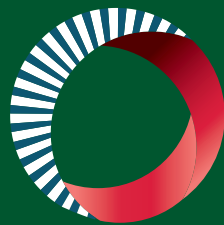


**ROOTED WITH PURPOSE,
STRENGTH IN SYNERGY**



OLP

OLP FINANCIAL SERVICES PAKISTAN LIMITED

Annual Report 2024

The interconnected circles in our visual representation symbolize the diverse relationships we've fostered over the years - with our customers, partners, and stakeholders. Just as each circle is unique yet connected, our network is built on the principles of unity, collaboration, and mutual growth.

The shades of green color represent our ability to adapt, innovate, and thrive in an ever-changing landscape, while the circles embody the dynamic and ever-evolving nature of our business.

At OLP, we believe that strength lies in synergy - the harmony of diverse perspectives, skills, and experiences. As we continue to grow and evolve, we remain committed to nurturing these connections, fostering a culture of inclusivity, and sustainable future for all our stakeholders.

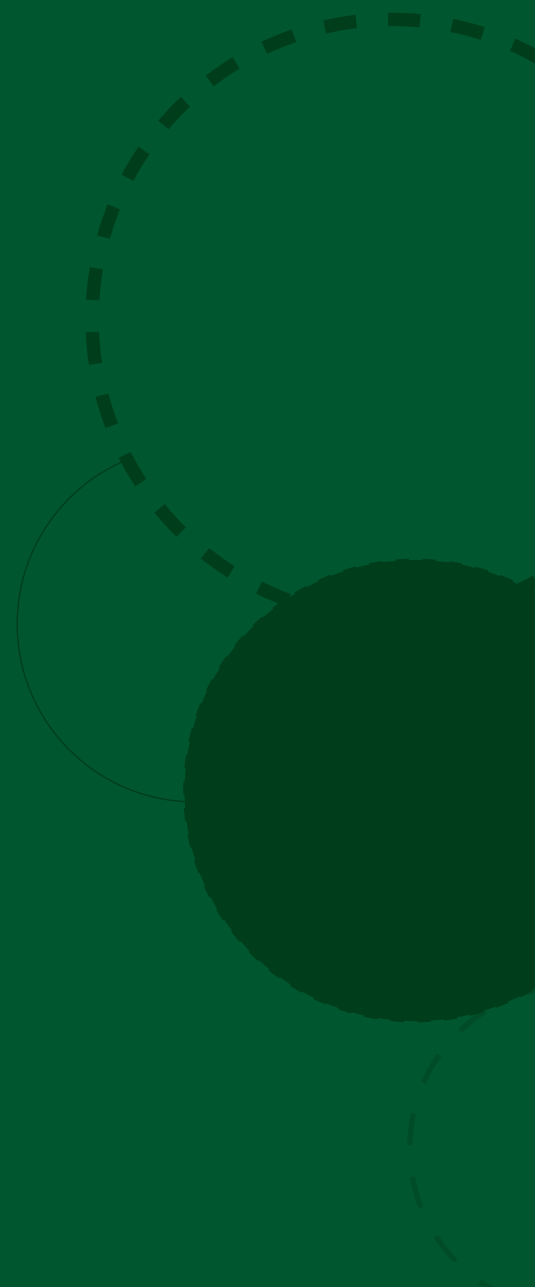


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VISION

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

MISSION

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

CORE VALUES

INNOVATION



We seek continuous improvement and encourage creativity

OWNERSHIP



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

TEAMWORK



We work together to create synergies

INTEGRITY



We promote honesty and fairness in all our actions

RESPECT



We respect each others' feelings and opinions

CUSTOMER FOCUS



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

Strategic Objectives

- 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 35 branches situated in 32 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 60 years of operations and has a total asset base of Yen (¥) 16,502 billion and equity of ¥ 4,073 billion as at June 30, 2024, which equates to US\$ 103 billion and US\$ 25 billion respectively.

OLP offers value-added financial products and innovative, customized services to a wide array of customers throughout Pakistan. With 38 years of combined international experience and local expertise, OLP has gained a distinctive competitive edge. The company takes pride in being a catalyst for creating thousands of jobs and stimulating economic activity across the country. By supporting the Small and Medium Enterprises (SME) sector, OLP has helped transform numerous small and medium businesses into larger enterprises, driving capital formation and contributing to the nation's economic development.

Parent Subsidiaries & Associates

Parent Company

ORIX Corporation

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

Subsidiaries

OLP Services Pakistan (Private) Limited

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

Associated Companies

Yanal Finance Company

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

SAMA Finance SAE

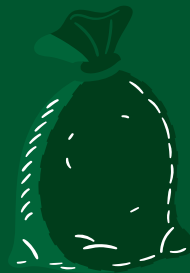
5th Floor, Cairo Center Building, 2, Abd El Kader
Hamza Street, Garden City, Cairo 11461, Egypt
Tel: (202) 27922757-9
Fax: (202) 27922760
www.samafinance.com

Products

With a commitment to delivering tailored solutions, OLP provides a comprehensive range of value-added financial products and innovative, customized services to meet the diverse needs of its customers. Operating under the umbrella of Investment Finance Services, OLP serves a broad spectrum of customers across Pakistan.



Commercial
Vehicle Lease



Certificate
of Deposit



Small
Enterprises



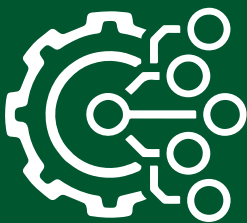
Consumer
Auto lease



Agri
Finance



Term
Finance



Corporate
Lease



Insurance
Agency

Company Information

Board of Directors



Mr. Khalid Aziz Mirza
Chairman and
Non-Executive Director



Mr. Anwar Mansoor Khan
Independent
Non-Executive Director



Mr. Rashid Ahmed Jafer
Independent
Non-Executive Director



Mr. Yoshiaki Matsuoka
Non-Executive Director



Ms. Keiko Watanabe
Non-Executive Director



Ms. Mika Takeda
Non-Executive Director



Mr. Ramon Alfrey
Non-Executive Director



Mr. Shaheen Amin
Chief Executive Officer

Audit and Risk Committee

Mr. Rashid Ahmed Jafer - Chairman
Ms. Keiko Watanabe
Ms. Mika Takeda
Mr. Ramon Alfrey

Human Resource, Nomination and Remuneration Committee

Mr. Anwar Mansoor Khan - Chairman
Mr. Khalid Aziz Mirza
Mr. Yoshiaki Matsuoka
Mr. Shaheen Amin

Credit Committee

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

Compensation Committee

Mr. Rashid Ahmed Jafer - Chairman
Mr. Khalid Aziz Mirza
Mr. Yoshiaki Matsuoka

Chief Financial Officer

Mr. Abid Hussain Awan

Company Secretary

Mr. Salman Ali

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. Mohsin Tayebaly & Co.

External 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 Share Registration Services (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. Standard Chartered Bank (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.

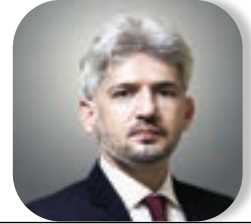
Meet The Team



Mr. Shaheen Amin
Chief Executive Officer



Mian Faysal Riaz
Chief Operating Officer



Mr. Abid Hussain Awan
Chief Financial Officer



Mr. Imtiaz Ahmad Chaudhary
Group General Manager



Mr. Waqas Ahmed Khwaja
Head of Marketing



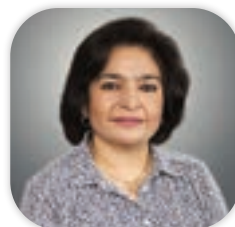
Mr. Shafiq Ur Rehman
Head - Corporate Division



Mr. Fahad Shahzad Memon
Head - Consumer
Auto Division



Mr. Adnan Ishaq
Head - Commercial
Vehicle Division



Ms. Aseya Qasim
Head - Small Enterprise &
Agri Division



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



Mr. Hamood Ahmed
Head - Credit Risk
Management



Mr. Umair Alam Zia
Head - Business Control



Mr. Salman Ali
Company Secretary



Mr. Mashooque Ali Bhatti
Head - Human Resources



Mr. Muhammad Aslam
Head - Special
Asset Management



Mr. Muhammad Ikram
Head - Information Systems



Mr. Nadeem Amir Ali
Head - Internal Audit



Mr. Imtiaz Ahmed Khan
Head - Group Planning
& Strategy



Mr. Mamoon Ishaq
Head - Administration



Mr. Rashid Ahmed
Head - Compliance

Chairman's Review

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, 2024.

The signs of economic stability have emerged later in the current year. GDP growth is recovering, and inflation contained. The external sector has improved, evident from the reduced current account deficit. Fiscal consolidation efforts are underway, with the Federal Board of Revenue (FBR) to achieve the highest revenue collection. The State Bank of Pakistan (SBP) began to ease its contractionary monetary policy in the fourth quarter to stimulate growth. Economic growth for FY2024 was 2.0%, and the International Monetary Fund (IMF) projects a 3.5% growth rate for FY2025.

Considering the prevailing uncertainty, OLP adopted a cautious business approach with more focus on maintaining portfolio quality. New disbursements of Rs. 16.04 billion in line with the disbursements of Rs. 16.07 billion last year. Total assets of the Company slightly decreased by 1% to reach Rs. 31.92 billion as compared to Rs. 31.95 billion as of June 30, 2023. Effective portfolio management and strong recovery efforts against overdue customers contributed to the decrease in delinquent portfolio. Accordingly, the Company's delinquency rate came down to 2.5% from 2.7% last year.

The Company's overall performance was commendable. The Profit Before Tax (PBT) for FY2024 was Rs. 2,286 million, 13% higher than last year's PBT of Rs. 2,029 million. The Profit After Tax (PAT) at Rs. 1,382 million was 12% higher than Rs. 1,211 million earned last year. The prevailing high interest rates throughout the year were the main factor contributing to our strong performance. Notably, our existing equity-funded portfolio generated significantly higher returns, benefiting from the favorable interest rate conditions. PACRA has maintained the Company's long-term rating of AA+ and short-term rating of A1+ in 2024, which is the highest among private sector NBFIs.

OLP's strong results are attributable to a robust risk management framework. Under the Board's guidance and supervision, management performed well in facing challenging economic conditions. The Board's sub-committees also played their part in maintaining operational efficiency.

The Company's biggest asset remained its people, whose contribution during the year cannot be overemphasized. Their diligence and commitment are instrumental in the Company's success. On behalf of the Board of Directors, I would like to extend my appreciation to all our stakeholders, including our Regulators, for their continued guidance and assistance provided on various matters during the year.



KHALID AZIZ MIRZA
Chairman

چیرمین کا جائزہ

بورڈ آف ڈائریکٹرز کی جانب سے، مجھے 30 جون 2024 کو ختم ہونے والے سال کے لیے OLP فنانشل سروسز پاکستان لمیٹڈ (OLP/کمپنی) کی سالانہ رپورٹ پیش کرتے ہوئے خوشی ہو رہی ہے۔

اس سال کے آخر میں اقتصادی استحکام کے آثار سامنے آئے۔ جی ڈی پی کی شرح نمو بحال ہوئی، اور مہنگائی کنٹرول میں آئی۔ external sector میں بہتری آئی، جو کہ کم شدہ کرنٹ اکاؤنٹ خسارے سے ظاہر ہوتی ہے۔ مالیاتی استحکام کے اقدامات جاری ہیں، اور فیڈرل بورڈ آف ریونیو (FBR) نے زیادہ سے زیادہ آمدنی کے حصول کا ہدف تیار کیا ہے۔ پاکستان کے مرکزی بینک (SBP) نے چوتھی سہ ماہی میں ترقی کو فروغ دینے کے لیے اپنی مالیاتی پالیسی میں نرمی شروع کی۔ مالی سال 2024 کے لیے اقتصادی شرح نمو 2.0 فیصد رہی، جبکہ انٹرنیشنل مانیٹری فنڈ (IMF) نے مالی سال 2025 کے لیے شرح نمو 3.5 فیصد کی پیش گوئی کی ہے۔

موجودہ غیر یقینی صورتحال کو مد نظر رکھتے ہوئے، OLP نے محتاط کاروباری نقطہ نظر اختیار کیا، جس میں پورٹ فولیو کے معیار کو برقرار رکھنے پر زیادہ توجہ دی گئی۔ دوران سال 16.04 بلین روپے کی نئی ادائیگیاں کی گئیں جو کہ گزشتہ سال کی 16.07 بلین روپے کی رقم کے مساوی ہے۔ کمپنی کے کل اثاثے 31.92 بلین روپے تک پہنچ گئے، جو کہ 30 جون 2023 کو 31.95 بلین روپے تھے۔ مؤثر پورٹ فولیو کے انتظام نے اور واجب الادا صارفین کے خلاف بحالی کی کوششوں نے نان پرفارمنگ پورٹ فولیو میں کمی لانے میں کردار ادا کیا۔ اس کے نتیجے میں، کمپنی کے نان پرفارمنگ پورٹ فولیو کی شرح 2.5 فیصد تک کم ہو گئی، جو کہ گزشتہ سال 2.7 فیصد تھی۔

کمپنی کی مجموعی کارکردگی قابل تعریف رہی۔ مالی سال 2024 کے لیے منافع قبل از ٹیکس 2,286 ملین روپے رہا، جو گزشتہ سال منافع قبل از ٹیکس 2,029 ملین روپے سے 13 فیصد زیادہ ہے۔ بعد از ٹیکس منافع 1,382 ملین روپے رہا، جو گزشتہ سال کے 1,211 ملین روپے کے مقابلے میں 12 فیصد زیادہ ہے۔ دوران سال زیادہ شرح سود ہماری مضبوط کارکردگی میں بنیادی عنصر تھی۔ خاص طور پر، ہماری ایکویٹی فنڈڈ پورٹ فولیو نے نمایاں طور پر زیادہ منافع فراہم کیا، جو بہتر شرح سود سے مستفید ہوا۔ PACRA نے کمپنی کی طویل مدتی ریٹنگ AA+ اور مختصر مدتی ریٹنگ A1+ کو 2024 میں برقرار رکھا، جو نجی شعبے کی NBFIs میں سب سے بہتر ہے۔

OLP کے متاثر کن 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 برقرار رکھنے میں اہم کردار ادا کیا۔

ہمارے ملازمین ہمارا سب سے قیمتی اثاثہ رہے، اور سال بھر میں ان کی شراکت کو فروغ دیا نہیں 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 اور ملازمین کا تہ دل سے شکریہ ادا کرنا چاہوں گا جنہوں نے اس مشکل وقت میں کمپنی کو چلانے میں عزم اور لگن کے ساتھ اپنا حصہ ڈالا اور سال کے دوران ریگولیٹرز کی مسلسل رہنمائی اور تعاون کا بھی شکریہ ادا کرتا ہوں۔



خالد عزیز مرزا

چیرمین

Directors' Report

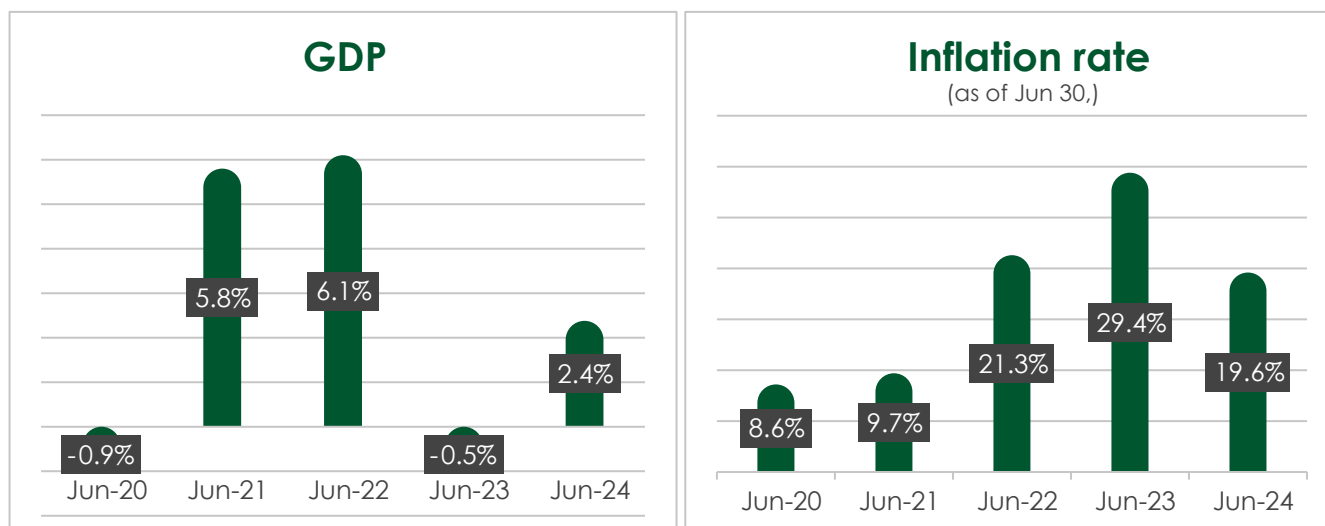
On behalf of the Board of Directors, we are pleased to present the thirty eighth annual report of OLP Financial Services Pakistan Limited (OLP/ the Company) together with the Unconsolidated Financial Statements for the year ended June 30, 2024.

The Company

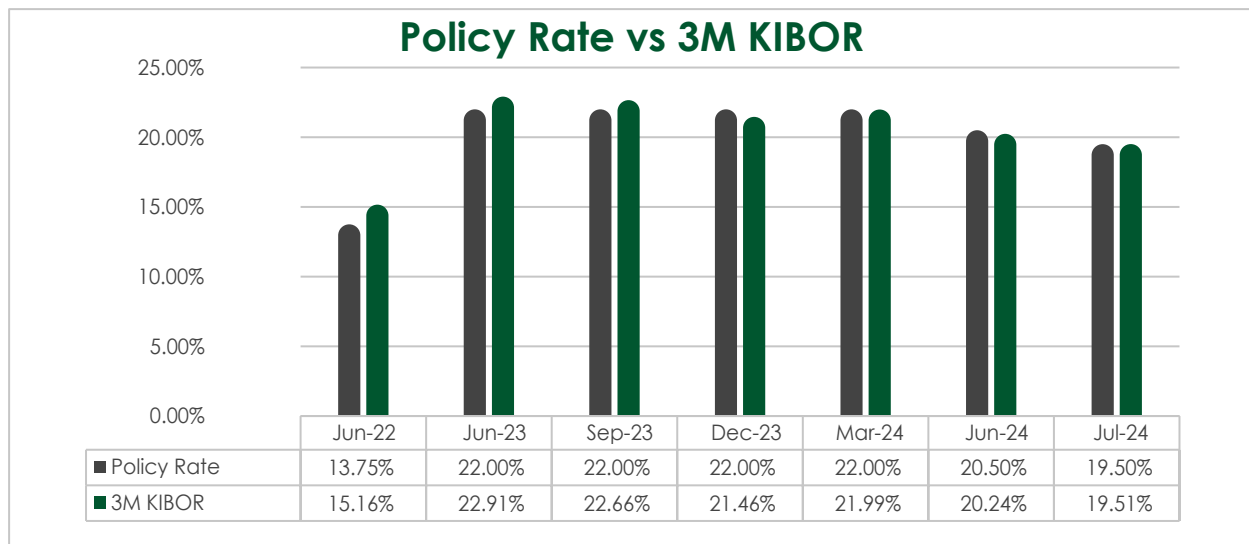
The Company was established in 1986 as a joint venture between ORIX Corporation, Japan (ORIX) and local investors. Licensed by the Securities and Exchange Commission of Pakistan (SECP) under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, OLP operates as an Investment Finance Services provider. OLP caters to the diverse financial needs of corporate and individual clients. With a focus on empowering the Small and Medium Enterprise (SME) sector, OLP delivers customized financial solutions to support business growth and development.

Overview of the Economy

Pakistan's economy witnessed a moderate recovery in FY 2024 despite challenges of fiscal consolidation, monetary tightening, geopolitical tensions, and persistently high inflationary pressure. The following graphical presentations illustrate the key indicators of the country's economic performance:



During the first nine months of last year, inflation remained persistently high at around 26.0%. However, the prolonged inflationary impact began to subside in the last quarter, with inflation easing to 19.6% as of June 30, 2024. This downward trend continued into July 2024, with inflation standing at 12% (year on year). The State Bank of Pakistan, in its latest monetary policy committee meeting, has projected inflation to stabilize around 15% for the year ending June 30, 2025. The recent rate cuts coincide with a significant easing of inflation. The benchmark policy rate is expected to further reduce in the upcoming calendar year. The government stands to gain significantly from the rate cut as it will reduce interest payments on its mounting debt, providing fiscal space for necessary development expenditures and stimulating economic activities. The policy rate and KIBOR movement during the last few years follows:



Pakistan's budget FY2025 was announced in June 2024 with a total outlay of Rs. 18.9 trillion (up 30% compared to the budgeted outlay of FY2024), and gross revenue receipts are expected at Rs. 17.8 trillion. The Federal Board of Revenue (FBR) tax collection is envisaged at Rs. 12.97 trillion; an amount nearly 38% higher than the outgoing fiscal year. The FY2025 budget has set ambitious targets; a headline deficit of 5.9% of total GDP and a 2.0% primary surplus (i.e. total revenue over total expenses), compared to 7.4% and 0.4% in FY2024 respectively. The Government and IMF has predicted Pakistan's economy will grow 3.5% in FY2025.

Business Review

Faced with challenging economic conditions throughout the year, OLP responded with a comprehensive strategy, focusing on sustaining business operations, optimizing costs and boosting operational efficiency.

Despite subdued business and economic activity, disbursements at Rs. 16.04 billion was in line with previous year's figure of Rs. 16.07 billion. OLP remains cautious in writing new business with focus on maintaining a high-quality portfolio. The Company's vehicle leasing and financing segment, which comprises of commercial vehicles and saloon cars, contributed 72% of total disbursements for the year. OLP's finance/lease portfolio amounted to Rs. 25.4 billion as of June 30, 2024, compared to Rs. 25.7 billion in the prior year.

OLP's widespread presence, spanning 27 core branches and 8 small finance branches across Pakistan, enables the company to serve a diverse customer base and effectively manage concentration risk. As of June 30, 2024, the largest single customer exposure is 0.9% of portfolio, demonstrating a well-diversified portfolio. In terms of asset type, vehicles account for 73% of the finance/lease portfolio followed by plant and machinery at 16%.

During the year, the Company succeeded in reducing its delinquency ratio to 2.5% from 2.7% last year. This was achieved through effective portfolio management and close monitoring of overdue accounts. The focus was on a conservative approach when writing new business and rigorous risk management protocols. Additionally, efforts were directed towards negotiating out-of-court settlements with long-outstanding overdue customers, while vigorously pursuing new delinquent accounts.

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. 139 million (FY 2023: Rs. 118 million); an 18% increase over the preceding year.

OLP Modaraba (OM) reported net profit of Rs. 157.7 million for the year; 22% higher than the previous year's profit of Rs. 128.8 million. Total assets at Rs. 7,738 million were 13% higher than last year (June 30, 2023: Rs. 6,825 million). OM declared a cash dividend 20% for the year.

Financial Performance

OLP's financial results are summarized below:

	2024	2023
	-----Rupees-----	
Profit before taxation	2,290,853,975	2,029,035,717
Taxation	897,943,253	818,302,927
Profit for the year after taxation	1,392,910,722	1,210,732,790
Appropriations: transfer to statutory reserve	69,645,536	60,536,640
Interim dividend	350,815,294	350,815,294
Final dividend – Proposed	526,222,941	350,815,294
	946,683,771	762,167,228
Earnings per share – basic and diluted	7.94	6.90

Despite difficult market conditions, OLP achieved its highest ever pre-tax profit of Rs. 2.29 billion (FY2023: Rs. 2.03 billion). Pre-tax profit was 12.9% higher than last year. Profit after tax of Rs. 1.39 billion (FY2023: Rs. 1.21 billion) was 15% higher than last year. The strong results were due to the high interest environment which resulted in higher earnings on equity funded portfolio of the Company.

Dividend

The Directors are pleased to recommend a final cash dividend of 30% for the year ended June 30, 2024. This is in addition to interim cash dividend of 20% paid during the year which brings the total dividend for the year to 50% (2023: total cash dividend of 40%).

Revenue

The Company reported a 17.5% increase in annual revenue, which amounted to Rs. 7,984 million compared to Rs. 6,796 million earned in the previous year.

Income from the lease and loan portfolio increased by 16.6% to Rs. 6,885 million, compared to Rs. 5,904 million in the preceding year. The high interest rate environment prevalent throughout the year contributed significantly to revenue growth, as most of the portfolio's earnings are linked to KIBOR which was regularly re-priced upward. The rate increase was the primary contributor to the growth in income as the size of the lease and loan portfolio remained close to previous year's level.

Other income for the year increased by 23.9% to Rs. 959 million from Rs. 774 million in FY2023. This increase was driven by a diversified mix of income streams, including returns on Government securities, gains from premature contract cancellations, documentation fees from new business, and miscellaneous other incomes. In response to the current volatile economic environment, OLP has maintained excess liquidity in Government securities.

Expenses

Total expenses for the year, excluding provision for potential lease and loan losses, were Rs. 5,519 million; 19.2% higher than last year's expense of Rs. 4,630 million. The breakup of expenses are as follows:

- Finance cost for the year increased by 22.7% to Rs. 3,876 million from Rs. 3,158 million in FY2023. OLP's bank borrowings are priced on a variable rate basis and higher KIBOR rates prevalent throughout the year resulted in increased finance cost. Additionally, the cost of the Certificate of Deposit (COD) portfolio increased with the issuance of new CODs at competitive market rates. Notably, total borrowings decreased to Rs. 18.2 billion as of June 30, 2024, from Rs. 18.7 billion on June 30, 2023.
- Administrative and general expenses increased by 12.5% to Rs. 1,615 million driven primarily by a 12% increase in staff costs to Rs. 1,171 million. Increase in staff cost was largely due to inflation-driven compensation adjustments necessary to retain staff. The effect of higher staff compensation cost was partly mitigated by a 6% reduction in total staff numbers from 408 to 435. Notably, other expenses were controlled; increasing by only 13.6% amidst high inflationary pressures.
- Direct cost decreased by 26.3% to Rs. 27 million (FY2023: Rs. 37 million) during the current year. 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's non-performing portfolio (over 90 days past due) declined to Rs. 641 million as of June 30, 2024, from Rs. 687 million in the previous year. The company recorded a reversal of provision charge of Rs. 42.2 million in FY2024, compared to Rs. 106.2 million in FY2023. OLP maintains provisions for potential lease and loan losses in accordance with the Expected Credit Loss (ECL) model under IFRS 9, supplemented by subjective provisions for specific cases as required by NBFC Regulations. The accumulated provision for potential lease and loan losses stood at Rs. 810 million, providing 119% coverage against all accounts over 90 days past due, compared to 129% in FY2023.

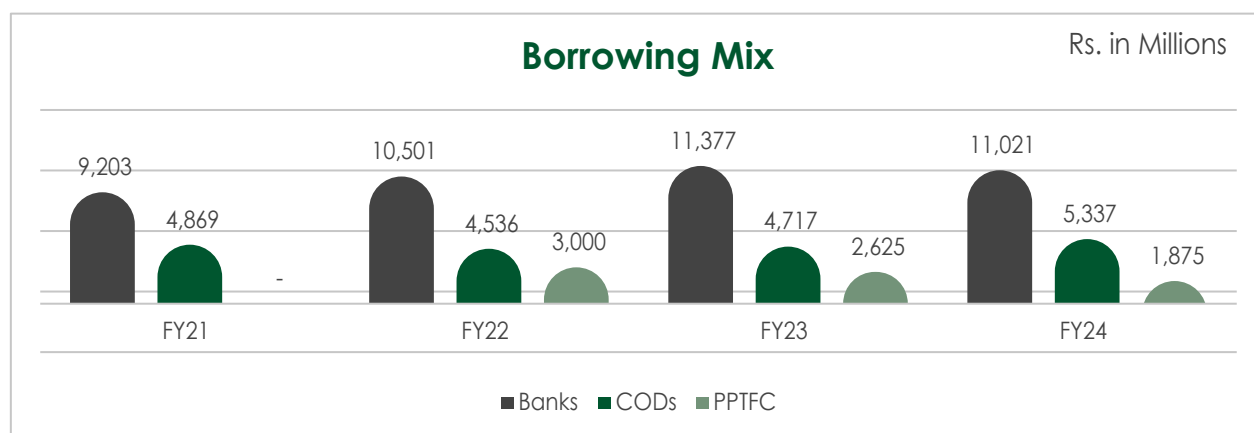
Taxation

Tax expense of Rs. 898 million was recorded for the year; 9.7% higher than the tax expense of Rs. 818 million. This included a super tax of 10% imposed in last year's Federal Budget.

Funding and Liquidity

The Company's borrowings comprise a diversified mix of funding sources, including bank loans, Certificate of Deposit (COD) and Privately Placed Term Finance Certificates (PPTFC). The Company has established strong relationships with nine banks, securing loan facilities in the form of long-term loans and overdrafts at competitive market rates, collateralized by OLP's lease and loan portfolio. Additionally, OLP issues CODs, which are unsecured borrowings from individual and institutional investors.

A breakup of OLP's borrowings follows:



The Company's debt to equity ratio as of June 30, 2024 was 1.74 (June 30, 2023: 1.91) while Capital Adequacy Ratio (CAR) was 30.2% (June 30, 2023: 27.2%) which is well above the regulatory requirement of 10%. This is indicative of the Company's strong capital position.

Risk Management

OLP has established a comprehensive risk management framework, which is crucial to the Company's success. This framework enables proactive identification and management of potential risks through:

- Board oversight
- Multi-tier supervision by department heads and management committees
- Effective policies and procedures
- Strong control mechanisms
- Robust IT systems

The framework is regularly updated to reflect changes in business dynamics, regulatory requirements, and overall business strategies.

The Board's Audit & Risk Committee (BA&RC), comprising four directors and chaired by an Independent Director, enhances governance and implementation of risk management policies. The Management Committee oversees and executes Board-approved guidelines, while day-to-day risk management activities are delegated across various levels.

OLP has implemented an Enterprise Risk Management (ERM) framework, which applies to all functions, ensuring a consistent approach to risk management. This framework enables the Board to comprehensively review risks across operations and segments, providing guidelines for mitigation while aligning with strategic objectives.

Our proactive risk management strategy, underpinned by regular monitoring and reporting, allows us to manage uncertainties, positioning OLP for long-term success while upholding the interests of our stakeholders. The following section outlines the risk management measures adopted by the Company to address major risks.

Credit Risk

OLP has Board-approved Credit Risk Policies that provide guidelines for extending credit to various economic segments and product lines. These policies enable the Company to manage and control credit risk by setting exposure limits, monitoring adherence, and continuously reviewing guidelines to address evolving market dynamics.

The Risk Management Department (RMD) oversees credit risk policy adherence and reports to the Board's Credit Committee. OLP emphasizes portfolio monitoring, early risk identification, and implements tools to support business growth while managing credit risks.

The Company uses a scorecard approach to assess corporate customer credit risk at inception and reporting dates, monitoring for any deterioration. In challenging economic conditions, RMD closely monitors high-risk sectors, escalates concerns to management, and collaborates with the Marketing Department to manage existing portfolio exposure.

OLP's robust credit risk management approach has resulted in a well-diversified portfolio with a low non-performing loans ratio, even in the current economic environment.

Liquidity Risk & Market Risk

OLP's Board-approved Asset Liability Management Policy outlines the Company's risk appetite for liquidity and market risks, overseen by the Asset Liability Management Committee (ALCO). ALCO meets monthly to review economic and market conditions' impact on profitability, liquidity, and fund management. The committee monitors ALM ratios, current and future cash flow position and manages liquidity risk by diversifying funding sources, securing credit lines, and balancing lending and borrowing. OLP's funding sources include bank borrowings, certificates of deposit, and privately placed term finance certificates, ensuring a diversified mix of lenders.

A liquidity contingency plan ensures alternative funding strategies and maintains liquidity reserves in liquid Government securities, besides liquid securities which are also held for compliance with statutory requirements. ALCO also manages market risk from interest rate fluctuations by formulating pricing strategies, monitoring market interest rates, and matching lending and borrowing portfolios.

The Company limits interest rate risk by ensuring a substantial portion of its lease/loan portfolio's interest rate profile matches financial obligations, with acceptable limits. OLP can reposition assets and liabilities or execute interest rate swaps if necessary. A sufficient profit margin is charged to cover rapid rate fluctuations.

Operational Risk

OLP has established policies and procedures to manage operational risks systematically and consistently, with regular reviews to ensure relevance in the evolving operational landscape. Operational risks are mitigated through a control framework, proactive monitoring, and addressing potential risks.

To minimize operational risks, OLP has enhanced its Internal Audit, Risk Management, and Compliance functions, which ensure policy adherence and monitor key risk indicators, operational disruptions, and potential failures. High-risk areas, such as system failures, internal control breaches, and fraud, receive strong focus.

OLP prioritizes improving IT security, defining individual responsibilities, and enhancing operational efficiency and effectiveness through automation and human resource development. The Company provides orientation and training on its Code of Conduct, Anti-money laundering, Anti-fraud, and Whistleblowing Policies to prevent fraud and unethical practices.

A comprehensive regulatory risk management process is in place, with the Compliance Function ensuring the effectiveness of controls around regulatory requirements on an ongoing basis.

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.

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 comprised of 2 independent directors and 5 non-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 & Risk Committee (BA&RC)
- iii. Board Credit Committee (BCC)
- iv. Board Compensation Committee

The Board Compensation Committee has been constituted after the year end, in September 2024. 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 & Risk Committee (BA&RC). At the beginning of each year, the internal audit department formulates an audit plan based on risk assessment, which is reviewed by the BA&RC. During the year, the BA&RC 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 the 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.

Board of Directors and Board Committees

The composition of the Board of Directors and its sub-committees are given in the Statement of Compliance at page no. 48.

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 for two years and by an independent external consultant in the third year.

During the year, the evaluation exercised was conducted by an independent consultant FAMCO Associates (Pvt.) Limited. Within this evaluation process, assessment questionnaires were disseminated to Board members, who submitted their responses directly to the external consultant while maintaining confidentiality of the process. The responses were compiled in the form of a report and were presented to the Board Human Resource Nomination and Remuneration Committee by external consultant. The final report was then subsequently shared during a Board Meeting and areas for improvement were highlighted.

Board's Remuneration Policy

The Company has an established Board of Directors Remuneration Policy in place. This Policy establishes a process for defining the compensation to Company's directors who participate in board and sub-committee meetings. As outlined by the policy, independent directors and non-executive directors (subject to Board approval) are entitled to receive compensation for attending Board and committee meetings. Directors are also eligible for reimbursement of the costs they incur when attending these meetings.

Disclosure with regards to remuneration of each director and chief executive officer is given in note 36 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 Operating Officer
- Group General Manager
- Chief Financial Officer
- Company Secretary
- Head of Internal Audit
- 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, 2024, are stated within the Directors' Report.

8. Key operating and financial data for the last six years in a summarized form is given at page no. 57.
9. There are no statutory payments on account of taxes, duties, levies and charges outstanding as on June 30, 2024, except for those disclosed in the financial statements.
10. The value of investments of the recognized provident fund as at June 30, 2024, was PKR 844.6 million (unaudited), and as at June 30, 2023, was PKR 741.6 million (audited).

The value of investments of the Company's recognized gratuity fund as at June 30, 2024, was PKR 332.8 million (unaudited), and as at June 30, 2023, was 308.2 million (audited).

11. Seven (07) out of eight (08) directors of the Company, including the CEO as a deemed director, have certification / exemption under the Directors Training Program (DTP) and the remaining one (01) director, 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, 06 meetings of the Board of Directors, 05 meetings of the Board Audit & Risk Committee, 03 meetings of the Board Human Resource Nomination and Remuneration Committee and 01 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	6	Mr. Nasim Hyder[1]	2
Ms. Aminah Zahid Zaheer[2]	2	Mr. Yoshiaki Matsuoka (Non-resident)	5
Ms. Keiko Watanabe (Non-resident)	6	Ms. Mika Takeda (Non-resident)	6
Mr. Kenro Seishima (Non-resident)[3]	2	Mr. Rashid Ahmed Jafer[4]	4
Mr. Shaheen Amin[5]	6	Mr. Ramon Alfrey	6
Mr. Anwar Mansoor Khan[6]	Nil		

[1] Retired as Director on October 26, 2023.

[2] Retired as Director on October 26, 2023.

[3] Retired as Director on October 26, 2023.

[4] Elected as an Independent Director on October 26, 2023.

[5] Resigned as director on April 30, 2024. However, he continues as a deemed Director under section 188 of the Companies Act, 2017.

[6] Appointment as an Independent Director on June 10, 2024.

Audit and Risk Committee's Meetings

Name of Director	Meetings Attended	Name of Director	Meetings Attended
Mr. Rashid Ahmed Jafer	3	Mr. Ramon Alfrey	3
Ms. Keiko Watanabe (Non-resident)	5	Ms. Mika Takeda (Non-resident)	4
Mr. Nasim Hyder[1]	2	Ms. Aminah Zahid Zaheer[2]	2

Board Audit Committee and Board Risk Committee were merged and became Board Audit and Risk Committee with effect from October 27, 2023.

[1] Retired as Director on October 26, 2023.

[2] Retired as Director on October 26, 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	1	Mr. Nasim Hyder	1
Mr. Kenro Seishima (Non-resident)	1	Mr. Ramon Alfrey	1

Board Risk Committee was merged with Board Audit Committee to become Board Audit and Risk Committee with effect from October 27, 2023.

Credit Committee's Meeting

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

Board Changes

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

- 1) Mr. Nasim Hyder, Mr. Kenro Seishima and Ms. Aminah Zahid Zaheer retired from the Board after completion of their tenures.
- 2) Mr. Rashid Ahmed Jafer was elected as an independent director on the Board in the election of directors held at the 37th AGM on October 26, 2023.
- 3) Mr. Shaheen Amin resigned as Director with effect from April 30, 2024. However, he continues as a deemed Director under section 188 of the Companies Act, 2017.
- 4) Mr. Anwar Mansoor Khan was appointed as an Independent Director on the Board to fill the casual vacancy with effect from June 10, 2024, subject to SECP approval which was subsequently received on August 13, 2024.

The Board of Directors places on record its appreciation for services rendered by Mr. Nasim Hyder, Mr. Kenro Seishima and Ms. Aminah Zahid Zaheer. Further, the Board welcomes Mr. Rashid Ahmed Jafer and Mr. Anwar Mansoor Khan as Independent Director on the Board of OLP.

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 01, 2024. 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.

Pattern of Shareholding

The pattern of shareholding as at June 30, 2024 is given at page no. 247.

Auditors

M/s. A.F. Ferguson & Co., Chartered Accountants were appointed as auditors for the year ending June 30, 2024. The present auditors M/s. A.F. Ferguson & Co., Chartered Accountants have completed the statutory period of five years, mandated by the Code of Corporate Governance. The Board of Directors endorses the recommendation of the Board Audit and Risk Committee for the appointment of M/s. KPMG Taseer Hadi & Co. Chartered Accountants, as auditors of the Company for the year ending June 30, 2025.

Embracing ESG Principles

We are committed to embedding Environmental, Social, and Governance (ESG) principles into our corporate DNA. Currently, we are in process of developing a comprehensive ESG policy to serve as a guiding framework for our initiatives and ensure alignment with global benchmarks.

Nurturing Talent, Culture and Purpose

The Company is committed to leadership development and employee growth as central elements of our Human Capital Development approach. A core component of our Human Capital strategy is a succession planning process aimed at identifying and nurturing future leaders from within the organization. Our learning and development programs are diverse, offering policy awareness sessions, extensive soft skills training, and targeted upskilling opportunities.

In addition, we actively cultivate a dynamic organizational culture through regular initiatives such as annual awards ceremonies, bonuses, and mementos to recognize exceptional employee contributions. We strive to inspire our talented professionals to consistently deliver exceptional value to clients while providing an enriching career experience within an inclusive and collaborative environment.

Our work is driven by a collaborative ethos, bringing together teams across different business units, geographies, and skill sets to deliver measurable, impactful results aligned with our Purpose. This dedicated focus on fostering a culture of fairness, growth, and recognition strengthens team cohesion, celebrates achievements, and promotes a supportive, engaging, and inclusive workplace.

Diversity, inclusion and equality

At OLP, we are dedicated to creating a culture of diversity, equity, and inclusion (DEI), which is a core aspect of our strategic objectives. We are developing a comprehensive DEI policy, informed by a thorough analysis of industry benchmarks and best practices, to establish a framework that further promotes inclusivity and drives transformative change throughout our organization. The Company goal is to ensure tangible results and a genuinely inclusive workplace. For the year ended June 30, 2024, the Company reported a Mean Gender Pay Gap of 42.6% and a Median Gender Pay Gap of 25.6%, primarily due to the higher number of female staff in paraprofessional roles. We recognize that there is still work to be done, and we are committed to continuing our efforts to create a more inclusive and equitable workplace.

Additionally, we have Protection against Anti-Harassment Policy implemented to eradicate all forms of discrimination, bullying, retaliation, harassment, and victimization, creating a supportive work environment that protects employees' well-being and health, which is critical to the overall performance of an employee.

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, OLP continued its philanthropic activities in the form of monetary donations to various institutions. The Company donated to various hospitals that included LRBT, Indus Hospital, Lady Dufferin Hospital, Shaukat Khanum Memorial Trust, Kidney Center and others. In the area of education, OLP contributed to various academic institutions imparting quality education to the deserving segment of society. It donated to IBP School of special education for the welfare of differently abled children. Moreover, OLP contributed to different NGOs and shelter houses looking after the welfare of underprivileged sections of society.

Future Outlook

The IMF has projected GDP growth of 3.5% for FY2025. However, the business environment will remain challenging in the coming months. SBP's policy rate is expected to decrease further due to downward trend in inflation. In a subdued economy with interest rates witnessing downward trends, the financial sector will remain volatile and returns from the existing customer base are expected to reduce significantly when compared with previous years. OLP will closely monitor the economic environment and will adjust its business operations accordingly.

