000,000
The Indus Hospital	33.4.2	1,000,000	1,000,000
		<u>3,250,000</u>	<u>2,750,000</u>

**33.4.1** A director of the Company (Mr. Shaheen Amin) is a Trustee of LRBT.

**33.4.2** A director of the Company (Mr. Nasim Hyder) is a director of the Indus Hospital.

## 34 DIRECT COST

Note	2023	2022
----- Rupees -----		
Court fee, stamp duty and others	8,935,761	24,468,980
<b>Operating lease and Ijarah finance</b>		
Maintenance and insurance cost	20,803,055	25,142,387
Depreciation - operating lease assets	4.2 5,571,593	10,102,272
Depreciation - ijarah assets	4.3 1,927,122	3,385,956
	<u>28,301,770</u>	<u>38,630,615</u>
	<u>37,237,531</u>	<u>63,099,595</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 35 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2023				
	Finance lease (note 35.1)	Finances and loans (note 35.2)	Sub-total	Operating lease ijarah and other receivables (note 35.3)	Total
	----- Rupees -----				
Balance at the beginning of the year	752,306,708	280,816,696	1,033,123,404	21,908,325	1,055,031,729
Provision charge during the year	275,167,377	102,977,540	378,144,917	1,696,872	379,841,789
Reversal made during the year	(251,242,332)	(20,629,372)	(271,871,704)	(6,998,178)	(278,869,882)
	23,925,045	82,348,168	106,273,213	(5,301,306)	100,971,907
Write-offs	(71,186,149)	(188,232,395)	(259,418,544)	(7,127,872)	(266,546,416)
Balance at the end of the year	705,045,604	174,932,469	879,978,073	9,479,147	889,457,220
	----- Rupees -----				
	2022				
	Finance lease (note 35.1)	Finances and loans (note 35.2)	Sub-total	Operating lease ijarah and other receivables (note 35.3)	Total
	----- Rupees -----				
Balance at the beginning of the year	840,317,227	261,025,594	1,101,342,821	19,298,417	1,120,641,238
Provision charge during the year	187,829,322	40,449,892	228,279,214	2,855,440	231,134,654
Reversal made during the year	(272,996,516)	(20,651,718)	(293,648,234)	(245,532)	(293,893,766)
	(85,167,194)	19,798,174	(65,369,020)	2,609,908	(62,759,112)
Write-offs	(2,843,325)	(7,072)	(2,850,397)	-	(2,850,397)
Balance at the end of the year	752,306,708	280,816,696	1,033,123,404	21,908,325	1,055,031,729

Note	2023	2022
	----- Rupees -----	

### 35.1 Provision against finance leases

Long term portion of finance leases		142,820,838	73,912,352
Current portion of finance leases	12	562,224,766	678,394,356
		705,045,604	752,306,708

### 35.2 Provision against finances and loans

Long term portion of long-term finances and loans	10	46,990,381	4,861,609
Current portion of long-term finances and loans	12	124,124,232	203,200,347
Short-term finances	11	3,817,856	72,754,740
		174,932,469	280,816,696

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	2023	2022
<b>35.3 Provision against operating lease, ijarah and other receivables</b>		----- Rupees -----	
Other receivables	15	9,479,147	21,908,325

## 36 OTHER PROVISIONS - NET

### Operating lease, ijarah and other receivables

Reversal of provision against ijarah receivables  
Provision against operating lease receivables

(5,430,979)	-
129,673	2,609,908
(5,301,306)	2,609,908

### Others

Provision for provincial Workers' Welfare Fund

35,592,174	33,602,750
30,290,868	36,212,658

## 37 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR, DIRECTORS AND EXECUTIVES

37.1 The aggregate amount charged in the unconsolidated financial statements for the year in respect of the remuneration and benefits to the Chief Executive, Executive Directors and executives are as follows:

	2023			
	Chief Executive	Executive Director	Executives	Total
	----- Rupees -----			
Managerial remuneration	37,840,004	10,509,404	175,651,825	224,001,233
Bonus	10,000,000	2,400,000	39,110,061	51,510,061
House rent and utilities	13,760,004	3,821,604	63,873,381	81,454,989
Other perquisites	-	557,004	94,466,153	95,023,157
Retirement benefits	4,426,934	1,810,690	26,767,347	33,004,971
	66,026,942	19,098,702	399,868,767	484,994,411
Number of persons	1	1	67	69
	2022			
	Chief Executive	Executive Director	Executives	Total
	----- Rupees -----			
Managerial remuneration	36,117,220	9,617,302	162,313,077	208,047,599
Bonus	8,500,000	1,765,450	26,295,580	36,561,030
House rent and utilities	13,133,538	3,497,202	59,022,938	75,653,678
Other perquisites	-	350,979	69,363,953	69,714,932
Retirement benefits	5,299,243	1,148,504	21,140,734	27,588,481
	63,050,001	16,379,437	338,136,282	417,565,720
Number of persons	1	1	64	66

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- 37.2** Executives denote employees, other than the Chief Executive and Executive Directors, whose basic salary exceeds twelve hundred thousand rupees in a financial year.
- 37.3** The Chief Executive, Executive Director and certain executives are also provided with Company maintained cars and other benefits in accordance with their entitlement as per Company's HR policy.
- 37.4** The aggregate amount charged in these unconsolidated financial statements for meeting fees and other meeting expenses paid to 3 non-executive independent directors (2022:3) and 1 non-executive director is as follows:

	Note	2023	2022
----- Rupees -----			
<b>Director</b>			
Mr. Khalid Aziz Mirza		2,536,058	2,767,346
Mr. Nasim Hyder		3,500,000	3,500,000
Ms. Aminah Zahid Zaheer		3,500,000	3,500,000
Mr. Yoshiaki Matsouka		66,218	-
		<u>9,602,276</u>	<u>9,767,346</u>

## 38 TAXATION

Current tax	38.1	819,541,334	671,926,144
Prior year tax		(16,473,748)	(39,187,664)
Deferred tax	22.1	15,235,341	(138,167,787)
		<u>818,302,927</u>	<u>494,570,693</u>

- 38.1** This includes super tax under section 4C of Income Tax Ordinance, 2001.

### 38.2 Effective tax rate reconciliation

- 38.2.1** Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2023 is as follows.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2023	2023	2022	2022
	(Effective tax rate) (%)	Rupees	(Effective tax rate) (%)	Rupees
Profit before taxation		2,029,035,717		1,376,781,079
Tax at enacted tax rate	29.00	588,420,358	29.00	399,266,513
Tax effect of income subject to final tax regime	(0.13)	(2,541,478)	(0.88)	(12,176,159)
Tax effect of income subject to lower tax rate	-	-	(2.37)	(32,598,570)
Tax effect of rebates / credits	(0.21)	(4,357,649)	(0.17)	(2,354,239)
Impact of changes in rates	1.67	33,849,038	7.94	109,263,082
Prior year	(0.81)	(16,473,748)	(2.85)	(39,187,664)
Super tax	10.66	216,335,676	6.27	86,383,434
Others	0.15	3,070,730	(1.02)	(14,025,704)
	40.33	818,302,927	35.92	494,570,693

## 38.3 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 2022

Under Section 114 of the Income Tax Ordinance 2001, the Company has filed the returns of income for tax years 2010 to 2022. 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, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

### Tax Year 2010, 2011, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in notes 29.1.1, 29.1.2, 29.1.3, 29.1.4, 29.1.5, 29.1.7, 29.1.8, and 29.1.9.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 39 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2023	2022
----- Rupees -----			
Profit before taxation		2,029,035,717	1,376,781,079
<b>Adjustments for</b>			
Depreciation	4.1, 4.2, 4.3 & 4.4	100,594,473	110,702,234
Amortisation	5.1	1,213,889	3,100,081
Amortisation of transaction cost	32	5,761,874	4,282,927
Provision / (reversal of provision) for potential lease and other loan leases - net	35	106,273,213	(65,369,020)
Provision for provincial Workers Welfare Fund	36	35,592,174	33,602,750
(Reversal of provision) / provision against other receivables	36	(5,301,306)	2,609,908
Gain on sale of investments - net	30	(276,653,990)	(159,017,417)
Share of profit from associate	31	(118,023,757)	(64,289,981)
Exchange gain - net	30	(5,912,553)	(2,844,290)
Charge for defined benefit plan - gratuity fund	33.1	17,120,666	20,442,027
Unrealised loss / (gain) on remeasurement of financial assets at fair value through profit or loss - net	30	3,480,059	(3,197)
Finance cost including bank charges	32	2,556,785,051	1,284,546,749
Profit on certificates of deposit	32	595,284,289	504,748,388
Dividend income	30	(9,076,706)	(15,089,215)
Return on investments and deposits	30	(7,755,010)	(2,218,593)
Interest income on government securities	30	(172,443,657)	(79,971,796)
Gain on disposal of fixed assets	30	(3,757,442)	(3,628,810)
		2,823,181,267	1,571,602,745
		<u>4,852,216,984</u>	<u>2,948,383,824</u>

## 40 CASH AND CASH EQUIVALENTS

Cash at bank	16	143,597,250	870,493,412
Cash in hand	16	1,791,978	1,671,163
Short-term running finance facilities	26	(827,381,832)	(339,499,845)
		<u>(681,992,604)</u>	<u>532,664,730</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

	2023					Total
	Certificates of deposits	Long form finances	Unclaimed dividend/ unpaid dividend	Share capital	Share premium	
	----- Rupees -----					
Balance as at July 01, 2022	4,536,229,086	13,144,367,804	202,677,249	1,754,076,470	1,501,683,073	21,139,033,682
Changes from financing cash flows						
Repayment	(3,745,390,675)	(4,009,515,904)	-	-	-	(7,754,906,579)
Proceeds received	3,925,972,389	4,000,000,000	-	-	-	7,925,972,389
Dividend paid	-	-	(388,042,796)	-	-	(388,042,796)
<b>Total changes from financing activities</b>	180,581,714	(9,515,904)	(388,042,796)	-	-	(216,976,986)
Other changes						
Bonus shares	-	-	-	-	-	-
Dividend declared	-	-	701,630,588	-	-	701,630,588
<b>Total other changes</b>	-	-	701,630,588	-	-	701,630,588
<b>Balance as at June 30, 2023</b>	<b>4,716,810,800</b>	<b>13,134,851,900</b>	<b>516,265,041</b>	<b>1,754,076,470</b>	<b>1,501,683,073</b>	<b>21,623,687,284</b>

## 41 SEGMENT INFORMATION

The Company has two primary reporting segments namely, Finance lease and Finances & Loans, 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 mainly for purchase of saloon vehicles. 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'.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**41.1** Segment analysis is given below:

	2023			Total
	Finance lease	Finances and loans	Investment in subsidiaries, associates and others	
	----- Rupees -----			
Segment revenues	3,008,192,601	3,104,386,645	683,303,702	6,795,882,948
Finance cost	1,241,988,100	1,353,640,668	562,202,446	3,157,831,214
Administrative and general expenses	683,846,973	745,323,625	6,043,807	1,435,214,405
Direct cost	7,420,452	17,485,696	12,331,383	37,237,531
(Reversal of provision) / provision - net	23,925,045	78,435,211	(1,388,349)	100,971,907
<b>Segment results</b>	<b>1,051,012,031</b>	<b>909,501,445</b>	<b>104,114,415</b>	<b>2,064,627,891</b>
Provision for provincial Workers' Welfare Fund				(35,592,174)
Provision for taxation				(818,302,927)
<b>Profit for the year</b>				<b>1,210,732,790</b>
<b>Other information</b>				
Segment assets	11,257,605,115	13,898,434,177	5,250,083,419	30,406,122,711
Unallocated assets				1,547,116,547
<b>Total assets</b>				<b>31,953,239,258</b>
Segment liabilities	181,205,628	339,561,141	1,861,153	522,627,922
Unallocated liabilities				21,636,607,140
<b>Total liabilities</b>				<b>22,159,235,062</b>
Capital expenditure	-	-	-	-
Depreciation	-	-	7,498,715	7,498,715
<b>Unallocated</b>				
Capital expenditure - fixed assets for own use				37,984,169
Additions made to intangible assets				1,856,848
Unallocated depreciation and amortisation				94,309,647

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2022			Total
	Finance lease	Finances and loans	Investment in subsidiaries, associates and others	
	----- Rupees -----			
Segment revenues	2,358,018,339	1,685,263,456	445,892,150	4,489,173,945
Finance cost	875,837,001	632,419,482	285,321,581	1,793,578,064
Administrative and general expenses	740,416,899	534,636,096	9,818,574	1,284,871,569
Direct cost	19,237,446	19,977,223	23,884,926	63,099,595
(Reversal of provision) / provision - net	(85,167,194)	19,798,174	2,609,908	(62,759,112)
<b>Segment results</b>	<u>807,694,187</u>	<u>478,432,481</u>	<u>124,257,161</u>	<u>1,410,383,829</u>
Provision for provincial Workers' Welfare Fund				(33,602,750)
Provision for taxation				(494,570,693)
<b>Profit for the year</b>				<u>882,210,386</u>
<b>Other information</b>				
Segment assets	<u>12,684,567,695</u>	<u>11,482,898,783</u>	<u>3,426,630,935</u>	27,594,097,413
Unallocated assets				2,135,556,615
<b>Total assets</b>				<u>29,729,654,028</u>
Segment liabilities	<u>454,932,650</u>	<u>299,843,213</u>	<u>1,644,414</u>	756,420,277
Unallocated liabilities				20,059,052,511
<b>Total liabilities</b>				<u>20,815,472,788</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation	<u>-</u>	<u>-</u>	<u>13,488,228</u>	<u>13,488,228</u>
<b>Unallocated</b>				
Capital expenditure - fixed assets for own use				<u>26,778,388</u>
Additions made to intangible assets				<u>66,682</u>
Unallocated depreciation and amortisation				<u>100,314,087</u>

## 41.2 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:

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

Sectors	2023		2022	
	(Rupees)	%	(Rupees)	%
Individuals	8,343,270,580	32.49%	7,703,639,964	30.82%
Goods Transport	3,021,604,860	11.77%	3,637,740,221	14.56%
Services	1,878,692,218	7.32%	1,910,758,022	7.65%
Trading	1,833,601,780	7.14%	1,521,073,853	6.09%
Public Transport	1,490,940,734	5.81%	1,503,535,263	6.02%
Fuel & Energy	1,295,708,480	5.05%	894,219,602	3.58%
Distributor	1,069,639,582	4.17%	893,442,133	3.57%
Construction	1,028,171,149	4.00%	1,049,150,195	4.20%
Textile & Allied	1,016,262,660	3.96%	1,207,685,864	4.83%
Food & Allied	915,996,268	3.57%	718,932,685	2.88%
Steel & Engineering	792,800,790	3.09%	861,055,308	3.45%
Chemical & Pharmaceutical	602,502,637	2.35%	555,350,987	2.22%
Natural Resource And Farming	602,364,929	2.35%	418,214,827	1.67%
Glass, Ceramics & Plastic	486,676,226	1.90%	555,388,310	2.22%
Paper, Board & Printing	442,020,086	1.72%	410,929,381	1.64%
Miscellaneous	262,792,900	1.02%	430,174,885	1.72%
Automotive Industry	240,545,340	0.94%	343,577,963	1.37%
Sugar	224,135,681	0.87%	201,918,301	0.81%
Cables, Electric and Electronic Goods	130,311,091	0.51%	175,257,309	0.70%
	<u>25,678,037,991</u>	<u>100.00%</u>	<u>24,992,045,073</u>	<u>100.00%</u>

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

	2023	2022
	----- Rupees -----	
Net investment in finance leases	11,962,400,718	13,436,624,395
Other finances and loans	13,715,637,273	11,555,420,678
	<u>25,678,037,991</u>	<u>24,992,045,073</u>

## 41.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 17,335 million (2022: Rs. 17,288 million).

## 41.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

## 42 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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

**42.1** Transactions with related parties during the year are given below:

Note	2023	2022
----- Rupees -----		
<b>ORIX Corporation, Japan – Parent Company – 49.58% Holding</b>		
Dividend paid – net of tax	–	321,753,904
Reimbursement of cost	–	401,445
<b>Yanal Finance Company – Associate / Common directorship 2.5% ownership</b>		
Dividend received	104,283,296	55,089,580
Reimbursement of cost	21,240,461	26,542,392
<b>OLP Modaraba– subsidiary – 20% ownership</b>		
Dividend received	9,076,706	13,161,224
Reimbursement of cost	616,137	444,617
<b>OLP Services Pakistan (Private) Limited (OSPPL) – 100% ownership</b>		
Rental income / expenses on behalf of OSPPL	57,823,819	34,822,524
Term finance	15,000,000	–
Mark-up on term finance	2,446,157	–
<b>OLP Financial Services Pakistan Limited – Employees Provident Fund (OLP-EPF)</b>		
Contribution made	31,412,555	30,459,673
<b>OLP Financial Services Pakistan Limited – Staff Gratuity Fund (OLP-SGF)</b>		
Contribution made	24.4 11,413,776	20,442,024
<b>Donation paid – Common Directorship</b>		
The Layton Rahmatullah Benevolent Trust – Donation	1,000,000	1,000,000
The Indus Hospital – Donation	1,000,000	1,000,000
<b>Other related party transactions during the year</b>		
<b>Directors and key management personnel</b>		
Compensation of directors and key management personnel		
Director fees paid	9,000,000	9,500,000
Short-term employee benefits	214,268,673	195,672,195
Retirement benefits	15,979,937	13,896,269
Total compensation to directors and key management personnel	239,248,610	219,068,464

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	Note	2023	2022
----- Rupees -----			
Proceeds from sale of fixed assets		-	806,200
Staff loans disbursed to key management personnel		10,807,997	15,389,243
Interest recovered on staff loans		3,313,968	2,126,352
Principal recovered on staff loans		14,496,914	10,092,523
Dividend paid to key management personnel - net of tax		375,454	416,907
Dividend paid to the Chief Executive Officer of the Company - net of tax		1,396,142	1,226,142
<b>42.2</b> The balances with related parties as at year end:			
Investment in subsidiaries	7	322,374,294	322,374,294
Investment in associate	8	1,718,529,322	1,207,909,411
Assets classified as held for sale			
- OPP (Private) Limited	17	87,754,399	87,754,399
- SAMA Finance SAE, Egypt	17	172,043,037	172,043,037
Outstanding loans to key management personnel	10.1	30,602,414	25,458,953
Payable to OLP Financial Services Pakistan Limited-Staff Gratuity Fund		5,706,888	-
Receivable from OLP Modaraba		-	143,959
Receivable from OLP Services Pakistan (Private) Limited		56,348,025	34,822,524
Term finance to OLP Services Pakistan (Private) Limited		16,166,133	-
Receivable from Yanal Finance Company		8,777,774	6,380,097
Receivable from ORIX Corporation, Japan		1,615,695	1,615,695
Unpaid dividend payable to ORIX Corporation, Japan		482,630,856	160,876,952

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 43 STAFF STRENGTH

Staff strength at the end of the year

	2023	2022
----- Number of staff -----		
Staff strength at the end of the year	435	456
Average number of employees*	447	455

Average number of employees\*

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

## 44 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, 2023 (unaudited) and 2022 (audited) respectively:

	Unaudited 2023	Audited 2022
----- Rupees -----		
Size of the Fund - total assets	754,351,434	661,309,325
Fair value of investments	741,595,049	645,206,786
----- Percentage -----		
Percentage of investments made	98%	98%

The cost of the above investments amounted to Rs. 735.44 million (2022: Rs. 657.34 million).

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

	Unaudited 2023	Audited 2022	Unaudited 2023	Audited 2022
----- Percentage -----		----- Rupees -----		
Cash and bank deposits	1.00%	0.78%	10,610,740	4,997,674
Government securities				
- Treasury Bills	49.00%	19.24%	361,199,017	124,129,773
- National Savings Certificates	0.00%	39.43%	-	254,407,013
- Pakistan Investment Bonds	45.00%	38.23%	334,785,292	246,672,326
- Debt Securities - Listed ( TFC)	5.00%	2.32%	35,000,000	15,000,000
	100.00%	100.00%	741,595,049	645,206,786

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.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 45 FINANCIAL INSTRUMENTS BY CATEGORY

	2023			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
<b>ASSETS</b>				
Net investment in finance lease	11,257,355,114	-	-	11,257,355,114
Long-term investments	203,006,501	-	-	203,006,501
Long-term deposits	11,213,566	-	-	11,213,566
Finances and loans	14,190,585,590	-	-	14,190,585,590
Short-term investments	-	2,431,413,219	16,763,895	2,448,177,114
Other receivables	89,815,350	-	-	89,815,350
Cash and bank balances	145,389,228	-	-	145,389,228
	<u>25,897,365,349</u>	<u>2,431,413,219</u>	<u>16,763,895</u>	<u>28,345,542,463</u>

	2023			Total
	At fair value through profit or loss	At amortised cost		
-----Rupees-----				
<b>LIABILITIES</b>				
Long-term finances	-	10,909,576,553		10,909,576,553
Privately placed term finance certificates	-	2,614,018,572		2,614,018,572
Certificates of deposit	-	4,909,153,883		4,909,153,883
Other long-term liabilities	-	126,746,202		126,746,202
Trade and other payables	-	1,051,948,966		1,051,948,966
Lease liability against right-of-use assets	-	93,679,988		93,679,988
Unpaid dividend	-	482,630,856		482,630,856
Unclaimed dividend	-	33,634,185		33,634,185
Short-term borrowings	-	860,821,168		860,821,168
	<u>-</u>	<u>21,082,210,373</u>		<u>21,082,210,373</u>

	2022			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
<b>ASSETS</b>				
Net investment in finance lease	12,684,317,687	-	-	12,684,317,687
Long-term investments	607,860,807	-	-	607,860,807
Defined benefit plan asset	11,530,566	-	-	11,530,566
Finances and loans	11,763,968,041	-	-	11,763,968,041
Short-term investments	-	554,492,300	22,726,251	577,218,551
Other receivables	71,583,510	-	-	71,583,510
Cash and bank balances	872,164,575	-	-	872,164,575
	<u>26,011,425,186</u>	<u>554,492,300</u>	<u>22,726,251</u>	<u>26,588,643,737</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2022		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees-----		
<b>LIABILITIES</b>			
Long-term finances	-	10,410,452,171	10,410,452,171
Privately placed term finance certificates		2,983,256,698	2,983,256,698
Certificates of deposit	-	4,611,661,570	4,611,661,570
Other long-term liabilities	-	251,425,977	251,425,977
Trade and other payables	-	1,161,430,372	1,161,430,372
Lease liability against right-of-use assets	-	107,278,607	107,278,607
Unpaid dividend	-	168,373,952	168,373,952
Unclaimed dividend	-	34,303,297	34,303,297
Short-term borrowings	-	388,820,881	388,820,881
	-	<u>20,117,003,525</u>	<u>20,117,003,525</u>

## 46 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.

### 46.1 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.

#### 46.1.1 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:

	2023	2022
	----- Rupees -----	
Foreign currency bank account	8,148,551	5,805,140
Investment in associate	1,718,529,322	1,207,909,411
Assets classified as held for sale	172,043,037	172,043,037

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

As at June 30, 2023, 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. 189.872 million (2022: Rs. 138.576 million).

