

محبت مجھے ان جوانوں سے ہے
ستاروں پہ جو ڈالتے ہیں کند

**The youth to whom the stars are not out of bounds
Are the ones I love indeed**

Award 2020

Strong Recognition



MANAGEMENT ASSOCIATION OF PAKISTAN

- 2019 - 35th Corporate Excellence Award in Modaraba Sector Category
- 2018 - 34th Corporate Excellence Award in Modaraba Sector Category
- 2017 - 33rd Corporate Excellence Award in Modaraba Sector Category
- 2013 - 29th Corporate Excellence Award in Equity Investment Instrument Sector Category
- 2012 - 28th Corporate Excellence Award in Equity Investment Instrument Sector Category
- 2008 - 24th Corporate Excellence Award in financial category
- 2006 - 23rd Corporate Excellence Award in Non banking financial Institution sector category
- 2004 - 22nd Corporate Excellence Award in financial sector category.

NBFI & MODARABA ASSOCIATION OF PAKISTAN

- 2019- Best Performance Award 3rd Position
- 2017- Best Performance Award 2nd Position
- 2016- Best Performance Award 3rd Position
- 2015- Best Performance Award 4th Position
- 2014- Best Performance Award 3rd Position
- 2013- Performance Award
- 2012- Best Performance Award 2nd Position
- 2010- Best Performance Award 2nd Position
- 2009- Best Performance Award 2nd Position
- 2008- Best Performance Award 2nd Position
- 2005- 2nd Highest Dividend in the Sector
- 2004- 3rd Highest Dividend in the Sector





Credit Rating - By PACRA

AA
LONG TERM

A1+
SHORT TERM

2011

AA+

2012

AA+

2013

AA+

2014

AA+

2015

AA+

2016

AA

2017

AA

2018

AA

2019

AA

2020

AA

Group Profile

ORIX Corporation (ORIX) was established in April 1964 with leasing operations in Japan. Since then, ORIX has set up a number of specialized leasing companies to tap new market potential by providing a wide range of Innovative Financial products and services to clients in Japan and 37 different countries/ regions across the world. This has also enabled the Corporation to maintain a strong reputation with continuous profit. The Corporation is listed on Tokyo and New York Stock Exchanges. ORIX Shareholders' Equity as at March 31, 2020 was ¥3 Trillion. It employs 31,233 employees and has over 2,000 business locations across the globe.

ORIX Corporation, Japan – Financial Highlights:

Years Ended March 31 (Yen in billion)	2020	2019	2018	2017	2016
Total revenues	2,280.33	2,434.86	2,862.80	2,678.70	2,369.20
Total expenses	2,010.65	2,105.43	2,526.60	2,349.40	2,081.50
Income before income taxes, discontinued operations and extraordinary gain	412.56	395.73	435.50	425.00	391.30
Net income attributable to ORIX Corporation Shareholders	302.70	323.75	313.10	273.20	260.20
ORIX Corporation shareholders' equity	2,993.61	2,897.07	2,682.40	2,507.70	2,310.40
Total Assets	13,067.53	12,175.00	11,426.00	11,231.90	10,992.90
ROE (%)	10.30	11.60	12.10	11.30	11.70
ROA (%)	2.40	2.74	2.76	2.46	2.32
ORIX Corporation shareholders' equity per share (yen)	2,386.35	2,263.41	2,095.64	1,925.17	1,764.34
Cash dividends (yen) per share	76.00	76.00	66.00	52.25	45.75
Number of Employees	31,233	32,411	31,890	34,835	33,333

Geographical Presence ORIXM



Contents

Introductory	Modaraba Information	008
	Annual Review Meeting Notice	009
	Vision Mission	011
	Core Values	012
	Major Calender Events	013
The Board	Director Profile	015
	Organogram	017
Organizational Overview & External Environment	Modaraba at a Glance	019
	Our Products & Services	021
	Code of Conduct	023
Governance	Chairman Review Report	026
	Director Report	029
	Role of Chairman & CEO	049
	Composition of Board Committees	050
	Compliance with the Best Practice of Code of Corporate Governance	055
	Statement of Compliance with Companies Code of Corporate Governance	056
	Report of the Board Audit Committee	059
	Corporate Governance Framework	062
	Shariah Mechanism & Advisor Profile	069
Shariah Advisor Report	070	
Sustainability	Sustainability and Corporate Social Responsibility	073
Stakeholders	Stakeholders Relationship & Engagement	077
	Pattern of Certificate Holding	080
Performance	Key Financial Ratios & Graphs	082
	Comments on Key Financial Data	085
	Horizontal & Vertical Analysis	086
	Cashflow - (By Direct Method) & Free Cashflow	090
	Segmental Analysis of Gross Income & Profit before Tax	091
	Dupont Analysis & Statement of Charity Account	092
	Statement of Value added	093
Financial Statement	Auditors Report to the Certificate Holders	095
	Balance Sheet	096
	Profit and Loss account	097
	Cash Flow Statement	098
	Statement of Changes in Equity	099
	Notes to and forming part of the financial statements	100
	Glossary / List od Abbreviations	145



INTRODUCTORY

Modaraba Information

Modaraba Company

ORIX Services Pakistan (Pvt) Limited

Directors of Modaraba Company

Mr. Shaheen Amin
Chairman

Mr. Raheel Qamar Ahmad
Managing Director/ Chief Executive Officer

Mr. Ramon Alfrey
Director

Mr. Nausherwan Adil
Independent Director

Mian Faysal Raiz
Director

Mr. Nadeem D. Khan
Independent Director

Ms. Maryam Aziz
Director

Company Secretary

Mr. Muhammad Siddique

Audit Committee

Mr. Nausherwan Adil
Chairman

Mr. Ramon Alfrey
Member

Mian Faysal Raiz
Member

Human Resource and Remuneration (HR&R) Committee

Mr. Nadeem D. Khan
Chairman

Mr. Shaheen Amin
Member

Mr. Raheel Qamar Ahmad
Member

Risk Committee

Ms. Maryam Aziz
Chairperson

Mr. Nausherwan Adil
Member

Mr. Raheel Qamar Ahmad
Member

Shariah Advisor

Mufti Faisal Ahmed

Auditors

AF Ferguson & Co. Chartered Accountants

Bankers/ Financial Institutions

Standard Chartered Bank (Pakistan) Limited (Saadiq)

Meezan Bank Limited

United Bank Limited (UBL Ameen)

Bank Alfalah Limited (Islamic banking)

Allied Bank Limited (Islamic banking)

Bank Al Habib Limited (Islamic banking)

Habib Bank Limited (Islamic banking)

Pakistan Mortgage Refinance Company Limited

Legal Advisors

Haider Ali Khan

Advocate High Court, Partner, Fazle Ghani Advocates

Registered and Head Office:

Office No. 601, 6th Floor,
Syedna Tahir Saifuddin Foundation Building,
Beaumont Road, Civil Lines, Karachi.

Phone: (021)35930000

Email: askus@orixmodaraba.com

Lahore Branch:

Office No. 602-B,
6th Floor, City Towers, Gulberg-II,
Lahore.

Islamabad Branch:

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

Registrars & Share Registration Office

Famco Associates (Private) Limited 8-F,

Next to Hotel Faran, Nursery,

Block 6, P.E.C.H.S., Shahr-e-Faisal, Karachi.

Tel: (92-21) 34380101-5

Fax: (92-21) 34380106

Email: info.shares@famco.com.pk

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



At the meeting held on September 26, 2020, the Board of Directors of the ORIX Services Pakistan (Private) Limited was pleased to announce a net profit for ORIXM of PKR 127.458 million for the year ended June 30, 2020. The Board also approved a cash dividend @ 25% (PKR 2.50 per certificate of PKR 10/ each) for the year ended June 30, 2020 after transferring a sum of PKR 6.373 million to statutory reserve.

Twenty first Annual Review Meeting (ARM) of certificate-holders of ORIXM will be held on Tuesday, October 27, 2020 at 02:15p.m. at ORIX leasing Pakistan Limited Head office i.e. Plot no. 16, Sector 24, Korangi Industrial Area, Karachi, to review the performance of the Modaraba for the year ended June 30, 2020.

For the purpose of ascertaining entitlement of the aforementioned dividend and to attend Annual Review Meeting, the certificate transfer books will remain closed from Tuesday, October 20, 2020 to Tuesday, October 27, 2020 (both days inclusive). Transfers received in order at the office of our Registrar, **FAMCO Associates (Pvt.) Ltd. 8-F, Next to Hotel Faran, Nursery, Block-6, P.E.C.H.S., Shahr-e-Faisal, Karachi**, before the close of business hours on Monday, October 19, 2020 will be treated as in time for the purpose of entitlement to dividend and to attend Annual Review Meeting respectively. Only those persons whose names appear in the Register of Members of the Modaraba as at 19 October 2020 will be entitled to attend the ARM and be entitled to receive above stated cash dividends.

In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the Regulations, shall authenticate his identity by showing his original Computerized National Identity Card (CNIC) or original passport at the time of attending the Meeting. In case of corporate entity, the Board of Directors' resolution / power of attorney with specimen signature of the nominee shall be produced at the time of the Meeting.

In terms of Section 223 (7) of the Companies Act 2017, the Annual Report for the year ended 2020 will also be placed on the Modaraba's website simultaneously with the dispatch of the same to the members.

E-Dividend Requirements: In accordance with the Companies (Distribution of Dividend) Regulation 2019, certificate holders are advised to provide their Identification Number/ Computerized National Identity Card (CNIC) Number and International Bank Account Number (IBAN) details, if they have not already done so, to our Share Registrar (if certificates are held in physical form) at their above referred office address or to the respective Participants/ Broker (if certificates are held through CDS Account) latest by 19 October 2020. Failing which may result in withholding of dividend payments of respective certificate holders.

INTRODUCTORY

The Certificate holders are hereby informed that in accordance with Section 244 of the amended Companies Act, 2017 where a dividend has been declared by a Modaraba but has not been paid or claimed, within a time period specified under section 242, to any certificate holder entitled to the payment of the dividend, the Modaraba shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or unclaimed to a separate profit bearing account to be called the unpaid dividend account opened by the Modaraba for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4. Certificate holders who have not yet collected/ received their dividends/certificate are advised to contact our Share registrar for details.

Tax Requirements: The dividend income on certificates is liable to deduction of withholding tax under Section 150 of the Income Tax Ordinance, 2001 and pursuant to the provisions of Finance Act, 2020, the 'Filer' and 'Non-Filer' certificate holders will pay tax on dividend income @ 25% and 50% respectively. The Filer status of certificate holders will only be determined on the basis of latest available Active Taxpayers List (ATL) uploaded by the Federal Board of Revenue (FBR) on their website <http://www.fbr.gov.pk/>.

In case a Folio / CDS Account is jointly held, each joint-holder will be treated separately as Filer or Non-Filer and tax will be deducted on the gross dividend amount determined by bifurcating the certificate holding of each joint-holder on equal proportions, except where certificate holding proportion of joint-holders is pre-defined as per the records of Modaraba's Certificate Registrar and thus tax rates will be applied in line with respective proportions. Those certificate holders, who are holding certificates jointly, are requested to update/ notify the certificate holding proportions of Principal and Joint-holder(s) in writing to our certificate Registrar latest by 19 October 2020 at their above referred office address.

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

Corporate certificate holders are requested to provide of a copy of valid Income Tax Exemption Certificate issued by the concerned authority to your institution which is compulsorily required to claim tax exemption in terms of clarification issued by FBR vide their letter C.No.1 (43) DG (WHT)/ 2008-Vol.11-66417-R dated 12 May 2015 (viewable at FBR's website at following link: <http://www.fbr.gov.pk/ShowDocument.aspx?type=Doc&Actionid=4141>). In case you are subject to any special tax rate, please also provide a copy of relevant certificate issued by the concerned authority. Relevant copies should reach our Share Registrar at their above mentioned office address

On behalf of the Board

MUHAMMAD SIDDIQUE
Company Secretary

October 05, 2020



VISION

VISION

ORIXM vision is to be the leading Shari'ah compliant financial services entity by constantly anticipating market needs with the aim to create value for stakeholders.

MISSION

Our mission is to meet the client needs by ensuring service quality, care for the environment, providing growth opportunities to our employees and creating value for our certificate holders.



Ownership

We protect the Interest of the Modaraba as if it is our own Business.

Innovation

We seek continuous improvement and encourage creativity.

Teamwork

We work together to create synergies.

Customer Focus

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

Integrity

We promote honesty and fairness in all our actions.

Respect

We respect each other's feelings and opinions.

MAJOR CALENDER EVENT (QUARTER WISE)





THE BOARD



Mr. Shaheen Amin — Chairman

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



Mr. Raheel Qamar Ahmad — Managing Director

Mr. Raheel Qamar Ahmad has been the CEO of Standard Chartered Modaraba since 2011, which was renamed as ORIX Modaraba after acquisition by ORIX group. He has over 25 years of varied corporate and investment banking experience. In his last three roles, he ran the country local corporate portfolio at Standard Chartered Bank and large regional corporate portfolios at United Bank Limited and Allied Bank. Prior to that he ran Mashreq Bank's structured finance portfolio. He has also participated as sell side advisor for entities in the Government of Pakistan privatisation programme. In addition to various technical, risk, Islamic banking and other certifications, Raheel is also a certified board director (from PICG) enabling him to be appointed to any listed company's board in the country. He holds a Masters in Business Administration from the Illinois Institute of Technology, Chicago (IIT) and a Bachelor of Science in Engineering from University of Engineering and Technology, Lahore (UET).



Mr. Ramon Alfrey — Director

Mr. Alfrey was appointed as a member of the Board of Directors in June 2016 and he currently holds the office of Deputy Chief Executive officer, ORIX Leasing Pakistan Limited (OLP). He joined OLP in 1990 and has served the ORIX Group in various senior capacities in Pakistan and United Arab Emirates. Mr. Alfrey is a fellow member of the Institute of Chartered Accounts of Pakistan and has attended a number of leadership and management training courses in Pakistan and abroad.



Mr. Nausherwan Adil — Independent Director

Mr. Nausherwan Adil is an MBA from Fairleigh Dickinson University New-Jersey, USA. He has over 30 years of prolific banking experience and has held various senior positions. He has twice served as Group Chief Operations National Bank of Pakistan. During his tenure with NBP, he has also served as Senior Executive Vice President & Regional Chief Executive - Europe Region where he was responsible for NBP Europe Operations in France and Germany. He contributed materially to overall institutional policy debate and strategy formulation.



**Mian Faysal Riaz —
Director**

Mian Faysal Riaz is currently serving as Group General Manager - Operations, ORIX Leasing Pakistan Limited (OLP). He graduated from Forman Christian College in 1989 and started his professional career with OLP's Lahore office in 1991. Mr. Riaz has served in various capacities at OLP's including postings as Branch Manager Faisalabad and Head of Lahore Office. Mr. Riaz has attended various seminars and courses in Pakistan and abroad to enhance his professional abilities, these include High Impact Leadership Program and Building a Brighter Future which was held under ORIX Corporation's Global Leaders programme.



**Ms. Maryam Aziz —
Director**

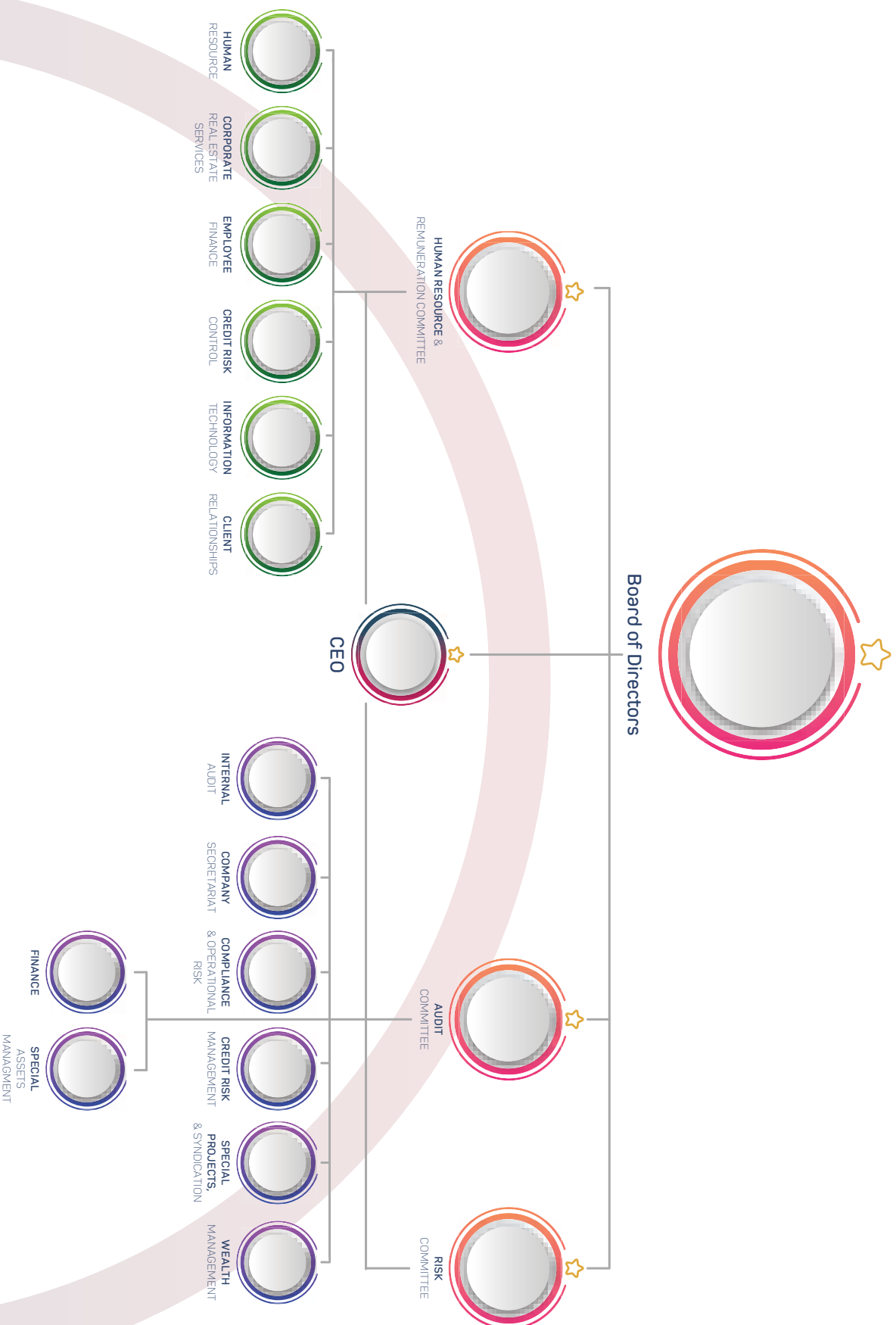
Ms. Maryam Aziz is a Fellow Chartered Accountant and has been associated with ORIX Leasing Pakistan Limited (OLP) since April 2002 and has over 20 years of professional experience. She was deputed to SK Leasing, Kazakhstan in July, 2005 as Finance Director. She returned to Pakistan in January, 2011 and was elevated as Head of Risk Management & Internal Audit Department. Ms. Maryam is currently serving in the capacity of Chief Financial Officer since February 2016. She has attended various courses including Pakistan Institute of Corporate Governance - Directors Training Program Certification, IFC Certification for Environment Management, Managing Change, Strategic Management, and Corporate Governance.



**Ms. Nadim D. Khan —
Independent Director**

Nadim D. Khan has over 30 years of diversified senior financial management experience along with a wealth of knowledge in strategic planning, preparation of corporate plan, business retention & development, conducting market due diligence, risk management, compliance, human resource management, etc. His depth of experience comes from working with Standard Chartered Bank, ING Barings Securities, Elixir Securities Pakistan, AMZ Asset Management Limited, KASB Securities and BenchMatrix where he has served in very senior and key positions (including board memberships), leading, developing and establishing strategy for success. He did his BBA from Grand Valley State University, Michigan and MBA from San Francisco State University, California, USA. He is also an Associate from the Institute of Bankers, Pakistan.

ORIXM ORGANOGRAM





ORGANIZATION OVERVIEW & EXTERNAL ENVIRONMENT



MODARABA AT A GLANCE

ORIX Modaraba - ORIXM (formerly Standard Chartered Modaraba) was incorporated in May 1987. It started operations in August 1987 as First Grindlays Modaraba (FGM). ORIXM is widely regarded as the thought leader in the sector. Its strategy is to grow to be the largest and most profitable Modaraba in Pakistan.

ORIXM offers Ijarah, Diminishing Musharika (DM), House Finance under DM structure, Sukuk, Murabaha, Salam to Corporates, SME, High net work individuals and employees of selected Corporate Clients under Assurance Model. The funds to finance the assets comes from a mix of Certificate of Musharakah, bank financing, equity and operational inflows. Our total assets balance is PKR 7.25 billion as at June 30, 2020.

ORIXM is managed by ORIX Services Pakistan (Private) Limited which owns 10% certificates capital in ORIXM. ORIX Leasing Pakistan Limited holds another 10% stake in ORIXM. The rest 80% is held by the general public. ORIXM is regulated by Securities and Exchange Commission of Pakistan and employs 42 permanent and 11 contractual staff members. It has branch offices in Lahore and Islamabad with the Head office in Karachi.

FINANCIAL HIGHLIGHTS

PKR

127.458_{MILLIONS}

PROFIT AFTER TAX

PKR

2.81_{PER CERTIFICATE}

EARNINGS

PKR

113.461_{MILLIONS}

CASH DIVIDEND

PKR

7.246_{BILLIONS}

TOTAL ASSETS

PKR

2.199_{BILLIONS}

TOTAL

DISBURSEMENTS

PKR

25.88_{PER CERTIFICATE}

BREAK-UP VALUE PER

CERTIFICATE



ORIXM PRODUCTS

ORIX Modaraba (formerly Standard Chartered Modaraba) - ORIXM offers both Consumer and Wholesale Shari'ah compliant products. These include; Ijarah/ Leasing, Diminishing Musharakah, Murabaha, Salam, Istisna and Certificates of Musharakah. ORIXM also offers Syndicate Financing Facility to the clients that require large amount of financing.

CERTIFICATES OF MUSHARAKAH

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

MURABAHA FINANCE

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

IJARAH

ORIXM OFFERS ITS CLIENTS SHARIAH-COMPLIANT INTEGRATED FINANCIAL LEASING SERVICES.

At ORIXM, we pride ourselves on our Shari'ah-based values in offering asset rental solutions with ownership promise that is Ijarah Financing. Ijarah is the best solution as it fulfils the needs and aspirations of all clients, in a flexible timeframe that

ORGANIZATION OVERVIEW & EXTERNAL ENVIRONMENT

perfectly fits clients' needs. We offer financing services to our clients in a way that answers their needs and goes hand in hand with their expectations.

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

DIMINISHING MUSHARAKAH (DM)

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

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

HOUSE FINANCE DIMINISHING MUSHARAKAH (HFDM)

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

SALAM

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

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

ISTISNA

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

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

SYNDICATE FINANCING

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

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

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

ORIX Modaraba can arrange the following types of facilities for its clients:

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



Code of Conduct

Do the right thing

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

Act responsibly and within authority

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

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

Speaking Up

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

Comply with laws, regulations and standards

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

ORGANIZATION OVERVIEW & EXTERNAL ENVIRONMENT

Combat financial crime

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

Reject bribery and corruption

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

Treat clients fairly

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

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

Manage conflicts of interest

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

Do not engage in or support insider dealing

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

Protect confidential information

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

Compete fairly in the market place

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

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

Be open and co-operate with regulators

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

Respect our communities and the environment

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



GOVERNANCE



Chairman Review Report

Shaheen Amin

It gives me immense pleasure to present this review report pertaining to the overall performance of the Modaraba and the effectiveness of its Board in attaining the business objectives. As Chairman of the Board, my fundamental belief is to ensure adherence to the corporate governance regulatory framework and to lead the Board of Directors in effectively managing the Modaraba's strategic direction, whilst safeguarding the interests of its stakeholders.

The Review of Board and its Functions:

During the FY 2020, the Board was re-elected for next three year period with an addition of one more independent director to comply with the requirement of Listed Companies Code of Corporate Governance 2019. The Board has also formed an Audit Committee, Risk Committee and Human Resource and Remuneration Committee and has also approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities. The Board has approved the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary and Head of Internal Audit. The Board has ensured that the adequate system of internal control is in place and is assessed regularly through self-assessment mechanism and /or internal audit activities. The Board has developed and adopted a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee.

The Board Annual Evaluation Process:

The SECP Listed Companies Code of Corporate governance Regulation 2019, requires Board of Directors to conduct an annual evaluation of the Board own performance. Further the SECP SRO 301/(1)/2020 dated April 09, 2020, provides the guidelines for the performance evaluation of the Board of directors, Chief Executive Officer & Chief Regulatory Officer and also requires that the performance evaluation of CEO

shall be carried out by all the directors. In order to get an independent perspective, last year Board performance evaluation was conducted by M/s FAMCO Associates (Pvt.) Ltd. Current year, a detailed criteria for the evaluation of Board performance has been devised which adequately covers the technical, Risk management and strategic competencies. On the basis of this criteria, Board performance evaluation will be conducted before next board meeting.

Review of Financial Performance:

Despite the economic slowdown especially due to the COVID-19 pandemic resulted in stoppage in economic activities since March 2020, our performance has been excellent in the last couple of years showing consistent growth with the focus on creating value for shareholders and achieving optimum results. The Modaraba's revenue (net of 12 month assets depreciation and including other income) increased by 25.63% from PKR 741.53 million to PKR 931.60 million compared to the corresponding last year. Net profit increased by 1.11 % from PKR 126.06 to PKR 127.46 million.

Acknowledgement:

Finally, I would like to thank all our Board Members for their commitment and contribution in the overall performance of Modaraba and to the certificate holders for their trust in the Board and the management. I would also like to thank our employees for their hard work and continuous support in year ended 2020 and I look forward to continue working with them to attain success in 2021.

Shaheen Amin
Chairman

Date: September 26, 2020

مالیاتی کارکردگی کا جائزہ

معاشی سست روی خاص طور پر COVID-19 کی وباء کے نتیجے میں مارچ ۲۰۲۰ سے معاشی سرگرمیوں کی بندش کے باوجود ہماری کارکردگی گزشتہ کئی سالوں سے شاندار رہی ہے جس سے ہماری نمو میں تسلسل کے ساتھ ساتھ حصص یافتگان کے لئے قدر میں اضافے اور اعلیٰ نتائج کے حصول کی عکاسی ہوتی ہے۔ مضاربہ کی آمدن (اجارہ اثاثوں کی فرسودگی نکالنے کے بعد اور دیگر آمدن شامل کرنے کے بعد) ۲۵.۶۳ فیصد اضافہ کے ساتھ ۹۳۱.۶۰ ملین روپے رہی جو کہ گزشتہ سال ۷۴۱.۵۳ ملین تھی۔ خالص منافع ۱۱.۱۱ فیصد اضافہ کے ساتھ گزشتہ سال کے ۱۲۶.۰۶ ملین روپے سے بڑھ کر ۱۲۷.۴۶ ملین روپے ہو گیا۔

اعتراف

آخر میں، میں مضاربہ کی مجموعی کارکردگی میں ممبران کے تمام ممبران کے عزم اور تعاون پر ان کا شکریہ ادا کرتا ہوں۔ ختم ہونے والے سال ۲۰۲۰ میں تمام ملازمین کی انتھک محنت اور مسلسل تعاون پر ان کا مشکور ہوں اور امید کرتا ہوں کہ وہ تسلسل کے ساتھ اپنے کام کو برقرار رکھتے ہوئے ۲۰۲۱ کو بھی ایک کامیاب سال بنائیں گے۔

شاہین امین

چیرمین

کراچی: ۲۶ ستمبر ۲۰۲۰

میں اس جائزہ رپورٹ میں مضاربہ کی مجموعی کارکردگی اور کاروباری مقاصد کے حصول میں بورڈ کی اثر پذیری بتاتے ہوئے انتہائی مسرت محسوس کرتا ہوں۔ بورڈ کے چیئرمین کی حیثیت سے میرا بنیادی اعتقاد ادارتی نظم و ضبط کے متقاضی ریگولیٹری فریم ورک ضروریات کی پاسداری کو یقینی بنانا اور موثر انداز میں بورڈ آف ڈائریکٹرز کی قیادت کرنا ہے تاکہ کمپنی کی حکمت عملی کی سمت کے ساتھ ساتھ متعلقین کے مفادات کا تحفظ ہو۔

بورڈ اور اس کے افعال کا جائزہ

مالیاتی سال ۲۰۲۰ کے دوران لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ۲۰۱۹ کے تقاضوں کے مطابق بورڈ آف ڈائریکٹرز دوبارہ تین سال کے منتخب ہو گیا جس میں ایک آزاد ڈائریکٹر کا اضافہ ہوا۔ بورڈ نے ایک آڈٹ کمیٹی، رسک کمیٹی اور انسانی وسائل و معاوضہ کمیٹی بھی تشکیل دی ہے اور ان کی متعلقہ ذمہ داریوں کا تعین بھی کیا ہے اور مناسب وسائل فراہم کئے ہیں تاکہ کمیٹیاں اپنی ذمہ داریاں بخوبی انجام دے سکیں۔ بورڈ نے چیف ایگزیکٹو اور دیگر اہم اعلیٰ عملے بشمول چیف فنانشل آفیسر، کمپنی سیکریٹری اور ہیڈ آف انٹرنل آڈٹ ڈپارٹمنٹ کی بھرتی، تشخیص اور معاوضہ منظور کیا ہے۔ بورڈ نے اس بات کو یقینی بنایا ہے کہ اندرونی گرفت کا مناسب نظام موجود رہے اور خود تشخیصی نظام اور/یا اندرونی آڈٹ سرگرمیوں کے ذریعہ سے باقاعدگی کے ساتھ تشخیص ہوتی رہے۔ بورڈ نے ایک ضابطہ اخلاق ترویج اور اختیار کیا ہے جس کے ذریعہ پیشہ ورانہ معیارات اور ادارتی اقدار کی کمپنی بھر میں پاسداری کی جاتی ہے اور اس نے بلا رکاوٹ افعال کی انجام دہی کے لئے قابل ذکر پالیسیاں وضع کی ہیں۔ سال کے دوران تمام اہم معاملات بورڈ یا اس کی کمیٹیوں کے روبرو پیش کئے گئے تاکہ ادارتی فیصلہ سازی کا عمل باضابطہ اور مستحکم ہو اور خصوصی طور پر سال کے دوران کمپنی کے ملحقہ پارٹیوں کے ساتھ تشکیل شدہ سودوں کو آڈٹ کمیٹی کی سفارش پر بورڈ نے منظور کیا۔

بورڈ کی سالانہ کارکردگی کا عمل

SECP کے لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ریگولیشن ۲۰۱۹ کے تقاضوں کے تحت بورڈ آف ڈائریکٹرز نے اپنی کارکردگی کی از خود سالانہ تشخیص کرنی ہے۔ مزید برآں SECP کا ۲۰۲۰/۲۰۲۱ (۱) SRO مورخہ ۰۹ اپریل ۲۰۲۰ بورڈ آف ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور چیف ریگولیٹری آفیسر کی کارکردگی کی تشخیص کے لئے رہنما اصول فراہم کرتا ہے اور اس کے تحت تمام ڈائریکٹران CEO کی کارکردگی کی تشخیص کریں گے۔ آزادانہ رائے کے حصول کے لئے گزشتہ سال بورڈ کی کارکردگی کی تشخیص میسرز فیمکو ایسوسی ایٹس (پرائیوٹ) لمیٹڈ نے انجام دی۔ موجودہ سال بورڈ کی تشخیص کے لئے ایک تفصیلی معیار اہلیت کو وضع کیا گیا ہے جو کہ مناسب انداز میں تکنیکی، خطرات کے انتظام اور کلیدی صلاحیتوں کا احاطہ کرتا ہے۔ اس معیار اہلیت کی بنیاد پر بورڈ کی کارکردگی کی تشخیص بورڈ کے اگلے اجلاس میں کی جائے گی۔

Thirty Fourth Report of the Directors of Modaraba Company

For the year ended June 30, 2020

The Board of Directors of ORIX Services Pakistan (Private) Limited, the Management Company of ORIX Modaraba - ORIXM, is pleased to present the thirty fourth Directors' Report of ORIXM, together with audited financial statements and auditors' report thereon for the year ended June 30, 2020.

Economy

Pakistan has been one of the countries worst affected by COVID-19, with the economic disruption caused by the pandemic exacerbating an already existing crisis. Services sector of the economy has also witnessed significant impact of the lock down situation in the country due to COVID-19, particularly in Wholesale and Retail Trade and Transport Sectors. The economy will recover in FY 2021 as the pandemic recedes and domestic demand gradually rebounds. However, uncertainty regarding the evolution of the virus domestically and the pace of the revival in external demand for Pakistani products are key risks. Mounting debt and geopolitical tensions further cloud the outlook.

Pre-COVID-19, the government was implementing a program of fiscal consolidation, reflected in a narrowing of the fiscal deficit from 5.1 percent of GDP in Jul-Mar FY19 to 4.1 percent in Jul-Mar FY20. However, with the outbreak of COVID-19, a substantial increase in the fiscal deficit is projected over the medium term. Therefore, debt sustainability risks have risen with an increase in debt levels. As a result, under the baseline scenario, public debt is projected to increase from 88.8 percent of GDP in FY19 to 93.8 percent by FY20 and peak at 98.4 percent of GDP in FY21 before gradually declining to 95.1 percent of GDP by FY24. As a result, the economy is expected to contract between 2.6 and 3.3 percent in FY20, and between 0.2 and 4.0 percent in FY21, while before pre-COVID19 projections for growth stood at 2.4 percent for FY20 and 3.0 for FY21.

The COVID-19 outbreak is also expected to significantly affect revenue collections in FY21-FY22. The government has announced a fiscal stimulus package of around US\$7.5 billion to mitigate the economic impact on businesses, as well as increase its spending on health and social protection. The purpose of fiscal package is to: (a) support the medical health sector to combat the spread of virus and provide relief to those impacted; (b) implement social welfare measures to support the poor and vulnerable whose livelihoods have been impacted by the economic slowdown and partial lockdowns across the country; and (c) provide stimulus to businesses and industries to protect productive assets during the economic downturn. The fiscal deficit is projected at 10.1 percent of GDP (10.4 percent of GDP in the downside scenario) for FY20 and between 9.4 and 11.7 percent of GDP in FY21. Tax revenues are projected to fall to 11.1 percent of GDP in FY20, a decrease of 0.7 percentage points of GDP compared to FY19.