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
September 18, 2024



RAMON ALFREY

Director

مستقبل کا نقطہ نظر:

آئی ایم ایف نے مالی سال 2025 کے لیے جی ڈی پی کی شرح نمو 3.5 فیصد رہنے کی پیش گوئی کی ہے۔ تاہم، آنے والے مہینوں میں کاروباری ماحول چیلنجنگ رہنے کی توقع ہے۔ گرتے ہوئے افراط زر کے باعث اسٹیٹ بینک کی پالیسی ریٹ میں مزید کمی متوقع ہے۔ ایک ماندہ معیشت میں، جہاں سود کی شرح میں کمی ہو رہی ہے، مالیاتی شعبہ غیر مستحکم رہے گا اور موجودہ صارفین کی بنیاد سے آمدنی گزشتہ سالوں کے مقابلے میں نمایاں طور پر کم ہونے کی توقع ہے۔ OLP اقتصادی ماحول کو monitor کرے گی اور اپنے کاروباری آپریشنز کو اس کے مطابق ایڈجسٹ کرے گی۔

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 شکرگزار 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



ریمین الفری

ڈائریکٹر



شاہین امین

چیف ایگزیکٹو آفیسر

18 ستمبر 2024ء

اس کے علاوہ، ہم تنظیمی ثقافت کو متحرک بنانے کے لیے سالانہ ایوارڈز تقاریب، بونس، اور یادگاروں جیسے مستقل اقدامات کے ذریعے نمایاں ملازمین کی کارکردگی کو تسلیم کرتے ہیں۔ ہم اپنے باصلاحیت پروفیشنلز کو کلائنٹس کے لیے اعلیٰ معیار کی خدمات فراہم کرنے کی ترغیب دیتے ہیں جبکہ انہیں ایک متحرک، جامع اور معاون ماحول میں کیریئر کے بہتر تجربات فراہم کرتے ہیں۔

ہمارا کام ایک تعاون پر مبنی اصول کے تحت ہوتا ہے، جس میں مختلف کاروباری یونٹس، جغرافیائی مقامات، اور مہارتوں کے حامل ٹیموں کو اکٹھا کیا جاتا ہے تاکہ واضح اور مثبت نتائج فراہم کیے جاسکیں جو ہمارے مقصد سے ہم آہنگ ہوں۔ اس ثقافت کو فروغ دینے پر توجہ دینا، انصاف، ترقی اور پذیرائی کو مضبوط بنانا ہے، ٹیموں کے درمیان ہم آہنگی کو بہتر کرتا ہے، کامیابیوں کا جشن مناتا ہے، اور ایک حوصلہ افزا، تعاون پر مبنی اور جامع ماحول کو فروغ دیتا ہے۔

تنوع، شمولیت اور مساوات:

OLP میں، ہم تنوع، مساوات اور شمولیت (DEI) کی ثقافت کو فروغ دینے کے لیے پرعزم ہیں، جو ہماری اسٹریٹجک مقاصد کا ایک اہم حصہ ہے۔ ہم ایک جامع DEI پالیسی تیار کر رہے ہیں، جو انڈسٹری بینچ مارکس اور بہترین طریقوں کا تفصیلی تجزیہ کرنے کے بعد بنائی گئی ہے، تاکہ ایک ایسا فریم ورک قائم کیا جاسکے جو ہماری تنظیم کے اندر شمولیت کو فروغ دے اور تبدیلی کا ذریعہ بنے۔ کمپنی کا ہدف یہ ہے کہ وہ حقیقی نتائج حاصل کرے اور ایک حقیقتاً جامع کام کی جگہ قائم کرے۔ اختتام سال 2024، 30 جون میں کمپنی نے 42.6 فیصد mean gender pay gap اور 25.6 فیصد median gender pay gap رپورٹ کیا۔ اس کی بنیادی وجہ خواتین کا paraprofessional roles میں زیادہ کام کرنا ہے۔ کمپنی سمجھتی ہے کہ اس میں بہتری کی ضرورت ہے اور کمپنی کوشاں ہیں کہ ایک مساواتی ماحول کو قائم کریں۔

اس کے علاوہ، کمپنی نے ہر انسانی کے خلاف تحفظ کی پالیسی نافذ کی ہے تاکہ ہر قسم کے امتیاز، بد معاشی، انتقامی کارروائی، ہراسانی اور شکار بنائے جانے کو ختم کیا جاسکے، اور ملازمین کی بہبود اور صحت کے تحفظ کے لیے ایک معاون ماحول پیدا کیا جاسکے، جو کہ ملازم کی مجموعی کارکردگی کے لیے بہت اہم ہے۔

کارپوریٹ سماجی ذمہ داری:

OLP کا کاروباری مقصد ایک پائیدار کاروباری ماڈل بنا کر، تمام اسٹیک ہولڈرز کے لیے زیادہ سے زیادہ قدر پیدا کرنے، انفرادی ٹیلنٹ کو فروغ دینے اور معاشرے کے تمام طبقات کی مالی شمولیت کے ذریعے سماجی اثرات مرتب کرنے کے گرد گھومتا ہے۔

سال کے دوران، OLP نے مختلف اداروں کو مالی امداد کی صورت میں اپنی خیر خواہی کی سرگرمیاں جاری رکھیں۔ کمپنی نے متعدد ہسپتالوں کو عطیات دیے، جن میں LRBT، انڈس ہسپتال، لیڈی ڈفرن ہسپتال، شوق خانم میموریل ٹرسٹ، اور گردے کے مرکز شامل ہیں۔ تعلیم کے میدان میں، OLP نے ان مختلف تعلیمی اداروں کو مالی مدد فراہم کی جو مستحق طبقے کو معیاری تعلیم فراہم کر رہے ہیں۔ اس نے خصوصی تعلیم کے IBP اسکول کو مختلف قابلیت کے حامل بچوں کی فلاح و بہبود کے لیے عطیات دیے۔ مزید برآں، OLP نے مختلف NGOs اور پناہ گاہوں میں بھی مدد فراہم کی، جو معاشرے کے نادر طبقے کی فلاح و بہبود کا خیال رکھتی ہیں۔

بورڈ آف ڈائریکٹرز جناب نسیم حیدر، جناب کنیر و سیشیما اور محترمہ آمنہ زاہد ظہیر کی خدمات کو سراہتا ہے۔ مزید یہ کہ بورڈ جناب راشد احمد جعفر اور جناب انور منصور خان کو OLP کے بورڈ میں بطور آزاد ڈائریکٹر خوش آمدید کہتا ہے۔

کریڈٹ ریٹنگ:

پاکستان کریڈٹ ریٹنگ ایجنسی (PACRA) نے 03 مارچ 2024 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۔

بڑے حصص یافتگان:

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

حصص داری کی ساخت:

30 جون 2024 تک حصص داری کی ساخت صفحہ نمبر 247 پر دی گئی ہے۔

آڈیٹرز:

موجودہ آڈیٹرز، میسرز اے ایف فرگوسن اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس نے کارپوریٹ گورننس کے ضابطے کے تحت پانچ سالہ مدت مکمل کر لی ہے۔ بورڈ آف ڈائریکٹرز بورڈ آڈٹ اور رسک کمیٹی کی سفارش کی توثیق کرتے ہوئے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کو کمپنی کے آڈیٹرز کے طور پر مالی سال 30 جون 2025 تک کی مدت کے لیے تقرر کرنے کی سفارش کرتا ہے۔

ESG اصولوں کو اپنانا:

ہم ماحولیاتی، سماجی اور گورننس (ESG) اصولوں کو اپنی کارپوریٹ ثقافت کا حصہ بنانے کے لیے پرعزم ہیں۔ اس وقت ہم ایک جامع ESG پالیسی تیار کرنے کے عمل میں ہیں جو ہماری اقدامات کے لیے ایک رہنما فریم ورک فراہم کرے گی اور عالمی معیاروں کے ساتھ ہم آہنگی کو یقینی بنائے گی۔

پروڈکٹ ٹیلنٹ، ثقافت اور مقصد:

کمپنی قیادت کی ترقی اور ملازمین کی پیشرفت کو انسانی وسائل کی ترقی کے بنیادی ستونوں کے طور پر اہمیت دیتی ہے۔ ہماری انسانی وسائل کی حکمت عملی کا ایک اہم عنصر جانشینی کا منصوبہ ہے، جس کا مقصد تنظیم کے اندر سے مستقبل کے رہنماؤں کو پہچاننا اور ان کی پروڈکٹ کرنا ہے۔ ہمارے سیکھنے اور ترقی کے پروگرام متنوع ہیں، جن میں پالیسی سے آگاہی سیشنز، مہارتوں کی تربیت اور ہدفی ترقی کے مواقع شامل ہیں۔

ہیومن ریسورس نوٹیفکیشن اینڈ ریمونڈیشن کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب خالد عزیز مرزا	3	جناب یوشیکا ماتسوکا (نان ریڈیڈنٹ)	3
جناب شاہین امین	3		

رسک کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
محترمہ امینہ زاہد ظہیر	1	جناب نسیم حیدر	1
جناب کنیر و سیشیما (نان ریڈیڈنٹ)	1	جناب رامن الفرے	1

بورڈ رسک کمیٹی کو بورڈ آڈٹ کمیٹی کے ساتھ ضم کر کے 27 اکتوبر 2023 سے "بورڈ آڈٹ اور رسک کمیٹی" بنادیا گیا۔

کریڈٹ رسک کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب یوشیکا ماتسوکا (نان ریڈیڈنٹ)	1	جناب شاہین امین	1
جناب رامن الفرے	1		

بورڈ میں تبدیلیاں:

سال کے دوران بورڈ میں درج ذیل تبدیلیاں کی گئیں۔

- 1۔ جناب نسیم حیدر، جناب کنیر و سیشیما اور محترمہ آمنہ زاہد ظہیر بورڈ سے اپنی مدت پوری کرنے کے بعد ریٹائر ہو گئے۔
- 2۔ جناب راشد احمد جعفر کو 26 اکتوبر 2023 کو 37 ویں سالانہ جنرل میٹنگ میں ہونے والے ڈائریکٹرز کے انتخاب میں آزاد ڈائریکٹر کے طور پر منتخب کیا گیا۔
- 3۔ جناب شاہین امین نے 30 اپریل 2024 سے ڈائریکٹر کے عہدے سے استعفیٰ دے دیا۔ تاہم، وہ کمپنیز ایکٹ 2017 کے سیکشن 188 کے تحت بطور deemed ڈائریکٹر اپنی خدمات جاری رکھیں گے۔
- 4۔ جناب انور منصور خان کو 10 جون 2024 سے بورڈ میں آزاد ڈائریکٹر کے طور پر بورڈ میں خالی آسامی پر تعینات کیا گیا، جس کی منظوری SECP نے 13 اگست 2024 کو دی۔

بورڈ آف ڈائریکٹرز کے اجلاس

بورڈ کے اجلاس میں حاضری درج ذیل رہی:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب خالد عزیز مرزا	6	جناب نسیم حیدر (1)	2
محترمہ آمنہ زاہد ظہیر (2)	2	جناب یوشیا کی ماتسوکا (نان ریڈیڈنٹ)	5
محترمہ کیوواتانا بے (نان ریڈیڈنٹ)	6	محترمہ میکاٹکیڈا (نان ریڈیڈنٹ)	6
جناب کنیر و سیشیما (نان ریڈیڈنٹ) (3)	2	جناب راشد احمد جعفر (4)	4
جناب شاہین امین (5)	6	جناب ریمن الفرے	6
جناب انور منصور خان (6)	Nil		

(1) 26 اکتوبر 2023 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

(2) 26 اکتوبر 2023 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

(3) 26 اکتوبر 2023 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

(4) 26 اکتوبر 2023 کو آزاد ڈائریکٹر کے طور پر منتخب ہوئے۔

(5) 30 اپریل 2024 کو بطور ڈائریکٹر استعفیٰ دیا، تاہم وہ کمپنیز ایکٹ 2017 کے سیکشن 188 کے تحت ایک deemed ڈائریکٹر کے طور پر فرائض انجام دیتے رہیں گے۔

(6) 10 جون 2024 کو آزاد ڈائریکٹر کے طور پر تقرری ہوئی۔

آڈٹ اینڈ رسک کمیٹی کے اجلاس:

ڈائریکٹر کا نام	میٹنگ میں حاضری	ڈائریکٹر کا نام	میٹنگ میں حاضری
جناب راشد احمد جعفر	3	جناب ریمن الفرے	3
محترمہ کیوواتانا بے (نان ریڈیڈنٹ)	5	محترمہ میکاٹکیڈا (نان ریڈیڈنٹ)	4
جناب نسیم حیدر (1)	2	محترمہ امینہ زاہد ظہیر (2)	2

بورڈ آڈٹ کمیٹی اور بورڈ رسک کمیٹی کو یکجا کر کے 27 اکتوبر 2023 سے "بورڈ آڈٹ اور رسک کمیٹی" بنایا گیا۔

(1) 26 اکتوبر 2023 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

(2) 26 اکتوبر 2023 کو ڈائریکٹر کے عہدے سے ریٹائر ہو گئے۔

☆	چیف ایگزیکٹو آفیسر
☆	ڈپٹی چیف ایگزیکٹو آفیسر
☆	چیف آپریٹنگ آفیسر
☆	گروپ جنرل مینجر
☆	چیف فنانشل آفیسر
☆	کمپنی سیکریٹری
☆	ہیڈ آف انٹرنل آڈٹ
☆	ڈپارٹمنٹل ہیڈز

ڈائریکٹرز کا اعلامیہ:

- ۱۔ کمپنی کی انتظامیہ کے تیار کردہ مالی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، cashflows اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
- ۲۔ کمپنی کی حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- 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 ملحوظ خاطر رکھا گیا ہے اور کسی بھی انحراف کو مناسب انداز میں انکشافات اور وضاحت کی گئی ہے۔
- ۵۔ اندونی نگرانی کے نظام کی شکل مضبوط ہے اور مؤثر 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 2024 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 57 پر دیا گیا ہے۔
- ۹۔ ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی 30 جون 2024 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 2024 کو 844.6 ملین روپے رہی (غیر آڈٹ شدہ) اور 30 جون 2023 کو 741.6 ملین روپے تھی (آڈٹ شدہ)۔
- تسلیم شدہ گریجویٹ فنڈ سے کی گئی سرمایہ کاری کی مالیت 30 جون 2024 کو 332.8 ملین روپے رہی (غیر آڈٹ شدہ) اور 30 جون 2023 کو 308.2 ملین روپے (آڈٹ شدہ) تھی۔
- ۱۱۔ کمپنی کے (07) میں سے (08) ڈائریکٹر بشمول CEO بطور Deemed ڈائریکٹر ٹریننگ پروگرام کے تحت سرٹیفیکیشن/چھوٹ حاصل ہے اور بقیہ ایک (1) ڈائریکٹر، جن کا حال ہی میں تقرر کیا گیا ہے، وہ ڈائریکٹر ٹریننگ 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 چھ اجلاس، بورڈ آڈٹ اینڈ رسک کمیٹی کے پانچ اجلاس، بورڈ ہیومن ریسورس نو مینیشن اینڈ ریمونریشن کمیٹی کے تین اجلاس اور بورڈ کریڈٹ کمیٹی کا ایک اجلاس منعقد ہوا۔

انسداد منی لانڈرنگ (AML/CFT) دہشت گردی کی مالی معاونت کے پہلوؤں پر ترقی پسندانہ سیشن بھی منعقد کرائے جاتے ہیں تاکہ عمل کو AML/CFT نظام کے بارے میں تعلیم دی جائے اور AML/CFT ضوابط کی ضرورت کی تعمیل کی جائے۔ گائیڈ لائنز اور رسک اسسمنٹ 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۔

بورڈ آف ڈائریکٹرز اور بورڈ کمیٹیاں:

بورڈ آف ڈائریکٹرز اور اس کی ذیلی کمیٹیوں کی تشکیل صفحہ نمبر 48 پراسیڈنٹ آف کمپلائنس میں دی گئی ہے۔

بورڈ کی کارکردگی کا جائزہ:

OLP نے اپنے بورڈ آف ڈائریکٹرز اور کمیٹیوں کی کارکردگی کا جائزہ لینے کے لیے ایک منظم طریقہ کار اپنایا ہے، لیسٹڈ 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۔

سال کے دوران، کارکردگی کے جائزہ کا عمل ایک آزاد مشیر فاکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ نے انجام دیا۔ اس تشخیص کے عمل میں، بورڈ کے ممبران کو سوالنامے فراہم کیے گئے، جنہوں نے اپنی جوابات براہ راست بیرونی کنسلٹنٹس کو فراہم کیے، تاکہ عمل کی رازداری برقرار رہے۔ جوابات کو ایک رپورٹ کی شکل میں مرتب کیا گیا اور اسے بورڈ ہیومن ریسورس نامینیشن اور معاوضہ کمیٹی کے سامنے پیش کیا گیا۔ حتمی رپورٹ بعد میں ایک بورڈ مینٹنگ میں شیئر کی گئی، جس میں بہتری کے لیے اہم شعبوں کو اجاگر کیا گیا۔

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 ایگزیکٹو ڈائریکٹرز اور نان ایگزیکٹو ڈائریکٹرز بورڈ اور اس کی کمیٹیوں کے اجلاس میں حاضری پر معاوضے کے اہل ہیں۔ جبکہ اجلاس میں شرکت پر ہونے والے اخراجات کی ادائیگی کے بھی حقدار ہیں۔

ہر ڈائریکٹر اور چیف ایگزیکٹو آفیسر کے معاوضے کے حوالے سے معلومات غیر مجموعی مالیاتی گوشوارے کے نوٹ نمبر 36 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، substantial حصص یافتگان اور اعلیٰ executives کی حصص میں خرید و فروخت کے منکشافات PSX کو فراہم کرنے کے لئے بورڈ نے ایگزیکٹو کی اصطلاح کے لئے درج ذیل حد مقرر کی ہے:

بورڈ آف ڈائریکٹرز OLP کے گورننس ڈھانچے کی سربراہی کرتا ہے جس میں 2 آزاد ڈائریکٹرز، 3 نامزد ڈائریکٹرز اور 2 نان ایگزیکٹو ڈائریکٹرز شامل ہیں۔ اپنی ذمہ داریوں کو زیادہ مؤثر طریقے سے نبھانے کے لیے بورڈ نے درج ذیل ذیلی کمیٹیاں تشکیل دی ہیں:

- ۱۔ بورڈ ہیومن ریسورس، نامی نیشن اینڈ ریمونریشن کمیٹی (BHRN&RC)
- ۲۔ بورڈ آڈٹ و بورڈ رسک کمیٹی (BA&RC)
- ۳۔ بورڈ کریڈٹ کمیٹی (BCC)
- ۴۔ بورڈ compensation کمیٹی

امسال ختم ہونے کے بعد ستمبر 2024 میں بورڈ compensation کمیٹی کی تشکیل کی گئی ہے۔ بورڈ کمیٹیوں کے علاوہ، کمپنی کے پاس انتظامی کمیٹیاں ہیں جن میں واضح ذمہ داریاں ہیں اور حوالہ جات کی شرائط (TOR) ہیں۔ ان کمیٹیوں میں مینجمنٹ کمیٹی، کریڈٹ کمیٹی، ایسیٹ لائبلٹی مینجمنٹ کمیٹی، اور آئی ٹی اسٹیرنگ 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 اینڈ رسک کمیٹی (BA&RC) کے ذریعے براہ راست بورڈ کو رپورٹ کرتے ہیں۔ انٹرنل آڈٹ سال کے آغاز میں رسک پربنی آڈٹ پلان تیار کرتا ہے جس کا جائزہ لیا جاتا ہے اور آڈٹ اینڈ رسک کمیٹی اسے منظور کرتی ہے۔ آڈٹ اینڈ رسک 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۔ کمپنی کا کمپلائنس فنکشن کمپنی پر لاگو موجودہ اور نئے ضوابط کی تعمیل کو یقینی بنانے کے لیے ذمہ دار ہے۔ ملک کے ریگولیٹری فریم ورک کے بڑھنے کے ساتھ ایس ای سی پی (SECP) نے بھی اپنی نگرانی کی سطح خاص طور پر اینٹی منی لانڈرنگ اور دہشت گردی کی مالی معاونت کے حوالے سے اضافہ کیا ہے۔

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

ایک liquidity contingency plan تبدل فنڈنگ کی حکمت عملیوں کو یقینی بناتا ہے اور لیکویڈٹی کے ذخائر کو حکومت کی سیکورٹیز میں برقرار رکھتا ہے، اس کے علاوہ، liquid سیکورٹیز بھی موجود ہیں جو قانونی تقاضوں کی تعمیل کے لیے رکھی گئی ہیں۔ ALCO سود کی شرح میں اتار چڑھاؤ سے مارکیٹ کے خطرے کا انتظام بھی کرتی ہے، قیمتوں کی حکمت عملی تیار کرتی ہے، مارکیٹ کی سود کی شرحوں کی نگرانی کرتی ہے، اور قرض دینے اور قرض لینے کے پورٹ فولیو کو متوازن رکھتی ہے۔

کمپنی سود کی شرح کے خطرے کو محدود کرتی ہے، اس بات کو یقینی بناتے ہوئے کہ اس کی لیز/قرض پورٹ فولیو کی ایک بڑی مقدار کی سود کی شرح کا پروفائل مالی ذمہ داریوں کے ساتھ ملتا ہے، جو کے قابل قبول حدود میں ہوتا ہے۔ 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 ہینج مارک ریٹ پر کافی منافع کا مارجن وصول کرتی ہے۔

آپریشنل رسک:

کمپنی نے آپریشنل خطرات کو مستقل طور پر منظم کرنے کے لیے پالیسیاں اور طریقہ کار قائم کیے ہیں۔ بدلتے آپریشنل 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 آپریشنل خطرات کو کم کیا جاتا ہے اور اسے کم سے کم رکھا جاتا ہے۔

آپریشنل خطرات کو کم کرنے کے لیے، OLP نے اپنے اندرونی آڈٹ، رسک مینجمنٹ، اور تعمیل کے افعال کو مضبوط کیا ہے۔ یہ افعال اس بات کو یقینی بناتے ہیں کہ پالیسیوں کی پیروی کی جاتی ہے اور اہم خطرے کے اشارے کے ساتھ ساتھ کسی بھی آپریشنل رکاوٹوں یا ناکامیوں کی باقاعدگی سے نگرانی کی جاتی ہے۔

OLP آئی ٹی سیکورٹی کو بہتر بنانے، انفرادی ذمہ داریوں کی وضاحت، اور آئوٹیشن کے ذریعے آپریشنل کارکردگی اور تاثیر 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 کی روک تھام کے لیے کمپنی کے ضابطہ اخلاق، انٹی مینی لانڈرنگ اور انٹی فرائڈ اور whistle blowing 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 گراؤ کنٹرول کی تاثیر کو یقینی بناتا ہے۔

زیادہ خطرے والے ایریا جیسے نظام کی ناکامی، داخلی کنٹرول کی خلاف ورزی، اور کسی بھی دھوکہ دہی یا جعل سازی کے واقعات پر زور دیا جاتا ہے۔ آئی ٹی سیکورٹی کو بہتر بنانے، انفرادی ذمہ داریوں کی وضاحت کرنے، اور خود کار طریقے سے عملی کارکردگی اور مؤثریت کو بڑھانے پر توجہ مرکوز کی جاتی ہے، ساتھ ہی انسانی وسائل کے معیار کو تربیت اور ترقی کے ذریعے بلند کیا جاتا ہے۔ نئے اور موجودہ عملے کو کمپنی کے طرز عمل کے ضوابط، مینی لانڈرنگ کی روک تھام، دھوکہ دہی کی روک تھام، اور شکایت کے طریقہ کار پر تربیت فراہم کی جاتی ہے تاکہ دھوکہ دہی اور غیر اخلاقی رویوں کی روک تھام کی جاسکے۔

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۔ 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۔

کے نفاذ کو بڑھاتا ہے۔ مینجمنٹ کمیٹی بورڈ کی منظور شدہ رہنما اصولوں کی نگرانی اور عمل درآمد کرتی ہے، جبکہ روزمرہ کے رسک مینجمنٹ کے کام مختلف سطحوں پر تفویض کیے جاتے ہیں۔

OLP نے ایک جامع انٹر پرائز رسک مینجمنٹ (ERM) فریم ورک نافذ کیا ہے جو تمام کاروباری شعبوں اور افعال میں یکساں طور پر لاگو ہوتا ہے۔ یہ فریم ورک بورڈ کو آپریشنز اور مختلف شعبوں میں موجود تمام قسم کے رسک کی جامع جانچ کرنے کے قابل بناتا ہے۔ ساتھ ہی، یہ رسک مینجمنٹ کے لیے رہنما اصول فراہم کرتا ہے جو کمپنی کے مجموعی اسٹریٹجک اہداف کے ساتھ ہم آہنگ رہتے ہیں۔ اس سے نہ صرف کمپنی کی لچک میں اضافہ ہوتا ہے بلکہ حکمت عملی کی تکمیل میں پیش آنے والے رسک کو مؤثر انداز میں کم کرنے میں بھی مدد ملتی ہے۔

ہماری proactive رسک مینجمنٹ حکمت عملی، جو باقاعدہ مانیٹرنگ اور رپورٹنگ پر مبنی ہے، ہمیں غیر یقینی صورتحال کو مؤثر طریقے سے منظم کرنے کی اجازت دیتی ہے۔ اس کے ذریعے، OLP طویل مدتی کامیابی کے لیے خود کو بہتر انداز میں تیار کر رہی ہے جبکہ ہمارے اسٹیک ہولڈرز کے مفادات کا بھی خیال رکھا جا رہا ہے۔ درج ذیل سیکشن میں کمپنی کی جانب سے اختیار کردہ رسک مینجمنٹ کے اقدامات کا خاکہ پیش کیا گیا ہے تاکہ بڑے خطرات کا مؤثر انداز میں سامنا کیا جاسکے۔

کریڈٹ رسک:

OLP نے بورڈ کی منظور کردہ کریڈٹ رسک پالیسیز متعارف کرائی ہیں جو مختلف اقتصادی شعبوں اور مصنوعات کی لائنوں کو کریڈٹ فراہم کرنے کے لیے رہنما اصول فراہم کرتی ہیں۔ یہ پالیسیاں کمپنی کو کریڈٹ رسک کو منظم کرنے اور کنٹرول کرنے کی اجازت دیتی ہیں، جس میں ایکسپوزر کی حدود متعین کرنا، پابندیوں کی نگرانی کرنا، اور مارکیٹ کی متحرکات کے پیش نظر رہنما اصولوں کا مستقل جائزہ لینا شامل ہے۔

رسک مینجمنٹ ڈیپارٹمنٹ (RMD) کریڈٹ رسک پالیسی کی پابندی کی نگرانی کرتا ہے اور بورڈ کے کریڈٹ کمیٹی کو رپورٹ کرتا ہے۔ OLP پورٹ فولیو کی نگرانی، جلد خطرات کی شناخت، اور کاروباری ترقی کی حمایت کے لیے ٹولز کو نافذ کرنے پر زور دیتا ہے، جبکہ کریڈٹ رسک کا انتظام بھی کرتا ہے۔

کمپنی ایک scorecard approach کا استعمال کرتی ہے تاکہ کارپوریٹ کسٹمر کے کریڈٹ رسک کا اندازہ لگایا جاسکے، جو آغاز اور رپورٹنگ کی تاریخوں پر ہوتا ہے، اور کسی بھی تنزلی کی نگرانی کی جاتی ہے۔ مشکل اقتصادی حالات میں، risky RMD شعبوں کی نگرانی کرتا ہے، انتظامیہ کو خدشات سے آگاہ کرتا ہے، اور موجودہ پورٹ فولیو کی ایکسپوزر کا انتظام کرنے کے لیے مارکیٹنگ ڈیپارٹمنٹ کے ساتھ تعاون کرتا ہے۔

OLP 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۔

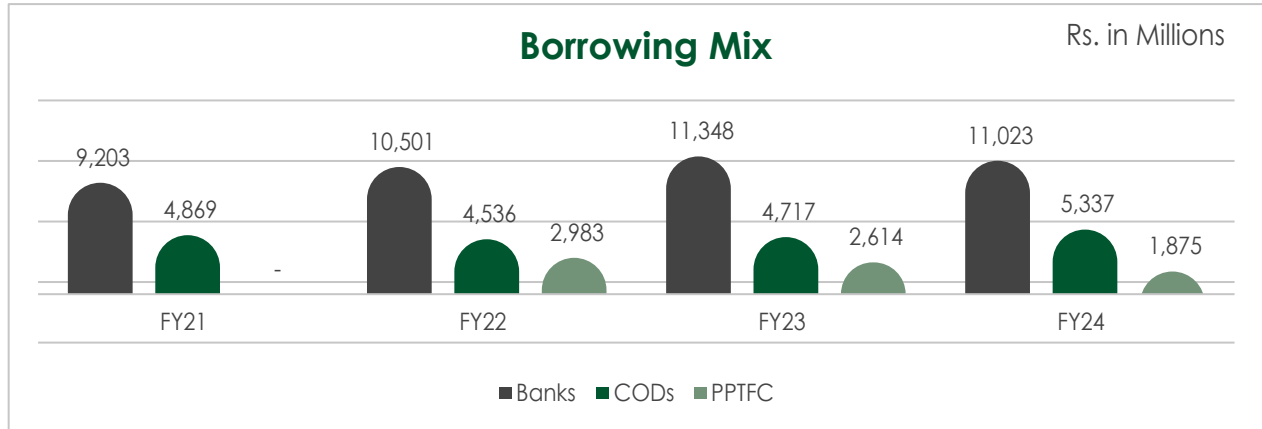
لیکویڈیٹی رسک اور مارکیٹ رسک:

OLP کے بورڈ نے ایسیٹ اینڈ لائبیلیٹی مینجمنٹ پالیسی کی توثیق کی ہے جو کمپنی کی لیکویڈیٹی اور مارکیٹ کے عوامل سے متعلق خطرات سے نمٹنے کے لیے آدگی کی وضاحت کرتی 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 کی حیثیت 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۔

فنانڈنگ اور لیکویڈٹی:

OLP کے قرضے بینک قرضوں، سرٹیفکیٹ آف ڈپازٹ (COD) اور Privately Placed Term Certificate (PPTFC) کے مرکب پر مشتمل تھے۔ 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 competitive شرحوں پر overdraft سہولیات کی شکل میں ہیں اور یہ OLP کے لیز اور لون پورٹ فولیو کے collateral میں دیئے گئے ہیں۔ اس کے علاوہ، OLP نے COD جاری کئے ہیں جو انفرادی اور institutional سرمایہ کاروں کو unsecured لون کی شکل میں کئے گئے ہیں۔

قرض لینے کی تقسیم درج ذیل ہے:



30 جون 2024 تک کمپنی کا debt equity ratio 1.74 رہا (30 جون 2023: 1.91)، جبکہ Capital adequary ratio (CAR) 30.23 فیصد رہا (30 جون 2023: 27.2 فیصد) جو کہ 10 فیصد کی ریگولیٹری ضرورت سے کافی زیادہ ہے۔ یہ کمپنی کی مضبوط سرمائے کی پوزیشن کا اشارہ ہے۔

رہسک مینجمنٹ:

OLP نے ایک جامع رہسک مینجمنٹ کا فریم ورک قائم کیا ہے، جو کمپنی کی کامیابی کے لیے انتہائی اہم ہے۔ یہ فریم ورک ممکنہ خطرات کی بروقت شناخت اور انتظام کی اجازت دیتا ہے، جس میں شامل ہیں:

- بورڈ کی نگرانی
- محکمہ کے سربراہان اور انتظامی کمیٹیوں کی کثیر سطحی نگرانی
- مؤثر پالیسیاں اور طریقہ کار
- مضبوط کنٹرول میکانزم
- مضبوط آئی ٹی سسٹمز

یہ فریم ورک باقاعدگی سے کاروباری حالات، ریگولیٹری تقاضوں، اور مجموعی کاروباری حکمت عملیوں میں تبدیلیوں کی عکاسی کے لیے اپ ڈیٹ کیا جاتا ہے۔

بورڈ کی آڈٹ اور رہسک کمیٹی (BA&RC)، جس میں چارڈائریکٹر شامل ہیں اور جس کی صدارت ایک آزاد ڈائریکٹر کرتے ہیں، Governance اور رہسک مینجمنٹ پالیسیوں

سال کی دیگر آمدنی 959 ملین روپے، مالی سال 2023 میں حاصل کی گئی آمدنی 774 ملین روپے سے 23.9 فیصد زیادہ تھی۔ یہ اضافہ آمدنی کے مختلف ذرائع سے حاصل کیا گیا، جس میں سرکاری سیکورٹیز سے آمدنی، pre-mature cancelations سے آمدنی اور نئے کاروبار سے حاصل کردہ documentation fee شامل ہیں۔ موجودہ غیر مستحکم معاشی صورت حال میں OLP حکومتی سیکورٹیز کی شکل میں زیادہ liquidity کو برقرار رکھے ہوئے ہے۔

اخراجات:

Potential لیز اور لون کے نقصانات کے علاوہ سال کے کل اخراجات 5,519 ملین روپے رہے جو گزشتہ سال 4,630 ملین روپے کے اخراجات سے 19.2 فیصد زیادہ ہیں۔ اخراجات کی تقسیم درج ذیل ہے:

☆ مالی سال 2023 میں مالیاتی لاگت 3,158 ملین روپے سے 22.7 فیصد اضافہ کے ساتھ 3,876 ملین روپے ہو گئی۔ یہ سال کے دوران KIBOR میں اضافے کے ساتھ براہ راست تعلق رکھتی ہے 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 competitive شرح پر جاری کیے گئے تھے۔ 30 جون 2024 تک کل قرضہ جات 18.2 بلین روپے رہے جو جون 2023 میں 18.7 بلین روپے تھے۔

☆ انتظامی اور عمومی اخراجات 12.5 فیصد سے بڑھ کر 1,615 ملین روپے ہو گئے، جس کی بنیادی وجہ اسٹاف کے خرچوں میں 12.4 فیصد اضافہ ہے جو کہ 1,171 ملین روپے تک پہنچ گئے۔ اسٹاف کے خرچوں میں اضافہ بنیادی طور پر مہنگائی کی وجہ سے تنخواہوں میں ایڈجسٹمنٹ کے باعث ہوا تاکہ اسٹاف کو برقرار رکھا جا سکے۔ اسٹاف کے خرچوں کے اضافے میں تھوڑی تخفیف اسٹاف کی تعداد میں 6 فیصد کمی کی وجہ سے ہوئی جو 534 سے 494 ہو گئی۔ دیگر اخراجات کو کنٹرول کیا گیا جس میں بلند 13.6 فیصد اضافہ ہوا۔

☆ رواں سال کے دوران direct cost 26.3 فیصد سے کم ہو کر 27 ملین روپے (مالی سال 2023: 37 ملین روپے) ہو گئی۔ direct cost 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 کا نان پرفارمنگ پورٹ فولیو (90 دنوں سے زیادہ) 30 جون 2024 تک 641 ملین روپے تک کم ہو گیا، جو کہ گزشتہ سال 687 ملین روپے تھا۔ کمپنی نے مالی سال 2024 میں 42.2 ملین روپے کا پروویژن ریکارڈ کیا، جو کہ مالی سال 2023 میں 106 ملین روپے تھا۔ OLP ممکنہ لیز اور قرض کے نقصانات کے لیے IFRS9 کے تحت expected credit loss (ECL) ماڈل کے مطابق پروویژنز برقرار رکھتا ہے، جس میں مخصوص کیسوں کے لیے NBFC Regulations کے مطابق موضوعی پروویژن بھی شامل ہیں۔ ممکنہ لیز اور قرض کے نقصانات کے لیے مجموعی پروویژن 810 ملین روپے رہا جو کہ 90 دنوں سے زیادہ کے تمام اکاؤنٹس کے خلاف 119 فیصد رہا جبکہ مالی سال 2023 میں یہ شرح 129 فیصد تھی۔

ٹیکس:

سال کے لیے ٹیکس اخراجات 898 ملین روپے ریکارڈ کئے گئے، جو کہ گزشتہ سال کے ٹیکس اخراجات 818 ملین روپے سے 9.7 فیصد زیادہ ہے۔ اس میں گزشتہ سال کے وفاقی بجٹ میں عائد کردہ 10 فیصد کا سپرنیکس شامل ہے۔

سعودی عرب میں OLP کی associated company بینال فنانس کمپنی کے منافع میں نمایاں بہتری آئی ہے۔ OLP کا اس کے ایسوسی ایٹ سے منافع میں حصہ 139 ملین روپے (مالی سال 2023: 118 ملین روپے)، جو کہ گزشتہ سال کے مقابلے میں 18 فیصد کا اضافہ ہے۔

OLP مضاربہ (OM) نے رواں سال 157.77 ملین روپے کا خالص منافع کمایا جو کہ گزشتہ سال کے 128.8 ملین روپے کے منافع سے 22 فیصد زیادہ ہے۔ کل اثاثے گزشتہ سال کے مقابلے میں 13 فیصد زیادہ ہو کر 7,738 ملین روپے ہو گئے (30 جون 2023: 6,825 ملین روپے)۔ OM نے سالانہ کیش ڈویڈنڈ 20 فیصد کا اعلان کیا۔

مالیاتی کارکردگی:

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

2023	2024	
2,029,035,717	2,290,853,975	قبل از محصول منافع
818,302,927	897,943,253	محصولات (ٹیکس)
1,210,732,790	1,392,910,722	سالانہ خالص منافع بعد از محصول (ٹیکس)
60,536,640	69,645,536	مختص: قانونی ریزرو میں منتقلی
350,815,294	350,815,294	عبوری ڈویڈنڈ
350,815,294	526,222,941	حتمی ڈویڈنڈ - تجویز کردہ
762,167,228	946,683,771	
6.90	7.94	فی شیئر آمدنی - بنیادی اور رقیق شدہ

مشکل مارکیٹ حالات کے باوجود، OLP نے 2.29 بلین روپے کا قبل از ٹیکس منافع حاصل کیا جو کہ گزشتہ سال 2023 کے قبل از ٹیکس منافع 2.03 بلین روپے سے 12.9 فیصد زیادہ رہا۔ بعد از ٹیکس منافع 1.39 بلین روپے رہا جو کہ گزشتہ سال 2023 کے بعد از ٹیکس منافع 1.21 بلین روپے سے 15 فیصد زیادہ تھا۔ مضبوط نتائج کا سبب بلند شرح سود کا ماحول تھا، جس کے نتیجے میں کمپنی کے ایکویٹی فنڈڈ پورٹ فولیو پر زیادہ آمدنی ہوئی۔

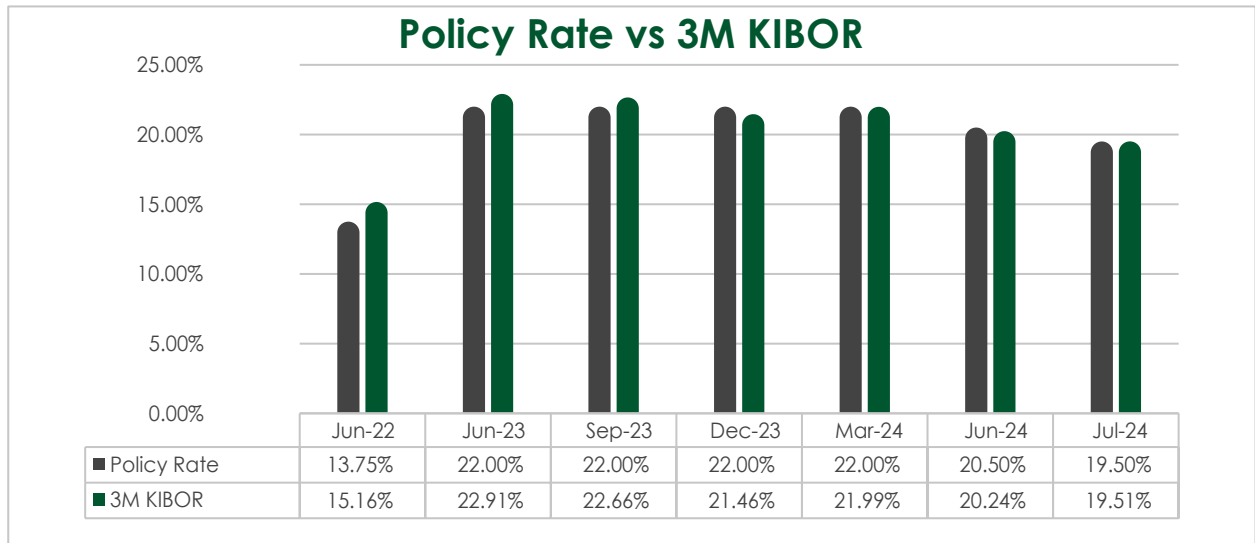
ڈویڈنڈ:

ڈائریکٹرز 30 جون 2024 کو ختم ہونے والے سال کیلئے 30 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 50 فیصد تک لاتا ہے (2023: کل کیش ڈویڈنڈ 40 فیصد)۔

آمدنی:

سال کی کل آمدنی میں 17.5 فیصد اضافہ ہوا، جو کہ گزشتہ سال کی آمدنی 6,796 ملین روپے سے 7,984 ملین روپے ہو گئی۔

لیز اور لون پورٹ فولیو سے 6,885 ملین روپے کی آمدنی گزشتہ سال کی 5,904 ملین روپے کی آمدنی سے 16.6 فیصد زیادہ تھی۔ گزشتہ سال کے دوران زیادہ شرح سود کے نتیجے میں زیادہ آمدنی ہوئی، کیونکہ پورٹ فولیو کی زیادہ تر آمدنی KIBOR سے جڑی ہوئی تھی، جس کی قیمتیں باقاعدگی سے اوپر کی جانب ایڈجسٹ کی گئیں۔ شرح میں اضافہ آمدنی میں اضافے کا بنیادی عنصر رہا، کیونکہ لیز اور لون پورٹ فولیو کا حجم گزشتہ سال کی سطح کے قریب ہی رہا۔



پاکستان کا بجٹ مالی سال 2025، جون 2024 میں پیش کیا گیا جس کا کل حجم 18.9 ٹریلین روپے تھا، جو مالی سال 2024 کے بجٹ سے 30 فیصد زیادہ ہے۔ مجموعی آمدنی 17.8 ٹریلین روپے رہنے کی توقع ہے۔ فیڈرل بورڈ آف ریونیو (ایف بی آر) کی ٹیکس وصولی 12.97 ٹریلین روپے رکھی گئی، جو کہ گزشتہ مالی سال کے مقابلے میں تقریباً 38 فیصد زیادہ ہے۔ مالی سال 2025 کے بجٹ میں بڑے اہداف مقرر کیے گئے؛ جی ڈی پی کا مجموعی خسارہ 5.9 فیصد اور بنیادی سرپلس 2.0 فیصد (یعنی کل آمدنی کل اخراجات سے زیادہ)، جبکہ مالی سال 2024 میں یہ اعداد و شمار بالترتیب 7.4 فیصد اور 0.4 فیصد تھے۔ حکومت اور آئی ایم ایف نے پیش گوئی کی ہے کہ پاکستان کی معیشت مالی سال 2025 میں 3.5 فیصد کی شرح سے ترقی کرے گی۔

کاروباری جائزہ:

مشکل معاشی حالات کا سامنا کرتے ہوئے، OLP نے ایک جامع حکمت عملی اپنائی، جس کا مقصد کاروباری سرگرمیوں کو برقرار رکھنا، اخراجات کو کم بنانا اور عملی کارکردگی میں اضافہ کرنا تھا۔

محدود کاروباری اور معاشی سرگرمیوں کے باوجود، کمپنی نے 16.04 بلین روپے کی ادائیگیاں کیں جو کہ گزشتہ سال 16.07 بلین روپے تھیں۔ OLP نے کاروبار کی شروعات میں احتیاط سے کام لے رہا ہے، اور ایک اعلیٰ معیاری پورٹ فولیو کو برقرار رکھنے پر توجہ مرکوز کر رہا ہے۔ کمپنی کے وہیکل لیزنگ اور فنانسنگ سیکشن، جس میں کمرشل گاڑیاں اور سیلون کاریں شامل ہیں، نے دوران سال کل ادائیگیوں کا 72 فیصد حصہ ڈالا۔ OLP کا فنانس / لیز پورٹ فولیو 30 جون 2024 کو 25.4 بلین روپے رہا، جو کہ گزشتہ سال 25.7 بلین روپے تھا۔

OLP کی وسیع موجودگی، جو پاکستان بھر میں 26 مرکزی شاخوں اور 8 چھوٹی شاخوں پر مشتمل ہے، کمپنی کو متنوع صارفین کی خدمت کرنے اور concentration risk کو مؤثر طریقے سے سنبھالنے میں مدد دیتی ہے۔ 30 جون 2024 تک، سب سے بڑا کسٹمر پورٹ فولیو کا صرف 0.9 فیصد ہے، جو ایک متنوع پورٹ فولیو کو ظاہر کرتا ہے۔ اثاثوں کی اقسام کے لحاظ سے، گاڑیوں کا فنانس / لیز پورٹ فولیو کا 73 فیصد حصہ رکھتی ہیں، جبکہ پلانٹ اور مشینری کا حصہ 16 فیصد ہے۔

دوران سال، کمپنی نے اپنے delinquency ratio کے تناسب کو 2.7% سے کم کر کے 2.5% تک لانے میں کامیابی حاصل کی۔ یہ کامیابی مؤثر پورٹ فولیو مینجمنٹ اور overdue accounts کی نگرانی کے ذریعے ممکن ہوئی۔ کمپنی نے نئے کاروبار کی شروعات میں محتاط طریقہ اپنایا اور محتاط رسک مینجمنٹ پروٹوکولز پر عمل کیا۔ اس کے علاوہ، طویل عرصے سے بقایا ادائیگیوں والے صارفین کے ساتھ عدالت سے باہر settlement کے لیے مذاکرات کی کوششیں کی گئیں، جبکہ نئے delinquent accounts کو بھی زیادہ بہتر انداز سے نگرانی کی۔

ڈائریکٹرز کی رپورٹ:

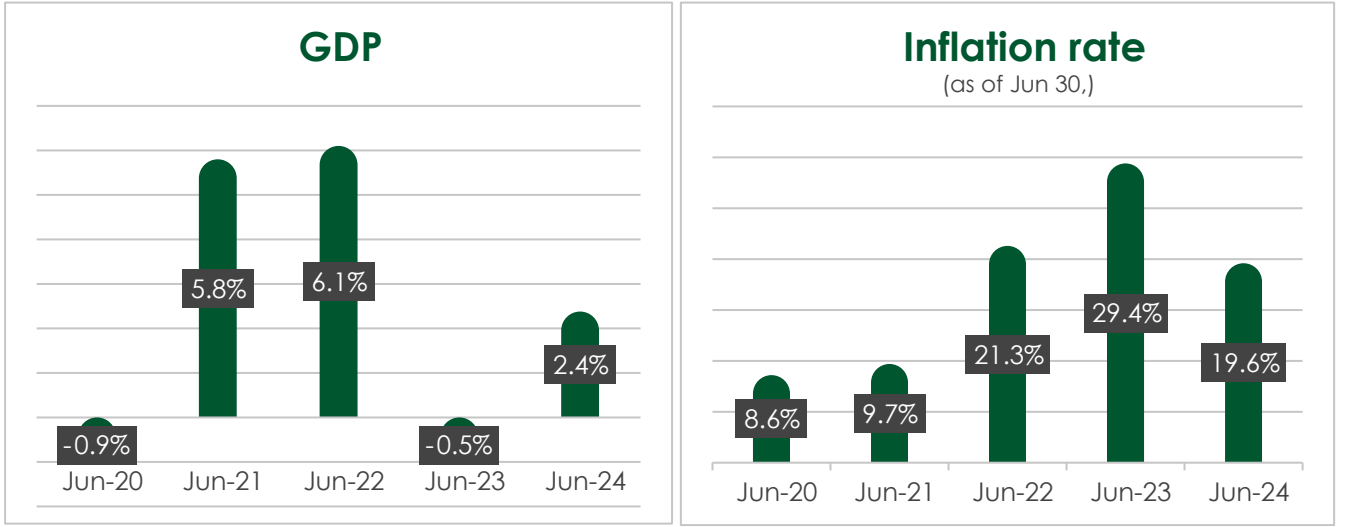
اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP / دی کمپنی) کے ڈائریکٹران بمسرت 38 ویں سالانہ رپورٹ بمعہ غیر مجموعی مالیاتی گوشوارے برائے اختتام سال 30 جون 2024 پیش کرتے ہیں۔

کمپنی:

کمپنی 1986 میں ORIX کارپوریشن، جاپان (ORIX) اور مقامی سرمایہ کاران کے درمیان ایک مشترکہ منصوبے کے طور پر قائم کی گئی تھی۔ کمپنی نان بینکنگ فنانس کمپنیز (اسٹیبلشمنٹ اینڈ ریگولیشن) رولز 2003 کے تحت ایس ای سی پی سے انویسٹمنٹ فنانس سروسز لائسنس کی حامل ہے۔ OLP چھوٹے اور درمیانے درجے کے انٹرپرائز (ایس ایم ای) سیکٹر کی ضروریات کو پورا کرنے پر زور دیتے ہوئے کارپوریٹ اور انفرادی صارفین کو مالی خدمات فراہم کرتا ہے۔

معیشت کا جائزہ:

مالی سال 2024 میں پاکستان کی معیشت نے معتدل بحالی کا مشاہدہ کیا، حالانکہ اسے مالیاتی اصلاحات، سخت مانیٹری پالیسی، geo-political تنازعات اور مسلسل بلند افراط زر جیسے چیلنجوں کا سامنا رہا۔ ذیل میں دیئے گئے گراف ملک کی معاشی کارکردگی کے اہم نکات کو ظاہر کرتی ہیں:



گزشتہ سال کے پہلے نو مہینوں کے دوران افراط زر مسلسل بلند رہا اور تقریباً 26.0 فیصد تک پہنچ گیا۔ تاہم، آخری سہ ماہی میں یہ دباؤ کم ہونا شروع ہوا اور 30 جون 2024 تک افراط زر کی شرح 19.6 فیصد تک گر گئی۔ یہ کی جولائی 2024 میں بھی جاری رہی، جہاں سال بہ سال کے حساب سے افراط زر کی شرح 12 فیصد تک آگئی۔ اسٹیٹ بینک آف پاکستان نے اپنی تازہ ترین مانیٹری پالیسی کمیٹی کے اجلاس میں پیش گوئی کی ہے کہ 30 جون 2025 کو ختم ہونے والے سال میں افراط زر تقریباً 15 فیصد تک مستحکم ہو جائے گا۔ شرح سود میں حالیہ کمی افراط زر میں نمایاں کمی کے ساتھ موافق ہے۔ توقع ہے کہ آئندہ سال بیچ مارک پالیسی ریٹ میں مزید کمی ہوگی۔ حکومت کو اس شرح میں کمی سے خاص فائدہ ہوگا کیونکہ اس سے بڑھتے ہوئے قرض پر سود کی ادائیگیوں میں کمی آئے گی، جس سے ترقیاتی اخراجات کے لیے مالی گنجائش فراہم ہوگی اور معاشی سرگرمیوں کو تقویت ملے گی۔ گزشتہ چند سالوں کے دوران پالیسی ریٹ اور KIBOR میں تبدیلیاں درج ذیل ہیں:



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

Shariah Advisor's Report

For the period ended June 30, 2024

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

Diminishing Musharakah

OLP Financial Services Pakistan Limited has earnestly adhered to the rules and regulations of Shariah in the implementation of Diminishing Musharakah throughout this year.