## 46.1.2 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:

		2023						
		Exposed to yield / interest rate risk						Not exposed to
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	yield / profit rate risk	
----- Rupees -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets</b>								
Net investment in finance lease	14.60% to 33.78%	11,257,355,114	679,278,502	802,329,786	3,898,878,156	5,876,868,670	-	
Long-term investments	7.00%	203,006,501	-	203,006,501	-	-	-	
Finances and loans	4.00% - 44.80%	14,190,585,590	1,719,664,273	955,840,383	4,197,310,092	7,205,522,362	112,248,480	
Long-term deposits		11,213,566	-	-	-	-	11,213,566	
Short-term investments	21.60% to 21.99%	2,448,177,114	988,525,370	1,442,887,849	-	-	16,763,895	
Other receivables		89,815,350	-	-	-	-	89,815,350	
Cash and bank balances	5.50% to 19.50%	145,389,228	77,305,401	-	-	-	68,083,827	
<b>Total</b>		<b>28,345,542,463</b>	<b>3,464,773,546</b>	<b>3,404,064,519</b>	<b>8,096,188,248</b>	<b>13,082,391,032</b>	<b>112,248,480</b>	
<b>Financial Liabilities</b>								
Long-term finances	17.29% to 23.72%	10,909,576,553	468,718,016	768,062,413	2,714,462,795	6,958,333,329	-	
Privately placed term finance	15.58% to 23.71%	2,614,018,572	(653,750)	186,192,291	558,523,216	1,869,956,815	-	
Certificates of deposit	7.10% to 17.50%	4,909,153,883	100,759,482	601,050,050	3,217,597,078	989,747,273	-	
Other long-term liabilities		126,746,202	-	-	-	-	126,746,202	
Trade and other payables		1,051,948,966	-	-	-	-	1,051,948,966	
Lease liability against right-of-use assets		93,679,988	-	-	-	-	93,679,988	
Unpaid dividend		482,630,856	-	-	-	-	482,630,856	
Unclaimed dividend		33,634,185	-	-	-	-	33,634,185	
Short-term borrowings	22.20% to 23.23%	860,821,168	860,821,168	-	-	-	-	
<b>Total</b>		<b>21,082,210,373</b>	<b>1,429,644,916</b>	<b>1,555,304,754</b>	<b>6,490,583,089</b>	<b>9,818,037,417</b>	<b>-</b>	
<b>On-balance sheet gap (a)</b>		<b>7,263,332,090</b>	<b>2,035,128,630</b>	<b>1,848,759,765</b>	<b>1,605,605,159</b>	<b>3,264,353,615</b>	<b>112,248,480</b>	
<b>Off-balance sheet financial instruments</b>		-	-	-	-	-	-	
<b>Off-balance sheet gap (b)</b>		-	-	-	-	-	-	
<b>Total interest rate sensitivity gap (a+b)</b>		<b>7,263,332,090</b>	<b>2,035,128,630</b>	<b>1,848,759,765</b>	<b>1,605,605,159</b>	<b>3,264,353,615</b>	<b>112,248,480</b>	
<b>Cumulative interest rate sensitivity gap</b>		<b>7,263,332,090</b>	<b>2,035,128,630</b>	<b>3,883,888,395</b>	<b>5,489,493,554</b>	<b>8,753,847,169</b>	<b>8,866,095,649</b>	

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

2022								
Effective yield / profit rate %	Total	Exposed to yield / interest rate risk					Not exposed to yield / profit rate risk	
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
----- Rupees -----								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets</b>								
Net investment in finance lease	9.34% to 27.55%	12,684,317,687	702,186,891	1,594,507,973	3,818,221,720	6,569,401,103	-	-
Long-term investments	7.25% - 12.00%	607,860,807	-	413,074,453	-	194,786,354	-	-
Finances and loans	4.00% - 38.41%	11,763,968,041	707,449,548	1,132,391,602	3,023,572,460	6,900,554,431	-	-
Long-term deposits		11,530,566	-	-	-	-	-	11,530,566
Short-term investments	7.23% - 7.60%	577,218,551	554,492,300	-	-	-	-	22,726,251
Other receivables		71,583,510	-	-	-	-	-	71,583,510
Cash and bank balances	2.9%-5.5%	872,164,575	736,010,094	-	-	-	-	136,154,481
<b>Total</b>		<b>26,588,643,737</b>	<b>2,700,138,833</b>	<b>3,139,974,028</b>	<b>6,841,794,180</b>	<b>13,664,741,888</b>	<b>-</b>	<b>241,994,808</b>
<b>Financial Liabilities</b>								
Long-term finances	10.73% to 15.42%	10,410,452,171	705,938,288	571,875,000	2,326,388,888	6,806,249,995	-	-
Privately placed term finance	11.22% to 15.58%	2,983,256,698	(714,046)	(1,428,332)	370,020,391	2,615,378,685	-	-
Certificates of deposit	7.10% to 14.20%	4,611,661,570	202,077,876	590,515,339	1,722,995,770	2,096,072,585	-	-
Other long-term liabilities		251,425,977	-	-	-	-	-	251,425,977
Trade and other payables		1,161,430,372	-	-	-	-	-	1,161,430,372
Lease liability against right-of-use assets		107,278,607	-	-	-	-	-	107,278,607
Unpaid dividend		168,373,952	-	-	-	-	-	168,373,952
Unclaimed dividend		34,303,297	-	-	-	-	-	34,303,297
Short-term borrowings	12.40% to 14.81%	388,820,881	388,820,881	-	-	-	-	-
<b>Total</b>		<b>20,117,003,525</b>	<b>1,296,122,999</b>	<b>1,160,962,007</b>	<b>4,419,405,049</b>	<b>11,517,701,265</b>	<b>-</b>	<b>1,722,812,205</b>
<b>On-balance sheet gap (a)</b>		<b>6,471,640,212</b>	<b>1,404,015,834</b>	<b>1,979,012,021</b>	<b>2,422,389,131</b>	<b>2,147,040,623</b>	<b>-</b>	<b>(1,480,817,397)</b>
<b>Off-balance sheet financial instruments</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>6,471,640,212</b>	<b>1,404,015,834</b>	<b>1,979,012,021</b>	<b>2,422,389,131</b>	<b>2,147,040,623</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>6,471,640,212</b>	<b>1,404,015,834</b>	<b>3,383,027,855</b>	<b>5,805,416,986</b>	<b>7,952,457,609</b>	<b>7,952,457,609</b>	<b>-</b>

## 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. 215.9 million (2022: Rs. 242.3 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. 186.96 million (2022: Rs. 135.01 million).

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

The Company holds unutilised credit lines with banks amounting in aggregate to Rs. 3,150 million as at June 30, 2023 (2022: Rs. 3,600 million) as mentioned in notes 20.1 and 26.1.

## b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2023, 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. 3.5 million (2022: Rs. 5.5 million).

### 46.1.3 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, 2023 and June 30, 2022, the Company did not hold any listed instruments which exposed it to price risk.

### 46.2 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 41.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

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

	Carrying value		Maximum exposure	
	2023	2022	2023	2022
	----- Rupees -----		----- Rupees -----	
Net investment in finance lease	11,257,355,114	12,684,317,687	11,257,355,114	12,684,317,687
Long-term investments	203,006,501	607,860,807	-	-
Finances and loans	14,190,585,590	11,763,968,041	14,190,585,590	11,763,968,041
Long term deposits	11,213,566	11,530,566	11,213,566	11,530,566
Short-term investments	2,448,177,114	577,218,551	-	-
Other receivables	89,815,350	71,583,510	89,815,350	71,583,510
Cash and bank balances	145,389,228	872,164,575	143,597,250	870,493,412
	<u>28,345,542,463</u>	<u>26,588,643,737</u>	<u>25,692,566,870</u>	<u>25,401,893,216</u>

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:

	2023			
	Finance lease (net of security deposit)	Finances and loans	Investments & other receivables	Total
	----- Rupees -----			
Within 90 days	3,521,259	-	-	3,521,259
91 - 180 days	28,064,987	40,784,595	2,670,310	71,519,892
181-365 days	33,901,357	24,214,780	320,363	58,436,500
Over 1 year	462,737,109	86,918,556	6,488,474	556,144,139
	<u>528,224,712</u>	<u>151,917,931</u>	<u>9,479,147</u>	<u>689,621,790</u>
Less: general and specific provision	705,045,604	174,932,469	9,479,147	889,457,220
Net of provision	<u>(176,820,892)</u>	<u>(23,014,538)</u>	<u>-</u>	<u>(199,835,430)</u>
Coverage ratio	<u>133.47%</u>	<u>115.15%</u>	<u>100.00%</u>	<u>128.98%</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2022			
	Finance lease (net of security deposit)	Finances and loans	Investments & other receivables	Total
	----- Rupees -----			
Within 90 days	31,010,017	4,650,873	-	35,660,890
90 - 180 days	104,372,260	10,773,626	-	115,145,886
181-365 days	72,214,642	17,417,561	-	89,632,203
Over 1 Year	622,213,391	271,694,277	21,908,325	915,815,993
	<u>829,810,310</u>	<u>304,536,337</u>	<u>21,908,325</u>	<u>1,156,254,972</u>
Less: general and specific provision	752,306,708	280,816,696	21,908,325	1,055,031,729
Net of provision	<u>77,503,602</u>	<u>23,719,641</u>	<u>-</u>	<u>101,223,243</u>
Coverage ratio	<u>90.66%</u>	<u>92.21%</u>	<u>100.00%</u>	<u>91.25%</u>

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, 2023:

	2023	2022
		----- Rupees -----
Bank balances		
AAA	114,916,933	173,794,634
AA+	8,421,181	15,473,589
AA	10,338,166	674,072,976
AA-	7,815,429	5,799,576
A+	-	72,285
A	304,234	315,473
State Bank of Pakistan	1,801,307	964,879
	<u>143,597,250</u>	<u>870,493,412</u>

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

**46.2.1** The Company applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease, micro finance, Ijarah and musharikhah 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, 2023 and June 30, 2022 was determined as follows:

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## Net investment in finance lease

	2023			2022		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	----- Rupees -----					
Not yet due	0.76%	9,154,136,265	69,891,686	0.39%	12,832,953,972	49,742,365
1-30 days	2.16%	5,035,090,979	108,985,357	1.19%	2,280,214,528	27,091,998
31-90 days	5.02%	1,091,510,610	54,790,821	3.15%	712,401,376	22,413,176
91-365 days	46.34%	79,669,165	36,916,706	35.73%	216,523,482	77,361,500
More than 365 days	71.80%	605,089,316	434,461,034	72.96%	789,050,842	575,697,669
Total			<u>705,045,604</u>			<u>752,306,708</u>

## Micro finance, Ijarah and musharikah finance

	2023			2022		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	----- Rupees -----					
Not yet due	0.53%	146,725,383	781,338	0.59%	65,434,943	386,453
1-30 days	0.75%	7,858,217	58,937	0.75%	987,255	7,424
31-90 days	8.62%	1,437,609	123,872	0.00%	-	-
91-365 days	87.71%	5,267,587	4,620,309	38.87%	11,177,019	4,344,363
More than 365 days	100.00%	6,660,138	6,660,138	100.00%	116,093,524	116,093,524
Total			<u>12,244,594</u>			<u>120,831,764</u>

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 forwarding-looking information in determination of ECL.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 46.3 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.

	2023				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----				
Long-term finances	10,909,576,553	14,760,820,333	1,661,717,287	4,058,784,748	9,040,318,298
Privately placed term finance certificates	2,614,018,572	3,433,312,669	295,437,582	839,158,267	2,298,716,820
Certificates of deposit	5,035,900,085	5,881,733,108	875,883,116	3,707,306,174	1,298,543,818
Trade and other payables	1,051,948,966	1,051,948,966	1,051,948,966	-	-
Lease liability against right of use assets	93,679,988	93,679,988	5,050,465	21,583,140	67,046,383
Unpaid dividend	482,630,856	482,630,856	482,630,856	-	-
Unclaimed dividend	33,634,185	33,634,185	33,634,185	-	-
Short-term borrowings	860,821,168	1,159,091,173	84,538,877	1,074,552,296	-
	<u>21,082,210,373</u>	<u>26,896,851,278</u>	<u>4,490,841,334</u>	<u>9,701,384,625</u>	<u>12,704,625,319</u>
	----- Rupees -----				
	2022				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
Long-term finances	10,410,452,171	13,020,950,619	1,345,829,845	3,246,906,473	8,428,214,301
Privately placed term finance certificates	2,983,256,698	4,228,605,719	117,810,411	717,306,473	3,393,488,835
Certificates of deposit	4,863,087,547	5,613,201,930	518,509,519	2,294,900,812	2,799,791,599
Trade and other payables	1,161,430,372	1,161,430,372	1,161,430,372	-	-
Lease liability against right of use assets	107,278,607	107,278,607	9,021,082	13,249,483	85,008,042
Unpaid dividend	168,373,952	168,373,952	168,373,952	-	-
Unclaimed dividend	34,303,297	34,303,297	34,303,297	-	-
Short-term borrowings	388,820,881	388,820,881	220,582,018	168,238,863	-
	<u>20,117,003,525</u>	<u>24,722,965,377</u>	<u>3,575,860,496</u>	<u>6,440,602,104</u>	<u>14,706,502,777</u>

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

## 47 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, 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 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:

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

	2023			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Ordinary shares - listed	9,006,818	-	-	9,006,818
Ordinary shares - unlisted	-	7,757,077	-	7,757,077
<b>Financial assets at fair value through profit or loss</b>				
Market Treasury bills	-	2,431,413,219	-	2,431,413,219
<b>Non-financial assets</b>				
Fixed assets (Leasehold land and building)*	-	-	1,034,309,300	1,034,309,300
<b>Total</b>	<u>9,006,818</u>	<u>2,439,170,296</u>	<u>1,034,309,300</u>	<u>3,482,486,414</u>

	2022			
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
<b>Financial assets</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Ordinary shares - listed	-	-	-	-
Ordinary shares - unlisted	-	22,726,251	-	22,726,251
<b>Financial assets at fair value through profit or loss</b>				
Market Treasury bills	-	554,492,300	-	554,492,300
<b>Non-financial assets</b>				
Fixed assets (Leasehold land & building)*	-	-	916,321,693	916,321,693
<b>Total</b>	<u>-</u>	<u>577,218,551</u>	<u>916,321,693</u>	<u>1,493,540,244</u>

Item	Valuation approach and input used
<b>Treasury bills</b>	The fair value of Treasury bills is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the eight (08) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
<b>Fixed assets (leasehold land and office building)*</b>	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
<b>Short-term investments</b>	The fair value of listed ordinary shares is determined using quoted prices (unadjusted) listed on Pakistan Stock Exchange. The fair value of unlisted ordinary shares is determined using the Market Value approach.

# Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2023

- \* Leasehold land and building are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in note 4 to these unconsolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these unconsolidated financial statements.

## 48 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.

## 49 EARNINGS PER SHARE - basic and diluted

	2023	2022
Profit for the year after taxation (Rupees)	1,210,732,790	882,210,386
Weighted average number of ordinary shares	175,407,647	175,407,647
Earnings per share - basic and diluted (Rupees)	6.90	5.03

- 49.1 Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue at June 30, 2023 and June 30, 2022 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, 2023

## 50 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 15, 2023 proposed a final cash dividend of Rs. 2.00 per share (2022: Rs. 2.00 per share) for the year ended June 30, 2023, amounting to Rs. 350,815,294 (2022: Rs. 350,815,294). This appropriation will be approved by the members of the Company at the Annual General Meeting to be held on October 26, 2023. The unconsolidated financial statements for the year ended June 30, 2023 do not include the effect of the above appropriations which will be accounted for in the unconsolidated financial statements of the Company for the year ending June 30, 2024.

## 51 CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these unconsolidated financial statements, wherever necessary to facilitate comparison.

The effect of reclassification or rearrangement in the comparative information presented in these unconsolidated financial statements is as follows:

Description of item	Nature	Rupees	From	To
Accrued return on government securities	Asset	19,625,535	Accrued return on investments and finance and loans	Long-term investments
Accrued return on finances and loans	Asset	208,294,800	Accrued return on investments and finance and loans	Long-term finances and loans
Accrued return on deposit with banks	Asset	1,827,247	Accrued return on investments and finance and loans	Cash and bank balances
Accrued interest / mark-up on long term finances	Liability	249,341,065	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Long-term finances
Accrued profit on long-term certificate of deposits	Liability	63,200,906	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Long-term certificates of deposit
Accrued interest / mark-up on short-term borrowings	Liability	49,321,036	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Short-term borrowings
Accrued profit on short-term certificate of deposits	Liability	12,231,578	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Short-term certificates of deposit

## 52 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 15, 2023 by the Board of Directors of the Company.

## 53 GENERAL

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



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Consolidated Financial Statement

# DIRECTORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

The directors of OLP Financial Services Pakistan Limited (OLP) are pleased to present their report together with the audited consolidated financial statements for the Group for the year ended 30 June 2023. The Group comprises of:

- OLP Financial Services Pakistan Limited (OLP) – The Holding Company
- OLP Modaraba (OM) – Subsidiary Company
- OLP Services Pakistan (Private) Limited (OSP) – Subsidiary Company

The Director's report giving commentary on the performance of OLP for the year ended 30 June 2023 has been presented separately on page 18, 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 consolidation financial results of the Group are summarized below:

Description	2023	2022
	-----Rupees-----	
Profit before tax	2,163,839,362	1,469,848,815
Taxation	875,952,271	535,855,603
Profit for the year after taxation	1,287,887,091	933,993,212
Profit attributable to Equity shareholders of the Holding Company	1,194,688,135	854,585,497
Profit attributable to Non-controlling interest	93,198,956	79,407,715
Earnings per share – basic and diluted	6.81	4.87
Appropriation: Transferred to statutory reserve	60,536,640	44,110,519

## Pattern of shareholding

The pattern of shareholding and related information as at June 30, 2023 is presented at page 246.

## Financial and Operational Preformation

Consolidated profit after tax of the Group for the year ended June 30, 2023 was Rs. 1,194 million (2022: Rs. 934 million) with the EPS of Rs. 6.81 (2022: Rs. 4.87). Profit from OM amounted to Rs. 128.8 million (2022: Rs. 111.5 million) and loss from OSP amounted to Rs. 27.4 million (2022: loss of Rs. 27.9 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 103.0 million (2022: Rs. 89.2 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 15th, 2023

# ڈائریکٹرز کی رپورٹ برائے ایشتمالی مالیاتی گوشوارے

اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP) کے ڈائریکٹران ہمسرت معہ گروپ کے آڈٹ شدہ ایشتمالی مالیاتی گوشوارے برائے اختتام سال 30 جون 2023 پیش کرتے ہیں۔ گروپ درج ذیل پر مشتمل ہے:

- اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP)۔ ہولڈنگ کمپنی

- اوایل پی مضاربہ (OM)۔ ذیلی کمپنی

- اوایل پی سروسز پاکستان (پرائیویٹ) لمیٹڈ (OSP)۔ ذیلی کمپنی

اختتام سال 30 جون 2023 کیلئے اوایل پی کی کارکردگی کا احاطہ کرتی ڈائریکٹران کی رپورٹ صفحہ نمبر 18 پر پیش کی گئی ہے۔ جس میں کاروباری جائزہ، اوایل پی کی آپریشنل کارکردگی، مستقبل کے امکانات اور اوایل پی پر دیگر معلومات شامل ہیں۔ مذکورہ بالا رپورٹ کے مندرجات کو اس رپورٹ کے ساتھ پڑھا جائے، جو کمپنیز ایکٹ 2017 کے سیکشن 227 اور سیکورٹی اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) کے قواعد و ضوابط 2019 کی رو سے ڈائریکٹرز کی رپورٹ کا لازمی حصہ ہیں۔

گروپ کے نتائج

گروپ کے ایشتمالی مالیاتی نتائج مختصر ادرج ذیل ہیں:

2022	2023	
-----روپے-----		
1,469,848,815	2,163,839,362	قبل از محصول (ٹیکس) منافع
535,855,603	875,952,271	محصولات (ٹیکس)
933,993,212	1,287,887,091	بعد از محصول (ٹیکس) سال کا منافع
854,585,497	1,194,688,135	ہولڈنگ کمپنی کے ایکویٹی شیئر ہولڈرز کیلئے منافع
79,407,715	93,198,956	اقلیتی شیئر ہولڈرز کے لئے منافع
4.87	6.81	فی شیئر آمدنی۔ بنیادی اور رقیق شدہ
44,110,519	60,536,640	تخصیص قانونی ریزرو میں منتقلی

شیئر ہولڈنگ کا طرز

شیئر ہولڈنگ کا طرز اور متعلقہ معلومات بمطابق 30 جون 2023 صفحہ نمبر 246 پر پیش کردی گئی ہیں۔

ایشتمالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملی کارکردگی

گروپ کا ایشتمالی منافع بعد از محصول (ٹیکس) برائے اختتام سال 30 جون 2023، 1,194 ملین روپے تھا (2022: 934 ملین روپے) اور فی حصص آمدنی 6.81 روپے (جون 2022: 4.87 روپے)۔ OM سے 128.8 ملین روپے منافع (2022: 111.5 ملین روپے)۔ جبکہ OSP سے 27.4 ملین روپے نقصان ہوا (2022: 27.9 ملین روپے نقصان)۔ اوایم میں 80 فیصد ایکویٹی اقلیتی حصص یافتگان کی ہے۔ اور اس طرح، اوایم کے منافع میں 103.0 ملین روپے (2022: 89.2 ملین روپے) اقلیتی حصص یافتگان کا حصہ ہے۔

نسیم حیدر  
ڈائریکٹر

بورڈ کی جانب سے

شاہین امین  
چیف ایگزیکٹو آفیسر

15 ستمبر 2023

# SIX YEARS'

## VERTICAL ANALYSIS

Consolidated Statement of Financial Position	2023		2022		2021		2020		2019		2018	
	Rs. In Million	%										
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	2,911	7.60%	3,119	8.65%	3,604	11.53%	4,374	14.59%	4,338	13.26%	5,154	15.41%
Intangible assets	17	0.04%	28	0.08%	42	0.13%	62	0.21%	82	0.25%	96	0.29%
Net investment in finance leases	5,734	14.97%	6,495	18.01%	6,563	21.00%	5,984	19.96%	8,135	24.87%	8,594	25.70%
Investment in associate	1,719	4.49%	1,208	3.35%	916	2.93%	944	3.15%	942	2.88%	672	2.01%
Long-term investments	15	0.04%	195	0.54%	387	1.24%	454	1.51%	407	1.24%	307	0.92%
Long-term finances and loans	10,202	26.63%	9,506	26.36%	6,540	20.92%	4,558	15.20%	4,236	12.95%	3,895	11.65%
Long-term deposits	11	0.03%	11	0.03%	11	0.04%	13	0.04%	12	0.04%	12	0.04%
Defined benefit plan asset	6	0.02%	27	0.07%	8	0.03%	39	0.13%	9	0.03%	-	0.00%
	<b>20,615</b>	<b>53.81%</b>	<b>20,589</b>	<b>57.09%</b>	<b>18,071</b>	<b>57.81%</b>	<b>16,428</b>	<b>54.78%</b>	<b>18,161</b>	<b>55.51%</b>	<b>18,730</b>	<b>56.02%</b>
<b>Current assets</b>												
Short-term finances	42	0.11%	20	0.06%	6	0.02%	234	0.78%	285	0.87%	243	0.73%
Current maturity of non-current assets	14,001	36.54%	12,642	35.05%	11,177	35.76%	10,606	35.37%	12,625	38.59%	12,222	36.55%
Short-term investments	2,572	6.71%	577	1.60%	328	1.05%	803	2.68%	395	1.21%	773	2.31%
Advances and prepayments	112	0.29%	396	1.10%	280	0.90%	124	0.41%	193	0.59%	106	0.32%
Other receivables	150	0.39%	177	0.49%	138	0.44%	269	0.90%	147	0.45%	156	0.47%
Cash and bank balances	556	1.45%	1,398	3.88%	992	3.17%	1,251	4.17%	616	1.88%	925	2.77%
Net investment in Ijarah finance	-	0.00%	0.4	0.00%	0.4	0.00%	0.37	0.00%	0.4	0.00%	0.4	0.00%
	<b>17,433</b>	<b>45.50%</b>	<b>15,210</b>	<b>42.18%</b>	<b>12,921</b>	<b>41.34%</b>	<b>13,287</b>	<b>44.31%</b>	<b>14,261</b>	<b>43.59%</b>	<b>14,425</b>	<b>43.14%</b>
Assets classified as held for sale	265	0.69%	265	0.73%	265	0.85%	271	0.90%	294	0.90%	281	0.84%
	<b>17,698</b>	<b>46.19%</b>	<b>15,475</b>	<b>42.91%</b>	<b>13,186</b>	<b>42.19%</b>	<b>13,558</b>	<b>45.22%</b>	<b>14,555</b>	<b>44.49%</b>	<b>14,706</b>	<b>43.98%</b>
<b>Total assets</b>	<b>38,313</b>	<b>100.00%</b>	<b>36,064</b>	<b>100.00%</b>	<b>31,257</b>	<b>100.00%</b>	<b>29,986</b>	<b>100.00%</b>	<b>32,716</b>	<b>100.00%</b>	<b>33,436</b>	<b>100.00%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share capital and reserves</b>												
Total equity attributable to equity holder of the Holding Company	9,710	25.34%	8,846	24.53%	8,485	27.15%	8,198	27.34%	7,980	24.39%	7,222	21.60%
Non-controlling interest	954	2.49%	933	2.59%	959	3.07%	981	3.27%	980	3.00%	982	2.94%
<b>Non-current liabilities</b>												
Long-term finances	9,404	24.55%	10,565	29.30%	5,740	18.36%	5,300	17.67%	7,411	22.65%	6,834	20.44%
Long-term certificates of deposit	990	2.58%	2,096	5.81%	2,592	8.29%	2,630	8.77%	2,820	8.62%	3,225	9.65%
Long-term deposits	327	0.85%	313	0.87%	334	1.07%	375	1.25%	460	1.41%	554	1.66%
Deferred taxation	505	1.32%	300	0.83%	412	1.32%	516	1.72%	700	2.14%	481	1.44%
Other long-term liabilities	194	0.51%	336	0.93%	287	0.92%	288	0.96%	165	0.50%	203	0.61%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	20	0.06%
Redeemable capital	179	0.47%	416	1.15%	343	1.10%	39	0.13%	38	0.12%	8	0.02%
	<b>11,599</b>	<b>30.27%</b>	<b>14,026</b>	<b>38.89%</b>	<b>9,708</b>	<b>31.06%</b>	<b>9,148</b>	<b>30.51%</b>	<b>11,594</b>	<b>35.44%</b>	<b>11,325</b>	<b>33.87%</b>
<b>Current liabilities</b>												
Trade and other payables	1,438	3.75%	1,525	4.23%	1,106	3.54%	603	2.01%	1,158	3.54%	1,239	3.71%
Unpaid dividend	483	1.26%	168	0.47%	185	0.59%	-	0.00%	-	0.00%	208	0.62%
Unclaimed dividend	93	0.24%	93	0.26%	85	0.27%	85	0.28%	78	0.24%	71	0.21%
Short-term borrowings	861	2.25%	389	1.08%	1,446	4.63%	180	0.60%	1,360	4.16%	2,372	7.09%
Short-term certificates of deposit	3,311	8.64%	1,574	4.36%	1,692	5.41%	1,054	3.51%	700	2.14%	1,052	3.15%
Taxation - net	417	1.09%	270	0.75%	142	0.45%	343	1.14%	191	0.58%	191	0.57%
Current maturity of non-current liabilities	9,447	24.66%	8,240	22.85%	7,449	23.83%	9,394	31.33%	8,675	26.52%	8,774	26.24%
	<b>16,050</b>	<b>41.89%</b>	<b>12,259</b>	<b>33.99%</b>	<b>12,105</b>	<b>38.73%</b>	<b>11,659</b>	<b>38.88%</b>	<b>12,162</b>	<b>37.17%</b>	<b>13,907</b>	<b>41.59%</b>
<b>Total equity and liabilities</b>	<b>38,313</b>	<b>100.00%</b>	<b>36,064</b>	<b>100.00%</b>	<b>31,257</b>	<b>100.00%</b>	<b>29,986</b>	<b>100.00%</b>	<b>32,716</b>	<b>100.00%</b>	<b>33,436</b>	<b>100.00%</b>
<b>Consolidated Statement of Profit or Loss</b>												
<b>INCOME</b>												
<b>Income from operations</b>												
Markup on finance leases	2,881	33.12%	2,253	37.45%	2,219	40.88%	2,933	45.08%	2,840	45.33%	2,531	38.91%
Mark-up on finances and loans	3,851	44.27%	2,050	34.08%	1,327	24.45%	1,383	21.26%	1,122	17.91%	769	11.82%
	<b>6,732</b>	<b>77.40%</b>	<b>4,303</b>	<b>71.53%</b>	<b>3,546</b>	<b>65.33%</b>	<b>4,316</b>	<b>66.34%</b>	<b>3,962</b>	<b>63.24%</b>	<b>3,300</b>	<b>50.74%</b>
Income from other activities												
Other income - net	1,848	21.25%	1,649	27.41%	1,846	34.01%	2,161	33.22%	2,252	35.95%	3,105	47.74%
Share of profit from associate	118	1.36%	64	1.06%	36	0.66%	29	0.45%	51	0.81%	99	1.52%
	<b>1,966</b>	<b>22.60%</b>	<b>1,713</b>	<b>28.47%</b>	<b>1,882</b>	<b>34.67%</b>	<b>2,190</b>	<b>33.66%</b>	<b>2,303</b>	<b>36.76%</b>	<b>3,204</b>	<b>49.26%</b>
<b>Total Income</b>	<b>8,698</b>	<b>100.00%</b>	<b>6,016</b>	<b>100.00%</b>	<b>5,428</b>	<b>100.00%</b>	<b>6,506</b>	<b>100.00%</b>	<b>6,265</b>	<b>100.00%</b>	<b>6,504</b>	<b>100.00%</b>
<b>EXPENSES</b>												
Finance cost	3,983	45.79%	2,214	36.80%	1,523	28.06%	2,444	37.57%	1,990	31.76%	1,636	25.15%
Administrative and general expenses	1,693	19.46%	1,489	24.75%	1,356	24.98%	1,342	20.63%	1,370	21.87%	1,262	19.40%
Direct cost	718	8.25%	870	14.46%	1,123	20.69%	1,318	20.26%	1,553	24.79%	1,783	27.41%
	<b>6,394</b>	<b>73.51%</b>	<b>4,573</b>	<b>76.01%</b>	<b>4,002</b>	<b>73.73%</b>	<b>5,104</b>	<b>78.45%</b>	<b>4,913</b>	<b>78.42%</b>	<b>4,681</b>	<b>71.97%</b>
<b>Profit before provision and taxation</b>	<b>2,304</b>	<b>26.49%</b>	<b>1,443</b>	<b>23.99%</b>	<b>1,426</b>	<b>26.27%</b>	<b>1,402</b>	<b>21.55%</b>	<b>1,352</b>	<b>21.58%</b>	<b>1,823</b>	<b>28.03%</b>
Provision / (reversal of provision) for potential lease and other loan losses - net	85	0.98%	(64)	-1.06%	10	0.18%	322	4.95%	(192)	-3.06%	20	0.31%
Other provisions / (reversal) - net	55	0.63%	37	0.62%	14	0.26%	17	0.26%	14	0.22%	11	0.17%
	<b>140</b>	<b>1.61%</b>	<b>(27)</b>	<b>-0.45%</b>	<b>24</b>	<b>0.44%</b>	<b>339</b>	<b>5.21%</b>	<b>(178)</b>	<b>-2.84%</b>	<b>31</b>	<b>0.48%</b>
<b>Profit before taxation</b>	<b>2,164</b>	<b>24.88%</b>	<b>1,470</b>	<b>24.43%</b>	<b>1,402</b>	<b>25.83%</b>	<b>1,063</b>	<b>16.34%</b>	<b>1,530</b>	<b>24.42%</b>	<b>1,792</b>	<b>27.55%</b>
Taxation	876	10.07%	536	8.91%	369	6.80%	271	4.17%	425	6.78%	343	5.27%
<b>Profit for the year after taxation</b>	<b>1,288</b>	<b>14.81%</b>	<b>934</b>	<b>15.53%</b>	<b>1,033</b>	<b>19.03%</b>	<b>792</b>	<b>12.17%</b>	<b>1,105</b>	<b>17.64%</b>	<b>1,449</b>	<b>22.28%</b>

