Primus Leasing Company Limited

Financial Statements
For the Year Ended
December 31, 2024

Directors' Report

The Board of Directors of Primus Leasing Limited (PLL) is pleased to present the seventh annual report, along with the Audited Financial Statements, for the year ended December 31, 2024.

Economic Overview and Challenges

Pakistan's economy has shown signs of recovery in CY 24 after a period of economic contraction in CY 23. Key indicators such as strong agricultural output, a decline in inflationary pressures, and an improved current account balance signal stabilization. The enhancement of foreign exchange reserves has contributed to stabilizing the PKR/USD exchange rate. The key event was that government successfully negotiated new thirty-seven months IMF program of US$7- billion in September 2024 to further stabilize economic conditions and address structural weaknesses. However, significant macroeconomic challenges persist, including high debt servicing costs, external repayment obligations, and fiscal constraints. Interest rates remained drastically high for major part of the CY 24 which affected the borrowing appetite of businesses and individuals.

Company Performance

Despite the challenging economic environment, PLL demonstrated resilience and sustained financial growth during the year. The balance sheet expanded by 16.8%, and the leasing portfolio grew by 4.5%, reflecting a prudent, yet strategic approach to lending. Total revenues increased by 6%, while profit before tax and provisions grew by 8.5% compared to the previous year. Net profit after tax for the year stood at PKR 178 million, slightly lower than the previous year's 187 million, primarily due to a provisioning impact of PKR 14.7 million and an increased tax burden from the implementation of the super tax.

Financial Highlights:

(Figures in PKR)

Financial Indicators	2024/12	2023/12
Total Revenues	543,380,789	512,411,291
Profit Before Taxation	238,833,107	233,611,807
Taxation	60,984,842	46,466,608
Profit After Taxation	177,848,265	187,145,199
Earnings Per Share (EPS)	1.78	1.87

Strategic Initiatives and Risk Management

In response to prevailing economic uncertainties, PLL continued to adopt a cautious, yet progressive approach in market expansion. The leasing portfolio grew modestly, with a diversified product suite catering to evolving client needs. Our focus on customer-centric innovation has helped enhance market share and strengthen brand positioning.

PLL's robust risk management framework has enabled us to maintain a healthy portfolio with a non-performing asset (NPA) ratio below 3%, significantly lower than industry benchmarks. Strategic follow up and proactive settlements have helped improve recoveries, ensuring a stable financial position. To safeguard against potential economic downturns, PLL has strengthened its provision reserves, reinforcing the company's resilience in managing credit risk.

Way Forward

Looking ahead, PLL remains committed to sustainable growth and market expansion. The company plans to enhance operational efficiency and customer experience through strategic partnerships with Chambers & Associations and by using social media instruments for its brand enhancement. A key focus in 2025 will be expanding geographic reach and deepening penetration in existing markets, with a particular emphasis on Small and Medium Enterprises (SMEs). Notably, 27% of our total disbursements in 2024 were allocated to the Small Enterprise Sector, reinforcing our commitment to fostering financial inclusion and economic development.

PLL will continue to uphold the highest corporate governance and transparency standards while strengthening its position as a key player in the leasing industry. Our strategic objectives for the coming year include optimizing asset quality, enhancing financial performance, and fostering long-term value creation for stakeholders.

Acknowledgment

The Board of Directors extends its appreciation to regulators, shareholders, clients, employees, and all stakeholders for their continued support and trust in PLL. We remain committed to driving financial growth and contributing to Pakistan's economic development.

On Behalf of the Board,

Chief Executive Officer
February 26, 2025

Director

YOUSUF ADIL
PACE ALIGNED ...

Yousuf Adil
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the members of Primus Leasing Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Primus Leasing Limited** ("the Company"), which comprise the statement of financial position as at **December 31, 2024**, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, along with notes to the financial statements, including a summary of material accounting policy information and other explanatory information and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan, and, give the information required by the Companies Act, 2017(XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at December 31, 2024 and of the profit, the comprehensive income, the changes in equity and its cash flow for the year then ended.

Basis for Opinion

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

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the information included in the Director's report for the year ended December 31, 2024, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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

Report on Other Legal and Regulatory Requirements

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

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017(XIX of 2017) and are in agreement with the books of account;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

The engagement partner on the audit resulting in this independent auditor's report is **Hena Sadiq**.