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

We would like to take this opportunity to offer praise to Almighty Allah and seek His Guidance and Blessings and to express our 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 (ASAS)

Date: September 10, 2024





A.F. FERGUSON & Co.

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, 2024 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the 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, 2024.

A. F. Ferguson & Co.
Chartered Accountants
Karachi

Dated: September 30, 2024
UDIN: CR202410061lbdSOSMcP

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

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Statement of Compliance

WITH THE LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 FOR THE YEAR ENDED JUNE 30, 2024

The Company has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Regulations") in the following manner:

1. The total number of Directors is Eight (08) as given below:

- a. Male: *Six (6)
- b. Female: Two (2)

*including CEO, who is a Deemed Director under section 188 of the Companies Act, 2017

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

Independent Directors	Mr. Rashid Ahmed Jafer Mr. Anwar Mansoor Khan*
Non-Executive Directors	Mr. Khalid Aziz Mirza Mr. Ramon Alfrey Mr. Yoshiaki Matsuoka Ms. Keiko Watanabe
Non-Executive Female Directors	Ms. Mika Takeda
Executive Directors	Mr. Shaheen Amin**

*Appointed with effect from June 10, 2024

**Serving as deemed director under section 188 of the Companies Act, 2017

3. The Directors have confirmed that none of them is serving as a director on more than seven (07) 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 approved 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 Companies Act, 2017 ("the Act") and the Regulations;
7. The meetings of the Board were presided over by the Chairman of the Board. 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 the Regulations;
9. At present, seven out of eight Directors of the Board have certification / exemption under the Directors Training Program (DTP) and the remaining one director being recently appointed, will complete DTP within 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. The Chief Financial Officer and the Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has the following Committees as of June 30, 2024, comprising of the members given below:

Name of Committees	Name of members and Chairman	
Audit and Risk Committee	Mr. Rashid Ahmed Jafer Mr. Ramon Alfrey Ms. Keiko Watanabe Ms. Mika Takeda	Chairman Member Member Member
Human Resource, Nomination and Remuneration Committee	Mr. Khalid Aziz Mirza Mr. Yoshiaki Matsuoka Mr. Shaheen Amin	Chairman Member Member
Credit Committee	Mr. Yoshiaki Matsuoka Mr. Shaheen Amin Mr. Ramon Alfrey	Chairman Member Member

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 Board Committees were as follows:
 - a) **Audit and Risk Committee** – Five meetings were held during the year; at least one meeting was held in each quarter of the year.
 - b) **Human Resource, Nomination and Remuneration Committee** – Three meetings were held during the year.
 - c) **Credit Committee** – One meeting was held during the year
15. The Board has set up an effective internal audit function. The Internal Auditors are conversant with the policies and procedures of the Company and are considered suitably qualified and experienced for the purpose;
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 the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the 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, the 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.
19. In relation to Regulation 6, it may be noted that two independent directors are on the Board of the Company as of June 30, 2024. Given the size of the board, the Board is confident that the board has a balanced composition and includes a fair representation of independent directors. The current Board of Directors are a sound mix of independent, female and non-executive directors enabling the Board to effectively guide the Company to achieve its strategic objectives.
20. Explanation for as to impediment in its compliance with requirements as required by Regulation 2, other than 3, 6, 7, 8, 27, 32, 33, and 36 of the Regulations are given below:

a. Anti-harassment, Diversity, Equity and Inclusion (DE&I) & Sustainability Committees (Regulations 10, and 10a)

Pursuant to the Securities and Exchange Commission of Pakistan's (SECP) notification (S.R.O. (1)/2024) dated June 12, 2024, a new regulation 10a and amendment to Regulation 10 and 35 have been introduced in the Regulations. Accordingly, the formation of committee for DE&I and sustainability related risks is under review and will be presented to the Board for its consideration.

b. Directors Training (Regulation 19)

During the year, one female executive completed director training program. For next year, the Company has identified department heads as potential candidates for the program.

c. Human Resource, Nomination and Remuneration Committee (HRN&RC) (Regulation 28)

The Regulation 28 of the Code requires that the chairman of the HRN&RC to be an independent director. The composition of the committee was in line with the Code, when formed. However, it may be noted that as of June 30, 2024, the Chairman of the HRN&RC was not an independent director. Accordingly, subsequent to the year end, the Board has reconstituted the composition of the Board and appointed an independent director, as chairman of the HRN&RC.

d. Nomination Committee (Regulation 29)

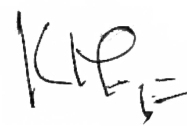
The functions of nomination committee are being performed by the Human Resource, Nomination and Remuneration Committee.

e. Risk Management Committee (Regulation 30)

The mandate of the Audit & Risk Committee has been amended to include the functions of the Risk Management Committee. Therefore, a separate committee for Risk Management is not needed.



SHAHEEN AMIN
Chief Executive Officer



KHALID AZIZ MIRZA
Chairman Board of Directors

Notice of Annual General Meeting

Notice is hereby given that the 38th Annual General Meeting (the AGM) of OLP Financial Services Pakistan Limited (the Company) will be held on Friday, October 25, 2024, at 10:00 a.m. at the Institute of Chartered Accountants of Pakistan, Chartered Accountants Avenue, Karachi and through video link (Zoom application), to transact the following businesses:

Members are encouraged to attend the AGM through a video conference facility managed by the Company (please see the notes section for details)

ORDINARY BUSINESS

1. To receive, consider and adopt the Audited Financial Statements (Consolidated and Unconsolidated) of the Company for the year ended June 30, 2024, together with the Auditor's Report and the Directors' Report thereon and Chairman's Review Report.

In accordance with Section 223(6) of the Companies Act 2017 ("the Act"), and pursuant to the SRO 389(I)/2023 dated March 21, 2023, the Financial Statements of the Company can be accessed through the following weblink and/or QR enabled code:

<https://www.olpfinance.com/investor-relations>



2. To declare and approve, as recommended by the Directors, final cash dividend of PKR 3 per share i.e. 30% for the year ended June 30, 2024. This is in addition to the interim cash dividend of PKR 2 per share, i.e. 20%, already paid.
3. To appoint Auditors for the year ending June 30, 2025, and fix their remuneration. The Board Audit & Risk Committee and the Board of Directors have proposed appointment of Messrs. KPMG Taseer Hadi & Co., Chartered Accountants as External Auditors for the year ending June 30, 2025, in place of the retiring auditors, Messrs. A. F. Ferguson & Co., Chartered Accountants, who have completed statutory period of five years as allowed under the Listed Companies (Code of Corporate Governance) Regulations, 2019.
4. To transact any other ordinary business of the Company with the permission of the Chairman.

Karachi

Friday, October 04, 2024

BY ORDER OF THE BOARD

SALMAN ALI

Company Secretary

NOTES

1. PROHIBITION ON GRANT OF GIFTS TO SHAREHOLDERS

The Securities and Exchange Commission of Pakistan (the "SECP"), through its Circular 2 of 2018, dated February 9, 2018, has strictly prohibited companies from providing gifts or incentives, in lieu of gifts (tokens/coupons/lunches/takeaway/packages) in any form or manner, to shareholders at or in connection with general meetings. Under Section 185 of the Act, any violation of this directive is considered an offense, and companies failing to comply may face penalties.

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

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

Name of Shareholder	CNIC No.	Folio No./ CDC Account No.	Cell 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.

3. BOOK CLOSURE

- 3.1** The Members' Register shall remain closed from October 18, 2024 to October 25, 2024 (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 17, 2024, 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 Share Registration Services (Private) Limited
8-F, Near Hotel Faran, Nursery Block-6, PECHS
Main Shakra-e-Faisal, Karachi-74400, Pakistan
Phone: +92 (021) 34380101-105
Email: info.shares@famcosrs.com

- 3.2** 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 time of AGM.

- 3.3** 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 the Company's website (<https://www.olpfinance.com/investor-relations>).
- 3.4** Members are requested to intimate any change in address immediately to the Company's Share Registrar.
- 3.5** CDC account holders will further have to follow the under mentioned guidelines as laid down by the SECP.

4. ELECTRONIC TRANSMISSION OF ANNUAL REPORT 2024

In compliance with section 223(6) of the Companies Act, 2017, and pursuant to the S.R.O. 389(I)/2023 dated March 21, 2023, the Company has electronically transmitted the Annual Report 2024 through weblink, QR enabled code and through email to Members whose email addresses are available with the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited. However, in cases, where email addresses are not available with the Company's Share Registrar, printed copies of the notices of AGM along-with the QR enabled code/weblink to download the Annual Report 2024 (containing the 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.

5. AVAILABILITY OF AUDITED FINANCIAL STATEMENTS ON THE WEBSITE

The Financial Statements for the year ended June 30, 2024, along with the Auditor's and Directors' Report thereon are available on the Company's website (<https://www.olpfinance.com/investor-relations>) in addition to the quarterly financial statements.

6. SUBMISSION OF COPIES OF CNIC/NTN

Pursuant to the directives of the SECP, the dividends of Members whose valid CNIC or NTN (in case of corporate entities) are not available with the Share Registrar would be withheld. Members are therefore, requested to submit a copy of their valid CNIC or NTN (if not already provided) to the Company's Share Registrar, M/s. FAMCO Share Registration Services (Private) Limited.

7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

As per Section 242 of the Act, 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.

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

8.1 According to the provisions of the Finance Act 2024 effective from July 2024, 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%.

8.2 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.

- 8.3** 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).
- 8.4** 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.

9. 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 Act, 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.

10. UNCLAIMED DIVIDEND AND UNDELIVERED SHARE CERTIFICATES

The Company has previously discharged its responsibility under Section 244 of the Act, 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.

11. CONVERSION OF PHYSICAL SHARES INTO CDC ACCOUNT

The SECP through its letter No. CSD/ED/Misc/2016- 639-640 dated March 26, 2021 has advised listed companies to adhere to provisions of Section 72 of the Act, by replacing physical shares issued by them into book entry form.

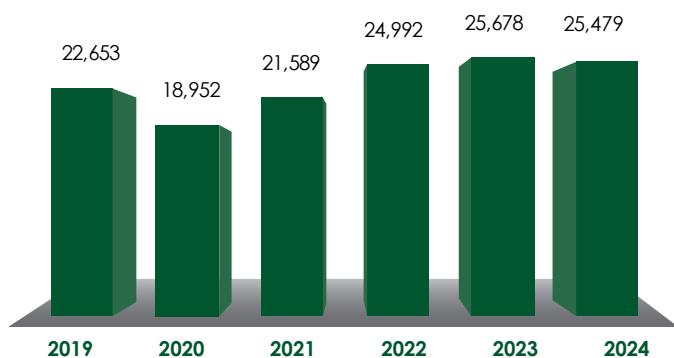
The Shareholders having physical shareholding are requested to convert their physical shares into electronic form as required under Section 72(2) of the Act, which states that "Every existing company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by SECP, within a period not exceeding four years from the commencement of the Act".

Six Years' Financial Summary

	2024	2023	2022	2021	2020	2019
Operating Results (Rupees in million)						
Total disbursement	16,037	16,077	17,639	16,557	9,082	13,882
Revenues	7,984	6,796	4,490	3,681	4,436	4,180
Finance cost	3,876	3,158	1,794	1,193	1,845	1,543
Provisions / (reversals)	174	137	(29)	(18)	324	(182)
Profit for the period before taxation	2,291	2,029	1,377	1,284	973	1,448
Profit for the period after taxation	1,393	1,211	882	915	702	1,023
Proposed dividend	877	702	702	702	626	626
Statement of Financial Position (Rupees in million)						
Portfolio	25,479	25,678	24,992	21,589	18,952	22,653
Fixed assets	1,263	1,266	1,289	1,356	1,737	1,191
Investment in associates	1,707	1,719	1,208	916	944	942
Total Assets	31,954	31,953	29,730	24,786	22,999	25,991
Total Borrowing	18,235	18,679	18,020	14,073	12,862	15,646
Long term debts	7,976	9,812	11,511	7,319	7,209	9,130
Total Liabilities	21,483	22,159	20,816	16,261	14,765	17,978
Shareholders' equity	10,471	9,794	8,914	8,525	8,234	8,013
PERFORMANCE INDICATORS						
Profitability						
Profit before taxation over revenue	28.69%	29.86%	30.67%	34.88%	21.96%	34.64%
Gross spread	48.20%	50.44%	56.45%	63.52%	53.25%	58.39%
Return on equity	13.75%	12.94%	10.12%	10.92%	8.64%	13.40%
Return on assets	4.36%	3.93%	3.24%	3.83%	2.87%	3.88%
Income / expense ratio	1.45	1.47	1.43	1.52	1.41	1.43
Liquidity						
Current ratio	1.21	1.33	1.50	1.27	1.62	1.56
Cash to current liabilities	0.03	0.01	0.10	0.03	0.03	0.02
Investment / Market						
Price to book ratio	0.46	0.33	0.41	0.53	0.47	0.51
Dividend yield	18.06%	21.93%	19.05%	15.53%	16.13%	15.24%
Dividend payout	62.96%	57.97%	79.57%	76.74%	89.17%	61.19%
Earning per share (Rs.)	7.94	6.90	5.03	5.22	4.00	6.12
Price earning ratio	3.49	2.64	4.18	4.94	5.81	4.02
Market value per share (Rs.)	27.68	18.24	21.00	25.75	23.25	24.61
Proposed dividend	50.00%	40.00%	40.00%	40.00%	37.50%	37.50%
Capital Structure						
Debt / Equity ratio	1.74	1.91	2.02	1.65	1.56	1.95
Book value per share (Rs.)	59.69	55.84	50.82	48.60	49.29	47.97
Interest cover ratio	1.64	1.69	1.75	2.06	1.70	1.82

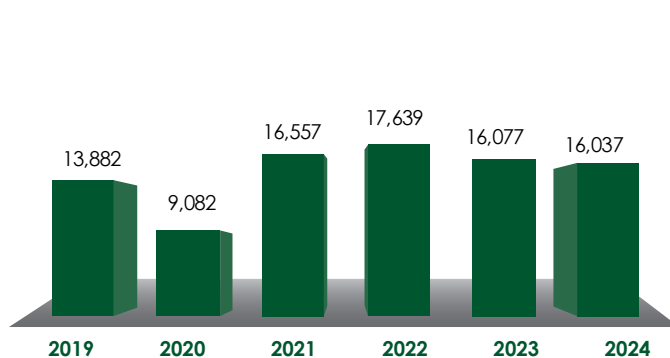
Portfolio

(Rs. in million)



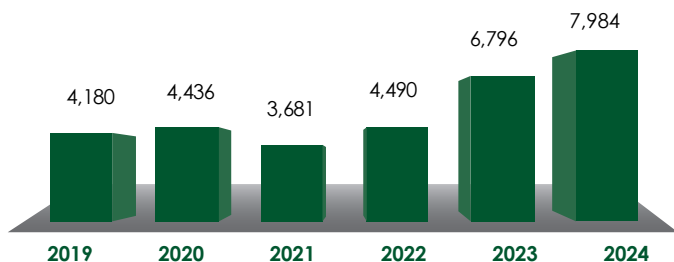
Disbursements

(Rs. in million)



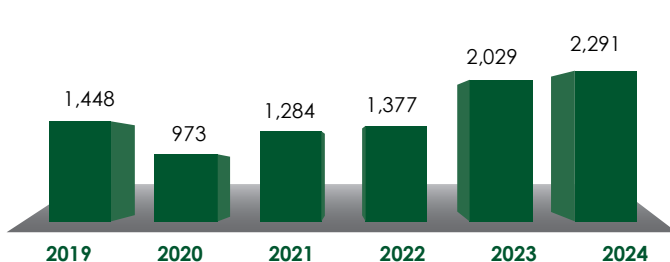
Revenues

(Rs. in million)



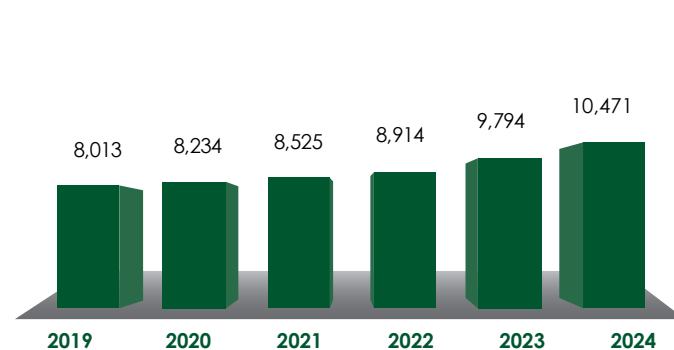
Profit before tax

(Rs. in million)



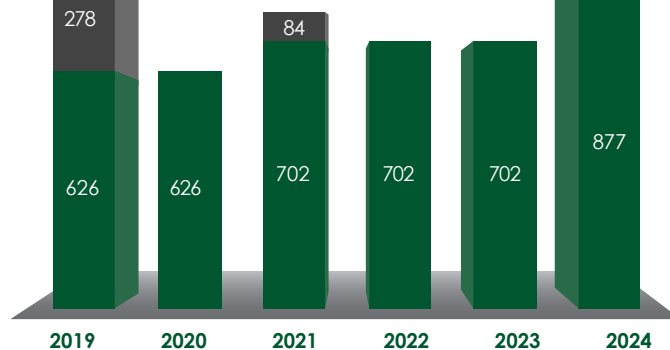
Shareholders' equity

(Rs. in million)



Dividends

(Rs. in million)



Six Years' Vertical Analysis

Unconsolidated Statement of Financial Position	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
ASSETS												
Non-current assets												
Fixed assets	1,263	3.95%	1,266	3.96%	1,289	4.34%	1,356	5.47%	1,737	7.55%	1,191	4.58%
Intangible assets	1	0.00%	1	0.00%	1	0.00%	4	0.02%	11	0.05%	18	0.07%
Net investment in finance lease	4,100	12.83%	5,734	17.95%	6,495	21.85%	6,563	26.48%	5,984	26.02%	8,135	31.30%
Investment in subsidiaries	322	1.01%	322	1.01%	322	1.08%	322	1.30%	322	1.40%	322	1.24%
Investment in associate	1,707	5.34%	1,719	5.38%	1,208	4.06%	916	3.70%	944	4.10%	942	3.62%
Long-term investments	-	0.00%	-	0.00%	195	0.66%	387	1.56%	443	1.93%	396	1.52%
Long-term finances and loans	9,019	28.22%	7,271	22.76%	7,009	23.58%	4,509	18.19%	2,313	10.06%	2,208	8.50%
Long-term deposits	11	0.03%	11	0.03%	12	0.04%	12	0.05%	13	0.06%	12	0.05%
Defined benefit plan asset	22	0.07%	6	0.02%	27	0.09%	8	0.03%	39	0.17%	9	0.03%
	16,445	51.45%	16,330	51.11%	16,558	55.69%	14,077	56.79%	11,806	51.33%	13,233	50.91%
Current assets												
Short-term finances	34	0.11%	42	0.13%	20	0.07%	6	0.02%	234	1.02%	285	1.10%
Current maturity of non-current assets	12,235	38.29%	12,604	39.45%	11,337	38.13%	9,849	39.74%	9,579	41.65%	11,537	44.39%
Short-term investments	2,576	8.06%	2,448	7.66%	577	1.94%	328	1.32%	803	3.49%	395	1.52%
Advances and prepayments	66	0.21%	29	0.09%	29	0.10%	28	0.11%	18	0.08%	40	0.15%
Other receivables	101	0.32%	90	0.28%	72	0.24%	20	0.08%	80	0.35%	33	0.13%
Cash and bank balances	404	1.26%	145	0.45%	872	2.93%	213	0.86%	208	0.90%	174	0.67%
	15,416	48.25%	15,358	48.06%	12,907	43.41%	10,444	42.14%	10,922	47.49%	12,464	47.96%
Assets classified as held for sale	93	0.30%	265	0.83%	265	0.89%	265	1.07%	271	1.18%	294	1.13%
	15,509	48.55%	15,623	48.89%	13,172	44.31%	10,709	43.21%	11,193	48.67%	12,758	49.09%
Total assets	31,954	100.00%	31,953	100.00%	29,730	100.00%	24,786	100.00%	22,999	100.00%	25,991	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves	10,471	32.77%	9,794	30.65%	8,914	29.98%	8,525	34.39%	8,234	35.80%	8,013	30.83%
Non-current liabilities												
Long-term finances	7,082	22.16%	8,822	27.61%	9,415	31.67%	4,728	19.08%	4,580	19.91%	6,310	24.28%
Long-term certificates of deposit	893	2.79%	990	3.10%	2,096	7.05%	2,592	10.46%	2,630	11.44%	2,820	10.85%
Deferred taxation	595	1.86%	623	1.95%	363	1.22%	412	1.66%	516	2.24%	700	2.69%
Other long-term liabilities	150	0.47%	194	0.61%	336	1.13%	287	1.16%	288	1.25%	165	0.63%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	8,720	27.28%	10,629	33.26%	12,210	41.07%	8,019	32.35%	8,014	34.84%	9,995	38.46%
Current liabilities												
Trade and other payables	1,575	4.93%	1,187	3.71%	1,264	4.25%	855	3.45%	362	1.57%	909	3.50%
Unpaid dividend	-	0.00%	483	1.51%	168	0.57%	185	0.75%	-	0.00%	-	0.00%
Unclaimed dividend	36	0.11%	34	0.11%	34	0.11%	27	0.11%	27	0.12%	23	0.09%
Short-term borrowings	1,684	5.27%	861	2.69%	389	1.31%	1,446	5.83%	180	0.78%	1,360	5.23%
Short-term certificates of deposit	4,183	13.10%	3,311	10.36%	1,574	5.29%	1,692	6.83%	1,054	4.58%	699	2.69%
Taxation - net	235	0.74%	318	1.00%	233	0.78%	172	0.69%	368	1.60%	212	0.82%
Current maturity of non-current liabilities	5,050	15.80%	5,336	16.70%	4,944	16.63%	3,865	15.59%	4,760	20.70%	4,780	18.39%
	12,763	39.95%	11,530	36.08%	8,606	28.95%	8,242	33.25%	6,751	29.35%	7,983	30.71%
Total equity and liabilities	31,954	100.00%	31,953	100.00%	29,730	100.00%	24,786	100.00%	22,999	100.00%	25,991	100.00%

Unconsolidated Statement of Profit or Loss	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
INCOME												
Income from operations												
Mark-up on finance leases	2,784	34.87%	2,881	42.39%	2,253	50.18%	2,219	60.28%	2,933	66.12%	2,840	67.94%
Mark-up on finances and loans	4,101	51.37%	3,023	44.48%	1,615	35.97%	971	26.38%	926	20.87%	784	18.76%
	6,885	86.24%	5,904	86.87%	3,868	86.15%	3,190	86.66%	3,859	86.99%	3,624	86.70%
Income from other activities												
Other income - net	959	12.01%	774	11.39%	558	12.43%	456	12.39%	548	12.35%	505	12.08%
Share of profit from associate	140	1.75%	118	1.74%	64	1.43%	35	0.95%	29	0.65%	51	1.22%
	1,099	13.76%	892	13.13%	622	13.85%	491	13.34%	577	13.01%	556	13.30%
Total Income	7,984	100.00%	6,796	100.00%	4,490	100.00%	3,681	100.00%	4,436	100.00%	4,180	100.00%
EXPENSES												
Finance cost	3,876	48.55%	3,158	46.47%	1,794	39.96%	1,193	32.41%	1,845	41.59%	1,543	36.91%
Administrative and general expenses	1,615	20.23%	1,435	21.12%	1,285	28.62%	1,136	30.86%	1,136	25.61%	1,188	28.42%
Direct cost	28	0.35%	37	0.54%	63	1.40%	86	2.34%	158	3.56%	183	4.38%
	5,519	69.13%	4,630	68.13%	3,142	69.98%	2,415	65.61%	3,139	70.76%	2,914	69.71%
Profit before provision and taxation	2,465	30.87%	2,166	31.87%	1,348	30.02%	1,266	34.39%	1,297	29.24%	1,266	30.29%
Provision / (reversal of provision) for potential lease and other loan losses - net	(42)	-0.53%	106	1.56%	(65)	-1.45%	(40)	-1.09%	311	7.01%	(191)	-4.57%
Other provision - net	216	2.71%	31	0.46%	36	0.80%	22	0.60%	13	0.29%	9	0.22%
	174	2.18%	137	2.02%	(29)	-0.65%	(18)	-0.49%	324	7.30%	(182)	-4.35%
Profit before taxation	2,291	28.69%	2,029	29.86%	1,377	30.67%	1,284	34.88%	973	21.93%	1,448	34.64%
Taxation	898	11.25%	818	12.04%	495	11.02%	369	10.02%	271	6.11%	425	10.17%
Profit for the year after taxation	1,393	17.44%	1,211	17.82%	882	19.64%	915	24.86%	702	15.83%	1,023	24.47%

Six Years' Horizontal Analysis

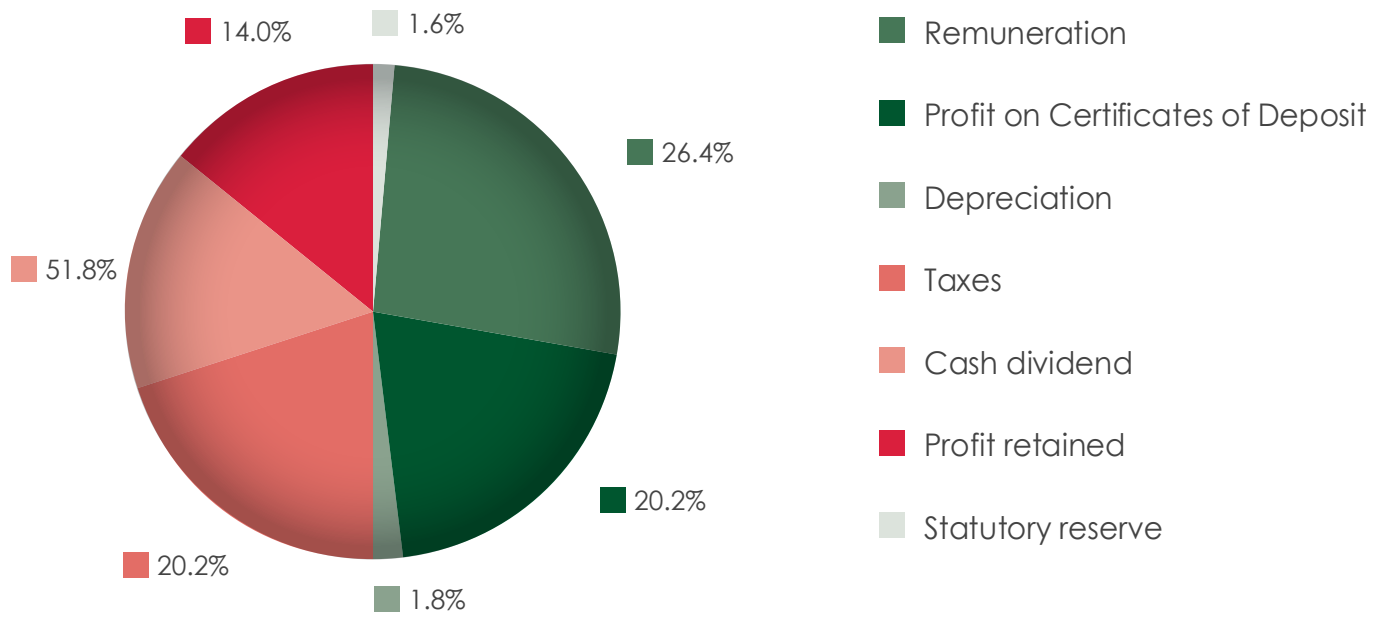
Unconsolidated Statement of Financial Position	2024	24 vs 23	2023	23 vs 22	2022	22 vs 21	2021	21 vs 20	2020	20 vs 19	2019	19 vs 18
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
ASSETS												
Non-current assets												
Fixed assets	1,263	-0.24%	1,266	-1.78%	1,289	-4.94%	1,356	-21.93%	1,737	45.84%	1,191	-8.67%
Intangible assets	1	0.00%	1	0.00%	1	-75.00%	4	-63.64%	11	-38.89%	18	-10.00%
Net investment in finance lease	4,100	-28.50%	5,734	-11.72%	6,495	-1.04%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%
Investment in subsidiaries	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%	322	0.00%
Investment in associate	1,707	-0.70%	1,719	42.30%	1,208	31.88%	916	-2.97%	944	0.21%	942	40.18%
Long-term investments	-	0.00%	-	-100.00%	195	-49.61%	387	-12.64%	443	11.87%	396	35.15%
Long-term finances and loans	9,019	24.04%	7,271	3.74%	7,009	55.44%	4,509	94.94%	2,313	4.76%	2,208	12.31%
Long-term deposits	11	0.00%	11	-8.33%	12	0.00%	12	-7.69%	13	8.33%	12	0.00%
Defined benefit plan asset	22	266.67%	6	-77.78%	27	237.50%	8	-79.49%	39	333.33%	9	0.00%
	16,445	0.70%	16,330	-1.38%	16,558	17.62%	14,077	19.24%	11,806	-10.78%	13,233	0.38%
Current assets												
Short-term finances	34	-19.05%	42	110.00%	20	233.33%	6	-97.44%	234	-17.89%	285	17.28%
Current maturity of non-current assets	12,235	-2.93%	12,604	11.18%	11,337	15.11%	9,849	2.82%	9,579	-16.97%	11,537	-0.90%
Short-term investments	2,576	5.23%	2,448	324.26%	577	75.91%	328	-59.15%	803	103.29%	395	-48.90%
Advances and prepayments	66	127.59%	29	0.00%	29	3.57%	28	55.56%	18	-55.00%	40	21.21%
Other receivables	101	12.22%	90	25.00%	72	260.00%	20	-75.00%	80	142.42%	33	-25.00%
Cash and bank balances	404	178.62%	145	-83.37%	872	309.39%	213	2.40%	208	19.54%	174	-65.20%
	15,416	0.38%	15,358	18.99%	12,907	23.58%	10,444	-4.38%	10,922	-12.37%	12,464	-5.83%
Assets classified as held for sale	93	-64.91%	265	0.00%	265	0.00%	271	-7.82%	271	-7.82%	294	4.63%
	15,509	-0.73%	15,623	18.61%	13,172	23.00%	10,709	-4.32%	11,193	-12.27%	12,758	-5.61%
Total assets	31,954	0.00%	31,953	7.48%	29,730	19.95%	24,786	7.77%	22,999	-11.51%	25,991	-2.65%
EQUITY AND LIABILITIES												
Share capital and reserves												
	10,471	6.91%	9,794	9.87%	8,914	4.56%	8,525	3.53%	8,234	2.76%	8,013	10.54%
Non-current liabilities												
Long-term finances	7,082	-19.72%	8,822	-6.30%	9,415	99.13%	4,728	3.23%	4,580	-27.42%	6,310	8.85%
Long-term certificates of deposit	893	-9.80%	990	-52.77%	2,096	-19.14%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%
Deferred taxation	595	-4.49%	623	71.63%	363	-11.89%	412	-20.16%	516	-26.29%	700	45.53%
Other long-term liabilities	150	-22.68%	194	-42.26%	336	17.07%	287	-0.35%	288	74.55%	165	-18.72%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
	8,720	-17.96%	10,629	-12.95%	12,210	52.26%	8,019	0.06%	8,014	-19.82%	9,995	2.77%
Current liabilities												
Trade and other payables	1,575	32.69%	1,187	-6.09%	1,264	47.84%	855	136.19%	362	-60.18%	909	-10.62%
Unpaid dividend	-	-100.00%	483	187.50%	168	-9.19%	185	0.00%	-	0.00%	-	-100.00%
Unclaimed dividend	36	5.88%	34	0.00%	34	25.93%	27	0.00%	27	17.39%	23	15.00%
Short-term borrowings	1,684	95.59%	861	121.34%	389	-73.10%	1,446	703.33%	180	-86.76%	1,360	-42.66%
Short-term certificates of deposit	4,183	26.34%	3,311	110.36%	1,574	-6.97%	1,692	60.53%	1,054	50.79%	699	-33.56%
Taxation - net	235	-26.10%	318	36.48%	233	35.47%	172	-53.26%	368	73.58%	212	1.44%
Current maturity of non-current liabilities	5,050	-5.36%	5,336	7.93%	4,944	27.92%	3,865	-18.80%	4,760	-0.42%	4,780	-1.36%
	12,763	10.69%	11,530	33.98%	8,606	4.42%	8,242	22.09%	6,751	-15.43%	7,983	-17.90%
Total equity and liabilities	31,954	0.00%	31,953	7.48%	29,730	19.95%	24,786	7.77%	22,999	-11.51%	25,991	-2.65%
Unconsolidated Statement of Profit or loss												
INCOME												
Income from operations												
Mark-up on finance leases	2,784	-3.37%	2,881	27.87%	2,253	1.53%	2,219	-24.34%	2,933	3.27%	2,840	12.21%
Mark-up on finances and loans	4,101	35.66%	3,023	87.18%	1,615	66.32%	971	4.86%	926	18.11%	784	23.66%
	6,885	16.62%	5,904	52.64%	3,868	21.25%	3,190	-17.34%	3,859	6.48%	3,624	14.50%
Income from other activities												
Other income - net	959	23.90%	774	38.71%	558	22.37%	456	-16.79%	548	8.51%	505	-58.20%
Share of profit from associate	140	18.64%	118	84.38%	64	82.86%	35	20.69%	29	-43.14%	51	-48.48%
	1,099	23.21%	892	43.41%	622	26.68%	491	-14.90%	577	3.78%	556	-57.46%
Total Income	7,984	17.48%	6,796	51.36%	4,490	21.98%	3,681	-17.02%	4,436	6.12%	4,180	-6.53%
EXPENSES												
Finance cost	3,876	22.74%	3,158	76.03%	1,794	50.38%	1,193	-35.34%	1,845	19.57%	1,543	11.01%
Administrative and general expenses	1,615	12.54%	1,435	11.67%	1,285	13.12%	1,136	0.00%	1,136	-4.38%	1,188	8.59%
Direct cost	28	-24.32%	37	-41.27%	63	-26.74%	86	-45.57%	158	-13.66%	183	-26.80%
	5,519	19.20%	4,630	47.36%	3,142	30.10%	2,415	-23.06%	3,139	7.72%	2,914	6.58%
Profit before provision and taxation	2,465	13.80%	2,166	60.68%	1,348	6.48%	1,266	-2.39%	1,297	2.45%	1,266	-27.16%
Provision / (reversal of provision) for potential lease and other loan losses - net												
	(42)	-139.62%	106	-263.08%	(65)	62.50%	(40)	-112.86%	311	-262.83%	(191)	-1161.11%
Other provision - net	216	596.77%	31	-13.89%	36	63.64%	22	69.23%	13	44.44%	9	0.00%
	174	27.01%	137	-572.41%	(29)	61.11%	(18)	-105.56%	324	-278.02%	(182)	-1111.11%
Profit before taxation	2,291	12.91%	2,029	47.35%	1,377	7.24%	1,284	31.96%	973	-32.80%	1,448	-15.81%
Taxation												
	898	9.78%	818	65.25%	495	34.15%	369	36.16%	271	-36.24%	425	25.00%
Profit for the year after taxation	1,393	15.03%	1,211	37.30%	882	-3.61%	915	30.34%	702	-31.38%	1,023	-25.87%

Statement of Value Addition

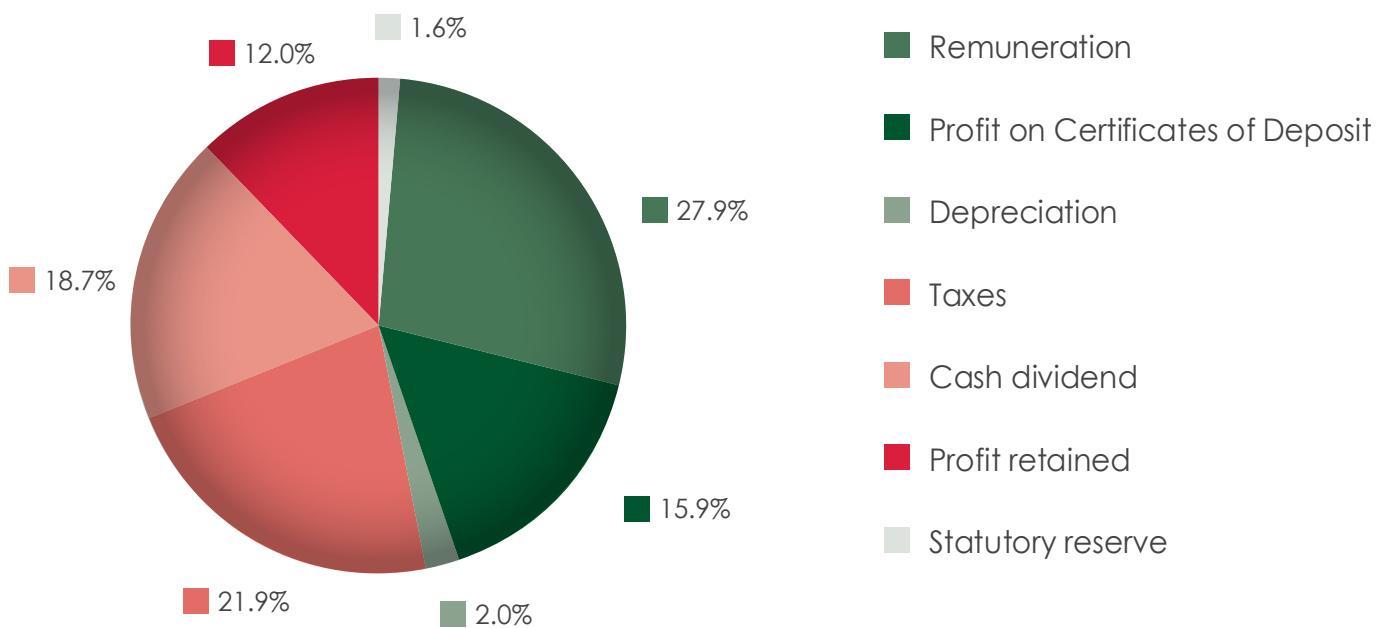
	2024	2023
Revenues from operations	6,710,475,634	5,766,949,304
Other income	959,316,240	774,345,806
Share of profit of equity accounted undertakings	139,598,202	118,023,757
	<u>7,809,390,076</u>	<u>6,659,318,867</u>
Finance cost	2,979,280,689	2,562,546,925
Direct cost	392,771,719	352,059,606
	<u>3,372,052,408</u>	<u>2,914,606,531</u>
Value Added	<u><u>4,437,337,668</u></u>	<u><u>3,744,712,336</u></u>

Distributed as follows:	2024	%	2023	%
Remuneration	1,170,794,939	26.4%	1,044,095,136	27.9%
Profit on Certificates of Deposit	896,822,420	20.2%	595,284,289	15.9%
Depreciation	78,866,334	1.8%	76,297,194	2.0%
Taxes	897,943,253	20.2%	818,302,927	21.9%
Cash dividend	701,630,588	15.8%	701,630,588	18.7%
Profit retained	621,634,598	14.0%	448,565,562	12.0%
Statutory reserve	69,645,536	1.6%	60,536,640	1.6%
	<u><u>4,437,337,668</u></u>	<u><u>100.0%</u></u>	<u><u>3,744,712,336</u></u>	<u><u>100.0%</u></u>

Distribution of Value Addition - 2024



Distribution of Value Addition - 2023





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, 2024, 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 material accounting policy information and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of 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, 2024 and of the profit and other comprehensive loss, 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.