Government effective structural reforms and policy making for sustainability has however, resulted in Pakistan performing better than most of its competitors despite the challenging external environment. The external sector has been stabilized as the current account deficit narrowed by 77.9pc during FY20. Until February 2020, Pakistan's exports were performing better than most of its competitors despite the challenging external environment. Remittances increased to a historic high level of \$23.1 billion as compared to \$21.7 billion last year, with a growth of 6.4pc. Foreign Direct Investment (FDI) increased by 88pc to \$2.6 billion during FY20 as compared to \$1.4 billion in FY19. To further strengthen the external sector, the second phase of the Pak-China Free Trade Agreement was implemented. This will provide an opportunity for Pakistani manufacturers and traders to export around 313 new products to the Chinese market on zero duty. International rating agencies S&P and Fitch affirmed stable outlook. Recently, Moody's has confirmed Pakistan's rating at B3 with a stable outlook. Pakistan ranked among 'top ten best improvers' in World Bank's Ease of Doing Business Index 2020, jumping up 28 places on the index and clinching the 108th position.

Operating Results and Business Overview

	30 June 2020	30 June 2019
	(Rupees)	
Balance Sheet		
Certificate capital	453,835	453,835
Total equity	1,174,473	1,160,475
Investment in Ijarah finance and Ijarah Assets	2,632,313	3,139,888
Investments in Diminishing Musharika and Sukuk	3,230,796	3,084,690
Redeemable capital	3,871,505	2,785,705
Profit and Loss		
Revenue (net of Ijarah assets depreciation)	931,603	741,534
Financial charges	598,938	447,545
(Provisions)/Reversal of provisions & Impairments	(10,323)	3,978
Operating expenses	175,713	152,951
Profit before management fee	146,629	145,016
Net profit	127,458	126,057
Appropriations		
Net profit for the year	127,458	126,057
Add: Un appropriated profit brought forward	40,306	34,014
Profit available for appropriation	167,764	160,071
Profit distribution @ 25% (2019 @25%)	113,461	113,462
Statutory reserve	6,373	6,303
	119,834	119,765
Unappropriated profit carried forward	47,930	40,306
Earnings per certificate	2.81	2.78

By the Grace of Allah, your Modaraba's performance during the year under review continued to be very strong in spite of difficult economic conditions due to the COVID -19 pandemic result in slowdown in economic activities. The Modaraba's gross revenue marginally decreased by 0.59% from PKR 2,027 million to PKR 2,015 million whereas depreciation of Ijarah assets decreased by 15.47% from PKR 1,358 million to PKR 1,148 million compared to corresponding last year mainly due to decrease in Ijarah assets and related Ijarah rentals. However, revenue (net of Ijarah assets depreciation and including other income) increased by 25.63% from PKR 741.53 million to PKR 931.60 million compared to the corresponding last year mainly due to decrease of Ijarah assets depreciation, increasing trend of KIBOR from June 2019 to February 2020 and increase in Diminishing Musharika assets. Financial charges increased by 33.83% from PKR 447.55 million to PKR 598.94 million compared to the corresponding last year mainly due to upward movement of KIBOR from July 19 to February 20 as stated above. During the year a net provision amounting to PKR 10.32 million has been provided for the doubtful finances against reversal of provision amounting to PKR 3.98 during the corresponding last year. Major reason for this provision is the subjectively downward classification of some of the customers in line with prudent portfolio management. Administrative and operating expenses increased by 14.88% from PKR 152.95 million to PKR. 175.71 million mainly due to staff cost in line with the market and cost associated with the process alignment for compliance of new regulations. Net profit however, has increased by 1.11% from PKR 126.06 to PKR 127.46 million.

The portfolio of Ijarah finance, Sukuk investment and Diminishing Musharika finances stood at PKR 5,863 million compared to PKR 6,225 million as at June 30, 2019, showing decrease of 5.81% mainly due to reduction in the disbursement during the last quarter of the financial year. Total

assets, however, increased by 4.02% from PKR 6,966 million to PKR 7,246 million compared to last year mainly due to substantial increase of bank balances as per our strategy to ensure that the Modaraba remains liquid and fully prepared to discharge all our obligations during COVID period. During the year under review, the Modaraba booked fresh disbursements to the tune of Rs. 2,199 million consisting of PKR 1,391 million (63%) Plant and Machinery PKR 718 million (33%) Motor Vehicle and PKR 90 million (4%) others.

On the liability side Certificates of Musharika (COMs) has been increased by 38.98% from PKR 2,786 million to PKR 3,872 million whereas bank financing decreased by 35.87% from PKR 1,934 million to PKR 1,240 million compared to the corresponding last year. Although majority of COMs are maturing within next 12 months, their behavioral maturity is more than 12 months as majority of our COMs customers reinvest their funds after maturity.

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

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

IFRS 9: Financial Instruments

IFRS 9: "Financial Instruments" has become applicable effective for accounting periods beginning on or after July 1, 2018. During 2019, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, informed its members that the SECP has deferred the applicability of IFRS 9 to the extent of provision against financings made by the modaraba and required the modaraba to follow all other requirements of IFRS 9. Accordingly, the Modaraba had adopted all the requirements of IFRS 9 and had determined the provision against financings (Ijarah and Diminishing Musharika) as per the requirements of the Prudential Regulations in the financial statements for the year ended June 30, 2019.

During the current year, the SECP has deferred the applicability of complete IFRS 9 for modarabas upto June 30, 2021. As ORIX Modaraba had already adopted all the requirements of IFRS 9 in the financial statements for the year ended June 30, 2019 with the exception of provision against financings (Ijarah and Diminishing Musharika) which was determined in accordance with the requirements of the Prudential Regulations accordingly, the provision against financings have been determined and incorporated in the financial statements for the year ended June 30, 2020 based on the requirements of Prudential Regulations issued by the SECP.

IFRS 9 addresses recognition, classification, measurement and derecognition of financial assets and financial liabilities. The standard has also introduced a new impairment model for financial assets which requires recognition of impairment charge based on 'expected credit losses' (ECL) approach. Under Prudential Regulations, provision/impairment was event driven i.e. provision is made in case of default occur. However, IFRS 9 provision model is forward looking and it is based on the probability-weighted estimate of credit losses over the expected life of the financial assets. This requires general provision for all assets. Considering the new approach, management feels that there is a possibility of initial large provisioning/impairment occurring after full adoption of IFRS 9.

The potential impact of COVID-19

The outbreak of coronavirus disease 2019 (COVID-19) has created a global health crisis that has had a deep impact on the way we perceive our world and our everyday lives. This pandemic has wreaked havoc on overall economies worldwide, and has impacted Pakistan's already trembling economy. Regulators and governments across the globe have introduced fiscal and economic stimulus measures to mitigate its impact. In addition to the already known effects, the macroeconomic uncertainty causes disruption to economic activity and it is unknown what the longer-term impact on our business may be. The scale and duration of this pandemic remain uncertain. However, now Pakistan is showing business activity picking up at a faster clip, as worries about COVID-19 fade in an economy that contracted for the first time in seven decades.

The main risks that result from the current uncertain situation regarding COVID-19 include asset quality and credit risk, liquidity management and operations. The COVID -19 impact and its related risk management are briefly explained in the note 36, 27, 27.2.1, 27.3 and 27.4 in the financial statement. We have taken extraordinary measures to ensure that the Modaraba remains liquid and fully prepared to discharge all our obligations.

GOVERNANCE

State Bank of Pakistan (SBP) has responded to the crisis by cutting the policy rate by 625 basis points to 7 percent during this period and by introducing regulatory measures to maintain banking system soundness and to sustain economic activity. On the other hand, Securities and Exchange Commission of Pakistan (SECP) vide circular 15 of 2020 dated 24th April 2020 and circular 28 of 2020 dated 10th September 2020 allowed Modarabas to defer clients' payment of principal on finance obligations by one year and relaxed regulatory criteria for restructured/rescheduled finances for customers who require relief beyond the extension of principal repayment for one year.

Your Modaraba is closely monitoring the situation and has invoked required actions to ensure safety and security of Modaraba staff and an uninterrupted service to our customers. The senior management of the Modaraba is continuously monitoring the situation and is taking timely decisions to resolve any concerns. Robust Standard Operating Procedures (SOP) has developed and implemented to ensure safety and security of the staff and uninterrupted service to the customers. The remote work capabilities were enabled for critical staff and related risk and control measures were assessed to make sure they are fully protected using virtual private network ("VPN") connections. Your Modaraba continues to meet the expectations of all stakeholders as they would in a normal scenario.

Future Outlook

The outbreak of COVID-19 pandemic has been an unprecedented event in human history and has resulted in severe economic and financial setback worldwide. Novel Corona virus has entirely changed the world and the governments around the globe had to face challenges to recover from the brunt of the pandemic. This has been an extraordinary event with a massive human and economic cost. ORIXM took all necessary precautions to ensure health and safety of its staff and to offer sustained and persistent services to our customers with a safe environment. Being one of the prominent Modarabas, ORIXM has taken a foremost role to ensure the smooth operations in order to provide financial services to the customers in these difficult times. The Modaraba took appropriate actions to deal with this sprouting crisis after closely monitoring the enduring developments. ORIXM is also working closely with our valued customers to support them during these testing time to provide regulatory reliefs besides having regular liaison with the regulators.

Most of the countries are now gradually easing lockdown restrictions to revive economic activities post COVID-19 with acceptance of new normal. While the number of new infections in Pakistan is slowing, the evolution will depend on how the Government controls the situation going forward. Moving forward, as the economy opens up, the demand is expected to pick up however growth will remain subdued due to the lasting impact of the virus on different sectors of the economy. Looking ahead, we expect fresh disbursements to gradually pick up with the revival of the economic activity. In line with our previous practices, we will further congeal our cautious approach towards booking of new business and prudently evaluate customers on the newly introduced parameters in line with the changing scenario. We will further strengthen our relationships with existing customers to support them in these tough times and will have close liaison with them to pre-empt the difficulties due to ongoing evolution.

ORIXM re-evaluated its entire portfolio to ascertain risks associated with our existing customers and adjusted risk classification of those customers accordingly. Credit policies have been tuned accordingly to evaluate customers that are to be on-boarded in future. Stricter monitoring and data gathering is also in place for existing clients. While reviewing credit policies, due weightage is given to various geographies, business sectors and their ability to sustain any future business disruptions.

Pattern of Shareholding

The company certificates are traded on the Pakistan Stock Exchange Limited. The certificate holding information as of June 30, 2020 is provided in the relevant section of this annual report. The Directors, CEO, CFO/ Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the certificates of Modaraba during the year except already disclosed to the regulatory bodies and included in the pattern of shareholding.

Profit Distribution

The Board in its meeting held on September 26, 2020 has approved the distribution of profit of Rs. 2.5 per certificate of Rs.10 each, subject to deduction of zakat and tax at source where applicable, for the year ended June 30, 2020.

An amount of PKR 6.373 million has been transferred to statutory reserve in compliance with the Prudential Regulations for Modarabas which require that not less than 20% and not more than 50% of the Modaraba's after tax profit be transferred to such reserve till such time as the reserve equals 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

Corporate and Financial Reporting Framework

- The financial statements, prepared by the management of the Modaraba, present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of accounts of the Modaraba have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements, Accounting estimates used are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable to Modarabas in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed.
- The system of internal control, which is in place is sound in design and has been effectively implemented and monitored.
- There is no doubt upon the Modaraba's ability to continue as a going concern.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- Key operating and financial data for the last six years in summarized form is included in this annual report.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2020 except for those disclosed in the financial statements.

The Board of Directors' Meetings and Attendance

During the year, four (04) meetings of the Board of Directors were held. No Board meeting was held outside Pakistan. Attendance by each director was as follows:

Name of Director	No. of Meetings Attended
Shaheen Amin	04
Raheel Qamar Ahmad	04
Ramon Alfrey	04
Mian Faysal Riaz	04
Nausherwan Adil	04
Maryam Aziz	04
Nadim D. Khan*	00

* No meeting was held after his appointment as director of the Company.

The following changes have taken place in board of directors of the ORIX Services Pakistan (Private) Limited (the Company), the management company of ORIX Modaraba since the Directors' report for the year ended June 30, 2019:

On May 09, 2020, the Board was re-constituted for a period of Next 03 years and one additional independent non-executive director Mr. Nadim D. Khan was appointed in the Board of Directors.

GOVERNANCE

The Board extends a warm welcome and cooperation to the newly appointed director in performing their fiduciary responsibility.

During the year, four (04) meetings of the Audit Committee were held. Attendance by each member was as follows:

Name of Member	No. of Meetings Attended
Mr. Nausherwan Adil	04
Mr. Ramon Alfrey	04
Mian Faysal Riaz	04

During the year, one meeting was held by Human Resource and Remuneration Committee to finalize the recommendation for the yearly staff compensation amounts which was attended by Mr. Shaheen Amin and Mr. Raheel Qamar Ahmad.

On February 17, 2020, the board approved formation of risk committee with following members of the committee;

Name of Member	
Ms. Maryam Aziz	Chairperson
Mr. Raheel Qamar Ahmad	Member
Mr. Nausherwan Adil	Member

One meeting of the Risk committee was held on 22 September 2020 which was attended by Ms. Maryam Aziz and Mr. Raheel Qamar Ahmad.

Current Structure of Board and its Committees

The total number of directors are 07 as per the following,-	
a. Male:	06
b. Female:	01

The composition of the board and its committees are as follows:

Names of Board Members	Member in Committees	Category
Mr. Nausherwan Adil	Chairman Audit Committee and Member Risk Committee	Independent Director
Mr. Nadim D. Khan	Chairman HR&R Committee	
Mr. Raheel Q. Ahmad	Member Risk Committee , HR&R Committee	Executive Director
Mr. Shaheen Amin	Member HR&R Committee	Non-Executive Directors
Mr. Ramon Alfrey	Member Audit Committee	
Mian Faysal Riaz	Member Audit Committee	
Ms. Maryam Aziz	Chairperson Risk Committee	

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

All Directors have completed their training under the Director Training Program.

In accordance with clause 7 of Listed Companies Code of Corporate Governance 2019, Ms. Maryam Aziz is appointed as the female director.

Management Committee

The Management Committee comprises of 8 senior members and the managing director, who meet and discuss major business plans, issues and progress updates of their respective functions. The major matters are then put forth in the Board for consideration and approvals.

Social Responsibility

ORIXM is committed for conducting business responsibly and investing in communities for their sustainable development. Corporate Social Responsibility is, therefore, an integral part of ORIXM's ways of working. At ORIXM, we believe in building long term relationships with neighboring communities, stakeholders and embrace transparency in all work processes. Detailed policies and procedures are in place to enable us to meet the legal, ethical, commercial and public expectations of the communities in which we operate.

At ORIXM we have formed multiple committees on different initiatives related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole. These committees include Corporate Social Responsibility and Environment Committee, Carbon Reduction Initiative, Volunteering Committee, Well-Being Committee, Support/ Initiative Committee for Social Welfare.

This year, ORIXM collaborated with The Indus Hospital for the "Blood Donation Drive" at the Company premises. ORIXM under the supervision of professionals, organized "Medical Camp" in collaboration with "Chughtai Lab" for employees in office premises. In this camp employees were provided basic tests free of cost, other medical test on discounted rate and free medical consultation from General Physician.

ORIXM also encourages its staff members to individually play their role as responsible citizens and participate for noble causes. Therefore a "Career Counselling" session was conducted by the team of ORIXM at TCF. ORIXM's commitment towards clean environment is also extended to its clients. We have embedded Environmental and Social Risk Assessment in our products and services we offer to our client. All activities of clients must comply with our environmental & social risk policies and an Environmental and Social Risk Assessment is performed for all our corporate clients before facilities are granted to them. Moreover, to support the initiative of "Green Pakistan" and to promote environmental protection, conservation and reduction of carbon emissions, we celebrated "Independence Day" by distributing floral plants, seeds and biodegradable canvas bags. This way we discourage our employees to use plastic bags in daily routine.

ORIXM continues to provide financial assistance to various charitable and non-profit organizations. We support a range of fund-raising events and projects, which focuses on children's health and education in under privileged members of society such as The Citizens Foundation (TCF), Layton Rahmatulla Benevolent Trust Hospital (LRBT), The Kidney Centre, Sindh Institute of Urology, Transplantation and Professional Education Network and Family Educational Services Foundation.

Our People

People at ORIX Modaraba are crucial to the delivery of its sustainable business model. In our continuous drive to make ORIXM a great place to work, focus is on attracting the best talent across our footprint and employee engagement. At ORIX Modaraba we believe high performance is not just about generating high profits; it is about living our values.

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

GOVERNANCE

Environmental Protection Measures

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

Consumer Protection and Anti-Corruption Measures

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

External Annual Audit

The financial statements of ORIXM have been audited without any qualification by the auditors namely M/s A.F. Ferguson & Co., Chartered Accountants.

Auditors

On the recommendation of Audit Committee, the Board has approved the appointment of the Messrs. A.F. Ferguson & Co., Chartered Accountants, as auditors for the year ending June 30, 2021 at a fee mutually agreed with the auditors and subject to approval by the Registrar of Modaraba Companies and Modarabas.

Entity Risk Assessment.

Whilst ORIXM follows global best practices in AML and CTF, recently Securities and Exchange Commission of Pakistan vide it's Notification/ Directives S.R.O. 55 of 2020 requires all Modaraba Companies to conduct self- risk assessment related to Anti Money Laundering and Countering Financing of Terrorism Risk and provide the risk assessment information to the commission by 31st July of each financial year (FY) which should cover the process/ methodology adopted for risk identification emanating from customer, products, geography and delivery channels along with elaborated risk tolerance level and assess residual risk after implementation of mitigation measures. In this respect, ORIXM has prepared Compliance / risk assessment data for the twelve months period ended June 30, 2020 which was reviewed and approved by the Board of Directors. Accordingly overall entity level AML/CFT risk assessment rating of ORIX Modaraba was assigned as 'Moderate'.

The Evaluation of the Board and its Committees.

The SECP Listed Companies Code of Corporate governance Regulation 2019, requires Board of Directors to conduct an annual evaluation of the Board own performance. Further the SECP SRO 301/(1)/2020 dated April 09, 2020, provides the guidelines for the performance evaluation of the Board of directors, Chief Executive Officer & Chief Regulatory Officer and also requires that the performance evaluation of CEO shall be carried out by all the directors. Therefore, a detailed criteria for the evaluation of Board performance has been devised which adequately covers the technical, Risk management and strategic competencies. On the basis of this criteria, Board performance evaluation will be conducted in next board meeting.

Entity Ratings

The Pakistan Credit Rating Agency Limited (PACRA) has maintained the ratings of ORIX Modaraba as AA (Double A) and A1+ (A one plus) for long-term and short-term respectively. These ratings indicate low expectation of credit risk and exceptionally strong capacity for timely payment of financial commitments.

Value of Investment of Provident, Gratuity Funds

The Modaraba maintains retirement benefit plans for its employees. These funds are invested in profit bearing accounts maintained with Islamic branch of a bank. The bank balance of staff retirement benefit funds based on their respective un-audited accounts as at June 30, 2020 is as follows:

Provident Fund	PKR 55.832 million
Gratuity Fund	PKR 36.380 million

Subsequent Events

No. material changes or commitments affecting the financial position of the company have occurred between the end of the financial year of the company and the date of this report.

Acknowledgment

The Board would like to thank the SECP for its continued guidance and support.

The Board would also like to thank its valued customers and investors for their continued trust and support.

Karachi: September 26, 2020



Ramon Alfrey
Director



Raheel Qamar Ahmad
Managing Director/ CEO

”معتدل“ ریٹنگ تفویض کی گئی ہے۔

بورڈ اور اس کی کمیٹیوں کی کارکردگی کی تشخیص

SECP کے سیکرٹری جنرل کوڈ آف کارپوریٹ گورننس ریگولیشن ۲۰۱۹ کے تقاضوں کے تحت بورڈ آف ڈائریکٹرز کے لئے ضروری ہے کہ بورڈ اپنی کارکردگی کی از خود سالانہ تشخیص کرے۔ مزید برآں SECP اپنے SRO 301/(1)/2020 مورخہ ۹ اپریل ۲۰۲۰ میں بورڈ آف ڈائریکٹرز، چیف ایگزیکٹو آفیسر اور چیف ریگولیٹری آفیسر کی کارکردگی کی تشخیص کے لئے رہنمائی فراہم کرتا ہے اور تقاضہ کرتا ہے کہ CEO کی کارکردگی کی تشخیص تمام ڈائریکٹران کریں گے۔ لہذا بورڈ کی کارکردگی کی تشخیص کے لئے ایک تفصیلی معیار اہلیت وضع کیا گیا ہے جو کہ تکنیکی، خطرات کے انتظام اور کلیدی صلاحیتوں کا احاطہ کرتا ہے۔ اس معیار اہلیت کی بنیاد پر بورڈ کی کارکردگی کی تشخیص بورڈ کے اگلے اجلاس میں کی جائے گی۔

ادارے کی ریٹنگ

پاکستان کریڈٹ ریٹنگ ایجنسی لمیٹڈ (PACRA) نے ORIX مضاربہ کی ریٹنگ کو بطور AA (ڈبل اے) اور بالترتیب A1+ (اے ون پلس) طویل و قلیل مدت کے لئے برقرار رکھا ہے۔ ان ریٹنگز سے قرضہ جاتی خطرات کی کم توقعات اور مالیاتی واجبات کی بروقت ادائیگی کی مضبوط صلاحیت کی نشاندہی ہوتی ہے۔

پروویڈنٹ، گریجویٹ فنڈز سے سرمایہ کاری کی مالیت

کمپنی کے پاس اپنے ملازمین کے لئے ریٹائرمنٹ فوائد کے منصوبے ہیں۔ یہ فنڈز ایک بینک کی برانچ کے منافع بخش اکاؤنٹ میں رکھے گئے ہیں۔ ۳۰ جون ۲۰۲۰ کو اسٹاف ریٹائرمنٹ بینفٹ فنڈز کے غیر آڈٹ شدہ حسابات کے مطابق فنڈز سے بینک میں رکھی گئی رقم کی مالیت درج ذیل ہے:

پروویڈنٹ فنڈ	۵۵.۸۳۲	ملین روپے
گریجویٹ فنڈ	۳۶.۳۸۰	ملین روپے

بعد ازاں واقعات

کوئی اہم تبدیلیاں یا وعدے جن سے کمپنی کی مالیاتی پوزیشن متاثر ہوتی ہو کمپنی کے مالیاتی سال کے اختتام اور اس رپورٹ کی تاریخ کے دوران رونما نہیں ہوئے۔

اعتراف

بورڈ اس موقع پر SECP کی مسلسل رہنمائی اور تعاون پر اس کا مشکور ہے۔

بورڈ اپنے قابل قدر گاہکوں اور سرمایہ کاروں کے مسلسل اعتماد اور تعاون پر بھی ان کا مشکور ہے۔

راحیل قمر احمد

مینجنگ ڈائریکٹر/سی ای او

ریمن الفری

ڈائریکٹر

کراچی: ۲۶ ستمبر ۲۰۲۰

شک یہ ہمارے ہر ملازم کی انتھک محنت اور جدوجہد کا نتیجہ ہے جس کی وجہ سے ORIXM آج اس مقام پر کھڑی ہے۔ ہم تسلسل کے ساتھ اپنے انسانی وسائل میں سرمایہ کاری کریں گے۔

ماحولیاتی تحفظ کے اقدامات

ORIXM میں ہمارا عزم ہے کہ پورٹ فولیو اور ہمارے طور طریقوں میں پائیداری کو یقینی بنایا جاسکے۔ ماحولیات کا تحفظ جو کہ ایک عالمی نصب العین بن چکا ہے، کے لئے ہم نے ایک ”کاربن کمیٹی“ تشکیل دی ہے۔ ہم کاربن کمیٹی کے ذریعے تسلسل کے ساتھ کاربن کے اخراج کو کم کرنے کے لئے نئی راہوں کی جدوجہد اور تلاش میں مصروف رہتے ہیں اور ایسے طور طریقے اپناتے ہیں جو کہ ماحول دوست ہوں۔ کمپنی سختی کے ساتھ کاغذ کے غیر ضروری استعمال کی حوصلہ شکنی کرتی ہے اور دفتر کے اندر کاغذ کے دوبارہ استعمال کی حوصلہ افزائی کرتی ہے۔

صارفین کا تحفظ اور انسداد بدعنوانی کے اقدامات

ORIXM میں کاروباری اخلاقیات، انسداد بدعنوانی اور صارفین کی پوشیدہ معلومات کے تحفظ کے لئے سنجیدہ اقدامات کئے جاتے ہیں کیونکہ ہم اس بات پر یقین رکھتے ہیں کہ ملازمین کی اخلاقیات ادارے کی سادھ کی ترقی اور پائیداری میں بنیادی کردار ادا کرتی ہے۔ ایک جانب کسٹمرز کے ساتھ ہمارے تعلقات باہمی اعتماد کی بنیاد پر قائم ہیں اور اس اعتماد کو برقرار رکھنے کے لئے ہم کسٹمرز کے مفادات کو مقدم رکھتے ہیں جس کے تحت تمام کسٹمرز کو شفافیت اور ذمہ داری کے ساتھ اعلیٰ معیاری خدمات فراہم کی جاتی ہیں۔ جبکہ دوسری جانب ہمارے طریق عمل ایسے ہیں جن سے اعتماد کو ٹھیس نہ پہنچنے کو یقینی بنایا جاتا ہے۔ انسداد رشوت ستانی اور بدعنوانی (ABC) کی پالیسی کی پاسداری کے لئے ملازمین کو باقاعدگی کے ساتھ تربیت فراہم کی جاتی ہے اور محدود معلومات کو صرف ضرورت کی بنیاد پر فراہم کیا جاتا ہے جس میں ڈیٹا بیک اپ اور ایک مضبوط طریق عمل اختیار کیا جاتا ہے جس کے تحت تمام لاگو قوانین اور ضوابط کی پاسداری کرتے ہوئے شریعہ کے مطابق نظم و نسق اور اعلیٰ سطح کے نظم و نسق کی یقین دہانی کی جاتی ہے۔

سالانہ خارجی آڈٹ

آڈیٹرز بنام میسرز اے۔ ایف۔ فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس نے ORIXM کے مالیاتی گوشواروں کا آڈٹ کیا ہے جس میں انہوں نے کسی تحفظات کے بغیر اپنی رائے کا اظہار کیا۔

آڈیٹرز

آڈٹ کمیٹی کی سفارش پر بورڈ نے میسرز اے۔ ایف۔ فرگوسن اینڈ کو، چارٹرڈ اکاؤنٹنٹس کو سال ۲۰۲۱ء کے لئے آڈیٹرز سے باہمی طے شدہ معاوضہ پر بطور آڈیٹرز تقرری منظور کی ہے جو کہ رجسٹر آف مضاربہ کمپنیز اینڈ مضاربہ کی منظوری کے ماتحت ہے۔

ادارے کی خطراتی تشخیص

جبکہ AML اور CTF کے بہترین عالمی طور طریقوں کو ORIXM اپناتی ہے، حال ہی میں سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان نے اپنے نوٹیفکیشن/ہدایات S.R.O. ۵۵ آف ۲۰۲۰ کے تحت تمام مضاربہ کمپنیز کو پابند کیا ہے کہ وہ انسداد منی لانڈرنگ اور دہشت گردی میں سرمایہ کاری کے خطرے کے لئے از خود خطراتی تشخیص کریں اور یہ تشخیصی معلومات ہر سال ۳۱ جولائی تک کمیشن کو فراہم کر دیں جس میں ان طریق عمل/طریقہ کار کا احاطہ کیا گیا جن کے تحت کسٹمر، مصنوعات، محل وقوع اور ترسیلی چینلز کے ساتھ مکمل طور پر خطرے کو برداشت کرنے کی سطح موجود ہو اور خطرات میں کمی کے اقدامات کے نفاذ کے بعد باقیماندہ کی تشخیص کی جاسکے۔ اس سلسلے میں ORIXM نے بارہ ماہ مدت مختتمہ ۳۰ جون ۲۰۲۰ کی ایک پاسداری/خطراتی تشخیص کا ڈیٹا تیار کیا ہے جس کا جائزہ اور منظوری بورڈ آف ڈائریکٹرز نے کی ہے۔ لہذا اور کس مضاربہ کو مجموعی ادارتی سطح پر AML/CFT خطراتی تشخیص کی

ORIXM کاروبار کو ذمہ داری سے انجام دینے کے لئے پر عزم ہے اور معاشرے کی پائیدار ترقی کے لئے سماجی کاموں میں عطیات فراہم کرتی ہے۔ لہذا ادارتی سماجی ذمہ داری ORIXM کے کام کرنے کے طریقہ کار کا امتیازی حصہ ہے۔ ORIXM میں ہم پڑوسی مقامی برادریوں اور مستفیدان کے ساتھ طویل مدتی تعلقات قائم کرنے پر یقین رکھتے ہیں اور اپنے تمام عملی کاموں میں شفافیت کو یقینی بناتے ہیں۔ مفصل پالیسیاں اور طریقہ کار موجود ہیں جن کی مدد سے جن برادریوں کے درمیان کام کرتے ہیں، ان کی قانونی، اخلاقی، تجارتی اور توقعات پر پورا اترتے ہیں۔

ORIXM میں ہم نے کئی کمیٹیاں مختلف پیشقدمیوں کے تحت تشکیل دی ہیں جن کا تعلق ادارتی سماجی ذمہ داری، صحت و تحفظ، وسائل کے استعمال اور ملازمین اور مجموعی طور پر معاشرے کی بہبود سے ہے۔ ان کمیٹیوں میں کارپوریٹ سوشل ریسپانسیبلٹی اینڈ انوائزمنٹ کمیٹی، کاربن ریڈکشن انیشی ایٹو، والیونٹری کمیٹی، ویل بینگ کمیٹی، سپورٹ / انیشی ایٹو کمیٹی فار سوشل ویلفیئر شامل ہیں۔

اس سال ORIXM نے انڈس ہاسپٹل کے تعاون سے کمپنی کی حدود میں ”خون عطیہ کرنے کی مہم“ منعقد کی۔ ORIXM نے پیشہ ور افراد کی زیر نگرانی ملازمین کے لئے ایک ”طبی کیمپ“ چغتائی لیب کے تعاون سے دفتری حدود میں منعقد کیا۔ اس کیمپ میں ملازمین کے بنیادی ٹیسٹ مفت کئے گئے، دیگر میڈیکل ٹیسٹوں کو رعایتی نرخ پر کیا گیا اور انہیں طبی معالج کا مفت مشورہ فراہم کیا گیا۔

ORIXM نے اپنے اسٹاف ممبران کو انفرادی طور پر ایک ذمہ دار شہری کی حیثیت سے اپنا کردار ادا کرنے اور مقدس نصب العین میں شرکت کی حوصلہ افزائی کی ہے۔ لہذا ”پیشہ ورانہ مشاورت“ کی نشست ORIXM کی ٹیم نے TCF میں منعقد کی۔ ORIXM کا صاف ستھرے ماحول کا عزم اپنے کلائنٹس تک پھیلا ہوا ہے۔ ہمارے کلائنٹس کو پیش کردہ مصنوعات اور خدمات میں ہم نے اپنی مصنوعات میں تہہ در تہہ ماحولیاتی اور سماجی خطرات کی تشخیص کی ہے۔ ہمارے تمام کلائنٹس کی سرگرمیاں ماحولیاتی اور سماجی خطراتی پالیسیوں کی لازمی پاسداری پر مشتمل ہیں اور ادارتی کلائنٹس کو سہولیات فراہم کرنے سے قبل ان کی ایک ماحولیاتی اور سماجی خطراتی تشخیص کی جاتی ہے۔ مزید برآں، ہم نے اپنی ”گرین پاکستان“ پیشقدمی کے تحت اور ماحولیاتی تحفظ، وسائل کی بچت اور کاربن اخراج میں کمی کو پروان چڑھانے کے لئے ”یوم آزادی“ پر پھولدار پودے، بیج اور قابل تلافی کاغذ کے تھیلے تقسیم کئے۔ اس طرح ہم نے اپنے ملازمین کی روزمرہ زندگی میں پلاسٹک کی تھیلیوں کے استعمال کی حوصلہ شکنی کی۔

ORIXM تسلسل کے ساتھ مختلف خیراتی اور غیر منافع بخش اداروں کو مالی مدد فراہم کرتا ہے۔ ہم نے کئی ایک چندہ اکھٹا کرنے کی تقریبات اور پروجیکٹس جیسے دی سٹیزنز فاؤنڈیشن (TCF)، لیٹن رحمت اللہ بینولینٹ ٹرسٹ ہاسپٹل (LRBT)، دی کڈنی سینٹر، سندھ انسٹیٹیوٹ آف یورولوجی اینڈ ٹرانسپلانٹیشن اور پروفیشنل ایجوکیشن نیٹ ورک ویلی ایجوکیشنل سروسز فاؤنڈیشن میں تعاون کیا جن کا مقصد معاشرے کے محروم طبقے کے بچوں کی صحت و تعلیم پر مدد فراہم کرنا ہے۔

ہمارے لوگ

اورکس مضاربہ کے پائیدار کاروباری ماڈل کے لئے اس کے لوگ بنیادی اہمیت کے حامل ہیں۔ ہم تسلسل کے ساتھ ORIXM کو بہترین کام کی جگہ بنانے کے لئے کوشاں ہیں جس کے ذریعے ہم ملازمین کے کام اور نقش قدم میں بہترین باصلاحیت لوگوں کو کشش کرتے ہیں۔ ORIXM میں ہم اس بات پر یقین رکھتے ہیں کہ اعلیٰ کارکردگی سے مراد اعلیٰ منافع حاصل کرنا نہیں بلکہ سب سے اہم اپنی اقدار پر چلنا ہے۔

بورڈ اس موقع پر مضاربہ کے معاملات میں مصروف ملازمین کی خدمات کے لئے ستائش ریکارڈ پر لانا چاہتا ہے۔ مضاربہ کی یہ کامیابیاں ملازمین کی کوششوں کے بغیر ممکن نہیں تھیں۔ بے

۱۷ فروری ۲۰۲۰ کو بورڈ نے رسک کمیٹی کی تشکیل کی منظوری دی، اس کمیٹی کے مندرجہ ذیل ممبران ہیں:

میس مریم عزیز	چیئر پرسن
جناب راحیل قمر احمد	ممبر
جناب نوشیروان عادل	ممبر

۲۶ ستمبر کو رسک کمیٹی کا اجلاس ہوا جس میں مس مریم عزیز اور جناب راحیل قمر احمد نے شرکت کی۔

بورڈ اور اس کی کمیٹیوں کا موجودہ ڈھانچہ

ڈائریکٹران کی کل تعداد ۷۰ ہے جن میں درج ذیل شامل ہیں:

a- مرد	۰۶
b- خاتون	۰۱

بورڈ اور اس کی کمیٹیوں کی تشکیل درج ذیل رہی:

بورڈ ممبران کے نام	کمیٹی ممبر	قسم
جناب نوشیروان عادل	چیئر مین آڈٹ کمیٹی اور ممبر رسک کمیٹی	آزاد ڈائریکٹرز
جناب ندیم ڈی خان	چیئر مین HR&R کمیٹی	آزاد ڈائریکٹرز
جناب راحیل قمر احمد	ممبر رسک کمیٹی، HR&R کمیٹی	ایگزیکٹو ڈائریکٹرز
جناب شاہین امین	ممبر HR&R کمیٹی	نان ایگزیکٹو ڈائریکٹرز
جناب ریمین الفری	ممبر آڈٹ کمیٹی	نان ایگزیکٹو ڈائریکٹرز
میاں فیصل ریاض	ممبر آڈٹ کمیٹی	نان ایگزیکٹو ڈائریکٹرز
میس مریم عزیز	چیئر پرسن رسک کمیٹی	نان ایگزیکٹو ڈائریکٹرز

ایگزیکٹو ڈائریکٹران اور آزاد ڈائریکٹران کے معاوضہ کی ادائیگی مضاربہ کی منظم کمپنی نے کی۔

تمام ڈائریکٹران نے ڈائریکٹرز ترقیتی پروگرام کے تحت اپنی تربیت مکمل کر لی ہے۔

لسٹڈ کمپنیز کوڈ آف کارپوریٹ گورننس ۲۰۱۹ کی شق ۷ کے تحت مس مریم عزیز کی بطور خاتون ڈائریکٹر تقرری کی گئی ہے۔

انتظامی کمیٹی

انتظامی کمیٹی ۸ سنیئر ممبران پر مشتمل ہے جو کہ اجلاس بلا تے ہیں اور بڑے کاروباری منصوبوں، مسائل اور کارکردگی سے متعلقہ افعال پر گفت و شنید کرتے ہیں۔ بڑے معاملات بورڈ کو غور و خوص اور منظوری کے لئے پیش کئے جاتے ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس اور حاضری

سال کے دوران بورڈ آف ڈائریکٹرز کے چار (۰۴) اجلاس ہوئے۔ بورڈ کا کوئی بھی اجلاس پاکستان سے باہر نہیں ہوا۔ ہر ڈائریکٹر کی حاضری کی تفصیل درج ذیل ہے:

ڈائریکٹر کا نام	حاضر اجلاسوں کی تعداد
شاہین امین	۰۴
راحیل قمر احمد	۰۴
ربین الفری	۰۴
میاں فیصل ریاض	۰۴
نوشیروان عادل	۰۴
مریم عزیز	۰۴
ندیم ڈی خان *	۰۰

* کمپنی کے ڈائریکٹر کی حیثیت سے ان کی تقرری کے بعد کوئی اجلاس نہیں ہوا۔

اور کس مضاربہ کی منتظم کمپنی اور کس سروسز پاکستان (پرائیویٹ) لمیٹڈ (کمپنی) کے بورڈ آف ڈائریکٹرز میں ڈائریکٹرز رپورٹ مختتمہ ۳۰ جون ۲۰۱۹ کے بعد سے مندرجہ ذیل تبدیلیاں ہوئی ہیں:

۰۹ مئی ۲۰۲۰ کو ۳ سال کے لئے بورڈ کی از سر نو تشکیل بندی ہوئی اور بورڈ آف ڈائریکٹرز میں جناب ندیم ڈی خان کی تقرری سے ایک آزاد اور نان ایگزیکٹو ڈائریکٹر کا اضافہ ہوا۔

بورڈ نے ڈائریکٹر کی تقرری پر انہیں خوش آمدید کہتا ہے اور ان کی ذمہ داریوں کی انجام دہی میں اپنے تعاون کا یقین دلاتا ہے۔

سال کے دوران آڈٹ کمیٹی کے چار اجلاس ہوئے۔ جن میں ہر ممبر کی حاضری درج ذیل رہی:

ممبر کا نام	حاضر اجلاسوں کی تعداد
جناب ربین الفری	۰۴
جناب فیصل ریاض	۰۴
جناب نوشیروان عادل	۰۴

سال کے دوران انسانی وسائل اور معاوضہ کمیٹی کا ایک اجلاس ہوا جس میں ملازمین کے معاوضہ کی رقومات کو حتمی شکل دی گئی جس میں جناب شاہین امین اور جناب راحیل قمر احمد نے شرکت کی۔

بورڈ نے اپنے اجلاس مورخہ ۲۶ ستمبر ۲۰۲۰ کو سال مختتمہ ۳۰ جون ۲۰۲۰ کے لئے ۱۰ روپے فی سٹیکفٹ پر ۲.۵ روپے (۲۵ فیصد) کی تقسیم کی منظوری دی ہے جس میں سے زکوٰۃ اور لاگو ٹیکس شرح کے حساب سے کٹوتی کئے جائیں گے۔

پروڈینشل ریگولیشنز فار مضاربہ کی پاسداری کرتے ہوئے ۶.۳۷۳ ملین روپے کی رقم دستوری ذخائر میں منتقل کر دی گئی ہے جس کے تحت کسی بھی مضاربہ کے بعد از ٹیکس منافع کا کم از کم ۲۰ فیصد اور زیادہ سے زیادہ ۵۰ فیصد ذخائر میں منتقل کیا جائے گا اس وقت تک جب تک کہ ذخائر ۱۰۰ فیصد ادا شدہ سرمائے کے برابر نہ ہو جائیں۔ اس کے بعد ہی بعد از ٹیکس منافع کا ۵ فیصد سے کم منتقل نہیں کیا جاسکتا ہے۔

ادارتی اور مالیاتی رپورٹنگ کا فریم ورک

- ☆ مضاربہ کی انتظامیہ کے تیار کردہ مالیاتی گوشوارے کمپنی کے معاملات، اس کے کاروباری نتائج، نقدی کے بہاؤ اور ایکویٹی میں تبدیلیوں کی شفافیت کے ساتھ پیش کرتے ہیں۔
- ☆ مضاربہ میں حسابات کی کتابیں مناسب انداز میں رکھی گئی ہیں۔
- ☆ درست حساباتی پالیسیوں کو تسلسل کے ساتھ مالیاتی گوشواروں کی تیاری کے دوران ملحوظ خاطر رکھا گیا ہے اور حساباتی تخمینوں کی بنیاد معقول اور مضبوط فیصلوں پر ہے۔
- ☆ مالیاتی گوشواری کی تیاری کے دوران عالمی مالیاتی رپورٹنگ معیارات، جو پاکستان میں لاگو ہیں، ملحوظ خاطر رکھا گیا ہے۔
- ☆ اندرونی نگرانی کے نظام کی شکل مضبوط ہے اور موثر انداز میں نافذ العمل ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ مضاربہ کی چلتے ہوئے ادارے کی صلاحیت میں کوئی قابل ذکر شک و شبہ نہیں ہے۔
- ☆ لسٹنگ ریگولیشنز میں دیئے گئے ادارتی نظم و ضبط کے بہترین طور طریقوں سے کوئی بھی بڑا انحراف نہیں کیا گیا ہے۔
- ☆ گزشتہ چھ سالوں کے مختصراً ہم کاروباری اور مالیاتی اعداد و شمار اس سالانہ رپورٹ میں شامل کئے گئے ہیں۔
- ☆ ٹیکسوں، ڈیوٹیوں، محصولات اور اخراجات کی مد میں کوئی آئینی ادائیگی ۳۰ جون ۲۰۲۰ کو واجب الادا نہیں تھی سوائے جنہیں مالیاتی گوشواروں میں منکشف کیا گیا ہے۔

آپ کا مضاربہ باریک بینی سے صورتحال کی نگرانی کر رہا ہے اور ایسے ضروری اقدامات کئے ہیں جن سے مضاربہ کے عملہ کا تحفظ و حفاظت یقینی ہو اور ہمارے کسٹمرز کو بلا رکاوٹ خدمات فراہم کی جاتی رہیں۔ مضاربہ کی اعلیٰ انتظامیہ تسلسل کے ساتھ صورتحال کا جائزہ لے رہی ہے اور کسی بھی خدشات کو حل کرنے کے لئے بروقت فیصلے کرتی ہے۔ روبسٹ اسٹینڈرڈ آپریٹنگ پروسیجرز (SOP) وضع کئے گئے ہیں اور عملے کے تحفظ و حفاظت کو یقینی بنانے اور کسٹمرز کو بلا رکاوٹ خدمات فراہم کرنے کے لئے نافذ کئے گئے ہیں۔ بنیادی اہم عملے کو بیرونی دفتری ماحول فراہم کیا گیا اور ماحققہ خطرات اور کنٹرول کے اقدامات کی تشخیص کی گئی تاکہ وہ ورچول پرائیویٹ نیٹ ورک (VPN) کنکشنز کو استعمال کرتے ہوئے وہ مکمل طور پر محفوظ رہ سکیں۔ آپ کا مضاربہ تسلسل کے ساتھ مستفیدان کی توقعات پر پورا اترنے کی کوشش کر رہا ہے جس طرح وہ نارمل حالات میں خدمات فراہم کرتا ہے۔

مستقبل کی پیش بینی

COVID-19 کی وباء کا پھیلاؤ انسانی تاریخ کا ایک غیر معمولی واقعہ ہے اور جس کے نتیجے میں عالمی سطح پر شدید معاشی اور مالی جھٹکے لگے۔ نول کو رونا وائرس نے دنیا کو مکمل طور پر تبدیل کر دیا اور دنیا بھر کی حکومتوں کو وباء کی وجہ سے چیلنجز کا سامنا کرنا پڑا۔ یہ ایک انتہائی غیر معمولی واقعہ تھا جس کی وسیع انسانی اور معاشی قیمت ہے۔ ORIXM نے اپنے عملہ کے صحت اور تحفظ کو یقینی بنانے کے لئے تمام ضروری احتیاطی تدابیر اختیار کیں اور اپنے گاہکوں کو پائیدار و مسلسل خدمات محفوظ ماحول میں فراہم کیں۔ ان مشکل حالات میں ایک نمایاں مضاربہ کی حیثیت سے ORIXM کا اولین کردار گاہکوں کو مالیاتی خدمات فراہم کرنے کے لئے بلا رکاوٹ آپریٹرز کو یقینی بنانا تھا۔ مضاربہ نے آنے والی پیشقدمیوں کی باریک بینی سے نگرانی کرتے ہوئے مناسب اقدامات کئے۔ ORIXM اس مشکل وقت میں باریک بینی کے ساتھ اپنے قابل قدر گاہکوں سے تعاون کرتے ہوئے انہیں ضابطوں میں ریلیف فراہم کرنے کے ساتھ نگرانی اداروں کے ساتھ باقاعدگی سے رابطہ میں ہے۔

COVID-19 کے بعد کی معاشی سرگرمیوں کی بحالی کے لئے زیادہ تر ممالک نے بتدریج لاک ڈاؤن کی پابندیوں میں نرمی کردی ہے جسے نئے معمولات زندگی کو قبول کر لیا گیا ہے۔ اگرچہ کہ پاکستان میں وائرس سے نئے متاثر ہونے والوں کی تعداد بہت سست ہے، لیکن اس کا انحصار حکومت پر ہوگا کہ وہ مستقبل میں کس طرح صورتحال کو قابو کرتی ہے۔ آگے کی جانب کاروباروں کے کھلنے ہی توقع ہے کہ طلب میں اضافہ ہوگا تاہم معیشت کے مختلف شعبوں میں وائرس کے دور اثرات کی وجہ سے نمودار ہواؤ کا شکار رہے گی۔ مستقبل میں ہم توقع کرتے ہیں کہ معاشی سرگرمی کی بحالی کے ساتھ نئی ادائیگیوں میں بتدریج اضافہ ہوگا۔ ہمارے سابقہ طور طریقوں کے مطابق ہم نئے کاروبار کی بنگ کے لئے محتاط رسائی اپنائیں گے اور ہم بدلتی ہوئی صورتحال کے تناظر میں نئے متعارف کردہ معیارات پر گاہکوں کی محتاط تشخیص کریں گے۔ مشکل حالات میں سہارا دینے کے لئے ہم اپنے موجودہ گاہکوں کے ساتھ تعلقات کو مضبوط کریں گے اور جاری ارتقائی مشکلات کا مقابلہ کرنے کے لئے ان سے قریبی رابطہ رکھیں گے۔

ORIXM نے اپنے موجودہ کسٹمرز سے ماحققہ خطرات کی تشخیص کیلئے اپنے مکمل پورٹ فولیو کی از سر نو تشخیص کی ہے اور اس کے مطابق اپنے گاہکوں کی خطراتی درجہ بندی میں تبدیلی کی ہے۔ قرضہ جاتی پالیسیوں کو ایسے کسٹمر کی تشخیص کے مطابق ترتیب دیا گیا ہے جن کو مستقبل میں آن بورڈ رکھا جائے۔ سخت نگرانی اور اعداد و شمار کا حصول ہمارے موجودہ کلائنٹس کے لئے موجود ہے۔ قرضہ جاتی پالیسیوں کا جائزہ لیتے وقت مختلف محل وقوع، کاروباری شعبوں اور مستقبل میں کسی کاروباری رکاوٹ میں پائیدار رہنے کی صلاحیت کو ضروری اہمیت دی جاتی ہے۔

حصص داری کی ساخت

کمپنی کے سرٹیفکیٹس کی خرید و فروخت پاکستان اسٹاک ایکسچینج لمیٹڈ میں ہوتی ہے۔ ۳۰ جون ۲۰۲۰ کو سرٹیفکیٹ کی حصص داری کی معلومات سالانہ رپورٹ کے متعلقہ حصے میں فراہم کی گئی ہے۔ ڈائریکٹران، سی ای او، سی ایف او/کمپنی سیکریٹری، انٹرنل آڈٹ کے سربراہ اور ان کے شریک حیات اور چھوٹے بچوں نے مضاربہ کے سرٹیفکیٹس میں سال کے دوران کوئی خرید و فروخت نہیں کی سوائے جسے نگرانی اداروں کو رپورٹ کیا گیا ہے اور جسے حصص داری کی ساخت میں شامل کیا گیا ہے۔

IFRS 9 ”فنانشل انسٹرومنٹس“ یکم جولائی ۲۰۱۸ سے شروع ہونے والی مدت سے لاگو ہو گیا ہے۔ سال ۲۰۱۹ کے دوران NBFI اور مضاربہ ایسوسی ایشن آف پاکستان نے SECP کی وضاحت کی بنیاد پر اپنے ممبران کو مطلع کیا کہ SECP نے IFRS 9 کو سرمایہ کاریوں کے عوض اختصاص کی حد تک نفاذ کو مضاربہ کے لئے موخر کر دیا ہے اور مضاربہ IFRS 9 کی دیگر تمام تقاضوں پر عمل کریں گے۔ لہذا مضاربہ نے IFRS 9 کی تمام ضروریات کو اختیار کر لیا ہے اور مالیاتی گوشواروں برائے ختمہ مدت ۳۰ جون ۲۰۱۹ میں سرمایہ کاریوں (اجارہ اور ڈمنٹنگ مشارکہ) کے عوض اختصاص کا پروڈینشل ریگولیشنز کی ضروریات کے مطابق تعین کیا ہے۔

سال کے دوران SECP نے مضاربہ کے لئے مکمل IFRS 9 کے نفاذ کو ۳۰ جون ۲۰۲۱ کے لئے موخر کر دیا ہے۔ چونکہ ORIX مضاربہ نے مالیاتی سال ختمہ ۳۰ جون ۲۰۱۹ کے لئے ۹ سال کے تمام تقاضوں کو پہلے ہی اختیار کر لیا تھا سوائے سرمایہ کاریوں (اجارہ اور ڈمنٹنگ مشارکہ) کے عوض اختصاص کے جن کا تعین پروڈینشل ریگولیشنز کے تقاضوں کے تحت کیا گیا تھا، لہذا مالیاتی سال ختمہ ۳۰ جون ۲۰۲۰ میں سرمایہ کاریوں کے عوض اختصاص کا تعین اور انضمام SECP کے پروڈینشل ریگولیشنز کی بنیاد پر کیا گیا۔

IFRS 9 مالیاتی اثاثوں اور مالیاتی واجبات کو تسلیم کرنے، درجہ بندی، پیمائش اور غیر تسلیم بندی کا احاطہ کرتا ہے۔ اس معیار نے مالیاتی اثاثوں پر فرسودگی کا ایک نیا ماڈل متعارف کرایا جس کے تحت فرسودگی کو ”متوقع قرضہ جاتی خساروں“ (ECL) کی رسائی کے تحت تسلیم کیا جاتا ہے۔ پروڈینشل ریگولیشنز کے تحت اختصاص / فرسودگی کے مطابق ”اختصاص اس صورت میں کیا جاتا ہے جب عدم ادائیگی رونما ہو“۔ تاہم IFRS 9 کا اختصاصی ماڈل آگے کی جانب دیکھ رہا ہے اور اس کی بنیاد مالیاتی اثاثوں کی متوقع زندگی پر قرضہ جاتی خساروں کا امکانی اوزانی تخمینہ ہے۔ اس کے تحت تمام اثاثوں کے لئے عمومی اختصاص فراہم کیا جاتا ہے۔ نئی رسائی کو مد نظر رکھتے ہوئے انتظامیہ محسوس کرتی ہے IFRS 9 کو مکمل طور پر اختیار کرنے کے بعد ابتدا میں بڑے اختصاص / فرسودگی کے امکانات ہیں۔

COVID-19 کے امکانی اثرات

کورونا وائرس بیماری ۲۰۱۹ (COVID-19) کے پھیلاؤ نے عالمی صحت کا بحران پیدا کر دیا ہے جس نے ہماری روزمرہ زندگی اور دنیا سے متعلق ہمارے ادارے پر گہرے اثرات چھوڑے۔ اس وباء نے دنیا بھر کی معیشتوں پر تباہی پھیلانی اور پاکستانی کی پہلے سے لرزتی معیشت پر اثرات مرتب کئے۔ نگران اداروں اور حکومتوں نے اثرات کو کم کرنے کے لئے دنیا بھر میں مالی اور معاشی ترغیبی اقدامات متعارف کروائے۔ پہلے سے جانے پہچانے اثرات کے علاوہ معاشی غیر یقینی صورتحال سے بھی معاشی سرگرمی میں رکاوٹ پیدا ہوئی اور یہ بات نامعلوم ہے کہ ہمارے کاروبار پر کیا طویل مدتی اثرات مرتب ہوں گے۔ وباء کی مدت اور شدت غیر یقینی ہے۔ تاہم، اب پاکستان میں تیزی سے کاروباری سرگرمی بحال ہو رہی ہے، کیونکہ COVID-19 سے متعلق پریشانیوں ایسی معیشت میں پھینکی پڑ چکی ہیں جس میں سات عشروں میں پہلی مرتبہ سکڑاؤ آیا ہے۔

بنیادی خطرات جو کہ COVID-19 کی موجودہ صورتحال کی وجہ سے پیدا ہوئے ہیں ان میں اثاثوں کا معیار اور قرضہ جاتی خطرات، لیکویڈٹی کا انتظام اور آپریشنز شامل ہیں۔ COVID-19 کے اثرات اور اس کے ملحقہ خطرات کے انتظام کی مختصر تفصیل مالیاتی گوشواروں کے نوٹ ۳۶، ۲۷، ۲۸، ۲۹، ۳۰ اور ۳۱ میں دی گئی ہے۔ ہم نے غیر معمولی اقدامات اٹھائے ہیں تاکہ مضاربہ کی لیکویڈٹی کو یقینی بنایا جاسکے اور وہ مکمل طور پر اپنی ذمہ داریوں سے عہدہ برآں ہونے کے لئے تیار ہے۔

اس مدت کے دوران اسٹیٹ بینک آف پاکستان نے بحران کا مقابلہ کرنے کے لئے ۶۲۵ بیسیس پوائنٹس کی کمی کر کے پالیسی نرخ کو ۷.۰ فیصد کر دیا اور بینکنگ سسٹم کے استحکام اور پائیدار معاشی سرگرمی کے لئے کئی باضابطہ اقدامات متعارف کروائے۔ جبکہ دوسری جانب سیکیورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے سرکل نمبر ۱۵ سال ۲۰۲۰ مورخہ ۲۴ اپریل ۲۰۲۰ اور سرکل نمبر ۲۸ سال ۲۰۲۰ مورخہ ۱۰ ستمبر ۲۰۲۰ کے ذریعہ تمام مضاربہ کو اپنے کلائنٹ کی اصل رقم کی ادائیگی کو ایک سال کے لئے موخر کرنے کی اجازت دی اور ازسرنو ساخت شدہ / جدول شدہ ضابطہ کے معیار اہلیت پر ان کسٹمرز کے لئے نرمی کی ہے جو اصل رقم کی ادائیگی کو ایک سال سے بھی زیادہ موخر کرنا چاہتے ہیں۔

COVID کے نتیجے میں معاشی سست روری کی وجہ سے مشکل معاشی حالات کے باوجود اللہ رب العزت کی رحمت سے جائزہ سال کے دوران مضاربہ کی کارکردگی بہت مستحکم رہی۔ مضاربہ کی خام آمدنی میں ۰.۵۹ فیصد کمی ہوئی جو کہ ۲۰۲۰ء میں روپے سے کم ہو کر ۰.۱۵، ۲۰۱۵ء میں روپے رہ گئی جبکہ اجارہ اثاثوں پر فرسودگی ۱۵.۴۷ فیصد سے کم ہو کر ۱۴.۸۸، ۱۴.۸۸ فیصد رہ گئی جو کہ گزشتہ سال ۱۳.۵۸، ۱۳.۵۸ فیصد روپے تھی جس کی بنیادی وجہ اجارہ کے اثاثوں اور ملحقہ اجارہ کرایوں میں کمی تھی۔ تاہم آمدنی (اجارہ اثاثوں کی فرسودگی نکالنے کے بعد اور دیگر آمدن شامل کرنے کے بعد) میں ۲۵.۶۳ فیصد اضافہ ہوا جو کہ گزشتہ سال کے ۴۱.۵۳ فیصد روپے سے بڑھ کر ۹۳.۱۶ فیصد روپے ہو گئی جس کی بنیادی وجہ اجارہ اثاثوں کی فرسودگی، جون ۲۰۱۹ء سے فروری ۲۰۲۰ء تک KIBOR کا بڑھتا ہوا رجحان اور ڈمشنگ مشارکہ اثاثوں میں اضافہ ہے۔ مالیاتی اخراجات میں ۳۳.۸۳ فیصد اضافہ ہوا جو کہ گزشتہ سال کے ۴۷.۵۵ فیصد روپے کے مقابلے میں بڑھ کر ۵۹.۹۸ فیصد روپے ہو گئے جس کی بنیادی وجہ جولائی ۱۹ء تا فروری ۲۰۲۰ء میں KIBOR کا اوپری رجحان تھا جیسا کہ اوپر بیان کیا گیا ہے۔ سال کے دوران ایک خالص اختصاص ۱۰.۳۲ فیصد روپے مشکوک سرمایہ کاری کے لئے فراہم کیا گیا تھا جبکہ گزشتہ سال کے ۳.۹۸ فیصد روپے کے اختصاص کو معکوس کیا گیا۔

اس اختصاص کی بڑی وجہ پورٹ فولیو کے محتاط انتظام کے تحت کچھ کسٹمرز کی زیریں درجہ بندی تھی۔ انتظامی اور کاروباری اخراجات ۱۴.۸۸ فیصد اضافہ کے ساتھ ۱۵۲.۹۵ فیصد روپے سے بڑھ کر ۱۷۵.۷۱ فیصد روپے ہو گئے جس کی بنیادی وجہ عملہ کی لاگت اور نئے ضابطوں کی پاسداری سے مطابقت سے ملحقہ لاگت تھی۔ تاہم خالص منافع میں ۱.۱۱ فیصد اضافہ ہوا جو کہ ۱۲۶.۰۶ فیصد روپے کے مقابلے میں بڑھ کر ۱۲۷.۴۶ فیصد روپے ہو گیا۔

اجارہ فنانس، سسکوک میں سرمایہ کاری اور ڈمشنگ مشارکہ سرمایہ کاری کا پورٹ فولیو ۶۸۳، ۵۰۰ فیصد روپے رہا جو کہ ۳۰ جون ۲۰۱۹ء کو ۶۲۲، ۶۰۰ فیصد روپے تھا، جس سے ۵.۸۱ فیصد کمی کی عکاسی ہوتی ہے اس کی بنیادی وجہ مالیاتی سال کی آخری سہ ماہی میں نئی سرمایہ کاری کی ادائیگی میں کمی تھی۔ تاہم کل اثاثوں میں ۴.۰۲ فیصد اضافہ ہوا جو کہ گزشتہ سال کے ۶.۹۶۶ فیصد روپے سے بڑھ کر ۲۴۶، ۷۰۰ فیصد روپے ہو گئے، جس کی بنیادی وجہ مضاربہ کی روانی کو یقینی بنانے اور COVID کی مدت کے دوران اپنی تمام واجبات سے عہدہ برآں ہونے کے لئے مکمل طور پر تیار رہنے کی ہماری حکمت عملی کے تحت بینک بیلنس میں قابل ذکر اضافہ تھا۔ جائزہ سال کے دوران مضاربہ نے ۱۹۹، ۲۰۰ فیصد روپے تک کی نئی سرمایہ کاری کی ادائیگیاں بک کیں جس میں ۱۳۹، ۱۰۰ فیصد روپے (۶۳ فیصد) پلانٹ اینڈ مشینری میں، ۱۸، ۷۰۰ فیصد روپے (۳۳ فیصد) موٹر وہیکل میں اور ۹۰، ۰۰۰ فیصد روپے (۴ فیصد) دیگر میں ہیں۔

واجبات کے لحاظ سے مشارکہ سرٹیفیکیٹس (COMS) میں ۸۹۸، ۰۰۰ فیصد اضافہ ہوا جو کہ ۸۶، ۷۰۰ فیصد روپے سے بڑھ کر ۸۷، ۲۰۰ فیصد روپے ہو گئے جبکہ بینک سے سرمایہ کاری میں ۳۵.۸۷ فیصد کمی ہوئی جو کہ گزشتہ سال کے ۹۳، ۴۰۰ فیصد روپے کے مقابلے میں کم ہو کر ۱، ۲۴۰، ۰۰۰ فیصد روپے رہ گئی۔ اگرچہ COMS گلے ۱۲ ماہ میں میچور ہونے والی ہیں، لیکن میچورٹی کارویہ ۱۲ ماہ سے زیادہ ہے کیونکہ زیادہ تر COMS کسٹمر میچورٹی کے بعد دوبارہ سرمایہ کاری کرتے ہیں۔

کاروبار میں ترقی کی وجہ منتخب شدہ کلائنٹس کے ساتھ تعلقات کو مضبوط کرنے اور نئے اچھے ساکھ کے حامل کلائنٹس کے ساتھ تعلقات کا آغاز کرنے پر مشتمل تھی۔ پورٹ فولیو کے اثاثے کثیر القومی اداروں، بڑے اور چھوٹے سائز کے مقامی اور منتخب SME کے ایک اچھے مرکب پر مشتمل ہیں۔

اور کس مضاربہ بہت احتیاط سے خطرات کا انتظام اور کی نگرانی کرتی ہے۔ قرضہ خواہوں کے قرضہ جاتی پروفائل کے ساتھ واپس ادائیگی کی صلاحیت کی تشخیص سہولت کی منظوری کے وقت کی جاتی ہے اور جس کی باقاعدگی سے نگرانی ہوتی ہے۔ مزید یہ کہ پورٹ فولیو مینجمنٹ اور اربل الرٹ کمیٹیاں موجود ہیں جو کہ پورٹ فولیو کی نگرانی کو یقینی بنانے اور کسی بھی ممکنہ ناموافق منظر نامہ سے بروقت ہوشیار کرانے کی ذمہ دار ہیں۔

۶.۴ فیصد رہی۔ مالی سال ۲۰ کے دوران بلا واسطہ غیر ملکی سرمایہ کاری (FDI) فیصد اضافہ کے ساتھ ۶.۲ بلین ڈالر رہی جبکہ مالی سال ۱۹ میں ۱.۴ بلین یو ایس ڈالر تھی۔ بیرونی شعبے کو مزید مستحکم کرنے کے لئے پاک چائنہ فری ٹریڈ ایگریمنٹ کا دوسرا مرحلہ نافذ ہوا۔ اس نے پاکستانی تیار کنندگان اور تاجروں کو ۳۱۳ نئی مصنوعات چین کی مارکیٹ میں برآمد کرنے کا موقع فراہم کیا۔ حال ہی میں موڈی نے پاکستان کی ریٹنگ کو B3 کے مستحکم زاویہ نگاہ کی تصدیق کی ہے۔ پاکستان ورلڈ بینک کے کاروبار کرنے میں آسانی کے انڈیکس میں ’اولین دس بہترین ممالک‘ کے درجہ شامل ہو گیا، یعنی انڈیکس میں ۲۸ سطحوں کو عبور کر لیا اور ۱۰۸ ویں پوزیشن کو حاصل کر لیا۔

مالیاتی نتائج اور کاروباری جائزہ

۳۰ جون ۲۰۱۹ (PKR '000')	۳۰ جون ۲۰۲۰ (PKR '000')
-------------------------------	-------------------------------

۴۵۳،۸۳۵	۴۵۳،۸۳۵
۱،۱۶۰،۴۷۵	۱،۱۷۴،۴۷۳
۳،۱۳۹،۸۸۸	۲،۶۳۲،۳۱۳
۳،۰۸۴،۶۹۰	۳،۲۳۰،۷۹۶
۲،۷۸۵،۷۰۵	۳،۸۷۱،۵۰۵
۷۴۱،۵۳۴	۹۳۱،۶۰۳
۴۴۷،۵۴۵	۵۹۸،۹۳۸
۳،۹۷۸	(۱۰،۳۲۳)
۱۵۲،۹۵۱	۱۷۵،۷۱۳
۱۴۵،۰۱۶	۱۴۶،۶۲۹
۱۲۶،۰۵۷	۱۲۷،۴۵۸
۱۲۶،۰۵۷	۱۲۷،۴۵۸
۳۴،۰۱۴	۴۰،۳۰۶
۱۶۰،۰۷۱	۱۶۷،۷۶۴
۱۱۳،۴۶۲	۱۱۳،۴۶۱
۶،۳۰۳	۶،۳۷۳
۱۱۹،۷۶۵	۱۱۹،۸۳۴
۴۰،۳۰۶	۴۷،۹۳۰
۲.۷۸	۲.۸۱

میزانیہ

سرٹیفکیٹ سرمایہ

کل ایکویٹی

اجارہ اثاثوں اور اجارہ فنانس پر سرمایہ کاری

ڈمنشنگ مشارکہ اور سکوپ پر سرمایہ کاری

قابل خلاصی سرمایہ

منافع و خسارہ

محصولات (اجارہ اثاثوں کی فرسودگی نکالنے کے بعد)

مالیاتی اخراجات

(اختصاص)/ (اختصاص کی معکوسی اور فرسودگی

کاروباری اخراجات

منافع قبل از انتظامی فیس

خالص منافع

مصارف

سال کا خالص منافع

جمع: غیر مصرف شدہ منافع پیچھے سے لایا گیا

اصراف کے لئے دستیاب منافع

منافع کی تقسیم ۲۵ فیصد کے حساب سے (۲۰۱۹ میں ۲۵ فیصد)

آئینی ذخائر

غیر مصرف شدہ منافع آگے لے جایا گیا

آمدنی فی سرٹیفکیٹ

مضاربہ کمپنی کے ڈائریکٹران کی چونتیسویں رپورٹ

برائے ختمہ سال ۳۰ جون ۲۰۲۰

اورکس مضاربہ ORIXM کی منتظم کمپنی اورکس سروسز پاکستان (پرائیویٹ) لمیٹڈ کے بورڈ آف ڈائریکٹرز ORIXM کی ۳۴ ویں رپورٹ کے ساتھ آڈٹ شدہ مالیاتی گوشوارے اور آڈیٹرز رپورٹ برائے ختمہ سال ۳۰ جون ۲۰۲۰ پیش کرتے ہوئے اظہار مسرت کرتے ہیں۔

معیشیت

پاکستان COVID-19 سے انتہائی متاثرہ ملکوں میں سے ایک ہے جو کہ وباء کی وجہ سے معاشی رکاوٹ کی وجہ سے موجودہ بحران اور شدید ہو گیا ہے۔ COVID-19 کی وجہ سے معیشیت کے خدمات کے شعبے کے ساتھ خاص طور پر تھوک اور پرچون فروشی اور ٹرانسپورٹ کے شعبوں پر بھی لاک ڈاؤن کی صورتحال کی وجہ سے قابل اثرات مرتب ہوئے۔ وباء کے کم ہونے اور مقامی طلب میں بتدریج اضافہ سے معیشیت مالی سال ۲۰۲۱ میں بحال ہوگی۔ تاہم مقامی طور پر وائرس کے ارتقاء سے متعلق غیر یقینی صورتحال اور پاکستانی مصنوعات کی بیرون ملک طلب کی بحالی کی رفتار بنیادی خطرات ہو گئے۔ بڑھتے ہوئے قرضوں اور جغرافیائی و سیاسی تناؤ سے منظر نامہ پر مزید مشکلات آئیں گی۔

COVID-19 سے قبل حکومت مالیاتی استحکام کا پروگرام نافذ کر رہی تھی جس کے تحت مالی سال ۱۹ کے جولائی تا مارچ کے دوران مالیاتی خسارے کو GDP کے ۵.۱ فیصد سے کم کر کے مالی سال ۲۰۲۰ کے جولائی تا مارچ میں ۴.۱ فیصد تک لانا تھا۔ تاہم COVID-19 کی وباء کے پھیلاؤ کی وجہ سے وسط مدت میں مالیاتی خسارے میں قابل ذکر اضافہ کی توقع ہے۔ لہذا قرضہ کی پائیداری کا خطرہ قرضہ کی سطح بڑھنے کے ساتھ بڑھتا جائے گا۔ جس کے نتیجے میں بنیادی منظر نامہ میں سرکاری قرضہ جو مالی سال ۱۹ میں GDP کا ۸۸.۸ فیصد تھا، توقع ہے کہ مالی سال ۲۰ میں بڑھ کر ۹۳.۸ فیصد تک پہنچ جائے گا اور مالی سال ۲۱ میں ۹۸.۴ فیصد کی بلند ترین سطح پر پہنچ جائے گا جس کے بعد بتدریج کم ہو کر مالی سال ۲۲ میں GDP کا ۹۵.۱ فیصد ہو جائے گا۔ جس کے نتیجے میں معاشی مالی سال ۲۱ میں ۲.۶ سے ۳.۳ فیصد کے درمیان سکڑ جائے گی اور مالی سال ۲۱ میں ۰.۲ سے ۴.۰ فیصد سکڑے گی جبکہ COVID-19 سے قبل متوقع نمو مالی سال ۲۰۲۰ میں ۲.۴ فیصد اور FY21 میں ۳.۰ فیصد تھی۔

COVID-19 وباء کے پھیلاؤ سے امکانی طور پر توقع ہے کہ مالی سال ۲۱ اور مالی سال ۲۲ میں محصولات کی وصولی پر قابل ذکر اثرات مرتب ہوں گے۔ حکومت نے تقریباً ۵.۵ بلین یو ایس ڈالر کے بحالی پیکیج کا اعلان کیا ہے تاکہ کاروبار پر معاشی اثرات کو کم کرنے کے ساتھ ساتھ صحت اور سماجی تحفظ کے اخراجات میں اضافہ کیا جاسکے۔ معاشی پیکیج کے مقاصد میں (a) طبی صحت کے شعبے کو تعاون فراہم کرنا تاکہ وائرس کے پھیلاؤ کو روکا جاسکے اور متاثرہ افراد کو ریلیف فراہم کی جاسکے، (b) ملک بھر میں معاشی سست روی اور جزوی لاک ڈاؤن کی وجہ سے متاثر ہونے والے کمزور اور غریب طبقے کو سہارا فراہم کرنے کیلئے سماجی بہبود کے اقدامات کا نفاذ اور (c) کاروباروں اور صنعتوں کی ترغیب جس سے معاشی سست روی کے دوران پیداواری اثاثوں کی حفاظت شامل ہیں۔ مالی سال ۲۰ کا مالیاتی خسارہ متوقع ہے کہ GDP کا ۱۰.۱ فیصد رہے گا (جبکہ زیریں سطح پر GDP کا ۱۰.۴ فیصد رہے گا) اور مالی سال ۲۱ میں GDP کا ۹.۴ فیصد اور ۱۱.۷ فیصد کے درمیان رہے گا۔ مالی سال ۲۰ میں ٹیکس محصولات کم ہو کر امکانی طور پر GDP کا ۱۱.۱ فیصد رہیں گے جو کہ مالی سال ۱۹ کے مقابلے میں ۰.۷ فیصدی پوائنٹس کم ہے۔

پائیداری کے لئے حکومت کی ڈھانچہ بندی میں موثر اصلاحات اور پالیسی سازی کے نتیجے میں بیرونی دشوار گزار ماحول کے باوجود پاکستان کی کارکردگی اپنے زیادہ تر مسابقت کاروں سے اچھی رہی۔ بیرونی شعبہ مستحکم ہوا کیونکہ مالی سال ۲۰ میں رواں کھاتے کا خسارے میں ۷.۹ فیصد کمی ہوئی۔ فروری ۲۰ تک مشکل بیرونی حالات کے باوجود پاکستان نے برآمدات کے شعبے میں اپنے بیشتر حریفوں سے بہتر کارکردگی دکھائی۔ ترسیلات زر ۲۳.۱ بلین ڈالر کی تاریخی بلند سطح پر پہنچ گئیں جبکہ گزشتہ سال ۲۱.۷ بلین ڈالر تھیں اس طرح نمو

The Chairman and CEO Role

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



Chairman:

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

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

Chief Executive:

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

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

Composition of Board Committees

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

The Board has established following committees:

- 1) Audit Committee
- 2) Human Resource & Remuneration (HR&R) Committee
- 3) Risk Committee

Audit Committee

The Audit Committee assists the Board in fulfilling its responsibilities related to the financial reporting process, the system of internal control over financial reporting, risk management and internal controls assessment and the Modaraba process for monitoring compliance with laws and regulations.