# SIX YEARS'

# HORIZONTAL ANALYSIS

Consolidated Statement of Financial Position	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>ASSETS</b>												
<b>Non-current assets</b>												
Fixed assets	2,911	-6.67%	3,119	-13.46%	3,604	-17.60%	4,374	0.83%	4,338	-15.83%	5,154	-14.20%
Intangible assets	17	-39.29%	28	-33.33%	42	-32.26%	62	-24.39%	82	-14.58%	96	-5.88%
Net investment in finance leases	5,734	-11.72%	6,495	-1.04%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%	8,594	14.33%
Investment in associate	1,719	42.30%	1,208	31.88%	916	-2.97%	944	0.21%	942	40.18%	672	-65.92%
Long-term investments	15	-92.31%	195	-49.61%	387	-14.76%	454	11.55%	407	32.57%	307	-13.76%
Long-term finances and loans	10,202	7.32%	9,506	45.35%	6,540	43.48%	4,558	7.60%	4,236	8.75%	3,895	60.55%
Long-term deposits	11	0.00%	11	0.00%	11	-15.38%	13	8.33%	12	0.00%	12	-7.69%
Defined benefit plan asset	6	-77.78%	27	237.50%	8	-79.49%	39	333.33%	9	100.00%	-	0.00%
	<b>20,615</b>	<b>0.13%</b>	<b>20,589</b>	<b>13.93%</b>	<b>18,071</b>	<b>10.00%</b>	<b>16,428</b>	<b>-9.54%</b>	<b>18,161</b>	<b>-3.04%</b>	<b>18,730</b>	<b>1.83%</b>
<b>Current assets</b>												
Short-term finances	42	110.00%	20	233.33%	6	-97.44%	234	-17.89%	285	17.28%	243	63.09%
Current maturity of non-current assets	14,001	10.75%	12,642	13.11%	11,177	5.38%	10,606	-15.99%	12,625	3.30%	12,222	7.89%
Short-term investments	2,572	345.75%	577	75.91%	328	-59.15%	803	103.29%	395	-48.90%	773	-15.43%
Advances and prepayments	112	-71.72%	396	41.43%	280	125.81%	124	-35.75%	193	82.08%	106	85.96%
Other receivables	150	-15.25%	177	28.26%	138	-48.70%	269	82.99%	147	-5.77%	156	-4.88%
Cash and bank balances	556	-60.23%	1,398	40.93%	992	-20.70%	1,251	103.08%	616	-33.41%	925	27.06%
Net investment in ljarah finance	-	-100.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%
	<b>17,433</b>	<b>14.61%</b>	<b>15,210</b>	<b>17.71%</b>	<b>12,921</b>	<b>-2.75%</b>	<b>13,287</b>	<b>-6.83%</b>	<b>14,261</b>	<b>-1.14%</b>	<b>14,425</b>	<b>7.61%</b>
Assets classified as held for sale	265	0.00%	265	0.00%	265	-2.21%	271	-7.82%	294	4.63%	281	215.73%
	<b>17,698</b>	<b>14.36%</b>	<b>15,475</b>	<b>17.36%</b>	<b>13,186</b>	<b>-2.74%</b>	<b>13,558</b>	<b>-6.85%</b>	<b>14,555</b>	<b>-1.03%</b>	<b>14,706</b>	<b>8.98%</b>
<b>Total assets</b>	<b>38,313</b>	<b>6.24%</b>	<b>36,064</b>	<b>15.38%</b>	<b>31,257</b>	<b>4.24%</b>	<b>29,986</b>	<b>-8.34%</b>	<b>32,716</b>	<b>-2.15%</b>	<b>33,436</b>	<b>4.86%</b>
<b>EQUITY AND LIABILITIES</b>												
<b>Share capital and reserves</b>												
Total equity attributable to equity holder of the Holding Company	9,710	9.77%	8,846	4.25%	8,485	3.50%	8,198	2.73%	7,980	10.50%	7,222	62.29%
Non-controlling interest	954	2.25%	933	-2.71%	959	-2.24%	981	0.10%	980	-0.20%	982	-2.00%
<b>Non-current liabilities</b>												
Long-term finances	9,404	-10.99%	10,565	84.06%	5,740	8.30%	5,300	-28.48%	7,411	8.44%	6,834	-8.32%
Long-term certificates of deposit	990	-52.77%	2,096	-19.14%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%	3,225	-19.38%
Long-term deposits	327	4.47%	313	-6.29%	334	-10.93%	375	-18.48%	460	-16.97%	554	-7.20%
Deferred taxation	505	68.33%	300	-27.18%	412	-20.16%	516	-26.29%	700	45.53%	481	-17.78%
Other long-term liabilities	194	-42.26%	336	17.07%	287	-0.35%	288	74.55%	165	-18.72%	203	-5.14%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-100.00%	20	18%
Redeemable capital	179	-56.97%	416	21.28%	343	779.49%	39	2.63%	38	375.00%	8	3900.00%
	<b>11,599</b>	<b>-17.30%</b>	<b>14,026</b>	<b>44.48%</b>	<b>9,708</b>	<b>6.12%</b>	<b>9,148</b>	<b>-21.10%</b>	<b>11,594</b>	<b>2.38%</b>	<b>11,325</b>	<b>-11.99%</b>
<b>Current liabilities</b>												
Trade and other payables	1,438	-5.70%	1,525	37.88%	1,106	83.42%	603	-47.93%	1,158	-6.54%	1,239	-4.32%
Unpaid dividend	483	187.50%	168	-9.19%	185	100.00%	-	0.00%	-	-100.00%	208	100.00%
Unclaimed dividend	93	0.00%	93	9.41%	85	0.00%	85	8.97%	78	9.86%	71	9.23%
Short-term borrowings	861	121.34%	389	-73.10%	1,446	703.33%	180	-86.76%	1,360	-42.66%	2,372	-4.85%
Short-term certificates of deposit	3,311	110.36%	1,574	-6.97%	1,692	60.53%	1,054	50.57%	700	-33.46%	1,052	-5.99%
Taxation - net	417	54.44%	270	90.14%	142	-58.60%	343	79.58%	191	0.00%	191	100.00%
Current maturity of non-current liabilities	9,447	14.65%	8,240	10.62%	7,449	-20.70%	9,394	8.29%	8,675	-1.13%	8,774	2.07%
	<b>16,050</b>	<b>30.92%</b>	<b>12,259</b>	<b>1.27%</b>	<b>12,105</b>	<b>3.83%</b>	<b>11,659</b>	<b>-4.14%</b>	<b>12,162</b>	<b>-12.55%</b>	<b>13,907</b>	<b>2.50%</b>
<b>Total equity and liabilities</b>	<b>38,313</b>	<b>6.24%</b>	<b>36,064</b>	<b>15.38%</b>	<b>31,257</b>	<b>4.24%</b>	<b>29,986</b>	<b>-8.34%</b>	<b>32,716</b>	<b>-2.15%</b>	<b>33,436</b>	<b>4.86%</b>
<b>Consolidated Statement of Profit or Loss</b>												
	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18	2018	18 vs 17
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
<b>INCOME</b>												
<b>Income from operations</b>												
Mark-up on finances and loans	2,881	27.87%	2,253	1.53%	2,219	-24.34%	2,933	3.27%	2,840	12.21%	2,531	4.72%
Mark-up on term Finance	3,851	87.85%	2,050	54.48%	1,327	-4.05%	1,383	23.26%	1,122	45.90%	769	19.78%
	<b>6,732</b>	<b>56.45%</b>	<b>4,303</b>	<b>21.35%</b>	<b>3,546</b>	<b>-17.84%</b>	<b>4,316</b>	<b>8.93%</b>	<b>3,962</b>	<b>20.06%</b>	<b>3,300</b>	<b>7.88%</b>
Other income - net	1,848	12.07%	1,649	-10.67%	1,846	-14.58%	2,161	-4.04%	2,252	-27.47%	3,105	15.94%
Share of profit from associate	118	84.38%	64	77.78%	36	24.14%	29	-43.14%	51	-48.48%	99	-56.77%
	<b>1,966</b>	<b>14.77%</b>	<b>1,713</b>	<b>-8.98%</b>	<b>1,882</b>	<b>-14.06%</b>	<b>2,190</b>	<b>-4.91%</b>	<b>2,303</b>	<b>-28.12%</b>	<b>3,204</b>	<b>10.22%</b>
<b>Total Income</b>	<b>8,698</b>	<b>44.58%</b>	<b>6,016</b>	<b>10.83%</b>	<b>5,428</b>	<b>-16.57%</b>	<b>6,506</b>	<b>3.85%</b>	<b>6,265</b>	<b>-3.67%</b>	<b>6,504</b>	<b>9.02%</b>
<b>EXPENSES</b>												
Finance cost	3,983	79.90%	2,214	45.37%	1,523	-37.68%	2,444	22.81%	1,990	21.64%	1,636	-8.60%
Administrative and general expenses	1,693	13.70%	1,489	9.81%	1,356	1.04%	1,342	-2.04%	1,370	8.56%	1,262	12.28%
Direct cost	718	-17.47%	870	-22.53%	1,123	-14.80%	1,318	-15.13%	1,553	-12.90%	1,783	-6.40%
	<b>6,394</b>	<b>39.82%</b>	<b>4,573</b>	<b>14.27%</b>	<b>4,002</b>	<b>-21.59%</b>	<b>5,104</b>	<b>3.89%</b>	<b>4,913</b>	<b>4.96%</b>	<b>4,681</b>	<b>-2.86%</b>
<b>Profit before provision and taxation</b>	<b>2,304</b>	<b>59.67%</b>	<b>1,443</b>	<b>1.19%</b>	<b>1,426</b>	<b>1.71%</b>	<b>1,402</b>	<b>3.70%</b>	<b>1,352</b>	<b>-25.84%</b>	<b>1,823</b>	<b>58.94%</b>
Provision / (reversal of provision) for potential lease and other loan losses - net	85	-232.81%	(64)	-740.00%	10	-96.89%	322	-267.71%	(192)	-1060.00%	20	-186.96%
Other provisions / (reversal) - net	55	48.65%	37	164.29%	14	-17.65%	17	21.43%	14	27.27%	11	-114.47%
	<b>140</b>	<b>-618.52%</b>	<b>(27)</b>	<b>-212.50%</b>	<b>24</b>	<b>-92.92%</b>	<b>339</b>	<b>-290.45%</b>	<b>(178)</b>	<b>-674.19%</b>	<b>31</b>	<b>-131.31%</b>
<b>Profit before taxation</b>	<b>2,164</b>	<b>47.21%</b>	<b>1,470</b>	<b>4.85%</b>	<b>1,402</b>	<b>31.89%</b>	<b>1,063</b>	<b>-30.52%</b>	<b>1,530</b>	<b>-14.62%</b>	<b>1,792</b>	<b>43.82%</b>
Taxation	876	63.43%	536	45.26%	369	36.16%	271	-36.24%	425	23.91%	343	6.52%
<b>Profit for the year after taxation</b>	<b>1,288</b>	<b>37.90%</b>	<b>934</b>	<b>-9.58%</b>	<b>1,033</b>	<b>30.43%</b>	<b>792</b>	<b>-28.33%</b>	<b>1,105</b>	<b>-23.74%</b>	<b>1,449</b>	<b>56.82%</b>



INDEPENDENT AUDITOR'S REPORT

To the members of OLP Financial Services Pakistan Limited

Opinion

We have audited the annexed consolidated financial statements of OLP Financial Services Pakistan Limited and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at June 30, 2023, 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, 2023, 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 Matters

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	<b>Provision for potential lease and loan losses</b> (Refer notes 3.7, 6, 9, 10, 11 and 36 of the annexed consolidated financial statements)	
	In respect of provision for potential lease and loan losses the Group records provision for potential lease and loan losses under the requirement of IFRS 9.  Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans which are credit impaired as on the reporting date. A 12 months ECL is	Our audit procedures to assess adequacy and determination of provision for potential lease and loan losses included, amongst others, the following:  <ul style="list-style-type: none"> <li>Obtained an understanding of the design and tested the operating effectiveness of the relevant controls established by the Group to identify loss events and for determining the extent of provisioning required against lease and loans balances;</li> </ul>

A.F.F.

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S.No.	Key audit matter	How the matter was addressed in our audit
	<p>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 Group 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 Group 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.</p> <p>Determination of provision including calculating ECL for lease and loans is subject to numerous judgments and estimates. In evaluating the adequacy of ECL, the management considers various factors, including the nature and characteristics of the obligor, current economic conditions, credit concentrations or deterioration in collateral, historical loss experience and delinquencies. The management has further considered the impact of forward-looking information and its resulting impact on the provision for lease and loan portfolio of the Group.</p> <p>The Group has determined a provision on lease and loans balances and has recognised a gross charge of Rs. 398,300 million and a gross reversal of Rs. 303,824 million in respect of potential lease and loan losses in the consolidated statement of profit or loss during the year ended June 30, 2023. As at June 30, 2023, the Group maintained a provision of Rs. 984,943 million for potential lease and loan losses.</p> <p>The determination of provision in respect of lease and loans balances as per the requirements of applicable local regulations and IFRS 9 remains a significant area of judgment and estimation. Because of the significance of the impact of these judgments / estimations and the materiality of lease and loans balances relative to the overall consolidated financial statements of the Group, we considered the area of provision for potential lease and loan losses as a key audit matter.</p>	<ul style="list-style-type: none"> <li>• 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;</li> <li>• 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;</li> <li>• Assessed the ECL model used by the management to calculate provision against lease and loans balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model;</li> <li>• Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and</li> <li>• Assessed the relevant disclosures made in the consolidated financial statements to determine whether they are complied with the accounting and reporting standards as applicable in Pakistan.</li> </ul>

**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.
- 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.

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

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 28, 2023

Karachi

UDIN: AR202310061oXksWmeHY

# Consolidated Statement of Financial Position

As at June 30, 2023

	Note	2023	2022
<b>ASSETS</b>			
<b>Non-current assets</b>			
Fixed assets	4	2,910,499,376	3,118,503,290
Intangible assets	5	17,262,038	27,543,796
Net investment in finance lease	6	11,962,400,718	13,436,624,395
Current maturity of net investment in finance lease	11	(6,085,689,467)	(6,867,323,292)
Allowance for potential lease losses		(142,820,838)	(73,912,352)
		(6,228,510,305)	(6,941,235,644)
		5,733,890,413	6,495,388,751
Investment in associate	7	1,718,529,322	1,207,909,411
Long-term investments	8	15,050,000	194,786,354
Long-term finances and loans	9	10,202,417,456	9,506,531,532
Long-term deposits		11,213,566	11,530,566
Defined benefit plan asset	24	6,118,331	27,256,484
		20,614,980,502	20,589,450,184
<b>Current assets</b>			
Short-term finances	10	42,392,159	19,784,894
Current maturity of non-current assets	11	14,000,869,545	12,641,879,335
Short-term investments	12	2,572,035,795	577,218,551
Advances and prepayments	13	111,992,648	396,225,657
Other receivables	14	150,176,307	176,377,517
Cash and bank balances	15	555,342,951	1,398,249,861
Net investment in ijarah finance		-	370,000
		17,432,809,405	15,210,105,815
Assets classified as held for sale	16	264,747,437	264,747,437
<b>Total assets</b>		<b>38,312,537,344</b>	<b>36,064,303,436</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserves</b>			
Authorised share capital 350,000,000 (2022: 350,000,000) ordinary shares of Rs. 10 each		3,500,000,000	3,500,000,000
Issued, subscribed and paid-up capital	17	1,754,076,470	1,754,076,470
Reserves		7,956,160,732	7,092,382,431
Total equity attributable to equity holders of the Holding Company		9,710,237,202	8,846,458,901
Non-controlling interest		953,578,804	932,993,496
		10,663,816,006	9,779,452,397
<b>Non-current liabilities</b>			
Long-term finances	19	9,403,749,589	10,564,516,549
Long-term certificates of deposit	20	989,747,273	2,096,072,585
Long-term deposits	21	326,691,002	313,124,339
Deferred taxation	22	504,930,622	299,991,506
Other long-term liabilities	23	193,792,585	336,434,018
Redeemable capital	25	179,500,000	415,700,000
		11,598,411,071	14,025,838,997
<b>Current liabilities</b>			
Trade and other payables	26	1,438,240,713	1,525,466,115
Unpaid dividend		482,630,856	168,373,952
Unclaimed dividend		92,929,359	93,082,962
Short-term borrowings	27	860,821,168	388,820,881
Short-term certificates of deposit	28	3,310,914,290	1,573,409,819
Current maturity of non-current liabilities	29	9,447,102,792	8,240,046,089
Taxation - net		417,671,089	269,812,224
		16,050,310,267	12,259,012,042
<b>Total equity and liabilities</b>		<b>38,312,537,344</b>	<b>36,064,303,436</b>
<b>Contingencies and commitments</b>			
	30		

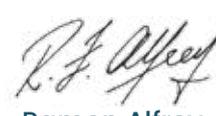
The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Consolidated Statement of Profit or Loss

For The Year Ended June 30, 2023

	Note	2023	2022
-----Rupees-----			
<b>INCOME</b>			
<b>Income from operations</b>			
Mark-up on finance leases		2,880,850,518	2,252,516,751
Mark-up on finances and loans		3,851,042,003	2,050,494,891
		6,731,892,521	4,303,011,642
<b>Income from other activities</b>			
Other income - net	31	1,847,667,481	1,648,927,668
Share of profit from associate	32	118,023,757	64,289,981
		1,965,691,238	1,713,217,649
		8,697,583,759	6,016,229,291
<b>EXPENSES</b>			
Finance cost	33	3,983,384,162	2,213,886,573
Administrative and general expenses	34	1,692,698,049	1,489,416,144
Direct cost	35	717,605,632	870,200,960
		6,393,687,843	4,573,503,677
Profit before provision and taxation		2,303,895,916	1,442,725,614
Provision / (reversal of provision) for potential lease and other loan losses - net	36	84,645,169	(64,331,767)
Other provision - net	37	55,411,385	37,208,566
		140,056,554	(27,123,201)
<b>Profit before taxation</b>		2,163,839,362	1,469,848,815
Taxation	39	875,952,271	535,855,603
<b>Profit for the year after taxation</b>		1,287,887,091	933,993,212
<b>Profit for the year after taxation attributable to:</b>			
Equity holders of the Holding Company		1,194,688,135	854,585,497
Non-controlling interest		93,198,956	79,407,715
		1,287,887,091	933,993,212
<b>Earnings per share - basic and diluted</b>			
	50	6.81	4.87

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Consolidated Statement of Profit or Loss and Other Comprehensive Income

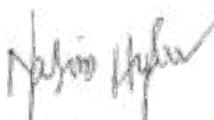
For The Year Ended June 30, 2023

	Note	2023	2022
<b>-----Rupees-----</b>			
<b>Profit for the year after taxation attributable to:</b>			
Equity holders of the Holding Company		1,194,688,135	854,585,497
Non-controlling interest		93,198,956	79,407,715
		<u>1,287,887,091</u>	<u>933,993,212</u>
<b>Other comprehensive income</b>			
<b>Items that will be subsequently reclassified to the consolidated statement of profit or loss</b>			
- Exchange gain arising on translation of foreign associate	7.1.3	495,154,959	282,281,515
- Deferred tax on exchange gain arising on translation of foreign associate		(226,471,704)	(123,912,340)
		<u>268,683,255</u>	<u>158,369,175</u>
<b>Items that will not be subsequently reclassified to the consolidated statement of profit or loss</b>			
- Surplus on revaluation of leasehold land and office building	18	140,386,211	-
- Deferred tax on surplus on revaluation of office building		(21,543,097)	-
		<u>118,843,114</u>	<u>-</u>
- Fair value change on remeasurement of financial assets - net of deferred tax		(5,962,356)	(4,137,296)
- Deferred tax on fair value changes on remeasurement of financial assets		1,891,659	31,485,257
		<u>(4,070,697)</u>	<u>27,347,961</u>
- Remeasurement (loss) / gain on defined benefit obligation - staff gratuity	24.4	(15,431,263)	18,904,040
- Share of other comprehensive income from an associate	7.1.3	1,724,491	502,550
- Deferred tax on share of other comprehensive income from associate		971,854	2,973,956
		<u>2,696,345</u>	<u>3,476,506</u>
<b>Total comprehensive income for the year</b>		<u>1,658,607,845</u>	<u>1,142,090,894</u>
<b>Total comprehensive income for the year attributable to:</b>			
Equity holders of the Holding Company		1,565,408,889	1,062,683,179
Non-controlling interest		93,198,956	79,407,715
		<u>1,658,607,845</u>	<u>1,142,090,894</u>

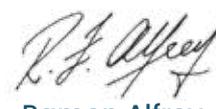
The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Consolidated Statement of Cash Flows

For The Year Ended June 30, 2023

	Note	2023	2022
-----Rupees-----			
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Operating profit before working capital changes	40	6,332,577,263	4,178,347,820
<b>Increase in operating assets</b>			
Investment in finance lease - net		1,403,037,528	609,636,540
Long-term finances and loans - net		(2,932,101,026)	(4,488,466,420)
Short-term finances		46,329,619	1,149,575
Long-term deposits		317,000	(109,000)
Advances and prepayments		260,912,967	(126,214,679)
Other receivables		21,867,099	(170,574,896)
		(1,199,636,813)	(4,174,578,880)
<b>Decrease in operating liabilities</b>			
Deposits from lessee - net		22,780,335	(103,137,229)
Other long term liabilities - net		(603,053,465)	(443,036,100)
Trade and other payables		(124,062,468)	412,333,652
		(704,335,598)	(133,839,677)
Net cash generated from / (used in) operating activities before income tax		4,428,604,852	(130,070,737)
Payment of provincial workers' welfare fund		(3,092,428)	(64,532)
Payment against staff retirement benefits		(11,413,776)	(20,442,024)
Income tax paid		(766,981,436)	(608,750,353)
<b>Net cash generated from / (used in) operating activities</b>		3,647,117,212	(759,327,646)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred - fixed assets for own use and intangible assets		(50,404,315)	(46,216,799)
Capital expenditure incurred - operating lease and ijarah assets		(726,045,483)	(760,436,225)
Proceeds from disposal of assets - own use		9,171,332	6,873,104
Proceeds from disposal of ijarah finance assets		260,700,613	427,073,093
Investments - net		(1,322,589,576)	(107,099,706)
Dividend received		132,352,332	57,017,571
Interest received		223,774,971	2,997,723
<b>Net cash used in investing activities</b>		(1,473,040,126)	(419,791,239)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from long-term finances		4,500,000,000	9,451,431,762
Redeemable capital less repayments		(117,300,000)	(236,800,000)
Short-term borrowings-net		-	(900,000,000)
Certificates of deposit redeemed - net		180,581,714	(333,138,576)
Repayment of long-term finances		(4,446,610,193)	(3,898,065,679)
Profit paid on redeemable capital		(436,645,128)	(192,739,295)
Finance cost paid		(2,684,368,013)	(1,271,577,829)
Payment of lease liability against right-of-use assets		(36,524,776)	(34,678,160)
Dividend paid		(460,140,935)	(815,776,261)
<b>Net cash (used in) / generated from financing activities</b>		(3,501,007,331)	1,768,655,962
<b>Net (decrease) / increase in cash and cash equivalents during the year</b>		(1,326,930,245)	589,537,077
Cash and cash equivalents at the beginning of the year		1,054,891,364	469,212,939
<b>Cash and cash equivalents at the end of the year</b>	41	(272,038,881)	1,058,750,016

The annexed notes 1 to 55 form an integral part of these consolidated financial statements.