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■ KARACHI ■ LAHORE ■ ISLAMABAD

Following is the Key audit matter:

S.No.	Key audit matter	How the matter was addressed in our audit
1	<p>Provision for potential lease and other loan losses</p> <p>(Refer notes 3.5, 6, 9, 10, 11 and 34 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). Under simplified approach expected credit losses are measured by grouping financial assets based on days past due. 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 loan balances and has recognised a gross charge of Rs. 317.707 million and a gross reversal of Rs. 359.922 million in respect of potential lease and other loan losses in the unconsolidated statement of profit or loss during the year ended June 30, 2024. As at June 30, 2024, the Company maintained a provision of Rs. 805.854 million for potential lease and other loan losses.</p> <p>The determination of provision in respect of lease and loan 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"> • 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 loan balances; • Evaluated the key decisions made by the Company's management with respect to accounting policies, estimates and judgments in relation to computation of provision for potential lease and other loan losses and assessed the appropriateness based on our understanding of the Company's business and operations; • Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Company as well as the related external sources used for this purpose; • Assessed the ECL model used by the management to calculate provision against lease and loan balances of the Company for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; • Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and • Assessed the relevant disclosures made in the unconsolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.



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

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

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

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

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

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

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

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

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

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

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

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





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

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

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

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

Report on Other Legal and Regulatory Requirements

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

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

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

A.F. Ferguson & Co.

A. F. Ferguson & Co.
Chartered Accountants

Dated: September 30, 2024

Karachi

UDIN: AR202410061g6falNpPR

Unconsolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	4	1,262,747,791	1,265,875,514
Intangible assets	5	679,832	1,338,374
Net investment in finance lease	6	9,195,745,084	11,962,400,718
Current maturity of net investment in finance lease	11	(5,043,931,312)	(6,085,689,467)
Allowance for potential lease losses	34	(52,225,912)	(142,820,838)
		(5,096,157,224)	(6,228,510,305)
		4,099,587,860	5,733,890,413
Investment in subsidiaries	7	322,374,294	322,374,294
Investment in associate	8	1,707,416,512	1,718,529,322
Long-term finances and loans	9	9,019,476,144	7,270,780,461
Long-term deposits		11,294,566	11,213,566
Defined benefit plan asset	23	21,790,481	6,118,331
		16,445,367,480	16,330,120,275
Current assets			
Short-term finances	10	33,631,427	42,392,159
Current maturity of non-current assets	11	12,234,783,623	12,603,884,172
Short-term investments	12	2,576,131,677	2,448,177,114
Advances and prepayments	13	65,641,154	28,713,523
Other receivables	14	101,414,918	89,815,350
Cash and bank balances	15	404,210,109	145,389,228
		15,415,812,908	15,358,371,546
Assets classified as held for sale	16	92,704,400	264,747,437
Total assets		31,953,884,788	31,953,239,258
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital			
350,000,000 (2023: 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		8,716,460,372	8,039,927,726
		10,470,536,842	9,794,004,196
Non-current liabilities			
Long-term finances	19	7,082,485,746	8,822,351,900
Long-term certificates of deposit	20	893,235,446	989,747,273
Deferred taxation	21	594,880,979	623,278,254
Other long-term liabilities	22	150,185,454	193,792,585
		8,720,787,625	10,629,170,012
Current liabilities			
Creditors, accruals and other payables	24	1,574,959,281	1,187,194,008
Unpaid dividend		-	482,630,856
Unclaimed dividend		35,598,795	33,634,185
Short-term borrowings	25	1,683,561,376	860,821,168
Short-term certificates of deposit	26	4,183,106,620	3,310,914,290
Taxation - net		235,272,528	318,501,393
Current maturity of non-current liabilities	27	5,050,061,721	5,336,369,150
		12,762,560,321	11,530,065,050
Total equity and liabilities		31,953,884,788	31,953,239,258
Contingencies and commitments			
	28		

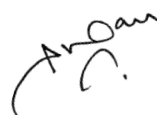
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Unconsolidated Statement of Profit or Loss

For the Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
INCOME			
Income from operations			
Mark-up on finance leases		2,783,923,586	2,880,850,518
Mark-up on finances and loans		4,100,835,822	3,022,662,867
		6,884,759,408	5,903,513,385
Income from other activities			
Other income - net	29	959,316,240	774,345,806
Share of profit from associate	30	139,598,202	118,023,757
		1,098,914,442	892,369,563
		7,983,673,850	6,795,882,948
EXPENSES			
Finance cost	31	3,876,103,109	3,157,831,214
Administrative and general expenses	32	1,614,993,321	1,435,214,405
Direct cost	33	27,439,671	37,237,531
		5,518,536,101	4,630,283,150
Profit before provision and taxation		2,465,137,749	2,165,599,798
(Reversal of provision) / provision for potential lease and other loan losses - net	34	(42,214,771)	106,273,213
Other provision - net	35	216,498,545	30,290,868
		174,283,774	136,564,081
Profit before taxation		2,290,853,975	2,029,035,717
Taxation	37	897,943,253	818,302,927
Profit for the year after taxation		1,392,910,722	1,210,732,790
Earnings per share - basic and diluted			
	48	7.94	6.90

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Unconsolidated Statement of Profit or Loss and Other Comprehensive Income

For the Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
Profit for the year after taxation		1,392,910,722	1,210,732,790
Other comprehensive income			
Items that will be reclassified to the unconsolidated statement of profit or loss			
- Exchange (loss) / gain arising on translation of a foreign associate	8.1.3	(48,891,864)	495,154,959
- Deferred tax on exchange (loss) / gain arising on translation of foreign associates		19,067,827	(226,471,704)
		(29,824,037)	268,683,255
Items that will not be subsequently reclassified to the unconsolidated statement of profit or loss			
- Surplus on revaluation of leasehold land and office building	18	-	140,386,211
- Deferred tax on surplus on revaluation of office building	18	-	(21,543,097)
		-	118,843,114
- Fair value changes on remeasurement of financial assets		(1,183,539)	(5,962,356)
- Deferred tax on fair value changes on remeasurement of financial assets		461,580	1,891,659
		(721,959)	(4,070,697)
Remeasurement gain / (loss) on defined benefit obligation	23.4	15,672,147	(15,431,263)
- Share of other comprehensive income from an associate	8.1.3	207,150	1,724,491
- Deferred tax on share of other comprehensive income from an associate		(80,789)	971,854
		126,361	2,696,345
Total comprehensive income for the year		1,378,163,234	1,581,453,544

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Unconsolidated Statement of Cash Flows

For the Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	38	5,732,205,925	4,852,216,984
Decrease / (Increase) in operating assets			
Investment in finance lease - net		2,747,191,725	1,403,037,528
Long-term finances and loans - net		(2,654,755,024)	(2,446,698,351)
Short-term finances		10,239,720	46,329,619
Long-term deposits		(81,000)	317,000
Advances and prepayments		(36,927,631)	53,557
Other receivables		(11,504,968)	(12,930,534)
		54,162,822	(1,009,891,181)
Increase / (Decrease) in operating liabilities			
Other long term liabilities - net		(825,875,159)	(603,053,465)
Trade and other payables		345,554,899	(106,263,158)
		(480,320,260)	(709,316,623)
		5,306,048,487	3,133,009,180
Payment against staff retirement benefits		(21,835,992)	(11,413,776)
Income tax paid		(990,120,775)	(717,913,739)
Net cash generated from operating activities		4,294,091,720	2,403,681,665
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - own use and intangible assets		(70,360,460)	(39,841,017)
Proceeds from disposal of assets - own use		7,674,299	5,574,732
Investments - net		231,863,946	(1,183,680,895)
Dividend received		111,103,004	113,360,002
Interest received		429,068,592	161,210,629
Net cash generated from / (used in) investing activities		709,349,381	(943,376,549)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		2,700,000,000	4,000,000,000
Repayment of long-term finances		(4,582,921,710)	(4,009,515,904)
Certificates of deposit - net		620,167,981	180,581,714
Finance cost paid		(3,073,868,914)	(2,421,460,688)
Payment of lease liability against right-of-use assets		(44,326,751)	(36,524,776)
Dividend paid		(1,182,296,834)	(388,042,796)
Net cash used in financing activities		(5,563,246,228)	(2,674,962,450)
Net decrease in cash and cash equivalents during the year		(559,805,127)	(1,214,657,334)
Cash and cash equivalents at the beginning of the year		(681,992,604)	532,664,730
Cash and cash equivalents at the end of the year	39	(1,241,797,731)	(681,992,604)

The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Unconsolidated Statement of Changes in Equity

For the Year Ended June 30, 2024

	Issued, subscribed and paid-up capital	Reserves						Total reserves	Total Share holder equity
		Capital reserves					Revenue reserve		
		Share premium	Statutory reserve (note 17.2)	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 18)	Unappropriated profit		
(Rupees)									
Balance as at July 1, 2022	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
Total comprehensive income / (loss) for the year ended June 30, 2023	-	-	-	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	-	-
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)	-	-
Transaction with owners recorded directly in equity									
- 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 ended June 30, 2023	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(701,630,588)
Balance as at June 30, 2023	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
Profit for the year after taxation	-	-	-	-	-	-	1,392,910,722	1,392,910,722	1,392,910,722
Other comprehensive (loss) / income	-	-	-	(29,824,037)	(721,959)	-	15,798,508	(14,747,488)	(14,747,488)
Total comprehensive income / (loss) for the year ended June 30, 2024	-	-	-	(29,824,037)	(721,959)	-	1,408,709,230	1,378,163,234	1,378,163,234
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(29,729,376)	29,729,376	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	5,984,868	(5,984,868)	-	-
	-	-	-	-	-	(23,744,508)	23,744,508	-	-
Transferred to statutory reserve	-	-	69,645,536	-	-	-	(69,645,536)	-	-
Transaction with owners recorded directly in equity									
- Final cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2023	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
- Interim cash dividend @ Rs. 2 per ordinary share of Rs. 10 each for the year ended June 30, 2024	-	-	-	-	-	-	(350,815,294)	(350,815,294)	(350,815,294)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(701,630,588)
Balance as at June 30, 2024	1,754,076,470	1,501,683,073	1,957,234,499	611,177,389	2,234,530	898,306,747	3,745,824,134	8,716,460,372	10,470,536,842

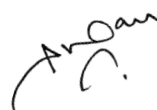
The annexed notes 1 to 51 form an integral part of these unconsolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 Regulation) 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+ (2023: AA+) and a short-term rating of A1+ (2023: A1+) to the Company on March 01, 2024 (2023: March 03, 2023).

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 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 year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 34);
- (c) determination of classification, valuation and impairment of financial assets (notes 3.10 and 12);
- (d) classification and valuation of assets classified as held for sale (notes 3.6 and 16);
- (e) recognition of taxation and deferred tax (notes 3.16, 37 and 21);
- (f) accounting for defined benefit obligation (notes 3.17 and 23);
- (g) provision against workers' welfare fund (notes 35 and 24); 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 During the year certain amendments IAS 1 'Presentation of Financial Statements' have become applicable to the Company which requires entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to stakeholders and other primary users of the financial statements. These amendments have been incorporated in these financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

2.6.2 There are certain other amendments to the published accounting and reporting standards that are mandatory for the Company's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Company's financial statements and hence, therefore, have not been disclosed in these unconsolidated financial statements.

2.7 Standards, interpretations of and amendments to the published accounting and reporting standards that are not yet effective:

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

Interpretations or Amendments	Effective date (accounting period beginning on or after)
- Amendments to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendments to IAS 1 - Non current liabilities with covenants	January 1, 2024
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1, 2026
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027

The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the unconsolidated financial statements.

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, 2024 but are considered not to be relevant or will not have any significant effect on the Company's operations and are, therefore, not detailed in these unconsolidated financial statements.

3 MATERIAL ACCOUNTING POLICY INFORMATION

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

3.1 Business combination

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

3.2 Fixed assets

3.2.1 Own use 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 year 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 note 4.1 to these unconsolidated financial statements after taking into account residual values if significant. The carrying value of leasehold land is amortised over its lease term. Depreciation on additions is charged from the month in which the assets are available for use. No depreciation is charged in the month of disposal.

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

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

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

Gains / losses on disposal of fixed assets, if any, are taken to the unconsolidated statement of profit or loss in the year 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 unconsolidated statement of profit or loss in the year in which these are incurred. The Ijarah assets are depreciated over the year of Ijarah finance on a straight line basis over the underlying term of the contract as stated in note 4.2.

3.2.3 Lease liability and right-of-use assets

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

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

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

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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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.

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 in the unconsolidated statement of profit or loss 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 significant, 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 year 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.

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 a 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.

During the last year, SECP vide S.R.O. 592(I)/2023 dated May 17, 2023 had 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 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, 2024.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

3.6 Assets classified as held for sale

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

A non-current asset classified as held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the unconsolidated statement of profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less cost to sell are recognised to the extent these 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 an associate

Investment in an 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 an associate. The unconsolidated statement of profit or loss reflects the share of the results of operations of an 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 an associate and the carrying amount of the investment at the date the equity method was discontinued.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

3.9 Impairment of non-financial assets

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

3.10 Financial assets

3.10.1 Classification and subsequent measurement

The Company classifies its financial assets, based on the business model of the entity, 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 unconsolidated statement of profit or loss and other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.10.2, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the unconsolidated statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the unconsolidated statement of profit or loss.

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

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when these 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 year 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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

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

The Company applies the IFRS 9 simplified approach to measure expected credit losses for leases and ijarah finance. 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 these 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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. The factors considered by the Company in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.10.7 SPPI

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

3.10.8 Reclassifications

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

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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 do not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.11.1 Derecognition

Financial liabilities are derecognised at the time when these are extinguished i.e. when the obligation specified in the contract is discharged, cancelled or 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 year 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

3.15 Contingent liabilities

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

3.16 Taxation

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

Current

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

Deferred

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37. There are no material final taxes / levy that fall within the scope of IFRIC 21 / IAS 37 during the year ended June 30, 2024.

3.17 Staff retirement benefits

(a) Defined contribution plan

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

(b) Defined benefit plan

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the unconsolidated statement of profit or loss and 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 in the unconsolidated statement of profit or loss on a receipt basis.

3.19.2 Operating lease income

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

3.19.3 Ijarah lease income

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

3.19.4 Return on investments

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

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

Gain / loss on sale of investments is recognised in the year 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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 year in which such dividends are declared / transfers are made.

3.22 Cash and cash equivalents

Cash and cash equivalents for the purposes of the 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. The Company has two primary operating segments for reporting purposes namely finance lease and finances and loans.

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
4 FIXED ASSETS			
		----- Rupees -----	
Own use	4.1	1,179,987,875	1,191,832,833
Ijarah assets	4.2	522,540	1,149,660
Right-of-use assets	4.3	82,237,376	72,893,021
		<u>1,262,747,791</u>	<u>1,265,875,514</u>

4.1 Fixed assets - own use

	2024							
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
	----- Rupees -----							
As at July 01, 2023								
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
Accumulated depreciation	-	-	(142,165,431)	(115,854,224)	(44,245,753)	(85,171,602)	(4,813,793)	(392,250,803)
Net book value	900,015,000	134,294,300	47,147,144	21,518,046	64,012,643	13,547,780	11,297,920	1,191,832,833
Year ended June 30, 2024								
Opening net book value	900,015,000	134,294,300	47,147,144	21,518,046	64,012,643	13,547,780	11,297,920	1,191,832,833
Additions	-	-	9,036,474	15,718,956	35,941,430	9,663,600	-	70,360,460
Disposals								
Cost	-	-	(5,698,289)	(787,602)	(7,098,025)	(121,300)	-	(13,705,216)
Accumulated depreciation	-	-	3,917,574	722,540	4,319,056	121,300	-	9,080,470
	-	-	(1,780,715)	(65,062)	(2,778,969)	-	-	(4,624,746)
Write off								
Cost	-	-	(135,000)	(3,924,768)	-	(934,008)	-	(4,993,776)
Accumulated depreciation	-	-	135,000	3,924,768	-	934,008	-	4,993,776
	-	-	-	-	-	-	-	-
Less: depreciation charge	(14,993,964)	(19,184,904)	(15,687,554)	(8,395,565)	(9,028,437)	(8,840,204)	(1,450,044)	(77,580,672)
Net book value	885,021,036	115,109,396	38,715,349	28,776,375	88,146,667	14,371,176	9,847,876	1,179,987,875
As at June 30, 2024								
Cost / revalued amount	900,015,000	134,294,300	192,515,760	148,378,856	137,101,801	107,327,674	16,111,713	1,635,745,104
Less: accumulated depreciation	(14,993,964)	(19,184,904)	(153,800,411)	(119,602,481)	(48,955,134)	(92,956,498)	(6,263,837)	(455,757,229)
Net book value	885,021,036	115,109,396	38,715,349	28,776,375	88,146,667	14,371,176	9,847,876	1,179,987,875
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, 2024

	2023							
	Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
	----- Rupees -----							
As at July 01, 2022								
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)
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
Year ended June 30, 2023								
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
Movement in surplus on assets revalued during the year								
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
Disposals								
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)
Net book value	900,015,000	134,294,300	47,147,144	21,518,046	64,012,643	13,547,780	11,297,920	1,191,832,833
As at June 30, 2023								
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)
Net book value	900,015,000	134,294,300	47,147,144	21,518,046	64,012,643	13,547,780	11,297,920	1,191,832,833
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 current forced sales value of leasehold land and office building 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, 2024

Leasehold land
Office building

2024		
Cost	Accumulated depreciation	Net book value
Rupees		
54,399,300	11,548,958	42,850,342
76,781,580	53,747,103	23,034,477
<u>131,180,880</u>	<u>65,296,061</u>	<u>65,884,819</u>

Leasehold land
Office building

2023		
Cost	Accumulated depreciation	Net book value
Rupees		
54,399,300	10,938,542	43,460,758
76,781,580	49,908,027	26,873,553
<u>131,180,880</u>	<u>60,846,569</u>	<u>70,334,311</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. 339.77 million (2023: Rs. 314.76 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							
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	787,602	722,540	65,062	170,747	105,685	Negotiation	Various
Vehicles (various)	5,788,025	3,533,056	2,254,969	5,979,007	3,724,038	Negotiation	Various
Computers and accessories	121,300	121,300	-	70,000	70,000	Insurance claim	EFU General Insurance Limited
	6,696,927	4,376,896	2,320,031	6,219,754	3,899,723		
Book value exceeding Rs. 500,000 each							
Leasehold improvements	5,698,289	3,917,574	1,780,715	-	(1,780,715)	Trade In	K-Electric Limited
Vehicles	1,310,000	786,000	524,000	1,454,545	930,545	Negotiation	Mr. Omar Shahzad
	7,008,289	4,703,574	2,304,715	1,454,545	(850,170)		
Total - June 30, 2024	<u>13,705,216</u>	<u>9,080,470</u>	<u>4,624,746</u>	<u>7,674,299</u>	<u>3,049,553</u>		
Total - June 30, 2023	<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>		

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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.

4.2 Fixed assets - ijarah assets

Description	2024							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2023	Additions/ write-off	As at June 30, 2024	As at July 1, 2023	Charge for the year / Write off	As at June 30, 2024	As at June 30, 2024	Number of years of useful life
	Rupees							
Machinery and generators	6,149,999	-	-	6,149,999	-	-	-	3 years
		(6,149,999)			(6,149,999)			
Vehicles	10,308,960	-	10,308,960	9,159,300	627,120	9,786,420	522,540	3 to 4 years
	-				-			
	16,458,959	-	10,308,960	15,309,299	627,120	9,786,420	522,540	
		(6,149,999)			(6,149,999)			

Description	2023							
	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	Number of years of useful life
	Rupees							
Machinery and generators	26,849,999	-	6,149,999	26,849,999	-	6,149,999	-	3 years
		(20,700,000)			(20,700,000)			
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	-	16,458,959	34,082,177	1,927,122	15,309,299	1,149,660	
		(20,700,000)			(20,700,000)			

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

4.3 Right-of-use assets

Description	2024							
	Cost			Accumulated depreciation			Net book value	
	As at July 1, 2023	Additions/ adjustment	As at June 30, 2024	As at July 1, 2023	Charge for the year / Adjustment	As at June 30, 2024	As at June 30, 2024	Number of years of useful life
Rupees								
Rental property	147,910,971	35,690,335 2,732,934	186,334,240	75,017,950	28,992,730 86,184	104,096,864	82,237,376	3 to 10 years
	147,910,971	35,690,335 2,732,934	186,334,240	75,017,950	28,992,730 86,184	104,096,864	82,237,376	

Description	2023							
	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 / Adjustment	As at June 30, 2023	As at June 30, 2023	Number of years of useful life
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	3 to 10 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	

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

Note	2024	2023
	Rupees	

5 INTANGIBLE ASSETS

Computer software and license	5.1	679,832	1,338,374
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5.1 Following is a statement of intangible assets:

Description	2024							
	Cost			Accumulated amortisation			Net book value	
	As at July 1, 2023	Additions	As at June 30, 2024	As at July 1, 2023	Charge for the year	As at June 30, 2024	As at June 30, 2024	Rate of Amortisation
Rupees								
Computer software and license	94,447,411	-	94,447,411	93,109,037	658,542	93,767,579	679,832	33%
	94,447,411	-	94,447,411	93,109,037	658,542	93,767,579	679,832	

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

Description	2023							
	Cost			Accumulated amortisation			Net book value	
	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	Rate of Amortisation
	----- 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	

5.2 Included in the cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 92.52 million (2023: Rs. 92.45 million).

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

6 NET INVESTMENT IN FINANCE LEASE

Note	2024	2023
	----- Rupees -----	

Instalment contract receivables		12,006,476,058	15,965,496,335
Residual value		5,728,291,210	6,875,123,327
Less: adjustable security deposit	6.1	(5,724,992,167)	(6,864,775,784)
Gross investment in finance lease	6.2	12,009,775,101	15,975,843,878
Less: unearned finance income		(2,814,030,017)	(4,013,443,160)
Present value of investment in finance lease		9,195,745,084	11,962,400,718

6.1 Security deposit is received from the lessees under a 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	
	2024	2023	2024	2023
	----- Rupees -----			
Less than one year	6,838,982,727	8,440,178,391	5,043,931,312	6,085,689,467
One to five years	5,170,792,374	7,535,665,487	4,151,813,772	5,876,711,251
	12,009,775,101	15,975,843,878	9,195,745,084	11,962,400,718

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

- 6.3** The Company's implicit rate of return on leases ranges from 15.00% to 36.18% (2023: 14.6% to 33.78%) per annum. These are secured against leased assets, security deposits averaging 25.15% (2023: 24.04%) 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, 2024 amounted to Rs. 436.2 million (2023: Rs. 524.7 million).
- 6.5** Lease rentals received during the year amounted to Rs. 8,332 million (2023: Rs. 8,981 million).

	Note	2024	2023
----- Rupees -----			
7 INVESTMENT IN SUBSIDIARIES			
Related parties			
- 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 (2023: 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, 2024, have been audited by Grant Thornton Anjum Rahman, Chartered Accountants.

- 7.2** The Company holds 10% certificates (4,538,353 certificates (2023: 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, 2024, have been audited by A. F. Ferguson & Co., Chartered Accountants.

	Note	2024	2023
----- Rupees -----			
8 INVESTMENT IN ASSOCIATE			
Related party			
Yanal Finance Company	8.1	<u>1,707,416,512</u>	<u>1,718,529,322</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

2024	2023		Note	2024	2023
----- (Number of shares) -----				----- Rupees -----	
		Unquoted			
<u>1,375,000</u>	<u>1,375,000</u>	Yanal Finance Company	8.1.1	<u>1,707,416,512</u>	<u>1,718,529,322</u>

8.1.1 The Company holds 2.5% (2023: 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, 2023 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 -----						
2024						
Unlisted						
Yanal Finance Company	31 December	121,691,408,785	52,443,984,596	17,341,192,495	7,165,043,688	2.50%
2023						
Unlisted						
Yanal Finance Company	31 December	119,012,181,688	49,546,270,295	11,005,545,171	5,172,018,135	2.50%

8.1.3 Movement of investment in associate is as follows:

	Note	2024	2023
		----- Rupees -----	
Balance at the beginning of the year		1,718,529,322	1,207,909,411
Share of profit for the year	30	139,598,202	118,023,757
Dividend received during the year		(102,026,298)	(104,283,296)
Exchange (loss) / gain arising on translation of a foreign associate		(48,891,864)	495,154,959
Share of other comprehensive income		207,150	1,724,491
Balance at the end of the year		<u>1,707,416,512</u>	<u>1,718,529,322</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

9 LONG-TERM FINANCES AND LOANS

Considered good

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

	Note	2024	2023
Key management personnel - related parties	9.1	21,123,618	30,602,414
Other executives		122,943,656	110,448,580
	9.2	144,067,274	141,050,994
Other employees	9.7	86,065,345	123,057,624
		230,132,619	264,108,618

Others - secured

Vehicle finance	9.3	14,094,371,915	12,327,227,060
Micro finance / small enterprise finance	9.4	29,056,524	119,796,457
Term finance	9.5	1,617,013,084	1,004,307,233
Musharikah finance	9.6	152,047,890	8,478,010
Agri finance	9.8	121,861,915	61,423,583
		16,014,351,328	13,521,232,343

Considered doubtful

Others - secured

Vehicle finance	9.3	157,768,968	115,691,896
Micro finance / small enterprise finance	9.4	6,137,003	2,026,919
Term finance	9.5	61,886,680	1,114,316
Musharikah finance	9.6	-	19,564,784
Agri finance	9.8	7,045,500	9,796,999
		232,838,151	148,194,915
Less: allowance for potential loan losses	34.2	(34,570,323)	(46,389,702)
		198,267,828	101,805,213
Less: general provision against micro finance	9.9 & 34.2	(1,145,976)	(600,679)
		16,441,605,799	13,886,545,495
Accrued return on finance and loans		484,295,228	385,772,168
		16,925,901,027	14,272,317,663
Less: current maturity			
Key management personnel, other executives and employees		(41,468,353)	(47,197,991)
Others		(7,864,956,530)	(6,954,339,211)
	11	(7,906,424,883)	(7,001,537,202)
		9,019,476,144	7,270,780,461

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

9.1 Loans to Key Management Personnel - related party

Names	Maximum amount outstanding	Provisions / (write-off)	2024	2023
----- Rupees -----				
Mian Faysal Riaz	3,061,499	-	2,408,678	3,117,619
Mr. Abid Hussain Awan	5,000,000	-	5,000,000	-
Mr. Fahad Shahzad Memon	5,641,452	-	5,018,443	5,695,770
Mr. Haider Abbas Kalhar *	-	-	-	812,205
Mr. Hamood Ahmed	1,654,877	-	600,649	1,749,688
Mr. Hira Lal Bhavani **	-	-	-	280,394
Mr. Imtiaz Ahmad Chaudhary	5,821,160	-	730,041	5,922,931
Mr. Muhammad Aslam	3,465,078	-	3,329,329	2,968,225
Mr. Salman Ali ***	2,400,691	-	297,375	-
Mr. Shafiq Ur Rehman	2,851,605	-	1,333,129	2,991,753
Mr. Tahir Ali Shah ****	-	-	-	3,441,735
Mr. Waqas Ahmad Khwaja	2,594,143	-	1,891,551	2,655,382
Ms. Aseya Qasim	932,793	-	514,423	966,712
		-	21,123,618	30,602,414

* Mr. Haider Abbas Kalhar ceased to be a key management personnel from February 29, 2024.

** Mr. Hira Lal Bhavani ceased to be a key management personnel from October 11, 2023.

*** Mr. Salman Ali became a key management personnel from March 01, 2024.

**** Mr. Tahir Ali Shah ceased to be a key management personnel from December 05, 2023.

9.1.1 Loans to the key management personnel include house loan, vehicle loan and personal loan.

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

	2024	2023
----- Rupees -----		
Opening balance	141,050,994	140,511,417
Disbursements during the year	10,286,498	19,142,524
Repayments during the year	(7,270,218)	(18,602,947)
Closing balance	144,067,274	141,050,994

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% (2023: 15.00% to 34.50%) per annum. These finances are repayable within a period of upto 6 years (2023: 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% (2023: 22.50% to 44.80%) per annum. These finances are repayable within a period of 1.25 to 2 years (2023: 1.25 to 2 years) and are secured against personal guarantees.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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% (2023: 20.00% to 29.55%) per annum. These finances are repayable within a period of upto 5 years (2023: 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 musharikah finance facilities provided to customers. The profit rate on these finances ranges from 25.98% to 27.30% (2023: 21.86% to 28.58%) per annum. The facilities have a repayment term of 3 to 5 years (2023: 3 to 5 years) and are secured by assets subject to musharikah agreement.

9.7 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% to 17.73% (2023: 4.00% to 17.70%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5% to 23.55% (2023: 5.00% to 22.80%) 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. 166.2 million (2023: Rs. 153.9 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% (2023: 28.00% to 33.00%) per annum. These loans are repayable within a period of 2 years (2023: within a period of 2 years) and are secured against title documents of the immovable properties.

9.9 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).

10 SHORT-TERM FINANCES

	Note	2024	2023
----- Rupees -----			
Considered good - secured			
Micro finance / small enterprise finance	10.1	2,963,689	36,027,049
Term finance		708,265	-
Agri finance	10.2	30,038,366	6,459,950
		33,710,320	42,486,999

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
		----- Rupees -----	
Considered doubtful - secured			
Micro finance / small enterprise finance	10.1	659,979	421,683
Agri finance	10.2	1,599,996	3,301,333
		2,259,975	3,723,016
Less: allowance for potential loan losses	34.2	(2,223,682)	(3,637,197)
		36,293	85,819
Less: general provision against micro finance	9.9 & 34.2	(115,186)	(180,659)
		33,631,427	42,392,159

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% (2023: 22.00% to 42.00%) 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 28.00% to 33.00% (2023: 17.00% to 33.00%) 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

	Note	2024	2023
		----- Rupees -----	
Current maturity of :			
Net investment in finance lease	6.2	5,043,931,312	6,085,689,467
Allowance for potential lease losses	34.1	(528,062,002)	(562,224,766)
		4,515,869,310	5,523,464,701
Long-term investments		-	203,006,501
Long-term finances and loans	9	7,906,424,883	7,001,537,202
Allowance for potential loan losses	34.2	(187,510,570)	(124,124,232)
		7,718,914,313	6,877,412,970
		12,234,783,623	12,603,884,172

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

12	SHORT-TERM INVESTMENTS	Note	2024	2023
			Rupees	
	At fair value through profit or loss			
	Market Treasury bills	12.1	2,560,551,321	2,431,413,219
	At fair value through other comprehensive income			
	Ordinary shares - unlisted	12.2 & 12.4	9,359,956	7,757,076
	Ordinary shares - listed	12.3 & 12.4	6,220,399	9,006,818
			<u>2,576,131,677</u>	<u>2,448,177,114</u>

12.1 These include investment amounted to Rs. 800.55 million (2023: Rs. 509.90 million) 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 6 months (2023: 1 to 3 months) from the reporting date, carrying yield ranging from 19.92% to 21.57% (2023: 21.60% to 21.99%) per annum.

12.2 This represents 705,882 (2023: 705,882) shares of Al-Baraka Bank (Pakistan) Limited, (Al-Baraka) having a face value of Rs. 10 per share.

12.3 This represents 295,536 (2023: 295,536) shares of LSE PropTech Limited (LSEPL) having a face value of Rs. 10 per share and 842,810 (2023: 842,810) shares of LSE Ventures limited (LSEVL) having a face value of Rs. 10 per share.

12.4 As at June 30, 2024, the fair value of LSE Ventures Limited, LSE PropTech Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 4.85 million (2023: Rs. 7.59 million), Rs. 1.37 million (2023: Rs. 1.42 million) and Rs. 9.40 million (2023: Rs. 7.76 million) respectively.

13	ADVANCES AND PREPAYMENTS	Note	2024	2023
			Rupees	
	Advances - unsecured		31,771,136	4,062,876
	Prepayments			
	Rent	13.1	4,169,414	3,722,682
	Others		29,700,604	20,927,965
			33,870,018	24,650,647
			<u>65,641,154</u>	<u>28,713,523</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

Names	Maximum aggregate amount	2024	2023
		Rupees	
Mian Faysal Riaz	66,663	26,667	66,667
Mr. Abid Hussain Awan	166,838	141,688	112,482
Mr. Fahad Shahzad Memon	124,996	100,000	-
Mr. Hamood Ahmed	50,831	18,083	48,750
Mr. Imtiaz Ahmed Chaudhary	96,662	56,667	96,667
Mr. Mohammad Aslam	114,579	89,583	114,583
Mr. Mohammad Ikram	114,579	89,583	114,583
Mr. Salman Ali **	46,158	36,178	-
Mr. Shafiq Ur Rehman	43,068	18,313	43,063
Mr. Waqas Ahmed Khwaja	64,412	27,417	64,417
Mr. Haider Abbas Kalhar *	52,083	-	27,083
		604,179	688,295

* Mr. Haider Abbas Kalhar ceased to be a key management personnel from February 29, 2024.

** Mr. Salman Ali became key management personnel from March 01, 2024.

14 OTHER RECEIVABLES

Considered good

Ijarah finance rentals
Others

Note	2024	2023
	Rupees	
	58,837	197,679
14.1	101,356,081	89,617,671
	101,414,918	89,815,350
	2,723,045	5,192,607
	-	2,766,139
	1,746,164	1,520,401
	4,469,209	9,479,147
34.3	(4,469,209)	(9,479,147)
	101,414,918	89,815,350

Considered doubtful

Operating lease rentals
Ijarah finance rentals
Others

Less: allowance for potential losses

14.1 These include receivable from Yanal Finance Company (a related party), ORIX Corporation, Japan (a related party), OLP Services Pakistan Limited (a related party) and OLP Modaraba (related party) amounting to Rs. 2.9 million (2023: Rs. 8.8 million), Rs. 1.9 million (2023: Rs. 1.6 million), Rs. 83.1 million (2023: Rs. 56.4 million) and Rs. 0.02 million (2023: Nil) respectively. Maximum amount outstanding at the end of any month during the year from Yanal Finance Company, ORIX Corporation, Japan, OLP Services Pakistan Limited and OLP Modaraba was Rs 9.8 million, Rs. 1.9 million, Rs. 91.5 million and Rs. 0.02 million respectively.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
15 CASH AND BANK BALANCES		----- Rupees -----	
Cash in hand		1,806,010	1,791,978
Balances with banks in:			
- Current accounts	15.1	291,898,482	66,291,849
- Deposit accounts		110,505,617	77,305,401
		402,404,099	143,597,250
		404,210,109	145,389,228

15.1 These carry profit rates ranging from 5.50% to 20.50% per annum (2023: 5.50% to 19.50% per annum).

	Note	2024	2023
16 ASSETS CLASSIFIED AS HELD FOR SALE		----- Rupees -----	
Reposessed assets	16.1	250,001	250,001
Investment in associates - related party			
- 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
Less: Impairment against assets held for sale	35	(172,043,037)	-
		92,704,400	264,747,437

16.1 These represent reposessed 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.

16.2 The Company holds 45% (2023: 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, 2024

16.3 The Company holds a 23% (2023: 23%) ownership interest in SAMA. In February 2019, the Board of Directors approved the divestment of this investment. The Company engaged in sale negotiation for disposal, signed a Sale Purchase Agreement (SPA) on October 17, 2019. Although the long stop date of the agreement expired in May 2022 without an extension, the Board reaffirmed their intention to sell in April 2023. Accordingly, the Company has appointed a consultant to advise on and execute the sale. An impairment has been recorded against the investment due to hampered profits, using the present value valuation method. The disposal is expected to be completed within a year, subject to regulatory approvals.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023		2024	2023
----- (Number of shares) -----			----- Rupees -----	
		Ordinary shares of Rs. 10 each		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
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, 2024, ORIX Corporation, Japan and its nominees held 86,960,515 (2023: 86,960,515) ordinary shares equivalent to 49.58% (2023: 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 Company has transferred 5% of its profit after tax to the statutory reserves for the year ended June 30, 2024 and June 30, 2023.

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

Note

	2024	2023
----- Rupees -----		
Opening balance	963,974,989	842,979,976
Revaluation surplus arising during the year	-	140,386,211
Adjustment in respect of incremental depreciation transferred to unappropriated profit	(29,729,376)	(19,391,198)
	<u>934,245,613</u>	<u>963,974,989</u>
Opening balance of deferred tax liability	(41,923,734)	(19,368,409)
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	5,984,868	(1,012,228)
	<u>(35,938,866)</u>	<u>(41,923,734)</u>
	<u>898,306,747</u>	<u>922,051,255</u>

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Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

19 LONG-TERM FINANCES

Note	2024	2023
	----- Rupees -----	
19.1	9,383,333,328	10,520,833,328
19.2	1,875,000,000	2,625,000,000
	274,028,628	388,743,225
	11,532,361,956	13,534,576,553
	(6,403,138)	(10,981,428)
27	(4,443,473,072)	(4,701,243,225)
	(4,449,876,210)	(4,712,224,653)
	7,082,485,746	8,822,351,900

19.1 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 20.32% to 22.59% (2023: 17.29% to 23.72%) per annum. These finances are repayable within a period of 36 to 60 months (2023: 36 to 60 months).

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

20 LONG-TERM CERTIFICATES OF DEPOSIT

Note	2024	2023
	----- Rupees -----	
20.1	1,365,458,407	1,502,853,920
	106,133,535	95,385,673
	1,471,591,942	1,598,239,593
27	(578,356,496)	(608,492,320)
	893,235,446	989,747,273

20.1 These certificates of deposit have been obtained for financing the operations of the Company and issued at rate of return ranging from 7.70% to 18.25% (2023: 7.10% to 17.50%) per annum and issued for terms ranging from 3 years to 10 years (2023: 3 years to 10 years).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

21 DEFERRED TAXATION

Note

2024

2023

Rupees

The deferred tax liability is attributable to the following items:

- Accelerated tax depreciation		400,690,989	361,413,423
- Right-of-use assets and lease liability against right-of-use assets		(11,473,376)	(10,273,540)
- Surplus on revaluation of office building	18	35,938,866	41,923,734
- Unamortised transaction costs relating to long term finances and loans		2,497,224	4,282,757
- Investments		618,232,244	622,607,356
- Allowance for potential lease, loan and other losses		(451,004,968)	(396,675,476)
		<u>594,880,979</u>	<u>623,278,254</u>

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

Opening		623,278,254	362,891,625
(Reversal of charge) / charge to the unconsolidated statement of profit or loss	37	(8,948,657)	15,235,341
Charge to the unconsolidated statement of profit or loss and other comprehensive income		(19,448,618)	245,151,288
Closing		<u>594,880,979</u>	<u>623,278,254</u>

22 OTHER LONG-TERM LIABILITIES

Profit on certificates of deposit	22.1	72,316,765	126,746,202
Lease liability against right-of-use assets	22.2	77,868,689	67,046,383
		<u>150,185,454</u>	<u>193,792,585</u>

22.1 This represents accrued profit on certificates of deposits payable on maturity.

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

	2024			2023		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
	Rupees					
Not later than one year	45,230,307	16,998,154	28,232,153	37,620,802	10,987,197	26,633,605
Later than one year and not later than five years	88,955,381	33,730,665	55,224,716	76,681,482	14,995,825	61,685,657
Later than five years	32,812,970	10,168,997	22,643,973	6,264,736	904,010	5,360,726
	<u>166,998,658</u>	<u>60,897,816</u>	<u>106,100,842</u>	<u>120,567,020</u>	<u>26,887,032</u>	<u>93,679,988</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

23 DEFINED BENEFIT PLAN ASSET - STAFF GRATUITY

23.1 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, 2024 using the Projected Unit Credit Method.

23.2 Principal actuarial assumptions

	2024	2023
- Discount rate	15.50%	15.75%
- Expected short term salary increase rate	15.00%	15.00%
- Expected long term salary increase rate	15.50%	15.75%
- Expected rate of return on plan assets	15.00%	12.29%
- Average service years	13.67	13.65

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.

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

	Note	2024	2023
		----- Rupees -----	
Present value of defined benefit obligation	23.4	311,039,869	302,086,399
Fair value of plan assets	23.4	(332,830,350)	(308,204,730)
		<u>(21,790,481)</u>	<u>(6,118,331)</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

		2024		
		Present value of defined benefit obligation	Fair value of plan assets	Net asset
Note		Rupees		
At July 1		302,086,399	(308,204,730)	(6,118,331)
Current service cost	23.5	22,842,173	-	22,842,173
Interest expense / (income)	23.5	47,071,640	(48,077,824)	(1,006,184)
		372,000,212	(356,282,554)	15,717,658
Remeasurements:				
Actuarial gain on plan assets		-	(4,774,461)	(4,774,461)
Actuarial gain on obligation		(10,897,686)	-	(10,897,686)
		(10,897,686)	(4,774,461)	(15,672,147)
		361,102,526	(361,057,015)	45,511
Contributions made		-	(21,835,992)	(21,835,992)
Benefits paid		(50,062,657)	50,062,657	-
At June 30		311,039,869	(332,830,350)	(21,790,481)

		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	23.5	20,613,945	-	20,613,945
Interest expense / (income)	23.5	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)

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

	2024	2023
	Rupees	
Current service cost	22,842,173	20,613,945
Interest expense - net	(1,006,184)	(3,493,279)
	21,835,989	17,120,666

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

23.6 The amount recognised in the unconsolidated statement of profit or loss and other comprehensive income is as follows:

	Note	2024	2023
		----- Rupees -----	
Actuarial gain / (loss) on plan assets	23.6.1	4,774,461	(18,494,869)
Actuarial gain on obligation	23.6.2	10,897,686	3,063,606
		<u>15,672,147</u>	<u>(15,431,263)</u>

23.6.1 Included in actuarial gain / (loss) on plan assets

Actual net return on plan assets	45,385,868	18,452,212
Interest income on plan assets	(48,077,824)	(36,947,081)
	<u>(2,691,956)</u>	<u>(18,494,869)</u>
Opening difference in fund accounts	7,466,417	-
Net return on plan assets over interest income	<u>4,774,461</u>	<u>(18,494,869)</u>

23.6.2 Included in actuarial gain on obligation

Gain / (loss) due to change in financial assumptions	1,179,565	(175,724)
Gain due to change in experience adjustments	9,718,121	3,239,330
	<u>10,897,686</u>	<u>3,063,606</u>

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

23.8 Plan assets consist of the following:

	2024 (Un-audited)		2023 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	327,590,282	98.43%	297,840,538	96.64%
Term finance certificates	-	0.00%	6,000,000	1.94%
Cash and bank balances and others	5,240,068	1.57%	4,364,192	1.42%
	<u>332,830,350</u>	<u>100.00%</u>	<u>308,204,730</u>	<u>100.00%</u>

23.9 Historical results

	2024	2023	2022	2021	2020
	----- Rupees -----				
Present value of defined benefit obligation	311,039,869	302,086,399	265,876,926	248,556,585	202,888,717
Fair value of plan assets	(332,830,350)	(308,204,730)	(293,133,410)	(256,909,032)	(242,152,664)
Surplus	<u>(21,790,481)</u>	<u>(6,118,331)</u>	<u>(27,256,484)</u>	<u>(8,352,447)</u>	<u>(39,263,947)</u>
Remeasurement of plan liabilities	(10,897,686)	(3,063,606)	(8,285,552)	21,750,801	(40,068,679)
Remeasurement of plan assets	<u>(4,774,461)</u>	<u>18,494,869</u>	<u>(10,618,488)</u>	<u>(700,289)</u>	<u>8,012,246</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

23.10 Actual return on plan assets during the year amounted to Rs. 52.85 million (2023: Rs. 18.45 million).

23.11 Based on the actuarial advice, the Company intends to charge an amount of approximately Rs. 20.30 million in respect of contribution to gratuity fund in the unconsolidated financial statements for the year ending June 30, 2025.

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

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

23.13 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%	291,276,841	331,763,264
Salary growth rate	1.0%	330,141,119	292,389,105

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.

23.14 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	32,765,896	57,388,066	40,898,731	79,511,793	33,632,418	271,332,147

23.15 The weighted average duration of the defined benefit obligation is 6.5 years.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

23.16 The information provided in notes 23.1 to 23.14 has been obtained from the details provided by the actuary of the Company.