Composition:

Name of Directors	Designation
Mr. Nausherwan Adil	Chairman
Mr. Ramon Alfrey	Member
Mian Faysal Riaz	Member

Role of Committee:

1. to review, monitor and recommend for approval the statutory accounts of the Modaraba, published financial statements of Modaraba for issuance to its certificate holders and other stakeholders including Stock Exchange and regulatory authorities, including appropriateness and completeness of significant financial reporting judgements contained in them. In particular:
 - (a) to consider the quality, application and acceptability of the accounting policies and practices, the adequacy of accounting records and financial and governance reporting disclosures and changes thereto;
 - (b) to consider recommendations of management in respect of provisions for bad and doubtful debts and for any other provisions for losses and charges;
 - (c) significant adjustments resulting from the audit;
 - (d) going concern assumption;
 - (e) any changes in accounting policies and practices;
 - (f) compliance with applicable accounting standards;
 - (g) compliance with these regulations and other statutory and regulatory requirements; and
 - (h) all related party transactions.

2. to keep under review the appropriateness of the accounting policies and to consider changes to these;
3. to review the preliminary announcements of results prior to external communication and publication;
4. to ascertain that the internal control systems including financial and operational controls, accounting systems for timely and appropriate recording of purchases and sales, receipts and payments, assets and liabilities and the reporting structure are adequate and effective;
5. to review of the Modaraba statement on internal control systems prior to endorsement by the board of directors and internal audit reports;
6. to institute special projects, value for money studies or other investigations on any matter specified by the board of directors, in consultation with the chief executive officer and to consider remittance of any matter to the external auditors or to any other external body;
7. to review of arrangement for staff and management to report to audit committee in confidence, concerns, if any, about actual or potential improprieties in financial and other matters and recommend instituting remedial and mitigating measures;
8. to review details of all related party transactions (than those involving Directors which will be placed before Board of Directors) and recommend the same to Board of Directors for review and approval.

9. in relation to the accounting and financial reporting function:

- (a) to ensure that the accounting and financial reporting function is adequately resourced; and
- (b) to review the qualifications and experience of reporting accountants appointed and their training programmes and budget.

10. in relation to Internal audit function

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

11. in relation to the External Auditors

- (a) to consider and make recommendations to the Board, on their appointment, re-appointment, resignation or removal which will be put to shareholders for approval in general meeting and in the case of Modaraba, for approval in the meeting of the Board;
- (b) to approve the terms of engagement or delegate the same for approval by the CEO, nature and scope of their audit and the effectiveness of the audit process;

- (c) to review any representation letter(s) requested by the external auditor before they are signed by management or delegate this matter to the CEO;
 - (d) to review the management letter and management's response to the auditor's findings and recommendations;
 - (e) to review the independence and objectivity of the external auditors and to develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account relevant ethical guidance regarding the provision of non-audit services by the external audit firm;
 - (f) agree the adequacy of the employment with Modaraba of former employees of the external auditor;
 - (g) to ensure coordination between the internal and external auditors;
 - (h) to review the findings of their audit including any major issues that arose during the course of the audit that have subsequently been resolved and any unresolved audit issues. To consider key accounting and audit judgements, the level of errors identified during the audit, obtain explanations from management and, where necessary, the external auditors as to why audit differences remain unadjusted; and
 - (i) to review and monitor the cost effectiveness of the audit taking into consideration relevant professional and regulatory requirements and to recommend the approval of audit fee.
12. to consider the adequacy of disclosures in the annual report including:
- (a) the role of the Committee, its activities and how it has discharged its responsibilities, membership of the Committee, number of Committee meetings, attendance over the course of the year and whether or not external advice was taken and its source;
 - (b) the explanation in the annual report on how auditors' independence and objectivity has been safeguarded in the event of the external auditors providing non-audit services, if required under the local laws; and
 - (c) any findings and other matters arising from the external auditors' half yearly and final audits.
13. to consider the annual report and discuss any findings and other matters arising from the external auditors' interim and final audits;
14. to determine appropriate measures to safeguard the company's assets;
15. to review arrangements by which staff may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters. The Committee shall ensure that arrangements are in place for the proportionate and independent investigation of such matters and for appropriate follow-up action;
16. to consider reports, review and approve impairment provisioning on a case to case basis;
17. to review reports from the Head of Compliance and Assurance on the arrangements established by management for ensuring adherence to internal compliance policies, procedures and codes and relevant regulatory and legal requirements and identification of significant violations thereof;
18. to report to the Board on its consideration of the above matters, identifying those areas where action or improvement is needed, and making recommendations as appropriate;
19. generally to consider and examine such other matters as the Board requires, the Committee considers appropriate, or which are brought to its attention, and to make recommendations or reports to the Board as appropriate;

20. to report any unresolved issues between the Committee and the Board as part of its disclosure on its responsibilities in the annual report;
21. for the Chairman of the Committee to attend the Annual Review Meeting of Modaraba and answer any questions, through the Chairman of the Board, on the Committee's activities and its responsibilities;
22. to give due consideration to laws, regulations and the requirements of the Code of Corporate Governance and Listing Rules as appropriate;
23. to review these Terms of Reference once in two years and recommend any changes to it.

Human Resource & Remuneration (HR&R) Committee

This Committee assists the Board in fulfilling its responsibilities in the formulation and implementation of Human Resource Policies and in the appointment, remuneration and succession of CEO, CFO, Company Secretary, Chief Internal Auditor and other senior positions reporting directly to the CEO.

Composition

Name of Directors	Designation
Mr. Nadim D. Khan	Chairman
Mr. Shaheen Amin	Member
Mr. Raheel Qamar Ahmad	Member

Role of Committee:

- I. Recommend Human Resources related policies to the OSPL Board, to the extent required.
- II. Recommend to the board for consideration and approval a policy framework for determining remuneration of directors (both executive and non-executive directors and members of senior management)
- III. Make recommendations to the OSPL Board on the selection, evaluation and compensation (including salary, performance award and end of service benefits) of Chief Operating Officer, Chief Financial Officer, Head of Internal Audit, and Company Secretary and for key management positions reporting to CEO.
- IV. Review and recommend selection, evaluation, compensation (including performance ratings, pay, performance awards and end of service benefits) and succession planning of the CEO recommended by his / her line manager.
- V. Ensure that Committee members do not participate in discussions or be a part of approvals pertaining to their own remuneration.
- VI. Review the ongoing appropriateness and relevance of remuneration related policies, ensuring that they are consistent with effective risk management.
- VII. Review the terms of reference of the Committee at least every three years and propose any changes it considers necessary to the OSPL Board for approval.
- VIII. Make recommendations to the OSPL Board on appointment of a new committee member in case a member resigns from the committee. However, it will be sole discretion of the Board to appoint any new member.

GOVERNANCE

- IX. Where human resource and remuneration consultants are appointed, their credentials shall be known by the committee and a statement shall be made by them as to whether they have any other connection with the OSPL.
- X. Undertake annually a formal process of evaluation of performance of the board as a whole and its committees either directly or by engaging external independent consultant and if so appointed, a statement to that effect shall be made in the directors' report disclosing name, qualifications and major terms of appointment.

Risk Committee:

The Board Risk Committee (hereafter 'BRC/ the Committee') shall assist the Board in the fulfillment of its responsibility for the governance of risk.

Name of Directors	Designation
Ms. Maryam Aziz	Chairperson
Mr. Nausherwan Adil	Member
Mr. Raheel Qamar Ahmad	Member

Role of Committee:

- 6.1 Set the risk appetite of the Modaraba.
- 6.2 Ensure the design and implementation of appropriate risk management and internal control systems that identify the risks facing the Modaraba and enable the Board to make a robust assessment of the principal risks.
- 6.3 Determine the nature and extent of principal risks faced by the ORIXM and those risks which the Modaraba is willing to take in the achievement of its strategic objectives.
- 6.4 Ensure that necessary steps are taken to foster an enterprise-wide culture that supports appropriate risk awareness, behaviors and judgments about risk and that ensures that risk-taking beyond the Modaraba's determined risk appetite is recognized and appropriately escalated and timely addressed.
- 6.5 Determine how the principal risks should be managed or mitigated to reduce the likelihood of their occurrence or their impact.
- 6.6 Ensure that the risk management policies and procedures designed and implemented by the ORIXM are consistent with the Modaraba's strategy and risk appetite.
- 6.7 Ensure that risk management policies and procedures are functioning as directed, by monitoring the Modaraba's risk management and internal control systems and the management's process of monitoring and reviewing, and ensure that these are functioning effectively and that corrective action is being taken where necessary.
- 6.8 Ensure the existence of sound internal and external information and communication processes.
- 6.9 Ensure that emerging and inter-related risks are also considered in the risk management process by Management.
- 6.10 At least on annual basis, perform an overall review of business risks to ensure that Management maintains a sound system of risk identification, risk management and related systemic and internal controls to safeguard assets, resources, reputation and interest of the Modaraba and certificate holders.
- 6.11 Periodically assess the Board's risk oversight processes to ensure that these enable the Board to achieve its risk oversight objectives.
- 6.12 Ensure appropriate disclosure of the Modaraba's risk framework and internal control system in the Directors Report.
- 6.13 Ensure that risk mitigation measures are robust and integrity of financial information is ensured.
- 6.14 Monitor and review all material controls (financial, operational, compliance);

INDEPENDENT AUDITOR'S REVIEW REPORT

To the certificate holders of ORIX Modaraba

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

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of ORIX Services (Pakistan) Private Limited, the Management Company of ORIX Modaraba (the Modaraba) for the year ended June 30, 2020 in accordance with the requirements of regulation 36 of the Regulations.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Management Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Modaraba's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Modaraba's and the Management Company's personnel and review of various documents prepared by the Management Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Management Company's corporate governance procedures and risks.

The Regulations require the Management Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Management Company's compliance, for and on behalf of the Modaraba, in all material respects, with the requirements contained in the Regulations as applicable to the Modaraba for the year ended June 30, 2020.

A. F. Ferguson & Co.
Chartered Accountants

Karachi

Dated: October 2, 2020

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

ORIX Services Pakistan (Private) Limited

Year Ended 30 June 2020

ORIX Services Pakistan (Private) Limited (the Management Company of ORIX Modaraba (the Modaraba) and wholly owned subsidiary of ORIX Leasing Pakistan Limited) has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 7 as per the following:

a. Male:	6
b. Female:	1

2. The composition of the Board is as follows:

Category	Names
Independent directors	Mr. Nausherwan Adil
	Mr. Nadim D. Khan
Non-executive directors	Mr. Shaheen Amin
	Mr. Ramon Alfrey
	Mian Faysal Riaz
	Ms. Maryam Aziz
Executive director	Mr. Raheel Qamar Ahmad

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including the Management Company;
4. The Management Company has prepared a code of conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Management Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Management Company. The Board has ensured that complete record of particulars of the significant policies along with their date of approval or updating is maintained by the Management Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board of the Management Company/ certificate holders of the Modaraba as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;
8. The Board have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged directors' training program for its independent director, Mr. Nadim D. Khan. Hence, the entire Board of the Management Company has completed the required directors' training program.

10. The Board has approved appointment of chief financial officer /company secretary and head of internal audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief financial officer and chief executive officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

Audit Committee

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

Human Resource and Remuneration Committee

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

Risk Committee

- 1). Ms. Maryam Aziz- Chairperson
- 2). Mr. Nausherwan Adil- Member
- 3). Mr. Raheel Qamar Ahmad- Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings of the committee were as per following:

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

15. The Board has set up an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Management Company;
16. The statutory auditors of the Modaraba have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Chief Financial Officer / Company Secretary, Head of Internal Audit or director of the Management Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except for the following:

GOVERNANCE

Regulation no. 6 of the Listed Companies (Code of Corporate Governance) Regulations, 2019 ("the Code") states that it is mandatory that each listed company shall have at least two or one third members of the Board, whichever is higher, as independent directors. However, a listed company shall explain the reasons, in the compliance report, if any fraction contained in such one-third number which is not rounded up as one.

The Management Company of the Modaraba has appointed two independent directors out of total seven directors. Other than the Chief Executive Officer and Independent directors, all directors are representatives of ORIX Leasing Pakistan Limited (OLPL – the Holding Company of the Management Company), a non-banking finance company operating in Pakistan since 1986 and part of the ORIX Group Japan. The Management Company has representatives of OLPL on its Board to align the organization with the ORIX Group and its policies and procedures. Considering the operations of the Modaraba, the Management Company believes that the two appointed independent directors are sufficient to provide an independent view on the financial reporting and governance of the Modaraba.



SHAHEEN AMIN

Chairman

Dated: September 26, 2020

Report of the Board Audit Committee

Dear Certificate holder,

As Chairman of the Audit Committee (the “Committee”), I am pleased to present the Committee’s report for the year ended June 30, 2020. These pages outline how the Committee discharged the responsibilities delegated to it by the Board over the course of the year, and the key topics it considered in doing so.

Membership

There were no changes to the composition of the Committee in 2020. The Committee is chaired by Mr. Nausherwan Adil (Independent Non-executive Director) and comprises two other Non-executive Directors of the Company. The Chairman of the Committee is considered to be free of any relationship that would affect his impartiality in carrying out his responsibilities as a member of Board and Chairman of Audit Committee. As the Modaraba is listed on Pakistan Stock Exchange (PSX), the Independent Non-executive Director confirmed that he remained independent in accordance with the requirement of SECP (Code of Corporate Governance) Regulations, 2017 (Code) throughout the year. The composition of the Committee, therefore, complies with the requirement of Code.

Details of the experience of all members of the Committee are included on pages 15-16 of ORIXM Annual Report 2020. The Committee considers that one Committee member (Mr. Ramon Alfrey) possesses relevant financial experience and he, thus, qualifies as financially literate in compliance with the requirement of Code.

Four (04) Committee meetings were held in 2019-2020, all of which were held shortly prior to submission of the quarterly financial statements to the Board. During 2019-2020, all members attended the meetings scheduled during the year.

The Chairman of the Committee reports to the subsequent meetings of the Board and the Board receives a report by Chairman Audit Committee on significant matters arising/ raised at the Audit Committee Meetings. The Head of Internal audit acts as the secretary to the Committee.

Meetings of the Committee are normally attended by the CEO and the CFO (who is also the Company Secretary) as well as the Head of Internal Audit and the external auditors (both of whom have direct access to the Chairman of the Committee). At the end of every meeting, the Committee has the opportunity to meet alongwith the Head of Internal Audit.

Key areas of responsibility

In accordance with its terms of reference the Board has delegated to the Committee responsibility for overseeing key areas of responsibility which include the following:

- Financial reporting – this area of responsibility includes monitoring the integrity and compliance of the Modaraba’s financial statements and any formal announcements or publications relating to the Modaraba’s financial performance as well as reviewing significant financial reporting issues and judgements made in connection with them.
- Risk management – this area includes reviewing and monitoring the effectiveness of the procedures for the identification, assessment and reporting of risk as well as the nature and extent of the risks that the Modaraba is facing and should be willing to take in achieving its strategic objectives.
- Compliance – this area includes reviewing the Modaraba’s compliance policies and procedures to ensure that it complies with relevant regulatory and legal requirements including the arrangements in place for the reporting and investigation of concerns identified.

GOVERNANCE

– Internal audit – this area includes monitoring the role and effectiveness of the Internal Audit function including approving the annual plan of internal audit work in line with three year audit plan approved by the Committee last year, monitoring the reports arising from internal audits and the status of actions resulting therefrom and the appointment or removal of the Head of Internal Audit.

– Whistleblowing – reviewing arrangements by which staff may in confidence raise concerns about possible improprieties regarding financial reporting and other matters.

– Internal controls – this area includes reviewing the effectiveness of the Modaraba's system of internal controls and ensuring timely action is taken by management to address matters arising from the risk and internal audit assessments.

– External audit – this area includes considering and making recommendations to the Board on the appointment of the external auditors (including approving the remuneration and terms of appointment) as well as reviewing the external auditors' annual audit report and the results therefrom, reviewing the quality and effectiveness of the audit and reviewing and confirming the policy on non-audit services carried out by the external auditors and auditor independence.

The Committee has a planned cycle of activities to ensure that it addresses its responsibilities in the current financial year.

Activities of the Committee during the period under review and following year end:

While the Committee's core duties were unchanged, it reviewed the Modaraba's systems of internal control, risk management and the adequacy of the external and internal audits extensively this year, as part of the authority delegated to the Committee by the Board. This included providing valuable advice and oversight on key assumptions and accounting judgements behind ORIXM's financial results, implementation of IFRS-9 and the conclusions of the External Auditor and other management reports. Committee also recommended establishment of Board Risk Committee. The Committee also reviewed and recommended ToRs of Board Risk Committee for approval by the Board. The purpose of formation of new Board Risk Committee is to further strengthen the review of ORIXM risk management procedures and its reporting to the Board. Each of these activities, and our ongoing review of them, help to steer the Modaraba towards improving the maturity of its internal controls and compliance processes.

Of course, our review of the Modaraba's risk management processes became increasingly critical towards the end of the financial year with the emergence of Covid-19 and the risks that this posed: to the health and safety of our colleagues and customers; to our Business continuity; and then ultimately to our clients to whom ORIXM have provided long-term Islamic finances. While the Board has managed the Modaraba's response to mitigate these risks, Committee members have provided senior leadership with additional knowledge and advice when considering mitigating controls and disclosure implications. The Committee has also, and will continue to, review the underlying risk management processes, ensuring that the impact of the crisis is not compounded by the realisation of additional risks.

The Committee fulfils a vital role in the Modaraba's governance framework, providing valuable independent challenge and oversight across the Modaraba's financial reporting and internal control procedures. Ultimately, it ensures that certificate-holder interests are protected and the Modaraba's long-term strategy is supported, which is an ever more crucial task as we move beyond the Covid-19 crisis.

Internal audit

The primary objective of the Internal Audit function is to systematically and objectively assess: (i) the effectiveness of the business controls over the Modaraba's operations, financial reporting, risk and compliance areas and (ii) the adequacy of these systems of control to manage business risk and safeguard the Modaraba's assets and resources.

The Committee has reviewed and approved the internal audit role and risk-based internal audit plan for all business and control functions of the modaraba, and received periodic updates on the internal audit activity and engagement results to help form a view on internal audit effectiveness.

The Committee has satisfied itself that the quality, experience and expertise of the Internal Audit function are appropriate for the Modaraba and work done by the audit team during the year, despite of COVID-19 pandemic, was in accordance with the audit planned approved for the year.

External audit effectiveness and independence

The Committee is also responsible for managing the relationship with the Modaraba's external auditors, retiring auditors A.F. Fergusons & Co. Chartered Accountants (PwC Pakistan), on behalf of the Board.

Overall effectiveness of the external audit process is dependent upon open communication between the Modaraba and the External auditors, which allows each party to raise potential accounting and financial reporting issues as and when they arise, rather than limiting this exchange to only during regularly scheduled meetings.

External audit appointment and tendering

The Committee has concluded that the external auditors have demonstrated appropriate qualifications and expertise and have remained independent of the ORIX Group. Since it was the first year of PwC Pakistan as auditor of ORIXM, PwC Pakistan has consented to act as external auditor for next year ending June 30, 2021 as well. Accordingly, the Committee has recommended to the Board that PwC Pakistan be appointed as the Modaraba's auditors for next year as well. The Board has accepted this recommendation and an application in this respect has been made to SECP Registrar Modarabas for confirming appointment of PwC Pakistan as external auditors of ORIXM for the year ending June 30, 2021.

The Committee has also reviewed PwC Pakistan Consent letter and determined its remuneration in accordance with its obligations under the Code, such remuneration being considered appropriate by the Committee.

Performance evaluations

For current year's performance evaluation of the Committee, a detailed criterion has been devised which adequately covers the technical, risk management and strategic competencies. On the basis of this criterion, the Committee performance evaluation will be conducted before next Committee meeting.

Evaluations of the External Auditor and Internal Audit function are conducted each year. The 2020 Internal Audit evaluation was conducted by the Committee and the Committee was satisfied with the overall performance of the department. The overall findings were positive and recommendations for improvement are being monitored by Internal Audit and overseen by the Committee. The 2020 evaluation of the External Auditor was conducted internally and was concluded that the external auditors were efficient in timely concluding the audit.

I will be available to answer any questions about the work of the Committee at the ARM on Tuesday, October 27, 2020.

Nausherwan Adil

Chairman of the Audit Committee

September 26, 2020

CORPORATE GOVERNANCE FRAME WORK

The Board as a whole continues to take ownership of effective leadership and the long-term success of the Modaraba. The diverse range of skills and leadership experience offered by the Non-Executive Directors means that they are well qualified to scrutinize performance, assess the Modaraba's risk management and control processes, provide constructive challenge and to support the Chief Executive. Detailed profile of all directors are set on pages 15-16 of ORIXM Annual Report 2020.

The Board has four (04) scheduled meetings during the year; additional meetings are arranged if required. The Board committee meetings are scheduled around the regular Board meetings.

Composition of the Board

Category	Number
Independent Director	02
Executive Director *	01
Non-Executive Directors	03
Female Director	01

* Executive director of the Modaraba does not hold any directorship in any other company/ Modaraba.

The independent Director has provided the annual declaration of his independence as required by Listed Companies (Code of Corporate Governance) Regulations, 2019. The declaration states that:

- a) He has not been an employee of the Company or any of its subsidiaries or holding company within the last three years;
- b) He has not been the CEO of Company's subsidiaries, associated company, associated undertaking or holding company in the last three years;
- c) He has not been within the last three years, in a material business relationship with the Company either directly, or indirectly as a partner, major shareholder or director of a body that has such relationship with the Company;
- d) He has not received remuneration in the three years preceding my appointment as a director nor received any additional remuneration, apart from director's fee or have not participated in the Company's share option or a performance -related pay scheme;
- e) He has not a close relative of the Company's promoters , directors or a major shareholders ;
- f) He has not hold cross-directorships nor have significant links with others directors through involvement in other companies or bodies;
- g) He has not served on the Board for more than three consecutive terms from the date of my first appointment.

Female Director

The Board in accordance with clause 7 of listed Companies code of Corporate Governance 2019 has appointed Ms. Maryam Aziz as female representative on the Board of ORIX Modaraba.

Decision taken by Board or delegated to management

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

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

The Management:

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

Board performance Evaluation:

The SECP Listed Companies Code of Corporate governance Regulation 2019, requires Board of Directors to conduct an annual evaluation of the Board own performance. Further the SECP SRO 301/(1)/2020 dated April 09, 2020, provides the guidelines for the performance evaluation of the Board of directors, Chief Executive Officer & Chief Regulatory Officer and also requires that the performance evaluation of CEO shall be carried out by all the directors. In order to get an independent perspective, last year Board performance evaluation was conducted by M/s FAMCO Associates (Pvt.) Ltd. Current year, a detailed criteria for the evaluation of Board performance has been devised which adequately covers the technical, Risk management and strategic competencies. On the basis of this criteria, Board performance evaluation will be conducted in the next board meeting.

Formal Orientation Course:

Directors are provided with a comprehensive information pack on joining the Modaraba and are advised of their legal and other duties and obligations as a director of a listed company. Induction Pack provide detailed information on operations and activities of the Modaraba, the role of the Board and the Modaraba's corporate governance procedures.

The Directors are also encouraged to update their skills and knowledge regularly, including in relation to environmental, sustainability and governance matters, and where necessary, the Company Secretary is notified by Directors of their requirements in this respect. In pursuit of best practice, the Board reviews presentations on compliance with governance and regulatory matters.

Directors Training:

During the year, Mr. Nadim D. Khan, an independent director of ORIX Modaraba has obtained the director training program arranged by the Institute of Cost Management Accountant of Pakistan. Currently all directors of the Modaraba have acquired the prescribed certification under the Director training program.

Policy for Remuneration to Non-Executive Directors

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

- The Modaraba will not pay any remuneration to its nonexecutive directors except as meeting fee for attending the Board and its Committee meetings as approved by the Board.

GOVERNANCE

- The Modaraba will not pay any remuneration to the Chief Executive and other Directors for attending the meeting, who work whole time on remuneration for the company.
- The Remuneration of an Independent Director for performing additional responsibilities shall be determined by the Board.

Foreign Director:

The Modaraba as a matter of policy has a practice that a person qualifying the Fit & Proper criteria of SECP shall be appointed as director of Modaraba. Moreover in case of appointment of any foreign director, the appointment is based on the clearance from Ministry of Interior of Pakistan.

Governance practice addition to Legal requirements:

In addition to the compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019, the Modaraba has developed various issue based committees which are as follows:

Carbon Reduction committee:

To highlight the importance of Carbon Footprint Reduction as how it can have a healthy impact on our surroundings and to formulate and manage the reduction of greenhouse gas emissions.

Customer Experience Forum:

To analyze, discuss and find solutions to issues that might impact, or have impacted, the client from having a WOW experience at ORIXM during the Client Life Cycle.

Principals committee:

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

Country Operation Risk Committee - CORC

To ensure the effective management of Operational Risk throughout ORIXM in support of entity's strategy and in accordance with the Risk Management Framework and related Operational Risk Policies and Procedures.

Portfolio Management Committee - PMC

To manage and direct as appropriate the management of the credit portfolio in ORIXM to ensure that systems and controls are in place and operating effectively such that earnings from the portfolio meet expectations.

Diversity and dignity at work:

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

Related Party Transactions:

All related party transactions, during the year 2020, were placed before the Audit Committee and the Board for their review and approval. These transactions were duly reviewed by the Audit Committee and approved by the Board in their respective meetings. All these transactions were in line with the transfer pricing methods and the policy with related parties approved by the Board previously. The Modaraba also maintains a full record of all such transactions, along with the terms and conditions. For further details please refer note 32 to the financial statements.

Statement on the Management's responsibility towards the preparation and presentation of the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Approved Accounting Standards as applicable in Pakistan which include keeping proper books of account of the Modaraba as required by Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981. The balance sheet, profit and loss account and the statement of comprehensive income together with the notes thereon of the Modaraba have been drawn up in conformity with the requirements of Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981.

Conflicts of interest

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

Investor Grievance Handling

At ORIX Modaraba we value our relationships the most and believe in nurturing the bonds formed at all levels. We have earned the trust of our investors and are fully committed to sustain it. The Board is committed to ensure that we continue to engage effectively with our investors. The potential investors and certificate holders of ORIXM have full access to obtain information relating to Modaraba's operations in addition to the queries raised specifically relating to their investment, dividend distribution and circulation of statutory notices and reports. The Modaraba endeavors for prompt resolution of the queries and provision of required information in accordance with provisions of the law.

The Modaraba has established a mechanism for investor services and grievances handling and has hired the services of an independent Share Registrar in addition to having a dedicated section (Corporate secretariat) to resolve all issues of the investors. The initial contact point for complaint resolution is the Modaraba's Secretariat who may be approached us at "askus@orixmodaraba.com", secretariat@orixmodaraba.com and the Share Registrar. Investor Relations section on the website of the Modaraba includes mailing address of ORIXM for written correspondence in addition to the various notices/ announcements updated from time to time.

Safety of Records of the Modaraba

The Modaraba encourage paperless environment and documents are archived electronically to safeguard the records as well optimizing storage spaces. However, the Modaraba has also established process for safety of records extends beyond the regulatory requirements and the Modaraba makes a conscious effort for the safety of all its records. The records include books of accounts, documentation pertaining to secretarial, legal, contractual, taxation and other matters. The process for Safety of Records consists of the following points:

- The creation, maintenance, confidentiality and disposal of any official document should adhere to SOPs mentioned in the departmental manuals.
- Real-time back up of data at on and off-site locations.
- Maintenance of a fire-proof vault for the safekeeping of legal documents and other confidential data.

GOVERNANCE

- To ensure back-up of all the relevant Legal, Administrative, Operational and other documents, intellectual property and records in case of any hazard.
- Ensure and Maintain Digital backup of all the records,

Whistle Blowing Policy

In view of our commitment to create an atmosphere where people can freely communicate their concerns or raise an alert against possibility of occupational fraud, non-compliance with Modaraba's policies, Code of Conduct and regulatory framework, an effective Whistle Blowing Mechanism has been implemented. This policy is designed to enable all officers and employees of the Modaraba to raise complaints at designated platform. The Modaraba is committed to achieving and maintaining the highest standards of openness, integrity, ethical values and accountability. Hence it expects all of its employees to do the same. In the interest of the Modaraba, it is the responsibility of every employee to ensure that any inappropriate event does not occur and if occurred, the same is reported at relevant forum in the Modaraba.

All those who come in the ambit of Whistle Blowing Policy are encouraged to participate without fear of reprisal or repercussions, in confidentiality, under defined reporting channels. Such communications are investigated independently and reported at the highest level.

An inappropriate event could be any behavior, action or incident that compromises the interests of shareholders, investors, client or any other stakeholder. It is also mission-critical to maintain a good corporate image, thus raising standards of corporate governance

ORIXM Risk Tolerance Approach

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

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

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

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

- The ORIXM will systematically identify Top Risks and emerging risks with the involvement of Senior Management and the Board, and define the appropriate treatment which may include business restrictions;
- All processes will be mapped and owned with appropriate key control standards defined to mitigate risks;
- The ORIXM will not miss any opportunity to learn lessons from internal or external events and will implement relevant mitigation actions; and
- The ORIXM will systematically test internal capital adequacy through scenario analysis and stress testing.

Human Resource Management Policies and Succession Plan

HR management policies are essential for sustaining viable businesses. HR policies assist organizations in establishing & maintaining consistent practices in the workplace, it is the way of communication with employees and managers in regard of desired performance and behavior. ORIXM have the following HR management policies.

- Day Care Policy
- Employee Discipline Policy
- Employee Equal Opportunity, Diversity and Dignity at Work Policy
- Leave Policy
- Speak Up Policy
- Employee Grievance Policy
- Educational Assistance Policy
- Sexual Harassment Policy
- Local Relocation Policy
- Subsidy Policy
- Hospitalization Insurance / Takaful Policy

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

Succession Plan

Succession planning ensures smooth replacement of critical positions at management and technical level in ORIX Modaraba (ORIXM). The purpose of succession planning is to identify and prepare candidates to take over key positions at all levels that becomes vacant due to resignation, retirement or death of an employee. ORIXM perform succession planning session after every three years. Identify successors for all critical roles. In this way it provides continuity to leadership and can avoid extended and costly vacancies for key position. Sourcing of successors is first performed within ORIXM and in the event no potential candidate is available an external recruitment effort is conducted. Successors which are identified in the session is equipped with all necessary trainings and assignments to make him/ her to take over the role.

Business Continuity Plan:

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

ORIXM believes that business disruptions can constitute serious risks to the reputation of an organization and its ability to operate effectively. Therefore, the Board of Directors of Modaraba has approved a comprehensive BCP to ensure that the Modaraba has an updated Business Continuity and Disaster Recovery plan for the continuity of its critical operations in case of any extra ordinary circumstances. The plan caters for the following scenarios/assumptions:

- Loss of or loss of access to critical buildings (including utility failure). This includes serious disruption to our building or denial of access, or wide scale disruption affecting all local offices including recovery sites.
- Loss of systems or services.
- Non-availability of personnel.

A Business Impact Analysis (BIA) was carried out by the BIA team with an effective oversight of ORIXM senior management which had members from all departments. The whole process focused on key functions & processes in the ORIXM and ranks them according to criticality. Keeping in view of the business continuity needs, ORIXM has a redundant hot site having all critical services present. ORIXM IT conducts BCP exercise twice a year with complete or partial failover. This is done with a view to have more resilient IT service capability in line with the entity's requirements. Resultantly, ORIXM has availability of system and transactional capability at all times.