Yousuf Adil
Chartered Accountants

Place: Karachi
Date: March 26, 2025
UDIN: AR202410057UpLJXgeGu

PRIMUS LEASING LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2024

2024	2023		Note	2024	2023
(US Dollars)				(Rupees)	
		ASSETS			
		Non-current assets			
62,923	55,262	Property and equipment	4	**17,524,054**	15,569,448
458	988	Intangible assets	5	**127,488**	278,363
4,018,895	4,191,702	Net investment in finance lease	6	**1,119,262,306**	1,180,972,109
1,625,822	1,427,714	Long term finances and loans	7	**452,791,332**	402,244,892
29,108	14,409	Long-term loans to employees	8	**8,106,702**	4,059,696
2,460	2,431	Long-term deposits		**685,000**	685,000
145,401	124,601	Deferred taxation	16	**40,494,210**	35,105,039
5,885,067	5,817,107			**1,638,991,092**	1,638,914,547
		Current assets			
35,041	40,558	Accrued mark-up		**9,758,934**	11,426,921
4,741,750	4,060,437	Current maturity of non current assets	9	**1,320,577,238**	1,143,989,612
69,528	-	Tax recoverable		**19,363,535**	-
7,017	4,543	Prepayments and other receivables	10	**1,954,311**	1,279,794
1,363,553	323,237	Bank balances	11	**379,749,402**	91,068,848
6,216,889	4,428,775			**1,731,403,420**	1,247,765,175
12,101,956	10,245,882	**Total assets**		**3,370,394,512**	2,886,679,722
		EQUITY AND LIABILITIES			
		Share capital and reserves			
		Authorised share capital			
3,590,664	3,549,365	100,000,000 (2023: 100,000,000) ordinary shares of Rs. 10 each		**1,000,000,000**	1,000,000,000
3,590,664	3,549,365	Issued, subscribed and paid-up capital	13	**1,000,000,000**	1,000,000,000
1,092,367	449,410	Reserve		**304,224,337**	126,616,975
4,683,031	3,998,775	**Total equity**		**1,304,224,337**	1,126,616,975
		Non-current liabilities			
1,712,412	1,749,196	Long-term deposits	14	**476,906,758**	492,819,353
1,280,670	638,886	Long-term borrowing	15	**356,666,666**	180,000,000
17,968	15,902	Lease liability against right-of-use assets	21	**5,004,064**	4,480,313
53,439	40,389	Retirement benefit obligation	17	**14,882,730**	11,379,122
3,064,489	2,444,373			**853,460,218**	688,678,788
		Current liabilities			
1,056,751	679,289	Current maturity of long term deposits	14	**294,305,193**	191,383,000
2,028,725	2,129,619	Loan from Holding Company	18	**565,000,000**	600,000,000
19,460	26,503	Payable to Holding Company	19	**5,419,724**	7,466,936
199,627	190,081	Accrued expenses and other liabilities	20	**55,596,120**	53,553,527
1,029,324	686,211	Current portion of long-term borrowing	15	**286,666,678**	193,333,338
20,547	8,101	Current portion of lease liability against right-of-use assets	21	**5,722,242**	2,282,375
-	82,930	Tax payable		**-**	23,364,783
4,354,436	3,802,734			**1,212,709,957**	1,071,383,959
7,418,925	6,247,107	**Total liabilities**		**2,066,170,175**	1,760,062,747
12,101,956	10,245,882	**Total equity and liabilities**		**3,370,394,512**	2,886,679,722
		CONTINGENCIES AND COMMITMENTS	22		

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE | **DIRECTOR**

PRIMUS LEASING LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED DECEMBER 31, 2024