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Consolidated Statement of Changes in Equity

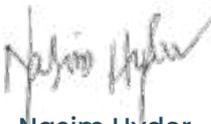
For The Year Ended June 30, 2023

	Attributable to equity holders of the Holding Company							Non-controlling interest	Total equity	
	Reserves									
	Issued, subscribed and paid-up capital	Capital reserves					Revenue reserve			Total reserves
		Share premium	Statutory reserve (note 17.2)	Foreign currency translation reserve	Net 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 18)	Unappropriated profit			
(Rupees)										
<b>Balance as at July 1, 2021</b>	1,754,076,470	1,501,683,073	1,782,941,804	213,948,996	(207,316,340)	844,238,868	2,595,833,439	6,731,329,840	958,875,571	9,444,281,881
<b>Total comprehensive income for year ended June 30, 2022</b>										
Profit for the year	-	-	-	-	-	-	854,585,497	854,585,497	79,407,715	933,993,212
Other comprehensive income	-	-	-	158,369,175	27,347,961	-	22,380,546	208,097,682	-	208,097,682
<b>Total comprehensive income for the year</b>	-	-	-	158,369,175	27,347,961	-	876,966,043	1,062,683,179	79,407,715	1,142,090,894
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(20,453,617)	20,453,617	-	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(173,684)	173,684	-	-	-
	-	-	-	-	-	(20,627,301)	20,627,301	-	-	-
Transfer to statutory reserve	-	-	44,110,519	-	-	-	(44,110,519)	-	-	-
<b>Transactions with owners recorded directly in equity</b>										
- Final cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2021	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Profit distribution for the year ended June 30, 2021 @ Rs. 2.5 per certificate	-	-	-	-	-	-	-	-	(105,289,790)	(105,289,790)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(105,289,790)	(806,920,378)
<b>Balance as at July 1, 2022</b>	1,754,076,470	1,501,683,073	1,827,052,323	372,318,171	(179,968,379)	823,611,567	2,747,685,676	7,092,382,431	932,993,496	9,779,452,397
<b>Total comprehensive income for year ended June 30, 2023</b>										
Profit for the year	-	-	-	-	-	-	1,194,688,135	1,194,688,135	93,198,956	1,287,887,091
Other comprehensive income / (loss)	-	-	-	268,683,255	(4,070,697)	118,843,114	(12,734,918)	370,720,754	-	370,720,754
<b>Total comprehensive income / (loss) for the year</b>	-	-	-	268,683,255	(4,070,697)	118,843,114	1,181,953,217	1,565,408,889	93,198,956	1,658,607,845
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(19,391,198)	19,391,198	-	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(1,012,228)	1,012,228	-	-	-
	-	-	-	-	-	(20,403,426)	20,403,426	-	-	-
Transfer to statutory reserve	-	-	60,536,640	-	-	-	(60,536,640)	-	-	-
Transferred from deficit on revaluation of financial asset at FVTOCI on disposal of investment - net of tax	-	-	-	-	186,995,565	-	(186,995,565)	-	-	-
<b>Transactions with owners recorded directly in equity</b>										
- Final cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2022	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2023	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Profit distribution for the year ended June 30, 2022 @ Rs. 2 per certificate	-	-	-	-	-	-	-	-	(72,613,648)	(72,613,648)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(72,613,648)	(774,244,236)
<b>Balance as at June 30, 2023</b>	1,754,076,470	1,501,683,073	1,887,588,963	641,001,426	2,956,489	922,051,255	3,000,879,526	7,956,160,732	953,578,804	10,663,816,006

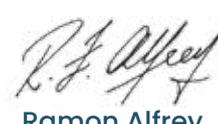
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**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 1 LEGAL STATUS AND OPERATIONS

The "Group" consists of:

- (i) OLP Financial Services Pakistan Limited – the Holding Company;
- (ii) OLP Services Pakistan (Private) Limited – subsidiary company
- (iii) OLP Modaraba – subsidiary company.

### 1.1 Holding company

"OLP Financial Services 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 OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi.

The Pakistan Credit Rating Agency Limited (PACRA) has assigned a long-term rating of AA+ (2022: AA+) and a short-term rating of A1+ (2022: A1+) to the Company on March 03, 2023 (2022: March 03, 2022).

### 1.2 Subsidiary companies

#### 1.2.1 OLP Services Pakistan (Private) Limited – 100% effective holding

OLP 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 OLP 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 the Management Company till date.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 1.2.2 OLP Modaraba – 20% effective holding

OLP 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 OLP Services Pakistan (Private) Limited ("the Management Company") which is a wholly owned subsidiary of OLP Financial Services Pakistan Limited (the Holding Company).

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. In Lahore, the branch office is situated at 602-B, 6th Floor, City Towers, Gulberg-II whereas in Islamabad, the branch address is Ground Floor, Phase 1, State Life Building No. 5, Nazimuddin Road, Blue Area.

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 maintained long term rating of AA (2022: AA) and short term rating of A1+ (2022: A1+) to the Modaraba on March 03, 2023 (2022: March 03, 2022).

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 OLP 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

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

- Provisions of and directives issued under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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

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

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

## **2.3 Basis of measurement**

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

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

## **2.4 Functional and presentation currency**

Items included in these 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 2.5 Critical accounting estimates and judgments

The preparation of consolidated 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 4);
- (b) determination of amortisation rates for intangible assets (notes 3.3, 3.5 and 5);
- (c) determination of allowance for potential lease and other loan losses (notes 3.7 and 36);
- (d) determination of allowance for other provisions (note 37);
- (e) determination of classification, valuation and impairment of financial assets (notes 3.11, 8,12 and 37);
- (f) recognition for taxation and deferred tax (notes 3.18, 22 and 39);
- (g) accounting for defined benefit obligation (notes 3.19 and 24);
- (h) provision against workers' welfare fund (notes 3.16 and 37); and
- (i) impairment of non-financial assets (notes 3.10).

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

**2.6.1** There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2022 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.

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

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

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

<b>Interpretations or Amendments</b>	<b>Effective date (accounting period beginning on or after)</b>
- Amendments to IFRS 16 – Leases on sale and leaseback	January 1, 2024
- Amendments to IAS 1 – Non current liabilities with covenants	January 1, 2024

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

**2.7.2** 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, 2023 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 policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented other than change in accounting policy as stated in note 3.7.

### **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.

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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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

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 4.3.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 3.4.3 Lease liability and right-of-use asset

The Group lease 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 as the present value of the lease payments over the period of lease term and that are not paid at the commencement date, discounted using the 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 with reasonable certainty of exercising the extension or termination option upon occurrence of either a significant event or a significant change in circumstances, or when there is a change in assessment of an option to purchase underlying asset, or when there is a change in amount expected to be payable under a residual value guarantee, or when there is a change in future lease payments resulting from a change in an index or rate used to determine those payment. The corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in the 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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 5.1. Amortisation on additions is charged from the month in which the assets are available for use. No amortisation is charged in the month of disposal. The residual values and useful lives are reviewed and adjusted, if appropriate, at each reporting date.

Gains / losses on disposal of intangible assets, if any, are taken to the 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 3.7 Allowance for potential lease and other 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. 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 Group 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 Group 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 and its resulting impact on the provision for lease and loan portfolio of the Group.

The Group had recognised allowance for potential lease and other loans losses in line with "Accounting Guidelines Application of IFRS 9 by Non-Banking Finance Companies", issued by Institute of Chartered Accountant of Pakistan (ICAP), which required NBFCs to apply requirement of IFRS 9 in conjunction with the requirements of NBFC Regulations. Therefore, the Group had recognised allowance for potential lease and other loans losses as the higher of provisioning requirements as specified under the NBFC Regulations and IFRS 9 till year ended June 30, 2022.

During the year, SECP vide S.R.O. 592(I)/2023 dated May 17, 2023 has amended Non-Banking Finance Company Regulations, whereby after adoption and implementation of IFRS 9 by the Company, the requirements of IFRS 9 will be applicable. The ICAP has also clarified that calculation and accounting of provision shall be in accordance with amended NBFC Regulations. The Group, therefore, has calculated provision as per IFRS 9 ECL model in the consolidated financial statements for the year ended June 30, 2023. The difference between the provision under IFRS 9 and the provision under previous method as at June 30, 2023 is not material.

## 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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); 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)

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) 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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 Group considers a financial asset to be in default when:

- the borrower is past due more than 90 days on any material credit obligation to the Group; or
- the borrower is unlikely to pay its credit obligations to the Group in full.

In assessing whether a borrower is in default, the Group considers indicators that are:

- qualitative - e.g., market information, business dynamics, breaches of covenant etc.
- quantitative - e.g., overdue status, quality of collateral and eCIB reports; and
- based on data developed internally and obtained from external sources.

Inputs into the assessment of whether a financial asset is in default and their significance may vary overtime to reflect changes in circumstances.

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.

The Modaraba applies the IFRS 9 general approach to measure Expected Credit Losses (ECL) for Ijarah Finance and Diminishing Musharika. A lifetime ECL is recorded on Ijarah Finance and Diminishing Musharika in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and which are credit impaired as on the reporting date. A 12 months ECL is recorded for Ijarah Finance and Diminishing Musharika which do not meet the criteria for SICR or "credit impaired" as at the reporting date. To assess whether there is a significant increase in credit risk the Modaraba compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. The Modaraba also considers reasonable and supportive forwarding-looking information in determination of ECL.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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.

### 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. 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".

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 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.

## 3.21 Revenue recognition

### 3.21.1 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.

### 3.21.2 Operating lease income

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

### 3.21.3 Ijarah lease income

Rental income from ijarah is recognised on accrual basis.

### 3.21.4 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 3.21.5 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.

## 3.21.6 Diminishing Musharika

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

## 3.21.7 Others

Other income is recognised on receipt basis.

## 3.22 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.

## 3.23 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.

## 3.24 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 3.25 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.

## 3.26 Commitments

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

	Note	2023	2022
----- Rupees -----			
<b>4</b>	<b>FIXED ASSETS</b>		
Own use	4.1	1,208,894,540	1,101,053,199
Operating lease	4.2	-	114,168,578
Ijarah assets	4.3	1,628,711,815	1,814,131,036
Right-of-use assets	4.4	72,893,021	89,150,477
		<u>2,910,499,376</u>	<u>3,118,503,290</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 4.1 Fixed assets – own use

	2023							
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
----- Rupees -----								
<b>As at July 01, 2022</b>								
Cost / revalued amount	855,570,000	109,858,358	195,923,672	165,710,544	91,900,720	108,459,074	19,049,033	1,546,471,401
Accumulated depreciation	(27,135,000)	(21,971,665)	(136,630,291)	(126,779,950)	(42,109,380)	(83,169,411)	(7,622,505)	(445,418,202)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>59,293,381</b>	<b>38,930,594</b>	<b>49,791,340</b>	<b>25,289,663</b>	<b>11,426,528</b>	<b>1,101,053,199</b>
<b>Year ended June 30, 2023</b>								
Opening net book value	828,435,000	87,886,693	59,293,381	38,930,594	49,791,340	25,289,663	11,426,528	1,101,053,199
Additions	-	-	5,573,614	4,890,335	29,922,282	6,051,248	70,200	46,507,679
<b>Movement in surplus on assets revalued during the year</b>								
Cost	44,445,000	24,435,942	-	-	-	-	-	68,880,942
Accumulated depreciation	40,702,500	30,802,769	-	-	-	-	-	71,505,269
	85,147,500	55,238,711	-	-	-	-	-	140,386,211
<b>Disposals</b>								
Cost	-	-	(54,000)	(5,882,937)	(7,044,190)	(6,522,899)	-	(19,504,026)
Accumulated depreciation	-	-	54,000	5,640,249	5,329,287	6,511,037	-	17,534,573
	-	-	-	(242,688)	(1,714,903)	(11,862)	-	(1,969,453)
Less: depreciation charge	(13,567,500)	(8,831,104)	(15,139,359)	(17,207,878)	(9,202,097)	(11,685,641)	(1,449,517)	(77,083,096)
<b>Net book value</b>	<b>900,015,000</b>	<b>134,294,300</b>	<b>49,727,636</b>	<b>26,370,363</b>	<b>68,796,622</b>	<b>19,643,408</b>	<b>10,047,211</b>	<b>1,208,894,540</b>
<b>As at June 30, 2023</b>								
Cost / revalued amount	900,015,000	134,294,300	201,443,286	164,717,942	114,778,812	107,987,423	19,119,233	1,642,355,996
Less: Accumulated depreciation	-	-	(151,715,650)	(138,347,579)	(45,982,190)	(88,344,015)	(9,072,022)	(433,461,456)
<b>Net book value</b>	<b>900,015,000</b>	<b>134,294,300</b>	<b>49,727,636</b>	<b>26,370,363</b>	<b>68,796,622</b>	<b>19,643,408</b>	<b>10,047,211</b>	<b>1,208,894,540</b>
Useful life / rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

	2022							
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
----- Rupees -----								
<b>As at July 01, 2021</b>								
Cost / revalued amount	855,570,000	109,858,358	189,093,933	153,636,127	93,532,579	100,801,035	19,049,033	1,521,541,065
Accumulated depreciation	(13,567,500)	(10,985,833)	(121,112,136)	(122,397,806)	(39,032,626)	(72,607,525)	(6,178,785)	(385,882,211)
<b>Net book value</b>	<b>842,002,500</b>	<b>98,872,525</b>	<b>67,981,797</b>	<b>31,238,321</b>	<b>54,499,953</b>	<b>28,193,510</b>	<b>12,870,248</b>	<b>1,135,658,854</b>
<b>Year ended June 30, 2022</b>								
Opening net book value	842,002,500	98,872,525	67,981,797	31,238,321	54,499,953	28,193,510	12,870,248	1,135,658,854
Additions	-	-	6,829,739	22,899,897	5,110,351	10,427,142	-	45,267,129
<b>Disposals</b>								
Cost	-	-	-	(9,820,936)	(6,742,210)	(2,535,902)	-	(19,099,048)
Accumulated depreciation	-	-	-	9,488,291	3,914,598	2,505,705	-	15,908,594
	-	-	-	(332,645)	(2,827,612)	(30,197)	-	(3,190,454)
<b>Write off</b>								
Cost	-	-	-	(1,004,544)	-	(233,201)	-	(1,237,745)
Accumulated depreciation	-	-	-	1,004,544	-	233,201	-	1,237,745
	-	-	-	-	-	-	-	-
Less: depreciation charge	(13,567,500)	(10,985,832)	(15,518,155)	(14,874,979)	(6,991,352)	(13,300,792)	(1,443,720)	(76,682,330)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>59,293,381</b>	<b>38,930,594</b>	<b>49,791,340</b>	<b>25,289,663</b>	<b>11,426,528</b>	<b>1,101,053,199</b>
<b>As at June 30, 2022</b>								
Cost / revalued amount	855,570,000	109,858,358	195,923,672	165,710,544	91,900,720	108,459,074	19,049,033	1,546,471,401
Less: Accumulated depreciation	(27,135,000)	(21,971,665)	(136,630,291)	(126,779,950)	(42,109,380)	(83,169,411)	(7,622,505)	(445,418,202)
<b>Net book value</b>	<b>828,435,000</b>	<b>87,886,693</b>	<b>59,293,381</b>	<b>38,930,594</b>	<b>49,791,340</b>	<b>25,289,663</b>	<b>11,426,528</b>	<b>1,101,053,199</b>
Useful life / rate of depreciation	77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

- 4.1.1** The leasehold land and building of the Holding Company were revalued by M/s. Surval (Private) Limited (an independent professional valuer) on June 30, 2023 on the basis of professional assessment of the present market values which resulted in an increase in surplus on revaluation by Rs. 142.54 million. The forced sales value of leasehold land and office building as at June 30, 2023 amounted to Rs. 827.45 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:

	2023		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	10,938,542	43,460,758
Office building	76,781,580	49,908,027	26,873,553
	<u>131,180,880</u>	<u>60,846,569</u>	<u>70,334,311</u>

	2022		
	Cost	Accumulated depreciation	Net book value
	----- Rupees -----		
Leasehold land	54,399,300	10,265,746	44,133,554
Office building	76,781,580	49,728,145	27,053,435
	<u>131,180,880</u>	<u>59,993,891</u>	<u>71,186,989</u>

- 4.1.2** Included in the cost of fixed assets – own use are fully depreciated items which are still in use aggregating to Rs. 349.99 million (2022: Rs. 306.38 million).

- 4.1.3** 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 -----						
<b>Book value not exceeding Rs. 500,000 each</b>							
Leasehold improvements	54,000	54,000	-	1,000	1,000	Negotiation	Mr. Nadeem
Furniture, fittings and office equipment	5,882,937	5,640,249	242,688	890,038	647,350	Negotiation	Various
Vehicles (various)	7,044,190	5,329,287	1,714,903	7,587,984	5,873,081	Negotiation	Various
Computers and accessories	6,522,899	6,511,037	11,862	692,310	680,448	Negotiation	Various
<b>Total - June 30, 2023</b>	<u>19,504,026</u>	<u>17,534,573</u>	<u>1,969,453</u>	<u>9,171,332</u>	<u>7,201,879</u>		
<b>Total - June 30, 2022</b>	<u>19,099,048</u>	<u>15,908,594</u>	<u>3,190,454</u>	<u>6,873,104</u>	<u>3,682,650</u>		

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**4.1.4** 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.

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

## 4.2 Fixed assets – operating lease

Description	2023							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2022	Additions / (transfers)	As at June 30, 2023	As at July 1, 2022	Charge for the year / transfers	As at June 30, 2023	As at June 30, 2023	
Rupees								
Cranes	155,419,512	-	-	41,250,934	5,571,593	-	-	
		(155,419,512)			(46,822,527)			
Cranes	155,419,512	-	-	41,250,934	5,571,593	-	-	
		(155,419,512)			(46,822,527)			

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / (transfers)	As at June 30, 2022	As at July 1, 2021	Charge for the year	As at June 30, 2022	As at June 30, 2022	
Rupees								
Cranes	155,419,512	-	155,419,512	31,148,662	10,102,272	41,250,934	114,168,578	10 years

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

**4.2.2** Details of fixed assets– operating lease transferred to finance lease during the year are as follows:

	Cost	Accumulated depreciation	Book value	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyers
Rupees							
Crane – 50 tons	24,788,719	7,250,700	17,538,019	17,538,019	-	Transferred to finance lease	I.S Enterprises
Crane – 50 tons	24,788,719	7,250,700	17,538,019	17,538,019	-	Transferred to finance lease	I.S Enterprises
Crane – 50 tons	24,788,719	7,519,245	17,269,474	17,269,474	-	Transferred to finance lease	Crescent Cranes & Carriers Cont.
Crane – 75 tons	36,302,562	10,815,138	25,487,424	25,487,424	-	Transferred to finance lease	Muhammad Ghani & Company
Crane – 50 tons	25,720,355	7,801,841	17,918,514	17,918,514	-	Transferred to finance lease	I.S Enterprises
Crane – 30 tons	19,030,438	6,184,903	12,845,535	12,845,535	-	Transferred to finance lease	Pakistan Stone Crusher
<b>Total – June 30, 2023</b>	<b>155,419,512</b>	<b>46,822,527</b>	<b>108,596,985</b>	<b>108,596,985</b>	<b>-</b>		
<b>Total – June 30, 2022</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>		

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 4.3 Fixed assets - Ijarah assets

Description	2023								
	Cost			Accumulated depreciation				Net book value	Number of years of useful life
	As at July 1, 2022	Additions / (disposals)	As at June 30, 2023	As at July 1, 2022	Charge for the year / (on disposals)	Impairment / (reversal of impairment)	As at June 30, 2023	As at June 30, 2023	
----- Rupees -----									
Machinery and generators	3,201,975,393	718,645,483 (983,516,981)	2,937,103,895	1,631,141,596	608,324,572 (801,494,390)	-	1,437,971,778	1,499,132,117	2.67 to 4 years
Vehicles	614,154,499	7,400,000 (290,732,789)	330,821,710	370,857,260	61,684,936 (231,300,184)	-	201,242,012	129,579,698	3 to 5 years
	3,816,129,892	726,045,483 (1,274,249,770)	3,267,925,605	2,001,998,856	670,009,508 (1,032,794,574)	-	1,639,213,790	1,628,711,815	

Description	2022								
	Cost			Accumulated depreciation				Net book value	Number of years of useful life
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge for the year / (on disposals)	Impairment / (reversal of impairment)	As at June 30, 2022	As at June 30, 2022	
----- Rupees -----									
Machinery and generators	3,516,856,913	721,355,725 (1,036,237,245)	3,201,975,393	1,806,460,740	647,493,951 (818,443,999)	(4,369,096)	1,631,141,596	1,570,833,797	2.67 to 4 years
Vehicles	1,231,284,903	39,080,500 (656,210,904)	614,154,499	691,324,165	149,970,776 (470,437,681)	-	370,857,260	243,297,239	3 to 5 years
	4,748,141,816	760,436,225 (1,692,448,149)	3,816,129,892	2,497,784,905	797,464,727 (1,288,881,680)	(4,369,096)	2,001,998,856	1,814,131,036	

**4.3.1** Disposals during the year in respect of Ijarah assets have been made to the lessees as per the contract terms.

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

## 4.4 Right-of-use assets

Description	2023							
	Cost			Accumulated depreciation			Net book value	Number of years of useful life
	As at July 1, 2022	Additions / (disposals)	As at June 30, 2023	As at July 1, 2022	Charge for the year / (on disposals)	As at June 30, 2023	As at June 30, 2023	
----- Rupees -----								
Rental property	163,868,722	9,512,246 (25,469,997)	147,910,971	74,718,245	25,511,168 (25,211,463)	75,017,950	72,893,021	1 to 8.78 years
	163,868,722	9,512,246 (25,469,997)	147,910,971	74,718,245	25,511,168 (25,211,463)	75,017,950	72,893,021	

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

Description	2022							Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge for the year / (on disposals)	As at June 30, 2022	As at June 30, 2022	
----- Rupees -----								
Rental property	144,080,444	20,476,334 (688,056)	163,868,722	50,104,701	24,921,983 (308,439)	74,718,245	89,150,477	1 to 8.78 years
	144,080,444	20,476,334 (688,056)	163,868,722	50,104,701	24,921,983 (308,439)	74,718,245	89,150,477	

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

## 5 INTANGIBLE ASSETS

Note	2023	2022
----- Rupees -----		
	3,533,305	1,529,348
	13,728,733	13,728,733
	-	12,285,715
	17,262,038	27,543,796

Computer software and license

Goodwill

Customer relationship for Ijarah

5.1 & 5.4

5.1

5.1 Following is a statement of intangible assets:

Description	2023							Rate of amortisation / Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2022	Additions / (disposals)	As at June 30, 2023	As at July 1, 2022	Charge for the year / (on disposals)	As at June 30, 2023	As at June 30, 2023	
----- Rupees -----								
Computer software and license	124,360,618	3,896,636 (24,570)	128,232,684	122,831,270	1,872,204 (4,095)	124,699,379	3,533,305	33%
Goodwill	13,728,733	-	13,728,733	-	-	-	13,728,733	Indefinite life
Customer relationship for Ijarah	86,000,000	-	86,000,000	73,714,285	12,285,715	86,000,000	-	7 years
	224,089,351	3,872,066 (24,570)	227,961,417	196,545,555	14,157,919 (4,095)	210,699,379	17,262,038	

Description	2022							Rate of amortisation / Number of years of useful life
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2021	Additions / (disposals)	As at June 30, 2022	As at July 1, 2021	Charge for the year / (on disposals)	As at June 30, 2022	As at June 30, 2022	
----- Rupees -----								
Computer software and license	123,410,948	949,670	124,360,618	119,560,811	3,270,459	122,831,270	1,529,348	33%
Goodwill	13,728,733	-	13,728,733	-	-	-	13,728,733	Indefinite life
Customer relationship for Ijarah	86,000,000	-	86,000,000	61,428,571	12,285,714	73,714,285	12,285,715	7 years
	223,139,681	949,670	224,089,351	180,989,382	15,556,173	196,545,555	27,543,796	

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

- 5.2** Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 123.39 million (2022: Rs. 119.78 million).
- 5.3** The amortisation expense of computer software and license and customer relationship for Ijarah for the year has been charged to administrative and general expenses and direct cost respectively.
- 5.4** Customer relationship for ijarah comprises of Ijarah portfolio relationships which were recognised at the time of acquisition of OLP 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.

6	NET INVESTMENT IN FINANCE LEASE	Note	2023	2022
			----- Rupees -----	
	Instalment contract receivables		15,965,496,335	16,831,144,200
	Residual value		6,875,123,327	7,223,673,546
	Less: adjustable security deposit	6.1	(6,864,775,784)	(7,209,618,143)
	Gross investment in finance lease	6.2	15,975,843,878	16,845,199,603
	Less: unearned finance income		(4,013,443,160)	(3,408,575,208)
	Present value of investment in finance lease		<u>11,962,400,718</u>	<u>13,436,624,395</u>

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

## 6.2 Details of investment in finance lease

	Gross investment in finance lease		Present value of investment in finance lease	
	2023	2022	2023	2022
	----- Rupees -----			
Less than one year	8,440,178,391	8,953,360,109	6,085,689,467	6,867,323,292
One to five years	7,535,665,487	7,891,839,494	5,876,711,251	6,569,301,103
	<u>15,975,843,878</u>	<u>16,845,199,603</u>	<u>11,962,400,718</u>	<u>13,436,624,395</u>

- 6.3** The Group's implicit rate of return on leases ranges from 14.6% to 33.78% (2022: 8.00% to 27.55%) per annum. These are secured against leased assets, security deposits averaging 24.04% (2022: 23.41%) of the cost of leased assets and personal guarantees.
- 6.4** The aggregate amount of portfolio on which income is suspended as at June 30, 2023 amounted to Rs. 524.7 million (2022: Rs. 798.8 million).
- 6.5** Lease rentals received during the year amounted to Rs. 8,981 million (2022: Rs. 9,143 million).