24 CREDITORS, ACCRUALS AND OTHER PAYABLES	Note	2024	2023
		----- Rupees -----	
Creditors		923,773,033	628,166,093
Accrued liabilities		197,364,216	170,406,382
Other liabilities			
Advances from customers against finance lease and Ijarah finance		2,911,209	2,057,078
Sales tax payable		2,523,809	2,277,678
Federal excise duty payable		1,400,982	1,652,417
Insurance premium payable		222,703,420	210,848,538
Provision for Provincial Workers' Welfare Fund		173,807,976	129,257,869
Payable to minority shareholders of Standard Chartered Leasing Limited		14,694,152	14,719,516
Others		35,780,484	27,808,437
		453,822,032	388,621,533
		1,574,959,281	1,187,194,008

25 SHORT-TERM BORROWINGS

From banking companies - secured

Running finance arrangements		1,646,007,840	827,381,832
Accrued interest / mark-up on short term borrowings		37,553,536	33,439,336
	25.1	1,683,561,376	860,821,168

25.1 These represent short-term running finance facilities for financing of operations with limits aggregating to Rs. 2,950 million as at June 30, 2024 (2023: Rs. 3,050 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 22.39% to 22.99% (2023: 22.20% to 23.23%) per annum on a daily product basis. These are secured by hypothecation of leased assets, related lease receivables and financing receivables.

26 SHORT-TERM CERTIFICATES OF DEPOSIT	Note	2024	2023
		----- Rupees -----	
Unsecured			
Short-term certificates of deposit	26.1	3,897,166,782	3,146,303,288
Payable to holders of matured certificates of deposits		74,353,592	67,653,592
Accrued profit on short-term certificates of deposits		211,586,246	96,957,410
		4,183,106,620	3,310,914,290

26.1 These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 17.00% to 22.25% (2023: 14.00% to 20.75%) per annum, for a term upto 12 months (2023: 12 months).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
		----- Rupees -----	
27	CURRENT MATURITY OF NON-CURRENT LIABILITIES		
Current maturity of:			
Long-term finances	19	4,443,473,072	4,701,243,225
Lease liability against right-of-use assets	22.2	28,232,153	26,633,605
Long-term certificates of deposit	20	578,356,496	608,492,320
		<u>5,050,061,721</u>	<u>5,336,369,150</u>

28 CONTINGENCIES AND COMMITMENTS

28.1.1 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 a 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 an appeal before the CIR-A wherein certain reliefs were allowed. The department filed an appeal against the order passed by the CIR-A. ATIR vide combined order dated September 6, 2023 read with difference of opinion dated January 6, 2024 disposed of the cross appeals whereby the matters were decided in the Company's favour.

28.1.2 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, disallowance of tax loss on lease terminations and certain other matters. The Company's appeals against these amended orders before the CIR-A were maintained. ATIR vide combined order dated January 18, 2024 disposed of the Company's appeals whereby it decided most of the issues in the Company's favor, whereas the matter of tax loss on pre-mature termination of lease was remanded back to DCIR with directions.

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.

28.1.3 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, 2024

28.1.4 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 orders before the CIR-A for all these years. On January 8, 2020 CIR-A disposed of Company's appeals and decided certain matters in the Company's favor whereas certain matters were remanded back to the Officer with specific directions. 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 are pending for adjudication.

In February 2021, the ACIR has given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demands of Rs 11.06 million and Rs 118.76 million respectively have been raised. During March 2021, the Company filed appeals against these orders before the CIR-A. The Company has also discharged 10% of the demands u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively. 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 wherein 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 appeals 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 rectified 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. CIR-A vide orders dated January 31, 2024 and July 31, 2023 disposed of the Company's appeals for tax years 2017 and 2018, respectively, wherein he has remanded back most of the matters to the Officer with specific directions.

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.

28.1.5 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 a 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, 2024

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.

28.1.6 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 a double taxation. The Company along with the other companies had filed a constitutional petition before the Sindh High Court (SHC) challenging the levy of super tax. The SHC had granted stay, on submission of a 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 of the petitions stating levy of super tax is lawful, however, it would not be applied retrospectively i.e. for Tax Year 2022. Subsequently, the tax authorities filed an appeal against SHC decision in the Supreme Court of Pakistan (SCP). On February 16, 2023, SCP through an interim order directed SHC to en-cash a submitted bank guarantee upto 4% of taxable income and release the amount to the tax authorities. Accordingly, the Company's bank has furnished pay-order of Rs. 87 million against its 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 the respective tax year 2022 on account of super tax.

28.1.7 Through Finance Act 2023, the Federal Government has retrospectively increased the levy against super tax up to 10% on high earning persons / companies for the tax year 2023 and onwards. The Company's legal advisor was of the opinion that retrospective increase of levy of super tax is unlawful. Accordingly on January 15, 2024, the Company had filed a constitutional petition before the Islamabad High Court (IHC) challenging the retrospective increase in levy of super tax from 4% to 10%. IHC vide order dated March 15, 2024 held that the amendments made through the Finance Act, 2023 do not have a retrospective application. The Department filed Intra Court Appeal (ICA), which is pending adjudication.

The Company has already made a provision amounting to Rs. 216 million against the super tax for prior year.

28.1.8 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 (both on maturity and pre-mature) termination and certain other matters including super tax. The Company has filed an appeal against the order before the CIR-A who vide order dated July 27, 2023 disposed-of the Company's appeal. The Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are pending for adjudication.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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.

28.1.9 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 pre-mature termination of leases, write-offs and certain other matters. The Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million. The Company has filed an appeal against the order. CIR-A vide order dated August 8, 2023 disposed-of the Company's appeal. The Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are 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.

28.1.10 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 loss on pre-mature termination of leases, write-offs and certain other matters. On August 3, 2022, the Company has filed an appeal before the CIR-A. 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. CIR-A issued an order on February 26, 2024, disposed of the Company's appeal. The Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are 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.

28.1.11 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 in the name of the Company, which was duly responded along with previous submitted reply and evidences on June 29, 2022. The Officer passed the order under sections 161/205 dated July 6, 2022 raising a demand of Rs 86.7 million holding the Company as assessee in default for non-deduction of tax. On July 28, 2022, the Company has filed an appeal before the CIR-A. On January 8, 2024, CIR-A has disposed-of the Company's appeal by remanding back to the Officer with directions for scrutiny of documents. The department has filed an appeal before the ATIR which 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

28.1.12 During October 2022, the DCIR issued notices under section 176 of the Ordinance to reconcile withholding of income tax with payments as per the audited financial statements 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 the Company's submitted reply. A 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 remanding 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.

28.1.13 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.

28.1.14 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 years 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

28.1.15 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-of the petition filed by the Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing the 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.

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

28.1.16 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.

28.2 Leases committed but not executed at the reporting date is Nil (2023: Nil).

28.3 Commitments relating to capital expenditure at the reporting date amounted to Rs. 1.59 million (2023: Rs. 0.83 million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

29	OTHER INCOME - NET	Note	2024	2023
			Rupees	
	Income from financial assets			
	Return on investments and deposits		15,792,964	7,755,010
	Interest income on government securities		485,242,726	172,443,657
	Gain on sale of investments - net		83,478,470	276,653,990
	Dividend income		9,076,706	9,076,706
	Operating lease rentals		-	12,903,707
	Ijarah finance income		862,157	2,130,777
	Unrealised gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net		2,549,979	(3,480,059)
			597,003,002	477,483,788
	Income from other than financial assets			
	Fees and other income		210,781,785	169,557,501
	Documentation fee		31,715,832	33,076,982
	Gain on disposal of fixed assets	4.1.3	3,049,553	3,757,442
	Gain on sale of lease and finance assets		116,824,682	84,557,540
	Exchange (loss) / gain - net		(58,614)	5,912,553
			362,313,238	296,862,018
			959,316,240	774,345,806

30 SHARE OF PROFIT FROM ASSOCIATE

Name of associate	2024		2023	
	Associate's profit after tax	Share of associate's profit after tax	Associate's profit after tax	Share of associate's profit after tax
Un-quoted - related party	Rupees			
Yanal Finance Company	7,165,043,688	139,598,202	5,172,018,135	118,023,757

31	FINANCE COST	2024	2023
		Rupees	
	Interest / mark-up / profit on:		
	- Long-term finances	2,848,390,382	2,339,317,211
	- Short-term borrowings	94,701,142	196,786,791
	- Certificates of deposit	896,822,420	595,284,289
	- Lease liability against right-of-use assets	18,410,515	13,669,535
	Amortisation of transaction cost	7,298,200	5,761,874
	Bank charges and commission	10,480,450	7,011,514
		3,876,103,109	3,157,831,214

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
32 ADMINISTRATIVE AND GENERAL EXPENSES		----- Rupees -----	
Salaries, allowances, welfare and training	32.1	1,170,794,939	1,044,095,136
Rent and utilities	32.2	91,545,662	87,510,189
Travelling		12,023,857	6,961,100
Vehicle running and maintenance		24,780,102	22,115,776
Insurance on operating assets		6,926,236	5,645,442
Legal and professional charges		31,286,518	40,535,436
Communication		22,011,174	18,668,467
Subscriptions		9,790,180	6,418,008
Auditors' remuneration	32.3	29,510,400	11,020,502
Advertising		8,000,000	6,731,395
Printing and stationery		14,815,299	14,336,635
Depreciation	4.1 & 4.3	106,573,402	93,095,758
Amortisation	5.1	658,542	1,213,889
Office repairs and maintenance of equipment		61,125,327	55,094,326
Donations	32.4	10,020,000	9,203,502
Office general expenses		15,131,683	12,568,844
		<u>1,614,993,321</u>	<u>1,435,214,405</u>

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

	Note	2024	2023
		----- Rupees -----	
Defined benefit plan - gratuity fund	23.5	21,835,989	17,120,666
Defined contribution plan - provident fund		33,346,448	31,412,555
Charge against compensated absences		688,217	647,235
		<u>55,870,654</u>	<u>49,180,456</u>

32.2 This includes rent expenses of Rs. 34.50 million (2023: Rs. 39.79 million) against short term leases and leases of low value assets.

32.3 As per Rule 9 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, NBFCs require to obtain insurance coverage against any losses that may be incurred as a result of employee's fraud or gross negligence. Accordingly, the company has obtained insurance coverage for the year ended June 30, 2024 and June 30, 2023.

32.4 Auditors' remuneration

Audit services

	2024	2023
	----- Rupees -----	
Annual audit fee	3,780,000	3,150,000
Half yearly review fee	792,000	660,000
Sales tax on audit fee and other services	403,200	495,300
Out of pocket expenses	504,000	500,000
	<u>5,479,200</u>	<u>4,805,300</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
		----- Rupees -----	
Non-audit services			
Other services and certifications		468,000	695,202
Tax advisory services		23,563,200	5,520,000
		24,031,200	6,215,202
		29,510,400	11,020,502

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

The Layton Rahmatullah Benevolent Trust (LRBT)	32.4.1	2,000,000	1,000,000
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32.5.1 The Chief Executive Officer of the Company (Mr. Shaheen Amin) is a Trustee of LRBT.

	Note	2024	2023
----- Rupees -----			
33	DIRECT COST		
Court fee, stamp duty and others		9,160,961	8,935,761
Operating lease and Ijarah finance			
Maintenance and insurance cost		17,651,590	20,803,055
Depreciation - operating lease assets		-	5,571,593
Depreciation - ijarah assets	4.2	627,120	1,927,122
		18,278,710	28,301,770
		27,439,671	37,237,531

34 PROVISION FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2024				
	Finance lease (note 34.1)	Finances and loans (note 34.2)	Sub-total	Operating lease Ijarah and other receivables (note 34.3)	Total
----- Rupees -----					
Balance at the beginning of the year	705,045,604	174,932,469	879,978,073	9,479,147	889,457,220
Provision charge during the year	168,820,759	148,886,471	317,707,230	225,762	317,932,992
Reversal made during the year	(274,114,540)	(85,807,461)	(359,922,001)	(320,362)	(360,242,363)
	(105,293,781)	63,079,010	(42,214,771)	(94,600)	(42,309,371)
Write-offs	(19,463,909)	(12,445,742)	(31,909,651)	(4,915,338)	(36,824,989)
Balance at the end of the year	580,287,914	225,565,737	805,853,651	4,469,209	810,322,860

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	2023				
	Finance lease (note 34.1)	Finances and loans (note 34.2)	Sub-total	Operating lease ijarah and other receivables (note 34.3)	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

34.1 Provision against finance leases

Note	2024	2023
	----- Rupees -----	
Long term portion of finance leases	52,225,912	142,820,838
Current portion of finance leases	528,062,002	562,224,766
	580,287,914	705,045,604

34.2 Provision against finances and loans

Long term portion of long-term finances and loans	9	35,716,299	46,990,381
Current portion of long-term finances and loans	11	187,510,570	124,124,232
Short-term finances	10	2,338,868	3,817,856
		225,565,737	174,932,469

34.2.1 Finances and loans - Particulars provision against finances and loans

	2024				
	Stage 1	Stage 2	Stage 3	General	Total
	----- Rupees -----				
Balance at the beginning of the year	53,893,661	6,114,110	114,143,360	781,338	174,932,469
Charge on new disbursements	16,311,774	1,007,480	2,137,376	-	19,456,630
Additional charge	-	29,619,192	100,441,808	479,824	130,540,824
Loans and finances derecognised or repaid / reversal	(14,323,499)	(2,408,809)	(37,990,277)	-	(54,722,585)
Transfer to stage 1	130,925	(130,925)	-	-	-
Transfer to stage 2	(63,119)	63,119	-	-	-
Transfer to stage 3	(411,052)	(1,692,272)	2,103,324	-	-
Net Changes in contract risk	(30,251,142)	(1,458,433)	(486,284)	-	(32,195,859)
	(28,606,113)	24,999,352	66,205,947	479,824	63,079,010
Write-offs	-	-	(12,445,742)	-	(12,445,742)
Balance at the end of the year	25,287,548	31,113,462	167,903,565	1,261,162	225,565,737

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	2023				
	Stage 1	Stage 2	Stage 3	General	Total
	----- Rupees -----				
Balance at the beginning of the year	4,508,181	341,640	275,635,036	331,838	280,816,695
Charge on new disbursements	34,798,204	3,623,495	2,667,588	-	41,089,287
Additional charge	60,626	1,847,513	23,822,044	449,500	26,179,683
Loans and finances derecognised or repaid / reversal	(738,090)	(206,827)	(13,431,995)	-	(14,376,912)
Transfer to stage 1	25,693	(25,693)	-	-	-
Transfer to stage 2	(278,934)	278,934	-	-	-
Transfer to stage 3	(11,966)	(11,131)	23,097	-	-
Net Changes in contract risk	15,529,946	266,179	13,659,986	-	29,456,111
	49,385,479	5,772,470	26,740,720	449,500	82,348,169
Write-offs	-	-	(188,232,395)	-	(188,232,395)
Balance at the end of the year	53,893,660	6,114,110	114,143,361	781,338	174,932,469

34.2.2 Finances and loans - category of classification

	2024		2023	
	Exposure	Provision	Exposure	Provision
	----- Rupees -----			
Stage 1	14,833,063,676	25,287,547	12,912,517,785	53,893,660
Stage 2	1,479,164,427	31,113,462	933,917,537	6,114,110
Stage 3	201,064,290	167,903,566	133,310,569	114,143,361
General Provision	-	1,261,162	-	781,338
	16,513,292,393	225,565,737	13,979,745,891	174,932,469

34.3 Provision against operating lease, ijarah and other receivables

	Note	2024	2023
		----- Rupees -----	
Other receivables	14	4,469,209	9,479,147

35 OTHER PROVISIONS - NET

Operating lease, ijarah and other receivables

Reversal of provision against ijarah receivables (Reversal of provision) / provision against operating lease receivables
Provision against other receivables

Others

Impairment against assets held for sale
Provision for provincial Workers' Welfare Fund

-	(5,430,979)
(320,363)	129,673
225,763	-
(94,600)	(5,301,306)
172,043,038	-
44,550,107	35,592,174
216,498,545	30,290,868

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

36 REMUNERATION OF CHIEF EXECUTIVE, EXECUTIVE DIRECTOR, DIRECTORS AND EXECUTIVES

36.1 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:

	2024			
	Chief Executive	Executive Director	Executives	Total
	Rupees			
Managerial remuneration	43,560,000	3,424,940	186,093,178	233,078,118
Bonus	15,200,000	3,100,000	62,456,318	80,756,318
House rent and utilities	15,840,000	1,245,433	67,670,241	84,755,674
Other perquisites	-	697,296	119,271,981	119,969,277
Retirement benefits	8,386,525	847,024	24,081,200	33,314,749
	<u>82,986,525</u>	<u>9,314,693</u>	<u>459,572,918</u>	<u>551,874,136</u>
Number of persons	<u>1</u>	<u>1</u>	<u>74</u>	<u>76</u>

	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
	<u>66,026,942</u>	<u>19,098,702</u>	<u>399,868,767</u>	<u>484,994,411</u>
Number of persons	<u>1</u>	<u>1</u>	<u>67</u>	<u>69</u>

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

36.3 The Chief Executive Officer, 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

36.4 The aggregate amount charged in these unconsolidated financial statements for meeting fees and other meeting expenses paid to 3 non-executive independent directors (2023:3) and 2 non-executive director (2023:1) is as follows:

Director	2024	2023
	Rupees	
Mr. Khalid Aziz Mirza	3,424,802	2,536,058
Mr. Nasim Hyder *	1,250,000	3,500,000
Mr. Ramon Alfrey	2,450,000	-
Mr. Rashid Ahmed Jafer	2,450,000	-
Mr. Yoshiaki Matsouka	-	66,218
Ms. Aminah Zahid Zaheer *	1,250,000	3,500,000
	<u>10,824,802</u>	<u>9,602,276</u>

*Mr. Nasim Hyder and Ms. Aminah Zahid Zaheer retired from directorship from October 26, 2023.

Note	2024	2023
	Rupees	
37 TAXATION		
Current tax	37.1 906,485,261	819,541,334
Prior year tax	406,649	(16,473,748)
Deferred tax	21.1 (8,948,657)	15,235,341
	<u>897,943,253</u>	<u>818,302,927</u>

37.1 This includes super tax under section 4C of Income Tax Ordinance, 2001.

37.2 Effective tax rate reconciliation

37.2.1 Numerical reconciliation between the average tax rate and the applicable tax rate for the year ended June 30, 2024 is as follows.

	2024 (Effective tax rate) (%)	2024 Rupees	2023 (Effective tax rate) (%)	2023 Rupees
Profit before taxation		<u>2,290,853,975</u>		<u>2,029,035,717</u>
Tax at enacted tax rate	29.00	664,347,653	29.00	588,420,358
Tax effect of income subject to final tax regime	(0.11)	(2,541,478)	(0.13)	(2,541,478)
Tax effect of rebates / credits	(0.32)	(7,224,098)	(0.21)	(4,357,649)
Impact of changes in rates	-	-	1.67	33,849,038
Prior year	0.02	406,649	(0.81)	(16,473,748)
Super tax	10.42	238,598,594	10.66	216,335,676
Others	0.19	4,355,933	0.15	3,070,730
	<u>39.20</u>	<u>897,943,253</u>	<u>40.33</u>	<u>818,302,927</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

37.3 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, had 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 had 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 / Deputy Commissioner Inland Revenue are provided in notes 28.1.1, 28.1.2, 28.1.3, 28.1.4, 28.1.8, 28.1.9, and 28.1.10.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
38 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES			
Profit before taxation		2,290,853,975	2,029,035,717
Adjustments for			
Depreciation	4.1, 4.2 & 4.3	107,200,522	100,594,473
Amortisation	5.1	658,542	1,213,889
Amortisation of transaction cost	31	7,298,200	5,761,874
(Reversal of provision) / provision for potential lease and other loan losses - net	34	(42,214,771)	106,273,213
Impairment on assets classified as 'held for sale'	35	172,043,038	-
Provision for provincial Workers Welfare Fund	35	44,550,107	35,592,174
Reversal of provision against other receivables	35	(94,600)	(5,301,306)
Gain on sale of investments - net	29	(83,478,470)	(276,653,990)
Share of profit from associate	30	(139,598,202)	(118,023,757)
Exchange loss / (gain) - net	29	58,614	(5,912,553)
Charge for defined benefit plan - gratuity fund	32.1	21,835,989	17,120,666
Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	29	(2,549,979)	3,480,059
Finance cost including bank charges	31	2,971,982,489	2,556,785,051
Profit on certificates of deposit	31	896,822,420	595,284,289
Dividend income	29	(9,076,706)	(9,076,706)
Return on investments and deposits	29	(15,792,964)	(7,755,010)
Interest income on government securities	29	(485,242,726)	(172,443,657)
Gain on disposal of fixed assets	29	(3,049,553)	(3,757,442)
		<u>3,441,351,950</u>	<u>2,823,181,267</u>
		<u>5,732,205,925</u>	<u>4,852,216,984</u>
39 CASH AND CASH EQUIVALENTS			
Cash at bank	15	402,404,099	143,597,250
Cash in hand	15	1,806,010	1,791,978
Short-term running finance facilities	25	(1,646,007,840)	(827,381,832)
		<u>(1,241,797,731)</u>	<u>(681,992,604)</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

	2024						
	Certificates of deposit	Long term finances	Unclaimed dividend / unpaid dividend	Lease liability against right of use asset	Share capital	Share premium	Total
	----- Rupees -----						
Balance as at July 01, 2023	4,716,810,800	13,134,851,900	516,265,041	93,679,988	1,754,076,470	1,501,683,073	21,717,367,272
Changes from financing cash flows							
Repayment	(3,858,360,541)	(4,582,921,710)	-	(44,326,751)	-	-	(8,485,609,002)
Proceeds received	4,478,528,522	2,700,000,000	-	-	-	-	7,178,528,522
Dividend paid	-	-	(1,182,296,834)	-	-	-	(1,182,296,834)
Total changes from financing activities	620,167,981	(1,882,921,710)	(1,182,296,834)	(44,326,751)	-	-	(2,489,377,314)
Other changes							
Additions net of other adjustments	-	-	-	38,337,090	-	-	38,337,090
Finance cost charged	-	-	-	18,410,515	-	-	18,410,515
Dividend declared	-	-	701,630,588	-	-	-	701,630,588
Total other changes	-	-	701,630,588	56,747,605	-	-	758,378,193
Balance as at June 30, 2024	5,336,978,781	11,251,930,190	35,598,795	106,100,842	1,754,076,470	1,501,683,073	19,986,368,151

40 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, 2024

40.1 Segment analysis is given below:

	2024			
	Finance lease	Finances and loans	Investment in subsidiaries, associates and others	Total
	Rupees			
Segment revenues	2,947,224,395	4,213,214,502	823,234,953	7,983,673,850
Finance cost	1,304,552,886	1,812,354,527	759,195,696	3,876,103,109
Administrative and general expenses	674,286,687	936,755,069	3,951,565	1,614,993,321
Direct cost	5,915,495	20,334,506	1,189,670	27,439,671
(Reversal of provision) / provision - net	(105,293,781)	63,079,010	171,948,438	129,733,667
Segment results	1,067,763,108	1,380,691,390	(113,050,416)	2,335,404,082
Provision for provincial Workers' Welfare Fund				(44,550,107)
Provision for taxation				(897,943,253)
Profit for the year				1,392,910,722
Other information				
Segment assets	8,615,707,171	16,389,841,375	5,081,138,768	30,086,687,314
Unallocated assets				1,867,197,474
Total assets				31,953,884,788
Segment liabilities	143,557,678	652,320,186	1,861,153	797,739,017
Unallocated liabilities				20,685,608,929
Total liabilities				21,483,347,946
Capital expenditure	-	-	-	-
Depreciation	-	-	627,120	627,120
Unallocated				
Capital expenditure - fixed assets for own use				70,360,460
Additions made to intangible assets				-
Unallocated depreciation and amortisation				107,231,944

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	2023			
	Finance lease	Finances and loans	Investment in subsidiaries, associates and others	Total
	----- 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
Segment results	<u>1,051,012,031</u>	<u>909,501,445</u>	<u>104,114,415</u>	2,064,627,891
Provision for provincial Workers' Welfare Fund				(35,592,174)
Provision for taxation				(818,302,927)
Profit for the year				<u>1,210,732,790</u>
Other information				
Segment assets	<u>11,257,605,115</u>	<u>13,898,434,177</u>	<u>5,250,083,419</u>	30,406,122,711
Unallocated assets				<u>1,547,116,547</u>
Total assets				<u>31,953,239,258</u>
Segment liabilities	<u>181,205,628</u>	<u>339,561,141</u>	<u>1,861,153</u>	522,627,922
Unallocated liabilities				<u>21,636,607,140</u>
Total liabilities				<u>22,159,235,062</u>
Capital expenditure	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation	<u>-</u>	<u>-</u>	<u>7,498,715</u>	<u>7,498,715</u>
Unallocated				
Capital expenditure - fixed assets for own use				<u>37,984,169</u>
Additions made to intangible assets				<u>1,856,848</u>
Unallocated depreciation and amortisation				<u>94,309,647</u>

40.2 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, 2024

Sectors	2024		2023	
	(Rupees)	%	(Rupees)	%
Individuals	8,577,987,119	33.67%	8,343,270,580	32.49%
Goods Transport	2,743,050,697	10.77%	3,021,604,860	11.77%
Services	2,274,892,375	8.93%	1,878,692,218	7.32%
Trading	1,777,366,870	6.98%	1,833,601,780	7.14%
Public Transport	1,365,007,485	5.36%	1,490,940,734	5.81%
Fuel & Energy	1,438,367,671	5.65%	1,295,708,480	5.05%
Distributor	883,403,046	3.47%	1,069,639,582	4.17%
Construction	1,007,923,888	3.96%	1,028,171,149	4.00%
Textile & Allied	918,530,386	3.61%	1,016,262,660	3.96%
Food & Allied	787,359,452	3.09%	915,996,268	3.57%
Steel & Engineering	713,536,855	2.80%	792,800,790	3.09%
Chemical & Pharmaceutical	573,730,022	2.25%	602,502,637	2.35%
Natural Resource And Farming	365,884,235	1.44%	602,364,929	2.35%
Glass, Ceramics & Plastic	587,735,059	2.31%	486,676,226	1.90%
Paper, Board & Printing	471,904,665	1.85%	442,020,086	1.72%
Miscellaneous	273,038,368	1.03%	262,792,900	1.02%
Automotive Industry	122,066,072	0.48%	240,545,340	0.94%
Sugar	310,032,917	1.22%	224,135,681	0.87%
Cables, Electric and Electronic Goods	287,087,676	1.13%	130,311,091	0.51%
	<u>25,478,904,858</u>	<u>100.00%</u>	<u>25,678,037,991</u>	<u>100.00%</u>

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

	2024	2023
	Rupees	
Net investment in finance leases	9,195,745,084	11,962,400,718
Other finances and loans	16,283,159,774	13,715,637,273
	<u>25,478,904,858</u>	<u>25,678,037,991</u>

40.3 Segment by sector

The Company's net investment in finance lease and other finances and loans includes exposure to private sector of Rs. 16,899 million (2023: Rs. 17,335 million).

40.4 Geographical segment analysis

The Company's operations are restricted to Pakistan only.

41 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, 2024

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

	Note	2024	2023
		----- Rupees -----	
ORIX Corporation, Japan - Parent Company			
- 49.58% Holding			
Dividend paid - net of tax		804,384,760	-
Reimbursement of cost		277,200	-
Yanal Finance Company - Associate / Common directorship 2.5% ownership			
Dividend received		102,026,298	104,283,296
Reimbursement of cost		11,686,400	21,240,461
SAMA Finance SAE - 23% ownership			
Impairment against asset held for sale	16	172,043,037	-
OLP Modaraba- subsidiary - 20% ownership			
Dividend received		9,076,706	9,076,706
Reimbursement of cost		775,080	616,137
OLP Services Pakistan (Private) Limited (OSPPL) - 100% ownership			
Rental income / expenses on behalf of OSPPL		56,464,061	57,823,819
Term finance		-	15,000,000
Mark-up on term finance		-	2,446,157
OLP Financial Services Pakistan Limited - Employees Provident Fund (OLP-EPF)			
Contribution made		33,346,448	31,412,555
OLP Financial Services Pakistan Limited - Staff Gratuity Fund (OLP-SGF)			
Contribution made	23.4	21,835,992	11,413,776
Donation paid - Common Directorship			
The Layton Rahmatullah Benevolent Trust		2,000,000	1,000,000

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
Other related party transactions during the year		Rupees	
Directors and key management personnel			
Compensation of directors and key management personnel			
Director fees paid		10,150,000	9,000,000
Short-term employee benefits		236,220,578	214,268,673
Retirement benefits		18,235,764	15,979,937
Total compensation to directors and key management personnel		264,606,342	239,248,610
Issuance of certificates of deposit to key management personnel		2,001,172	-
Amount of profit on certificates of deposit issued to key management personnel		102,544	-
Redemption of certificates of deposit issued to key management personnel		914,010	-
Staff loans disbursed to key management personnel		6,366,000	10,807,997
Interest recovered on staff loans to key management personnel		2,791,000	3,313,968
Principal recovered on staff loans to key management personnel		16,664,328	14,496,914
Dividend paid to key management personnel - net of tax		234,163	375,454
Dividend paid to directors - net of tax		87,677	-
Dividend paid to the Chief Executive Officer of the Company - net of tax		1,872,142	1,396,142
41.2 The balances with related parties as at year end:			
Investment in subsidiaries	7	322,374,294	322,374,294
Investment in associate	8	1,707,416,512	1,718,529,322
Assets classified as hold for sale			
- OPP (Private) Limited	16	87,754,399	87,754,399
- SAMA Finance SAE	16	-	172,043,037

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	Note	2024	2023
----- Rupees -----			
Certificates of deposit held by key management personnel		2,001,172	-
Accrued profit on certificates of deposit payable to key management personnel		249,907	-
Outstanding loans to key management personnel	9.1	21,123,618	30,602,414
Payable to OLP Financial Services Pakistan Limited-Staff Gratuity Fund		-	5,706,888
Receivable from OLP Modaraba		24,236	-
Receivable from OLP Services Pakistan (Private) Limited		83,098,261	56,348,025
Term finance to OLP Services Pakistan (Private) Limited		-	16,166,133
Receivable from Yanal Finance Company		2,871,582	8,777,774
Receivable from ORIX Corporation, Japan		1,892,895	1,615,695
Unpaid dividend payable to ORIX Corporation, Japan		-	482,630,856

42 STAFF STRENGTH

	2024	2023
----- Number of staff -----		
Staff strength at the end of the year	408	435
Average number of employees*	426	447

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

43 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, 2024 (unaudited) and 2023 (audited) respectively:

	Note	Unaudited 2024	Audited 2023
----- Rupees -----			
Size of the Fund - total assets		855,162,424	754,355,166
Fair value of investments	43.1	844,585,889	741,598,779
----- Percentage -----			
Percentage of investments made		99%	98%

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

The cost of the above investments amounted to Rs. 810.18 million (2023: Rs. 735.44 million).

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

	Unaudited 2024	Audited 2023	Unaudited 2024	Audited 2023
	Percentage		Rupees	
Cash and bank deposits	1.00%	1.43%	8,454,682	10,614,470
Government securities				
- Treasury Bills	72.37%	48.71%	611,269,026	361,199,017
- Pakistan Investment Bonds	24.26%	45.14%	204,862,181	334,785,292
- Debt Securities - Listed (TFC)	2.37%	4.72%	20,000,000	35,000,000
	100.00%	100.00%	844,585,889	741,598,779

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.

44 FINANCIAL INSTRUMENTS BY CATEGORY

	2024			
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income	Total
ASSETS				
Net investment in finance lease	8,615,457,170	-	-	8,615,457,170
Finances and loans	16,772,021,884	-	-	16,772,021,884
Long-term deposits	11,294,566	-	-	11,294,566
Short-term investments	-	2,560,551,321	15,580,356	2,576,131,677
Other receivables	101,414,918	-	-	101,414,918
Cash and bank balances	404,210,109	-	-	404,210,109
	25,904,398,647	2,560,551,321	15,580,356	28,480,530,324

	2024		
	At fair value through profit or loss	At amortised cost	Total
LIABILITIES			
Long-term finances	-	9,657,361,956	9,657,361,956
Privately placed term finance certificates	-	1,868,596,862	1,868,596,862
Certificates of deposit	-	5,654,698,562	5,654,698,562
Other long-term liabilities	-	72,316,765	72,316,765
Trade and other payables	-	1,394,315,305	1,394,315,305
Lease liability against right-of-use assets	-	106,100,842	106,100,842
Unclaimed dividend	-	35,598,795	35,598,795
Short-term borrowings	-	1,683,561,376	1,683,561,376
	-	20,472,550,463	20,472,550,463

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	2023		
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income
	Rupees		
ASSETS			
Net investment in finance lease	11,257,355,114	-	-
Long-term investments	203,006,501	-	-
Finances and loans	14,190,585,590	-	-
Long-term deposits	11,213,566	-	-
Short-term investments	-	2,431,413,219	16,763,895
Other receivables	89,815,350	-	-
Cash and bank balances	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	
	At fair value through profit or loss	At amortised cost
	Rupees	
LIABILITIES		
Long-term finances	-	10,909,576,553
Privately placed term finance certificates	-	2,614,018,572
Certificates of deposit	-	4,909,153,883
Other long-term liabilities	-	126,746,202
Trade and other payables	-	1,051,948,966
Lease liability against right-of-use assets	-	93,679,988
Unpaid dividend	-	482,630,856
Unclaimed dividend	-	33,634,185
Short-term borrowings	-	860,821,168
	-	<u>21,082,210,373</u>
		<u>21,082,210,373</u>

45 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.

45.1 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

45.1.1 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 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:

	2024	2023
	----- Rupees -----	
Foreign currency bank account	7,884,425	8,148,551
Investment in associate	1,707,416,512	1,718,529,322
Assets classified as held for sale	-	172,043,037

As at June 30, 2024, 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. 171.168 million (2023: Rs. 189.872 million).

45.1.2 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:

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

2024								
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
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	15.00% - 36.18%	8,615,457,170	596,213,776	792,276,153	3,075,153,469	4,151,813,772	-	-
Finances and loans	15.00% - 44.80%	16,772,021,884	1,916,582,495	1,209,320,849	5,075,221,325	8,462,945,944	107,951,271	-
Long-term deposits		11,294,566	-	-	-	-	-	11,294,566
Short-term investments	19.92% - 21.57%	2,576,131,677	667,958,309	972,367,139	920,225,873	-	-	15,580,356
Other receivables		101,414,918	-	-	-	-	-	101,414,918
Cash and bank balances	5.50% - 20.50%	404,210,109	110,505,617	-	-	-	-	293,704,492
Total		28,480,530,324	3,291,260,197	2,973,964,141	9,070,600,667	12,614,759,716	107,951,271	421,994,332
Financial Liabilities								
Long-term finances	17.29% - 23.72%	9,657,361,956	232,696,689	793,686,077	2,667,090,307	5,963,888,883	-	-
Privately placed term finance	21.04% - 23.71%	1,868,596,862	(532,023)	186,435,805	559,436,616	1,123,256,464	-	-
Certificates of deposit	7.70% - 22.25%	5,654,698,562	226,786,945	539,992,048	3,993,016,566	894,903,003	-	-
Other long-term liabilities		72,316,765	-	-	-	-	-	72,316,765
Trade and other payables		1,394,315,305	-	-	-	-	-	1,394,315,305
Lease liability against right-of-use assets		106,100,842	-	-	-	-	-	106,100,842
Unclaimed dividend		35,598,795	-	-	-	-	-	35,598,795
Short-term borrowings	22.39% - 22.99%	1,683,561,376	1,683,561,376	-	-	-	-	-
Total		20,472,550,463	2,142,512,987	1,520,113,930	7,219,543,489	7,982,048,350	-	1,608,331,707
On-balance sheet gap (a)		8,007,979,861	1,148,747,210	1,453,850,211	1,851,057,178	4,632,711,366	107,951,271	(1,186,337,375)
Off-balance sheet financial instruments								
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		8,007,979,861	1,148,747,210	1,453,850,211	1,851,057,178	4,632,711,366	107,951,271	-
Cumulative interest rate sensitivity gap		8,007,979,861	1,148,747,210	2,602,597,421	4,453,654,599	9,086,365,965	9,194,317,236	-

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

		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
On-balance sheet financial instruments		Rupees						
Financial assets								
Net investment in finance lease	14.60% - 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	15.00% - 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% - 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% - 19.50%	145,389,228	77,305,401	-	-	-	-	68,083,827
Total		28,345,542,463	3,464,773,546	3,404,064,519	8,096,188,248	13,082,391,032	112,248,480	185,876,638
Financial Liabilities								
Long-term finances	17.29% - 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% - 23.71%	2,614,018,572	(653,750)	186,192,291	558,523,216	1,869,956,815	-	-
Certificates of deposit	7.10% - 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% - 23.23%	860,821,168	860,821,168	-	-	-	-	-
Total		21,082,210,373	1,429,644,916	1,555,304,754	6,490,583,089	9,818,037,417	-	1,788,640,197
On-balance sheet gap (a)		7,263,332,090	2,035,128,630	1,848,759,765	1,605,605,159	3,264,353,615	112,248,480	(1,602,763,559)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,263,332,090	2,035,128,630	1,848,759,765	1,605,605,159	3,264,353,615	112,248,480	
Cumulative interest rate sensitivity gap		7,263,332,090	2,035,128,630	3,883,888,395	5,489,493,554	8,753,847,169	8,866,095,649	

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. 225.38 million (2023: Rs. 215.90 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. 182.41 million (2023: Rs. 186.96 million).

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

The Company holds unutilised credit lines with banks amounting in aggregate to Rs.2,950 million as at June 30, 2024 (2023: Rs. 3,150 million) as mentioned in note 25.1.

b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2024, the Company holds Market Treasury Bills which are classified as 'financial assets at fair value through profit or loss', exposing the Company to fair value interest rate risk. In case of 100 basis points increase / decrease in rates announced by the Financial Markets Association of Pakistan for Market Treasury Bills with all other variables held constant, the net profit for the year and net assets of the Company would have been higher / lower by Rs. 5.30 million (2023: Rs. 3.5 million).

45.1.3 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, 2024 and June 30, 2023, the Company did not hold any listed instruments which exposed it to price risk.

45.2 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 40.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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

	Carrying value		Maximum exposure	
	2024	2023	2024	2023
	----- Rupees -----		----- Rupees -----	
Net investment in finance lease	8,615,457,170	11,257,355,114	8,615,457,170	11,257,355,114
Long-term investments	-	203,006,501	-	-
Finances and loans	16,772,021,884	14,190,585,590	16,772,021,884	14,190,585,590
Long term deposits	11,294,566	11,213,566	11,294,566	11,213,566
Short-term investments	2,576,131,677	2,448,177,114	-	-
Other receivables	101,414,918	89,815,350	101,414,918	89,815,350
Cash and bank balances	404,210,109	145,389,228	402,404,099	143,597,250
	<u>28,480,530,324</u>	<u>28,345,542,463</u>	<u>25,902,592,637</u>	<u>25,692,566,870</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:

	2024			
	Finance lease (net of security deposit)	Finances and loans	Investments & other receivables	Total
	----- Rupees -----			
Within 90 days	99,719	37,975,982	-	38,075,701
91 - 180 days	39,004,599	95,421,627	-	134,426,226
181 - 365 days	38,478,388	24,918,355	-	63,396,743
Over 1 year	361,800,027	76,782,162	4,469,209	443,051,398
	<u>439,382,733</u>	<u>235,098,126</u>	<u>4,469,209</u>	<u>678,950,068</u>
Less: general and specific provision	580,287,914	225,565,737	4,469,209	810,322,860
Net of provision	<u>(140,905,181)</u>	<u>9,532,389</u>	<u>-</u>	<u>(131,372,792)</u>
Coverage ratio	<u>132.07 %</u>	<u>95.95 %</u>	<u>100.00 %</u>	<u>119.35 %</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	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
	528,224,712	151,917,931	9,479,147	689,621,790
Less: general and specific provision	705,045,604	174,932,469	9,479,147	889,457,220
Net of provision	(176,820,892)	(23,014,538)	-	(199,835,430)
Coverage ratio	133.47 %	115.15 %	100.00 %	128.98 %

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, 2024 and June 30, 2023:

Bank balances

	2024	2023
	Rupees	
AAA	361,571,357	114,916,933
AA+	712,473	8,421,181.27
AA	38,031,051	10,338,165.61
AA-	588,945	7,815,429
A	558,375	304,234
State Bank of Pakistan	941,898	1,801,307
	402,404,099	143,597,250

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

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

45.2.1 The Company applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease and ijarah. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2024 and June 30, 2023 was determined as follows:

Net investment in finance lease

	2024			2023		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
Rupees						
Not yet due	0.87%	6,967,592,107	60,551,226	0.76%	9,154,136,265	69,891,686
1-30 days	1.54%	3,418,342,450	52,520,900	2.16%	5,035,090,979	108,985,357
31-90 days	6.88%	1,039,939,330	71,514,163	5.02%	1,091,510,610	54,790,821
91-365 days	48.94%	103,302,863	50,551,296	46.34%	79,669,165	36,916,706
More than 365 days	72.31%	477,299,308	345,150,329	71.80%	605,089,316	434,461,034
Total			580,287,914			705,045,604

Ijarah and other receivables

	2024			2023		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
Rupees						
Not yet due	0.00%	58,837	-	0.00%	-	-
1-30 days	0.00%	-	-	0.00%	-	-
31-90 days	0.00%	-	-	0.00%	197,679	-
91-365 days	0.00%	-	-	100.00%	2,990,673	2,990,673
More than 365 days	100.00%	4,469,209	4,469,209	100.00%	6,488,474	6,488,474
Total			4,469,209			9,479,147

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

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.

45.3 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.

	2024				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	----- Rupees -----				
Long-term finances	9,657,361,956	12,470,993,649	1,301,145,897	3,779,965,824	7,389,881,928
Privately placed					
term finance certificates	1,868,596,862	2,418,113,014	286,935,616	798,659,589	1,332,517,809
Certificates of deposit	5,727,015,327	6,835,432,575	955,785,574	4,583,129,989	1,296,517,012
Trade and other payables	1,394,315,305	1,394,315,305	1,394,315,305	-	-
Lease liability against right of use assets	106,100,842	166,998,658	10,649,854	34,580,453	121,768,351
Unpaid dividend	-	-	-	-	-
Unclaimed dividend	35,598,795	35,598,795	35,598,795	-	-
Short-term borrowings	1,683,561,376	2,179,997,341	161,662,527	2,018,334,814	-
	20,472,550,463	25,501,449,337	4,146,093,568	11,214,670,669	10,140,685,100

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	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>

46 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:

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

- 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:

2024				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through other comprehensive income				
Ordinary shares - listed	6,220,400	-	-	6,220,400
Ordinary shares - unlisted	-	9,359,956	-	9,359,956
Financial assets at fair value through profit or loss				
Market Treasury bills	-	2,560,551,321	-	2,560,551,321
Non-financial assets				
Fixed assets (Leasehold land and building)*	-	-	1,000,130,432	1,000,130,432
Total	<u>6,220,400</u>	<u>2,569,911,277</u>	<u>1,000,130,432</u>	<u>3,576,262,109</u>
2023				
	Level 1	Level 2	Level 3	Total
----- Rupees -----				
Financial assets				
Financial assets at fair value through other comprehensive income				
Ordinary shares - listed	9,006,818	-	-	9,006,818
Ordinary shares - unlisted	-	7,757,077	-	7,757,077
Financial assets at fair value through profit or loss				
Market Treasury bills	-	2,431,413,219	-	2,431,413,219
Non-financial assets				
Fixed assets (Leasehold land & building)*	-	-	1,034,309,300	1,034,309,300
Total	<u>9,006,818</u>	<u>2,439,170,296</u>	<u>1,034,309,300</u>	<u>3,482,486,414</u>

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

Item	Valuation approach and input used
Treasury bills	The fair value of Treasury bills is derived using PKRV rates. PKRV rates are 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.
Fixed assets (leasehold land and office building)*	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of 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.

*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.

47 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.

Notes to and Forming Part of the Unconsolidated Financial Statements

For the Year Ended June 30, 2024

	2024	2023
48 EARNINGS PER SHARE - basic and diluted		
Profit for the year after taxation (Rupees)	1,392,910,722	1,210,732,790
Weighted average number of ordinary shares	175,407,647	175,407,647
Earnings per share - basic and diluted (Rupees)	7.94	6.90

- 48.1** Diluted earnings per share has not been presented separately as the Company does not have any convertible instruments in issue as at June 30, 2024 and June 30, 2023 which would have any effect on the earnings per share.

49 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

The Board of Directors in its meeting held on September 18, 2024 proposed a final cash dividend of Rs. 3 per share (2023: Rs. 2 per share) for the year ended June 30, 2024, amounting to Rs. 526,222,941 (2023: 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 25, 2024. The unconsolidated financial statements for the year ended June 30, 2024 do not include the effect of the above appropriation which will be accounted for in the unconsolidated financial statements of the Company for the year ending June 30, 2025.