IT Governance

Recognizing IT Governance as a critical part of overall corporate governance, the Modaraba has aligned itself to efficient use of Information Technology resources in achieving its operational and strategic objectives while increasing certificate holders' value. ORIX Modaraba governs its information and systems using the measures set out below.

Risk management

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

Business ownership of risk

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

Access control

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

Use of information and systems

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

Classification of information

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

Physical protection of information

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

Personnel management

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

Monitoring of usage

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

Appropriate use

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



Shariah Mechanism

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

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

Shariah Advisor Profile

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

Shariah Advisor's Report

I have conducted the Shariah review of ORIX Modaraba (managed by ORIX Services Pakistan (Private) Limited, Modaraba Management Company for the year ended June 30, 2020 in accordance with the requirements of the Shariah Compliance and Shariah Audit Mechanism for Modarabas and report that except the observations as reported hereunder, in my opinion:

- i. The Modaraba has a mechanism which has strengthened the Shariah compliance, in letter and spirit and the systems, procedures and policies adopted by the Modaraba are in line with the Shariah principles.
- ii. In compliance of Shariah Compliance Mechanism for Modarabas and my opinion/ guideline sought by the Management, ORIXM adopted shariah compliant rescheduling/ restructuring mechanism for ORIXM Clients affected by COVID-19.
- iii. During the year, Modaraba entered into South Asia's first Islamic NBFI Mortgage Refinance Agreement with Pakistan Mortgage Refinance Company Limited (PMRC). Shariah Advisors from both entities performed a comprehensive review of the transaction before declaring the same as Shariah Compliant. ORIX Modaraba, thus, become Leader in Modaraba sector for promoting Shariah Compliant Islamic Mortgage Financing in the Country.
- iv. During the year, ORIXM arranged inhouse Shariah Compliance Training for its staff across three different offices via video conference call. The purpose of the training was to highlight the Shariah Compliance requirements related to product and services being offered by the ORIXM. The target audience was new joiners but good number of experienced and senior members of the team also attend the training.
- v. ORIXM continues to held interactive inhouse sessions in which Shariah Advisor provide guidance on Shariah compliance in Modaraba's process flows and other product related documentations to Senior Management Personnel.
- vi. The agreements entered into by the Modaraba are Shariah compliant and the financing agreements have been executed on the formats as approved by the Religious Board and the related conditions have been met.
- vii. To the best of my information and according to the explanations given to me, the business transactions undertaken by the Modaraba and other matters incidental thereto are in conformity with the Shariah requirements as well as the requirements of the Prospectus, Islamic Financial Accounting Standards as applicable in Pakistan and the Shariah Compliance and Shariah Audit Regulations for Modarabas.
- viii. Profit sharing ratios, profits relating to deposit raising product conform to the basis and principles of scheme approved by SECP religious board.
- ix. During the period, no earnings were realized from the sources or by means prohibited by Shariah and no funds have been credited to charity account in this respect.

Observations

1. I take this opportunity to acknowledge and praise the steps taken by the Management in handling of crisis raised by COVID-19 pandemic. The Management actively took steps for health, safety and security of the Modaraba Staff and its Clients which includes strict implementation of SOPs directed by the Government and work from home through efficient and secured use of technology. Management also ensure shariah compliance in new/ changed work processes/ methods during this crisis.

2. I appreciate the management of Modaraba for its professional approach while adopting Islamic guidelines for their business. The senior management and staff are well intentioned and cooperative in observing Shariah compliance in its true spirit.
3. Most of the heads of departments have good Islamic knowledge about their business and related processes and they have acted in the best way possible to promote Shariah compliance in the Modaraba by taking timely advice from me on different shariah matters.

Recommendation

It has been recommended that the Modaraba insures its assets through Takaful.

Conclusion

In my opinion and best of my knowledge and information provided by the Modaraba management with relevant explanation, I am of the view that during the period overall business operations of the Modaraba are Shariah Compliant.

And Allah Ta'ala knows Better & Perfect



Mufti Faisal Ahmed
Shariah Advisor

Dated: September 11, 2020



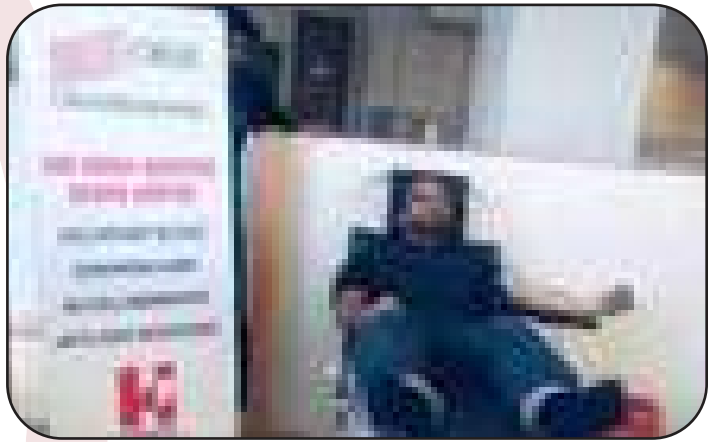
SUSTAINABILITY

SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY (CSR)

ORIXM is committed for conducting business responsibly and investing in communities for their sustainable development. Corporate Social Responsibility is, therefore, an integral part of ORIXM's ways of working. At ORIXM, we believe in building long term relationships with neighboring communities, stakeholders and embrace transparency in all work processes. Detailed policies and procedures are in place to enable us to meet the legal, ethical, commercial and public expectations of the communities in which we operate.

At ORIXM we have formed multiple committees on different initiatives related to Corporate Social Responsibility, Health and Safety, Resource Utilization and welfare of the staff and the society as a whole. These committees include Corporate Social Responsibility and Environment Committee, Carbon Reduction Initiative, Volunteering Committee, Well-Being Committee, Support/ Initiative Committee for Social Welfare

This year, ORIXM collaborated with The Indus Hospital for the "Blood Donation Drive" at the Company premises.



Breast Cancer has become the most precarious disease in Pakistan and one of the major reasons behind it is the lack of awareness, which ultimately leads to failure in early diagnosis. In the month of October ORIXM conducted a Breast Cancer Awareness Session for staff by a renowned oncologist. Showing its solidarity to the cause, ORIXM staff members wore pink ribbon and dressed up in the shades of white & pink.



SUSTAINABILITY

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



ORIXM also encourages its staff members to individually play their role as responsible citizens and participate for noble causes. Therefore a “Career Counselling” session was conducted by the team of ORIXM at TCF



ORIXM’s commitment towards clean environment is also extended to its clients. We have embedded Environmental and Social Risk Assessment in our products and services we offer to our client. All activities of clients must comply with our environmental & social risk policies and an Environmental and Social Risk Assessment is performed for all our corporate clients before facilities are granted to them. Moreover, to support the initiative of “Green Pakistan” and to promote environmental protection, conservation and reduction of carbon emissions, we celebrated “Independence Day” by distributing floral plants, seeds and biodegradable canvas bags. This way we discourage our employees to use plastic bags in daily routine.



COMMUNITIES:

ORIXM continues to provide financial assistance to various charitable and non-profit organizations. This year we have donated PKR 2 million to charitable organizations that focuses on children's health and education in under privileged members of society such as The Citizens Foundation (TCF), Family education services, Layton Rahmatulla Benevolent Trust Hospital (LRBT), The Kidney Centre, Sindh Institute of Urology and Transplantation, Professional Education Network.

EQUAL OPPORTUNITY EMPLOYER:

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

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

ENVIRONMENTAL PROTECTION MEASURES

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

Our financing also takes special notice of the environmental behavior and ratings of our clients. We do not finance any client where according to our rating template there is risk of environmental pollution or large greenhouse gases emission .

CONSUMER PROTECTION AND ANTI-CORRUPTION MEASURES

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



STAKEHOLDERS

STAKEHOLDERS RELATIONSHIP AND ENGAGEMENT

The main philosophy of business, followed by the ORIX Modaraba, has been to create value for all stakeholders through fair business practices. This translates into policies approved by the Board of Directors that ensures that systems and controls are in place so that Clients are treated fairly and full regard is taken of their interests as required by the entity's regulators."

ORIXM maintains sound collaborative relationships with its stakeholders. Stakeholder engagement promotes improved risk management, compliance with regulatory requirements, market awareness and provides a medium for clear, effective and consistent communication with all its stakeholders.

This helps to promote the reputation of the Modaraba and its management. Dialogues with investors, analysts and other stakeholders are also encouraged.

Frequency of engagements is based on specific corporate requirements under the Code of Corporate Governance and with the objective to establish, promote and enhance the image of Modaraba.

Group of stakeholders includes but is not limited to the following:

Investors / Certificate holders: Best practices and guidelines are followed to maintain satisfactory relations with the investors. Their confidence is honoured and acknowledged by providing them with a consistent rate of return on their investment. ORIXM engages with the certificate holders through the Annual Review Meeting where their queries are addressed appropriately and by providing annual Reports which include comprehensive information on operations and financial performance of the Modaraba. We also engage with the certificate holders/ investors on a personal basis and answer any questions that are posted on the website or if they enquire in person. For this the secretariat department acts as the investor point of contact.

Clients: ORIXM has a thorough customer relationship management mechanism. Periodic engagements are held with clients in accordance with call plans and thereafter call reports are prepared and analysed. The details are used to incorporate the client needs in our product offering. In addition, informal meetings are also held with institutional customers to provide them with an opportunity to give feedback regarding the services provided. TATs with clients are monitored at different fora available at ORIXM.

Banks: ORIXM engages Shariah compliant Banks and financial institutions on an on-going basis in relation to negotiation of rates, financing arrangements, deposits and investments. Shariah compliant Banks are also used for disbursements of operational nature.

Media: Statutory notices and other various public announcements as required by law are circulated through print media. Furthermore, the website of ORIXM is also used as a medium to communicate information to stakeholders.

Regulators: ORIXM maintains a regulatory relationship plan. The same is used to liaise with the regulators in terms of matters relating to the entity. ORIXM also represents the industry as thought leaders at different fora..

Issues raised at last ARM

The Chairman of the meeting started the Annual Review Meeting by welcoming all the certificate holders of the Modaraba. The MD/ CEO briefed the holders about the Modaraba's performance for the last financial year and also provided updates on how the management is working to safeguard the interests of the certificate holders and maximize their wealth by value creation. In addition to brief financial performance overview, the queries and concerns of certificate holders were also addressed appropriately in a question and answer session. The certificate holders appreciated the performance of the Modaraba. The Meeting was attended by CEO, some directors, CFO, Company Secretary, Head of CRC, Head of Compliance and Legal & Head of Internal Audit. External Audit representatives also attended the meeting.

STAKEHOLDERS

Encouragement of Minority Shareholders to Attend the Annual Review Meetings

The Modaraba encourages its shareholders to attend the Annual Review Meetings. It circulates the notice of review meetings well within regulatory timeframe. Moreover, advertisement is published in Urdu and English newspapers in all four provinces having largest readership within each province.

The Company timely updates its website with respect to all notices of annual review meetings.

Investor Relations Section on Website

We are continuously exploring new opportunities to create further value for our certificate holders and investors to give them a better return on their investments. The website of ORIXM (www.orixmodaraba.com) is one such medium to generate awareness and provide reliable information to the investors. Detailed Modaraba information is provided on the website which includes but not limited to financial reports, investors notices/announcements, pattern of certificate holding, dividend declarations etc. The investor relations section is comprehensively covered on the website of ORIXM which is regularly updated.

The Modaraba is also in full compliance with the SRO 634(I)/2014 dated July 10, 2014 issued by SECP regarding maintenance of functional website by listed companies. A Compliance Certificate by the Chief Executive under the said SRO is also placed on the website.

Summary of the analyst briefing, if any, taken place during the year

On 25 October 2019, a Corporate Briefing Session was organized by ORIXM for its stakeholders, analysts. The detail of which can be viewed from ORIX Modaraba website www.orixmodaraba.com

Our People

People at ORIX Modaraba are crucial to the delivery of its sustainable business model. In our continuous drive to make ORIXM a great place to work, focus is on attracting the best talent across our footprint and employee engagement. At ORIX Modaraba we believe high performance is not just about generating high profits; it is about living our values.

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



Personal Branding Training: ORIXM offer employees a healthy environment where they can continue learning and exploring new opportunities for personal and professional development. ORIXM conducted a training session on “Personal Branding” by Nazea Amin. This training is specially designed to enhance personal identity, positive image building, uplifting verbal and non- verbal communication and branding employee as the face of organization.



STAKEHOLDERS

Pattern of holding of certificates by the certificate-holders as at June 30, 2020

Number of Certificate holders	Certificate holding		Total Certificates held
	From	To	
1,486	1	50	28,022
617	51	100	44,959
3,571	101	500	1,071,386
1,067	501	1,000	833,515
1,207	1,001	5,000	2,727,275
189	5,001	10,000	1,380,155
350	10,001	375,000,000	39,298,218
8,487			45,383,530

Certificate-holders Category

	Number of Certificate-holders	Number of Certificate Held	Percentage %
INDIVIDUAL	8,397.00	23,575,261.00	51.95
FINANCIAL INSTITUTIONS *	11.00	8,227,729.00	18.13
INVESTMENT COMPANIES	-	-	-
INSURANCE COMPANIES	11.00	5,740,394.00	12.65
MODARABAS / MODARABA MANAGEMENT COMPANIES**	10.00	4,596,901.00	10.13
JOINT STOCK COMPANIES	34.00	2,071,812.00	4.57
OTHERS	24.00	1,171,433.00	2.58
	8,487.00	45,383,530.00	100.00

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

** Includes ORIX Leasing Pakistan Limited (4,538,353 certificates)

ORIX MODARABA

Additional Information as at June 30, 2020

Categories of Certificate-holders	Number	Certificates held	Percentage
Associated Companies, Undertakings and Related Parties			
ORIX LEASING PAKISTAN LIMITED		4,538,353	10.00
ORIX SERVICES PAKISTAN (PVT.) LIMITED		4,538,353	10.00
	2	9,076,706	20.00
Mutual funds			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	3,677,560	8.1
Directors, CEO & their Spouse and Minor Children			
MR. SHAHEEN AMIN	1	100,000	0.22
MR. NADIM D. KHAN	1	6,049	0.13
Executives			
	-	-	-
Public Sector Companies and Corporations			
	4	4,114,975	9.07
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Modarabas			
	23	1,676,337	3.69
Certificate-holders holding five percent or more certificates in the Modaraba (other than those reported above)			
	-	-	-



PERFORMANCE

PERFORMANCE

ORIX Modaraba
(formerly Standard Chartered Modaraba)

KEY FINANCIAL DATA (Rupees in Million)

	Jun-20	Jun-19	Jun-18	Jun-17	Jun-16	Jun-15
Total assets	7,246	6,966	6,953	5,962	5,278	5,180
Portfolio	5,863	6,225	6,327	5,449	4,838	4,706
Total disbursements	2,199	2,682	3,742	3,305	2,412	1,893
Current assets	2,363	1,790	1,174	591	570	752
Total liabilities	6,072	5,806	5,806	4,812	4,102	4,027
Current liabilities	4,937	4,207	4,206	3,468	2,805	1,700
Financing from financial institutions	1,240	1,934	1,636	947	328	478
Redeemable capital and deposits	4,449	3,435	3,849	3,581	3,451	3,270
Certificate-holders' fund (cum dividend)	615	608	601	610	642	627
Reserves	559	553	547	541	534	525
Certificate-holders' equity	1,174	1,161	1,148	1,151	1,176	1,152
Revenues from operations (net off depreciation)	932	742	522	458	496	653
Financial charges	599	448	246	204	223	313
Impairment loss / (reversal) against doubtful debts	10	(4)	(2)	(12)	(33)	18
Net Profit	127	126	120	128	173	195
Dividend including Bonus certificates	113	113	113	123	154	150

SUMMARY OF CASH FLOW

Cash and cash equivalents at beginning of the year	433	409	368	257	245	(141)
Net cash generated from / (used in) operating activities	272	158	(916)	(340)	201	877
Net cash generated from / (used in) investing activities	52	18	9	14	(18)	32
Net cash generated from / (used in) financing activities	281	(152)	948	437	(171)	(523)
Net Increase / (decrease) in cash and cash equivalents	605	24	41	111	12	386
Cash and cash equivalents at end year	1,038	433	409	368	257	245

Profitability Ratios

Profit before tax ratio	%	18.85	27.86	32.04	36.96	33.32	27.74
Gross Yield on Earning Assets	%	13.71	11.13	7.18	8.03	10.53	13.37
Gross Spread ratio	%	69.09	66.92	56.96	50.87	47.61	53.40
Cost/Income ratio	%	54.51	51.33	50.24	48.95	34.83	29.83
Return on Equity	%	10.91	10.92	10.47	11.03	14.87	17.40
Return on Capital employed	%	2.10	2.14	2.24	2.80	4.02	4.24

Liquidity Ratios

Advances to deposits ratio		1.51	2.23	2.02	1.98	1.73	1.75
Current / Quick ratio		0.48	0.43	0.28	0.17	0.20	0.44
Cash to Current Liabilities	%	21.03	10.28	9.73	10.59	9.51	15.75

Investment / Market Ratios

Dividend Yield ratio	%	13.89	16.13	15.05	11.57	13.60	11.00
Dividend Payout ratio	%	89.02	90.01	94.32	95.55	78.94	76.62
Cash Dividend per certificate	%	25.00	25.00	25.00	27.00	34.00	33.00
Cash Dividend per certificate	Rs.	2.50	2.50	2.50	2.70	3.40	3.30
Earnings per Certificate (EPC) basic and diluted	Rs.	2.81	2.78	2.65	2.83	4.31	4.31
Break-up Value per certificate	Rs.	25.88	25.57	25.29	25.34	25.92	25.40
Market value per certificate at the end of the year and high/low during the year	Rs.	18.00	15.50	16.61	23.33	25.00	30.00
Market value per certificate - low	Rs.	14.00	14.65	16.37	21.47	24.25	21.60
Market value per certificate - high	Rs.	18.50	20.25	24.49	28.29	32.24	32.98
Dividend Cover ratio		1.12	1.11	1.06	1.05	1.27	1.31
Price Earnings ratio		6.41	5.58	6.27	8.26	5.80	6.97
Price to Book ratio		0.11	0.10	0.11	0.18	0.22	0.26

KEY FINANCIAL DATA (Rupees in Million)

Capital Structure Ratios

Earning assets to total assets ratio	%	95.24	95.56	96.88	97.55	96.72	96.01
Weighted Average cost of deposit	%	10.96	8.57	5.39	5.69	5.93	9.02
Net assets per share	Rs.	25.88	25.57	25.29	25.34	25.92	25.40
Financial leverage ratio		4.35	4.07	4.15	3.22	2.65	2.74
Weighted average cost of debt	%	12.18	9.44	5.81	5.97	7.10	8.98
Debt to Equity ratio		1.11	1.71	1.47	1.30	1.24	1.42
Financial Charges Cover ratio		1.21	1.28	1.49	1.63	1.78	1.62

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

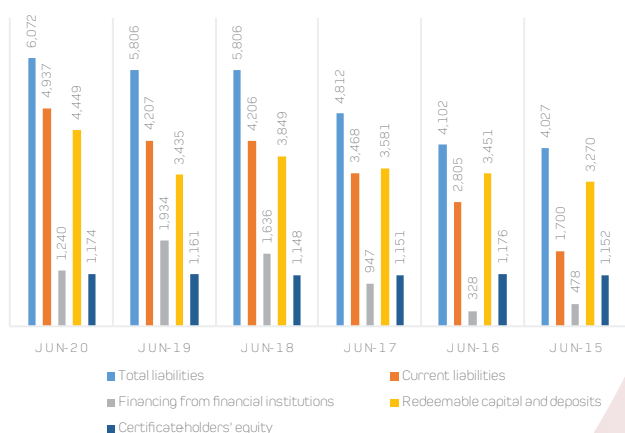
Non performing portfolio

Ijarah	164.20	29.34	31.75	35.61	41.38	66.76
Diminishing Musharaka	331.11	25.37	-	-	-	115.42
Housing Finance	2.12	-	7.43	-	-	-
Sukuks	57.70	57.70	57.70	57.70	57.70	57.70
Total	555.13	112.41	96.88	93.31	99.08	239.88

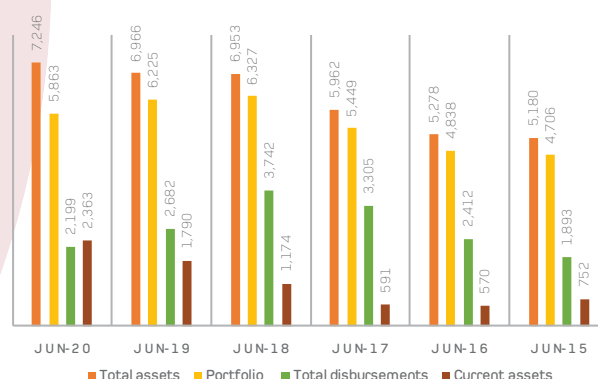
Concentration of assets, liabilities and off Balance Sheet items

GRAPHS

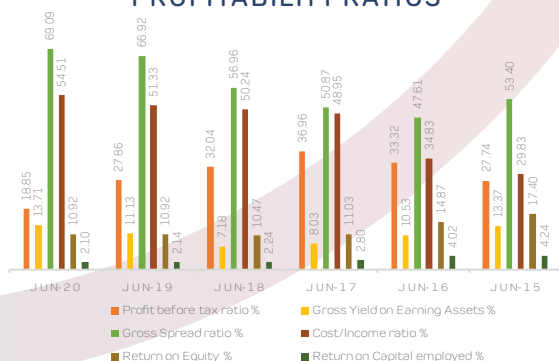
EQUITY & LIABILITIES



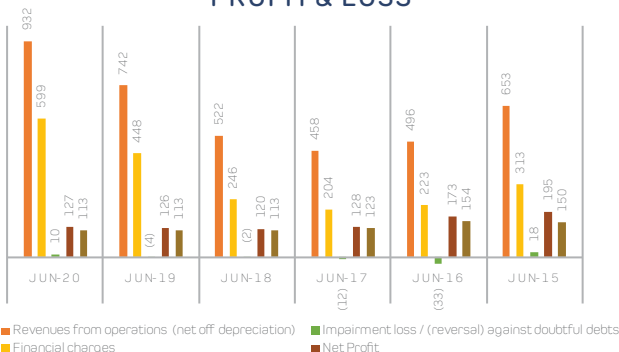
ASSETS



PROFITABILITY RATIOS

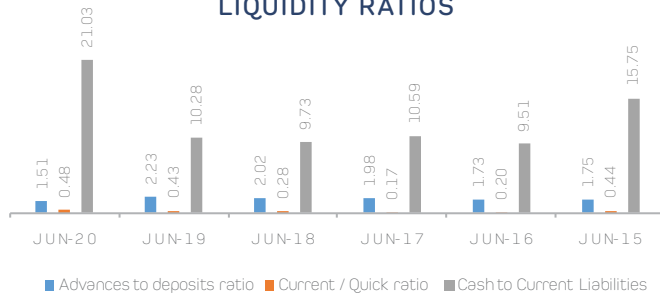


PROFIT & LOSS

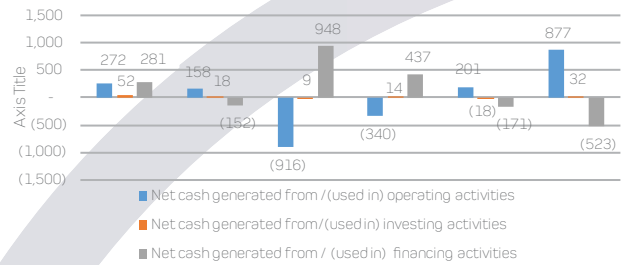


GRAPHS

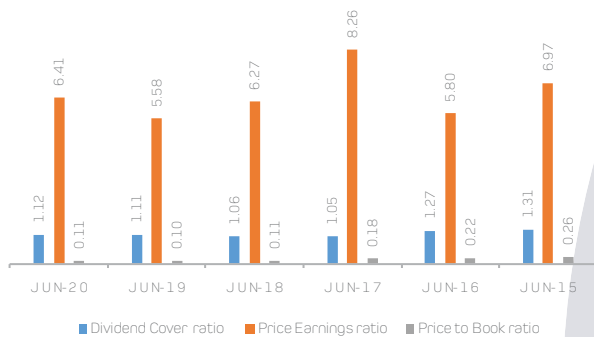
LIQUIDITY RATIOS



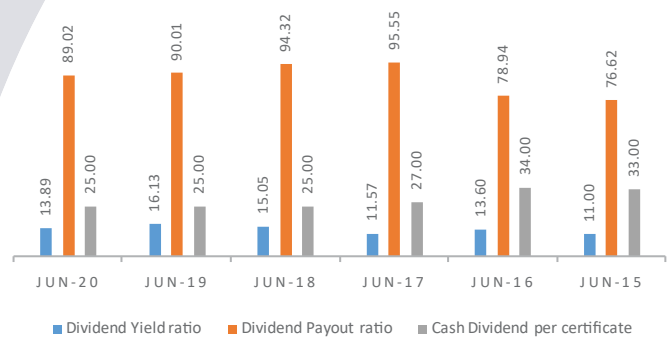
CASH FLOW



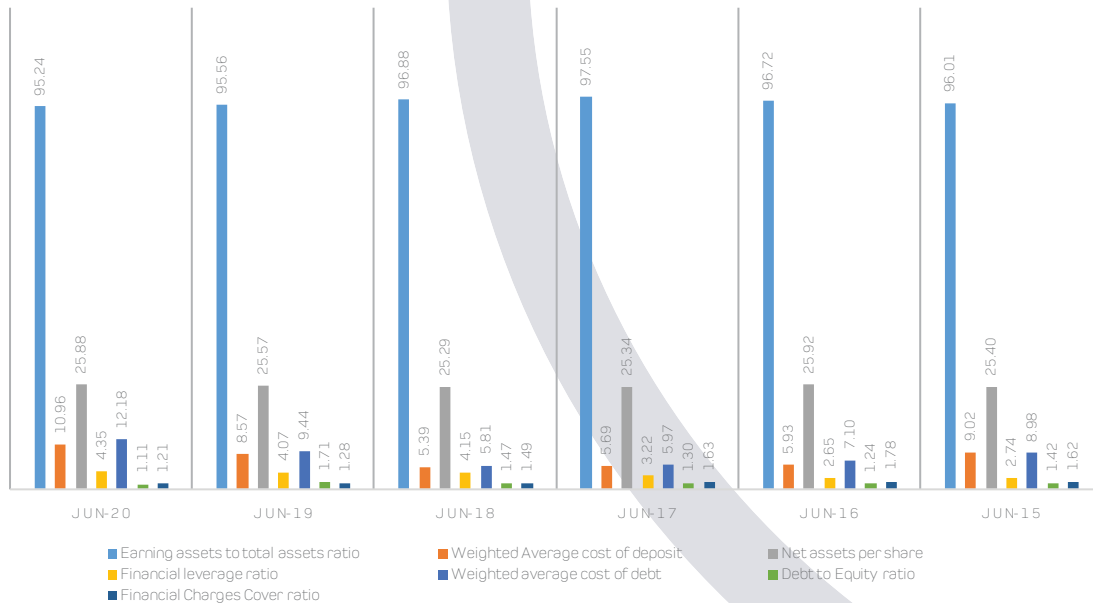
INVESTMENT/ MARKET RATIOS



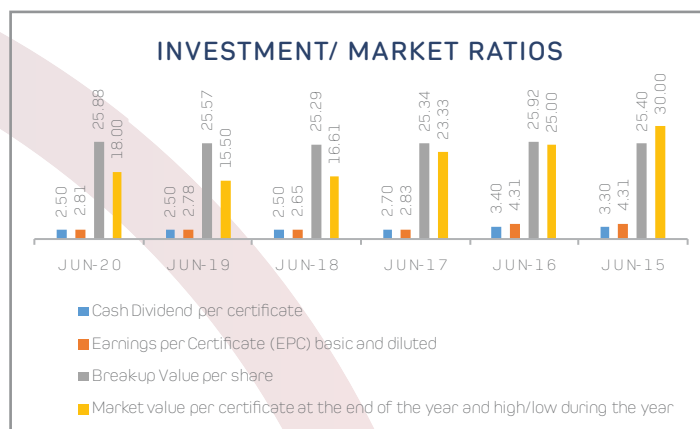
INVESTMENT/ MARKET RATIOS



CAPITAL STRUCTURE RATIO



GRAPHS



Comments on Key Financial Data and Ratios

The financial year 2019-2020 was initiated with upfront objectives translated into concrete targets and plans. However, the year was marked with historical financial adjustments due to outbreak of COVID-19 and declaration of the same as pandemic. The year-end results largely reflect the effects of those adjustments that have been brought into to ensure the Modaraba's solvency and sustainability in all respects concerning all stakeholders.

After the lockdown occurred in Pakistan, the Modaraba engaged its credit clients, evaluated COVID-19's effects on various industry sectors etc. and reassessed its overall credit risk to which its financing portfolio was exposed. The disbursements curtailed significantly and were limited to the already committed transactions to the customers which were not significantly affected amid COVID. The Modaraba has also provided the statutory COVID-19 relief to its eligible credit customers in form of granting the grace period in principal repayment upto a period of one year. The grant of such COVID relief affected the overall liquidity position of Modaraba. The Modaraba had to account for the suspensions of financing incomes and provision against downgraded credit exposures. On the other hand, decline in discount rates had positive impacts on Modaraba's earning due to lag in the repricing profiles of financial assets and liabilities.

On liquidity front, the Modaraba reshaped its funded side (that mainly comprise of term finance from banks and redeemable capital) by maintaining optimum balance between cost of funds and the effective tenor for the which the funds would remain available. The core objective was to ensure that the Modaraba remain adequately solvent at all time capable to meet any unexpected and premature cash call by funds provider. This major reshape has resulted in increased Cash and bank position maintained all during the COVID period and at year end along with resultant increased earnings from bank deposits. In aggregate, these have ended up in a minimal increase in net profit.