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

7	INVESTMENT IN ASSOCIATE	Note	2023	2022
			----- Rupees -----	
	<b>Related party</b>			
	Investment in associate	7.1	1,718,529,322	1,207,909,411

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

2023	2022	Unquoted	Note	2023	2022
				----- Rupees -----	
<b>(Number of shares)</b>					
1,375,000	1,375,000	Yanal Finance Company	7.1.1	1,718,529,322	1,207,909,411

7.1.1 The Company holds 2.5% (2022: 2.5%) ownership interest in Yanal Finance Company (YFC), which was incorporated in Riyadh, Kingdom of Saudi Arabia. YFC is accounted under equity method of accounting due to the significant influence exercised by the Company by virtue of directorship on the board of YFC. The latest available audited financial statements, which are prepared on a going concern basis, for the year ended December 31, 2022 have been audited by Pricewaterhouse Coopers, Kingdom of Saudi Arabia.

7.1.2 Summarised un-audited financial statements of associate 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	
----- Rupees -----						
<b>2023 - Unlisted</b>						
Yanal Finance Company	31 December	119,012,181,688	49,546,270,295	11,005,545,171	5,172,018,135	2.50%
<b>2022 - Unlisted</b>						
Yanal Finance Company	31 December	82,862,579,506	34,142,969,689	5,633,463,639	2,557,541,905	2.50%

7.1.3	Movement of investment in associate is as follows:	Note	2023	2022
			----- Rupees -----	
	Balance at the beginning of the year		1,207,909,411	915,924,945
	Share of profit for the year	32	118,023,757	64,289,981
	Dividend received during the year		(104,283,296)	(55,089,580)
	Exchange gain arising on translation of foreign associate		495,154,959	282,281,515
	Share of other comprehensive income		1,724,491	502,550
	Balance at the end of the year		1,718,529,322	1,207,909,411

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022	
----- Rupees -----				
<b>8</b>	<b>LONG-TERM INVESTMENTS</b>			
	<b>At amortised cost</b>			
	Pakistan Investment Bonds (PIBs)	8.1	203,006,501	607,860,807
	Investment in sukuk certificates	8.2	-	57,701,835
	Less: provision for potential losses on investments	36.3	-	(57,701,835)
			-	-
			203,006,501	607,860,807
	<b>At fair value through other comprehensive income</b>			
	Sama Finance PSC - related party		-	279,097,858
	Cashew Financial Services Limited		15,050,000	-
	Less: fair value change on remeasurement of financial assets		-	(279,097,858)
			15,050,000	-
			218,056,501	607,860,807
	Less: current maturity	11	(203,006,501)	(413,074,453)
			15,050,000	194,786,354

**8.1** 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% (2022: 7.00% to 12.00%) per annum and are due to mature latest by August 20, 2023 (2022: August 20, 2023).

**8.2** This represents investment by the Modaraba in unlisted sukuk certificates which has been written-off during the year.

**8.3** During the year, investment in Sama Finance PSC has been disposed off to Al Hail Holding LLC.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

9	LONG-TERM FINANCES AND LOANS	Note	2023	2022
----- Rupees -----				
	<b>Considered good</b>			
	<b>Loans to key management personnel, other executives and employees - secured</b>			
	Key management personnel - related parties	9.1	74,976,920	65,887,191
	Other executives - related parties		204,901,475	163,953,908
		9.2	279,878,395	229,841,099
	Other employees	9.7	123,057,624	140,557,842
			402,936,019	370,398,941
	<b>Others - secured</b>			
	Vehicle finance	9.3	12,327,227,060	10,901,708,671
	Micro finance / small enterprise finance	9.4	119,796,457	47,612,038
	Term Finance	9.5	988,141,100	242,451,131
	Musharikhah finance	9.6	4,110,209,066	3,619,041,860
	Agri finance		61,423,583	-
			17,606,797,266	14,810,813,700
			18,009,733,285	15,181,212,641
	<b>Considered doubtful</b>			
	<b>Others - secured</b>			
	Term finance	9.5	1,114,316	94,656,596
	Vehicle finance	9.3	115,691,896	95,098,303
	Micro finance / small enterprise finance	9.4	2,026,919	30,119,237
	Musharikhah finance	9.6	116,483,766	183,078,216
	Agri finance	9.8	9,796,999	11,860,073
			245,113,896	414,812,425
	Less: allowance for potential loan losses	36.1	(50,827,280)	(59,787,225)
			194,286,616	355,025,200
	Less: general provision against micro finance	9.9 & 36.1	(600,679)	(241,613)
			18,203,419,222	15,535,996,228
	Accrued return on finance and loans		460,954,946	247,944,127
			18,664,374,168	15,783,940,355
	<b>Less: current maturity</b>			
	Key Management Personnel, other executives and employees		(60,905,655)	(60,520,441)
	Others		(8,401,051,057)	(6,216,888,382)
		11	(8,461,956,712)	(6,277,408,823)
			10,202,417,456	9,506,531,532

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 9.1 Loans to Key Management Personnel

Names	Maximum amount outstanding	Provisions / (write-off)	2023	2022
----- Rupees -----				
Ms. Aseya Qasim	1,000,000	-	966,712	-
Mr. Fahad Shahzad Memon	6,269,158	-	5,695,770	-
Mian Faysal Riaz	4,231,786	-	3,117,619	4,346,292
Mr. Haider Abbas Kalhar	1,155,945	-	812,205	1,185,877
Mr. Hamood Ahmed	2,878,381	-	1,749,688	2,963,664
Mr. Hira Lal Bharvani	1,754,556	-	280,394	1,883,046
Mr. Imtiaz Ahmad Chaudhary	5,922,931	-	5,922,931	5,116,667
Mr. Muhammad Aslam	3,266,257	-	2,968,225	-
Mr. Shafiq Ur Rehman	3,692,067	-	2,991,753	3,796,328
Mr. Tahir Ali Shah	4,798,095	-	3,441,735	2,581,944
Mr. Waqas Ahmad Khwaja	3,497,244	-	2,655,382	3,585,135
Mr. Muhammad Siddique	3,033,201	-	2,424,119	3,088,481
Mr. Mohammad Arif Daya	3,643,887	-	1,834,457	3,685,770
Mr. Nadir Shah	8,837,784	-	7,978,889	4,045,910
Mr. Aniq-Ul Islam	1,147,118	-	-	1,144,644
Mr. Salwat Ahmad	21,787,440	-	20,387,776	16,066,717
Mr. Muhammad Ahsan Ilyas	12,332,688	-	11,749,265	12,396,716
		-	74,976,920	65,887,191

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

## 9.2 Movement in loans to key management personnel and other executives

	2023	2022
----- Rupees -----		
Opening balance	229,841,099	211,212,056
Disbursements during the year	107,218,438	105,971,016
Repayments during the year	(57,181,142)	(87,341,973)
Closing balance	279,878,395	229,841,099

9.3 These represent vehicle financing facilities provided to individual and corporate customers on mark-up basis. The mark-up on these finances ranges from 15.00% to 34.50% (2022: 12.56% to 27.50%) per annum. These finances are repayable within a period of upto 6 years (2022: upto 6 years) and are secured against charge over vehicles and personal guarantees.

9.4 These represent long-term micro finance facilities provided to individuals on mark-up basis. The mark-up on these loans ranges from 27.50% to 44.80% (2022: 12.56% to 27.50%) per annum. These finances are repayable within a period of 1.25 to 2 years (2022: 1.2 to 2 years) and are secured against personal guarantees.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

- 9.5** These represent term finance facilities provided to commercial business customers on mark-up basis. The mark-up on these finances ranges from 20.00% to 29.55% (2022: 13.75% to 22.00%) per annum. These finances are repayable within a period of upto 5 years (2022: upto 5 years) and are secured against business assets. Additional collateral in form of property mortgage and personal guarantees are also obtained.
- 9.6** These represent musharikhah finance facilities provided to customers. The profit rate on these finances ranges from 18.13% to 28.58% (2022: 10.04% to 21.16%) per annum. The facilities have a repayment term of 3 to 5 years (2022: 3 to 5 years) and are secured by assets subject to musharikhah agreement.
- 9.7** These represent loans given to staff in accordance with the terms of the Holding Company's HR policy and include 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 Holding Company and carry mark-up rate ranging from 4.00% to 17.70% (2022: 4.00% to 6.50%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5.00% to 22.80% (2022: 5.00% to 14.60%) 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. 299.03 million (2022: Rs. 271.38 million).

- 9.8** These represent long-term finance facilities provided to farmers on mark-up basis. The rates of return on these loans range from 28.00% to 33.00% (2022: 17.00% to 28.00%) per annum. These loans are repayable within a period of 2 years (2022: 1.5 years to 3.2 years) and are secured against title documents of the immovable properties.

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 (net of specific provisions).

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 10 SHORT-TERM FINANCES

### Considered good – secured

	Note	2023	2022
Micro finance / small enterprise finance	10.1	36,027,049	17,888,446
Term finance		-	1,538,862
Agri finance	10.2	6,459,950	-
		42,486,999	19,427,308

### Considered doubtful – secured

Micro finance		421,683	69,405,011
Agri finance	10.2	3,301,333	3,707,315
		3,723,016	73,112,326
Less: allowance for potential loan losses	36.3	(3,637,197)	(72,664,516)
		85,819	447,810
Less: general provision against micro finance loans	9.9 & 36.2	(180,659)	(90,224)
		42,392,159	19,784,894

**10.1** These represent short-term micro finance facilities provided to individuals on mark-up basis. The mark-up on these loans ranges from 22.00% to 42.00% (2022: 11.00% to 35.00%) per annum. These are secured against personal guarantees and are repayable within twelve months.

**10.2** These represent short-term finance facilities offered to farmers on mark-up basis. The rate of return on these loans ranges from 17.00% to 33.00% (2022: 17.00% to 20.00%) per annum. These are repayable within twelve months and are secured against title documents of the immovable properties.

## 11 CURRENT MATURITY OF NON-CURRENT ASSETS

### Current maturity of:

	Note	2023	2022
Net investment in finance lease	6.2	6,085,689,467	6,867,323,292
Allowance for potential lease losses	36	(562,224,766)	(678,394,356)
		5,523,464,700	6,188,928,936
Long-term investments	8	203,006,501	413,074,453
Long-term finances and loans	9	8,461,956,712	6,277,408,823
Allowance for potential loan losses	36.2	(187,558,369)	(237,532,877)
		8,274,398,343	6,039,875,946
		14,000,869,545	12,641,879,335

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

12	<b>SHORT-TERM INVESTMENTS</b>	Note	2023	2022
----- Rupees -----				
	<b>At fair value through profit or loss</b>			
	Market treasury bills	12.1	2,431,413,219	554,492,300
	Mutual Funds		123,858,681	-
	<b>At fair value through other comprehensive income</b>			
	Ordinary shares - unlisted	12.2 & 12.4	7,757,077	22,726,251
	Ordinary shares - listed	12.3 & 12.4	9,006,818	-
			<u>2,572,035,795</u>	<u>577,218,551</u>

**12.1** These include investment amounted to Rs. 509,908,808 (2022: Rs. 111,509,376) made as required under Regulation 14(4)(g) of the NBFC Regulations to maintain liquidity against certificates of deposit. These are redeemable within a period of 1 to 3 months (2022: 1 month) from the reporting date, carrying yield ranging from 21.60% to 21.99% (2022: 11.34% to 14.45%) per annum.

**12.2** This includes 705,882 (2022: 705,882) shares of Al-Baraka Bank (Pakistan) Limited (Al-Baraka) having a face value of Rs. 10 and nil (2022: 843,975) shares of LSE Financial Services Limited (LSEFSL) having a face value of Rs. 10.

**12.3** During the current year, LSE Financial Services Limited (LSEFSL) underwent restructuring through Court Sanctioned Scheme of Compromises, Arrangement and Reconstruction for Amalgamation / Demerger / Split whereby all assets and liabilities of LSEFSL were transferred to LSE Ventures Limited and LSE Proptech Limited, which are listed on the Pakistan Stock Exchange, against issuance of shares of these companies. Accordingly, the Holding Company was issued 842,810 shares and 295,536 shares of LSE Ventures Limited and LSE Proptech Limited respectively in lieu of 843,975 shares of LSEFSL.

**12.4** As at June 30, 2023, the fair value of LSE Ventures Limited, LSE Proptech Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 7.59 million, Rs. 1.42 million and Rs. 7.76 million (2022: Rs. 7.03 million) respectively.

13	<b>ADVANCES AND PREPAYMENTS</b>	Note	2023	2022
----- Rupees -----				
	Advances - unsecured		68,448,523	347,029,576
	<b>Prepayments</b>			
	Rent		4,524,335	7,938,791
	Others	13.1	39,019,790	41,257,290
			<u>111,992,648</u>	<u>396,225,657</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**13.1** This includes furnishing allowance provided to the Key Management Personnel.

Names	Maximum aggregate amount	2023	2022
----- Rupees -----			
Mr. Abid Hussain Awan	124,980	112,482	-
Mian Faysal Riaz	106,667	66,667	106,667
Mr. Haider Abbas Kalhar	52,083	27,083	52,083
Mr. Hamood Ahmed	81,500	48,750	81,500
Mr. Imtiaz Ahmed Chaudhary	136,667	96,667	136,667
Mr. Mohammad Aslam	127,081	114,583	-
Mr. Mohammad Ikram	130,626	114,583	-
Mr. Shafiq Ur Rehman	67,813	43,063	67,813
Mr. Syed Muhammad Matin	75,000	-	75,000
Mr. Tahir Ali Shah	3,125	-	3,125
Mr. Waqas Ahmed Khwaja	101,417	64,417	101,417
		688,295	624,272

## 14 OTHER RECEIVABLES

### Considered good

	Note	2023	2022
----- Rupees -----			
Operating lease rentals		-	6,825,221
Ijarah finance rentals		107,333,953	128,250,784
Others	14.1	42,842,354	41,301,512
		150,176,307	176,377,517

### Considered doubtful

Operating lease rentals		5,192,607	5,158,934
Ijarah finance rentals		30,174,272	24,179,403
Others		1,726,601	5,052,635
		37,093,480	34,390,972
Less: allowance for potential losses	36.3	(37,093,480)	(34,390,972)
		150,176,307	176,377,517

**14.1** These include receivable from Yanal Finance Company (a related party) and ORIX Corporation, Japan (a related party) amounting to Rs. 8.8 million (2022: Rs. 6.4 million) and Rs. 1.6 million (2022: Rs. 1.6 million) respectively. Maximum amount outstanding at the end of any month during the year from Yanal Finance Company, ORIX Corporation, Japan and OLP Services Pakistan Limited was Rs 17.1 million and Rs. 1.6 million respectively.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	Note	2023	2022
----- Rupees -----			
<b>15 CASH AND BANK BALANCES</b>			
Cash in hand		1,877,812	1,765,801
<b>Balances with banks in:</b>			
- Current accounts		86,513,761	141,200,982
- Deposit accounts	15.1	466,951,378	1,205,283,078
		553,465,139	1,346,484,060
Term deposits		-	50,000,000
	15.2	555,342,951	1,398,249,861

These carry expected profits rates ranging from 5.50% to 19.50% per annum (2022: 3.25% to 15.50% per annum).

- 15.2** These include balances amounting to Rs. 389.65 million (2022: Rs 507.26 million) held with banks in deposit accounts have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

	Note	2023	2022
----- Rupees -----			
<b>16 ASSETS CLASSIFIED AS HELD FOR SALE</b>			
Repossessed assets	16.1	250,001	250,001
Investment in associates			
- OPP (Private) Limited	16.2	87,754,399	87,754,399
- SAMA Finance SAE (SAMA)	16.3	172,043,037	172,043,037
Stock Exchange room		4,700,000	4,700,000
		264,747,437	264,747,437

- 16.1** These represent repossessed assets consisting of vehicles, machinery and other equipment previously leased out to customers. The Holding Company intends to dispose of these assets to recover the balance amount outstanding against such leases.

- 16.2** The Holding Company holds 45% (2022: 45%) ownership interest in OPP (Private) Limited. During 2014, the Board of Directors of the Holding 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 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**16.3** The Holding Company holds 23% (2022: 23%) ownership interest in SAMA. The Board of Directors 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 negotiation for disposal were held and a Sale Purchase Agreement (SPA) was signed on October 17, 2019. However in May 2022, the long stop date was expired and no addendum was signed to extend long stop date. The Board of Director in their meeting held in April 2023 has reiterated their intentions to sale the Holding Company's investment in SAMA. Accordingly, the Holding Company has signed mandate with a consultant to advise and execute sale of investment. The disposal is expected to be completed within a year, subject to necessary regulatory approvals.

## 17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2023	2022		2023	2022
----(Number of shares) ----			----- Rupees -----	
		<b>Ordinary shares of Rs. 10 each</b>		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
66,739,592	66,739,592	Fully paid bonus shares	667,395,920	667,395,920
2,182,538	2,182,538	Fully paid shares against amalgamation	21,825,380	21,825,380
<u>175,407,647</u>	<u>175,407,647</u>		<u>1,754,076,470</u>	<u>1,754,076,470</u>

**17.1** As at June 30, 2023, ORIX Corporation, Japan and its nominees held 86,960,515 (2022: 86,960,515) ordinary shares equivalent to 49.58% (2022: 49.58%) of the total shareholding.

**17.2** As per regulation 16 of Non-Banking Finance Companies and Notified Entities Regulations, 2008, an NBFC is required to transfer 20% of its profit after tax to a statutory reserve until the amount of the reserves equals the paid up capital. Thereafter, 5% of the profit after tax is required to be transferred to this reserves. Accordingly, the Holding Company has transferred 5% of its profit after tax to the statutory reserves for the year ended June 30, 2023 and June 30, 2022.

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

Note	2023	2022
	----- Rupees -----	
	842,979,976	863,433,593
	140,386,211	-
	(19,391,198)	(20,453,617)
	<u>963,974,989</u>	<u>842,979,976</u>
	(19,368,409)	(19,194,725)
	(21,543,097)	-
	(1,012,228)	(173,684)
22	<u>(41,923,734)</u>	<u>(19,368,409)</u>
	<u>922,051,255</u>	<u>823,611,567</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 19 LONG-TERM FINANCES

### Secured

Long-term finances utilised under mark-up arrangements – financial institutions

Privately placed term finance certificates

Accrued interest / mark-up on long-term finances

Less: unamortised transaction cost

Less: current maturity

Note	2023	2022
	----- Rupees -----	
19.1 & 19.2	12,170,843,184	11,748,215,251
19.3	2,625,000,000	3,000,000,000
	466,378,696	265,137,677
	<u>15,262,221,880</u>	<u>15,013,352,928</u>
	(10,981,428)	(16,743,302)
29	(5,847,490,863)	(4,432,093,077)
	<u>(5,858,472,291)</u>	<u>(4,448,836,379)</u>
	<u>9,403,749,589</u>	<u>10,564,516,549</u>

**19.1** The Group has unutilised long term finance facilities of Rs. 284 million as at June 30, 2023 (2022: Rs. 606 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 17.29% to 23.72% (2022: 6.52% to 16.17%) per annum. These finances are repayable within a period of 36 to 60 months (2022: 36 to 60 months).

**19.2** This also includes Musharika term finance various banks / companies amounting to Rs.1,650 million (2022: Rs.1,587 million). These carry profit ranging from 20.56% to 22.70% (2022: 6.52% to 15.66%) per annum. These finances are repayable within a period of 36 to 60 months (2022: 36 to 60 months).

**19.3** The Holding Company has issued rated, privately placed, secured term finance certificates ("TFCs") as an instrument of redeemable capital. These carry markup of 3 months kibar plus 0.8% and will mature on December 30, 2026 and are secured against hypothecation charge on receivables of the Holding Company.

## 20 LONG-TERM CERTIFICATES OF DEPOSIT

### Unsecured

Certificates of deposit

Accrued profit on certificate of deposits

Less: current maturity

Note	2023	2022
	----- Rupees -----	
20.1	1,502,853,920	2,975,050,845
	95,385,673	63,200,906
	<u>1,598,239,593</u>	<u>3,038,251,751</u>
29	(608,492,320)	(942,179,166)
	<u>989,747,273</u>	<u>2,096,072,585</u>

**20.1** These certificates of deposit have been obtained for financing the operations of the Holding Company and issued at rate of return ranging from 7.10% to 17.50% (2022: 7.10% to 13.25%) per annum and issued for terms ranging from 3 years to 10 years (2022: 3 years to 10 years).

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

21	LONG-TERM DEPOSITS	Note	2023	2022
			----- Rupees -----	
	Security deposit on ijarah contracts		496,035,278	473,254,943
	Less: current maturity	29	(169,344,276)	(160,130,604)
			<u>326,691,002</u>	<u>313,124,339</u>

**21.1** This represents amounts received under ijarah finance repayable / adjustable at the expiry of the lease period.

22	DEFERRED TAXATION	Note	2023	2022
			----- Rupees -----	

The deferred tax liability is attributable to the following items:

- Accelerated tax depreciation		243,065,790	366,634,786
- Asset capitalised under IFRS 16		(10,273,540)	(7,815,582)
- Surplus on revaluation of office building	18	41,923,734	19,368,409
- Unamortised transaction costs relating to long term finances and loans		4,282,757	5,525,289
- Investments		622,607,357	294,821,223
- Allowance for potential lease, loan and other losses		(396,675,476)	(378,542,619)
		<u>504,930,622</u>	<u>299,991,506</u>

22.1	The movement in deferred tax during the year is as follows;	Note	2023	2022
			----- Rupees -----	
	Opening		299,991,506	411,606,294
	Reversal of charge to the consolidated statement of profit or loss	39	(40,212,172)	(201,067,915)
	Charge to the consolidated statement of profit or loss and other comprehensive income		245,151,288	89,453,127
	Closing		<u>504,930,622</u>	<u>299,991,506</u>

## 23 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	23.1	126,746,202	251,425,977
Lease liability against right-of-use assets	23.2	67,046,383	85,008,041
		<u>193,792,585</u>	<u>336,434,018</u>

**23.1** This represents accrued profit on certificates of deposit payable on maturity.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**23.2** Details of minimum lease payments, financial charges and principal outstanding related to lease liability are as follows:

	2023			2022		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
	----- Rupees -----					
Not later than one year	37,620,802	10,987,197	26,633,605	35,061,056	12,790,490	22,270,566
Later than one year and not later than five years	76,681,482	14,995,825	61,685,657	100,238,421	21,982,614	78,255,807
Later than five years	6,264,736	904,010	5,360,726	8,401,236	1,649,002	6,752,234
	<u>120,567,020</u>	<u>26,887,032</u>	<u>93,679,988</u>	<u>143,700,713</u>	<u>36,422,106</u>	<u>107,278,607</u>

## 24 DEFINED BENEFIT OBLIGATION - STAFF GRATUITY

### 24.1 General description

The Holding 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 fund has been registered under Sindh Trust Act, 2020 in September 2022. 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, 2023 using the Projected Unit Credit Method.

### 24.2 Principal actuarial assumptions

	2023	2022
- Discount rate	15.75%	13.25%
- Expected rate of increase in salary for first year	15.00%	10.00%
- Expected rate of increase in salary for second year	15.75%	13.25%
- Expected rate of increase in salary for third year and onwards	15.75%	13.25%
- Expected rate of return on plan assets	12.29%	9.55%
- Average service years	13.65	12.04

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.

**24.3** The amount recognised in the consolidated statement of financial position is as follows:

	Note	2023	2022
		----- Rupees -----	
Present value of defined benefit obligation	24.4	302,086,399	265,876,926
Fair value of any plan assets	24.4	(308,204,730)	(293,133,410)
		<u>(6,118,331)</u>	<u>(27,256,484)</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net asset
	----- Rupees -----		
At July 1	265,876,926	(293,133,410)	(27,256,484)
Current service cost	20,613,945	-	20,613,945
Interest expense / (income)	33,453,802	(36,947,081)	(3,493,279)
	319,944,673	(330,080,491)	(10,135,818)
Remeasurements:			
Actuarial gain on plan assets	-	18,494,869	18,494,869
Actuarial gain on obligation	(3,063,606)	-	(3,063,606)
	(3,063,606)	18,494,869	15,431,263
	316,881,067	(311,585,622)	5,295,445
Contributions made	-	(11,413,776)	(11,413,776)
Benefits paid	(14,794,668)	14,794,668	-
At June 30	302,086,399	(308,204,730)	(6,118,331)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net asset
	----- Rupees -----		
At July 1	248,556,585	(256,909,032)	(8,352,447)
Current service cost	21,314,699	-	21,314,699
Interest expense / (income)	25,382,361	(26,255,033)	(872,672)
	295,253,645	(283,164,065)	12,089,580
Remeasurements:			
Actuarial gain on plan assets	-	(10,618,488)	(10,618,488)
Actuarial gain on obligation	(8,285,552)	-	(8,285,552)
	(8,285,552)	(10,618,488)	(18,904,040)
	286,968,093	(293,782,553)	(6,814,460)
Contributions made	-	(20,442,024)	(20,442,024)
Benefits paid	(21,091,167)	21,091,167	-
At June 30	265,876,926	(293,133,410)	(27,256,484)

**24.5** The amount recognised in consolidated statement of profit or loss is as follows:

	2023	2022
		----- Rupees -----
Current service cost	20,613,945	21,314,699
Interest expense - net	(3,493,279)	(872,672)
	17,120,666	20,442,027

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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

**24.7** Plan assets consist of the following:

	2023 (Un-audited)		2022 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	297,840,538	96.64%	279,596,535	95.38%
Term finance certificates	6,000,000	1.95%	6,000,000	2.05%
Cash and bank balances and others	4,364,192	1.41%	7,536,875	2.57%
	<u>308,204,730</u>	<u>100.00%</u>	<u>293,133,410</u>	<u>100.00%</u>

## 24.8 Historical results

	2023	2022	2021	2020	2019
	----- Rupees -----				
Present value of defined benefit obligation	302,086,399	265,876,926	248,556,585	202,888,717	208,381,885
Fair value of plan assets	(308,204,730)	(293,133,410)	(256,909,032)	(242,152,664)	(217,190,129)
(Surplus) / deficit	<u>(6,118,331)</u>	<u>(27,256,484)</u>	<u>(8,352,447)</u>	<u>(39,263,947)</u>	<u>(8,808,244)</u>
Remeasurements of plan liabilities	<u>(3,063,606)</u>	<u>(8,285,552)</u>	<u>21,750,801</u>	<u>(40,068,679)</u>	<u>(3,175,430)</u>
Remeasurements of plan assets	<u>18,494,869</u>	<u>(10,618,488)</u>	<u>(700,289)</u>	<u>8,012,246</u>	<u>(5,632,814)</u>

**24.9** Actual return on plan assets during the year amounted to Rs. 18.45 million (2022: Rs. 36.87 million).

**24.10** Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 21.8 million in respect of contribution to gratuity fund in the consolidated financial statements for the year ending June 30, 2024.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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

<b>Mortality risk</b>	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.
<b>Investment risk</b>	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.
<b>Final salary risk</b>	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.
<b>Withdrawal risk</b>	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.