2024 (US Dollars)	2023 (US Dollars)		Note	2024 (Rupees)	2023 (Rupees)
		INCOME			
1,087,567	1,206,488	Income from leasing operations	23	302,887,529	339,916,650
796,892	554,821	Income from finances and loans		221,934,534	156,315,606
1,884,459	1,761,309			524,822,063	496,232,256
		EXPENSES			
308,486	288,625	Administrative and general expenses	24	85,913,464	81,317,309
13,901	19,578	Provision for Provincial Workers Welfare Fund		3,871,407	5,515,998
718,488	681,358	Finance cost	25	200,098,954	191,966,177
(1,040,875)	(989,561)			(289,883,825)	(278,799,484)
66,638	57,425	Other income	26	18,558,726	16,179,035
910,222	829,173	**Profit for the year before provision and taxation**		253,496,964	233,611,807
(52,653)	-	Charge of allowance against expected credit losses - net	27	(14,663,857)	-
857,569	829,173	**Profit for the year before taxation**		238,833,107	233,611,807
(218,976)	(164,927)	Taxation	28	(60,984,842)	(46,466,608)
638,593	664,246	**Profit for the year after taxation**		177,848,265	187,145,199
		Earnings per share	31	1.78	1.87

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

2024 (US Dollars)	2023 (US Dollars)		Note	2024 (Rupees)	2023 (Rupees)
		CASH FLOWS FROM OPERATING ACTIVITIES			
857,569	829,173	Profit for the year before taxation		238,833,107	233,611,807
		Adjustments for non-cash and other items:			
23,022	15,288	Depreciation	24	6,411,582	4,307,224
542	1,265	Amortisation	24	150,875	356,455
4,402	2,032	Finance cost on lease liability against right-of-use assets		1,225,878	572,369
(796,892)	(554,822)	Income from finances and loans		(221,934,534)	(156,315,606)
52,653	-	Provision for expected credit losses	27	14,663,867	-
14,298	40,389	Provision for retirement benefit obligation - gratuity	17	3,981,986	11,379,122
155,594	333,325			43,332,760	93,911,371
		Increase in assets			
(396,542)	(135,124)	Net investment in finance lease		(110,436,896)	(38,069,872)
(264,626)	(768,854)	Long-term finances, loans and loans to employees		(73,698,230)	(216,617,075)
(2,422)	(2,788)	Prepayments and other receivables		(674,517)	(785,499)
(663,590)	(906,766)			(184,809,643)	(255,472,446)
		Increase in liabilities			
312,422	267,140	Security deposits		87,009,598	75,264,291
(7,351)	11,794	Payable to Holding Company		(2,047,212)	3,322,927
728,882	679,084	Accrued expenses and other liabilities		202,993,648	191,325,546
1,033,953	958,018			287,956,034	269,912,764
525,957	384,577			146,479,141	108,351,689
(2,581)	-	Gratuity Paid		(719,280)	-
(391,750)	(203,019)	Income tax paid		(109,102,331)	(57,199,627)
131,626	181,558	**Net cash (used in) / generated from operating activities**		36,657,530	51,152,062
		CASH FLOWS FROM INVESTING ACTIVITIES			
(30,040)	(59,221)	Fixed capital expenditure incurred		(8,366,188)	(16,684,847)
-	1,100	Proceeds against sale of fixed asset		-	309,800
802,882	532,890	Profit received on finance and loans		223,602,521	150,136,586
772,842	474,769	**Net cash generated from investing activities**		215,236,333	133,761,539
		CASH FLOWS FROM FINANCING ACTIVITIES			
969,479	(686,211)	Long term borrowing obtained		270,000,006	(193,333,330)
(721,548)	(621,742)	Finance cost paid		(200,951,055)	(175,169,877)
-	(425,924)	Dividend paid		-	(120,000,000)
9,830	13,588	Repayment of lease liability against right-of-use assets		2,737,740	3,828,168
257,761	(1,720,289)	**Net cash generated / (used in) from financing activities**		71,786,691	(484,675,039)
1,162,229	(1,063,962)	**Net increase / (decrease) in cash and cash equivalents**		323,680,554	(299,761,437)
(1,827,401)	(742,420)	Cash and cash equivalents at the beginning of the year		(508,931,152)	(209,169,715)
(665,172)	(1,806,382)	**Cash and cash equivalents at the end of the year**	12	(185,250,598)	(508,931,152)