50 DATE OF AUTHORISATION FOR ISSUE

These unconsolidated financial statements were authorised for issue on September 18, 2024 by the Board of Directors of the Company.

51 GENERAL

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



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

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 June 30, 2024. The Group comprises of:

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

The Director's report giving commentary on the performance of OLP for the year ended June 30, 2024, has been presented separately on page 17, 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	2024 -----Rupees-----	2023
Profit before tax	2,517,135,353	2,163,839,362
Taxation	971,828,800	875,952,271
Profit for the year after taxation	1,545,306,553	1,287,887,091
Profit attributable to Equity shareholders of the Holding Company	1,419,116,803	1,195,688,135
Profit attributable to Non-controlling interest	126,189,750	93,198,956
Earnings per share – basic and diluted	8.09	6.81
Appropriation: Transferred to statutory reserve	69,645,536	60,536,640

Pattern of shareholding

The pattern of shareholding and related information as at June 30, 2024 is presented at page 247.

Financial and Operational Preformation

Consolidated profit after tax of the Group for the year ended June 30, 2024 was Rs. 1,419 million (2023: Rs. 1,195 million) with the EPS of Rs. 8.09 (2023: Rs. 6.81). Profit from OM amounted to Rs. 157.7 million (2023: Rs. 128.8 million) and profit from OSP amounted to Rs. 9.2 million (2023: loss of Rs. 28.8 million). Minority interest accounts for 80% of OM's equity. As such, Rs. 126.2 million (2023: Rs. 103.0 million) out of OM's profit is attributable to non-controlling interest.

On behalf of the Board



SHAHEEN AMIN

Chief Executive Officer
September 18th, 2024



RAMON ALFREY
Director

ڈائریکٹرز کی رپورٹ برائے اشتہالی مالیاتی گوشوارے

اوایل پی فنانشل سروسز پاکستان لمیٹڈ (OLP) کے ڈائریکٹران بمسرت معہ گروپ کے آڈٹ شدہ اشتہالی مالیاتی گوشوارے برائے اختتام سال 30 جون 2024 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 2024 کیلئے اوایل پی کی کارکردگی کا احاطہ کرتی ڈائریکٹران کی رپورٹ صفحہ نمبر 17 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 سیکیورٹی اینڈ اینچینج 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 اشتہالی مالیاتی نتائج مختصر درج ذیل ہیں:

2023	2024	
روپے	روپے	
2,163,839,362	2,517,135,353	قبل از محصول (ٹیکس) منافع
875,952,271	971,828,800	محصولات (ٹیکس)
1,287,887,091	1,545,306,553	بعد از محصول (ٹیکس) سال کا منافع
1,195,688,135	1,419,116,803	ہولڈنگ کمپنی کے ایکوئیٹی شیئر ہولڈرز کیلئے منافع
93,198,956	126,189,750	اقلیتی شیئر ہولڈرز کے لئے منافع
6.81	8.09	فی شیئر آمدنی - بنیادی اور رقیق شدہ
60,536,640	69,645,536	تخصیص قانونی ریزرو میں منتقلی

شیئر ہولڈنگ کا طرز

شیئر ہولڈنگ کا طرز اور متعلقہ معلومات بمطابق 30 جون 2024 صفحہ نمبر 247 پر پیش کردی گئی ہیں۔

اشتہالی مالیاتی گوشواروں پر مبنی مالیاتی اور عملی کارکردگی

گروپ کا اشتہالی منافع بعد از محصول (ٹیکس) برائے اختتام سال 30 جون 2024، 1,419 ملین روپے تھا (2023: 1,195 ملین روپے) اور فی حصص آمدنی 8.09 روپے (جون 2023: 6.81 روپے)۔ OM سے 157.7 ملین روپے منافع (2023: 128.8 ملین روپے)۔ جبکہ OSP سے 9.2 ملین روپے نقصان ہوا (2023: 28.8 ملین روپے نقصان)۔ اوایم میں 80 فیصد ایکوئیٹی حصص یافتگان کی ہے۔ اور اس طرح، اوایم کے منافع میں 126.2 ملین روپے (2023: 103.0 ملین روپے) اقلیتی حصص یافتگان کا حصہ ہے۔

R. F. Akbar

رئیس الفروع

ڈائریکٹر

بورڈ کی جانب سے

شاہین امین

چیف ایگزیکٹو آفیسر

18 ستمبر 2024

Six Years' Vertical Analysis

Consolidated Statement of Financial Position	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
ASSETS												
Non-current assets												
Fixed assets	2,537	6.45%	2,911	7.60%	3,119	8.65%	3,604	11.53%	4,374	14.59%	4,338	13.26%
Intangible assets	18	0.05%	17	0.04%	28	0.08%	42	0.13%	62	0.21%	82	0.25%
Net investment in finance leases	4,100	10.42%	5,734	14.97%	6,495	18.01%	6,563	21.00%	5,984	19.96%	8,135	24.87%
Investment in associate	1,707	4.34%	1,719	4.49%	1,208	3.35%	916	2.93%	944	3.15%	942	2.88%
Long-term investments	9	0.02%	15	0.04%	195	0.54%	387	1.24%	454	1.51%	407	1.24%
Long-term finances and loans	12,835	32.63%	10,202	26.63%	9,506	26.36%	6,540	20.92%	4,558	15.20%	4,236	12.95%
Long-term deposits	11	0.03%	11	0.03%	11	0.03%	11	0.04%	13	0.04%	12	0.04%
Defined benefit plan asset	22	0.06%	6	0.02%	27	0.07%	8	0.03%	39	0.13%	9	0.03%
	21,239	54.00%	20,615	53.81%	20,589	57.09%	18,071	57.81%	16,428	54.78%	18,161	55.51%
Current assets												
Short-term finances	34	0.09%	42	0.11%	20	0.06%	6	0.02%	234	0.78%	285	0.87%
Current maturity of non-current assets	13,802	35.09%	14,001	36.54%	12,642	35.05%	11,177	35.76%	10,606	35.37%	12,625	38.59%
Short-term investments	2,927	7.44%	2,572	6.71%	577	1.60%	328	1.05%	803	2.68%	395	1.21%
Advances and prepayments	379	0.96%	112	0.29%	396	1.10%	280	0.90%	124	0.41%	193	0.59%
Other receivables	101	0.26%	150	0.39%	177	0.49%	138	0.44%	269	0.90%	147	0.45%
Cash and bank balances	754	1.92%	556	1.45%	1,398	3.88%	992	3.17%	1,251	4.17%	616	1.88%
Net investment in Ijarah finance	-	0.00%	-	0.00%	0.4	0.00%	0.4	0.00%	0.37	0.00%	0.4	0.00%
	17,997	45.76%	17,433	45.50%	15,210	42.18%	12,921	41.34%	13,287	44.31%	14,261	43.59%
Assets classified as held for sale	93	0.24%	265	0.69%	265	0.73%	265	0.85%	271	0.90%	294	0.90%
	18,090	46.00%	17,698	46.19%	15,475	42.91%	13,186	42.19%	13,558	45.22%	14,555	44.49%
Total assets	39,329	100.00%	38,313	100.00%	36,064	100.00%	31,257	100.00%	29,986	100.00%	32,716	100.00%
EQUITY AND LIABILITIES												
Share capital and reserves												
Total equity attributable to equity holder of the Holding Company	10,413	26.48%	9,710	25.34%	8,846	24.53%	8,485	27.15%	8,198	27.34%	7,980	24.39%
Non-controlling interest	1,007	2.56%	954	2.49%	933	2.59%	959	3.07%	981	3.27%	980	3.00%
Non-current liabilities												
Long-term finances	7,747	19.70%	9,404	24.55%	10,565	29.30%	5,740	18.36%	5,300	17.67%	7,411	22.65%
Long-term certificates of deposit	893	2.27%	990	2.58%	2,096	5.81%	2,592	8.29%	2,630	8.77%	2,820	8.62%
Long-term deposits	270	0.69%	327	0.85%	313	0.87%	334	1.07%	375	1.25%	460	1.41%
Deferred taxation	573	1.46%	505	1.32%	300	0.83%	412	1.32%	516	1.72%	700	2.14%
Other long-term liabilities	150	0.38%	194	0.51%	336	0.93%	287	0.92%	288	0.96%	165	0.50%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Redeemable capital	142	0.36%	179	0.47%	416	1.15%	343	1.10%	39	0.13%	38	0.12%
	9,775	24.85%	11,599	30.27%	14,026	38.89%	9,708	31.06%	9,148	30.51%	11,594	35.44%
Current liabilities												
Trade and other payables	1,845	4.69%	1,438	3.75%	1,525	4.23%	1,106	3.54%	603	2.01%	1,158	3.54%
Unpaid dividend	-	0.00%	483	1.26%	168	0.47%	185	0.59%	-	0.00%	-	0.00%
Unclaimed dividend	93	0.24%	93	0.24%	93	0.26%	85	0.27%	85	0.28%	78	0.24%
Short-term borrowings	1,683	4.28%	861	2.25%	389	1.08%	1,446	4.63%	180	0.60%	1,360	4.16%
Short-term certificates of deposit	4,183	10.64%	3,311	8.64%	1,574	4.36%	1,692	5.41%	1,054	3.51%	700	2.14%
Current maturity of non-current liabilities	10,072	25.61%	9,447	24.66%	8,240	22.85%	7,449	23.83%	9,394	31.33%	8,675	26.52%
Taxation - net	258	0.66%	417	1.09%	270	0.75%	142	0.45%	343	1.14%	191	0.58%
	18,134	46.11%	16,050	41.89%	12,259	33.99%	12,105	38.73%	11,659	38.88%	12,162	37.17%
Total equity and liabilities	39,329	100.00%	38,313	100.00%	36,064	100.00%	31,257	100.00%	29,986	100.00%	32,716	100.00%
Consolidated Statement of Profit or Loss												
Consolidated Statement of Profit or Loss	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
INCOME												
Income from operations												
Markup on finance leases	2,784	27.49%	2,881	33.12%	2,253	37.45%	2,219	40.88%	2,933	45.08%	2,840	45.33%
Mark-up on finances and loans	5,244	51.78%	3,851	44.27%	2,050	34.08%	1,327	24.45%	1,383	21.26%	1,122	17.91%
	8,028	79.27%	6,732	77.40%	4,303	71.53%	3,546	65.33%	4,316	66.34%	3,962	63.24%
Income from other activities												
Other income - net	1,960	19.35%	1,848	21.25%	1,649	27.41%	1,846	34.01%	2,161	33.22%	2,252	35.95%
Share of profit from associate	140	1.38%	118	1.36%	64	1.06%	36	0.66%	29	0.45%	51	0.81%
	2,100	20.73%	1,966	22.60%	1,713	28.47%	1,882	34.67%	2,190	33.66%	2,303	36.76%
Total Income	10,128	100.00%	8,698	100.00%	6,016	100.00%	5,428	100.00%	6,506	100.00%	6,265	100.00%
EXPENSES												
Finance cost	4,968	49.05%	3,983	45.79%	2,214	36.80%	1,523	28.06%	2,444	37.57%	1,990	31.76%
Administrative and general expenses	1,904	18.80%	1,693	19.46%	1,489	24.75%	1,356	24.98%	1,342	20.63%	1,370	21.87%
Direct cost	541	5.34%	718	8.25%	870	14.46%	1,123	20.69%	1,318	20.26%	1,553	24.79%
	7,413	73.19%	6,394	73.51%	4,573	76.01%	4,002	73.73%	5,104	78.45%	4,913	78.42%
Profit before provision and taxation	2,715	26.81%	2,304	26.49%	1,443	23.99%	1,426	26.27%	1,402	21.55%	1,352	21.58%
Provision / (reversal of provision) for potential lease and other loan losses - net												
	(52)	-0.51%	85	0.98%	(64)	-1.06%	10	0.18%	322	4.95%	(192)	-3.06%
Other provisions / (reversal) - net												
	250	2.47%	55	0.63%	37	0.62%	14	0.26%	17	0.26%	14	0.22%
	198	1.95%	140	1.61%	(27)	-0.45%	24	0.44%	339	5.21%	(178)	-2.84%
Profit before taxation	2,517	24.85%	2,164	24.88%	1,470	24.43%	1,402	25.83%	1,063	16.34%	1,530	24.42%
Taxation	972	9.60%	876	10.07%	536	8.91%	369	6.80%	271	4.17%	425	6.78%
Profit for the year after taxation	1,545	15.25%	1,288	14.81%	934	15.53%	1,033	19.03%	792	12.17%	1,105	17.64%

Six Years' Horizontal Analysis

Consolidated Statement of Financial Position	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
ASSETS												
Non-current assets												
Fixed assets	2,537	-12.85%	2,911	-6.67%	3,119	-13.46%	3,604	-17.60%	4,374	0.83%	4,338	-15.83%
Intangible assets	18	5.88%	17	-39.29%	28	-33.33%	42	-32.26%	62	-24.39%	82	-14.58%
Net investment in finance leases	4,100	-28.50%	5,734	-11.72%	6,495	-1.04%	6,563	9.68%	5,984	-26.44%	8,135	-5.34%
Investment in associate	1,707	-0.70%	1,719	42.30%	1,208	31.88%	916	-2.97%	944	0.21%	942	40.18%
Long-term investments	9	-40.00%	15	-92.31%	195	-49.61%	387	-14.76%	454	11.55%	407	32.57%
Long-term finances and loans	12,835	25.81%	10,202	7.32%	9,506	45.35%	6,540	43.48%	4,558	7.60%	4,236	8.75%
Long-term deposits	11	0.00%	11	0.00%	11	0.00%	11	-15.38%	13	8.33%	12	0.00%
Defined benefit plan asset	22	266.67%	6	-77.78%	27	237.50%	8	-79.49%	39	333.33%	9	100.00%
	21,239	3.03%	20,615	0.13%	20,589	13.93%	18,071	10.00%	16,428	-9.54%	18,161	-3.04%
Current assets												
Short-term finances	34	-19.05%	42	110.00%	20	233.33%	6	-97.44%	234	-17.89%	285	17.28%
Current maturity of non-current assets	13,802	-1.42%	14,001	10.75%	12,642	13.11%	11,177	5.38%	10,606	-15.99%	12,625	3.30%
Short-term investments	2,927	13.80%	2,572	345.75%	577	75.91%	328	-95.15%	803	103.29%	395	-48.90%
Advances and prepayments	379	238.39%	112	-71.72%	396	41.43%	280	125.81%	124	-35.75%	193	82.08%
Other receivables	101	-32.67%	150	-15.25%	177	28.26%	138	-48.70%	269	82.99%	147	-5.77%
Cash and bank balances	754	35.61%	556	-60.23%	1,398	40.93%	992	-20.70%	1,251	103.08%	616	-33.41%
Net investment in Ijarah finance	-	0.00%	-	-100.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%	0.4	0.00%
	17,997	3.24%	17,433	14.61%	15,210	17.71%	12,921	-2.75%	13,287	-6.83%	14,261	-1.14%
Assets classified as held for sale	93	-64.91%	265	0.00%	265	0.00%	265	-7.82%	271	-7.82%	294	4.63%
	18,090	2.21%	17,698	14.36%	15,475	17.36%	13,186	-2.74%	13,558	-6.85%	14,555	-1.03%
Total assets	39,329	2.65%	38,313	6.24%	36,064	15.38%	31,257	4.24%	29,986	-8.34%	32,716	-2.15%
EQUITY AND LIABILITIES												
Share capital and reserves												
Total equity attributable to equity holder of the Holding Company	10,413	7.24%	9,710	9.77%	8,846	4.25%	8,485	3.50%	8,198	2.73%	7,980	10.50%
Non-controlling interest	1,007	5.56%	954	2.25%	933	-2.71%	959	-2.24%	981	0.10%	980	-0.20%
Non-current liabilities												
Long-term finances	7,747	-17.62%	9,404	-10.99%	10,565	84.06%	5,740	8.30%	5,300	-28.48%	7,411	8.44%
Long-term certificates of deposit	893	-9.80%	990	-52.77%	2,096	-19.14%	2,592	-1.44%	2,630	-6.74%	2,820	-12.56%
Long-term deposits	270	-17.43%	327	4.47%	313	-6.29%	334	-10.93%	375	-18.48%	460	-16.97%
Deferred taxation	573	13.47%	505	68.33%	300	-27.18%	412	-20.16%	516	-26.29%	700	45.53%
Other long-term liabilities	150	-22.68%	194	-42.26%	336	17.07%	287	-0.35%	288	74.55%	165	-18.72%
Defined benefit obligation	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	-100.00%
Redeemable capital	142	-20.67%	179	-56.97%	416	21.28%	343	779.49%	39	2.63%	38	375.00%
	9,775	-15.73%	11,599	-17.30%	14,026	44.48%	9,708	6.12%	9,148	-21.10%	11,594	2.38%
Current liabilities												
Trade and other payables	1,845	28.30%	1,438	-5.70%	1,525	37.88%	1,106	83.42%	603	-47.93%	1,158	-6.54%
Unpaid dividend	-	-100.00%	483	187.50%	168	-9.19%	185	100.00%	-	0.00%	-	-100.00%
Unclaimed dividend	93	0.00%	93	0.00%	93	9.41%	85	0.00%	85	8.97%	78	9.86%
Short-term borrowings	1,683	95.47%	861	121.34%	389	-73.10%	1,446	703.33%	180	-86.76%	1,360	-42.66%
Short-term certificates of deposit	4,183	26.34%	3,311	110.36%	1,574	-6.97%	1,692	60.53%	1,054	50.57%	700	-33.46%
Taxation - net	258	-38.13%	417	54.44%	270	90.14%	142	-58.60%	343	79.58%	191	0.00%
Current maturity of non-current liabilities	10,072	6.62%	9,447	14.65%	8,240	10.62%	7,449	-20.70%	9,394	8.29%	8,675	-1.13%
	18,134	12.98%	16,050	30.92%	12,259	1.27%	12,105	3.83%	11,659	-4.14%	12,162	-12.55%
Total equity and liabilities	39,329	2.65%	38,313	6.24%	36,064	15.38%	31,257	4.24%	29,986	-8.34%	32,716	-2.15%
Consolidated Statement of Profit or Loss												
Consolidated Statement of Profit or Loss	2024		2023		2022		2021		2020		2019	
	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%	Rs. In Million	%
INCOME												
Income from operations												
Mark-up on finances and loans	2,784	-3.37%	2,881	27.87%	2,253	1.53%	2,219	-24.34%	2,933	3.27%	2,840	12.21%
Mark-up on term Finance	5,244	36.17%	3,851	87.85%	2,050	54.48%	1,327	-4.05%	1,383	23.26%	1,122	45.90%
	8,028	19.25%	6,732	56.45%	4,303	21.35%	3,546	-17.84%	4,316	8.93%	3,962	20.06%
Other income - net	1,960	6.06%	1,848	12.07%	1,649	-10.67%	1,846	-14.58%	2,161	-4.04%	2,252	-27.47%
Share of profit from associate	140	18.64%	118	84.38%	64	77.78%	36	24.14%	29	-43.14%	51	-48.48%
	2,100	6.82%	1,966	14.77%	1,713	-8.98%	1,882	-14.06%	2,190	-4.91%	2,303	-28.12%
Total Income	10,128	16.44%	8,698	44.58%	6,016	10.83%	5,428	-16.57%	6,506	3.85%	6,265	-3.67%
EXPENSES												
Finance cost	4,968	24.73%	3,983	79.90%	2,214	45.37%	1,523	-37.68%	2,444	22.81%	1,990	21.64%
Administrative and general expenses	1,904	12.46%	1,693	13.70%	1,489	9.81%	1,356	1.04%	1,342	-2.04%	1,370	8.56%
Direct cost	541	-24.65%	718	-17.47%	870	-22.53%	1,123	-14.80%	1,318	-15.13%	1,553	-12.90%
	7,413	15.94%	6,394	39.82%	4,573	14.27%	4,002	-21.59%	5,104	3.89%	4,913	4.96%
Profit before provision and taxation	2,715	17.84%	2,304	59.67%	1,443	1.19%	1,426	1.71%	1,402	3.70%	1,352	-25.84%
Provision / (reversal of provision) for potential lease and other loan losses - net	(52)	-161.18%	85	-232.81%	(64)	-740.00%	10	-96.89%	322	-267.71%	(192)	-1060.00%
Other provisions / (reversal) - net	250	354.55%	55	48.65%	37	164.29%	14	-17.65%	17	21.43%	14	27.27%
	198	41.43%	140	-618.52%	(27)	-212.50%	24	-92.92%	339	-290.45%	(178)	-674.19%
Profit before taxation	2,517	16.31%	2,164	47.21%	1,470	4.85%	1,402	31.89%	1,063	-30.52%	1,530	-14.62%
Taxation	972	10.96%	876	63.43%	536	45.26%	369	36.16%	271	-36.24%	425	23.91%
Profit for the year after taxation	1,545	19.95%	1,288	37.90%	934	-9.58%	1,033	30.43%	792	-28.33%	1,105	-23.74%

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, 2024, 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 material accounting policy information 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, 2024, 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	Provision for potential lease and loan losses (Refer notes 3.7, 6, 9, 10, 11 and 36 of the annexed consolidated financial statements)	
	<p>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.</p> <p>Under IFRS 9, simplified approach and general approach are used for lease and loan losses respectively to determine Expected Credit Losses (ECL). Under simplified approach expected credit losses are measured by grouping financial assets based on days past due. A lifetime ECL is recorded on loans in which there have been Significant Increase in Credit Risk</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"> • 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 loan balances;



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S.No.	Key audit matter	How the matter was addressed in our audit
	<p>(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 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 loan balances and has recognised a gross charge of Rs. 341.917 million and a gross reversal of Rs. 370.217 million in respect of potential lease and loan losses in the consolidated statement of profit or loss during the year ended June 30, 2024. As at June 30, 2024, the Group maintained a provision of Rs. 919.819 million for potential lease and loan losses.</p> <p>The determination of provision in respect of lease and loan 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 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"> Evaluated the key decisions made by the Group's management with respect to accounting policies, estimates and judgments in relation to computation of provision for potential lease and loan losses and assessed the appropriateness based on our understanding of the Group's business and operations; Assessed the reasonableness and accuracy of the data used for provision computation based on the accounting records and information system of the Group as well as the related external sources used for this purpose; Assessed the ECL model used by the management to calculate provision against lease and loan balances of the Group for appropriateness of the assumptions used and the methodology applied. We also tested the mathematical accuracy of the model; Assessed the reasonableness of the forward-looking factors used by the management in preparing ECL model; and Assessed the relevant disclosures made in the consolidated financial statements to determine whether these are complied with the accounting and reporting standards as applicable in Pakistan.

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.

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A.F. FERGUSON & CO.

- 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.

A. F. Ferguson & Co.

Chartered Accountants

Dated: September 30, 2024

Karachi

UDIN: AR202410061Dg7Wmsihb

Consolidated Statement of Financial Position

As at June 30, 2024

	Note	2024	2023
-----Rupees-----			
ASSETS			
Non-current assets			
Fixed assets	4	2,537,148,388	2,910,499,376
Intangible assets	5	18,177,501	17,262,038
Net investment in finance lease	6	9,195,745,084	11,962,400,718
Current maturity of net investment in finance lease	11	(5,043,931,312)	(6,085,689,467)
Allowance for potential lease losses	36	(52,225,912)	(142,820,838)
		(5,096,157,224)	(6,228,510,305)
		4,099,587,860	5,733,890,413
Investment in associate	7	1,707,416,512	1,718,529,322
Long-term investments	8	9,406,250	15,050,000
Long-term finances and loans	9	12,835,154,164	10,202,417,456
Long-term deposits		11,294,566	11,213,566
Defined benefit plan asset	24	21,790,481	6,118,331
		21,239,975,722	20,614,980,502
Current assets			
Short-term finances	10	33,631,427	42,392,159
Current maturity of non-current assets	11	13,801,882,128	14,000,869,545
Short-term investments	12	2,927,049,914	2,572,035,795
Advances and prepayments	13	379,356,083	111,992,648
Other receivables	14	101,216,151	150,176,307
Cash and bank balances	15	754,076,529	555,342,951
		17,997,212,232	17,432,809,405
Assets classified as held for sale	16	92,704,400	264,747,437
Total assets		39,329,892,354	38,312,537,344
EQUITY AND LIABILITIES			
Share capital and reserves			
Authorised share capital		3,500,000,000	3,500,000,000
350,000,000 (2023: 350,000,000) ordinary shares of Rs. 10 each			
Issued, subscribed and paid-up capital	17	1,754,076,470	1,754,076,470
Reserves		8,658,899,459	7,956,160,732
Total equity attributable to equity holders of the Holding Company		10,412,975,929	9,710,237,202
Non-controlling interest		1,007,154,906	953,578,804
		11,420,130,835	10,663,816,006
Non-current liabilities			
Long-term finances	19	7,746,643,711	9,403,749,589
Long-term certificates of deposit	20	893,235,446	989,747,273
Long-term deposits	21	269,719,334	326,691,002
Deferred taxation	22	573,185,939	504,930,622
Other long-term liabilities	23	150,185,454	193,792,585
Redeemable capital	25	142,400,000	179,500,000
		9,775,369,884	11,598,411,071
Current liabilities			
Creditors, accruals and other payables	26	1,844,974,102	1,438,240,713
Unpaid dividend		-	482,630,856
Unclaimed dividend		93,201,410	92,929,359
Short-term borrowings	27	1,683,561,376	860,821,168
Short-term certificates of deposit	28	4,183,106,620	3,310,914,290
Current maturity of non-current liabilities	29	10,071,866,736	9,447,102,792
Taxation - net		257,681,391	417,671,089
		18,134,391,635	16,050,310,267
Total equity and liabilities		39,329,892,354	38,312,537,344
Contingencies and commitments			
	30		

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Consolidated Statement of Profit or Loss

For The Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
INCOME			
Income from operations			
Markup on finance leases		2,783,923,586	2,880,850,518
Mark-up on finances and loans		5,244,032,681	3,851,042,003
		8,027,956,267	6,731,892,521
Income from other activities			
Other income - net	31	1,960,120,690	1,847,667,481
Share of profit from associate	32	139,598,202	118,023,757
		2,099,718,892	1,965,691,238
		10,127,675,159	8,697,583,759
EXPENSES			
Finance cost	33	4,968,226,208	3,983,384,162
Administrative and general expenses	34	1,904,174,336	1,692,698,049
Direct cost	35	540,538,205	717,605,632
		7,412,938,749	6,393,687,843
Profit before provision and taxation		2,714,736,410	2,303,895,916
(Reversal of provision) / provision for potential lease and other loan losses - net	36	(52,189,645)	84,645,169
Other provision - net	37	249,790,702	55,411,385
		197,601,057	140,056,554
Profit before taxation		2,517,135,353	2,163,839,362
Taxation	39	971,828,800	875,952,271
Profit for the year after taxation		1,545,306,553	1,287,887,091
Profit for the year after taxation attributable to:			
Equity holders of the Holding Company		1,419,116,803	1,194,688,135
Non-controlling interest		126,189,750	93,198,956
		1,545,306,553	1,287,887,091
Earnings per share - basic and diluted	50	8.09	6.81

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For The Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
Profit for the year after taxation attributable to:			
Equity holders of the Holding Company		1,419,116,803	1,194,688,135
Non-controlling interest		126,189,750	93,198,956
		<u>1,545,306,553</u>	<u>1,287,887,091</u>
Other comprehensive income			
Items that will be subsequently reclassified to the consolidated statement of profit or loss			
- Exchange (loss) / gain arising on translation of a foreign associate	7.1.3	(48,891,864)	495,154,959
- Deferred tax on exchange loss / (gain) arising on translation of foreign associates		19,067,827	(226,471,704)
		<u>(29,824,037)</u>	<u>268,683,255</u>
Items that will not be subsequently reclassified to the consolidated statement of profit or loss			
- Surplus on revaluation of leasehold land and office building	18	-	140,386,211
- Deferred tax on surplus on revaluation of office building	18	-	(21,543,097)
		<u>-</u>	<u>118,843,114</u>
- Fair value change on remeasurement of financial assets - net of deferred tax		(1,183,539)	(5,962,356)
- Deferred tax on fair value changes on remeasurement of financial assets		461,580	1,891,659
		<u>(721,959)</u>	<u>(4,070,697)</u>
- Remeasurement gain / (loss) on defined benefit obligation - staff gratuity	24.4	15,672,147	(15,431,263)
- Share of other comprehensive income from an associate	7.1.3	207,150	1,724,491
- Deferred tax on share of other comprehensive income an associate		(80,789)	971,854
		<u>126,361</u>	<u>2,696,345</u>
Total comprehensive income for the year		<u>1,530,559,065</u>	<u>1,658,607,845</u>
Total comprehensive income for the year attributable to:			
Equity holders of the Holding Company		1,404,369,315	1,565,408,889
Non-controlling interest		126,189,750	93,198,956
		<u>1,530,559,065</u>	<u>1,658,607,845</u>

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Consolidated Statement of Cash Flows

For The Year Ended June 30, 2024

	Note	2024	2023
-----Rupees-----			
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit before working capital changes	40	7,355,290,852	6,332,577,263
Increase / (decrease) in operating assets			
Investment in finance lease - net		2,747,191,725	1,403,037,528
Long-term finances and loans - net		(3,670,529,226)	(2,932,101,026)
Short-term finances		10,239,720	46,329,619
Long-term deposits		(81,000)	317,000
Advances and prepayments		(272,754,297)	260,912,967
Other receivables		24,587,138	21,867,099
		(1,161,345,940)	(1,199,636,813)
(Decrease) / increase in operating liabilities			
Deposits from lessee - net		(95,779,952)	22,780,335
Other long term liabilities - net		(825,875,159)	(603,053,465)
Trade and other payables		358,170,967	(124,062,468)
		(563,484,144)	(704,335,598)
Net cash generated from operating activities before income tax		5,630,460,768	4,428,604,852
Payment of provincial workers' welfare fund		(1,999,202)	(3,092,428)
Payment against staff retirement benefits		(21,835,992)	(11,413,776)
Income tax paid		(1,042,825,582)	(766,981,436)
Net cash generated from operating activities		4,563,799,992	3,647,117,212
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred - fixed assets for own use		(80,167,138)	(50,404,315)
Capital expenditure incurred - operating lease and ijarah assets		(354,420,624)	(726,045,483)
Proceeds from disposal of assets - own use		7,772,299	9,171,332
Proceeds from disposal of Ijarah finance assets		212,043,208	260,700,613
Investments - net		28,144,507	(1,322,589,576)
Dividend received		132,499,566	132,352,332
Interest received		526,310,011	223,774,971
Net cash generated from / (used in) investing activities		472,181,829	(1,473,040,126)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from long-term finances		3,021,883,866	4,500,000,000
Redeemable capital less repayments		1,390,930,000	(117,300,000)
Certificates of deposit redeemed - net		620,167,981	180,581,714
Repayment of long-term finances		(5,322,919,332)	(4,446,610,193)
Profit paid on redeemable capital		(678,714,448)	(436,645,128)
Finance cost paid		(3,386,292,526)	(2,684,368,013)
Payment of lease liability against right-of-use assets		(44,326,751)	(36,524,776)
Dividend paid		(1,256,603,041)	(460,140,935)
Net cash used in financing activities		(5,655,874,251)	(3,501,007,331)
Net decrease in cash and cash equivalents during the year		(619,892,430)	(1,326,930,245)
Cash and cash equivalents at the beginning of the year		(272,038,881)	1,054,891,364
Cash and cash equivalents at the end of the year	41	(891,931,311)	(272,038,881)

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Consolidated Statement of Changes in Equity

For The Year Ended June 30, 2024

	Attributable to equity holders of the Holding Company								Non-controlling Interest	Total equity
	Issued, subscribed and paid-up capital	Reserves						Total reserves		
		Capital reserves					Revenue reserve			
		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) -----										
Balance as at July 1, 2022	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
Total comprehensive income for year ended June 30, 2023										
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
Total comprehensive income / (loss) for the year	-	-	-	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)	-	-	-
Transactions with owners recorded directly in equity										
- 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. 2.5 per certificate	-	-	-	-	-	-	-	-	(72,613,648)	(72,613,648)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(72,613,648)	(774,244,236)
Balance as at July 1, 2023	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
Total comprehensive income for year ended June 30, 2024										
Profit for the year	-	-	-	-	-	-	1,419,116,803	1,419,116,803	126,189,750	1,545,306,553
Other comprehensive (loss) / income	-	-	-	(29,824,037)	(721,959)	-	15,798,508	(14,747,488)	-	(14,747,488)
Total comprehensive income / (loss) for the year	-	-	-	(29,824,037)	(721,959)	-	1,434,915,311	1,404,369,315	126,189,750	1,530,559,065
Transferred from surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	(29,729,376)	29,729,376	-	-	-
Deferred tax on transfer of surplus on revaluation of fixed assets on account of incremental depreciation	-	-	-	-	-	5,984,868	(5,984,868)	-	-	-
	-	-	-	-	-	(23,744,508)	23,744,508	-	-	-
Transfer to statutory reserve	-	-	69,645,536	-	-	-	(69,645,536)	-	-	-
Transactions with owners recorded directly in equity										
- Final 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)
- Interim cash dividend @ Rs.2 per ordinary share of Rs. 10.00 each for the year ended June 30, 2024	-	-	-	-	-	-	(350,815,294)	(350,815,294)	-	(350,815,294)
- Profit distribution for the year ended June 30, 2023 @ Rs. 2 per certificate	-	-	-	-	-	-	-	-	(72,613,648)	(72,613,648)
	-	-	-	-	-	-	(701,630,588)	(701,630,588)	(72,613,648)	(774,244,236)
Balance as at June 30, 2024	1,754,076,470	1,501,683,073	1,957,234,499	611,177,389	2,234,530	898,306,747	3,688,263,221	8,658,899,459	1,007,154,906	11,420,130,835

The annexed notes 1 to 54 form an integral part of these consolidated financial statements.



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 Regulation) 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+ (2023: AA+) and a short-term rating of A1+ (2023: A1+) to the Company on March 01, 2024 (2023: March 03, 2023).

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, 2024

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

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, 2024

- 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, 2024

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 year in which the estimate is revised if the revision affects only that year, or in the year of revision and future years if the revision affects both the current and future years. 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 and 37);
- (f) classification and valuation of assets classified as held for sale (notes 3.8 and 16);
- (g) recognition for taxation and deferred tax (notes 3.18, 22 and 39);
- (h) accounting for defined benefit obligation (notes 3.19 and 24);
- (i) provision against workers' welfare fund (notes 3.16 and 37); and
- (j) impairment of non-financial assets (notes 3.10).

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

- 2.6.1** During the year certain amendments IAS 1 'Presentation of Financial Statements' have become applicable to the Group which requires entities to disclose their material accounting policy information rather than their significant accounting policies. These amendments to IAS 1 have been introduced to help entities improve accounting policy disclosures so that they provide more useful information to stakeholders and other primary users of the financial statements. These amendments have been incorporated in these consolidated financial statements with the primary impact that the material accounting policy information has been disclosed rather than the significant accounting policies.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

2.6.2 There are certain other amendments to the published accounting and reporting standards that are mandatory for the Group's annual accounting period beginning on July 1, 2023. However, these are not considered to be relevant or do not have any material effect on the Group's financial statements and hence, therefore, have not been disclosed 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:

Interpretations or amendments	Effective date (accounting period beginning on or after)
- Amendments to IFRS 16 - Leases on sale and leaseback	January 1, 2024
- Amendments to IAS 1 - Non current liabilities with covenants	January 1, 2024
- Amendment to IFRS 9 and IFRS 7 - Classification and Measurement of Financial Instruments	January 1, 2026
- IFRS 18 - Presentation and Disclosure in Financial Statements	January 1, 2027

The new standard - IFRS 18 Presentation and Disclosure in Financial Statements (IFRS 18) (published in April 2024) with applicability date of January 1, 2027 by IASB. IFRS 18 is yet to be adopted in Pakistan. IFRS 18 when adopted and applicable shall impact the presentation of 'Income Statement' with certain additional disclosures in the consolidated financial statements.

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, 2024 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 MATERIAL ACCOUNTING POLICY INFORMATION

The material 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 unless otherwise stated.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 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 year 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 note 4.1 to these consolidated financial statements after taking into account residual values if significant. 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 upto 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 year 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.

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

CONSOLIDATED STATEMENT OF FINANCIAL POSTION

Increase in the tangible assets

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

Decrease in depreciation expense

Increase in earnings per share

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Increase in unappropriated profit

CONSOLIDATED STATEMENT OF CASH FLOWS

Decrease in depreciation expense

2024
----- Rupees -----
1,852,923
1,852,923
0.01
1,852,923
1,852,923

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 consolidated statement of profit or loss in the year in which they are incurred. The Ijarah assets are depreciated over the year of Ijarah finance on a straight line basis at the rates specified in note 4.2.

3.4.3 Lease liability and right-of-use asset

The Group enters into agreements to 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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.

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 in the consolidated statement of profit or loss on a straight line basis over the lease term.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 significant, 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 year in which these arise.

3.6 Net investment in finance lease

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

3.7 Allowance for potential lease and other loan losses

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, ijarah finance and diminishing musharika in which there has been a Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans, ijarah finance and diminishing musharika which are credit impaired as on the reporting date. A 12 months ECL is recorded for loans, 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 the credit risk, the management of the Group compares the risk of a default occurring on the loans, ijarah finance and diminishing musharika 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

Calculating ECL for lease, loan, ijarah finance and diminishing musharika 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.

During the last year, SECP vide S.R.O. 592(I)/2023 dated May 17, 2023 had 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 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, 2024.

3.8 Assets classified as held for sale

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

A non-current asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised through the consolidated statement of profit or loss for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent these 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 an associate

Investment in an 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 an 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 an associate and the carrying amount of the investment at the date the equity method was discontinued.

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

3.10 Impairment of non-financial assets

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

3.11 Financial assets

3.11.1 Classification and subsequent measurement

The Group classifies its financial assets, based on the business model of the entity, 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 consolidated statement of profit or loss and 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 year in which it arises.

3.11.2 Impairment

The Group assesses on a forward-looking basis the expected credit losses (ECL) associated with its financial assets carried at amortised cost and FVOCI. The Group recognises a loss allowance for such losses at each reporting date. The measurement of ECL reflects:

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

The 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 its significance may vary overtime to reflect changes in circumstances.

The Group applies the IFRS 9 simplified approach to measure expected credit losses for leases. 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.

3.11.3 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 these 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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. The factors considered by the Group in determining the business model for a group of assets include past experience on how the cash flows for these assets were collected, how the asset's performance is evaluated and reported to key management personnel, how risks are assessed and managed and how managers are compensated.

3.11.7 SPPI

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

3.11.8 Reclassifications

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

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 do not qualify for derecognition, whereby a financial liability is recognised for the consideration received for the transfer.

3.12.1 Derecognition

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

3.13 Offsetting of financial assets and financial liabilities

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

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

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

Costs in respect of above are recognised as an expense in the year 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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

- This is a return based certificate wherein a deposit is placed with the Modaraba for a definite period of time.
- Total profits after charging all expenses, provisions / impairments and Management Company's remuneration of the Modaraba are shared by the COM holders and the Modaraba in accordance with ratio declared by the Modaraba and accepted by the COM holders. In the absence of such declaration, the total profits shall be shared between the COM holders and the Modaraba in proportion to their contribution in the Funds.
- The amount of profit allocated to the COM holders shall be shared among different categories/tiers of the COM holders on the basis of predetermined weightages announced by the Modaraba at the beginning of each quarter.
- In the event of loss, such loss shall be shared between the COM holders and the Modaraba in proportion to their respective funds.

3.16 Provisions

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

3.17 Contingent liabilities

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

3.18 Taxation

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 year 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".

Levy

In accordance with Income Tax Ordinance, 2001 (Ordinance), computation of final taxes is not based on taxable income. Therefore, as per IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes issued by the Institute of Chartered Accountants of Pakistan (ICAP), these fall within the scope of IFRIC 21 / IAS 37. There are no material final taxes / levy that fall within the scope of IFRIC 21 / IAS 37 during the year ended June 30, 2024.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 consolidated statement of profit or loss and 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.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 in the consolidated statement of profit or loss on a 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 year in which it arises.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 year 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.

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. The Group has three primary reporting segments for reporting purpose namely, Finance lease, Finances & Loans and Islamic Finance.