PERFORMANCE

HORIZONTAL ANALYSIS Balance Sheet (%)

ASSETS

Current assets

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Cash and bank balances	140.13	5.67	11.38	37.67	(0.40)	86.15
Loans and receivable - Term deposit receipts	-	-	-	-	-	-
Ijarah rentals receivable	69.45	4.34	11.79	(0.92)	(0.71)	(29.63)
Advances, deposits, prepayments and other receivables	(19.36)	107.80	320.87	(45.25)	(58.60)	(47.69)
Current portion of investment in Sukuk certificates	-	-	-	-	-	-
Current portion of Diminishing Musharika	(6.75)	87.10	453.04	(39.88)	(41.67)	(18.89)
Current portion of net investment in Ijarah finance	-	-	-	-	-	-
Taxation recoverable	10.15	0.02	0.04	265.72	(59.68)	(40.26)
Total current assets	32.03	52.45	98.70	3.64	(24.14)	(8.77)

Non - current assets

Loans and advances to employees	-	-	-	-	-	-
Long-term portion of investment in Sukuk certificates	-	-	-	-	-	-
Long-term portion of Diminishing Musharika	10.72	5.13	115.43	(13.01)	17.58	(11.92)
Long-term portion of net investment in Ijarah finance	-	-	-	-	-	-
Ijarah assets	(16.17)	(18.09)	(13.89)	22.35	2.81	(15.63)
Fixed assets in own use	(31.71)	(51.13)	(30.29)	(38.08)	176.92	(37.10)
Total non-current assets	(5.66)	(10.44)	7.60	14.10	6.30	(15.02)

TOTAL ASSETS

LIABILITIES AND EQUITY

Current liabilities

Musharika finance	-	-	-	(100.00)	(57.10)	(92.09)
Murabaha finance	-	-	-	-	-	-
Current maturity of security deposits	7.16	12.28	(27.96)	20.01	13.91	(27.15)
Current maturity of Musharika term finance	(12.54)	50.98	15.06	(12.78)	9.16	(19.15)
Creditors, accrued and other liabilities	(36.09)	(11.80)	3.56	(27.01)	47.63	14.35
Advance Ijarah rentals received	39.46	(11.89)	13.39	30.34	150.99	(25.17)
Current portion of redeemable capital	-	-	-	-	-	-
Deferred Murabaha income	4.25	10.34	11.06	15.11	16.78	12.59
Unclaimed profit distribution	-	-	-	-	-	-
Total current liabilities	17.36	0.01	21.30	23.64	64.94	(32.35)

Non - current liabilities

Long-term portion of security deposits	(18.53)	(16.87)	(7.30)	28.81	11.66	(27.37)
Long-term portion of Musharika term finance	(34.52)	6.11	38.87	398.00	118.83	(66.67)
Long-term portion of redeemable capital	3.58	360.37	4,000.00	(99.97)	(62.93)	11.65
Total non - current liabilities	(29.01)	(0.03)	18.95	3.67	(44.26)	(4.17)

TOTAL LIABILITIES

CERTIFICATE HOLDERS' EQUITY

Authorised certificate capital

50,000,000 (2019: 50,000,000) certificates of Rs 10 each

Certificate capital

Issued, subscribed and paid-up certificate capital

28,500,000 (2019: 28,500,000) certificates of Rs. 10 each
issued as fully paid in cash

16,883,530 (2019: 16,883,530) certificates of Rs. 10 each
issued as fully paid bonus certificates

Reserves	1.15	1.15	1.11	1.20	1.65	8.04
Unappropriated profit	4.96	4.27	(5.30)	(17.26)	8.47	13.20
	1.21	1.10	(0.19)	(2.22)	2.03	5.42
TOTAL LIABILITIES AND EQUITY	4.02	0.18	16.62	12.97	1.88	(14.17)

HORIZONTAL ANALYSIS
Profit and Loss Account (%)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Ijarah finance income	-	-	-	-	-	-
Ijarah rentals earned	(10.06)	(7.51)	1.37	5.43	(10.29)	(11.28)
Profit on Sukuk certificates	-	-	-	-	-	-
Income on Diminishing Musharika arrangements	35.10	149.19	37.99	(31.08)	(3.42)	(12.18)
Income on deposits with bank	189.51	47.26	4.71	(26.58)	(46.28)	69.44
	(0.59)	3.76	3.30	2.31	(10.36)	(10.68)
Financial charges	33.83	81.98	20.81	(8.72)	(28.82)	(18.77)
Depreciation on assets under Ijarah arrangements	(15.47)	(10.75)	2.06	8.03	(6.45)	(10.79)
Impairment against Ijarah assets	-	(100.00)	-	-	(100.00)	-
	21.08	19.36	(5.71)	(19.87)	(4.17)	(4.88)
Reversal of provision in respect of Ijarah finances - net	(100.00)	(36.08)	(66.34)	10.55	(638.57)	124.44
Provision in respect of Diminishing Musharika	(794.99)	(200.00)	-	(100.00)	1,958.25	149.50
Reversal / (Provision) in respect of Sukuk certificates	-	-	-	(100.00)	-	(100.00)
	14.36	19.94	(9.80)	(25.32)	9.23	(2.89)
Other income	(10.97)	(19.47)	55.35	114.11	(58.84)	90.29
Administrative and operating expenses	14.88	9.48	7.16	22.35	11.20	9.19
	1.11	4.79	1.78	(31.81)	(11.53)	7.45
Management Company's remuneration	1.11	4.79	1.78	(31.81)	(11.53)	7.45
Provision for services sales tax on Management Company's remuneration	1.11	4.79	1.78	(36.68)	(17.43)	0.74
Provision for workers' welfare fund	1.11	4.79	(132.13)	(316.26)	(11.43)	7.58
Profit before taxation	1.11	4.79	(6.19)	(25.93)	(11.43)	7.58
Taxation	-	-	-	-	-	-
Profit after taxation	1.11	4.79	(6.19)	(25.93)	(11.43)	7.58
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	1.11	4.79	(6.19)	(25.93)	(11.43)	7.58

PERFORMANCE

VERTICAL ANALYSIS Balance Sheet (%)

ASSETS

Current assets

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Cash and bank balances	14.33	6.21	5.88	6.16	5.06	5.17
Loans and receivable - Term deposit receipts	-	-	-	-	-	-
Ijarah rentals receivable	2.48	1.53	1.46	1.53	1.74	1.79
Advances, deposits, prepayments and other receivables	2.07	2.67	1.29	0.36	0.73	1.81
Current portion of investment in Sukuk certificates	-	-	-	-	-	-
Current portion of Diminishing Musharika	13.59	15.16	8.12	1.71	3.22	5.62
Current portion of net investment in Ijarah finance	0.01	0.01	0.01	0.01	0.01	0.01
Taxation recoverable	0.13	0.13	0.13	0.15	0.05	0.11
Total current assets	32.61	25.69	16.88	9.91	10.80	14.51

Non - current assets

Loans and advances to employees	-	-	-	-	-	-
Long-term portion of investment in Sukuk certificates	-	-	-	-	-	-
Long-term portion of Diminishing Musharika	30.99	29.12	27.75	15.02	19.51	16.90
Long-term portion of net investment in Ijarah finance	-	-	-	-	-	-
Ijarah assets	36.32	45.07	55.12	74.65	68.93	68.31
Fixed assets in own use	0.08	0.12	0.25	0.42	0.76	0.28
Total non-current assets	67.39	74.31	83.12	90.09	89.20	85.49

TOTAL ASSETS

LIABILITIES AND EQUITY

Current liabilities

Musharika finance	-	-	-	-	0.18	0.43
Murabaha finance	-	-	-	-	-	-
Current maturity of security deposits	2.79	2.71	2.41	3.91	3.68	3.29
Current maturity of Musharika term finance	-	-	-	-	-	-
Creditors, accrued and other liabilities	4.17	4.96	3.29	3.33	4.32	4.03
Advance Ijarah rentals received	0.32	0.52	0.59	0.67	1.03	0.71
Current portion of redeemable capital	52.89	39.45	44.85	46.13	39.98	16.23
Deferred Murabaha income	-	-	-	-	-	-
Unclaimed profit distribution	0.80	0.80	0.73	0.76	0.75	0.65
Total current liabilities	68.13	60.39	60.49	58.16	53.14	32.82

Non - current liabilities

Long-term portion of security deposits	5.18	6.61	7.96	10.02	8.79	8.02
Long-term portion of Musharika term finance	9.95	15.80	14.92	12.53	2.84	1.32
Long-term portion of redeemable capital	0.54	0.54	0.12	0.00	12.95	35.58
Total non - current liabilities	15.66	22.95	23.00	22.55	24.58	44.92

TOTAL LIABILITIES

CERTIFICATE HOLDERS' EQUITY

Authorised certificate capital

50,000,000 (2019: 50,000,000) certificates of Rs 10 each

Certificate capital

Issued, subscribed and paid-up certificate capital

28,500,000 (2019: 28,500,000) certificates of Rs. 10 each issued as fully paid in cash

16,883,530 (2019: 16,883,530) certificates of Rs. 10 each issued as fully paid bonus certificates

Reserves	3.93	4.09	4.10	4.78	5.40	5.50
Unappropriated profit	-	-	-	-	-	-
	2.33	2.42	2.43	2.83	3.20	3.26
	6.26	6.51	6.53	7.61	8.60	8.76
	7.72	7.94	7.86	9.07	10.12	10.14
	2.23	2.21	2.12	2.61	3.57	3.35
	16.21	16.66	16.51	19.29	22.29	22.25
TOTAL LIABILITIES AND EQUITY	100.00	100.00	100.00	100.00	100.00	100.00

VERTICAL ANALYSIS
Profit and Loss Account (%)

	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Ijarah finance income	-	-	-	-	-	-
Ijarah rentals earned	74.49	82.33	92.37	94.12	91.34	91.27
Profit on Sukuk certificates	-	-	-	-	-	-
Income on Diminishing Musharika arrangements	22.70	16.70	6.96	5.21	7.73	7.17
Income on deposits with bank	2.81	0.96	0.68	0.67	0.93	1.56
	100.00	100.00	100.00	100.00	100.00	100.00
Financial charges	(29.73)	(22.08)	(12.59)	(10.77)	(12.07)	(15.20)
Depreciation on assets under Ijarah arrangements	(56.97)	(67.00)	(77.89)	(78.84)	(74.66)	(71.54)
Impairment against Ijarah assets	-	-	(0.02)	-	-	(0.84)
	13.30	10.92	9.49	10.40	13.28	12.42
Reversal of provision in respect of Ijarah finances - net	-	0.12	0.20	0.61	0.57	(0.09)
Provision in respect of Diminishing Musharika	(0.51)	0.07	(0.08)	-	1.25	0.05
Reversal / (Provision) in respect of Sukuk certificates	-	-	-	-	(0.01)	-
	12.79	11.11	9.61	11.01	15.08	12.38
Other income	3.21	3.59	4.62	3.07	1.47	3.20
Administrative and operating expenses	(8.72)	(7.55)	(7.15)	(6.89)	(5.76)	(4.65)
	7.28	7.16	7.09	7.19	10.79	10.93
Management Company's remuneration	(0.73)	(0.72)	(0.71)	(0.72)	(1.08)	(1.09)
Provision for services sales tax on Management Company's remuneration	(0.09)	(0.09)	(0.09)	(0.09)	(0.15)	(0.16)
Provision for workers' welfare fund	(0.13)	(0.13)	(0.13)	0.40	(0.19)	(0.19)
Profit before taxation	6.33	6.22	6.16	6.78	9.37	9.48
Taxation	-	-	-	-	-	-
Profit after taxation	6.33	6.22	6.16	6.78	9.37	9.48
Other comprehensive income for the year	-	-	-	-	-	-
Total comprehensive income for the year	6.33	6.22	6.16	6.78	9.37	9.48

PERFORMANCE

Cash Flow

For the year ended June 30, 2020 (By Direct Method)

Ijarah Rental Collection
Diminishing Musharaka's repayment proceeds
Diminishing Musharaka's profit receipts
Ijarah Disbursements - net
Diminishing Musharaka disbursements - net
Net proceeds from Ijarah assets disposals - net
Financial charges paid
Management remuneration to management company
Salaries & staff benefits
Documentation fee & others from customers
Payments for operating expenses
Taxes, duties, charity & advance payments
Net cash used in operating activities

Net cash generated from investing activities

Net cash generated from financing activities

Net cash generated

Cash & cash Equivalent at beginning of the year

Cash & cash Equivalent at end of the year

30 June 2020	30 June 2019
(Rupees)	
1,397,708,309	180,5607,699
1,086,707,016	373,434,305
448,951,383	126,496,889
(1,164,808,056)	(2,217,719,173)
(869,264,069)	(1,168,889,588)
186,114,092	515,693,002
(613,102,516)	(233,027,083)
(15,518,592)	(13,596,384)
(121,357,527)	(99,482,201)
24,732,605	22,323,860
(33,441,761)	(28,213,479)
(54,331,466)	1,953,059
272,389,417	(915,419,094)
52,290,268	8,970,263
281,104,716	948,230,758
605,784,401	41,781,927
432,292,749	367,303,155
1,038,077,150	409,085,082

Free Cashflows

Net cashflow Used in Operating Activities
Net funds from bank financing
Net movement in deposits
Fixed capital expenditure

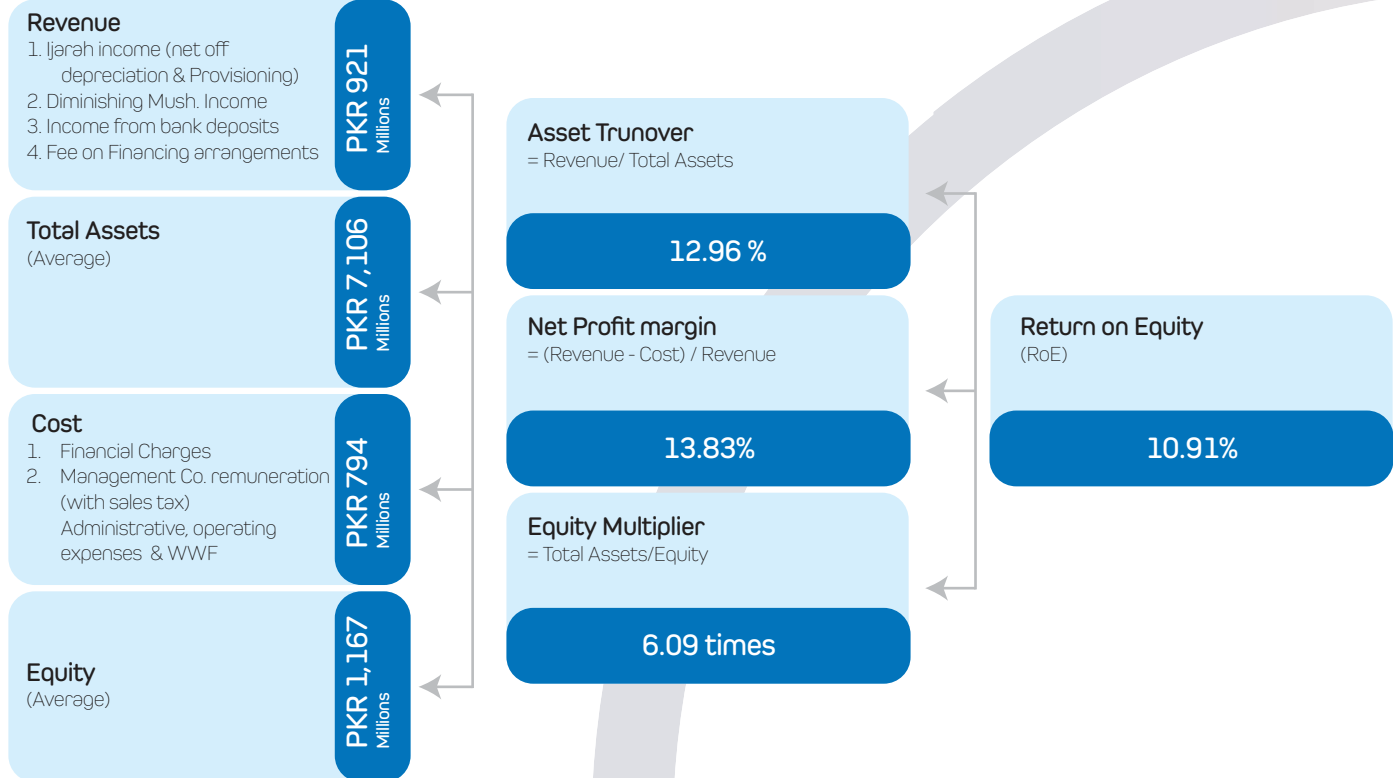
30 June 2020	30 June 2019
(Rupees)	
272,389,417	157,870,706
(693,601,373)	297,301,549
1,085,800,000	(341,410,000)
(2,293,219)	(1,445,061)
662,294,825	112,317,194

SEGMENT INFORMATION

	Finance lease	Finances and loans	Operating lease	Investment in subsidiaries, associates & others	Micro Finance	Total
	(Rupees)					
Segment revenues	-	469,164,886	1,553,779,498	56,566,963	-	2,079,511,348
Finance cost	-	301,631,389	260,939,317	36,367,538	-	598,938,244
Administrative and general expenses	-	96,835,169	83,771,464	11,675,365	-	192,281,998
Direct cost	-	-	1,147,908,062	-	-	1,147,908,062
(Reversal) / Provision-net	-	10,323,395	-	-	-	10,323,395
Segment results	-	60,374,933	61,160,655	8,524,060	-	130,059,649
Provision for Workers' Welfare Fund	-	1,207,499	1,223,213	170,481	-	2,601,193
Provision for taxation	-	-	-	-	-	-
Profit for the period		59,167,434	59,937,442	8,353,579		127,458,456
Other information						
Segment assets	370,000	3,230,795,565	2,811,971,604	1,038,077,150	-	7,081,214,319
Unallocated assets	-	-	-	-	-	165,152,859
Total assets						7,246,367,178
Segment liabilities	267,085	2,390,245,953	2,680,662,126	749,336,130	-	5,315,578,644
Unallocated liabilities	-	-	-	-	-	756,315,729
Total liabilities						6,071,894,373
Capital expenditure	-	-	-	-	-	2,293,219
Depreciation & amortisation	-	-	-	-	-	4,981,319
Unallocated Capital expenditure	-	-	-	-	-	2,293,219
Unallocated depreciation and amortisation	-	-	-	-	-	4,981,319

PERFORMANCE

Dupont Analysis



Statement of Charity Account

Description

2019 - 2020

Education
Health Care

1,500,000
500,000
2,000,000

Names of Institutions

Rupees

Family Educational Services Foundation
Layton Rahmatulla Benevolent Trust

1,500,000
500,000
2,000,000

Statement of Value added

	2020 Rupees	%	2019 Rupees	%
Revenue from operations (net of depreciation of Ijarah assets)	866,866,583		668,819,197	
Other Income/ charges/reversal of provision for WWF	54,413,307		76,692,769	
	921,279,890		745,511,966	
Operating expenses	36,213,553		34,719,742	
Provision for services sales tax on management company's remuneration	1,906,173		1,885,208	
Value Added	883,160,164	100.00	708,907,016	100.00

Distributed as follows:

To Employees

As remuneration

134,518,084	15.23	107,918,518	15.22
-------------	-------	-------------	-------

To finance providers

As profit on redeemable capital

364,767,806	41.30	253,219,558	35.72
-------------	-------	-------------	-------

As financial charges on Murabaha/Musharika

234,170,438	26.52	194,325,630	27.41
-------------	-------	-------------	-------

To Modarib

As management company's remuneration

14,662,869	1.66	14,501,602	2.05
------------	------	------------	------

To Certificate-holders

As profit on certificates

113,458,825	12.85	113,461,097	16.01
-------------	-------	-------------	-------

To Revenue Authorities

As workers' welfare fund

2,601,193	0.29	2,572,584	0.36
-----------	------	-----------	------

Retained in Business

As depreciation

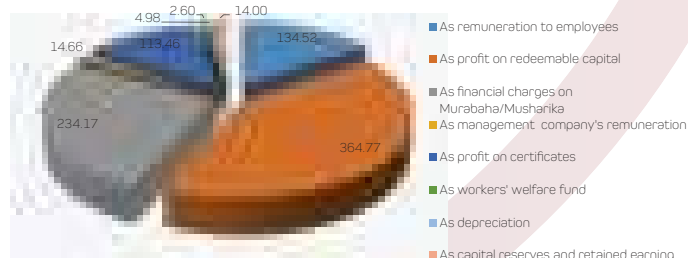
4,981,319	0.56	10,312,495	1.45
-----------	------	------------	------

As capital reserves and retained earning

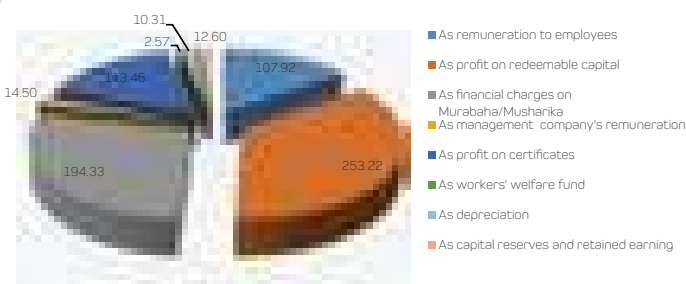
13,999,630	1.59	12,595,532	1.78
------------	------	------------	------

883,160,164	100.00	708,907,016	100.00
-------------	--------	-------------	--------

2020



2019





FINANCIAL STATEMENT

AUDITORS' REPORT TO THE CERTIFICATE HOLDERS

We have audited the annexed balance sheet of ORIX Modaraba (the Modaraba) as at June 30, 2020 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof (hereinafter referred to as the financial statements), for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the Modaraba Management Company in respect of ORIX Modaraba as required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981;
- (b) in our opinion:
 - i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) and the Modaraba Companies and Modaraba Rules, 1981, and are in agreement with the books of accounts and are further in agreement with accounting policies consistently applied except for the change as stated in note 3.1.1 to the financial statements with which we concur;
 - ii) the expenditure incurred during the year was for the purpose of the Modaraba's business; and
 - iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects, terms and conditions of the Modaraba;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980), and the Modaraba Companies and Modaraba Rules, 1981, in the manner so required and respectively give a true and fair view of the state of the Modaraba's affairs as at June 30, 2020 and of the profit and other comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, Zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Modaraba Management Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

The financial statements of the Modaraba for the year ended June 30, 2019 were audited by another firm of Chartered Accountants who had expressed an unmodified opinion on those financial statements vide their report dated September 13, 2019.

A. F. Ferguson & Co.

Chartered Accountants

Karachi

Dated: October 2, 2020

Engagement Partner: Noman Abbas Sheikh

	Note	30 June 2020	30 June 2019
		(Rupees)	
ASSETS			
Current assets			
Cash and bank balances	5	1,038,077,150	432,292,749
Ijarah rentals receivable	6	180,028,517	106,243,898
Advances, deposits, prepayments and other receivables	7	149,743,964	185,688,009
Current portion of investment in Sukuk certificates	8.2	-	-
Current portion of Diminishing Musharika	9.4	984,997,788	1,056,293,238
Net investment in Ijarah finance	10	370,000	370,000
Taxation recoverable		9,619,860	8,733,382
Total current assets		2,362,837,279	1,789,621,276
Non-current assets			
Long-term portion of investment in Sukuk certificates	8.2	-	-
Long-term portion of Diminishing Musharika	9.4	2,245,797,777	2,028,396,990
Ijarah assets	10	2,631,943,089	3,139,517,722
Fixed assets in own use	11	5,789,033	8,477,133
Total non-current assets		4,883,529,899	5,176,391,845
TOTAL ASSETS		7,246,367,178	6,966,013,121
LIABILITIES AND EQUITY			
Current liabilities			
Current portion of term finance arrangements	12	519,255,299	832,919,998
Current portion of security deposits	13	201,933,288	188,434,541
Creditors, accrued and other liabilities	14	301,923,898	345,197,941
Advance Ijarah rentals received		23,266,400	36,404,859
Current portion of redeemable capital	15	3,832,405,000	2,747,955,000
Unclaimed profit distribution		58,119,424	55,752,238
Total current liabilities		4,936,903,309	4,206,664,577
Non-current liabilities			
Long-term portion of term finance arrangements	12	720,815,205	1,100,751,879
Long-term portion of security deposits	13	375,075,859	460,371,219
Long-term portion of redeemable capital	15	39,100,000	37,750,000
Total non-current liabilities		1,134,991,064	1,598,873,098
TOTAL LIABILITIES		6,071,894,373	5,805,537,675
CERTIFICATE HOLDERS' EQUITY			
Certificate capital			
Authorised certificate capital			
50,000,000 (2019: 50,000,000) certificates of Rs. 10 each amounting to Rs 500,000,000 (2019: Rs 500,000,000)			
Issued, subscribed and paid-up certificate capital			
28,500,000 (2019: 28,500,000) certificates of Rs. 10 each fully paid in cash		285,000,000	285,000,000
16,883,530 (2019: 16,883,530) bonus certificates of Rs. 10 each		168,835,300	168,835,300
	16	453,835,300	453,835,300
Revenue reserve		161,391,902	153,767,466
Capital reserves	17	559,245,603	552,872,680
		1,174,472,805	1,160,475,446
TOTAL LIABILITIES AND EQUITY		7,246,367,178	6,966,013,121
CONTINGENCIES AND COMMITMENTS			
	18		

The annexed notes from 1 to 38 form an integral part of these financial statements.

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



Chairman



Chief Executive



Director



Chief Financial Officer

	Note	30 June 2020	30 June 2019
		(Rupees)	
Ijarah rentals earned		1,500,837,866	1,668,663,731
Income on Diminishing Musharika arrangements		457,369,818	338,545,480
Income on deposits with banks		56,566,963	19,539,117
		<u>2,014,774,647</u>	<u>2,026,748,328</u>
Financial and other charges	19	(598,938,245)	(447,545,190)
Depreciation on assets under Ijarah arrangements	10.1	(1,147,908,062)	(1,357,929,130)
		<u>267,928,340</u>	<u>221,274,008</u>
Reversal of provision in respect of Ijarah finances	6.2	-	2,492,749
(Provision) / reversal of provision in respect of Diminishing Musharika	9.3	(10,323,395)	1,485,402
		<u>257,604,945</u>	<u>225,252,159</u>
Other income	20	64,736,702	72,714,618
Administrative and operating expenses	21	(175,712,956)	(152,950,755)
		<u>146,628,691</u>	<u>145,016,022</u>
Management Company's remuneration	22	(14,662,869)	(14,501,602)
Provision for services sales tax on the Management Company's remuneration	23	(1,906,173)	(1,885,208)
Provision for Workers' Welfare Fund - net	14.3	(2,601,193)	(2,572,584)
Profit for the year before taxation		<u>127,458,456</u>	<u>126,056,628</u>
Taxation	24	-	-
Profit for the year after taxation		<u>127,458,456</u>	<u>126,056,628</u>
Other comprehensive income for the year		-	-
Total comprehensive income for the year		<u>127,458,456</u>	<u>126,056,628</u>
Earnings per certificate - basic and diluted	25	<u>2.81</u>	<u>2.78</u>

The annexed notes from 1 to 38 form an integral part of these financial statements.

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


Chairman


Chief Executive


Director


Chief Financial Officer

	Note	30 June 2020	30 June 2019
		(Rupees)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit for the year before taxation		127,458,456	126,056,628
Adjustments for non-cash and other items:			
Depreciation / amortisation on fixed assets in own use	21	4,981,319	10,312,495
Depreciation on Ijarah assets	10.1	1,147,908,062	1,357,929,130
Gain on disposal of Ijarah assets	20	(43,839,957)	(50,079,986)
Gain on disposal of fixed assets in own use		(41,751)	-
Reversal of provision in respect of Ijarah finances - net		-	(2,492,749)
Provision / (reversal) in respect of Diminishing Musharika		10,323,395	(1,485,402)
Income on bank deposits		(56,566,963)	(19,539,117)
Profit on:			
- Redeemable capital	19	364,767,807	253,219,560
- Term finance arrangements	19	208,348,873	178,213,060
Provision for services sales tax on the Management Company's remuneration		1,906,173	1,885,208
Provision for Workers' Welfare Fund - net		2,601,193	2,572,584
		1,640,388,151	1,730,534,783
		1,767,846,607	1,856,591,411
(Increase) / decrease in assets			
Advances, deposits, prepayments and other receivables		37,969,272	(95,915,167)
Ijarah rentals receivable		(73,784,619)	(1,923,395)
Diminishing Musharika		(156,428,732)	(131,375,772)
Purchase of assets under Ijarah arrangements	10.1	(1,501,148,709)	(1,628,807,141)
Proceeds from disposal of assets under Ijarah arrangements		904,655,237	556,329,700
		(788,737,551)	(1,301,691,775)
(Decrease) / increase in liabilities			
Creditors, accrued and other liabilities		(458,209)	27,678,022
Advance Ijarah rentals received		(13,138,459)	(4,870,152)
Security deposits		(71,796,613)	(72,820,691)
		(85,393,281)	(50,012,821)
		893,715,775	504,886,815
Profit paid on:			
- Redeemable capital		(401,575,544)	(189,223,269)
- Term finance arrangements		(218,864,336)	(157,791,098)
		(620,439,880)	(347,014,367)
Taxes paid		(886,478)	(1,742)
Net cash flows generated from operating activities		272,389,417	157,870,706
CASH FLOWS FROM INVESTING ACTIVITIES			
Fixed capital expenditure		(2,293,219)	(1,445,061)
Proceeds from disposal of fixed asset in own use		41,751	-
Income received on bank deposits		54,541,736	19,125,769
Net cash flows generated from investing activities		52,290,268	17,680,708
CASH FLOWS FROM FINANCING ACTIVITIES			
Redeemable capital less repayments		1,085,800,000	(341,410,000)
Term finance less repayments		(693,601,373)	297,301,549
Profit paid to certificate holders		(111,093,911)	(108,235,296)
Net cash flows generated from / (used in) financing activities		281,104,716	(152,343,747)
Net increase in cash and cash equivalents during the year		605,784,401	23,207,667
Cash and cash equivalents at the beginning of the year		432,292,749	409,085,082
Cash and cash equivalents at the end of the year	33	1,038,077,150	432,292,749

The annexed notes from 1 to 38 form an integral part of these financial statements.

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



Chairman



Chief Executive



Director



Chief Financial Officer

	Issued, subscribed and paid-up certificate capital	Premium on issue of modaraba certificates	Capital reserve Statutory reserve	Sub-total	Revenue reserve Unappropriated profit	Sub-total	Total
	(Rupees)						
Balance as at July 1, 2018	453,835,300	55,384,700	491,185,149	546,569,849	147,475,214	694,045,063	1,147,880,363
Total comprehensive income for the year							
- Profit for the year ended June 30, 2019	-	-	-	-	126,056,628	126,056,628	126,056,628
- Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	126,056,628	126,056,628	126,056,628
Transactions with owners							
Profit distribution for the year ended June 30, 2018 @ Rs 2.50 per certificate declared subsequent to the year end	-	-	-	-	(113,461,545)	(113,461,545)	(113,461,545)
Transfer to statutory reserve	-	-	6,302,831	6,302,831	(6,302,831)	-	-
Balance as at June 30, 2019	453,835,300	55,384,700	497,487,980	552,872,680	153,767,466	706,640,146	1,160,475,446
Total comprehensive income for the year							
- Profit for the year ended June 30, 2020	-	-	-	-	127,458,456	127,458,456	127,458,456
- Other comprehensive income for the year	-	-	-	-	-	-	-
	-	-	-	-	127,458,456	127,458,456	127,458,456
Transactions with owners							
Profit distribution for the year ended June 30, 2019 @ Rs 2.50 per certificate declared subsequent to the year end	-	-	-	-	(113,461,097)	(113,461,097)	(113,461,097)
Transfer to statutory reserve	-	-	6,372,923	6,372,923	(6,372,923)	-	-
Balance as at June 30, 2020	453,835,300	55,384,700	503,860,903	559,245,603	161,391,902	720,637,505	1,174,472,805

The annexed notes from 1 to 38 form an integral part of these financial statements.

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


Chairman


Chief Executive


Director


Chief Financial Officer

1 STATUS AND NATURE OF BUSINESS

ORIX Modaraba ('the Modaraba') was formed under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the Rules framed thereunder and is managed by ORIX Services Pakistan (Private) Limited ('the Management Company'). The Management Company is a wholly owned subsidiary of ORIX Leasing Pakistan Limited.

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

The Modaraba is operated through a head office in Karachi and two branches 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 assigned long term rating of AA (2019: AA) and short term rating of A1+ (2019: A1+) to the Modaraba on March 24, 2020 (2019: February 26, 2019).

2 BASIS OF PREPARATION**2.1 Statement of compliance**

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

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

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

2.2 As mentioned in note 3.1.1 of the financial statements, the Modaraba has adopted IFRS 16 as at July 1, 2019, which replaces existing leasing guidance on IAS 17 'Leases'. However the SECP vide its circular No. 10 of 2004 dated February 13, 2004 had deferred, till further orders, the applicability of IAS 17 "Leases" on modarabas with effect from July 1, 2003 and advised the Management Companies of modarabas that they may continue to prepare the financial statements of modarabas without applying the requirements of IAS 17. However, the requirements of IAS 17 were considered for the purpose of leasing transactions (net investment in finance lease, assets given on finance lease, liabilities against assets subject to finance lease, and assets obtained on finance lease entered into by the Modaraba upto June 30, 2008. Currently, ijarah transactions are being accounted for in accordance with the requirements of IFAS 2 as explained in note 2.3.

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

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

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

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

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

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

2.5 Accounting convention

These financial statements have been prepared under the historical cost.

2.6 Critical accounting estimates and judgments

2.6.1 Use of estimates and judgments

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

- i) estimates of residual values, useful lives and depreciation methods of fixed assets in own use and Ijarah assets (notes 4.6, 10 and 11);
- ii) provision against non-performing leases, Ijarah portfolio, diminishing musharika, investments and other receivables (notes 4.9, 6, 7.4, 8.1.3, 9.3, 10.1 and 10.4);
- iii) provision for Workers' Welfare Fund (note 14.3);
- iv) provision for sales tax on the Management Company's remuneration (note 23); and
- v) provision for taxation (notes 4.7 and 24).

2.7 Change in accounting estimate

During the year, the management has availed the benefit of forced sales value of mortgage property and other securities held as collateral against all non-performing Diminishing Musharika and Ijarah arrangements from the date of classification, for calculating provisioning requirements, as allowed under the Prudential Regulations for modarabas issued by the SECP. This change has been accounted for as a change in accounting estimate in accordance with the requirements of International Accounting Standard (IAS-8) "Accounting policies, Changes in Estimates and Errors" whereby the effect of the changes are recognised prospectively by including the same in the profit and loss account in the period of the change. Had the Modaraba's accounting estimate not been changed, profit after tax would have been lower by Rs 55.43 million and Diminishing Musharika and Ijarah (net of provisions) as at June 30, 2020 would have been lower by Rs 31 million and Rs 24.43 million respectively.

3 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS**3.1 Standards, interpretations and amendments to published approved accounting standards that are effective in the current year****3.1.1 IFRS 16: 'Leases'**

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

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

On the adoption of IFRS 16 as at July 1, 2019, the Modaraba has decided to apply the recognition exemptions under IFRS 16 and all the leases of the Modaraba (except those mentioned in note 2.2 of the financial statements) have been classified as short term leases. Accordingly, the applicability of this standard did not have any impact on the financial statements of the Modaraba as at July 1, 2019.

The leases that are extended by the Modaraba to its customer on ljarah basis are accounted for under the requirements of IFAS 2 as detailed in note 2.2 to these financial statements and therefore are outside the scope of IFRS 16.

3.1.2 There are certain amendments to the standards and new interpretations that are mandatory for accounting periods beginning on or after July 1, 2019 but are considered not to be relevant or do not have any significant effect on the Modaraba's operations and are, therefore, not detailed in these financial statements.**3.2 Standards, interpretations and amendments to published approved accounting standards that are not yet effective****3.2.1** The following standards, amendments and interpretations with respect to published approved accounting standards would be effective from the date mentioned below against the respective standards, amendments or interpretations:

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

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

3.2.2 The SECP has deferred the applicability of all requirements of IFRS 9 for modarabas until June 30, 2021. As more fully discussed in note 2.4, the Modaraba had already adopted all the requirements of IFRS 9 in the financial statements for the year ended June 30, 2019 with the exception of determining the provision against financing (Ijarah and Diminishing Musharika). The Management is currently in the process of assessing the impact of IFRS 9 on the financial statements of the Modaraba.

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

4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented except for the change as disclosed in note 3.1.1 to these financial statements.

4.2 Financial instruments

4.2.1 Financial assets

4.2.1.1 Classification and subsequent measurement

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

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

a) At amortised cost:

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

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

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

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

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

4.2.1.2 Impairment

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

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

However, NBFI & Modaraba Association of Pakistan, based on the clarification of the SECP, have informed all its members that the provisioning criteria will remain the same as defined under the Prudential Regulations for modarabas issued by the SECP. Accordingly, the Modaraba has maintained provision against Diminishing Musharika and Ijarah arrangements in accordance with the Prudential Regulations issued by the SECP.

The management has made an assessment of impairment under expected credit loss model of IFRS 9 for all other financial assets and concluded that the impact is not material to the financial statements.

4.2.1.3 Derecognition

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

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

The Modaraba enters into transactions whereby it transfers assets recognised in its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

4.2.1.4 Regular way contracts

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

4.2.2 Financial liabilities

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

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

4.2.2.1 Derecognition

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

4.2.3 Initial recognition

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

4.2.4 Offsetting of financial assets and liabilities

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

4.2.5 Write-offs

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

4.2.6 Diminishing Musharaka

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

4.3 Redeemable Capital

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

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

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

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

4.4 Net investment in Ijarah finance

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

4.5 Impairment of non-financial assets

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

4.6 Fixed assets

4.6.1 Tangible fixed assets

4.6.1.1 Owned assets

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

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

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

4.6.1.2 Ijarah assets

Assets leased out under Ijarah on or after July 1, 2008 are recorded as Ijarah assets and are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is charged to the profit and loss account on a straight line basis, in accordance with the rates specified in note 10 to these financial

statements, whereby the cost of an asset less salvage value is written off over the lease term, which is considered to be the estimated useful life of the asset.

4.6.1.3 Leases (except Ijarah assets)

The Modaraba leases various offices. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Until June 30, 2019, leases were classified as either finance or operating leases. Payments made under operating leases were charged to the profit and loss account on a straight-line basis over the period of the lease.

From July 1, 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Modaraba. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit and loss account over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

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

4.6.2 Intangible assets

Intangible assets having a finite useful life are stated at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent costs are included in the assets' carrying amounts or recognised as separate assets, as appropriate, only when it is probable that the future economic benefits associated with the assets will flow to the Modaraba and the cost of the items can be measured reliably. Amortisation is charged to the profit and loss account using the straight line method in accordance with the rates specified in note 11 to these financial statements. The useful lives and amortisation method are reviewed and adjusted, as appropriate, at each reporting date. Amortisation is charged from the month the asset is available for use while in the case of assets disposed of, it is charged till the month preceding the month of disposal.

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

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

4.6.3 Capital work-in-progress

Capital work-in-progress, if any, is stated at cost less accumulated impairment losses, if any, and represents expenditure on fixed assets in the course of construction and installation and advances for capital expenditure. Transfers are made to the relevant category of tangible / intangible assets as and when the assets are available for intended use.