**24.12** 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%	283,555,797	321,421,504
Salary growth rate	1.0%	319,859,782	284,642,233

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.

**24.13** 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
	----- Rupees -----					
Defined benefit obligation	27,957,109	89,113,589	22,369,907	42,010,087	80,082,081	253,544,060

**24.14** The weighted average duration of the defined benefit obligation is 6.26 years.

**24.15** The information provided in notes 24.1 to 24.14 has been obtained from the details provided by the actuary of the Holding Company.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 25 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

	Note	2023	2022
----- Rupees -----			
Certificates of Musharika (COM)	25.1	2,896,605,000	3,013,905,000
Profit payable on redeemable capital		78,036,728	85,167,676
		<u>2,974,641,728</u>	<u>3,099,072,676</u>
Less: current portion of redeemable capital	29	(2,795,141,728)	(2,683,372,676)
		<u>179,500,000</u>	<u>415,700,000</u>

**25.1** These carry estimated share of profit ranging between Re. 0.3425 to Re. 0.5784 per thousand per day (12.5% to 21.11% per annum) (2022: Re 0.3288 to Re. 0.4247 per thousand per day (12.0% to 15.5% per annum) and are due to mature latest by December 23, 2027 (2022: June 06, 2025).

**25.1.1** This includes COM issued to key management personnel amounting to Rs. 28.45 million (2022: Rs. 22.55 million) at the rate ranging from 18.00% to 19.05% (2022: 13.75% to 13.80%) per annum.

### 25.2 Current portion of redeemable capital

	Note	2023	2022
----- Rupees -----			
Current portion of Certificates of Musharika		2,533,936,728	2,580,667,676
Payable to holders of matured Certificates of Musharika	25.2.1	261,205,000	102,705,000
		<u>2,795,141,728</u>	<u>2,683,372,676</u>

**25.2.1** These represent amounts with respect to already matured certificates against which respective customer's request for encashment along with original certificates are pending.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

26	TRADE AND OTHER PAYABLES	Note	2023	2022
----- Rupees -----				
	Trade creditors		764,618,955	965,016,722
	Accrued liabilities		199,064,542	168,362,333
	<b>Other liabilities</b>			
	Advance from customers against finance lease and ijarah finance		3,710,951	7,314,906
	Sales tax payable		28,949,618	26,612,851
	Federal excise duty payable		1,652,417	1,923,509
	Insurance premium payable		210,848,538	181,111,741
	Provision for Provincial Workers' Welfare Fund	26	157,884,487	118,233,689
	Payable to minority shareholders of Standard Chartered Leasing Limited		14,719,516	14,772,204
	Others		56,791,689	42,118,160
			474,557,216	392,087,060
			<b>1,438,240,713</b>	<b>1,525,466,115</b>

**26.1** As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB/DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby the Modaraba was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. During the year, the Modaraba has deposited the SWWF amounting to Rs 3.092 million (2022: nil) 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, 2023 in these consolidated financial statements on a prudent basis.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 27 SHORT-TERM BORROWINGS

### From banking companies – secured

Running finance arrangements  
Accrued interest / mark-up on short term borrowings

Note	2023	2022
	----- Rupees -----	
27.1	827,381,831	339,499,845
	33,439,336	49,321,036
	<u>860,821,168</u>	<u>388,820,881</u>

**27.1** These represent short-term running finance facilities for financing of operations with limits aggregating to Rs. 3,050 million as at June 30, 2023 (2022: Rs. 3,100 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 22.20% to 23.23% (2022: 12.40% to 14.81%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

## 28 SHORT-TERM CERTIFICATES OF DEPOSIT

### Unsecured

Short-term certificates of deposit  
Payable to holders of matured certificates of deposits  
Accrued profit on short-term certificates of deposit

Note	2023	2022
	----- Rupees -----	
28.1	3,146,303,288	1,498,777,827
	67,653,592	62,400,414
	96,957,410	12,231,578
	<u>3,310,914,290</u>	<u>1,573,409,819</u>

**28.1** These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 14.00% to 20.75% (2022: 7.90% to 14.20%) per annum, for a term upto 12 months (2022: 12 months).

## 29 CURRENT MATURITY OF NON-CURRENT LIABILITIES

### Current maturity of:

Long-term finances  
Long-term certificates of deposit  
Lease liability against right-of-use asset  
Long-term deposits  
Redeemable capital

Note	2023	2022
	----- Rupees -----	
19	5,847,490,863	4,432,093,077
20	608,492,320	942,179,166
23.2	26,633,605	22,270,566
21	169,344,276	160,130,604
25	2,795,141,728	2,683,372,676
	<u>9,447,102,792</u>	<u>8,240,046,089</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 30 CONTINGENCIES AND COMMITMENTS

### 30.1 Holding Company

**30.1.1** 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 contested the matter in appeal before the Appellate Tribunal Inland Revenue (ATIR) on the issues decided against the Holding Company by the CIR-A. Apart from contesting the matter in appeal before the CIR-A, the Holding Company also filed rectification application with the Officer which was rejected. The Holding Company filed a before the CIR-A wherein certain relief was allowed. Departed filed appeal against the order passed by the CIR-A. The hearing of both the appeals was held on August 17, 2023 when the case was heard and reserved for order.

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

**30.1.2** 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 appeals against these amended orders before the CIR-A were maintained and are currently pending adjudication before the ATIR. During May 2021, the Holding Company has filed applications for fixation of hearing of these appeals against which hearing was fixed for June 10, 2021. However, the same was deferred and matter is pending for adjudication. The Holding Company has obtained a stay order against the 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.

**30.1.3** The assessments of Standard Chartered Leasing Limited (SCLL) - amalgamated entity - for the years 1998-99 to 2002- 03 were finalized 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 in the favor of the Holding Company.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**30.1.4** The ACIR passed an 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. 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 appeals against these amended assessment orders before the CIR-A for all these years. The Holding Company was granted stay against recovery of demands for TY 2015 and TY 2016 from the SHC. On January 8, 2020 CIR-A 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 favor by the CIR-A and these are pending for adjudication.

In February 2021, the ACIR has also given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demand of Rs 11.06 million and Rs 118.76 million respectively has been raised. During March 2021, the Holding Company filed appeals against these orders before the CIR-A, The Holding Company has also discharged 10% of the demand u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively. Both the appeals were heard on July 26, 2023. CIR-A vide order August 3, 2023 disposed of the Holding Company's appeal for tax year 2015 wherein he remanded back the matters to the Officer with directions.

In January 2021, the ACIR has given effect to the orders passed by CIR-A for tax years 2017 and 2018 in which demands of Rs. 1.22 billion and Rs. 1.36 billion respectively were raised. During February 2021, the Holding Company filed rectification applications. The ACIR has substantially rectified the orders and allowed tax losses on termination and unabsorbed depreciation resulting in a reduction in tax demand to Rs. 252 million and Rs. 479 million respectively. The Holding Company filed an appeal for both the tax years before CIR-A against the remaining pending issues in the appeal effect orders along with an application for rectification for tax year 2017. The officer passed the rectification order and further revised the demand for tax year 2017 to Rs. 227 million. The Holding Company discharged 10% of the demand u/s 140 of the Ordinance amounting to Rs 19.02 million and Rs 14.58 million for tax year 2017 and tax year 2018 respectively. Both the appeals were heard on July 26, 2023 and the CIR-A vide orders dated July 31, 2023 has remanded back certain matters with specific directions to the officer.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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.

**30.1.5** 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 petition before the SHC challenging the levy of super tax. On July 21, 2020, the SHC dismissed the petition stating that levy of super tax is lawful it's an additional tax, and not a double tax. The Holding Company filed a petition in the Supreme Court of Pakistan (SCP) for tax years 2015 to 2018 dated September 12, 2020 where stay had been granted in November 2020 subject to deposit of 50% of the impugned outstanding tax with the authorities.

This matter was also challenged in appeal before CIR-A for tax years 2015 to 2019 and after being maintained it has also been taken up in appeal before the ATIR for 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.

Further, in line with the SCP decision, the Holding Company has paid 50% of super tax liability for tax year 2017 and tax year 2018 amounting to Rs 18.5 million and Rs 25.8 million respectively.

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

**30.1.6** Through Finance Act 2022, the Federal Government has levied Super Tax up to 4% on high earning persons / companies for the tax year 2022 and onwards. The Holding Company's legal advisor was of the opinion that levy of super tax is unlawful and leading to double taxation. The Holding Company along with the other companies had filed constitutional petition before the Sindh High Court (SHC) challenging the levy of super tax. The SHC had granted stay, on submission of bank guarantee, till the decision had been made and the Holding Company duly submitted a bank guarantee of Rs. 87 million. On January 27, 2023, the SHC disposed off the petitions stating levy of super tax is lawful, however, it would not be applied retrospectively i.e. for Tax Year 2022. Subsequently, tax authorities filed an appeal against SHC decision in Supreme Court of Pakistan (SCP). On February 16, 2023, SCP through interim order directed SHC to en-cash submitted bank guarantee up to 4% of taxable income and release the amount to the tax authorities. Accordingly, Holding Company's bank has furnish pay-order of Rs. 87 million against their bank guarantee issued in favor of Nazir Sindh High Court. The hearing of the main appeal before the SCP is pending.

The Holding Company has discharged its liability against the already made provision of Rs. 87 million in the respective tax year 2022 on account of super tax.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**30.1.7** In 2020, the Holding Company received an amended assessment order under section 122(5A) of the Ordinance for tax year 2019 wherein a demand of Rs. 1,022 million was raised. This was mainly due to the result of disallowance of tax losses on lease termination and certain other matters including super tax. The Holding Company has filed an appeal against the order. CIR-A vide order dated July 27, 2023 disposed-off the Holding Company's appeal where certain matters were favorably decided whilst remanded back the other with directions.

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

**30.1.8** The Holding Company received an amended assessment order dated October 04, 2021, under section 122(5A) of the Ordinance for tax year 2020 wherein a demand of Rs.137 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. The Holding Company has filed an appeal against the order. CIR-A vide order dated August 8, 2023 disposed-off the Holding Company's appeal where certain matters were favorably decided whilst remanded back the other with directions. The Holding Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million.

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

**30.1.9** The Holding Company received an amendment assessment order notice dated July 5, 2022, under section 122(5A) of the Ordinance for tax year 2021 wherein a demand of Rs.57 million has been raised. This was mainly due to the result of disallowance of tax losses on lease cancellations, write-offs and certain other matters. On August 3, 2022, the Holding Company has filed appeal before the CIR-A and is pending for adjudication. Apart from above, the Holding Company filed an application for the rectification under section 221 of the Ordinance with the ACIR. The Holding Company paid 10% of the demand after adjusting rectification u/s 140 of the Ordinance amounting to Rs. 4.9 million.

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

**30.1.10** The Holding Company received an order on monitoring of withholding taxes of Standard Chartered Leasing Limited (SCLL) under section 161(1) of the Ordinance for tax year 2016 wherein a demand of Rs. 50 million along with Rs. 36 million default surcharge has been levied. This was in continuation with the notice dated October 11, 2017 which was then duly responded by the Holding Company. However, due to change in jurisdiction of the case, the notice was raised again on June 22, 2022. The Holding Company responded to the notice along with previous submitted reply and evidences dated June 29, 2022.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

The Holding Company has also filed an appeal dated July 21, 2022 against the order and the matter is pending for adjudication.

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

**30.1.11** During October 2022, the DCIR issued notices under section 176 of the Ordinance to reconcile withholding of income tax with payments as per audited accounts for tax year 2017. The Holding Company had accordingly filed replies, related documents and reconciliation of various expenses. However, on June 26, 2023, the DCIR has issued order under section 161(1) of the Ordinance without considering Holding Company's submitted reply. The demand of Rs. 482 million has been raised on account short deduction or non payment of withholding taxes. On July 12, 2023, the Holding Company has filed an appeal against the order. On September 6, 2023, CIR-A has disposed-off the Company's appeal by remanded back to the officer with directions for scrutiny of documents.

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.

**30.1.12** The DCIR issued show cause notices to the Holding Company challenging the estimates of advance tax under section 147 of the Ordinance filed by the Holding Company for the quarters ended March 31, 2019 and September 30, 2019 and additionally demanded Rs. 259.4 million and Rs. 117.2 million respectively for these years. The Holding Company's tax advisors are of the opinion that the estimates filed by the Holding Company are 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.

**30.1.13** 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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 the 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.

**30.1.14** 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.

**30.1.15** In continuation to the notice received from SRB in 2018, the Holding Company received an order dated November 03, 2021 u/s 40(1)(b) of the Stamp Act, 1899 amounting to Rs. 19.5 million, which also includes the late payment charges of Rs. 6.5 million. On December 10, 2021, the Sindh High Court disposed-off the petition filed by the Holding Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing Holding Company's plea against applicability of stamp duty. The Holding Company had also filed a petition on December 10, 2021 before SHC to prevent the SRB from taking any coercive action against the Holding Company subsequent to the issuance of the recovery order, as the matter was pending in SHC. The Court directed the SRB to provide the Holding Company an opportunity of being heard and to decide the matter within 3 months, and till such period no coercive action can be taken against the Holding Company.

The Holding Company filed an appeal with member SRB against the recovery order. However, member SRB has passed an order of Rs. 19.5 million, including amount of additional charges. The Holding Company has filed petition in Sindh High Court against the order. On April 06, 2022, directions were issued with regard to payment of the stamp duty of Rs 12.5 million whereas hearing was adjourned on the additional charges of Rs 6.5 million. Accordingly, the Holding Company has paid the stamp duty amount of Rs. 12.5 million on April 16, 2022. Based on legal opinion, the management is confident of a favorable outcome on waiver of additional charges of Rs 6.5 million.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

Accordingly, no provision against additional charges levied has been made in these consolidated financial statements.

**30.1.16** In December 2022, the Holding Company received a show cause notice from the Sindh Revenue Board (SRB) for short payment against services along with default surcharge amounting to Rs. 1.8 million for the period from September 2019 to April 2022 against income from operating lease and income from services provided to Insurance companies through workshop. The same was adequately responded stating that the services fall under the reduced rate of sales tax. However, the additional commissioner of SRB confirmed the said liability through Order no 2892 of 2022 dated December 9, 2022, which has been challenged by the Holding Company before commissioner appeals SRB. The same is pending for 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.

**30.2** Leases committed but not executed at the reporting date is Nil (2022: Rs. 22.5 million).

**30.3** Commitments relating to capital expenditure at the reporting date amounted to Rs. 0.83 million (2022: Rs. 0.63 million).

## **30.4 OLP Modaraba**

The Modaraba has issued letters of comfort to Habib Metropolitan Bank Limited on behalf of M/s. Pharmatec Pakistan (Private) Limited as at year end amounting to Rs. 83.80 million (June 2022: Rs. 83.80 million) for guaranteeing the payment against import of plant and machinery which will ultimately be given by the Modaraba to the customers against diminishing musharika or Ijarah arrangements.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 31 OTHER INCOME - NET

### Income from financial assets

Return on investments and deposits  
Interest income on government securities  
Dividend income  
Capital gain on sale of investments - net  
Operating lease rentals  
Ijarah finance income  
Unrealised (loss) / gain on remeasurement of financial assets at fair value through profit or loss - net

Note	2023	2022
	----- Rupees -----	
	71,630,583	38,811,776
	172,443,657	79,971,796
	28,069,036	1,927,991
	276,653,990	159,017,417
	12,903,707	34,278,645
	978,556,138	1,063,347,406
	(3,480,059)	3,197
	1,536,777,052	1,377,358,228
	-----	
	131,379,557	131,913,557
	62,613,958	59,971,294
	7,201,879	3,682,650
	(20,475)	-
	19,245,417	23,506,624
	84,557,540	49,651,025
	5,912,553	2,844,290
	310,890,429	271,569,440
	1,847,667,481	1,648,927,668

### Income from other than financial assets

Other fees and income  
Documentation fee  
Gain on disposal of fixed assets  
Loss on disposal of intangible asset  
Gain on disposal of Ijarah assets  
Gain on sale of leased and finance assets  
Exchange gain - net

31.1 This includes a grant received from Karandaaz Pakistan amounting to Rs. 5 million for IT related consultancy services.

## 32 SHARE OF PROFIT OF ASSOCIATE

Name of associate	2023		2022	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
<b>Un-quoted - related party</b>				
Yanal Finance Company	5,172,018,135	118,023,757	2,557,541,905	64,289,981

## 33 FINANCE COST

Interest / mark-up / profit on:  
- Long-term finances  
- Redeemable capital  
- Short-term borrowings  
- Certificates of deposit  
- Lease liability against right-of-use assets  
Amortisation of transaction costs  
Unwinding of security deposits  
Bank charges and commission

2023	2022
----- Rupees -----	
2,664,063,395	1,199,010,035
429,514,180	246,421,284
196,786,791	188,724,512
595,284,289	504,748,388
13,669,535	14,121,270
5,761,874	4,282,927
46,324,055	26,914,443
31,980,043	29,663,714
3,983,384,162	2,213,886,573

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

34 ADMINISTRATIVE AND GENERAL EXPENSES	Note	2023	2022
----- Rupees -----			
Salaries, allowances, welfare and training	34.1	1,224,626,699	1,065,578,704
Rent and utilities		100,018,001	84,682,799
Travelling		7,011,637	3,332,847
Vehicle running and maintenance		22,115,776	13,152,115
Insurance on operating assets		6,159,769	5,537,389
Legal and professional charges		46,887,005	47,463,786
Communication		24,817,493	23,034,563
Subscriptions		8,738,691	8,579,178
Auditors' remuneration	34.2	13,858,338	15,580,158
Advertising		9,364,780	12,097,132
Printing and stationery		18,315,371	14,734,146
Depreciation	4.1 & 4.4	102,594,264	101,604,313
Amortisation	5.1	1,872,204	3,270,459
Office repairs and maintenance of equipment		71,212,330	58,649,600
Donations	34.3	9,203,502	10,005,998
Office general expenses		25,902,189	22,112,957
		1,692,698,049	1,489,416,143

**34.1** This includes expenses in relation to the following employee benefits:

Defined benefit plan – gratuity fund	24.5	17,120,666	20,442,027
Defined contribution plan – gratuity fund		4,910,102	4,520,000
Defined contribution plan – provident fund		37,307,049	35,868,673
Charge against compensated absences		647,235	459,859
		59,985,052	61,290,559

## 34.2 Auditors' remuneration

### Audit services

Annual audit fee	4,306,049	3,413,374
Half yearly review fee	906,985	705,821
Sales tax on audit fee and other services	495,300	383,500
Out of pocket expenses	694,087	402,726
	6,402,421	4,905,421

### Non-audit services

Other services and certifications	1,935,917	2,568,737
Tax advisory services	5,520,000	8,106,000
	7,455,917	10,674,737
	13,858,338	15,580,158

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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

Family Educational Services Foundation  
The Layton Rahmatullah Benevolent Trust (LRBT)  
The Indus Hospital

Note	2023	2022
	----- Rupees -----	
	1,250,000	750,000
34.3.1	1,000,000	1,000,000
34.3.2	1,000,000	1,000,000
	<u>3,250,000</u>	<u>2,750,000</u>

**34.3.1** A director of the Holding Company (Mr. Shaheen Amin) is a Trustee of LRBT.

**34.3.2** A director of the Holding Company (Mr. Nasim Hyder) is a director of The Indus Hospital.

## 35 DIRECT COST

Court fee, stamp duty and others

### Operating lease and Ijarah finance

Maintenance and insurance  
Depreciation - operating lease assets  
Depreciation - ijarah assets  
Amortisation

Note	2023	2022
	----- Rupees -----	
	8,935,761	24,468,980
	20,803,055	25,879,267
4.2	5,571,593	10,102,272
4.3	670,009,508	797,464,727
5.1	12,285,715	12,285,714
	<u>708,669,871</u>	<u>845,731,980</u>
	<u>717,605,632</u>	<u>870,200,960</u>

## 36 ALLOWANCE FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2023				
	Finance lease (note 36.1)	Finance and loans (note 36.2)	Sub-total	Operating lease ijarah and other receivables	Total
	----- Rupees -----				
Balance at the beginning of the year	752,306,708	370,316,455	1,122,623,163	92,092,807	1,214,715,970
Provision charge for the year	275,167,377	102,977,540	378,144,917	20,154,586	398,299,503
Reversal made during the year	(251,242,332)	(42,257,416)	(293,499,748)	(10,324,206)	(303,823,954)
	23,925,045	60,720,124	84,645,169	9,830,380	94,475,549
Write-offs	(71,186,149)	(188,232,395)	(259,418,544)	(64,829,707)	(324,248,251)
	<u>705,045,604</u>	<u>242,804,184</u>	<u>947,849,788</u>	<u>37,093,480</u>	<u>984,943,268</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2022				
	Finance lease (note 35.1)	Finance and loans (note 35.2)	Sub-total	Operating lease ijarah and other receivables (note 35.3)	Total
	----- Rupees -----				
Balance at the beginning of the year	840,317,227	349,488,100	1,189,805,327	92,829,300	1,282,634,627
Provision charge for the year	187,829,411	40,449,892	228,279,303	3,701,468	231,980,771
Reversal made during the year	(272,996,605)	(19,614,465)	(292,611,070)	(4,437,961)	(297,049,031)
	(85,167,194)	20,835,427	(64,331,767)	(736,493)	(65,068,260)
Write-offs	(2,843,325)	(7,072)	(2,850,397)	-	(2,850,397)
	<u>752,306,708</u>	<u>370,316,455</u>	<u>1,122,623,163</u>	<u>92,092,807</u>	<u>1,214,715,970</u>

	Note	2023	2022
		----- Rupees -----	
<b>36.1 Provision against finance leases</b>			
Long term portion of provision against finance leases		142,820,838	73,912,352
Current portion of provision against finance leases	11	562,224,766	678,394,356
		<u>705,045,604</u>	<u>752,306,708</u>
<b>36.2 Provision against finances and loans</b>			
Long-term finances and loans	9	51,427,959	60,028,838
Current portion of long-term finances and loans	11	187,558,369	237,532,877
Short-term finances and loans	10	3,817,856	72,754,740
		<u>242,804,184</u>	<u>370,316,455</u>
<b>36.3 Provision against operating lease, ijarah, other receivables and investments</b>			
Other receivables	14	37,093,480	34,390,972
Long-term investments	8	-	57,701,835
		<u>37,093,480</u>	<u>92,092,807</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 37 OTHER PROVISIONS - NET

Note	2023	2022
	----- Rupees -----	
<b>Operating lease, ijarah and other receivables</b>		
(Reversal of provision) / provision against other receivables	(8,757,007)	846,028
Provision against operating lease receivables	129,673	2,609,908
Provision / (reversal of provision) against ijarah receivables	18,457,714	(4,192,429)
	9,830,380	(736,493)
<b>Others</b>		
Provision for provincial Workers' Welfare Fund	42,743,228	39,981,707
Provision for services sales tax on Management Company's remuneration	37.1 2,837,777	2,332,448
Reversal of impairment recognised on assets under ijarah arrangements	4.3 -	(4,369,096)
	55,411,385	37,208,566

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

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

## 38 REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

**38.1** 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:

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2023				
	Chief Executive of the holding Company	Executive Director of the Holding Company	Chief Executive of the Management Company	Executives	Total
	----- Rupees -----				
Managerial remuneration	37,840,004	10,509,404	17,874,897	211,464,250	277,688,555
Bonus	10,000,000	2,400,000	6,000,000	48,873,061	67,273,061
House rent and utilities	13,760,004	3,821,604	-	81,779,594	99,361,202
Other perquisites	-	557,004	95,365	137,152,290	137,804,659
Retirement benefits	4,426,934	1,810,690	1,477,823	33,331,754	41,047,201
	<u>66,026,942</u>	<u>19,098,702</u>	<u>25,448,085</u>	<u>512,600,949</u>	<u>623,174,678</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>82</u>	<u>85</u>
	----- Rupees -----				
	2022				
	Chief Executive of the holding Company	Executive Director of the Holding Company	Chief Executive of the Management Company	Executives	Total
Managerial remuneration	36,117,220	9,617,302	16,511,076	195,700,031	257,945,629
Bonus	8,500,000	1,765,450	7,000,000	39,555,580	56,821,030
House rent and utilities	13,133,538	3,497,202	-	75,716,415	92,347,155
Other perquisites	-	350,979	157,307	77,418,484	77,926,770
Retirement benefits	5,299,243	1,148,505	1,368,351	27,260,572	35,076,671
	<u>63,050,001</u>	<u>16,379,438</u>	<u>25,036,734</u>	<u>415,651,082</u>	<u>520,117,255</u>
Number of persons	<u>1</u>	<u>1</u>	<u>1</u>	<u>79</u>	<u>82</u>

**38.2** 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.

**38.3** 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.

**38.4** Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 4 non-executive directors amounting to Rs. 10.72 million (2022: Rs. 10.82 million to 4 non-executive directors). This includes fee paid to the Chairman of the Board of Directors of the Holding Company amounting to Rs. 2.54 million (2022: Rs. 2.77 million).

## 39 TAXATION

Note	2023	2022
	----- Rupees -----	
Current tax	932,015,966	776,111,182
Prior year tax	(15,851,523)	(39,187,664)
Deferred tax	(40,212,172)	(201,067,915)
	<u>875,952,271</u>	<u>535,855,603</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**39.1** This includes super tax under section 4C of Income tax ordinance.