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	2024	2023
4 FIXED ASSETS			
		-----Rupees-----	
Own use	4.1	1,194,734,098	1,208,894,540
Ijarah assets	4.2	1,260,176,914	1,628,711,815
Right-of-use assets	4.3	82,237,376	72,893,021
		<u>2,537,148,388</u>	<u>2,910,499,376</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

4.1 Fixed assets - own use

As at July 01, 2023

Cost / revalued amount
Accumulated depreciation
Net book value

Year ended June 30, 2024

Opening net book value

Additions

Disposals

Cost
Accumulated depreciation

Write-off

Cost
Accumulated depreciation

Less: depreciation charge

Net book value

As at June 30, 2024

Cost / revalued amount
Less: Accumulated depreciation
Net book value

Useful life / rate of depreciation

2024							
Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
Rupees							
900,015,000	134,294,300	201,510,786	184,146,172	114,778,796	98,719,382	16,111,713	1,649,576,149
-	-	(153,772,993)	(150,846,363)	(46,076,858)	(85,171,602)	(4,813,793)	(440,681,609)
900,015,000	134,294,300	47,737,793	33,299,809	68,701,938	13,547,780	11,297,920	1,208,894,540
900,015,000	134,294,300	47,737,793	33,299,809	68,701,938	13,547,780	11,297,920	1,208,894,540
-	-	9,697,380	21,406,672	35,941,430	9,663,600	-	76,709,082
-	-	(5,698,289)	(1,659,576)	(7,098,025)	(121,300)	-	(14,577,190)
-	-	3,917,574	1,588,575	4,319,056	121,300	-	9,946,505
-	-	(1,780,715)	(71,001)	(2,778,969)	-	-	(4,630,685)
-	-	(135,000)	(3,924,768)	-	(934,008)	-	(4,993,776)
-	-	135,000	3,924,768	-	934,008	-	4,993,776
(14,993,964)	(19,184,904)	(16,425,076)	(15,882,565)	(9,462,082)	(8,840,204)	(1,450,044)	(86,238,839)
885,021,036	115,109,396	39,229,382	38,752,915	92,402,317	14,371,176	9,847,876	1,194,734,098
900,015,000	134,294,300	205,509,877	203,893,268	143,622,201	108,261,682	16,111,713	1,711,708,041
(14,993,964)	(19,184,904)	(166,280,495)	(165,140,353)	(51,219,884)	(93,890,506)	(6,263,837)	(516,973,943)
885,021,036	115,109,396	39,229,382	38,752,915	92,402,317	14,371,176	9,847,876	1,194,734,098
77 & 99 years	11.10%	15% - 33%	15% - 20%	4-5 years	33%	10 years	

As at July 01, 2022

Cost / revalued amount
Accumulated depreciation
Net book value

Year ended June 30, 2023

Opening net book value

Additions

Movement in surplus on assets revalued during the year

Cost
Accumulated depreciation

Disposals

Cost
Accumulated depreciation

Less: depreciation charge

Net book value

As at June 30, 2023

Cost / revalued amount
Less: Accumulated depreciation
Net book value

Useful life / rate of depreciation

2023							
Leasehold land	Office building	Leasehold improvements	Furniture, fittings and office equipment	Vehicles	Computers and accessories	Machinery	Total
Rupees							
855,570,000	109,858,358	195,991,172	185,138,774	91,900,704	99,191,033	16,041,513	1,553,691,554
(27,135,000)	(21,971,665)	(138,687,634)	(139,278,734)	(42,204,048)	(79,996,998)	(3,364,276)	(452,638,355)
828,435,000	87,886,693	57,303,538	45,860,040	49,696,656	19,194,035	12,677,237	1,101,053,199
828,435,000	87,886,693	57,303,538	45,860,040	49,696,656	19,194,035	12,677,237	1,101,053,199
-	-	5,573,614	4,890,335	29,922,282	6,051,248	70,200	46,507,679
44,445,000	24,435,942	-	-	-	-	-	68,880,942
40,702,500	30,802,769	-	-	-	-	-	71,505,269
85,147,500	55,238,711	-	-	-	-	-	140,386,211
-	-	(54,000)	(5,882,937)	(7,044,190)	(6,522,899)	-	(19,504,026)
-	-	54,000	5,640,249	5,329,287	6,511,037	-	17,534,573
-	-	-	(242,688)	(1,714,903)	(11,862)	-	(1,969,453)
(13,567,500)	(8,831,104)	(15,139,359)	(17,207,878)	(9,202,097)	(11,685,641)	(1,449,517)	(77,083,096)
900,015,000	134,294,300	47,737,793	33,299,809	68,701,938	13,547,780	11,297,920	1,208,894,540
900,015,000	134,294,300	201,510,786	184,146,172	114,778,796	98,719,382	16,111,713	1,649,576,149
-	-	(153,772,993)	(150,846,363)	(46,076,858)	(85,171,602)	(4,813,793)	(440,681,609)
900,015,000	134,294,300	47,737,793	33,299,809	68,701,938	13,547,780	11,297,920	1,208,894,540
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, 2024

- 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 current forced sales value of leasehold land and office building 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:

		2024		
		Cost	Accumulated depreciation	Net book value
		Rupees		
Leasehold land		54,399,300	11,548,958	42,850,342
Office building		76,781,580	53,747,103	23,034,477
		<u>131,180,880</u>	<u>65,296,061</u>	<u>65,884,819</u>

		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>

- 4.1.2** Included in the cost of fixed assets - own use are fully depreciated items which are still in use aggregating to Rs. 379.06 million (2023: Rs. 349.99 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							
Book value not exceeding Rs. 500,000 each							
Furniture, fittings and office equipment	1,659,576	1,588,575	71,001	268,747	197,746	Negotiation	Various
Vehicles (various)	5,788,025	3,533,056	2,254,969	5,979,007	3,724,038	Negotiation	Various
Computers and accessories	121,300	121,300	-	70,000	70,000	Negotiation	Various
	7,568,901	5,242,931	2,325,970	6,317,754	3,991,784		
Book value exceeding Rs. 500,000 each							
Leasehold improvements	5,698,289	3,917,574	1,780,715	-	(1,780,715)	Trade In	K-Electric Limited
Vehicles	1,310,000	786,000	524,000	1,454,545	930,545	Negotiation	Mr. Omar Shahzad
	7,008,289	4,703,574	2,304,715	1,454,545	(850,170)		
Total - June 30, 2024	14,577,190	9,946,505	4,630,685	7,772,299	3,141,614		
Total - June 30, 2023	19,504,026	17,534,573	1,969,453	9,171,332	7,201,879		

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 - Ijarah assets

Description	2024								
	Cost			Accumulated depreciation				Net book value	Number of years of useful life
	As at July 1, 2023	Additions / (disposals)	As at June 30, 2024	As at July 1, 2023	Charge for the year / (on disposals)	Impairment / (reversal of impairment)	As at June 30, 2024	As at June 30, 2024	
	----- Rupees -----								
Machinery and generators	2,937,103,895	354,420,624 (891,468,080)	2,400,056,439	1,437,971,778	485,462,617 (706,747,103)	411,979	1,217,099,271	1,182,957,168	2.67 to 4 years
Vehicles	330,821,710	- (148,477,300)	182,344,410	201,242,012	28,263,037 (124,828,121)	447,736	105,124,664	77,219,746	3 to 5 years
	3,267,925,605	354,420,624 (1,039,945,380)	2,582,400,849	1,639,213,790	513,725,654 (831,575,224)	859,715	1,322,223,935	1,260,176,914	

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	

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

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

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

4.3 Right-of-use assets

Description	2024							
	Cost			Accumulated depreciation			Net book value	Number of years of useful life
	As at July 1, 2023	Additions / (disposals)	As at June 30, 2024	As at July 1, 2023	Charge for the year / (on disposals)	As at June 30, 2024	As at June 30, 2024	
Rupees								
Rental property	147,910,971	35,690,335 2,732,934	186,334,240	75,017,950	28,992,730 86,184	104,096,864	82,237,376	1 to 8.78 years
	147,910,971	35,690,335 2,732,934	186,334,240	75,017,950	28,992,730 86,184	104,096,864	82,237,376	

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	

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

5 INTANGIBLE ASSETS

Note	2024	2023
Rupees		
	4,448,768	3,533,305
	13,728,733	13,728,733
5.1	18,177,501	17,262,038

5.1 Following is a statement of intangible assets:

Description	2024							
	Cost			Accumulated amortisation			Net book value	Rate of amortisation / Number of years of useful life
	As at July 1, 2023	Additions / (disposals)	As at June 30, 2024	As at July 1, 2023	Charge for the year / (on disposals)	As at June 30, 2024	As at June 30, 2024	
	Rupees							
Computer software and license	128,232,684	3,458,056 -	131,690,740	124,699,379	2,542,593 -	127,241,972	4,448,768	33%
Goodwill	13,728,733	-	13,728,733	-	-	-	13,728,733	Indefinite life
Customer relationship for Ijarah	86,000,000	-	86,000,000	86,000,000	-	86,000,000	-	7 years
	227,961,417	3,458,056	231,419,473	210,699,379	2,542,593	213,241,972	18,177,501	

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

Description	2023							Rate of amortisation / Number of years of useful life
	Cost			Accumulated amortisation			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	3,896,636 (24,570)	227,961,417	196,545,555	14,157,919 (4,095)	10,699,379	17,262,038	

5.2 Included in cost of intangible assets are fully amortised items which are still in use aggregating to Rs. 123.41 million (2023: Rs. 123.39 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.

6 NET INVESTMENT IN FINANCE LEASE

Note	2024	2023
	Rupees	
Instalment contract receivables	12,006,476,058	15,965,496,335
Residual value	5,728,291,210	6,875,123,327
Less: adjustable security deposit	(5,724,992,167)	(6,864,775,784)
Gross investment in finance lease	12,009,775,101	15,975,843,878
Less: unearned finance income	(2,814,030,017)	(4,013,443,160)
Present value of investment in finance lease	9,195,745,084	11,962,400,718

6.1 Security deposit is received from the lessees under a 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	
	2024	2023	2024	2023
	Rupees			
Less than one year	6,838,982,727	8,440,178,391	5,043,931,312	6,085,689,467
One to five years	5,170,792,374	7,535,665,487	4,151,813,772	5,876,711,251
	12,009,775,101	15,975,843,878	9,195,745,084	11,962,400,718

6.3 The Holding Company's implicit rate of return on leases ranges from 15.00% to 36.18% (2023: 14.6% to 33.78%) per annum. These are secured against leased assets, security deposits averaging 25.15% (2023: 24.04%) of the cost of leased assets and personal guarantees.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

6.4 The aggregate amount of portfolio on which income is suspended as at June 30, 2024 amounted to Rs. 436.2 million (2023: Rs. 524.7 million).

6.5 Lease rentals received during the year amounted to Rs. 8,332 million (2023: Rs. 8,981 million).

7	INVESTMENT IN ASSOCIATE	Note	2024	2023
			Rupees	
	Related party			
	Investment in associate	7.1	1,707,416,512	1,718,529,322

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

2024	2023	Note	2024	2023
(Number of shares)			Rupees	
	Unquoted			
1,375,000	1,375,000	7.1.1	1,707,416,512	1,718,529,322
	Yanal Finance Company			

7.1.1 The Holding Company holds 2.5% (2023: 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 Holding 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, 2023 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 -----						
2024 - Unlisted						
Yanal Finance Company	31 December	121,691,408,785	52,443,984,596	17,341,192,495	7,165,043,688	2.50%
2023 - Unlisted						
Yanal Finance Company	31 December	119,012,181,688	49,546,270,295	11,005,545,171	5,172,018,135	2.50%

7.1.3	Movement of investment in associate is as follows:	Note	2024	2023
			Rupees	
	Balance at the beginning of the year		1,718,529,322	1,207,909,411
	Share of profit for the year	32	139,598,202	118,023,757
	Dividend received during the year		(102,026,298)	(104,283,296)
	Exchange (loss) / gain arising on translation of a foreign associate		(48,891,864)	495,154,959
	Share of other comprehensive income		207,150	1,724,491
	Balance at the end of the year		1,707,416,512	1,718,529,322

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

8 LONG-TERM INVESTMENTS

At amortised cost

Pakistan Investment Bonds (PIBs)

At fair value through other comprehensive income

Cashew Financial Services Limited

Less: current maturity

Note	2024	2023
	-----Rupees-----	
	-	203,006,501
	9,406,250	15,050,000
	9,406,250	218,056,501
11	-	(203,006,501)
	9,406,250	15,050,000

9 LONG-TERM FINANCES AND LOANS

Considered good

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

Key management personnel - related parties

Other executives

Other employees

Others - secured

Vehicle finance

Micro finance / small enterprise finance

Term Finance

Musharikah finance

Agri finance

Considered doubtful

Others - secured

Term finance

Vehicle finance

Micro finance / small enterprise finance

Musharikah finance

Agri finance

Less: allowance for potential loan losses

Less: general provision against micro finance

Accrued return on finance and loans

	2024	2023
	-----Rupees-----	
9.1	59,405,915	74,976,920
	150,834,208	204,901,475
9.2	210,240,123	279,878,395
9.7	86,065,345	123,057,624
	296,305,468	402,936,019
9.3	14,094,371,915	12,327,227,060
9.4	29,056,524	119,796,457
9.5	1,617,013,084	988,141,100
9.6	5,263,972,534	4,110,209,066
9.8	121,861,915	61,423,583
	21,126,275,972	17,606,797,266
	21,422,581,440	18,009,733,285
9.5	61,886,680	1,114,316
9.3	157,768,968	115,691,896
9.4	6,137,003	2,026,919
9.6	175,154,147	116,483,766
9.8	7,045,500	9,796,999
	407,992,298	245,113,896
36.2	(48,851,464)	(50,827,280)
	359,140,834	194,286,616
9.9 & 36.2	(1,145,976)	(600,679)
	21,780,576,298	18,203,419,222
	571,716,954	460,954,946
	22,352,293,252	18,664,374,168

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

Note	2024	2023
	-----Rupees-----	
Less: current maturity		
Key Management Personnel, other executives and employees	(55,176,017)	(60,905,655)
Others	(9,461,963,071)	(8,401,051,057)
11	(9,517,139,088)	(8,461,956,712)
	<u>12,835,154,164</u>	<u>10,202,417,456</u>

9.1 Loans to Key Management Personnel

Names	Maximum aggregate balance during the year	Provisions / (write-off)	2024	2023
			-----Rupees-----	
Mian Faysal Riaz	3,061,499	-	2,408,678	3,117,619
Mr. Abid Hussain Awan	5,000,000	-	5,000,000	-
Mr. Fahad Shahzad Memon	5,641,452	-	5,018,443	5,695,770
Mr. Haider Abbas Kalhar *	-	-	-	812,205
Mr. Hamood Ahmed	1,654,877	-	600,649	1,749,688
Mr. Hira Lal Bhavani **	-	-	-	280,394
Mr. Imtiaz Ahmad Chaudhary	5,821,160	-	730,041	5,922,931
Mr. Mohammad Arif Daya	-	-	-	1,834,457
Mr. Muhammad Ahsan Ilyas	12,071,359	-	-	11,749,265
Mr. Muhammad Aslam	3,465,078	-	3,329,329	2,968,225
Mr. Muhammad Azhar Waseem	4,677,348	-	674,918	-
Mr. Muhammad Siddique	2,363,884	-	-	2,424,119
Mr. Nabeil Rabbani	3,825,000	-	1,955,775	-
Mr. Nadir Shah	7,738,447	-	4,068,718	7,978,889
Mr. Raheel Qamar Ahmad	19,800,000	-	19,800,000	-
Mr. Salman Ali ***	2,400,691	-	297,375	-
Mr. Salwat Ahmad	20,005,226	-	11,782,886	20,387,776
Mr. Shafiq Ur Rehman	2,851,605	-	1,333,129	2,991,753
Mr. Tahir Ali Shah ****	-	-	-	3,441,735
Mr. Waqas Ahmad Khwaja	2,594,143	-	1,891,551	2,655,382
Ms. Aseya Qasim	932,793	-	514,423	966,712
		-	<u>59,405,915</u>	<u>74,976,920</u>

* Mr. Haider Abbas Kalhar ceased to be a key management personnel from February 29, 2024.

** Mr. Hira Lal Bhavani ceased to be a key management personnel of the Holding Company from October 11, 2023.

*** Mr. Salman Ali became a key management personnel of the Holding Company from March 01, 2024.

**** Mr. Tahir Ali Shah ceased to be a key management personnel of the Holding Company from December 05, 2023.

9.1.1 Loans to the key management personnel include house loan, vehicle loan and personal loan.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

9.2 Movement in loans to key management personnel and other executives

	2024	2023
	-----Rupees-----	
Opening balance	279,878,395	229,841,099
Disbursements during the year	37,409,045	107,218,438
Amount transfer to prepaid	(87,600,898)	-
Unwinding of Staff Loan	8,414,369	-
Transfer of resigned staff	(7,741,450)	-
Repayments during the year	(20,119,338)	(57,181,142)
Closing balance	210,240,123	279,878,395

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% (2023: 15.00% to 34.50%) per annum. These finances are repayable within a period of upto 6 years (2023: 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% (2023: 22.50% to 44.80%) per annum. These finances are repayable within a period of 1.25 to 2 years (2023: 1.25 to 2 years) and are secured against personal guarantees.

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% (2023: 20.00% to 29.55%) per annum. These finances are repayable within a period of upto 5 years (2023: 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 musharikah finance facilities provided to customers. The profit rate on these finances ranges from 21.07% to 27.49% (2023: 18.13% to 28.58%) per annum. The facilities have a repayment term of 3 to 5 years (2023: 3 to 5 years) and are secured by assets subject to musharikah 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 Company and carry mark-up rate ranging from 4% to 17.73% (2023: 4.00% to 17.70%) per annum.

Loans (other than house loans) carry mark-up rates ranging from 5% to 23.55% (2023: 5.00% to 22.80%) 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. 301.76 million (2023: Rs. 299.03 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% (2023: 28.00% to 33.00%) per annum. These loans are repayable within a period of 2 years (2023: within a period of 2 years) and are secured against title documents of the immovable properties.

9.9 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).

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

10 SHORT-TERM FINANCES

Note	2024	2023
-----Rupees-----		
10.1	2,963,689	36,027,049
	708,265	-
10.2	30,038,366	6,459,950
	33,710,320	42,486,999
10.2	659,979	421,683
	1,599,996	3,301,333
	2,259,975	3,723,016
36.2	(2,223,682)	(3,637,197)
	36,293	85,819
& 36.2	(115,186)	(180,659)
	33,631,427	42,392,159

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% (2023: 22.00% to 42.00%) 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 28.00% to 33.00% (2023: 17.00% to 33.00%) 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

Note	2024	2023
-----Rupees-----		
6.2	5,043,931,312	6,085,689,467
36	(528,062,002)	(562,224,766)
	4,515,869,310	5,523,464,701
8	-	203,006,501
9	9,517,139,088	8,461,956,712
36.2	(231,126,270)	(187,558,369)
	9,286,012,818	8,274,398,343
	13,801,882,128	14,000,869,545

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

12 SHORT-TERM INVESTMENTS

Note	2024	2023
-----Rupees-----		
At fair value through profit or loss		
Market treasury bills	12.1	2,560,551,321
Mutual Funds		350,918,237
		2,431,413,219
		123,858,681
At fair value through other comprehensive income		
Ordinary shares - unlisted	12.2 & 12.4	9,359,956
Ordinary shares - listed	12.3 & 12.4	6,220,400
		7,757,077
		9,006,818
		<u>2,927,049,914</u>
		<u>2,572,035,795</u>

12.1 These include investment amounted to Rs. 800.55 million (2023: Rs. 509.90 million) 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 6 months (2023: 1 to 3 months) from the reporting date, carrying yield ranging from 19.92% to 21.57% (2023: 21.60% to 21.99%) per annum.

12.2 This represents 705,882 (2023: 705,882) shares of Al-Baraka Bank (Pakistan) Limited, (Al-Baraka) having a face value of Rs. 10 per share.

12.3 This represents 295,536 (2023: 295,536) shares of LSE Proptech Limited (LSEPL) having a face value of Rs. 10 per share and 842,810 (2023: 842,810) shares of LSE Ventures limited (LSEVL) having a face value of Rs. 10 per share.

12.4 As at June 30, 2024, the fair value of LSE Ventures Limited, LSE Proptech Limited and Al Baraka Bank (Pakistan) Limited amounted to Rs. 4.85 million (2023: Rs. 7.59 million), Rs. 1.37 million (2023: Rs. 1.42 million) and Rs. 9.40 million (2023: Rs. 7.76 million) respectively.

13 ADVANCES AND PREPAYMENTS

Note	2024	2023
-----Rupees-----		
Advances - unsecured	13.1	229,786,768
		68,448,523
Prepayments		
Rent	13.2	4,214,145
Others		4,524,335
		39,019,790
		149,569,315
		43,544,125
		<u>379,356,083</u>
		<u>111,992,648</u>

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

13.2 This includes furnishing allowance provided to the Key Management Personnel.

Names	Maximum aggregate amount	2024	2023
		----- Rupees -----	
Mian Faysal Riaz	66,663	26,667	66,667
Mr. Abid Hussain Awan	166,838	141,688	112,482
Mr. Fahad Shahzad Memon	124,996	100,000	-
Mr. Haider Abbas Kalhar *	52,083	-	27,083
Mr. Hamood Ahmed	50,831	18,083	48,750
Mr. Imtiaz Ahmed Chaudhary	96,663	56,667	96,667
Mr. Mohammad Aslam	114,579	89,583	114,583
Mr. Mohammad Ikram	114,579	89,583	114,583
Mr. Salman Ali **	46,158	36,178	-
Mr. Shafiq Ur Rehman	43,069	18,313	43,063
Mr. Waqas Ahmed Khwaja	64,413	27,417	64,417
		<u>604,179</u>	<u>688,295</u>

* Mr. Haider Abbas Kalhar ceased to be a key management personnel from February 29, 2024.

** Mr. Salman Ali became key management personnel from March 01, 2024.

14 OTHER RECEIVABLES

Considered good

Ijarah finance rentals
Others

Note	2024	2023
	----- Rupees -----	
	73,257,439	107,333,953
14.1	27,958,712	42,842,354
	<u>101,216,151</u>	<u>150,176,307</u>
	2,723,045	5,192,607
	50,782,608	30,174,272
	2,562,364	1,726,601
	<u>56,068,017</u>	<u>37,093,480</u>
36.3	<u>(56,068,017)</u>	<u>(37,093,480)</u>
	<u>101,216,151</u>	<u>150,176,307</u>

Considered doubtful

Operating lease rentals
Ijarah finance rentals
Others

Less: allowance for potential losses

14.1 These include receivable from Yanal Finance Company (a related party) and ORIX Corporation, Japan (a related party) amounting to Rs. 2.9 million (2023: Rs. 8.8 million) and Rs. 1.9 million (2023: Rs. 1.6 million) respectively. Maximum amount outstanding at the end of any month during the year from Yanal Finance Company and ORIX Corporation, Japan was Rs 9.8 million and Rs. 1.9 million respectively.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

15 CASH AND BANK BALANCES

Note	2024	2023
-----Rupees-----		
	1,932,980	1,877,812
	302,459,049	86,513,761
15.1	449,684,500	466,951,378
	752,143,549	553,465,139
	-	-
15.2	754,076,529	555,342,951

15.1 These carry expected profits rates ranging from 5.50% to 20.50% per annum (2023: 5.50% to 19.50% per annum).

15.2 The balances held with banks in deposit accounts have been kept in order to comply with the requirement of the Modaraba Regulations, 2021 issued by the SECP with respect to the maintenance of the prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

16 ASSETS CLASSIFIED AS HELD FOR SALE

Note	2024	2023
-----Rupees-----		
	250,001	250,001
	87,754,399	87,754,399
16.2	172,043,037	172,043,037
16.3	4,700,000	4,700,000
	264,747,437	264,747,437
	(172,043,037)	-
	92,704,400	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% (2023: 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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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.

- 16.3** The Holding Company holds a 23% (2023: 23%) ownership interest in SAMA. In February 2019, the Board of Directors of the Holding Company approved the divestment of this investment. The Holding Company engaged in sale negotiation for disposal, signed a Sale Purchase Agreement (SPA) on October 17, 2019. Although the long stop date of the agreement expired in May 2022 without an extension, the Board reaffirmed their intention to sell in April 2023. Accordingly, the Holding Company has appointed a consultant to advise on and execute the sale. An impairment has been recorded against the investment due to hampered profits, using the present value valuation method. The disposal is expected to be completed within a year, subject to regulatory approvals.

17 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023		2024	2023
----(Number of shares) ----			-----Rupees-----	
		Ordinary shares of Rs. 10 each		
106,485,517	106,485,517	Fully paid in cash	1,064,855,170	1,064,855,170
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% (2023: 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, 2024 and June 30, 2023.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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

Note	2024	2023
	-----Rupees-----	
Opening balance	963,974,989	842,979,976
Revaluation surplus arising during the year	-	140,386,211
Adjustment in respect of incremental depreciation transferred to unappropriated profit	(29,729,376)	(19,391,198)
	934,245,613	963,974,989
Opening balance of deferred tax liability	(41,923,734)	(19,368,409)
Deferred tax liability on surplus on revaluation of office building arising during the year	-	(21,543,097)
Adjustment on transfer of incremental depreciation to unappropriated profit	5,984,868	(1,012,228)
22	(35,938,866)	(41,923,734)
	898,306,747	922,051,255

19 LONG-TERM FINANCES

Note	2024	2023
	-----Rupees-----	
& 19.2	10,615,229,428	12,170,843,184
19.3	1,875,000,000	2,625,000,000
	331,407,877	466,378,696
	12,821,637,305	15,262,221,880
	(6,403,138)	(10,981,428)
29	(5,068,590,456)	(5,847,490,863)
	(5,074,993,594)	(5,858,472,291)
	7,746,643,711	9,403,749,589

19.1 These includes finances obtained by the Holding Company which 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 20.32% to 22.59% (2023: 17.29% to 23.72%) per annum. These finances are repayable within a period of 36 to 60 months (2023: 36 to 60 months).

19.2 This also includes Musharika term finance obtained by the Modaraba from various banks / companies amounting to Rs.1,232 million (2023: Rs.1,650 million). These carry profit ranging from 19.03% to 23.62% (2023: 20.56% to 22.70%) per annum. These finances are repayable within a period of 36 to 60 months (2023: 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 kibor plus 0.8% and will mature on December 30, 2026 and are secured against hypothecation charge on receivables of the Holding Company.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

20 LONG-TERM CERTIFICATES OF DEPOSIT

Unsecured

Certificates of deposit
Accrued profit on certificate of deposits

Less: current maturity

Note	2024	2023
	-----Rupees-----	
20.1	1,365,458,407	1,502,853,920
	106,133,535	95,385,673
	1,471,591,942	1,598,239,593
29	(578,356,496)	(608,492,320)
	893,235,446	989,747,273

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 7.70% to 18.25% (2023: 7.10% to 17.50%) per annum and issued for terms ranging from 3 years to 10 years (2023: 3 years to 10 years).

21 LONG-TERM DEPOSITS

Security deposit on ijarah contracts
Less: current maturity

Note	2024	2023
	-----Rupees-----	
29	400,255,326	496,035,278
	(130,535,992)	(169,344,276)
	269,719,334	326,691,002

21.1 This represents amounts received under ijarah finance repayable / adjustable at the expiry of the lease period.

22 DEFERRED TAXATION

The deferred tax liability / (asset) is attributable to the following items:

- Accelerated tax depreciation
- Right-of-use assets and lease liability against right-of-use assets
- Surplus on revaluation of office building
- Unamortised transaction costs relating to long term finances and loans
- Investments
- Allowance for potential lease, loan and other losses

Note	2024	2023
	-----Rupees-----	
18	385,567,095	243,065,790
	(11,473,376)	(10,273,540)
	35,938,866	41,923,734
	2,497,224	4,282,757
	618,232,244	622,607,357
	(457,576,114)	(396,675,476)
	573,185,939	504,930,622

22.1 The movement in deferred tax during the year is as follows;

Opening
Charge / (reversal of charge) to the consolidated statement of profit or loss
Charge to the consolidated statement of profit or loss and other comprehensive income
Closing

Note	2024	2023
	-----Rupees-----	
39	504,930,622	299,991,506
	87,703,935	(40,212,172)
	(19,448,618)	245,151,288
	573,185,939	504,930,622

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

23 OTHER LONG-TERM LIABILITIES

Note	2024	2023
	-----Rupees-----	
Profit on certificates of deposit	72,316,765	126,746,202
Lease liability against right-of-use assets	77,868,689	67,046,383
	<u>150,185,454</u>	<u>193,792,585</u>

23.1 This represents accrued profit on certificates of deposit payable on maturity.

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

	2024			2023		
	Minimum lease payments	Financial charges	Principal outstanding	Minimum lease payments	Financial charges	Principal outstanding
	-----Rupees-----					
Not later than one year	45,230,307	16,998,154	28,232,153	37,620,802	10,987,197	26,633,605
Later than one year and not later than five years	88,955,381	33,730,665	55,224,716	76,681,482	14,995,825	61,685,657
Later than five years	32,812,970	10,168,997	22,643,973	6,264,736	904,010	5,360,726
	<u>166,998,658</u>	<u>60,897,816</u>	<u>106,100,842</u>	<u>120,567,020</u>	<u>26,887,032</u>	<u>93,679,988</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. In view of promulgation of Sindh Trust Act, 2020 (the Act), the Holding Company and the trustees of the fund have 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, 2024 using the Projected Unit Credit Method.

24.2 Principal actuarial assumptions

	2024	2023
- Discount rate	15.50%	15.75%
- Expected short term salary increase rate	15.00%	15.00%
- Expected long term salary increase rate	15.50%	15.75%
- Expected rate of return on plan assets	15.00%	12.29%
- Average service years	13.67	13.65

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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

	Note	2024	2023
----- Rupees -----			
Present value of defined benefit obligation	24.4	311,039,869	302,086,399
Fair value of any plan assets	24.4	(332,830,350)	(308,204,730)
		<u>(21,790,481)</u>	<u>(6,118,331)</u>

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

	2024		
	Present value of defined benefit obligation	Fair value of plan assets	Net asset
----- Rupees -----			
At July 1	302,086,399	(308,204,730)	(6,118,331)
Current service cost	22,842,173	-	22,842,173
Interest expense / (income)	47,071,640	(48,077,824)	(1,006,184)
	<u>372,000,212</u>	<u>(356,282,554)</u>	<u>15,717,658</u>
Remeasurements:			
Actuarial gain on plan assets	-	(4,774,461)	(4,774,461)
Actuarial gain on obligation	(10,897,686)	-	(10,897,686)
	<u>(10,897,686)</u>	<u>(4,774,461)</u>	<u>(15,672,147)</u>
	361,102,526	(361,057,015)	45,511
Contributions made	-	(21,835,992)	(21,835,992)
Benefits paid	(50,062,657)	50,062,657	-
At June 30	<u>311,039,869</u>	<u>(332,830,350)</u>	<u>(21,790,481)</u>

	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)
	<u>319,944,673</u>	<u>(330,080,491)</u>	<u>(10,135,818)</u>
Remeasurements:			
Actuarial loss on plan assets	-	18,494,869	18,494,869
Actuarial gain on obligation	(3,063,606)	-	(3,063,606)
	<u>(3,063,606)</u>	<u>18,494,869</u>	<u>15,431,263</u>
	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	<u>302,086,399</u>	<u>(308,204,730)</u>	<u>(6,118,331)</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

24.5 The amount recognised in consolidated statement of profit or loss is as follows:

Note	2024	2023
	-----Rupees-----	
Current service cost	22,842,173	20,613,945
Interest expense - net	(1,006,184)	(3,493,279)
	<u>21,835,989</u>	<u>17,120,666</u>

24.6 The amount recognised in the unconsolidated statement of profit or loss and other comprehensive income is as follows:

Actuarial gain / (loss) on plan assets	24.6.1	4,774,461	(18,494,869)
Actuarial gain on obligation	24.6.2	10,897,686	3,063,606
		<u>15,672,147</u>	<u>(15,431,263)</u>

24.6.1 Included in actuarial gain / (loss) on plan assets

Actual net return on plan assets	45,385,868	18,452,212
Interest income on plan assets	(48,077,824)	(36,947,081)
	(2,691,956)	(18,494,869)
Opening difference in fund accounts	7,466,417	-
Net return on plan assets over interest income	<u>4,774,461</u>	<u>(18,494,869)</u>

24.6.2 Included in actuarial gain on obligation

Gain / (loss) due to change in financial assumptions	1,179,565	(175,724)
Gain due to change in experience adjustments	9,718,121	3,239,330
	<u>10,897,686</u>	<u>3,063,606</u>

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

24.8 Plan assets consist of the following:

	2024 (Un-audited)		2023 (Audited)	
	(Rupees)	%	(Rupees)	%
Government securities	327,590,282	98.43%	297,840,538	96.64%
Term finance certificates	-	0.00%	6,000,000	1.94%
Cash and bank balances and others	5,240,068	1.57%	4,364,192	1.42%
	<u>332,830,350</u>	<u>100.00%</u>	<u>308,204,730</u>	<u>100.00%</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

24.9 Historical results

	2024	2023	2022	2021	2020
	Rupees				
Present value of defined benefit obligation	311,039,869	302,086,399	265,876,926	248,556,585	202,888,717
Fair value of plan assets	(332,830,350)	(308,204,730)	(293,133,410)	(256,909,032)	(242,152,664)
(Surplus) / deficit	(21,790,481)	(6,118,331)	(27,256,484)	(8,352,447)	(39,263,947)
Remeasurements of plan liabilities	(10,897,686)	(3,063,606)	21,750,801	(40,068,679)	(3,175,430)
Remeasurements of plan assets	(4,774,461)	18,494,869	(700,289)	8,012,246	(5,632,814)

24.10 Actual return on plan assets during the year amounted to Rs. 52.85 million (2023: Rs. 18.45 million).

24.11 Based on the actuarial advice, the Holding Company intends to charge an amount of approximately Rs. 20.30 million in respect of contribution to gratuity fund in the consolidated financial statements for the year ending June 30, 2025.

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

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

24.13 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%	291,276,841	331,763,264
Salary growth rate	1.0%	330,141,119	292,389,105

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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.

24.14 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	32,765,896	57,388,066	40,898,731	79,511,793	33,632,418	271,332,147

24.15 The weighted average duration of the defined benefit obligation is 6.5 years.

24.16 The information provided in notes 24.1 to 24.14 have been obtained from the details provided by the actuary of the Holding Company.

25 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

Note	2024	2023
	----- Rupees -----	
Certificates of Musharika (COM)	4,287,535,000	2,896,605,000
Profit payable on redeemable capital	121,016,639	78,036,728
	4,408,551,639	2,974,641,728
Less: current portion of redeemable capital	(4,266,151,639)	(2,795,141,728)
	142,400,000	179,500,000

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

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

25.2 Current portion of redeemable capital

Note	2024	2023
	----- Rupees -----	
Current portion of Certificates of Musharika	4,144,046,639	2,533,936,728
Payable to holders of matured Certificates of Musharika	122,105,000	261,205,000
25	4,266,151,639	2,795,141,728

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, 2024

26 CREDITORS, ACCRUALS AND OTHER PAYABLES

	Note	2024	2023
		----- Rupees -----	
Creditors		1,060,506,609	764,618,955
Accrued liabilities		233,711,163	199,064,542
Other liabilities			
Advances from customers against finance lease and ijarah finance		7,556,740	3,710,951
Sales tax payable		32,635,198	28,949,618
Federal excise duty payable		1,400,982	1,652,417
Insurance premium payable		222,703,420	210,848,538
Provision for Provincial Workers' Welfare Fund	26.1	205,464,073	157,884,487
Payable to minority shareholders of Standard Chartered Leasing Limited		14,694,152	14,719,516
Others		66,301,765	56,791,689
		550,756,330	474,557,216
		1,844,974,102	1,438,240,713

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 1.999 million (2023: 3.092 million) with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to June 30, 2024 in these consolidated financial statements on a prudent basis.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

27 SHORT-TERM BORROWINGS

Note	2024	2023
	----- Rupees -----	
From banking companies - secured		
Running finance arrangements	1,646,007,840	827,381,832
Accrued interest / mark-up on short term borrowings	37,553,536	33,439,336
	<u>1,683,561,376</u>	<u>860,821,168</u>

27.1 These represent short-term running finance facilities for financing of operations with limits aggregating to Rs. 2,950 million as at June 30, 2024 (2023: Rs. 3,050 million). These facilities have been obtained for financing of day to day operations. The rate of mark-up ranges from 22.39% to 22.99% (2023: 22.20% to 23.23%) 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

Note	2024	2023
	----- Rupees -----	
Unsecured		
Short-term certificates of deposit	3,897,166,782	3,146,303,288
Payable to holders of matured certificates of deposits	74,353,592	67,653,592
Accrued profit on short-term certificates of deposit	211,586,246	96,957,410
	<u>4,183,106,620</u>	<u>3,310,914,290</u>

28.1 These represent short-term certificates of deposit obtained for financing of operations, issued at rate of profit ranging from 17.00% to 22.25% (2023: 14.00% to 20.75%) per annum, for a term upto 12 months (2023: 12 months).

29 CURRENT MATURITY OF NON-CURRENT LIABILITIES

Note	2024	2023
	----- Rupees -----	
Current maturity of:		
Long-term finances	5,068,590,456	5,847,490,863
Long-term certificates of deposit	578,356,496	608,492,320
Lease liability against right-of-use asset	28,232,153	26,633,605
Long-term deposits	130,535,992	169,344,276
Redeemable capital	4,266,151,639	2,795,141,728
	<u>10,071,866,736</u>	<u>9,447,102,792</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 a 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 an appeal before the CIR-A wherein certain reliefs were allowed. The department filed an appeal against the order passed by the CIR-A. ATIR vide combined order dated September 6, 2023 read with difference of opinion dated January 6, 2024 disposed of the cross appeals whereby the matters were decided in the Holding Company's favor.

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, disallowance of tax loss on lease terminations and certain other matters. The Holding Company's appeals against these amended orders before the CIR-A were maintained. ATIR vide combined order dated January 18, 2024 disposed of the Holding Company's appeals whereby it decided most of the issues in the Holding Company's favor, whereas the matter of tax loss on pre-mature termination of lease was remanded back to DCIR with directions.

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.

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

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 orders before the CIR-A for all these years. On January 8, 2020 CIR-A disposed of Holding Company's appeals and decided certain matters in the Holding Company's favor whereas certain matters were remanded back to the Officer with specific directions. 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 are pending for adjudication.

In February 2021, the ACIR has given effect to the first appeal order setting aside assessments for tax years 2015 and 2016 where demands of Rs 11.06 million and Rs 118.76 million respectively have 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 demands u/s 140 of the Ordinance amounted to Rs 1.10 million and Rs 11.87 million for tax year 2015 and 2016 respectively. 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 wherein 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 appeals 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 rectified 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. CIR-A vide orders dated January 31, 2024 and July 31, 2023 disposed of the Holding Company's appeals for tax years 2017 and 2018, respectively, wherein he has remanded back most of the matters to the Officer with specific directions.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 was of the opinion that levy of super tax was unlawful and leading to double taxation. Accordingly in January 2019, the Holding Company had filed a 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 as 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 was unlawful and leading to a double taxation. The Holding Company along with the other companies had filed a constitutional petition before the Sindh High Court (SHC) challenging the levy of super tax. The SHC had granted stay, on submission of a 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 of the petitions stating levy of super tax is lawful, however, it would not be applied retrospectively i.e. for Tax Year 2022. Subsequently, the tax authorities filed an appeal against SHC decision in the Supreme Court of Pakistan (SCP). On February 16, 2023, SCP through an interim order directed SHC to en-cash a submitted bank guarantee upto 4% of taxable income and release the amount to the tax authorities. Accordingly, the Holding Company's bank has furnished pay-order of Rs. 87 million against its 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 discharge 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, 2024

30.1.7 Through Finance Act 2023, the Federal Government has retrospectively increased the levy against super tax up to 10% on high earning persons / companies for the tax year 2023 and onwards. The Holding Company's legal advisor was of the opinion that retrospective increase of levy of super tax is unlawful. Accordingly on January 15, 2024, the Holding Company had filed a constitutional petition before the Islamabad High Court (IHC) challenging the retrospective increase in levy of super tax from 4% to 10%. IHC vide order dated March 15, 2024 held that the amendments made through the Finance Act, 2023 do not have a retrospective application. The Department filed Intra Court Appeal (ICA), which is pending adjudication.

The Holding Company has already made a provision amounting to Rs. 216 million against the super tax for prior year.

30.1.8 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 (both on maturity and pre-mature) termination and certain other matters including super tax. The Holding Company has filed an appeal against the order before the CIR-A who vide order dated July 27, 2023 disposed-of the Holding Company's appeal. The Holding Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are 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.

30.1.9 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 pre-mature termination of leases, write-offs and certain other matters. The Holding Company has paid 10% of the demand u/s 140 of the Ordinance amounting to Rs 13.76 million. The Holding Company has filed an appeal against the order. CIR-A vide order dated August 8, 2023 disposed-of the Holding Company's appeal. The Holding Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are 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.

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For The Year Ended June 30, 2024

30.1.10 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 loss on pre-mature termination of leases, write-offs and certain other matters. On August 3, 2022, the Holding Company has filed an appeal before the CIR-A. 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. CIR-A issued an order on February 26, 2024, disposed of the Holding Company's appeal. The Holding Company as well as the department have filed appeals before the ATIR on the matters which have not been decided in their favor and are 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 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 in the name of the Holding Company, which was duly responded along with previous submitted reply and evidences on June 29, 2022. The Officer passed the order under sections 161/205 dated July 6, 2022 raising a demand of Rs 86.7 million holding the Holding Company as assessee in default for non-deduction of tax. On July 28, 2022, the Holding Company has filed an appeal before the CIR-A. On January 8, 2024, CIR-A has disposed-of the Holding Company's appeal by remanding back to the Officer with directions for scrutiny of documents. The department has filed an appeal before the ATIR which 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.

30.1.12 During October 2022, the DCIR issued notices under section 176 of the Ordinance to reconcile withholding of income tax with payments as per the audited financial statements 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 the Holding Company's submitted reply. A 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 of the Holding Company's appeal by remanding back to the Officer with directions for scrutiny of documents.

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.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

30.1.13 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 is in accordance with the law and accordingly the Holding Company filed a constitutional petition before the SHC against the recovery of impugned advance tax demand. The SHC has passed a stay order restricting the FBR from taking any coercive measures against the Holding Company.

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

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

In April, 2016, the Holding Company had filed suits against the show cause notices relating to the years 2012 to 2015 before Sindh High Court (SHC) challenging the levy of SPST on renting of generators and obtained a stay order restricting SRB from taking any coercive measures against the Holding Company. In 2019, these suits were withdrawn due to the decision by Supreme Court of Pakistan that in order for a suit to continue, a minimum of 50% of the tax calculated by the tax authorities must be deposited in 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 years 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 favorable 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-of the petition filed by the Holding Company on applicability of stamp duty on purchase orders and issued its decision on January 22, 2022, dismissing the 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.

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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.

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 favorable outcome. Accordingly no tax provision has been made in these consolidated financial statements.

30.2 Commitments relating to capital expenditure at the reporting date amounted to Rs. 1.59 million (2023: Rs. 0.83 million).

30.3 OLP Modaraba

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

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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 gain / (loss) on remeasurement of financial assets at fair value through profit or loss - net

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 (loss) / gain - net

2024	2023
----- Rupees -----	
119,707,571	71,630,583
485,242,726	172,443,657
31,834,774	28,069,036
117,340,970	276,653,990
-	12,903,707
837,497,410	978,556,138
2,549,979	(3,480,059)
1,594,173,430	1,536,777,052
169,485,800	131,379,557
72,880,726	62,613,958
3,141,614	7,201,879
-	(20,475)
3,673,052	19,245,417
116,824,682	84,557,540
(58,614)	5,912,553
365,947,260	310,890,429
1,960,120,690	1,847,667,481

32 SHARE OF PROFIT FROM ASSOCIATE

Name of associate	2024		2023	
	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 -----				
Un-quoted - related party				
Yanal Finance Company	7,165,043,688	139,598,202	5,172,018,135	118,023,757

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

2024	2023
----- Rupees -----	
3,142,317,234	2,664,063,395
721,694,359	429,514,180
94,701,142	196,786,791
896,822,420	595,284,289
18,410,515	13,669,535
7,298,200	5,761,874
43,111,692	46,324,055
43,870,646	31,980,043
4,968,226,208	3,983,384,162

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

34 ADMINISTRATIVE AND GENERAL EXPENSES

Note	2024	2023
	----- Rupees -----	
Salaries, allowances, welfare and training	34.1 1,373,682,370	1,224,626,699
Rent and utilities	34.2 105,425,250	100,018,001
Travelling	12,105,843	7,011,637
Vehicle running and maintenance	24,780,102	22,115,776
Insurance on operating assets	7,271,235	6,159,769
Legal and professional charges	38,086,358	46,887,005
Communication	25,619,362	24,817,493
Subscriptions	11,497,354	8,738,691
Auditors' remuneration	34.3 32,990,905	13,858,338
Advertising	10,397,833	9,364,780
Printing and stationery	18,697,289	18,315,371
Depreciation	4.1 & 4.3 115,231,569	102,594,264
Amortisation	5.1 2,542,593	1,872,204
Office repairs and maintenance of equipment	85,148,214	71,212,330
Donations	34.4 10,020,000	9,203,502
Office general expenses	30,678,059	25,902,189
	<u>1,904,174,336</u>	<u>1,692,698,049</u>

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

Defined benefit plan - gratuity fund	24.5 21,835,989	17,120,666
Defined contribution plan - gratuity fund	-	4,910,102
Defined contribution plan - provident fund	33,346,448	37,307,049
Charge against compensated absences	688,217	647,235
	<u>55,870,654</u>	<u>59,985,052</u>

34.2 This includes rent expenses of Rs. 47.25 million (2023: Rs. 49.94 million) against short term leases and leases of low value assets.

34.3 As per Rule 9 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, NBFCs require to obtain insurance coverage against any losses that may be incurred as a result of employee's fraud or gross negligence. Accordingly, the holding company has obtained insurance coverage for the year ended June 30, 2024 and June 30, 2023.