4.7 Taxation

Current

Provision for current taxation is based on taxable income for the year at the current rates of taxation after taking into account applicable tax credits, rebates and exemptions available, if any. The income of non-trading

modarabas is exempt from tax provided that not less than 90% of their profits for the year as reduced by amount transferred to a mandatory reserve as required under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 (XXXI of 1980) are distributed to the certificate holders. The Modaraba intends to continue availing the tax exemption by distributing at least 90% of its profits to the certificate holders each year.

Deferred

Deferred tax is recognised using the balance sheet liability method, on all temporary differences arising between the tax base and carrying amount of assets and liabilities appearing in the financial statements. Deferred tax liability is recognised for all taxable temporary differences. Deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that the temporary differences will reverse in the future and taxable profits will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax asset is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised.

Deferred tax asset and liability is measured at the tax rate that is expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date. However, the Modaraba has not recognised any amount in respect of deferred tax in these financial statements as the Modaraba intends to continue availing the tax exemption in future years by distributing at least 90% of its profits to its certificate holders every year.

4.8 Creditors, accrued and other liabilities

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

4.9 Provisions and contingent assets and liabilities

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

Contingent assets are not recognised and are disclosed unless an inflow of economic benefits is virtually certain. Contingent liabilities are not recognised and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

4.10 Staff retirement benefits

The Modaraba operates:

- i) a recognised provident fund for all eligible employees; and
- ii) an approved defined contribution gratuity scheme for all permanent employees.

Gratuity is payable to employees on completion of the prescribed qualifying period of service under the scheme. Contributions to the provident fund and gratuity fund are made at the rate of 10% and 8.33% respectively, of the basic salaries of employees. Obligation for contribution to defined contribution plans are recognised as an employee benefit expense in the profit and loss account when these are due.

Investments out of the aforementioned funds have been made in accordance with the provisions of section 218 of the Companies Act, 2017 and the conditions specified thereunder.

4.11 Revenue recognition

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

4.12 Proposed profit distribution to Modaraba certificate holders and transfers between reserves

Proposed profit distribution and transfers between reserves made subsequent to the reporting date are considered as non-adjusting events and are recognised in the financial statements in the period in which such dividends are declared / transfers are made.

4.13 Earnings per certificate

Basic earnings per certificate is calculated by dividing the profit after taxation for the year by the weighted average number of certificates outstanding during the year. Diluted earnings per certificate is determined by adjusting the profit or loss attributable to ordinary certificate holders by taking into account the conversion of any dilutive potential ordinary certificates.

4.14 Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Modaraba operates. The financial statements are presented in Pakistani rupees, which is the Modaraba's functional and presentational currency.

4.15 Foreign currency transactions

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

4.16 Segment reporting

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

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

4.17 Commitments

Commitments are disclosed in the financial statements at committed amounts.

5 CASH AND BANK BALANCES

Balances with banks

- in current accounts
- in deposit accounts
- in term deposit receipts

Balance with the State Bank of Pakistan

Cash in hand

Note	30 June 2020	30 June 2019
	(Rupees)	
	106,419,144	100,437,077
5.1	431,556,697	331,804,363
5.2	500,000,000	-
	51,549	1,549
	49,760	49,760
	1,038,077,150	432,292,749

- 5.1** These carry profit at the rate ranging between 4.50% to 6.75% (2019: 3.59% to 10%) per annum.
- 5.2** Term deposit receipts carry profit at the rate of 7.35% per annum (2019: Nil) and are due to mature on July 22, 2020.
- 5.3** Subsequent to the year end, the Modaraba has opened a bank account for the purpose of unclaimed profit distribution and has transferred the total amount of unclaimed profit distribution to such account.
- 5.4** The balances held with banks in deposit accounts and term deposit receipts have been kept in order to comply with the requirement of the guidelines issued by the SECP with respect to the maintenance of prescribed liquidity against the Certificates of Musharika issued by the Modaraba.

6 IJARAH RENTALS RECEIVABLE

Ijarah rentals receivable - considered good

Ijarah rentals receivable - considered bad or doubtful

Less: Allowance for potential Ijarah losses

Less: Profit held in suspense

Note	30 June 2020	30 June 2019
	(Rupees)	
	143,732,051	106,243,898
6.1	67,753,723	23,730,367
6.2	(5,505,480)	(5,505,480)
6.3	(25,951,777)	(18,224,887)
	36,296,466	-
	180,028,517	106,243,898

- 6.1** This is netted-off with the related security deposits held as at the reporting date.

6.2 Allowance for potential Ijarah losses

Opening balance

Reversal for the year - net

Closing balance

	30 June 2020	30 June 2019
	(Rupees)	
	5,505,480	7,998,229
	-	(2,492,749)
	5,505,480	5,505,480

6.3 Profit held in suspense

Opening balance

Income suspended during the year

Suspended income reversed during the year

Closing balance

	30 June 2020	30 June 2019
	18,224,887	18,651,654
	7,726,890	25,037
	-	(451,804)
	25,951,777	18,224,887

6.4 Ijarah includes Rs 164.2 million (2019: Rs 29.34 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 27.2.2 to these financial statements.

6.5 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 24.43 million (2019: Nil).

7 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances

Advances against assets under Ijarah arrangements

Advances against assets under Diminishing Musharika arrangements

Deposits

Prepayments

Prepaid commission for the sale of Certificate of Musharika (COM)

Other prepayments

Other receivables

Accrued profit on deposit accounts and term deposit receipts

Accrued profit on Diminishing Musharika

Others

Note	30 June 2020	30 June 2019
	(Rupees)	
7.1	76,005,566	101,707,620
7.1	-	32,316,693
	550,000	550,000
7.2	18,037,898	7,552,000
	7,562,632	6,744,726
7.3 & 7.4	4,381,530	2,356,303
7.5 & 7.6	38,298,379	29,879,944
	4,907,959	4,580,723
	149,743,964	185,688,009

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

7.2 Commission in respect of the sale of COMs is being amortised over the maturity period. In case of pre-mature redemption, un-amortised balance is charged to Profit and Loss account.

7.3 This includes accrued profit from diminishing musharika related to key management personnel amounting to Rs. 0.227 million (2019: Rs. 0.390 million).

7.4 Accrued profit on Diminishing Musharika is as follows:

Accrued profit on Diminishing Musharika

Less: Profit held in suspense

Closing balance

	30 June 2020	30 June 2019
	(Rupees)	
	59,229,030	31,547,913
	(20,930,651)	(1,667,969)
	38,298,379	29,879,944

- 7.5 This includes provision against other receivables. Movement in provision against other receivables during the year is as follows:

	30 June 2020	30 June 2019
	(Rupees)	
Opening balance	160,000	160,000
Provision for the year	-	-
Closing balance	160,000	160,000

- 7.6 This also includes receivable from provident and gratuity funds of the Modaraba amounting to Rs. 0.005 million (2019: 0.056 million) and Rs. 0.002 million (2019: Rs. Nil) respectively.

8 INVESTMENT IN SUKUK CERTIFICATES

At amortised cost

Investment in sukuk certificates
Less: Provision in respect of sukuk certificates

Note	30 June 2020	30 June 2019
	(Rupees)	
8.1	57,701,835	57,701,835
8.1.3	(57,701,835)	(57,701,835)
	-	-

8.1 Particulars of Investment in Sukuk Certificates

Name of the Investee Company	Number of certificates			As at 30 June 2020	Profit / mark-up rate	Tenor	Security	Principal amount outstanding as at 30 June 2020	Provision held as at 30 June 2020	Carrying amount as at 30 June 2020
	As at 1 July 2019	Purchased during the year	Sold during the year							
Sukuk certificates of Rs. 5,000 each unless stated otherwise									(Rupees)	
Security Leasing Corporation Limited (note 8.1.1)	5,000	-	-	5,000	-	10 years	First charge over specific leased assets and associated lease receivables with 25% security margin	7,701,835	(7,701,835)	-
Shahraj Fabrics (Private) Limited (note 8.1.2)	10,000	-	-	10,000	11.52%	5 years	First pari passu charge over all present and future plant and machinery of the Company, equivalent to the Facility amount with a 25% margin	50,000,000	(50,000,000)	-
As at 30 June 2020								57,701,835	(57,701,835)	-
As at 30 June 2019								57,701,835	(57,701,835)	-

8.1.1 On March 18, 2010, the terms of the redemption of principal outstanding balance and payment of profit thereon were restructured. Under the revised terms, principal redemptions were to commence from April 2010 in 48 equal monthly installments payable in arrears and profit was to be payable at the rate of 6% for the first eighteen months commencing from the date of restructuring and at the rate of 1 month KIBOR thereafter. The revised agreement was restructured with effect from March 19, 2011 under which, all future profit payments as per the first restructuring agreement were waived and the redemptions of the outstanding principal balance were to be continued to be made as per the original restructuring agreement. During the year ended June 30, 2012, the terms of the agreement were revised for the third time, whereby, the remaining principal became payable in 120 equal monthly installments commencing from February 19, 2012. The payments of these sukuk certificates have been overdue since July 2014. Accordingly the outstanding balance has been fully provided as on June 30, 2020.

8.1.2 As per the terms of the Sukuk agreement, the principal was to be repaid in 14 equal quarterly installments beginning from the 21st month following the date of disbursement, whereas, profit was payable semi-annually in arrears. However, principal payments have been overdue since 2008 and, accordingly, the sukuk has been classified under the 'loss' category of non-performing assets as per the requirements of the Prudential Regulations for Modarabas. Consequently, the management has retained a provision at the rate of 100 percent in respect of the said investment and has suspended the accrued profit upto June 30, 2020.

8.1.3 Movement in provision against Sukuk certificates

Opening balance
Provision for the year
Closing balance

30 June 2020	30 June 2019
(Rupees)	
57,701,835	57,701,835
-	-
57,701,835	57,701,835

8.2 Break-up of investment in sukuk certificates between long-term and current portion is as follows:

Current portion of investment in Sukuk certificates
Less: Provision held

56,093,720	55,078,100
(56,093,720)	(55,078,100)
-	-
1,608,115	2,623,735
(1,608,115)	(2,623,735)
-	-

Long-term portion of investment in Sukuk certificates
Less: Provision held

8.3 Sukuk certificates of Rs 57.7 million (2019: Rs 57.7 million) have been placed under non-performing status. The details of category of classification of these assets are given in note 27.2.2 to these financial statements.

9 DIMINISHING MUSHARIKA

Staff - considered good

- Housing finance
- Motor Vehicles
- Others

Note

30 June
202030 June
2019

(Rupees)

9.1 & 9.2

Others - considered good

- Housing finance
- Motor Vehicles
- Plant, machinery and equipment

Others - considered bad or doubtful

- Housing finance
- Motor Vehicles
- Plant, machinery and equipment

Less: Provision in respect of Diminishing Musharika

9.3

87,740,576	68,792,546
29,936,317	29,390,342
3,323,435	3,428,287
121,000,328	101,611,175
474,274,989	593,496,094
1,127,941,998	1,083,663,622
1,184,672,731	1,280,552,614
2,786,889,718	2,957,712,330
2,116,083	-
102,904,546	8,157,779
228,208,285	17,208,944
333,228,914	25,366,723
(10,323,395)	-
3,109,795,237	2,983,079,053
3,230,795,565	3,084,690,228

9.1 These represent finance provided to employees, officers and key management personnel of the Modaraba under Diminishing Musharika arrangement for renovation, construction and purchase of house, purchase of vehicles and other consumer durables. These carry profit at rates ranging between 10.22% to 16.51% (2019: 13.75% to 16.12%) per annum and are repayable on monthly basis over a maximum period of 20 years (2019: 20 years). The maximum aggregate amount due from officers and employees at any time during the year calculated by reference to month-end balance is Rs. 123.481 million (2019: Rs. 101.611 million).

9.1.1 This includes Diminishing Musharika facility availed by key management personnel as per employment terms, with respect to housing finance, motor vehicles and personal finance amounting to Rs. 44.030 million (2019: Rs. 27.254 million), Rs. 8.309 million (2019: Rs. 10.166 million) and Rs. 1.191 million (2019: Rs. 1.540 million) respectively. These are secured against Diminishing Musharika assets.

9.2 Reconciliation of carrying amounts of finance provided to employees and officers under Diminishing Musharika arrangement

Opening balance

Disbursements during the year

Receipts during the year

Transfer from 'Staff' to 'Others'

Closing balance

101,611,175	78,768,972
35,557,609	48,298,573
(16,168,456)	(20,715,571)
-	(4,740,799)
121,000,328	101,611,175

9.3 Movement in provision against Diminishing Musharika

	30 June 2020	30 June 2019
	(Rupees)	
Opening balance	-	1,485,402
Provision during the year	10,323,395	-
Reversal during the year	-	(1,485,402)
Closing balance	10,323,395	-

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

	30 June 2020	30 June 2019
	(Rupees)	
Current portion of Diminishing Musharika	990,492,546	1,056,293,238
Less: Provision held	(5,494,758)	-
	984,997,788	1,056,293,238
Long-term portion of Diminishing Musharika	2,250,626,414	2,028,396,990
Less: Provision held	(4,828,637)	-
	2,245,797,777	2,028,396,990

9.5 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Diminishing Musharika as allowed under the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Diminishing Musharika would have been higher by Rs. 31 million (2019: Nil).

9.6 Diminishing Musharika includes Rs 333.23 million (2019: Rs 25.37 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 27.2 to these financial statements.

9.7 Diminishing Musharika carries profit at the rate ranging between 9.03% to 18.98% (2019: 10.47% to 18.53%) per annum.

10 IJARAH ASSETS

Ijarah contracts commencing on or after July 1, 2008
- accounted for under IFAS 2

Note	30 June 2020	30 June 2019
	(Rupees)	
10.1 & 10.2	2,631,943,089	3,139,517,722
	370,000	370,000
10.3	(370,000)	(370,000)
	-	-

Ijarah contracts prior to July 1, 2008
- accounted for as finance leases

Less: Current portion of net investment in Ijarah finance

10.1 Assets under Ijarah arrangements

The following is a statement of Ijarah assets:

At 1 July 2019

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Additions

Disposals
Cost
Depreciation

Depreciation charge for the year
Impairment during the year
Closing net book value

At 30 June 2020

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Depreciation rate (% per annum)

Year ended 30 June 2020

Ijarah assets

Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
3,199,950,908	2,427,227,348	5,627,178,256
(1,328,190,372)	(1,142,946,596)	(2,471,136,968)
(16,060,582)	(462,984)	(16,523,566)
1,855,699,954	1,283,817,768	3,139,517,722
1,062,814,904	438,333,805	1,501,148,709
(992,712,146)	(1,102,888,454)	(2,095,600,600)
605,044,858	629,740,462	1,234,785,320
(387,667,288)	(473,147,992)	(860,815,280)
(704,217,536)	(443,690,526)	(1,147,908,062)
-	-	-
1,826,630,034	805,313,055	2,631,943,089
3,270,053,666	1,762,672,699	5,032,726,365
(1,427,363,050)	(956,896,660)	(2,384,259,710)
(16,060,582)	(462,984)	(16,523,566)
1,826,630,034	805,313,055	2,631,943,089
16.67% to 50%	16.67% to 50%	

Year ended 30 June 2019

Ijarah assets

Plant, machinery and equipment	Motor vehicles	Total
(Rupees)		
2,993,776,835	3,273,590,293	6,267,367,128
(1,125,851,057)	(1,292,237,309)	(2,418,088,366)
(16,060,582)	(462,984)	(16,523,566)
1,851,865,196	1,980,890,000	3,832,755,196
1,061,091,547	567,715,594	1,628,807,141
(854,917,474)	(1,414,078,539)	(2,268,996,013)
495,794,058	809,086,470	1,304,880,528
(359,123,416)	(604,992,069)	(964,115,485)

At 1 July 2018

Cost
Accumulated depreciation
Impairment against Ijarah assets
Net book value

Additions

Disposals
Cost
Depreciation

	Year ended 30 June 2019		
	Ijarah assets		
	Plant, machinery and equipment	Motor vehicles	Total
	(Rupees)		
Depreciation charge for the year	(698,133,373)	(659,795,757)	(1,357,929,130)
Impairment during the year	-	-	-
Closing net book value	1,855,699,954	1,283,817,768	3,139,517,722
At 30 June 2019			
Cost	3,199,950,908	2,427,227,348	5,627,178,256
Accumulated depreciation	(1,328,190,372)	(1,142,946,596)	(2,471,136,968)
Impairment against Ijarah assets	(16,060,582)	(462,984)	(16,523,566)
Net book value	1,855,699,954	1,283,817,768	3,139,517,722
Depreciation rate (% per annum)	16.67% to 50%	16.67% to 50%	

- 10.2** The Modaraba has entered into various Ijarah agreements for periods ranging from 2 to 6 years (2019: 2 to 6 years). Security deposits ranging between 0% to 55% (2019: 0% to 55%) are obtained at the time of disbursement. The rate of profit implicit in Ijarah finance ranges between 9.22% to 19.74% (2019: 10.44% to 19.23%) per annum.

10.3 Net investment in Ijarah finance

Note	As at 30 June 2020			As at 30 June 2019		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	(Rupees)					
Minimum Ijarah payments receivable	1,264,599	-	1,264,599	1,264,599	-	1,264,599
Add: Residual value	370,000	-	370,000	370,000	-	370,000
Gross investment in Ijarah finance	1,634,599	-	1,634,599	1,634,599	-	1,634,599
Less: Unearned finance income	-	-	-	-	-	-
Allowance for potential Ijarah losses	10.4 1,134,443	-	1,134,443	1,134,443	-	1,134,443
Suspended income	10.5 130,156	-	130,156	130,156	-	130,156
Net Investment in Ijarah finance	370,000	-	370,000	370,000	-	370,000

10.4 Allowance for potential Ijarah losses

	As at 30 June 2020			As at 30 June 2019		
	Specific	General	Total	Specific	General	Total
	(Rupees)					
Opening balance	1,134,443	-	1,134,443	1,134,443	-	1,134,443
Reversal / charge for the year	-	-	-	-	-	-
Closing balance	1,134,443	-	1,134,443	1,134,443	-	1,134,443

As at June 30, 2020, Ijarah with outstanding principal amounting to Rs. 1.134 million (2019: Rs. 1.134 million) has been classified as non-performing as per the requirements of the Prudential Regulations for Modarabas issued by the SECP.

	30 June 2020	30 June 2019
	(Rupees)	
10.5 Suspended income - Net Investment in Ijarah finance		
Balance as at July 1	130,156	130,156
Income suspended during the year	-	-
Reversals during the year	-	-
Balance as at June 30	130,156	130,156

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

	As at 30 June 2020				As at 30 June 2019			
	Not later than one year	Later than one year and less than five years	Later than five years	Total	Not later than one year	Later than one year and less than five years	Later than five years	Total
	(Rupees)							
Rentals receivable	1,379,981,706	1,458,988,616	-	2,838,968,352	1,412,843,552	1,904,748,440	-	3,317,591,992
Residual value	216,528,857	388,549,758	-	605,069,655	204,497,956	490,637,331	-	695,135,287
Total future Ijarah payments receivable	1,596,510,563	1,847,527,444	-	3,444,038,007	1,617,341,508	2,395,385,771	-	4,012,727,279

10.7 Ijarah includes Rs 164.2 million (2019: Rs 29.34 million) which have been placed under non-performing status. The details of category of classification of these assets are given in note 27.2.2 to these financial statements.

10.8 The Modaraba has availed the benefit of forced sale value of assets held as collateral against non-performing Ijarah as allowed under the Prudential Regulations issued by the Securities and Exchange Commission of Pakistan. Had the benefit not been taken by the Modaraba, the specific provision against non-performing Ijarah would have been higher by Rs. 24.43 million (2019: Nil).

11 FIXED ASSETS IN OWN USE

	Note	30 June 2020	30 June 2019
		(Rupees)	
Tangible assets	11.1	5,375,451	7,759,459
Intangible assets	11.1	413,582	717,674
		5,789,033	8,477,133

11.1 The following is a statement of tangible and intangible assets:

	Year Ended 30 June 2020					
	Tangible assets				Total	Intangible assets
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles		Computer software
	(Rupees)					
At 1 July 2019						
Cost	11,210,008	6,479,502	17,427,806	2,594,300	37,711,616	30,887,067
Accumulated depreciation / amortisation	(6,912,895)	(6,479,502)	(14,924,912)	(1,634,848)	(29,952,157)	(30,169,393)
Net book value	4,297,113	-	2,502,894	959,452	7,759,459	717,674
Additions	-	-	2,293,219	-	2,293,219	-
Disposals						
Cost	-	-	(297,838)	-	(297,838)	-
Depreciation / amortisation	-	-	297,838	-	297,838	-
	-	-	-	-	-	-
Depreciation / amortisation charge for the year	(2,242,020)	-	(1,570,439)	(864,768)	(4,677,227)	(304,092)
Closing net book value	2,055,093	-	3,225,674	94,684	5,375,451	413,582
At 30 June 2020						
Cost	11,210,008	6,479,502	19,423,187	2,594,300	39,706,997	30,887,067
Accumulated depreciation / amortisation	(9,154,915)	(6,479,502)	(16,197,513)	(2,499,616)	(34,331,546)	(30,473,485)
Net book value	2,055,093	-	3,225,674	94,684	5,375,451	413,582
Depreciation / amortisation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%		33.33%

	Year Ended 30 June 2019					
	Tangible assets				Total	Intangible assets
	Lease hold improvements	Furniture and fittings	Office equipment, appliances and computer systems	Motor vehicles		Computer software
At 1 July 2018	(Rupees)					
Cost	11,210,008	6,479,502	16,856,263	2,594,300	37,140,073	30,013,549
Accumulated depreciation / amortisation	(4,670,875)	(4,531,586)	(10,825,736)	(770,080)	(20,798,277)	(29,010,778)
Net book value	6,539,133	1,947,916	6,030,527	1,824,220	16,341,796	1,002,771
Additions	-	-	571,543	-	571,543	873,518
Disposals Cost	-	-	-	-	-	-
Depreciation / amortisation	-	-	-	-	-	-
Depreciation / amortisation charge for the year	(2,242,020)	(1,947,916)	(4,099,176)	(864,768)	(9,153,880)	(1,158,615)
Closing net book value	4,297,113	-	2,502,894	959,452	7,759,459	717,674
At 30 June 2019						
Cost	11,210,008	6,479,502	17,427,806	2,594,300	37,711,616	30,887,067
Accumulated depreciation / amortisation	(6,912,895)	(6,479,502)	(14,924,912)	(1,634,848)	(29,952,157)	(30,169,393)
Net book value	4,297,113	-	2,502,894	959,452	7,759,459	717,674
Depreciation / amortisation rate (% per annum)	20%	33.33%	20% - 33.33%	33.33%		33.33%

12 TERM FINANCE ARRANGEMENTS

Musharika / Wakala finance

Note	30 June 2020	30 June 2019
	(Rupees)	
12.1, 12.2 & 12.3	1,240,070,504	1,933,671,877
Less: Current portion of term finance arrangements	(519,255,299)	(832,919,998)
Long-term portion of term finance arrangements	720,815,205	1,100,751,879

12.1 Musharika / Wakala Finance

Name of bank	Facility limit		Profit rate (per rupee one thousand per day)		Frequency of mark-up payment	Tenor		Balance outstanding	
	2020	2019	2020	2019		2020	2019	2020	2019
	(Rupees)							(Rupees)	
Meezan Bank Limited	100,000,000	374,999,995	0.3236-0.3975	0.2225-0.3712	Quarterly	3-5 years	3-5 years	100,000,000	374,999,995
Bank Alfalah Limited	30,550,000	237,150,002	0.3208-0.3962	0.2329-0.3208	Quarterly	3 years	3 years	30,550,000	237,150,002
Allied Bank Limited	800,000,000	800,000,000	0.3126-0.3962	0.2444-0.3707	Quarterly	3-5 years	3-5 years	659,520,504	771,521,880
Pakistan Mortgage Refinance Company Limited	450,000,000	-	0.1644	-	Quarterly	5 years	-	450,000,000	-
Bank Al Habib Limited	-	250,000,000	-	0.2052-0.3726	Quarterly	-	3-5 years	-	250,000,000
United Bank Limited	-	300,000,000	-	0.3014-0.3685	Quarterly	-	3 years	-	300,000,000
								1,240,070,504	1,933,671,877

12.2 The aforementioned facilities are secured against exclusive hypothecation over specific movable Ijarah and diminishing musharika assets and the rentals / installments receivable in respect of such assets.

12.3 These carry profit at the rates ranging between 6% to 14.10% (2019: 11.11% to 13.60%) per annum.

13 SECURITY DEPOSITS

	As on 30 June 2020			As on 30 June 2019		
	Finance lease	Ijarah	Total	Finance lease	Ijarah	Total
	(Rupees)					
Security deposits (note 13.1)	370,000	576,639,147	577,009,147	370,000	648,435,760	648,805,760
Less: Repayable / adjustable after one year	-	375,075,859	375,075,859	-	460,371,219	460,371,219
Current portion	370,000	201,563,288	201,933,288	370,000	188,064,541	188,434,541

13.1 These represent amounts received under Ijarah finance repayable / adjustable at the expiry of the lease period.

14 CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	30 June 2020	30 June 2019
		(Rupees)	
Remuneration payable to Management Company	14.1	13,645,879	14,501,602
Profit payable on:			
- Redeemable capital	14.2	53,211,653	90,019,390
- Musharika / Wakala finance arrangements		25,282,381	35,797,844
Accrued expenses		20,539,784	15,723,146
Amounts refundable to lessees		108,660,242	132,249,823
Commission payable on Certificate of Musharika		18,918,200	4,984,000
Provision for Workers' Welfare Fund	14.3	21,271,377	18,670,184
Charity payable	14.4	2,116,935	258,133
Others		38,277,447	32,993,819
		301,923,898	345,197,941

14.1 Amounts due to ORIX Services Pakistan (Private) Limited as at June 30, 2020 aggregated to Rs. 13.646 million (2019: Rs. 14.502 million).

14.2 This includes profit payable to key management personnel amounting to Rs. 0.280 million (2019: Rs. 0.195 million) and to mutual funds managed by AWT Investments Limited (a related party) amounting to Rs. 2.811 million (2019: Nil).

14.3 As a consequence of the 18th amendment to the Constitution of Pakistan, in May 2015 the Sindh Workers' Welfare Fund Act, 2014 (SWWF Act) had been passed by the Government of Sindh as a result of which every industrial establishment located in the Province of Sindh, the total income of which in any accounting year is not less than Rs 0.50 million, is required to pay Sindh Workers' Welfare Fund (SWWF) in respect of that year a sum equal to two percent of such income.

The Sindh Revenue Board (SRB) vide letter no. SRB /DC-A(W)/2017/Rep/4760 dated January 16, 2017 had advised the Modaraba to pay off all its liabilities falling due under the SWWF Act. The management considered that the SWWF Act is limited only to the province of Sindh and till the time there is any mechanism available for apportionment of total income relevant to province of Sindh, no SWWF liability to SRB can be paid out. On these

grounds, foreseeing the expected WWF demand and penal actions from SRB, the Modaraba had filed a Constitutional Petition (CP) No. CP.D.3879/2017 with the Honorable Sindh High Court. On March 16, 2020, an interim order was issued by the Honorable Sindh High Court whereby it was instructed to deposit the SWWF liability either with SRB or Nazir as appointed by the Court. Subsequent to the year end, the Modaraba has deposited the SWWF amounting to Rs 5.98 million with SRB, calculated on a proportionate basis and as advised by its legal counsel and consistent with the grounds adopted by the Modaraba in its petition. The management has provided for SWWF liability for the period from January 1, 2014 to June 30, 2020 in these financial statements on a prudent basis.

- 14.4** Donations paid out of the Charity payable account include donation to Layton Rahmatulla Benevolent Trust Hospital amounting to Rs. 0.5 million (2019: Nil), where one of the directors of ORIX Services Pakistan (Private) Limited is a trustee. In addition, an amount of Rs. 1.5 million (2019: Nil) was donated to Family Educational Services Foundation.

15 REDEEMABLE CAPITAL - PARTICIPATORY AND UNSECURED

Certificates of Musharika (COM)

Less: Current portion of redeemable capital

Note	30 June 2020	30 June 2019
	(Rupees)	
15.1	3,871,505,000	2,785,705,000
15.2	(3,832,405,000)	(2,747,955,000)
	<u>39,100,000</u>	<u>37,750,000</u>

- 15.1** These carry estimated share of profit ranging between Re. 0.2148 to Re. 0.3093 per thousand per day (7% to 14% per annum) (2019: Re. 0.2205 to Re. 0.3874 per thousand per day (8% to 14.14% per annum)) and are due to mature latest by June 22, 2023 (2019: June 22, 2023).

- 15.1.1** This includes COM issued to key management personnel amounting to Rs. 4.550 million (2019: Rs. 4 million) at the rate of 8.90% (2019: 9.9%) per annum and to mutual fund managed by AWT Investments Limited (a related party) amounting to Rs. 29 million (2019: Nil) at the rate of 8.56% (2019: Nil) per annum.

15.2 Current portion of redeemable capital

Current portion of Certificates of Musharika

Payable to holders of matured Certificates of Musharika

Note	30 June 2020	30 June 2019
	(Rupees)	
15.2.1	3,664,000,000	2,616,550,000
	168,405,000	131,405,000
	<u>3,832,405,000</u>	<u>2,747,955,000</u>

- 15.2.1** These represent amounts with respect to already matured certificates against which respective customer's request for encashment along with original certificates are pending.

16 CERTIFICATE CAPITAL

Authorised certificate capital

30 June 2020	30 June 2019		30 June 2020	30 June 2019
(Number of certificates)			(Rupees)	
50,000,000	50,000,000	Modaraba certificates of Rs. 10 each	500,000,000	500,000,000

Issued, subscribed and paid-up capital

28,500,000	28,500,000	Modaraba certificates of Rs. 10 each fully paid in cash	285,000,000	285,000,000
16,883,530	16,883,530	Modaraba certificates of Rs. 10 each issued as fully paid bonus certificates	168,835,300	168,835,300
45,383,530	45,383,530		453,835,300	453,835,300

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

	2020		2019	
	(Percentage of holding)	(Number of certificates)	(Percentage of holding)	(Number of certificates)
ORIX Services Pakistan (Private) Limited (the Management Company)	10.00%	4,538,353	10.00%	4,538,353
ORIX Leasing Pakistan Limited (the Holding Company)	10.00%	4,538,353	10.00%	4,538,353
Mr. Shaheen Amin (the Chairman of the Board of the Management Company)	0.22%	100,000	-	-
Mr. Nadim . D. Khan (a director of the Management Company)	0.01%	6,049	0.01%	6,049

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

17 CAPITAL RESERVES

Capital reserves include statutory reserves which represent profits set aside by the Modaraba to comply with the requirement of the Prudential Regulations for Modarabas issued by the SECP. These regulations require the Modaraba to transfer not less than 20% and not more than 50% of its after tax profit till such time that reserves equal 100% of the paid up capital. Thereafter, a sum not less than 5% of the after tax profit is to be transferred.

During the current year, the Modaraba has transferred an amount of Rs. 6.373 million (2019: Rs. 6.303 million) which represents 5% (2019: 5%) of the profit after taxation for the year.

18 CONTINGENCIES AND COMMITMENTS

18.1 Commitments

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

30 June 2020		
Customer Name	Amount (Rupees)	Name of Financial Institutions
Equity Textiles Limited	31,520,000	Habib Metropolitan Bank Limited
Siddiqsons Industries (Private) Limited	7,800,000	JS Bank Limited
Maqsood Faisal Printing Press (Smc-Private) Limited	68,400,000	Habib Metropolitan Bank Limited
	<u>107,720,000</u>	

30 June 2019		
Customer Name	Amount (Rupees)	Name of Financial Institutions
Concrete Concepts (Private) Limited	44,313,000	Habib Metropolitan Bank Limited
Hussain Sugar Mills Limited	74,900,000	Dubai Islamic Bank Limited
	<u>119,213,000</u>	

19 FINANCIAL AND OTHER CHARGES

	30 June 2020	30 June 2019
	(Rupees)	
Profit on redeemable capital	364,767,807	253,219,560
Profit on term finance arrangements	208,348,873	178,213,060
Commission	25,469,895	15,760,652
Bank charges	351,670	351,918
	<u>598,938,245</u>	<u>447,545,190</u>

20 OTHER INCOME

	30 June 2020	30 June 2019
Gain on disposal of Ijarah assets	43,839,957	50,079,986
Documentation fee	20,854,994	22,634,632
Gain on disposal of fixed assets in own use	41,751	-
	<u>64,736,702</u>	<u>72,714,618</u>

21 ADMINISTRATIVE AND OPERATING EXPENSES

	Note	30 June 2020	30 June 2019
		(Rupees)	
Salaries and other staff benefits	21.1 & 26	134,518,084	107,918,518
Depreciation / amortisation on fixed assets in own use	11.1	4,981,319	10,312,495
Rent		1,722,437	1,215,252
Advertising, travelling and entertainment		1,780,680	1,740,456
Postage		1,302,393	1,812,082
Telecommunication		4,747,381	4,025,631
Printing and stationery		2,663,052	2,598,979
Legal and professional		5,203,041	6,891,618
Repairs and maintenance		9,553,738	8,295,094
Charges by holding company	21.2	496,686	500,131
Subscriptions		1,928,868	1,627,122
Auditors' remuneration	21.3	957,671	904,168
Certificate of Musharika trustee fee		944,076	791,644
Insurance - own assets		311,301	211,978
Sundry expenses		4,602,229	4,105,587
		175,712,956	152,950,755

21.1 Salaries and other staff benefits include Rs. 4.715 million and Rs. 3.928 million (2019: Rs. 4.089 million and Rs. 3.405 million) on account of the Modaraba's contribution to the staff provident fund and staff gratuity fund respectively.

21.2 This represents our expense allocated by ORIX Leasing Pakistan Limited (OLPL) (Holding Company of the Management Company) on account of usage of OLPL's space, furniture, fixtures and office equipment in Islamabad by the Modaraba.

21.3 Auditors' remuneration

	30 June 2020	30 June 2019
	(Rupees)	
Statutory audit fee	595,350	595,350
Half yearly review fee	170,100	170,100
Fee for review of compliance with the Code of Corporate Governance	52,500	56,700
Fee for other certifications	30,000	32,400
Out of pocket expenses	109,721	49,618
	957,671	904,168

22 MANAGEMENT COMPANY'S REMUNERATION

The Modaraba Management Company is entitled to a remuneration for services rendered to the Modaraba under the provisions of the Modaraba Companies and Modarabas (Floatation and Control) Ordinance, 1980 upto a maximum of 10% per annum of the net annual profits of the Modaraba. The remuneration for the year ended June 30, 2020 has been recognised at 10% (2019: 10%) of the profit for the year before charging such remuneration.