## 39.2 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2023 and June 30, 2022 is as follows.

	2023 (Effective tax rate) (%)	2023 Rupees	2022 (Effective tax rate) (%)	2022 Rupees
Profit before taxation		<u>2,163,839,362</u>		<u>1,469,848,815</u>
Tax at enacted tax rate	29.00	627,513,415	29.00	426,256,156
Tax effect of income subject to final tax regime	(0.12)	(2,541,478)	(0.83)	(12,176,159)
Tax effect of income subject to lower tax rate	-	-	(2.22)	(32,598,570)
Tax effect of rebates / credits	(0.20)	(4,357,649)	(0.16)	(2,354,239)
Impact of changes in rates	1.56	33,849,038	7.43	109,263,082
Prior year	(0.76)	(16,473,748)	(2.67)	(39,187,664)
Super tax	10.34	223,793,026	6.29	92,496,645
Others	0.65	14,169,667	(0.40)	(5,843,648)
	<u>40.48</u>	<u>875,952,271</u>	<u>36.46</u>	<u>535,855,603</u>

## 39.3 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 adjudication, however, as a matter of prudence, the Holding Company has made adequate provision in respect of the disallowances.

### Tax Year 2010 to 2020

Under Section 114 of the Income Tax Ordinance 2001, the Holding Company has filed the returns of income for tax years 2010 to 2022. 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, 2015, 2016, 2017, 2018, 2019, 2020 and 2021.

### Tax Year 2010, 2011, 2014, 2015, 2016, 2017, 2018, 2019, 2020 and 2021

Details of the assessment made by the Additional Commissioner Inland Revenue are provided in notes 30.1.1, 30.1.2, 30.1.3, 30.1.4, 30.1.5, 30.1.7, 30.1.8, and 30.1.9.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 40 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2023	2022
----- Rupees -----			
Profit before taxation		2,163,839,362	1,469,848,815
<b>Adjustments for</b>			
Depreciation	4.1, 4.2, 4.3 & 4.4	778,175,365	909,341,690
Amortisation	5.1	14,157,919	15,385,795
Amortisation of transaction cost	33	5,761,874	4,282,927
Provision / (reversal of provision) for potential lease and other loan losses - net	36	84,645,169	(64,331,767)
Provision for provincial Workers Welfare Fund	37	42,743,228	39,981,707
Provision / (reversal of provision) against Ijarah receivable	37	18,457,714	(4,192,429)
Reversal of impairment recognised on assets under Ijarah arrangements		-	(4,369,096)
(Reversal of provision) / provision against other receivables	37	(8,627,334)	3,455,936
Provision for services sales tax on Management Company's remuneration	37	2,837,777	2,332,448
Gain on sale of investments - net	31	(276,653,990)	(159,017,417)
Share of profit from associate	32	(118,023,757)	(64,289,981)
Exchange gain - net	31	(5,912,553)	(2,844,290)
Charge for defined benefit plan - gratuity fund	34.1	17,120,666	20,442,027
Write-off in respect of net investment in Ijarah finance		370,000	-
Unrealised loss / (gain) on remeasurement of financial assets at fair value through profit or loss - net	31	3,480,059	(3,197)
Finance cost including bank charges	33	3,313,491,572	1,655,477,101
Profit on certificates of deposit	33	595,284,289	504,748,388
Dividend income	31	(28,069,036)	(1,927,991)
Return on investments and deposits	31	(71,630,583)	(38,811,776)
Interest income on government securities	31	(172,443,657)	(79,971,796)
Gain on disposal of Ijarah assets	31	(19,245,417)	(23,506,624)
Gain on disposal of fixed assets	31	(7,201,879)	(3,682,650)
Loss on disposal of intangible asset	31	20,475	-
		<u>4,168,737,901</u>	<u>2,708,499,005</u>
		<u>6,332,577,263</u>	<u>4,178,347,820</u>

## 41 CASH AND CASH EQUIVALENTS

Cash at bank	15	553,465,139	1,396,484,060
Cash in hand	15	1,877,812	1,765,801
Short-term running finance facilities	27	(827,381,832)	(339,499,845)
		<u>(272,038,881)</u>	<u>1,058,750,016</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 41.1

	2023				
	Certificates of deposits	Long form finances	Unclaimed dividend/ unpaid dividend	Redeemable capital	Total
	----- Rupees -----				
Balance as at July 01, 2022	4,536,229,086	14,731,471,949	261,456,914	3,013,905,000	22,543,062,949
<b>Changes from financing cash flows</b>					
Repayment	(3,745,390,675)	(4,446,610,193)	-	(4,981,200,000)	(13,173,200,868)
Proceeds received	3,925,972,389	4,500,000,000	-	4,863,900,000	13,289,872,389
Dividend paid	-	-	(478,294,347)	-	(478,294,347)
<b>Total changes from financing activities</b>	180,581,714	53,389,807	(478,294,347)	(117,300,000)	(361,622,826)
Other changes					
Bonus shares	-	-	-	-	-
Dividend paid	-	-	792,397,648	-	792,397,648
<b>Total other changes</b>	-	-	792,397,648	-	792,397,648
<b>Balance as at June 30, 2023</b>	<b>4,716,810,800</b>	<b>14,784,861,756</b>	<b>575,560,215</b>	<b>2,896,605,000</b>	<b>22,973,837,771</b>

## 42 SEGMENT INFORMATION

The Group has three primary reporting segments namely, 'Finance lease', 'Finances & Loans' and 'Islamic Finance', 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. Islamic Finance includes Ijarah and Diminishing Musharakah 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'.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 42.1 Segment analysis is given below:

	2023				Total
	Finance lease	Finances and loans	Islamic Finance	Investment in associates & others	
	Rupees				
Segment revenues	3,008,192,601	3,101,940,488	1,856,033,045	731,417,625	8,697,583,759
Finance cost	1,241,988,100	1,353,640,668	765,572,185	622,183,209	3,983,384,162
Administrative and general expenses	683,846,973	745,323,625	248,839,461	14,687,990	1,692,698,049
Direct cost	7,420,452	17,485,696	668,082,386	24,617,098	717,605,632
Provisions / (reversals) - net	23,925,045	78,435,211	(3,170,330)	(1,876,600)	97,313,326
<b>Segment results</b>	<b>1,051,012,031</b>	<b>907,055,288</b>	<b>176,709,343</b>	<b>71,805,928</b>	<b>2,206,582,590</b>
Provision for provincial worker's welfare fund					(42,743,228)
Provision for taxation					(875,952,271)
<b>Profit for the year</b>					<b>1,287,887,091</b>
<b>Other information</b>					
Segment assets	11,257,605,115	13,882,268,044	6,004,304,156	5,253,411,303	36,397,588,618
Unallocated assets					1,914,948,726
<b>Total assets</b>					<b>38,312,537,344</b>
Segment liabilities	181,205,628	339,561,141	4,896,479,098	286,138,925	5,703,384,792
Unallocated liabilities					21,945,336,546
<b>Total liabilities</b>					<b>27,648,721,338</b>
Capital expenditure	-	-	726,045,483	-	726,045,483
Depreciation and amortisation	-	-	682,295,223	5,571,593	687,866,816
<b>Unallocated</b>					
Capital expenditure - fixed assets for own use					46,507,679
Additions made to intangible assets					3,872,066
Unallocated depreciation and amortisation					104,466,468

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2022				Total
	Finance lease	Finances and loans	Islamic Finance	Investment in associates & others	
	----- Rupees -----				
Segment revenues	2,358,018,339	2,164,761,705	1,069,067,604	424,381,643	6,016,229,291
Finance cost	875,837,001	888,724,270	147,514,381	301,810,921	2,213,886,573
Administrative and general expenses	740,416,899	663,428,404	75,038,195	10,532,646	1,489,416,144
Direct cost	19,237,446	19,977,223	798,487,286	32,499,005	870,200,960
Provisions / (reversals) - net	(85,167,194)	20,835,427	(8,561,525)	5,788,384	(67,104,908)
<b>Segment results</b>	<u>807,694,187</u>	<u>571,796,381</u>	<u>56,589,267</u>	<u>73,750,687</u>	<u>1,509,830,522</u>
Provision for provincial worker's welfare fund					(39,981,707)
Provision for taxation					(535,855,603)
<b>Profit for the year</b>					<u>933,993,212</u>
<b>Other information</b>					
Segment assets	<u>12,684,937,695</u>	<u>15,245,473,788</u>	<u>1,982,067,013</u>	<u>3,573,589,328</u>	<u>33,486,067,824</u>
Unallocated assets					2,578,235,612
<b>Total assets</b>					<u>36,064,303,436</u>
Segment liabilities	<u>455,206,642</u>	<u>3,182,088,187</u>	<u>1,959,450,589</u>	<u>358,151,370</u>	<u>5,954,896,788</u>
Unallocated liabilities					20,329,954,251
<b>Total liabilities</b>					<u>26,284,851,039</u>
Capital expenditure	-	-	760,436,225	-	760,436,225
Depreciation and amortisation	-	-	809,750,441	10,102,272	819,852,713
<b>Unallocated</b>					
Capital expenditure - fixed assets for own use					<u>45,267,129</u>
Additions made to intangible assets					<u>949,670</u>
Unallocated depreciation and amortisation					<u>104,874,772</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 42.2 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	2023		2022	
	(Rupees)	%	(Rupees)	%
Individuals	9,191,536,905	29.50%	8,338,242,159	27.57%
Goods transport	3,021,604,860	9.70%	3,637,740,221	12.02%
Public transport	2,235,926,726	7.18%	1,870,022,116	6.18%
Services	2,111,715,321	6.78%	2,249,663,196	7.44%
Distributor	1,497,546,647	4.81%	893,442,133	2.95%
Textile and Allied	2,334,404,391	7.49%	2,014,482,797	6.66%
Trading	1,069,639,582	3.43%	1,521,073,853	5.03%
Fuel and Energy	1,082,655,541	3.47%	937,626,047	3.10%
Construction	1,016,262,660	3.26%	1,049,150,195	3.47%
Chemical and Pharmaceutical	1,123,066,989	3.60%	888,842,802	2.94%
Glass, Ceramics and Plastic	863,212,762	2.77%	640,966,760	2.12%
Food and Allied	1,294,009,357	4.15%	1,415,459,954	4.68%
Miscellaneous	1,018,146,497	3.27%	930,930,063	3.08%
Steel and Engineering	1,008,432,192	3.24%	1,177,324,706	3.89%
Paper, Board and Printing	813,308,887	2.61%	851,803,760	2.82%
Automotive Industry	440,666,729	1.41%	671,223,304	2.22%
Natural Resource and Farming	284,353,044	0.91%	508,858,771	1.68%
Sugar	623,666,365	2.00%	482,569,675	1.60%
Cables, Electric and Electronic Goods	130,311,091	0.42%	175,257,309	0.58%
	<u>31,160,466,546</u>	<u>100%</u>	<u>30,254,679,821</u>	<u>100%</u>

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

	2023	2022
	----- Rupees -----	
Net investment in finance leases	11,962,400,718	13,436,624,395
Other finances and loans	19,198,065,828	16,818,055,426
	<u>31,160,466,546</u>	<u>30,254,679,821</u>

## 42.3 Segment by sector

The Group's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 21,969 million (2022: Rs. 21,916 million).

## 42.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

## 43 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**43.1** Transactions with related parties during the year are given below:

	2023	2022
	----- Rupees -----	
<b>ORIX Corporation, Japan – Parent Company – 49.58% Holding</b>		
Dividend paid	-	321,753,904
Re-imburement of cost	-	401,445
<b>Yanal Finance Company – Associate / Common directorship 2.5% ownership</b>		
Dividend received	104,283,296	55,089,580
Reimbursement of cost	21,240,461	26,542,392
<b>OLP Financial Services Pakistan Limited – Employees Provident Fund</b>		
Contribution made	31,412,555	30,459,673
<b>ORIX Modaraba – Staff Provident Fund</b>		
Contribution made	5,894,494	5,408,858
<b>OLP Financial Services Pakistan Limited – Staff Gratuity Fund</b>		
Contribution made	11,413,776	20,442,024
<b>ORIX Modaraba – Staff Gratuity Fund</b>		
Contribution made	4,910,102	4,520,110
Reimbursement from Staff Gratuity Fund	1,547,358	1,725,310
<b>Charity / Donation paid – Common Directorship</b>		
The Indus Hospital	1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust – Donation	1,000,000	1,000,000
The Layton Rahmatullah Benevolent Trust – Charity	1,000,000	2,000,000
The Patients' Behbood Society for AKU	1,000,000	1,000,000
<b>Other related party transactions during the year</b>		
<b>Directors and key management personnel</b>		
Compensation of directors and key management personnel		
Director fees paid	9,000,000	10,550,000
Short-term employee benefits	309,376,346	271,419,587
Retirement benefits	21,474,288	19,077,712
Total compensation to directors and key management personnel	339,850,634	301,047,299

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2023	2022
	----- Rupees -----	
Proceeds from sale of vehicles	-	806,200
Staff loans disbursed to key management personnel	23,815,997	47,075,497
Interest recovered on staff loans	12,068,456	12,084,820
Principal recovered on staff loans	23,559,094	59,047,792
Redeemable capital issued (net off redemption)	5,900,000	15,500,000
Profit on redeemable capital	3,929,211	1,074,818
Dividend paid to key management personnel - net of tax	375,454	416,907
Dividend received by the Chief Executive Officer of the Group	1,596,142	1,516,142
<b>43.2 The balances with related parties as at year end:</b>		
Investment in associate	1,718,529,322	1,207,909,411
Investment in associates - held for sale		
- OPP (Private) Limited	87,754,399	87,754,399
- SAMA Finance SAE , Egypt	172,043,037	172,043,037
Outstanding loans to key management personnel	74,976,920	65,887,191
Outstanding redeemable capital to key management personnel	28,450,000	22,550,000
Profit payable on redeemable capital to key management personnel	2,660,536	979,266
Advance to the Chief Executive Officer of OLP Services Pakistan (Private) Limited	1,320,000	1,320,000
Payable to OLP Financial Services Pakistan Limited-Staff Gratuity Fund	5,706,888	-
Receivable from Yanal Finance Company - Associate	8,777,774	6,380,097
Receivable from ORIX Corporation, Japan - Parent Company	1,615,695	1,615,695
Unpaid dividend payable to ORIX Corporation, Japan - Parent Company	482,630,856	160,876,952

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**43.3** The Modaraba enters into transactions with related parties for lease of assets, borrowings under Musharika finances and other general banking services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

## 44 STAFF STRENGTH

	2023	2022
	----- Rupees -----	
Group's staff strength at the end of the year	488	509
Average number of employees*	489	496

\* 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.

## 45 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, 2023 (un-audited) and June 30, 2022 (audited):

	Unaudited 2023	Audited 2022
	----- Rupees -----	
Size of the Fund - total assets	818,043,506	722,409,126
Fair value of investments	805,093,457	705,946,959
	----- Percentage -----	
Percentage of investments made	98%	98%

The cost of the above investments amounted to Rs. 798.94 million (2022: Rs. 672.49 million).

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

	Unaudited 2023	Audited 2022	Unaudited 2023	Audited 2022
	----- Rupees -----			
Cash and bank deposits	4.93%	2.90%	39,663,865	20,402,311
Mutual funds	4.28%	6.40%	34,445,283	45,335,536
Government securities				
- Treasury Bills	44.86%	17.60%	361,199,017	124,129,773
- National Savings Certificate	0.00%	36.00%	-	254,407,013
- Pakistan Investment Bonds	41.58%	34.90%	334,785,292	246,672,326
- Debt Securities - Listed ( TFC)	4.35%	2.10%	35,000,000	15,000,000
	100%	100%	805,093,457	705,946,959

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

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.

## 46 FINANCIAL INSTRUMENTS BY CATEGORY

	2023			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
<b>ASSETS</b>				
Net investment in finance lease	11,257,355,114	-	-	11,257,355,114
Long-term investments	203,006,501	-	15,050,000	218,056,501
Long-term deposits	11,213,566	-	-	11,213,566
Finances and loans	18,519,207,958	-	-	18,519,207,958
Short-term investments	-	2,555,271,900	16,763,895	2,572,035,795
Other receivables	150,176,307	-	-	150,176,307
Cash and bank balances	555,342,951	-	-	555,342,951
	<u>30,696,302,397</u>	<u>2,555,271,900</u>	<u>31,813,895</u>	<u>33,283,388,192</u>

	2023			Total
	At fair value through profit or loss	At amortised cost		
-----Rupees-----				
<b>LIABILITIES</b>				
Long-term finances	-	12,637,221,880		12,637,221,880
Privately placed term finance certificates	-	2,614,018,572		2,614,018,572
Certificates of deposit	-	4,909,153,883		4,909,153,883
Other long-term liabilities	-	126,746,202		126,746,202
Redeemable capital	-	2,974,641,728		2,974,641,728
Trade and other payables	-	1,246,043,240		1,246,043,240
Lease liability against right-of-use assets	-	93,679,988		93,679,988
Unpaid dividend	-	482,630,856		482,630,856
Unclaimed dividend	-	92,929,359		92,929,359
Short-term borrowings	-	860,821,168		860,821,168
	-	<u>26,037,886,876</u>		<u>26,037,886,876</u>

	2022			Total
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	
-----Rupees-----				
<b>ASSETS</b>				
Net investment in finance lease	12,684,317,687	-	-	12,684,317,687
Long-term investments	607,860,807	-	-	607,860,807
Long-term deposits	11,530,566	-	-	11,530,566
Finances and loans	15,566,192,372	-	-	15,566,192,372
Short-term investments	-	554,492,300	22,726,251	577,218,551
Other receivables	176,377,517	-	-	176,377,517
Cash and bank balances	1,398,249,861	-	-	1,398,249,861
Net investment in ijarah finance	370,000	-	-	370,000
	<u>30,444,898,810</u>	<u>554,492,300</u>	<u>22,726,251</u>	<u>31,022,117,361</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2022		
	At fair value through profit or loss	At amortised cost	Total
	-----Rupees-----		
<b>LIABILITIES</b>			
Long-term finances	-	12,013,352,928	12,013,352,928
Privately placed term finance certificates	-	2,983,256,698	2,983,256,698
Certificates of deposit	-	4,611,661,570	4,611,661,570
Other long-term liabilities	-	251,425,977	251,425,977
Redeemable capital	-	3,099,072,676	3,099,072,676
Trade and other payables	-	1,371,381,160	1,371,381,160
Lease liability against right-of-use asset	-	107,278,607	107,278,607
Unpaid dividend	-	168,373,952	168,373,952
Unclaimed dividend	-	93,082,962	93,082,962
Short-term borrowings	-	388,820,881	388,820,881
	-	25,087,707,411	25,087,707,411

## 47 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.

### 47.1 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.

#### 47.1.1 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:

	2023	2022
	----- Rupees -----	
Foreign currency bank account	8,148,551	5,805,140
Investment in associate	1,718,529,322	1,207,909,411
Assets classified as held for sale	172,043,037	172,043,037

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

As at June 30, 2023, 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. 189.87 million (2022: Rs. 138.58 million).

## 47.1.2 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:

	2023							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)
<b>On-balance sheet financial instruments</b>								
<b>Financial assets</b>								
Net investment in finance lease	14.60% to 33.78%	11,257,355,114	679,278,502	802,329,786	3,898,878,156	5,876,868,670	-	-
Long-term investments	7.00%	218,056,501	-	203,006,501	-	-	-	15,050,000
Long-term deposits		11,213,566	-	-	-	-	-	11,213,566
Finances and loans	4.00% - 44.80%	18,519,207,958	2,542,134,723	3,236,682,860	4,940,005,523	7,205,522,362	112,248,480	482,614,010
Short-term investments	21.60% to 21.99%	2,572,035,795	1,112,384,051	1,442,887,849	-	-	-	16,763,895
Other receivables		150,176,307	-	-	-	-	-	150,176,307
Cash and bank balances	5.50% to 19.50%	555,342,951	466,951,378	-	-	-	-	88,391,573
<b>Total</b>		<b>33,283,388,192</b>	<b>4,800,748,654</b>	<b>5,684,906,996</b>	<b>8,838,883,679</b>	<b>13,082,391,032</b>	<b>112,248,480</b>	<b>764,209,351</b>
<b>Financial liabilities</b>								
Long-term finances	17.29% to 23.72%	12,637,221,880	1,169,585,980	936,910,894	3,206,592,355	7,324,132,651	-	-
Privately placed term finance certificates	15.58% to 23.71%	2,614,018,572	(653,750)	186,192,291	558,523,216	1,869,956,815	-	-
Certificates of deposit	7.10% to 17.50%	4,909,153,883	100,759,482	601,050,050	3,217,597,078	989,747,273	-	-
Other long-term liabilities		126,746,202	-	-	-	-	-	126,746,202
Redeemable capital	12.50% - 21.11%	2,974,641,728	432,536,728	979,550,000	1,121,850,000	179,500,000	-	261,205,000
Trade and other payables		1,246,043,240	-	-	-	-	-	1,246,043,240
Lease liability against right-of-use asset		93,679,988	-	-	-	-	-	93,679,988
Unpaid dividend		482,630,856	-	-	-	-	-	482,630,856
Unclaimed dividend		92,929,359	-	-	-	-	-	92,929,359
Short-term borrowings	22.20% to 23.23%	860,821,168	860,821,168	-	-	-	-	-
<b>Total</b>		<b>26,037,886,876</b>	<b>2,563,049,608</b>	<b>2,703,703,235</b>	<b>8,104,562,649</b>	<b>10,363,336,739</b>	<b>-</b>	<b>2,303,234,645</b>
<b>On-balance sheet gap (a)</b>		<b>7,245,501,316</b>	<b>2,237,699,046</b>	<b>2,981,203,761</b>	<b>734,321,030</b>	<b>2,719,054,293</b>	<b>112,248,480</b>	<b>(1,539,025,294)</b>
<b>Off-balance sheet financial instruments</b>								
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>7,245,501,316</b>	<b>2,237,699,046</b>	<b>2,981,203,761</b>	<b>734,321,030</b>	<b>2,719,054,293</b>	<b>112,248,480</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>7,245,501,316</b>	<b>9,483,200,362</b>	<b>12,464,404,123</b>	<b>13,198,725,153</b>	<b>15,917,779,446</b>	<b>16,030,027,926</b>	<b>-</b>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

2022								
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)								
<b>On-balance sheet financial instruments</b>								
<b>Financial assets</b>								
Net investment in finance lease	9.34% - 27.55%	12,684,317,687	702,186,891	1,594,507,973	3,818,221,720	6,569,401,103	-	-
Long-term investments	7.25% - 12.00%	607,860,807	-	413,074,453	-	194,786,354	-	-
Long-term deposits		11,530,566	-	-	-	-	-	11,530,566
Finances and loans	4.00% - 38.41%	15,566,192,372	1,162,886,600	2,548,818,409	4,923,154,602	6,900,554,431	-	30,778,330
Short-term investments	7.13% - 7.60%	577,218,551	554,492,300	-	-	-	-	22,726,251
Other receivables		176,377,517	-	-	-	-	-	176,377,517
Cash and bank balances	2.90%-6.00%	1,398,249,861	1,255,283,078	-	-	-	-	142,966,783
Net investment in ijarah finance		370,000	-	-	-	-	-	370,000
<b>Total</b>		<b>31,022,117,361</b>	<b>3,674,848,869</b>	<b>4,556,400,835</b>	<b>8,741,376,322</b>	<b>13,664,741,888</b>	<b>-</b>	<b>384,749,447</b>
<b>Financial liabilities</b>								
Long-term finances	6.52% - 8.63%	12,013,352,928	725,065,272	936,426,627	2,385,979,856	7,965,881,173	-	-
Privately placed term finance certificates	11.22% to 15.58%	2,983,256,698	(714,046)	(1,428,332)	370,020,391	2,615,378,685	-	-
Certificates of deposit	6.50% - 13.15%	4,611,661,570	202,077,876	590,515,339	1,722,995,770	2,096,072,585	-	-
Other long-term liabilities		251,425,977	-	-	-	-	-	251,425,977
Redeemable capital	6.5% - 7.75%	3,099,072,676	967,867,676	383,750,000	1,229,050,000	415,700,000	-	102,705,000
Trade and other payables		1,371,381,160	-	-	-	-	-	1,371,381,160
Lease liability against right-of-use asset		107,278,607	-	-	-	-	-	107,278,607
Unpaid dividend		168,373,952	-	-	-	-	-	168,373,952
Unclaimed dividend		93,082,962	-	-	-	-	-	93,082,962
Short-term borrowings	7.62% - 8.58%	388,820,881	388,820,881	-	-	-	-	-
<b>Total</b>		<b>25,087,707,411</b>	<b>2,283,117,659</b>	<b>1,909,263,634</b>	<b>5,708,046,017</b>	<b>13,093,032,443</b>	<b>-</b>	<b>2,094,247,658</b>
<b>On-balance sheet gap (a)</b>		<b>5,934,409,950</b>	<b>1,391,731,210</b>	<b>2,647,137,201</b>	<b>3,033,330,305</b>	<b>571,709,445</b>	<b>-</b>	<b>(1,709,498,211)</b>
<b>Off-balance sheet financial instruments</b>								
<b>Off-balance sheet gap (b)</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total interest rate sensitivity gap (a+b)</b>		<b>5,934,409,950</b>	<b>1,391,731,210</b>	<b>2,647,137,201</b>	<b>3,033,330,305</b>	<b>571,709,445</b>	<b>-</b>	<b>-</b>
<b>Cumulative interest rate sensitivity gap</b>		<b>5,934,409,950</b>	<b>1,391,731,210</b>	<b>4,038,868,411</b>	<b>7,072,198,716</b>	<b>7,643,908,161</b>	<b>7,643,908,161</b>	<b>-</b>

## 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. 277.92 million (2022: Rs. 257.52 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 for the year ended June 30, 2022 would have been lower / higher by Rs. 233.40 million (2022: Rs. 150.13 million).

# Notes to and Forming Part of the Consolidated Financial Statements

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The Group holds unutilized credit lines with banks amounting in aggregate to Rs 3,334 million as at June 30, 2023 (2022: Rs. 3,367 million) as disclosed in the note 19.1 and 27.1.

## b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2023, 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. 3.5 million (2022: Rs. 5.5 million).