34.4 Auditors' remuneration

Audit services

Annual audit fee	5,010,500	4,306,049
Half yearly review fee	1,066,430	906,985
Sales tax on audit fee and other services	551,031	495,300
Out of pocket expenses	887,460	694,087
	<u>7,515,421</u>	<u>6,402,421</u>

Non-audit services

Other services and certifications	1,912,284	1,935,917
Tax advisory services	23,563,200	5,520,000
	<u>25,475,484</u>	<u>7,455,917</u>
	<u>32,990,905</u>	<u>13,858,338</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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

The Layton Rahmatullah Benevolent Trust (LRBT)

Note	2024	2023
	----- Rupees -----	
34.4.1	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

34.5.1 The Chief Executive Officer of the Holding Company (Mr. Shaheen Amin) is a Trustee of LRBT.

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	2024	2023
	----- Rupees -----	
	9,160,961	8,935,761
	17,651,590	20,803,055
	-	5,571,593
4.2	513,725,654	670,009,508
5.1	-	12,285,715
	<u>531,377,244</u>	<u>708,669,871</u>
	<u>540,538,205</u>	<u>717,605,632</u>

36 PROVISION FOR POTENTIAL LEASE AND OTHER LOAN LOSSES

	2024				
	Finance lease (note 36.1)	Finance and loans (note 36.2)	Sub-total	Operating lease ijarah and other receivables (note 36.3)	Total
	----- Rupees -----				
Balance at the beginning of the year	705,045,604	242,804,184	947,849,788	37,093,480	984,943,268
Provision charge for the year	168,820,759	148,886,471	317,707,230	24,210,237	341,917,467
Reversal made during the year	(274,114,540)	(95,782,335)	(369,896,875)	(320,362)	(370,217,237)
	(105,293,781)	53,104,136	(52,189,645)	23,889,875	(28,299,770)
Write-offs	(19,463,909)	(12,445,742)	(31,909,651)	(4,915,338)	(36,824,989)
	<u>580,287,914</u>	<u>283,462,578</u>	<u>863,750,492</u>	<u>56,068,017</u>	<u>919,818,509</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

	2023				
	Finance lease (note 36.1)	Finance and loans (note 36.2)	Sub-total	Operating lease ijarah and other receivables (note 36.3)	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)
	705,045,604	242,804,184	947,849,788	37,093,480	984,943,268

		Note	2024	2023
			Rupees	
36.1	Provision against finance leases			
	Long term portion of provision against finance leases		52,225,912	142,820,838
	Current portion of provision against finance leases	11	528,062,002	562,224,766
			580,287,914	705,045,604
36.2	Provision against finances and loans			
	Long-term finances and loans	9	49,997,440	51,427,959
	Current portion of long-term finances and loans	11	231,126,270	187,558,369
	Short-term finances and loans	10	2,338,868	3,817,856
			283,462,578	242,804,184

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

36.2.1 Finances and loans - particulars provision against finances and loans

	2024				
	Expected Credit Loss			General	Total
	Stage 1	Stage 2	Stage 3		
	Rupees				
Balance at the beginning of the year	60,863,800	7,899,810	173,259,236	781,338	242,804,184
Charge on new disbursements	16,311,774	1,007,480	2,137,376	-	19,456,630
Additional charge	-	33,763,009	100,441,808	479,824	134,684,641
Loans and finances derecognised or repaid / reversal	(18,009,713)	(2,408,809)	(48,422,754)	-	(68,841,276)
Transfer to stage 1	130,925	(130,925)	-	-	-
Transfer to stage 2	(63,119)	63,119	-	-	-
Transfer to stage 3	(411,052)	(1,692,272)	2,103,324	-	-
Net changes in contract risk	(30,251,142)	(1,458,433)	(486,284)	-	(32,195,859)
	(32,292,327)	29,143,169	55,773,470	479,824	53,104,136
Write-offs	-	-	(12,445,742)	-	(12,445,742)
Balance at the end of the year	28,571,473	37,042,979	216,586,964	1,261,162	283,462,578

	2023				
	Stage 1	Stage 2	Stage 3	General	Total
	Rupees				
Balance at the beginning of the year	6,975,683	3,018,674	359,990,260	331,838	370,316,455
Charge on new disbursements	34,798,204	3,623,495	2,667,588	-	41,089,287
Additional charge	4,563,264	1,847,513	23,822,044	449,500	30,682,321
Loans and finances derecognised or repaid / reversal	(738,090)	(1,098,161)	(38,671,344)	-	(40,507,595)
Transfer to stage 1	25,693	(25,693)	-	-	-
Transfer to stage 2	(278,934)	278,934	-	-	-
Transfer to stage 3	(11,966)	(11,131)	23,097	-	-
Net changes in contract risk	15,529,946	266,179	13,659,986	-	29,456,111
	53,888,117	4,881,136	1,501,371	449,500	60,720,124
Write-offs	-	-	(188,232,395)	-	(188,232,395)
Balance at the end of the year	60,863,800	7,899,810	173,259,236	781,338	242,804,184

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

36.2.2 Finances and loans - category of classification

	2024		2023	
	Exposure	Provision	Exposure	Provision
	Rupees			
Stage 1	19,652,915,155	28,571,473	16,981,451,314	60,863,800
Stage 2	1,911,716,367	37,042,979	1,089,686,530	7,899,810
Stage 3	301,912,511	216,586,964	229,919,352	173,259,236
General Provision	-	1,261,162	-	781,338
	<u>21,866,544,033</u>	<u>283,462,578</u>	<u>18,301,057,196</u>	<u>242,804,184</u>

36.3 Provision against ijarah and other receivables

	Note	2024	2023
		Rupees	
Other receivables	14	<u>56,068,017</u>	<u>37,093,480</u>

37 OTHER PROVISIONS - NET

Operating lease, ijarah and other receivables

Provision / (reversal of provision) against other receivables
(Reversal of provision) / provision against operating lease receivables
Provision against ijarah receivables

835,763	(8,757,007)
(320,363)	129,673
<u>23,374,475</u>	<u>18,457,714</u>
23,889,875	9,830,380

Others

Provision for provincial Workers' Welfare Fund
Reversal of impairment on assets under Ijarah arrangements
Provision for services sales tax on Management Company's remuneration
Impairment against assets held for sale

49,578,789	42,743,228
859,715	-
37.1 3,419,286	2,837,777
16 172,043,037	-
<u>249,790,702</u>	<u>55,411,385</u>

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.

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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:

	2024				
	Chief Executive of the holding Company	Executive Director of the Holding Company	Chief Executive of the Management Company	Executives	Total
	Rupees				
Managerial remuneration	43,560,000	3,424,940	19,456,196	239,235,226	305,676,362
Bonus	15,200,000	3,100,000	6,000,000	130,370,181	154,670,181
House rent and utilities	15,840,000	1,245,433	-	89,027,342	106,112,775
Other perquisites	-	697,296	-	100,787,411	101,484,707
Retirement benefits	8,386,525	847,024	1,699,470	33,019,838	43,952,857
	82,986,525	9,314,693	27,155,666	592,439,998	711,896,882
Number of persons	1	1	1	96	99

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For The Year Ended June 30, 2024

	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>

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's policy.

38.4 Aggregate amount charged in these consolidated financial statements includes meeting fees paid to 8 non-executive directors amounting to Rs. 13.20 million (2023: Rs. 10.72 million to 6 non-executive directors).

39 TAXATION

Note	2024	2023
	----- Rupees -----	
Current tax	39.1 964,750,502	932,015,966
Prior year tax	(80,625,637)	(15,851,523)
Deferred tax	22.1 87,703,935	(40,212,172)
	<u>971,828,800</u>	<u>875,952,271</u>

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, 2024 and June 30, 2023 is as follows.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

	2024	2024	2023	2023
	(Effective tax rate) (%)	Rupees	(Effective tax rate) (%)	Rupees
Profit before taxation		<u>2,517,135,353</u>		<u>2,163,839,362</u>
Tax at enacted tax rate	29.00	729,969,252	29.00	627,513,415
Tax effect of income subject to final tax regime	(0.10)	(2,541,478)	(0.12)	(2,541,478)
Tax effect of rebates / credits	(0.29)	(7,224,098)	(0.20)	(4,357,649)
Impact of changes in rates	-	-	1.56	33,849,038
Prior year	0.02	406,649	(0.76)	(16,473,748)
Super tax	9.57	240,884,939	10.34	223,793,026
Others	0.41	10,333,536	0.65	14,169,667
	<u>38.61</u>	<u>971,828,800</u>	<u>40.47</u>	<u>875,952,271</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, had 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 had 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, 30.1.8, 30.1.9 and 30.1.10.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

40 OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES

	Note	2024	2023
		----- Rupees -----	
Profit before taxation		2,517,135,353	2,163,839,362
Adjustments for			
Depreciation	4.1, 4.2 & 4.3	628,957,223	778,175,365
Amortisation	5.1	2,542,593	14,157,919
Amortisation of transaction cost	33	7,298,200	5,761,874
(Reversal of provision) / provision for potential lease and other loan losses - net	36	(52,189,645)	84,645,169
Provision for provincial Workers Welfare Fund	37	49,578,789	42,743,228
Provision against Ijarah receivable	37	23,374,475	18,457,714
Provision of impairment on assets under Ijarah arrangements	37	859,715	-
Impairment against assets held for sale	37	172,043,037	-
Provision / (reversal of provision) against other receivables	37	515,400	(8,627,334)
Provision for services sales tax on Management Company's remuneration	37	3,419,286	2,837,777
Gain on sale of investments - net	31	(117,340,970)	(276,653,990)
Share of profit from associate	32	(139,598,202)	(118,023,757)
Exchange loss / (gain) - net	31	58,614	(5,912,553)
Charge for defined benefit plan - gratuity fund	34.1	21,835,989	17,120,666
Write-off in respect of net investment in Ijarah finance		-	370,000
Unrealised (gain) / loss on remeasurement of financial assets at fair value through profit or loss - net	31	(2,549,979)	3,480,059
Finance cost including bank charges	33	3,986,128,291	3,313,491,572
Profit on certificates of deposit	33	896,822,420	595,284,289
Dividend income	31	(31,834,774)	(28,069,036)
Return on investments and deposits	31	(119,707,571)	(71,630,583)
Interest income on government securities	31	(485,242,726)	(172,443,657)
Gain on disposal of Ijarah assets	31	(3,673,052)	(19,245,417)
Gain on disposal of fixed assets	31	(3,141,614)	(7,201,879)
Loss on disposal of intangible asset	31	-	20,475
		4,838,155,499	4,168,737,901
		7,355,290,852	6,332,577,263

41 CASH AND CASH EQUIVALENTS

Cash at bank	15	752,143,549	553,465,139
Cash in hand	15	1,932,980	1,877,812
Short-term running finance facilities	27	(1,646,007,840)	(827,381,832)
		(891,931,311)	(272,038,881)

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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

	2024						
	Certificates of Deposits	Long term finances	Unclaimed dividend / unpaid dividend	Redeemable capital	Lease liability against right of use asset	Share Capital	Share premium
	Rupees						
Balance as at July 01, 2023	4,716,810,800	14,784,861,756	575,560,215	2,896,605,000	93,679,988	1,754,076,470	1,501,683,073
Changes from financing cash flows							
Repayment	(3,858,360,541)	(5,322,919,332)	-	6,903,430,000	(44,326,751)	-	-
Proceeds received	4,478,528,522	3,021,883,866	-	(5,512,500,000)	-	-	-
Dividend paid	-	-	(1,256,603,041)	-	-	-	-
Total changes from financing activities	620,167,981	(2,301,035,466)	(1,256,603,041)	1,390,930,000	(44,326,751)	-	-
Other changes							
Additions net of adjustments	-	-	-	-	38,337,090	-	-
Finance cost charged	-	-	-	-	18,410,515	-	-
Dividend declared	-	-	774,244,236	-	-	-	-
Total other changes	-	-	774,244,236	-	56,747,605	-	-
Balance as at June 30, 2024	<u>5,336,978,781</u>	<u>12,483,826,290</u>	<u>93,201,410</u>	<u>4,287,535,000</u>	<u>106,100,842</u>	<u>1,754,076,470</u>	<u>1,501,683,073</u>
							<u>25,563,401,866</u>

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, 2024

42.1 Segment analysis is given below:

	2024				
	Finance lease	Finances and loans	Islamic Finance	Investment in associates & others	Total
	Rupees				
Segment revenues	2,947,224,395	4,213,214,502	1,982,748,455	984,487,807	10,127,675,159
Finance cost	1,304,552,886	1,812,354,527	1,008,423,986	842,894,809	4,968,226,208
Administrative and general expenses	674,286,687	936,755,069	280,215,536	12,917,044	1,904,174,336
Direct cost	5,915,495	20,334,506	513,746,725	541,479	540,538,205
Provisions / (reversals) - net	(105,293,781)	63,079,010	14,259,316	175,977,723	148,022,268
Segment results	1,067,763,108	1,380,691,390	166,102,892	(47,843,248)	2,566,714,142
Provision for provincial worker's welfare fund					(49,578,789)
Provision for taxation					(971,828,800)
Profit for the year					1,545,306,553
Other information					
Segment assets	8,615,707,171	16,389,841,375	6,769,727,272	4,849,173,460	36,624,449,278
Unallocated assets					2,705,443,076
Total assets					39,329,892,354
Segment liabilities	143,557,678	652,320,186	267,269,568	(69,627,115)	993,520,317
Unallocated liabilities					26,916,241,202
Total liabilities					27,909,761,519
Capital expenditure	-	-	354,420,624	-	354,420,624
Depreciation and amortisation	-	-	513,725,654	-	513,725,654
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	76,709,082
Additions made to intangible assets	-	-	-	-	3,458,056
Unallocated depreciation and amortisation	-	-	-	-	117,774,162

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

	2023				
	Finance lease	Finances and loans	Islamic Finance	Investment in associates & others	Total
	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
Segment results	1,051,012,031	907,055,288	176,709,343	71,805,928	2,206,582,590
Provision for provincial worker's welfare fund					(42,743,228)
Provision for taxation					(875,952,271)
Profit for the year					1,287,887,091
Other information					
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
Total assets					38,312,537,344
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
Total liabilities					27,648,721,338
Capital expenditure	-	-	354,420,624	-	354,420,624
Depreciation and amortisation	-	-	513,725,654	-	513,725,654
Unallocated					
Capital expenditure - fixed assets for own use	-	-	-	-	76,709,082
Additions made to intangible assets	-	-	-	-	3,458,056
Unallocated depreciation and amortisation	-	-	-	-	117,774,162

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

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	2024		2023	
	(Rupees)	%	(Rupees)	%
Individuals	9,824,407,278	31.83%	9,191,536,905	29.50%
Goods transport	2,743,050,697	8.92%	3,021,604,860	9.70%
Public transport	2,472,866,839	8.04%	2,235,926,726	7.18%
Services	2,061,879,463	6.71%	2,111,715,321	6.78%
Distributor	1,420,596,982	4.62%	1,497,546,647	4.81%
Textile and Allied	1,804,959,227	5.87%	2,334,404,391	7.49%
Trading	883,403,046	2.88%	1,069,639,582	3.43%
Fuel and Energy	1,060,650,464	3.45%	1,082,655,541	3.47%
Construction	918,530,386	2.99%	1,016,262,660	3.26%
Chemical and Pharmaceutical	1,067,856,591	3.48%	1,123,066,989	3.60%
Glass, Ceramics and Plastic	957,211,655	3.12%	863,212,762	2.77%
Food and Allied	1,175,757,883	3.83%	1,294,009,357	4.15%
Miscellaneous	961,524,126	3.13%	1,018,146,497	3.27%
Steel and Engineering	1,026,044,505	3.34%	1,008,432,192	3.24%
Paper, Board and Printing	833,006,633	2.71%	813,308,887	2.61%
Automotive Industry	384,783,015	1.26%	440,666,729	1.41%
Natural Resource and Farming	141,866,072	0.47%	284,353,044	0.91%
Sugar	740,501,111	2.41%	623,666,365	2.00%
Cables, Electric and Electronic Goods	287,087,676	0.94%	130,311,091	0.42%
	<u>30,765,983,649</u>	<u>100.00%</u>	<u>31,160,466,546</u>	<u>100.00%</u>

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

	2024	2023
	----- Rupees -----	
Net investment in finance leases	9,195,745,084	11,962,400,718
Other finances and loans	21,570,238,565	19,198,065,828
	<u>30,765,983,649</u>	<u>31,160,466,546</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. 20,94 million (2023: Rs. 21,97 million).

42.4 Geographical segment analysis

The Group's operations are restricted to Pakistan only.

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

43 TRANSACTIONS WITH RELATED PARTIES

The Group has related party relationships with its 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.

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

	2024	2023
	----- Rupees -----	
ORIX Corporation, Japan - Parent Company - 49.58% Holding		
Dividend paid	804,384,760	-
Re-imbursement of cost	277,200	-
Yanal Finance Company		
- Associate / Common directorship 2.5% ownership		
Dividend received	102,026,298	104,283,296
Reimbursement of cost	11,686,400	21,240,461
SAMA Finance SAE - 23% ownership		
Impairment against asset held for sale	172,043,037	-
OLP Financial Services Pakistan Limited		
- Employees Provident Fund		
Contribution made	33,346,448	31,412,555
ORIX Modaraba - Staff Provident Fund		
Contribution made	6,724,956	5,894,494
OLP Financial Services Pakistan Limited - Staff Gratuity Fund		
Contribution made	21,835,992	11,413,776
ORIX Modaraba - Staff Gratuity Fund		
Contribution made	5,601,790	4,910,102
Refund received by the Modaraba	728,877	1,547,358

Notes to and Forming Part of the Consolidated Financial Statements

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Transactions with related parties during the year are given below:

Charity / Donation paid - Common Directorship

The Indus Hospital
The Layton Rahmatullah Benevolent Trust - Donation
The Layton Rahmatullah Benevolent Trust - Charity
The Patients' Behbood Society for AKU

2024	2023
----- Rupees -----	
-	1,000,000
4,000,000	1,000,000
-	1,000,000
2,000,000	1,000,000

Other related party transactions during the year

Directors and key management personnel

Compensation of directors and key management personnel
Director fees paid
Short-term employee benefits
Retirement benefits
Total compensation to directors and key management personnel

2024	2023
----- Rupees -----	
10,150,000	9,000,000
334,491,139	309,376,346
22,688,304	21,474,288
367,329,443	339,850,634
2,001,172	-
102,544	-
914,010	-
10,681,000	23,815,997
9,808,161	12,068,456
23,112,038	23,559,094
13,800,000	5,900,000
8,546,836	3,929,211
234,163	375,454
87,677	-
2,042,142	1,596,142

Issuance of certificates of deposit to key management personnel

Amount of profit on certificates of deposit issued to
- key management personnel

Redemption of certificates of deposit issued to
- key management personnel

Staff loans disbursed to key management personnel

Interest recovered on staff loans to key management personnel

Principal recovered on staff loans to key management personnel

Redeemable capital issued (net off redemption)

Profit on redeemable capital

Dividend paid to key management personnel - net of tax

Dividend paid to directors - net of tax

Dividend received by the Chief Executive Officer of
- the Holding Company

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

43.2 The balances with related parties as at year end:

	2024	2023
	----- Rupees -----	
Investment in associate	1,707,416,512	1,718,529,322
Investment in associates - held for sale		
- OPP (Private) Limited	87,754,399	87,754,399
- SAMA Finance SAE , Egypt	-	172,043,037
Certificates of deposit held by key management personnel	2,001,172	28,450,000

The balances with related parties as at year end:

	2024	2023
	----- Rupees -----	
Accrued profit on certificates of deposit held by - key management personnel	249,907	2,660,536
Outstanding loans to key management personnel	50,691,455	74,976,920
Accrued interest on loans to key management personnel	105,032	605,341
Outstanding redeemable capital to key management personnel	42,250,000	28,450,000
Profit payable on redeemable capital to - key management personnel	7,985,000	2,660,536
Advance to the Chief Executive Officer of - OLP Services Pakistan (Private) Limited	-	1,320,000
Payable to OLP Financial Services Pakistan Limited - Staff Gratuity Fund	-	5,706,888
Receivable from Yanal Finance Company - Associate	2,871,582	8,777,774
Receivable from ORIX Corporation, Japan - Parent Company	1,892,895	1,615,695
Unpaid dividend payable to ORIX Corporation, Japan - Parent Company	-	482,630,856

Notes to and Forming Part of the Consolidated Financial Statements

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44 STAFF STRENGTH

	2024	2023
	----- Number of staff -----	
Group's staff strength at the end of the year	449	488
Average number of employees*	437	489

* 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

45.1 Operated by the Holding Company

The Holding Company operates Staff Provident Fund for its employees. The following information is based on the financial statements of the Fund as at June 30, 2024 (un-audited) and June 30, 2023 (audited):

	Note	Unaudited 2024	Audited 2023
		----- Rupees -----	
Size of the Fund - total assets		855,162,424	754,355,166
Fair value of investments	45.1.1	844,585,889	741,598,779
		----- Percentage -----	
Percentage of investments made		99%	98%

The cost of the above investments amounted to Rs. 810.18 million (2023: Rs. 735.44 million).

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

	Unaudited 2024	Audited 2023	Unaudited 2024	Audited 2023
	-----Percentage-----		-----Rupees-----	
Cash and bank deposits	1.00%	1.43%	8,454,682	10,614,470
Government securities				
- Treasury Bills	72.37%	48.71%	611,269,026	361,199,017
- Pakistan Investment Bonds	24.26%	45.14%	204,862,181	334,785,292
- Debt Securities - Listed (TFC)	2.37%	4.72%	20,000,000	35,000,000
	100.00%	100.00%	844,585,889	741,598,779

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.

For The Year Ended June 30, 2024

45.2.1 The Modaraba has set up provident fund for its permanent employees and the contributions are made by the Modaraba to the fund. The total contribution made to the provident fund for the year ended June 30, 2024 was Rs. 6.725 million (2023: Rs. 5.894 million). The audit of the provident fund for the year ended June 30, 2024 is in progress. The total assets of the provident fund, based on the unaudited financial statements as at June 30, 2024 amounted to Rs. 60.374 million (2023: Rs. 64.093 million), out of which 58.97% (2023: 45.61%) was invested in different financial instruments categories while 41.03% (2023: 54.08%) as deposits with Banks in remunerative accounts. The fair value as at June 30, 2024 of investments of the provident fund amounted to Rs. 59.393 million (2023: Rs. 63.498 million). The investments out of provident fund have been made in accordance with the requirements of section 218 of the Companies Act, 2017 and the rules formulated for this purpose.

	2024		
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income
ASSETS			
Net investment in finance lease	8,615,457,170	-	-
Long-term investments	9,406,250	-	-
Long-term deposits	11,294,566	-	-
Finances and loans	22,154,798,409	-	-
Short-term investments	-	2,911,469,558	15,580,356
Other receivables	101,216,151	-	-
Cash and bank balances	754,076,529	-	-
	31,646,249,075	2,911,469,558	15,580,356
LIABILITIES			
Long-term finances	-	10,946,637,305	10,946,637,305
Privately placed term finance certificates	-	1,868,596,862	1,868,596,862
Certificates of deposit	-	5,654,698,562	5,654,698,562
Other long-term liabilities	-	72,316,765	72,316,765
Redeemable capital	-	4,408,551,639	4,408,551,639
Trade and other payables	-	1,597,917,109	1,597,917,109
Lease liability against right-of-use assets	-	106,100,842	106,100,842
Unclaimed dividend	-	93,201,410	93,201,410
Short-term borrowings	-	1,683,561,376	1,683,561,376
	-	26,431,581,870	26,431,581,870

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For The Year Ended June 30, 2024

	2023		
	At amortised cost	At fair value through profit or loss	At fair value through other comprehensive income
	-----Rupees-----		
ASSETS			
Net investment in finance lease	11,257,355,114	-	-
Long-term investments	218,056,501	-	-
Long-term deposits	11,213,566	-	-
Finances and loans	18,519,207,958	-	-
Short-term investments	-	2,555,271,900	16,763,895
Other receivables	150,176,307	-	-
Cash and bank balances	555,342,951	-	-
Net investment in ijarah finance	-	-	-
	<u>30,711,352,397</u>	<u>2,555,271,900</u>	<u>16,763,895</u>
			<u>33,283,388,192</u>

	2023	
	At fair value through profit or loss	At amortised cost
	-----Rupees-----	
LIABILITIES		
Long-term finances	-	12,637,221,880
Privately placed term finance certificates	-	2,614,018,572
Certificates of deposit	-	4,909,153,883
Other long-term liabilities	-	126,746,202
Redeemable capital	-	2,974,641,728
Trade and other payables	-	1,246,043,240
Lease liability against right-of-use asset	-	93,679,988
Unpaid dividend	-	482,630,856
Unclaimed dividend	-	92,929,359
Short-term borrowings	-	860,821,168
	<u>-</u>	<u>26,037,886,876</u>
		<u>26,037,886,876</u>

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 Holding Company 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.

Notes to and Forming Part of the Consolidated Financial Statements

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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 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:

	2024	2023
	----- Rupees -----	
Foreign currency bank account	7,884,425	8,148,551
Investment in associate	1,707,416,512	1,718,529,322
Assets classified as held for sale	-	172,043,037

As at June 30, 2024, 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. 171.56 million (2023: Rs. 189.87 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:

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For The Year Ended June 30, 2024

		2024							
		Effective yield / profit rate %	Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
On-balance sheet financial instruments		Rupees							
Financial assets									
Net investment in									
finance lease	15.00% - 36.18%	8,615,457,170	596,213,776	792,276,153	3,075,153,469	4,151,813,772	-	-	-
Long-term investments		9,406,250	-	-	-	-	-	-	9,406,250
Long-term deposits		11,294,566							11,294,566
Finances and loans	4.00% - 44.80%	22,154,798,409	3,091,712,560	4,266,157,806	6,137,634,340	8,489,621,746	126,517,647		43,154,310
Short-term investments	19.92% - 21.57%	2,927,049,914	667,958,309	972,367,139	920,225,873	-	-	-	366,498,593
Other receivables		101,216,151	-	-	-	-	-	-	101,216,151
Cash and bank balances	5.50% - 20.50%	754,076,529	449,684,500	-	-	-	-	-	304,392,029
Total		34,573,298,989	4,805,569,145	6,030,801,098	10,133,013,682	12,641,435,518	126,517,647		835,961,899
Financial liabilities									
Long-term finances	19.02% - 23.62%	10,946,637,305	638,946,689	1,619,332,177	2,724,469,556	5,963,888,883	-	-	-
Privately placed term finance certificates	21.04% - 23.71%	1,868,596,862	(532,023)	186,435,805	559,436,616	1,123,256,464	-	-	-
Certificates of deposit	7.70% - 22.25%	5,654,698,562	226,786,945	539,992,048	3,993,016,566	894,903,003	-	-	-
Other long-term liabilities		72,316,765	-	-	-	-	-	-	72,316,765
Redeemable capital	20.00% - 21.99%	4,408,551,639	327,105,000	837,300,000	3,101,746,639	142,400,000	-	-	-
Trade and other payables		1,597,917,109	-	-	-	-	-	-	1,597,917,109
Lease liability against right-of-use asset		106,100,842	-	-	-	-	-	-	106,100,842
Unclaimed dividend		93,201,410	-	-	-	-	-	-	93,201,410
Short-term borrowings	22.39% - 22.99%	1,683,561,376	1,683,561,376	-	-	-	-	-	-
Total		26,431,581,870	2,875,867,987	3,183,060,030	10,378,669,377	8,124,448,350	-	-	1,869,536,126
On-balance sheet gap (a)		8,141,717,119	1,929,701,158	2,847,741,068	(245,655,695)	4,516,987,168	126,517,647		(1,033,574,227)
Off-balance sheet financial instruments		-	-	-	-	-	-		-
Off-balance sheet gap (b)		-	-	-	-	-	-		-
Total interest rate sensitivity gap (a+b)		8,141,717,119	1,929,701,158	2,847,741,068	(245,655,695)	4,516,987,168	126,517,647		
Cumulative interest rate sensitivity gap		8,141,717,119	10,071,418,277	12,919,159,345	12,673,503,650	17,190,490,818	17,317,008,465		

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For The Year Ended June 30, 2024

		2023						
Effective yield / profit rate %		Total	Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	Not exposed to yield / profit rate risk
On-balance sheet financial instruments		Rupees						
Financial assets								
Net investment in								
finance lease	9.34% - 27.55%	11,257,355,114	679,278,502	802,329,786	3,898,878,156	5,876,868,670	-	-
Long-term investments	7.25% - 12.00%	218,056,501	-	203,006,501	-	-	-	15,050,000
Long-term deposits		11,213,566	-	-	-	-	-	11,213,566
Finances and loans	4.00% - 38.41%	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	7.13% - 7.60%	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	2.90% - 6.00%	555,342,951	466,951,378	-	-	-	-	88,391,573
Total		33,283,388,192	4,800,748,654	5,684,906,996	8,838,883,679	13,082,391,032	112,248,480	764,209,351
Financial liabilities								
Long-term finances	6.52% - 8.63%	12,637,221,880	1,169,585,980	936,910,894	3,206,592,355	7,324,132,651	-	-
Privately placed term finance certificates	11.22% - 15.58%	2,614,018,572	(653,750)	186,192,291	558,523,216	1,869,956,815	-	-
Certificates of deposit	6.50% - 13.15%	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	6.5% - 7.75%	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	7.62% - 8.58%	860,821,168	860,821,168	-	-	-	-	-
Total		26,037,886,876	2,563,049,608	2,703,703,235	8,104,562,649	10,363,336,739	-	2,303,234,645
On-balance sheet gap (a)		7,245,501,316	2,237,699,046	2,981,203,761	734,321,030	2,719,054,293	112,248,480	(1,539,025,294.00)
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		7,245,501,316	2,237,699,046	2,981,203,761	734,321,030	2,719,054,293	112,248,480	
Cumulative interest rate sensitivity gap		7,245,501,316	2,237,699,046	5,218,902,807	5,953,223,837	8,672,278,130	8,784,526,610	

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. 281.49 million (2023: Rs. 277.92 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, 2024 would have been lower / higher by Rs. 237.60 million (2023: Rs. 233.40 million).

The Group holds unutilized credit lines with banks amounting in aggregate to Rs 2,950 million as at June 30, 2024 (2023: Rs. 3,050 million) as disclosed in the note 27.1.

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b) Sensitivity analysis for fixed rate financial instruments

As at June 30, 2024, 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 Company would have been higher / lower by Rs. 5.30 million (2023: Rs. 3.5 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.

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	Carrying value		Maximum exposure	
	2024	2023	2024	2023
	----- Rupees -----		----- Rupees -----	
Net investment in finance lease	8,615,457,170	11,257,355,114	8,615,457,170	11,257,355,114
Long-term investments	9,406,250	218,056,501	-	-
Long-term deposits	11,294,566	11,213,566	11,294,566	11,213,566
Finances and loans	22,154,798,409	18,519,207,958	22,154,798,409	18,519,207,958
Short-term investments	2,927,049,914	2,572,035,795	-	-
Other receivables	101,216,151	150,176,307	101,216,151	150,176,307
Cash and bank balances	754,076,529	555,342,951	752,143,549	553,465,139
	<u>34,573,298,989</u>	<u>33,283,388,192</u>	<u>31,634,909,845</u>	<u>30,491,418,084</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:

	2024			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	-----Rupees-----			
Within 90 days	99,719	41,660,310	-	41,760,029
91 - 180 days	39,004,599	219,417,355	-	258,421,954
181 - 365 days	38,478,388	24,918,355	63,705,872	127,102,615
Over 1 Year	361,800,027	124,256,253	37,882,244	523,938,524
	<u>439,382,733</u>	<u>410,252,273</u>	<u>101,588,116</u>	<u>951,223,122</u>
Less: general and specific provision	580,287,914	283,462,578	56,068,017	919,818,509
Net of Provision	<u>(140,905,181)</u>	<u>126,789,695</u>	<u>45,520,099</u>	<u>31,404,613</u>
Coverage Ratio	<u>132.07%</u>	<u>69.09%</u>	<u>55.19%</u>	<u>96.70%</u>

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

	2023			
	Finance lease (net of security deposit)	Finances & loans	Investments & other receivables	Total
	-----Rupees-----			
Within 90 days	3,521,259	-	-	3,521,259
91 - 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
	528,224,712	248,526,714	49,780,807	826,532,233
Less: General and specific provision	705,045,604	242,804,184	37,093,480	984,943,268
Net of provision	(176,820,892)	5,722,530	12,687,327	(158,411,035)
Coverage Ratio	133.47%	97.70%	74.51%	119.17%

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, 2024 and June 30, 2023:

	2024	2023
	----- Rupees -----	
Bank balances		
AAA	711,104,232	524,545,308
AA+	760,598	8,469,306
AA	38,081,051	10,338,166
A+	39,600	-
AA-	589,453	7,815,429
A-	-	508
A	558,375	304,234
State bank of Pakistan	1,010,240	1,992,188
	752,143,549	553,465,139

The Group does not hold any other financial asset which are rated.

47.2.1 The Group applies the IFRS 9 simplified approach to measure expected credit losses for net investment in finance lease. To measure the expected credit losses, such financial assets have been grouped based on days past due. On that basis, the loss allowance as at June 30, 2024 and June 30, 2023 was determined as follows:

Notes to and Forming Part of the Consolidated Financial Statements

For The Year Ended June 30, 2024

Net investment in finance lease

	2024			2023		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	Rupees					
Not yet due	0.87%	6,967,592,107	60,551,226	0.76%	9,154,136,265	69,891,686
1-30 days	1.54%	3,418,342,450	52,520,900	2.16%	5,035,090,979	108,985,357
31-90 days	6.88%	1,039,939,330	71,514,163	5.02%	1,091,510,610	54,790,821
91-365 days	48.94%	103,302,863	50,551,296	46.34%	79,669,165	36,916,706
More than 365 days	72.31%	477,299,308	345,150,329	71.80%	605,089,316	434,461,034
Total			580,287,914			705,045,604

Ijarah and other receivable

	2024			2023		
	Expected loss rate	Gross carrying amount	Loss allowance	Expected loss rate	Gross carrying amount	Loss allowance
	Rupees					
Not yet due	0.00%	39,828,645	-	0.00%	111,911,737	-
1-30 days	0.00%	-	-	0.00%	-	-
31-90 days	0.00%	-	-	0.00%	197,679	-
91-365 days	28.55%	63,705,872	18,185,773	100.00%	2,990,673	2,990,673
More than 365 days	100.00%	37,882,244	37,882,244	78.55%	43,412,906	34,102,807
Total			56,068,017			37,093,480

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

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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.

	2024				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Long-term finances	10,946,637,305	13,702,889,749	1,452,579,519	4,253,649,586	7,996,660,644
Privately placed					
term finance certificates	1,868,596,862	2,418,113,014	286,935,616	798,659,589	1,332,517,809
Certificates of deposit	5,727,015,327	6,835,432,575	955,785,574	4,583,129,989	1,296,517,012
Redeemable capital	4,408,551,639	4,287,535,000	1,164,405,000	2,980,730,000	142,400,000
Trade and other payables	1,597,917,109	1,597,917,109	1,597,917,109	-	-
Lease liability against right of use asset	106,100,842	166,998,658	10,649,854	34,580,453	121,768,351
Unpaid dividend	-	-	-	-	-
Unclaimed dividend	93,201,410	93,201,410	93,201,410	-	-
Short-term borrowings	1,683,561,376	2,179,997,341	161,662,527	2,018,334,814	-
	26,431,581,870	31,282,084,856	5,723,136,609	14,669,084,431	10,889,863,816

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	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>

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:

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- 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:

	2024			
	Level 1	Level 2	Level 3	Level 4
Financial assets	----- Rupees -----			
Financial assets at fair value through other comprehensive income				
Ordinary shares-unlisted	-	18,766,206	-	18,766,206
Ordinary shares-listed	6,220,400	-	-	6,220,400
Financial assets at fair value through profit or loss				
Market treasury bills (T-bills)	-	2,560,551,321	-	2,560,551,321
Mutual funds	-	350,918,237	-	350,918,237
Non-financial assets				
Fixed assets (Leasehold land & building) *	-	-	1,000,130,432	1,000,130,432
Total	<u>6,220,400</u>	<u>2,930,235,764</u>	<u>1,000,130,432</u>	<u>3,936,586,596</u>

	2023			
	Level 1	Level 2	Level 3	Level 4
Financial assets	----- Rupees -----			
Financial assets at fair value through other comprehensive income				
Ordinary shares-unlisted	-	22,807,077	-	22,807,077
Ordinary shares-listed	9,006,818	-	-	9,006,818
Financial assets at fair value through profit or loss				
Market treasury bills (T-bills)	-	2,431,413,219	-	2,431,413,219
Mutual funds	-	123,858,681	-	123,858,681
Non-financial assets				
Fixed assets (Leasehold land & building) *	-	-	1,034,309,300	1,034,309,300
Total	<u>9,006,818</u>	<u>2,578,078,977</u>	<u>1,034,309,300</u>	<u>3,621,395,095</u>

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Item	Valuation approach and input used
Market Treasury bills	The fair value of Market Treasury bills is derived using PKRV rates. PKRV rates are 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.
Fixed assets (leasehold land and office building)*	The revaluation by the valuer is carried out on the basis of professional assessment of present market values.
Short-term investments	The fair value of 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 Holding Company 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, 2024

50 EARNINGS PER SHARE - basic and diluted

Profit for the year after taxation attributable to equity holders of the Holding Company (Rupees)

2024	2023
1,419,116,803	1,194,688,135
175,407,647	175,407,647
8.09	6.81

Weighted average number of ordinary shares

Earnings per share - basic and diluted (Rupees)

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, 2024 and June 30, 2023 which would have had any effect on the earnings per share.

51 INTERESTS IN OTHER ENTITIES

NCI Percentage (%)

2024	2023
80%	80%

Non-current assets

----- Rupees -----

Current assets

Non-current liabilities

Current liabilities

Net assets attributable to non-controlling interest

Revenue

Expenses

Profit after taxation for the year

Other comprehensive income attributable to non-controlling interest

Total comprehensive income attributable to non-controlling interest

Net cash outflow on operating activities

Net cash inflow from investing activities

Net cash inflow from / (outflow) on financing activities

Associates

Details about the Group's investment in an 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, 2024

52 NON-ADJUSTING EVENTS AFTER THE REPORTING DATE

The Board of Directors of the Holding Company in its meeting held on September 18, 2024 proposed a final cash dividend of Rs. 3 per share (2023: Rs. 2 per share) for the year ended June 30, 2024, amounting to Rs. 526,222,941 (2023: 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 25, 2024. The consolidated financial statements for the year ended June 30, 2024 do not include the effect of the above appropriation which will be accounted for in the consolidated financial statements of the Group for the year ending June 30, 2025.

The Board of Directors of the OLP Services Pakistan (Private) Limited (The Management Company of OLP Modaraba) in their meeting held on September 14, 2024 approved a cash distribution of Rs. 2 (2023: Rs. 2.00) per certificate. The consolidated financial statements for the year ended June 30, 2024 do not include the effect of this distribution which will be accounted for in the consolidated financial statements for the year ending June 30, 2025.

53 DATE OF AUTHORISATION FOR ISSUE

These consolidated financial statements were authorised for issue on September 18, 2024 by the Board of Directors of the Holding Company.

54 GENERAL

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



Shaheen Amin
Chief Executive Officer



Ramon Alfrey
Director



Abid Hussain Awan
Chief Financial Officer

Pattern of Shareholding

As At June 30, 2024

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares	Percentage (%)
	FROM	TO		
1,419	1	100	40,008	0.02
588	101	500	153,494	0.09
270	501	1,000	197,550	0.11
606	1,001	5,000	1,457,987	0.83
155	5,001	10,000	1,122,519	0.64
97	10,001	15,000	1,226,065	0.70
47	15,001	20,000	855,660	0.49
36	20,001	25,000	827,481	0.47
23	25,001	30,000	621,366	0.35
16	30,001	35,000	530,059	0.30
13	35,001	40,000	490,895	0.28
14	40,001	45,000	614,002	0.35
17	45,001	50,000	836,029	0.48
12	50,001	55,000	631,140	0.36
6	55,001	60,000	353,382	0.20
5	60,001	65,000	315,000	0.18
4	65,001	70,000	270,831	0.15
5	70,001	75,000	371,688	0.21
5	75,001	80,000	398,681	0.23
2	85,001	90,000	178,032	0.10
3	90,001	95,000	281,931	0.16
8	95,001	100,000	800,000	0.46
3	100,001	105,000	307,964	0.18
2	105,001	110,000	217,200	0.12
5	110,001	115,000	564,855	0.32
1	115,001	120,000	118,125	0.07
5	125,001	130,000	634,292	0.36
2	130,001	135,000	264,861	0.15
1	135,001	140,000	138,126	0.08
2	145,001	150,000	296,790	0.17
1	155,001	160,000	160,000	0.09
3	160,001	165,000	488,601	0.28
1	165,001	170,000	169,807	0.10
1	170,001	175,000	175,000	0.10
2	185,001	190,000	376,695	0.21
1	190,001	195,000	192,000	0.11
2	195,001	200,000	396,500	0.23
2	205,001	210,000	413,000	0.24
1	210,001	215,000	211,014	0.12
1	215,001	220,000	218,000	0.12
1	225,001	230,000	230,000	0.13
1	230,001	235,000	234,555	0.13
1	245,001	250,000	246,818	0.14
1	255,001	260,000	260,000	0.15
1	270,001	275,000	275,000	0.16

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares	Percentage (%)
	FROM	TO		
2	295,001	300,000	595,337	0.34
1	305,001	310,000	310,000	0.18
1	330,001	335,000	334,475	0.19
1	345,001	350,000	350,000	0.20
1	375,001	380,000	378,630	0.22
1	400,001	405,000	405,000	0.23
2	410,001	415,000	824,000	0.47
1	430,001	435,000	431,000	0.25
1	440,001	445,000	443,100	0.25
1	450,001	455,000	453,300	0.26
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	500,001	505,000	500,630	0.29
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	550,001	555,000	550,697	0.31
1	555,001	560,000	555,475	0.32
1	565,001	570,000	568,318	0.32
2	595,001	600,000	1,198,000	0.68
1	650,001	655,000	655,000	0.37
1	660,001	665,000	663,902	0.38
1	690,001	695,000	693,000	0.40
1	695,001	700,000	697,620	0.40
1	725,001	730,000	727,400	0.41
1	905,001	910,000	910,000	0.52
1	935,001	940,000	937,932	0.53
1	1,060,001	1,065,000	1,062,068	0.61
1	1,160,001	1,165,000	1,162,984	0.66
1	1,345,001	1,350,000	1,347,578	0.77
1	1,500,001	1,505,000	1,500,150	0.86
1	1,995,001	2,000,000	1,997,100	1.14
1	2,300,001	2,305,000	2,302,500	1.31
1	4,055,001	4,060,000	4,055,500	2.31
1	4,490,001	4,495,000	4,493,000	2.56
1	6,050,001	6,055,000	6,053,500	3.45
1	11,370,001	11,375,000	11,370,447	6.48
1	17,210,001	17,215,000	17,212,223	9.81
1	86,955,001	86,960,000	86,956,830	49.58
3,436			175,407,647	100

Categories of Shareholding

As At June 30, 2024

CATEGORIES OF SHAREHOLDERS	Number of Shareholders	Number of Shares Held	Percentage
1 Directors, Chief Executive Officer, and their spouse and minor children			
Mr. Khalid Aziz Mirza		630	
Mr. Rashid Ahmed Jafer		500	
Mr. Ramon Alfrey		49,908	
Mr. Shaheen Amin		550,630	
	7	601,668	0.34
2 Executives	6	27,715	0.02
3 Associated Companies, Undertakings and related Parties			
ORIX Corporation	3	86,960,515	49.58
4 NIT and ICP	-	-	-
5 Banks, Development Financial Institutions, Non Banking Financial Institutions	4	262,291	0.15
6 Insurance Companies	4	18,364,151	10.47
7 Modarabas and Mutual Funds	3	296,051	0.17
8 Share holders holding 10%	3	86,960,515	49.58
9 Foreign Companies	2	6,358,000	3.62
10 General Public :			
a. local	3,362	59,108,817	33.70
b .Foreign	-	-	-
11 Others	45	3,428,439	1.95
Total (excluding : Shareholders holding 10%)	3,436	175,407,647	100.00

Shareholders holding five percent or more voting rights

ORIX Corporation	86,960,515	49.58
State Life Insurance Corporation of Pakistan	17,212,223	9.81
Atiq Begum	13,881,009	7.91
Total	118,053,747	67.30

Details of purchase / sale of shares by Directors, Executives* and their spouses during 2024:

Name	Date of Transaction	Number of Shares Purchased	Purchase Price Per Share
Mr. Rashid Ahmed Jafer Independent Director	15-Dec-23	500	23.69
Mr. Shaheen Amin Chief Executive Officer	21-Aug-23	140,000	20.03
Mr. Imtiaz Ahmad Chaudhary Group General Manager	30-Nov-23	217	22.17

* Includes, statutory officers, direct reportees of the CEO, all departmental heads and other positions duly approved by the Board.

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 Eighth Annual General Meeting of the Company to be held on October 25, 2024 and at any adjournment thereof.

Signature this _____ Year 2024
(day) (date, month)

Please affix
revenue stamp

Signature of Member: _____

Folio/ CDC 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, it 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 فنانشل سروسز پاکستان لمیٹڈ، مسی / مسامتہ _____ ساکن _____

کو بطور مختار (پراکسی) مقرر کرتا/کرتی ہوں تاکہ وہ میری جگہ اور میری طرف سے کمپنی کے اڑتیسویں (38) سالانہ اجلاس عام جو بتاریخ 25 اکتوبر 2024 منعقد ہو رہا ہے، میں اور اس کے کسی ملتی 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 دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کے لئے اپنا پراکسی مقرر کر سکتا/سکتی 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 ایزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ کاپی بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹر ایزڈ قومی 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 ہوئے۔

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

Ground Floor at 112-C/1,
Al-Murtaza Commercial Lane-III,
DHA Phase VIII, 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, Ghoolam Kadir Arcade,
Aziz Shaheed Road, Sialkot Cantt.
Tel: 052-4260616, 4260877
UAN: 111 24 24 24

Gujrat

Office No.1, First Floor, Empire Centre,
Opp. Small Industrial Estate Gate No. 1,
G.T. Road, Gujrat
Tel: 053-3726053-55

Gujranwala

76-ABC, Block - P, Trust Plaza
G.T. Road, Gujranwala.
Tel: 055-3731021-22
Fax: 055-3250599

Islamabad

Ground Floor, State Life Building No. 5,
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
Sheikhupura.
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

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+ | A1+

Long Term

Short Term

Credit Rating by PACRA: March 1, 2024



OLP FINANCIAL SERVICES 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

f |  /olpfinance | in /company/olpfinance