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

During 2013, the Sindh Revenue Board (SRB) levied Sindh sales tax on management remuneration, which is paid by the Modaraba to its Management Company under the provisions of the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980, treating it as a fee and chargeable under the Sindh Sales Tax Act, 2011. The Modaraba,

however, considers that the management remuneration is an allocation of profit under the Shariah principle of "Modaraba" and therefore does not qualify to be treated as a fee and therefore does not attract any services sales tax.

Pursuant to Order number SRB-COM-I/AC-V/Mgt/SCSOP/5878/2012 of the SRB dated April 22, 2013 issued to the Management Company, the Modaraba has recorded a provision in respect of Sindh Sales Tax on 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.

24 TAXATION

The income of non-trading Modarabas is exempt from income tax provided that not less than 90% of their profits are distributed to the certificate holders. As the Management Company of the Modaraba, subsequent to the year end, has approved the required distribution as detailed in note 35, no provision for taxation has been made in these financial statements during the current year.

25 EARNINGS PER CERTIFICATE - BASIC AND DILUTED

Basic

Profit for the year after taxation

30 June 2020	30 June 2019
(Rupees)	
127,458,456	126,056,628

(Number)

Weighted average number of certificates outstanding during the year

30 June 2020	30 June 2019
(Rupees)	
45,383,530	45,383,530

(Rupees)

Earnings per certificate

30 June 2020	30 June 2019
(Rupees)	
2.81	2.78

Diluted

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

26 REMUNERATION OF OFFICERS AND EXECUTIVES

Remuneration and staff retirement benefits
Other benefits

Note	30 June 2020	30 June 2019
	(Rupees)	
	131,680,404	105,829,695
	2,837,680	2,088,823
26.1 & 26.2	134,518,084	107,918,518

Number of employees at the end of the year
- Permanent
- On contractual basis

	(Number)	
	42	37
	10	12
	52	49

Average number of employees*

	40	36
--	----	----

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

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

26.2 The remuneration paid to the executives is as follows:

Basic salary
House rent allowance
Medical allowance
Other allowances
Bonus
Contribution to provident fund
Contribution to gratuity fund

	30 June 2020	30 June 2019
	(Rupees)	
	29,382,732	22,864,704
	11,753,088	9,145,882
	2,938,296	2,286,470
	4,877,517	8,100,896
	8,200,000	6,975,000
	2,938,273	2,286,478
	2,447,565	1,904,629
	62,537,471	53,564,059
	(Number)	
	14	11

Number of executives at the end of the year

27 FINANCIAL RISK MANAGEMENT

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

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

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

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

27.1 Market risk

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

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

27.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. At present, the Modaraba is not exposed to currency risk as all the transactions are carried out in Pakistani Rupees.

27.1.2 Profit rate risk

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

On-balance sheet financial instruments	Effective yield / profit rate %	Total	As at 30 June 2020					Not exposed to yield / profit rate risk
			Exposed to yield / profit rate risk					
			Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
			(Rupees)					
Financial assets								
Cash and bank balances	4.50% - 7.35%	1,038,077,150	991,566,697	-	-	-	-	106,520,453
Ijarah rentals receivable	-	180,028,517	-	-	-	-	-	180,028,517
Advances, deposits and other receivables	-	124,143,434	-	-	-	-	-	124,143,434
Diminishing Musharika	9.03% - 18.98%	3,230,795,565	147,079,895	116,889,625	716,199,830	1,820,811,888	429,814,527	-
Net investment in Ijarah finance	-	370,000	-	-	-	-	-	370,000
		4,573,414,666	1,078,636,392	116,889,625	716,199,830	1,820,811,888	429,814,527	411,062,404
Financial liabilities								
Term finance arrangements	6% - 14.10%	1,240,070,504	131,942,473	25,000,000	362,312,826	720,815,205	-	-
Security deposits	-	577,009,147	-	-	-	-	-	577,009,147
Creditors, accrued and other liabilities	-	280,652,521	-	-	-	-	-	280,652,521
Advance Ijarah rentals received	-	23,266,400	-	-	-	-	-	23,266,400
Redeemable capital	7% - 14%	3,871,505,000	137,200,000	393,750,000	3,133,050,000	39,100,000	-	168,405,000
Unclaimed profit distribution	-	58,119,424	-	-	-	-	-	58,119,424
		6,050,622,996	269,142,473	418,750,000	3,495,362,826	759,915,205	-	1,107,452,492
On-balance sheet gap		(1,477,208,330)	809,493,919	(301,860,375)	(2,779,162,996)	1,060,896,683	429,814,527	(696,390,088)

As at 30 June 2018								
	Effective yield / profit rate %	Total	Exposed to yield / profit rate risk					Not exposed to yield / profit rate risk
			Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years	
(Rupees)								
On-balance sheet financial instruments								
Financial assets								
Cash and bank balances	3.59% - 10%	432,292,749	331,804,363	-	-	-	-	100,488,386
Ijarah rentals receivable	-	106,243,898	-	-	-	-	-	106,243,898
Advances, deposits and other receivables	-	171,391,283	-	-	-	-	-	171,391,283
Diminishing Musharika	10.47% - 18.53%	3,084,690,228	138,222,300	172,698,565	745,372,359	1,496,280,112	532,116,892	-
Net investment in Ijarah finance	-	370,000	-	-	-	-	-	370,000
		3,794,988,158	470,026,663	172,698,565	745,372,359	1,496,280,112	532,116,892	378,493,567
Financial liabilities								
Term finance arrangements	11.11% - 13.60%	1,933,671,877	95,038,076	73,579,657	664,302,265	1,100,751,879	-	-
Security deposits	-	648,805,760	-	-	-	-	-	648,805,760
Creditors, accrued and other liabilities	-	326,527,757	-	-	-	-	-	326,527,757
Advance Ijarah rentals received	-	36,404,859	-	-	-	-	-	36,404,859
Redeemable capital	8% - 14.14%	2,785,705,000	77,000,000	331,200,000	2,208,350,000	37,750,000	-	131,405,000
Unclaimed profit distribution	-	55,752,238	-	-	-	-	-	55,752,238
		5,786,867,491	172,038,076	404,779,657	2,872,652,265	1,138,501,879	-	1,198,895,614
On-balance sheet gap								
		(1,991,879,333)	297,988,587	(232,081,092)	(2,127,279,906)	357,778,233	532,116,892	(820,402,047)

Sensitivity analysis for variable rate instrument

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

	As at 30 June 2020		As at 30 June 2019	
	Increase of 100 basis points	Decrease of 100 basis points	Increase of 100 basis points	Decrease of 100 basis points
(Rupees)				
Variable rate financial assets	62,162,036	(62,162,036)	62,250,087	(62,250,087)
Variable rate financial liabilities	(48,004,645)	48,004,645	(48,121,908)	48,121,908
Net effect on profit and loss	14,157,391	(14,157,391)	14,128,179	(14,128,179)

Sensitivity analysis for fixed rate instrument

There are no fixed rate financial instruments as at June 30, 2020 and June 30, 2019.

The composition of the Modaraba's portfolio of financial instruments and profit rates are expected to change over time. Therefore, the sensitivity analysis prepared as of June 30, 2020 is not necessarily indicative of the effect on the Modaraba's profit and loss and reserves due to changes in profit rates.

27.1.3 Price risk

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

27.2 Credit risk

Credit risk represents the risk of a loss if counterparties fail to perform as contracted. The risk is generally limited to principal amounts and accrued interest thereon, if any. The Modaraba's policy is to enter into financial contracts in accordance with the internal risk management policies and the requirements of the Modaraba rules and regulations. The carrying amount of financial assets represents the maximum credit exposure at the reporting date.

Financial Assets

Cash and bank balances
Ijarah rentals receivable
Advances, deposits and other receivables
Diminishing Musharika
Net investment in Ijarah finance

	30 June 2020	30 June 2019
	(Rupees)	
	1,038,027,390	432,242,989
	180,028,517	106,243,898
	124,143,434	171,391,283
	3,230,795,565	3,084,690,228
	370,000	370,000
	4,573,364,906	3,794,938,398

As at June 30, 2020 and June 30, 2019, Ijarah rental receivables are pledged as collateral against musharika / wakala term finance.

27.2.1 Management of credit risk

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

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

Similar to the financial relief offered by the State Bank of Pakistan (SBP) to the customers of the financial institutions governed by it, the Securities and Exchange Commission of Pakistan (SECP) vide its Circular (the Circular) dated April 24, 2020 allowed Modarabas to defer customers' principal repayments on their finance obligations on account of finance repayment difficulties faced by the customers due to COVID-19 situation up to one year along with relaxing other regulatory criteria related to restructuring / rescheduling of financing limits. As per the Circular, the impacted customers were required to apply by June 30, 2020 for availing the above deferment. Subsequent to the year end, the SECP has extended the date of applying for requisite financial restructuring / relief by customers till September 30, 2020.

The Modaraba has processed all the eligible customers' deferment, restructuring / rescheduling requests received and agreed with the customers by June 30, 2020. The management has approved Diminishing Musharika and Ijarah financing facility amounting to Rs 1,688.60 million in respect of 37 customers as at June 30, 2020 in accordance with the treatment prescribed in the Circular. All necessary legal and procedural arrangements have been brought in place ensuring timely processing of eligible restructuring requests applied to the Modaraba by its customers. Further, the recovery of financing exposures and credit perseverance under both regular and restructured / rescheduled financing limits (as directed by the SECP under the Circular) are being closely monitored amid changing economic and overall situation in the country due to COVID-19.

The Modaraba has further strengthened its credit review procedures and monitoring after COVID-19 outbreak with respect to both renewal of existing financings limits and granting fresh financing limits to its customers. In addition, the Modaraba after executing deferment to the financing limits, as directed by the SECP, has also reassessed its entire credit portfolio at the year-end.

Credit risk ratings

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

	30 June 2020	30 June 2019
	(Rupees)	
Bank balances		
AAA	1,033,032,770	432,024,860
AA+	4,942,563	216,072
A+	508	508
The State Bank of Pakistan	51,549	1,549
	1,038,027,390	432,242,989

Impairment losses and past due balances

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

	As at 30 June 2020			As at 30 June 2019		
	Not Past Due Amount	Past Due Amount	Total outstanding amount	Not Past Due Amount	Past Due Amount	Total outstanding amount
	(Rupees)					
Ijarah rentals receivable	68,425,831	75,306,220	143,732,051	63,495,778	42,748,120	106,243,898

27.2.2 An analysis of the portfolio of the Modaraba that is classified as non-performing as per the requirements of the Prudential Regulations for Modarabas is as follows:

	As at 30 June 2020				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	(Rupees)				
Ijarah rentals receivable (being principal outstanding)	85,676,283	-	48,850,000	28,541,518	163,067,801
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	240,860,185	16,208,906	76,159,823	-	333,228,914
Sukuk certificates	-	-	-	57,701,835	57,701,835
	326,536,468	16,208,906	125,009,823	87,377,796	555,132,993

	As at 30 June 2019				
	Other Assets Especially Mentioned	Substandard	Doubtful	Loss	Total
	(Rupees)				
Ijarah rentals receivable (being principal outstanding)	-	-	-	28,210,145	28,210,145
Net investment in Ijarah finance	-	-	-	1,134,443	1,134,443
Diminishing Musharika	25,366,723	-	-	-	25,366,723
Sukuk certificates	-	-	-	57,701,835	57,701,835
	25,366,723	-	-	87,046,423	112,413,146

Impairment is recognised by the Modaraba based on the provisioning requirements of the Prudential Regulations for Modarabas issued by the SECP which includes subjective evaluation of the portfolio of the Modaraba on an on-going basis. The Modaraba also performs a subjective evaluation of performing and non-performing advances / loans / lease portfolio based on past experience, repayment patterns and consideration of financial positions of counter parties and has the option to downgrade the category of classification determined on the basis of Prudential Regulations. During the year, the management, besides the regular basis it applies on subjective evaluation of portfolio, has also considered the impacts of COVID-19 on customers and accordingly, a number of customers were classified on subjective basis. A reconciliation of provision made during the year in respect of financial assets is given in notes 8.1.3, 9.3 and 10.4.

27.2.3 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect the groups of counterparties whose aggregate credit exposure is significant in relation to the Modaraba's total credit exposure.

The Modaraba manages credit risks and its concentration through diversification of activities to avoid undue concentration of risk with individuals, groups or specific industry segments. For this purpose, the Modaraba has established exposure limits for individuals and industrial sectors.

Details of the sector wise analysis of gross Ijarah assets, sukuk certificates and diminishing musharika are as follows:

Sectors	30 June 2020		30 June 2019	
	(Rupees)	%	(Rupees)	%
Confectionery	114,453,192	2.13%	39,813,192	0.70%
Fast Moving Consumer Goods (FMCGs) / Food and Allied	265,700,273	4.95%	321,153,363	5.68%
Services	882,780,155	16.43%	872,959,982	15.45%
Fertilizers	-	0.00%	1,116,972	0.02%
Chemicals	113,483,700	2.11%	165,565,941	2.93%
Sugar	148,926,382	2.77%	144,554,379	2.56%
Bottlers	-	0.00%	1,249,360	0.02%
Textile	485,412,673	9.04%	477,344,926	8.45%
Travel, transport, storage	247,361,182	4.60%	322,770,729	5.71%
Printing, publishing and packages	436,663,786	8.13%	465,490,171	8.24%
Individuals	787,419,985	14.66%	975,540,561	17.26%
Automobile	97,183,598	1.81%	55,891,481	0.99%
Financial institutions	76,551,799	1.43%	126,940,664	2.25%

	30 June 2020		30 June 2019	
	(Rupees)	%	(Rupees)	%
Power, energy, water	7,354,109	0.14%	33,601,475	0.59%
Gas	73,216,261	1.36%	138,191,198	2.45%
Pharmaceuticals	128,752,488	2.40%	195,204,713	3.45%
Steel	215,688,508	4.02%	183,570,555	3.25%
Engineering	432,437,815	8.05%	444,238,964	7.86%
Plastic	100,910,692	1.88%	105,921,871	1.87%
Distribution	1,693,845	0.03%	4,024,622	0.07%
Builders / construction	-	0.00%	-	0.00%
Dairy, farming and allied	74,879,994	1.39%	-	0.00%
Leather / tyre and rubber	56,527,294	1.05%	104,010,647	1.84%
Poultry / poultry feeds	92,950,645	1.73%	73,896,713	1.31%
Petroleum and allied	13,390,622	0.25%	25,385,636	0.45%
Others	513,173,899	9.64%	372,824,075	6.60%
	5,371,912,902	100.00%	5,651,262,190	100.00%

Reconciliation of the sector wise analysis of gross ijarah assets, sukuk certificates and diminishing musharika with the notes to the financial statements is as follows:

	Note	30 June 2020	30 June 2019
		(Rupees)	
Investment in Ijarah finance / assets under Ijarah arrangements	10	2,632,313,089	3,139,887,722
Less: Security deposits held	13	(577,009,147)	(648,805,760)
Add: Impairment against Ijarah assets	10.1	16,523,566	16,523,566
Add: Allowance for potential Ijarah losses	10.4	1,134,443	1,134,443
Add: Mark-up held in suspense	10.5	130,156	130,156
		2,073,092,107	2,508,870,127
Investment in Sukuk certificates	8	-	-
Add: Provision in respect of Sukuk certificates	8	57,701,835	57,701,835
		57,701,835	57,701,835
Investment in Diminishing Musharika	9	3,230,795,565	3,084,690,228
Add: Provision in respect of Diminishing Musharika	9	10,323,395	-
		3,241,118,960	3,084,690,228
		5,371,912,902	5,651,262,190

27.3 Liquidity risk

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

As mentioned in notes 27 and 27.2.1 to these financial statements, the ever-changing environment amid COVID-19 and the financial restructuring / rescheduling and deferment of certain financing facilities created a pressure over the Modaraba's liquidity profile. The Modaraba maintains and plans to hold healthy liquidity till the time the business and financial risks arising due to COVID-19 materially eliminate. The Asset and Liability Committee (ALCO) of the Modaraba is continuously monitoring the liquidity position and is taking due precautionary measures where needed. The Modaraba has conducted various stress testing on its liquidity ratios and is confident that the liquidity buffer being maintained by the Modaraba is sufficient to cater any adverse movement in cash flow maturity profile.

The following are the contractual maturities of financial liabilities:

	As at 30 June 2020						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	(Rupees)						
Financial liabilities							
Term finance arrangements	1,240,070,504	(1,240,070,504)	(131,942,473)	(25,000,000)	(362,312,826)	(720,815,205)	-
Security deposits	577,009,147	(577,009,147)	(85,497,243)	(20,938,461)	(95,497,585)	(375,075,858)	-
Creditors, accrued and other liabilities	280,652,521	(280,652,521)	(280,652,521)	-	-	-	-
Advance Ijarah rentals	23,266,400	(23,266,400)	(23,266,400)	-	-	-	-
Redeemable Capital	3,871,505,000	(3,871,505,000)	(305,605,000)	(393,750,000)	(3,133,050,000)	(39,100,000)	-
Unclaimed profit distribution	58,119,424	(58,119,424)	(58,119,424)	-	-	-	-
	6,050,622,996	(6,050,622,996)	(885,083,061)	(439,688,461)	(3,590,860,411)	(1,134,991,063)	-

	As at 30 June 2019						
	Carrying Amount	Contractual cash flows	Up to 1 month	Over 1 month to 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
	(Rupees)						
Financial liabilities							
Term finance arrangements	1,933,671,877	(1,933,671,877)	(95,038,076)	(73,579,657)	(664,302,265)	(1,100,751,879)	-
Security deposits	648,805,760	(648,805,760)	(67,620,261)	(10,434,883)	(104,234,975)	(466,515,641)	-
Creditors, accrued and other liabilities	326,527,757	(326,527,757)	(326,527,757)	-	-	-	-
Advance Ijarah rentals received	36,404,859	(36,404,859)	(36,404,859)	-	-	-	-
Redeemable Capital	2,785,705,000	(2,785,705,000)	(208,405,000)	(331,200,000)	(2,208,350,000)	(37,750,000)	-
Unclaimed profit distribution	55,752,238	(55,752,238)	(55,752,238)	-	-	-	-
	5,786,867,491	(5,786,867,491)	(789,748,191)	(415,214,540)	(2,976,887,240)	(1,605,017,520)	-

27.4 Operational risk

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

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

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

28 FINANCIAL INSTRUMENTS BY CATEGORY

ASSETS

Cash and bank balances
Ijarah rentals receivable
Advances, deposits and other receivables
Diminishing Musharika
Net investment in Ijarah finance

As at 30 June 2020			
At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Total
(Rupees)			
1,038,077,150	-	-	1,038,077,150
180,028,517	-	-	180,028,517
124,143,434	-	-	124,143,434
3,230,795,565	-	-	3,230,795,565
370,000	-	-	370,000
4,573,414,666	-	-	4,573,414,666

LIABILITIES

Term finance arrangements
Security deposits
Creditors, accrued and other liabilities
Advance Ijarah rentals received
Redeemable capital
Unclaimed profit distribution

As at 30 June 2020		
At fair value through profit or loss	Other financial liabilities	Total
(Rupees)		
-	1,240,070,504	1,240,070,504
-	577,009,147	577,009,147
-	280,652,521	280,652,521
-	23,266,400	23,266,400
-	3,871,505,000	3,871,505,000
-	58,119,424	58,119,424
-	6,050,622,996	6,050,622,996

ASSETS

	As at 30 June 2019			Total
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss (Rupees)	
Cash and bank balances	432,292,749	-	-	432,292,749
Ijarah rentals receivable	106,243,898	-	-	106,243,898
Advances, deposits and other receivables	171,391,283	-	-	171,391,283
Diminishing Musharika	3,084,690,228	-	-	3,084,690,228
Net investment in Ijarah finance	370,000	-	-	370,000
	<u>3,794,988,158</u>	<u>-</u>	<u>-</u>	<u>3,794,988,158</u>

LIABILITIES

	As at 30 June 2019		Total
	At fair value through profit or loss	Other financial liabilities (Rupees)	
Term finance arrangements	-	1,933,671,877	1,933,671,877
Security deposits	-	648,805,760	648,805,760
Creditors, accrued and other liabilities	-	326,527,757	326,527,757
Advance Ijarah rentals received	-	36,404,859	36,404,859
Redeemable capital	-	2,785,705,000	2,785,705,000
Unclaimed profit distribution	-	55,752,238	55,752,238
	<u>-</u>	<u>5,786,867,491</u>	<u>5,786,867,491</u>

29 FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

29.1 Fair value hierarchy

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

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

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

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

As at June 30, 2020 and June 30, 2019, there were no financial instruments which were measured at fair values in these financial statements.

The following table shows the carrying amounts and fair values of all financial assets and financial liabilities, including their levels in the fair value hierarchy.

		As at 30 June 2019					
		Carrying value		Fair value			
	Note	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees)					
Financial assets not measured at fair value							
	29.1.1						
Cash and bank balances		1,038,077,150	-	1,038,077,150	-	-	-
Ijarah rentals receivable		180,028,517	-	180,028,517	-	-	-
Advances, deposits and other receivables		124,143,434	-	124,143,434	-	-	-
Diminishing Musharika		3,230,795,565	-	3,230,795,565	-	-	-
Net investment in Ijarah finance		370,000	-	370,000	-	-	-
Total		4,573,414,666	-	4,573,414,666	-	-	-

Financial liabilities not measured at fair value							
	29.1.1						
Term finance arrangements		-	1,240,070,504	1,240,070,504	-	-	-
Security deposits		-	577,009,147	577,009,147	-	-	-
Creditors, accrued and other liabilities		-	280,652,521	280,652,521	-	-	-
Advance Ijarah rentals received		-	23,266,400	23,266,400	-	-	-
Redeemable capital		-	3,871,505,000	3,871,505,000	-	-	-
Unclaimed profit distribution		-	58,119,424	58,119,424	-	-	-
Total		-	6,050,622,996	6,050,622,996	-	-	-

		As at 30 June 2019					
		Carrying value		Fair value			
	Note	Financial assets at amortised cost	Other financial liabilities	Total	Level 1	Level 2	Level 3
		(Rupees)					
Financial assets not measured at fair value							
	29.1.1						
Cash and bank balances		432,292,749	-	432,292,749	-	-	-
Ijarah rentals receivable		106,243,898	-	106,243,898	-	-	-
Advances, deposits and other receivables		171,391,283	-	171,391,283	-	-	-
Diminishing Musharika		3,084,690,228	-	3,084,690,228	-	-	-
Net investment in Ijarah finance		370,000	-	370,000	-	-	-
Total		3,794,988,158	-	3,794,988,158	-	-	-

Financial liabilities not measured at fair value							
	29.1.1						
Term finance arrangements		-	1,933,671,877	1,933,671,877	-	-	-
Security deposits		-	648,805,760	648,805,760	-	-	-
Creditors, accrued and other liabilities		-	326,527,757	326,527,757	-	-	-
Advance Ijarah rentals received		-	36,404,859	36,404,859	-	-	-
Redeemable capital		-	2,785,705,000	2,785,705,000	-	-	-
Unclaimed profit distribution		-	55,752,238	55,752,238	-	-	-
Total		-	5,786,867,491	5,786,867,491	-	-	-

29.1.1 These financial assets and liabilities are for short term or repriced over short term. Therefore, their carrying amounts are reasonable approximation of fair value.

30 CAPITAL RISK MANAGEMENT

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

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

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

	30 June 2020	30 June 2019
	(Rupees)	
Total borrowings	5,111,575,504	4,719,376,877
Less: Cash and bank balances	1,038,077,150	432,292,749
Net debt	4,073,498,354	4,287,084,128
Total equity	1,174,472,805	1,160,475,446
Total capital	5,247,971,159	5,447,559,574
Gearing ratio	77.62%	78.70%

31 SEGMENT INFORMATION

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

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

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

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

The Modaraba also has a diversified certificate holder population. As at June 30, 2020, there were only two (2019: two) certificate holders who individually hold equal to or more than 10% of the Modaraba's certificate capital. Their holdings were 10% and 10% (2019: 10% and 10%) respectively.

32 RELATED PARTY TRANSACTIONS

32.1 The related parties of the Modaraba comprise of the management company and its holding company, other associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties other than those which have been specifically disclosed elsewhere in these financial statements and remuneration and benefits to key management personnel (which are employed by the management company) under the terms of their employment are as follows:

Name	Nature of relationship	Basis of relationship	Nature of transaction	30 June 2020	30 June 2019
				(Rupees)	
ORIX Leasing Pakistan Limited	Holding Company of the Management Company	100% Holding in the Management Company; 10% Holding in the Modaraba	Dividend	11,345,883	11,345,883
			Allocated cost to the Modaraba for Islamabad Office	496,686	500,131
ORIX Services Pakistan (Private) Limited	Management Company	10% Holding in the Modaraba	Management Company's remuneration	14,662,869	14,501,602
			Dividend	11,345,883	11,345,883
AWT Investments Limited (AWTIL)	Associated Undertaking	Common directorship	Profit on Certificate of Musharika issued to mutual funds managed by AWTIL	3,873,252	-
Layton Rahmatulla Benevolent Trust Hospital	Associated Undertaking	Trusteeship of a Director	Donation paid by the Modaraba	500,000	-
ORIX Modaraba - Staff Provident Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	4,715,067	4,089,227
ORIX Modaraba - Staff Gratuity Fund	Retirement benefit fund	Employees benefit fund	Contribution made by the Modaraba	3,927,610	3,404,928
			Refund received from the Modaraba	218,555	649,505
Mr. Shaheen Amin	Chairman of the Board of Directors of the Management Company	Chairman of the Board of Directors of the Management Company	Dividend received	250,000	-
Key management personnel	Employees	Members of the Management Committee	Salaries and benefits	47,230,243	39,378,086
			Contributions to the staff provident fund	1,825,201	1,575,514
			Contributions to the staff gratuity fund	1,520,382	1,313,416
			Reimbursement to the staff gratuity fund	-	355,920
			Income earned on diminishing musharika finances	7,955,245	5,266,987
			Ijarah rental earned on Ijarah finances	-	3,115,305
			Financial charges on redeemable capital	505,515	194,455
			Number of persons	7	9

The Modaraba enters into transactions with related parties for lease of assets and other general services. These transactions are based on a transfer pricing policy under which all transactions are carried out on agreed terms. The balances with related parties have been disclosed in the respective notes.

- 32.2** Details of the Diminishing Musharika finances given and receivables (as disclosed under current assets) from key management personnel are as follows:

	Balances at Year-end				Maximum Aggregate Balance during the year
	Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Ijarah Rental Receivable (3)	Total (1+2+3)	
30 June 2020					
Muhammad Siddique	1,573,262	7,428	-	1,580,690	2,723,242
Mohammad Arif Daya	5,060,363	4,340	-	5,064,703	6,576,434
Nadir Shah	6,922,826	18,903	-	6,941,729	8,425,830
Mohammad Asim Javed	18,004,822	174,552	-	18,179,374	18,356,148
Salwat Ahmad	20,201,058	14,465	-	20,215,523	21,555,376
Muhammad Ahsan Ilyas	1,767,427	7,311	-	1,774,738	2,273,748
	53,529,758	226,999	-	53,756,757	

	Balances at Year-end				Maximum Aggregate Balance during the year
	Diminishing Musharika Finance (1)	Accrued Profit / Markup Receivable from Diminishing Musharika Finance (2)	Ijarah Rental Receivable (3)	Total (1+2+3)	
30 June 2019					
Muhammad Siddique	2,723,242	15,625	-	2,738,867	14,488,816
Mohammad Arif Daya	6,576,434	132,344	-	6,708,778	6,917,907
Nadir Shah	8,425,830	85,087	-	8,510,917	8,739,554
Mohammad Asim Javed	17,149,045	139,537	-	17,288,582	17,262,231
Salwat Ahmad	1,823,552	5,656	-	1,829,208	1,926,447
Muhammad Ahsan Ilyas	2,273,748	11,465	-	2,285,213	2,377,754
	38,971,851	389,714	-	39,361,565	

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

32.2.2 Ijarah rental receivables represent accrued Ijarah rentals from the last paid respective Ijarah rentals till the balance sheet date as disclosed in Note 6 to these financial statements under current assets for the Ijarah assets provided to Key management personnel under Ijarah agreement entered into with them by the Modaraba.

33 CASH AND CASH EQUIVALENTS

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

	30 June 2020	30 June 2019
	(Rupees)	
Cash and bank balances	1,038,077,150	432,292,749

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

	Term Finance arrangement	Redeemable Capital	Dividend Payable	Total
	(Rupees)			
Opening balance as at 1 July 2019	1,933,671,877	2,785,705,000	55,752,238	4,775,129,115
Dividend declared	-	-	113,461,097	113,461,097
	-	-	113,461,097	113,461,097
Proceeds from term finance	535,000,000	-	-	535,000,000
Repayment of term finance	(1,228,601,373)	-	-	(1,228,601,373)
Proceeds from issuance of redeemable capital	-	4,445,450,000	-	4,445,450,000
Repayment of redeemable capital	-	(3,359,650,000)	-	(3,359,650,000)
Dividend paid	-	-	(111,093,911)	(111,093,911)
	(693,601,373)	1,085,800,000	(111,093,911)	281,104,716
Closing balance as at 30 June 2020	1,240,070,504	3,871,505,000	58,119,424	5,169,694,928

34 CORRESPONDING FIGURES

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

35 NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

The Board of Directors of the Management Company in their meeting held on 26 September 2020 approved a cash distribution of Rs. 2.5 (2019: Rs. 2.5) per certificate. The financial statements of the Modaraba for the year ended June 30, 2020 do not include the effect of this distribution which will be accounted for in the financial statements of the Modaraba for the year ending June 30, 2021.

36 IMPACT OF COVID-19

The COVID-19 pandemic caused significant and unprecedented curtailment in economic and social activities since March 2020 in line with the directives of the Government. This situation posed a range of business and financial challenges to the businesses globally and across various sectors of the economy in Pakistan.

The Modaraba's operations were disrupted due to the circumstances arising from COVID-19 including the disbursement of financing under Diminishing Musharika arrangement and Ijarah financing. Due to this, the management assessed the accounting implications of these developments, including but not limited to provisioning requirements on financing as required by the Prudential Regulations for Modaraba and going concern assumption used for the preparation of the Modaraba's financial statements. The going concern assessment included both financial (debt covenant compliance concerns, renegotiation of debt agreements, liquidity and funding concerns) and non-financial (disruption of operations, workforce management and employee health issue) considerations.

The management believes that due to COVID-19 the Modaraba's operation, financial position and results have been impacted primarily related to decline in disbursement of financing facility under Diminishing Musharika and Ijarah financing from March 2020 onwards. The situation has since then improved with the operations nearly reaching the pre COVID-19 levels. The precise financial estimate of impact of COVID-19 on the carrying amounts of assets and liabilities or items of income and expenses cannot be made with sufficient certainty. The management has made disclosures related to the impact of COVID-19 and its financial risk management addressing the credit risk, liquidity risk and operational risk in notes 27, 27.2.1, 27.3 and 27.4 respectively to these financial statements.

37 GENERAL

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

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, 2020 was Rs. 4.715 million (2019: Rs. 4.089 million). The audit of the provident fund for the year ended June 30, 2020 is in progress. The net assets of the provident fund, based on the audited financial statements as at June 30, 2019 amounted to Rs. 46.153 million, out of which 98.8% was invested in different financial instruments categories including deposits with Banks in remunerative accounts. Currently all assets of the fund are valued at amortised cost. The cost and fair value as at June 30, 2020 of investments of the provident fund amounted to Rs. 55.832 million.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 26 September 2020 by the Board of Directors of the Management Company.

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


Chairman


Chief Executive


Director


Chief Financial Officer

Glossary / List of Abbreviations

ABC	Anti Bribery & Corruption
AIB	Auto iBanker
ALCO	Asset and Liability Committee
ARM	Annual Review Meeting
ATL	Active Tax-payers List
BCA	Business Credit Application
BIA	Business Impact Analysis
Board	Board of Directors
CCG	Code of Corporate Governance
CDC	Central Depository Company of Pakistan Limited
CDD	Client's Due Diligence
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CNIC	Computerised National Identity Card
COM	Certificate of Musharika
CPEC	China-Pakistan Economic Corridor
CST	Control Sample Testing
DFI	Development Finance Institution
DM	Diminishing Musharika
EPC	Earnings per Certificate
EV	Employee Volunteering
FBR	Federal Board of Revenue
FIs	Financial Institutions
FX	Foreign Exchange
FY	Financial Year
GDP	Gross Domestic Product
HNW	High Net Worth
HR	Human Resource
HR&R	Human Resource and Remuneration
ICAP	The Institute of Chartered Accountant of Pakistan
IFAC	International Federation of Accountants
IT	Information Technology
LRBT	Layton Rahmatulla Benevolent Trust Management by Objectives
MBO	Maximum Cumulative Outflows
MCO	Medium Term Funding Ratio
MTFR	Medium Term Funding Ratio
NBFI	Non Banking Financial Institution
NBV	Net Book Value
NTN	National Tax Number
OLPL	ORIX Leasing Pakistan Limited
ORIX	ORIX Corporation
ORIXM	ORIX Modaraba
PACRA	Pakistan Credit Rating Agency Limited
PICG	Pakistan Institute of Corporate Governance Profit and Loss Account
PNL	Pakistan Stock Exchange
PSX	Return on Equity
ROE	Pakistani Rupees
Rs./ PKR	Statutory Regulatory Order
S.R.O	State Bank of Pakistan
SBP	Securities and Exchange Commission of Pakistan
SECP	Small and Medium Enterprises
SME	Turnaround time
TAT	The Citizens Foundation
TCF	Value at risk
VaR	



Jama Punji
Stock Exchange of Pakistan



Be aware, Be alert, Be safe

Learn about investing at www.jamapunji.pk

Key Features

- ✓ Licensed Entities Verification
- ✓ Scan QR Code
- ✓ Investing games
- ✓ Risk level calculator
- ✓ Company verification
- ✓ Insurance & Investment Checklist
- ✓ FAQs Addressed

- ✓ Stock trading simulator (Based on live feed from ASE)
- ✓ Knowledge center
- ✓ Risk profile
- ✓ Financial calculator
- ✓ Subscription for Alerts (news, regulations, corporate and regulatory affairs)
- ✓ Investment application for mobile devices
- ✓ Online Planner



Securities and Exchange Commission of Pakistan

www.jamapunji.pk
www.jamapunji.pk

www.jamapunji.pk
www.jamapunji.pk



ORIX Motor Sales

ORIX Motor Sales, Inc.
10000 Wilshire Blvd., Suite 2000
Beverly Hills, CA 90210
Phone: 310.277.0000
www.orixmotor.com

Leasing Office

ORIX Leasing, Inc.
10000 Wilshire Blvd., Suite 2000
Beverly Hills, CA 90210
Phone: 310.277.0000

International Office

ORIX International, Inc.
10000 Wilshire Blvd., Suite 2000
Beverly Hills, CA 90210
Phone: 310.277.0000
www.orixintl.com