### 47.1.3 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.

### 47.2 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 contract 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 42.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	Carrying value		Maximum exposure	
	2023	2022	2023	2022
	----- Rupees -----		----- Rupees -----	
Net investment in finance lease	11,257,355,114	12,684,317,687	11,257,355,114	12,684,317,687
Long-term investments	218,056,501	607,860,807	-	-
Long-term deposits	11,213,566	11,530,566	11,213,566	11,530,566
Finances and loans	18,519,207,958	15,566,192,372	18,519,207,958	15,566,192,372
Short-term investments	2,572,035,795	577,218,551	-	-
Other receivables	150,176,307	176,377,517	150,176,307	176,377,517
Cash and bank balances	555,342,951	1,398,249,861	553,465,139	1,396,484,060
Net investment in ijarah finance	-	370,000	-	370,000
	<u>33,283,388,191</u>	<u>31,022,117,361</u>	<u>30,491,418,084</u>	<u>29,835,272,202</u>

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:

	2023				
	Finance lease (net of security deposit)	Finance and loans	Investments & other receivables	Net investment in ijarah finance	Total
	----- Rupees -----				
Within 90 days	3,521,259	-	-	-	3,521,259
90 - 180 days	28,064,987	87,994,542	2,670,310	-	118,729,839
181-365 days	33,901,357	30,143,699	320,363	-	64,365,419
Over 1 Year	462,737,109	130,388,473	46,790,134	-	639,915,716
	<u>528,224,712</u>	<u>248,526,714</u>	<u>49,780,807</u>	<u>-</u>	<u>826,532,233</u>
Less: general and specific provision	705,045,604	242,804,184	37,093,480	-	984,943,268
Net of Provision	<u>(176,820,892)</u>	<u>5,722,530</u>	<u>12,687,327</u>	<u>-</u>	<u>(158,411,035)</u>
Coverage Ratio	133.47%	97.70%	74.51%	0.00%	119.17%

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2022				
	Finance lease (net of security deposit)	Finance and loans	Investments & other receivables	Net investment in ijarah finance	Total
	----- Rupees -----				
Within 90 days	31,010,017	4,650,873	-	-	35,660,890
90 - 180 days	104,372,260	62,947,934	-	-	167,320,194
181-365 days	72,214,642	48,082,714	-	-	120,297,356
Over 1 Year	622,213,391	371,933,032	74,320,949	1,134,443	1,069,601,815
	<u>829,810,310</u>	<u>487,614,553</u>	<u>74,320,949</u>	<u>1,134,443</u>	<u>1,392,880,255</u>
Less: General and specific provision	752,306,708	370,316,455	90,958,364	1,134,443	1,214,715,970
Net of provision	<u>77,503,602</u>	<u>117,298,098</u>	<u>(16,637,415)</u>	<u>-</u>	<u>178,164,285</u>
Coverage Ratio	<u>90.66%</u>	<u>75.94%</u>	<u>122.39%</u>	<u>-</u>	<u>87.21%</u>

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 as at June 30, 2023:

	2023	2022
	----- Rupees -----	
AAA	524,545,308	698,323,569
AA+	8,469,306	18,685,837
AA	10,338,166	672,245,729
AA-	7,815,429	5,799,576
A+	508	72,793
A	304,234	315,473
State bank of Pakistan	1,992,188	1,041,083
	<u>553,465,139</u>	<u>1,396,484,060</u>

The Group does not hold any other financial asset which are rated.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

**47.2.1** The Group 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, 2023 and June 30, 2022 was determined as follows:

## Net investment in finance lease

	2023			2022		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
----- Rupees -----						
Not yet due	0.76%	9,154,136,265	69,891,686	0.39%	12,832,953,972	49,742,365
1-30 days	2.16%	5,035,090,979	108,985,357	1.19%	2,280,214,528	27,091,999
31-90 days	5.02%	1,091,510,610	54,790,821	3.15%	712,401,376	22,413,176
91-365 days	46.34%	79,669,165	36,916,706	35.73%	216,523,482	77,361,500
More than 365 days	71.80%	605,089,316	434,461,034	72.96%	789,050,842	575,697,668
Total			<u>705,045,604</u>			<u>752,306,708</u>

## Micro finance, Ijarah and Musharika finance

	2023			2022		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
----- Rupees -----						
Not yet due	0.14%	3,590,715,072	4,952,191	0.05%	2,759,687,120	1,263,554
1-30 days	0.24%	1,983,943,351	4,738,712	0.12%	1,980,666,350	2,282,492
31-90 days	1.66%	249,920,158	4,143,227	0.58%	569,193,507	3,300,776
91-365 days	36.42%	66,771,458	24,321,076	18.31%	98,952,715	18,113,365
More than 365 days	100.00%	120,442,461	120,442,458	85.16%	290,263,819	247,175,468
Total			<u>158,597,664</u>			<u>272,135,655</u>

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 Group 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 Group also considers reasonable and supportive forward-looking information in determination of ECL.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 47.3 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.

	2023				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----				
Long-term finances	12,637,221,880	16,488,465,660	2,531,433,732	4,550,914,308	9,406,117,620
Privately placed term finance certificates	2,614,018,572	3,433,312,669	295,437,582	839,158,267	2,298,716,820
Certificates of deposit	5,035,900,085	5,881,733,108	875,883,116	3,707,306,174	1,298,543,818
Redeemable capital	2,974,641,728	2,974,641,728	1,673,291,728	1,121,850,000	179,500,000
Trade and other payables	1,246,043,240	1,246,043,240	1,246,043,240	-	-
Lease liability against right of use asset	93,679,988	93,679,988	5,050,465	21,583,140	67,046,383
Unpaid dividend	482,630,856	482,630,856	482,630,856	-	-
Unclaimed dividend	92,929,359	92,929,359	92,929,359	-	-
Short-term borrowings	860,821,168	1,159,091,173	84,538,877	1,074,552,296	-
	<u>26,037,886,876</u>	<u>31,852,527,781</u>	<u>7,287,238,955</u>	<u>11,315,364,185</u>	<u>13,249,924,641</u>
	----- Rupees -----				
	2022				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----				
Long-term finances	12,013,352,928	19,309,915,426	1,728,178,896	4,290,978,281	13,290,758,249
Privately placed term finance certificates	2,983,256,698	4,228,605,719	117,810,411	717,306,473	3,393,488,835
Certificates of deposit	4,863,087,547	5,624,520,735	529,828,324	2,294,900,812	2,799,791,599
Redeemable capital	3,099,072,676	3,013,905,000	1,369,155,000	1,229,050,000	415,700,000
Trade and other payables	1,371,381,160	1,371,381,160	1,371,381,160	-	-
Lease liability against right of use asset	107,278,607	107,278,607	9,021,082	13,249,483	85,008,042
Unpaid dividend	168,373,952	168,373,952	168,373,952	-	-
Unclaimed dividend	93,082,962	93,082,962	93,082,962	-	-
Short-term borrowings	388,820,881	339,499,845	171,260,982	168,238,863	-
	<u>25,087,707,411</u>	<u>34,256,563,406</u>	<u>5,558,092,769</u>	<u>8,713,723,912</u>	<u>19,984,746,725</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 48 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 3.7.

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:

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

	2023			
	Level 1	Level 2	Level 3	Level 4
	----- Rupees -----			
<b>Financial assets</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Ordinary shares-unlisted	-	22,807,077	-	22,807,077
Ordinary shares-listed	9,006,818	-	-	9,006,818
<b>Financial assets at fair value through profit or loss</b>				
Market treasury bills (T-bills)	-	2,431,413,219	-	2,431,413,219
Mutual funds	-	123,858,681	-	123,858,681
<b>Non-financial assets</b>				
Fixed assets (Leasehold land & building) *	-	-	1,034,309,300	1,034,309,300
<b>Total</b>	<u>9,006,818</u>	<u>2,578,078,977</u>	<u>1,034,309,300</u>	<u>3,621,395,095</u>

	2022			
	Level 1	Level 2	Level 3	Level 4
	----- Rupees -----			
<b>Financial assets</b>				
<b>Financial assets at fair value through other comprehensive income</b>				
Ordinary shares-unlisted	-	22,726,251	-	22,726,251
Ordinary shares-listed	-	-	-	-
<b>Financial assets at fair value through profit or loss</b>				
Market treasury bills (T-bills)	-	554,492,300	-	554,492,300
Mutual funds	-	-	-	-
<b>Non-financial assets</b>				
Fixed assets (Leasehold land & building) *	-	-	916,321,693	916,321,693
<b>Total</b>	<u>-</u>	<u>577,218,551</u>	<u>916,321,693</u>	<u>1,493,540,244</u>

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

Item	Valuation approach and input used
<b>Treasury bills</b>	The fair value of Market Treasury bills is derived using PKRV rates. PKRV rate is average of the yield-to-maturity on government securities traded in the secondary market and determined at the end of day. The yield-to-maturity on government securities is quoted by the six (06) brokerage houses keeping in view the yield-to-maturity on government securities traded in the secondary market.
<b>Fixed assets (leasehold land and office building)*</b>	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
<b>Short-term investments</b>	The fair value of listed ordinary shares is determined using quoted price (unadjusted) listed on Pakistan Stock Exchange. The fair value of unlisted ordinary shares and units of mutual funds are determined using the Market Value approach.

\* Leasehold land and building are carried at revalued amounts (level 3 measurement) determined by professional valuers based on their assessment of the market values as disclosed in notes 4 to these consolidated financial statements. The valuation experts used a market based approach to arrive at the fair value of the Holding Company's properties. The approach uses prices and other relevant information generated by market transactions involving identical or comparable or similar properties. These values are adjusted to reflect the current condition of the properties. The effect of changes in the unobservable inputs used in the valuations cannot be determined with certainty, accordingly a quantitative disclosure of sensitivity has not been presented in these consolidated financial statements.

## 49 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.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

<b>50 EARNINGS PER SHARE - basic and diluted</b>	<b>2023</b>	2022
Profit for the year after taxation attributable to equity holders of the Holding Company (Rupees)	1,194,688,135	854,585,497
Weighted average number of ordinary shares	175,407,647	175,407,647
Earnings per share - basic and diluted (Rupees)	6.81	4.87

**50.1** Diluted earnings per share has not been presented separately as the Holding Company did not have any convertible instruments in issue at June 30, 2023 and June 30, 2022 which would have had any effect on the earnings per share, had the option to convert been exercised.

<b>51 INTERESTS IN OTHER ENTITIES</b>	<b>2023</b>	2022
NCI Percentage (%)	80%	80%
----- Rupees -----		
Non-current assets	4,713,279,753	4,356,291,107
Current assets	2,111,299,729	2,350,818,858
Non-current liabilities	1,009,953,220	1,878,834,195
Current liabilities	4,638,003,690	3,689,670,548
Net assets attributable to non-controlling interest	941,298,058	910,884,178
Revenue	1,949,051,306	1,580,359,418
Expenses	(1,820,266,896)	(1,468,814,060)
Profit after taxation for the year	128,784,410	111,545,358
Other comprehensive income attributable to non-controlling interest	-	-
Total comprehensive income attributable to non-controlling interest	103,027,528	89,236,286
Net cash (outflow) / inflow from operating activities	(22,495,917)	(93,301,215)
Net cash inflow from investing activities	53,247,332	15,915,557
Net cash outflow from financing activities	(144,645,840)	(177,495,029)

## Associates

Details about the Group's investment in associate and summarised financial information are disclosed in note 7 of these consolidated financial statements.

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 52 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 15, 2023 proposed a final cash dividend of Rs. 2.00 per share (2022: Rs. 2.00 per share) for the year ended June 30, 2023, amounting to Rs. 350,815,294 (2022: Rs. 350,815,294). This appropriation will be approved by the members of the Holding Company at the Annual General Meeting to be held on October 26, 2023. The consolidated financial statements for the year ended June 30, 2023 do not include the effect of the above appropriations which will be accounted for in the consolidated financial statements of the Holding Company for the year ending June 30, 2024.

## 53 CORRESPONDING FIGURES

Comparative information has been re-classified, re-arranged or additionally incorporated in these consolidated financial statements, wherever necessary to facilitate comparison.

The effect of reclassification or rearrangement in the comparative information presented in these consolidated financial statements is as follows:

Description of item	Nature	Rupees	From	To
Accrued return on government securities	Asset	19,625,535	Accrued return on investments and finance and loans	Long-term investments
Accrued return on finances and loans	Asset	247,944,127	Accrued return on investments and finance and loans	Long-term finances and loans
Accrued return on deposit with banks	Asset	5,685,899	Accrued return on investments and finance and loans	Cash and bank balances
Accrued interest / mark-up on long term finances	Liability	265,137,677	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Long-term finances
Accrued interest / mark-up on redeemable capital	Liability	85,167,676	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Redeemable capital
Accrued profit on long-term certificate of deposits	Liability	63,200,906	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Long-term certificates of deposit
Accrued interest / mark-up on short-term borrowings	Liability	49,321,036	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Short-term borrowings
Accrued profit on short-term certificate of deposits	Liability	12,231,578	Accrued interest / mark-up / profit on loans, finances and certificates of deposit	Short-term certificates of deposit

# Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2023

## 54 DATE OF AUTHORISATION FOR ISSUE

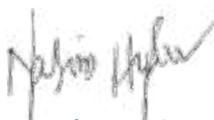
These consolidated financial statements were authorised for issue on September 15, 2023 by the Board of Directors of the Holding Company.

## 55 GENERAL

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



**Shaheen Amin**  
Chief Executive Officer



**Nasim Hyder**  
Director



**Ramon Alfrey**  
Chief Financial Officer

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares	Percentage (%)
	FROM	TO		
1,439	1	100	40,765	0.02
637	101	500	173,154	0.10
312	501	1,000	231,612	0.13
698	1,001	5,000	1,700,825	0.97
189	5,001	10,000	1,375,089	0.78
108	10,001	15,000	1,367,618	0.78
54	15,001	20,000	954,839	0.54
44	20,001	25,000	1,001,457	0.57
40	25,001	30,000	1,108,995	0.63
17	30,001	35,000	561,687	0.32
20	35,001	40,000	762,164	0.43
15	40,001	45,000	651,103	0.37
16	45,001	50,000	778,116	0.44
18	50,001	55,000	941,179	0.54
6	55,001	60,000	353,230	0.20
4	60,001	65,000	250,981	0.14
4	65,001	70,000	267,556	0.15
5	70,001	75,000	365,688	0.21
3	75,001	80,000	240,000	0.14
3	80,001	85,000	248,507	0.14
3	85,001	90,000	265,032	0.15
6	90,001	95,000	559,473	0.32
8	95,001	100,000	800,000	0.46
8	100,001	105,000	827,112	0.47
2	105,001	110,000	214,700	0.12
3	110,001	115,000	339,030	0.19
1	115,001	120,000	116,500	0.07
1	120,001	125,000	121,725	0.07
5	125,001	130,000	634,292	0.36
1	130,001	135,000	133,756	0.08
3	135,001	140,000	412,231	0.24
1	140,001	145,000	141,962	0.08
1	145,001	150,000	146,790	0.08
2	155,001	160,000	317,500	0.18
2	160,001	165,000	327,540	0.19
1	165,001	170,000	169,807	0.10
1	170,001	175,000	175,000	0.10
1	175,001	180,000	179,000	0.10
1	180,001	185,000	184,000	0.10
3	185,001	190,000	564,195	0.32
1	190,001	195,000	195,000	0.11
1	195,001	200,000	200,000	0.11
1	205,001	210,000	207,500	0.12
1	210,001	215,000	211,014	0.12
1	220,001	225,000	220,684	0.13
1	230,001	235,000	234,555	0.13

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares	Percentage (%)
	FROM	TO		
1	245,001	250,000	246,818	0.14
2	255,001	260,000	520,000	0.30
3	295,001	300,000	895,337	0.51
1	300,001	305,000	300,025	0.17
1	305,001	310,000	310,000	0.18
1	315,001	320,000	320,000	0.18
1	330,001	335,000	334,475	0.19
1	335,001	340,000	339,150	0.19
1	345,001	350,000	350,000	0.20
1	360,001	365,000	360,630	0.21
1	375,001	380,000	378,630	0.22
1	400,001	405,000	405,000	0.23
1	405,001	410,000	410,000	0.23
1	410,001	415,000	412,500	0.24
1	430,001	435,000	431,000	0.25
1	455,001	460,000	456,526	0.26
1	470,001	475,000	473,000	0.27
2	495,001	500,000	998,330	0.57
1	525,001	530,000	526,092	0.30
1	540,001	545,000	544,000	0.31
1	545,001	550,000	550,000	0.31
1	555,001	560,000	555,475	0.32
1	565,001	570,000	568,318	0.32
1	585,001	590,000	585,600	0.33
1	595,001	600,000	598,000	0.34
1	600,001	605,000	604,000	0.34
1	620,001	625,000	620,500	0.35
1	660,001	665,000	663,902	0.38
1	670,001	675,000	672,500	0.38
1	685,001	690,000	687,625	0.39
1	690,001	695,000	693,000	0.40
2	695,001	700,000	1,397,620	0.80
1	725,001	730,000	727,400	0.41
1	785,001	790,000	788,150	0.45
1	835,001	840,000	839,392	0.48
1	935,001	940,000	937,932	0.53
1	995,001	1,000,000	1,000,000	0.57
1	1,015,001	1,020,000	1,019,500	0.58
1	1,030,001	1,035,000	1,030,600	0.59
1	1,060,001	1,065,000	1,062,068	0.61
1	1,810,001	1,815,000	1,813,500	1.03
1	1,995,001	2,000,000	1,997,100	1.14
1	3,115,001	3,120,000	3,118,892	1.78
1	3,215,001	3,220,000	3,215,597	1.83
1	4,055,001	4,060,000	4,055,500	2.31
1	7,250,001	7,255,000	7,252,947	4.13
1	9,210,001	9,215,000	9,212,223	5.25
1	11,895,001	11,900,000	11,899,000	6.78
1	86,955,001	86,960,000	86,956,830	49.58
<b>3,746</b>			<b>175,407,647</b>	<b>100.00</b>

# PATTERN OF SHAREHOLDING

AS AT JUNE 30, 2023

CATEGORIES OF SHAREHOLDERS	Number of Shares Held	Category-wise Number of Shareholders	Category-wise Shares Held	Percentage
<b>Directors, Chief Executive Officer and their Spouse(s) and Minor Children</b>				
KHALID AZIZ MIRZA	630			
AMINAH ZAHID ZAHEER	630			
NASIM HYDER	630			
SHAHEEN AMIN	410,630			
RAMON ALFREY	49,908			
		8	462,428	0.26
<b>Executives</b>		14	122,970	0.07
<b>Associated Companies, Undertakings and related Parties</b>				
ORIX CORPORATION		3	86,960,515	49.58
NIT and ICP		-	-	-
Banks		8	6,180,988	3.52
Insurance Companies		4	10,364,151	5.91
Modarabas and Mutual Funds		3	296,051	0.17
Share holders holding 10%		3	86,960,515	49.58
Foreign Companies		1	4,055,500	2.31
General Public				
a. local		3,654	47,410,340	27.03
b .Foreign		-	-	-
Others		51	19,554,704	11.15
<b>Total (excluding : share holders holding 10%)</b>		<b>3,746</b>	<b>175,407,647</b>	<b>100.00</b>
<b>Shareholders holding five percent or more voting rights</b>				
STATE LIFE INSURANCE CORP. OF PAKISTAN			9,212,223	5.25
ORIX CORPORATION			86,960,515	49.58
ARIF HABIB LIMITED			11,899,000	6.78
<b>Total</b>			<b>108,071,738</b>	<b>61.61</b>

# PROXY FORM

I/We \_\_\_\_\_

of (full address) \_\_\_\_\_

being a Member of OLP Financial Services Pakistan Limited here by 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 Seventh Annual General Meeting of the Company to be held on October 26, 2023 and at any adjournment thereof.

Signature this \_\_\_\_\_ Year 2023

(day)

(date, month)

Please affix  
revenue stamp

Signature of Member: \_\_\_\_\_

Folio Number: \_\_\_\_\_

The 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.

# پراکسی فارم

میں مسی / مسامتہ \_\_\_\_\_ ساکن \_\_\_\_\_

ضلع \_\_\_\_\_

بحیثیت ممبر اوایل پی فنانس سروسز پاکستان لمیٹڈ، مسی / مسامتہ \_\_\_\_\_ ساکن \_\_\_\_\_

کو بطور مختار (پراکسی) مقرر کرتا ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے سینٹیسویں (37) سالانہ اجلاس عام جو بتاریخ 26 اکتوبر 2023 منعقد ہو رہا ہے، میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

ڈاک ٹکٹ  
چسپاں کریں

دستخط اور کمپنی کی مہر

دستخط کی تاریخ \_\_\_\_\_

ممبر کا دستخط \_\_\_\_\_

فولیو نمبر \_\_\_\_\_

حصص کی تعداد \_\_\_\_\_

گواہوں کے دستخط اور پتے

\_\_\_\_\_ 1

\_\_\_\_\_ 2

نوٹ

1 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 ممبر ہونا ضروری ہے۔

2 یہ فارم ممبر یا اس کے مختار کی جانب سے جسے تحریری طور پر دیا گیا ہو، کی جانب سے دستخط کیا جائے۔ اگر ممبر کوئی کارپوریشن ہے تو اس کی عام مہر موجود ہونی چاہیے۔

3 پراکسی کسی 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 ہوگی۔

4 سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹر انزڈ شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹر انزڈ شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔ 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 ہوگی۔

# OLP FINANCIAL SERVICES PAKISTAN LIMITED

Ballot Paper for voting through post on Agenda 4 and 5 to be transacted at the Annual General Meeting to be held on Thursday, October 26, 2023 at 09:30 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi and also through video link (Zoom Application).  
UAN: 111-24-24-24 Phone: 021-35144029 Website: www.olpfinance.com

Designated email address of the Chairman at which the duly filled in ballot paper may be sent	agm@olpfinance.com
Name of shareholder/joint shareholders	
Registered Address	
Number of shares held and folio number/CDS Account Number	
CNIC Number / Passport Number 'in case of foreigners (copy to be attached)	
Additional Information and enclosures (In case of representative of body corporate, corporation and Federal Government.)	
Name of Authorized Representative	
CNIC Number / Passport Number in case of foreigners (copy to be attached)	
Copy of Board Resolution / Power of Attorney be attached	
I/we hereby exercise my/our vote in respect of the below resolution through postal ballot by conveying my/our assent or dissent to the following resolution by placing tick(✓) mark in the appropriate box below;	
<p>Nature and Description of resolution:</p> <p>Ordinary resolution to approve circulation of Annual Financial Statement through QR enabled code and web link.</p> <p>"RESOLVED THAT the Company be and is hereby authorized to circulate its Annual Audited Financial Statements, to the members of the Company through QR enabled code and web link, in accordance with S.R.O. 389(I)/2023 dated March 21, 2023, issued by SECP."</p>	

No. of ordinary shares for which votes cast	I/We assent to the Resolution (FOR)	I/We dissent to the Resolution (AGAINST)

Signature of shareholder(s)

Place:-----

Date:

NOTES:

1. Duly filled postal ballot should be sent to chairman of OLP Financial Services Pakistan Limited through post at OLP Building Plot No. 16, Sector No. 24, Korangi Industrial Area, Karachi or through above mentioned email address.
2. Postal ballot forms should reach the Chairman of the meeting not later than one day before October 26, 2023 during working hours. Any postal ballot received after this date, will not be considered for voting.
3. Signature on postal ballot should match with signature on CNIC / record.
4. Incomplete, unsigned, incorrect, defaced, torn, mutilated, over written ballot paper will be rejected.

# GEOGRAPHICAL PRESENCE

## Head Office / Registered Office

OLP 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@olpfinance.com  
Website: www.olpfinance.com

## COD Office - DHA

1st Floor, 23-C, Street No. 5  
Ittehad Commercial Area,  
Phase VI, DHA, Karachi.  
Tel: 021-35350560-63

## 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

Plot No. 174/28, Ground Floor,  
New Civil Lines, Katchery  
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, Ghooram 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,  
Nazimuddin Road, Blue Area, Islamabad  
Tel: 051-2822800-2, 2821706, 2821748  
Fax: 051-2821917  
UAN- 111 24 24 24

## Rawalpindi

Ground Floor, Abdullah Tower, Plot-14 Westeria Road,  
Giga downtown Sector A, DHA, Phase- 2,  
Main GT Road - Rawalpindi.  
Tel: 051-5147264 - 68

## 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 Ferozewala

Opposite Punjab Flour Mill, Near Rachna Town,  
G.T. Road Shahdara, Ferozewala District Sheikhpura.  
Tel: 042-37340711

## Jallo Morre

Sooter Mill Stop, Near Karachi Hot & Spicy  
Restaurant, Batapur Lahore  
Tel: 042-36522931

## Sharaqpur Sharif

Opposite Khushali Microfinance Bank,  
Main Lahore Jaranwala Road, Sharaqpur Sharif  
Tel: 056-2590021

## Morre Khunda

Opposite Rice Mill, Main Jarranwala Road,  
Morre Khunda, District Nankana Sahib  
Tel: 056-2442371

## Pattoki

Near Admore Petroleum, Al Rahim City, District Kasur.  
Tel: 049-4560650

## Renala Khurd

Brothers Tractor Workshop, Near Military Farm,  
G.T. Road, Renala Khurd, Distt. Okara  
Tel: 044-2635598

## Manga Mandi

Main Multan Road, Madina Market, Kalma  
Chowk.  
Tel: 042-35383864

## Bhalwal

Canal Road, Ashraf Colony, Tehsil Bhalwal,  
District Sargodha  
Tel: 048-6644448

## Sillanwali

Chaudhary Akhter Market, 46 Adda Road,  
Sillanwali, District Sargodha  
Tel: 048-6532666

## Shahpur

Near Boys Degree College, Sargodha Road, Shahpur  
Saddar.  
Tel: 048-6310424

AA+ | A+  
Long Term Short Term

Long Term Short Term

Credit Rating by PACRA: March 3, 2023



**OLP FINANCIAL SERVICES PAKISTAN LIMITED**  
(Formerly ORIX Leasing Pakistan Limited)

OLP Building, Plot No. 16, Sector No. 24, Korangi Industrial Area,  
Karachi 74900 Tel: (021) 3514 4029-40 UAN: 111 24 24 24

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