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

	Issued, subscribed and paid-up capital	Revenue reserve Unappropriated profit	Total
	--	(Rupees)	--
Balance as at January 1, 2023	1,000,000,000	59,471,776	1,059,471,776
Total comprehensive income for the year ended December 31, 2023			
Profit for the year after taxation	-	187,145,199	187,145,199
Other comprehensive income	-	-	-
	-	187,145,199	187,145,199
Transactions with owners directly recorded in equity			
Interim cash dividend @ Re. 1.20 per share for the year ended December 31, 2023	-	(120,000,000)	(120,000,000)
Balance as at December 31, 2023	**1,000,000,000**	**126,616,975**	**1,126,616,975**
Total comprehensive income for the year ended December 31, 2024			
Profit for the year after taxation	-	177,848,265	177,848,265
Other comprehensive income	-	(240,903)	(240,903)
	-	177,607,362	177,607,362
Balance as at December 31, 2024	**1,000,000,000**	**304,224,337**	**1,304,224,337**

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

PRIMUS LEASING LIMITED
STATEMENT OF OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED DECEMBER 31, 2024

2024	2023		2024	2023
(US Dollars)			(Rupees)	
638,593	664,246	**Profit for the year after taxation**	177,848,265	187,145,199
(866)	-	Remeasurement gain/(loss) on defined benefit plans	(240,903)	-
637,727	664,246	**Total comprehensive income for the year**	177,607,362	187,145,199

The annexed notes 1 to 39 form an integral part of these financial statements.

CHIEF EXECUTIVE OFFICER

DIRECTOR

1 LEGAL STATUS AND NATURE OF BUSINESS

1.1 Primus Leasing Limited (the Company) was incorporated in Pakistan as a public unlisted company on July 13, 2017 under the Companies Act, 2017. The registered office of the Company is situated at Horizon Vista, Commercial-10, Block-4, Scheme-5, Clifton, Karachi. The Company is licensed to carry out leasing business as a Non-Banking Finance Company (NBFC) under the Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 issued by the Securities and Exchange Commission of Pakistan (SECP). The Company has two offices located in Karachi and the Lahore.

The principal objective of the Company is to carry on and undertake the business of leasing of movable property for any purpose whatsoever including but not being limited to industrial, commercial, agricultural and other development purposes on such terms, covenants and conditions and at such rentals as may be deemed fit.

1.2 Primus Leasing Limited is a wholly owned subsidiary of Pak Brunei Investment Company Limited (Holding Company).

1.3 The VIS Credit Rating Agency has assigned a long-term rating of A+ and a short-term rating of A-1 to the Company on November 12, 2024.

2 BASIS OF PREPARATION

2.1 Statement of compliance

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

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

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

2.2 Accounting convention

These financial statements have been prepared under the historical cost convention, except for retirement benefit obligation.

2.3 Amendments to IFRS that are effective for the year ended December 31, 2024

The following amendments are effective for the year ended December 31, 2024. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

- Amendments to IFRS 16 ' Leases' -Clarification on how seller-lessee subsequently measures sale and leaseback transactions
- Amendments to IAS 1 'Presentation of Financial Statements' - Classification of liabilities as current or non-current along with Non-current liabilities with Convenants
- Amendments to IAS 7 'Statement of Cash Flows' and 'IFRS 7 'Financial instruments disclosures' - Supplier Finance Arrangements

2.4 **Standard and amendments to IFRS that are not yet effective**

The following standard and amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

	Effective from accounting period beginning on or after
- Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Clarification on how entity accounts when there is long term lack of Exchangeability	January 01, 2025
- IFRS 17 – Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Classification and measurement of financial instruments	January 01, 2026
- Annual Improvements to IFRS Accounting Standards (related to IFRS 1, IFRS 7, IFRS 9, IFRS 10 and IAS 7	January 01, 2026
- Amendments IFRS 9 'Financial Instruments' and IFRS 7 'Financial instruments disclosures' - Contracts Referencing Nature-dependent Electricity	January 01, 2026

Other than the aforesaid amendments, IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 18 - Presentation and Disclosures in Financial Statements
- IFRS 19 - Subsidiaries without Public Accountability: Disclosures

2.5 **Critical accounting estimates and judgments**

The preparation of these financial statements in conformity with accounting and reporting standards 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 judgment in the application of the Company'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 ongoing basis. Revisions in accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both the current and future periods. The areas where various assumptions and estimates are significant to the Company's financial statements or where judgment was exercised in the application of accounting policies are as follows:

i) classification, valuation and impairment of financial assets (note 3.1.1);

ii) determination of residual values and useful life of property and equipment (notes 3.2 and 4);

iii) contingencies (note 3.8);

iv) provision for taxation (notes 3.12, 17 and 29);

v) lease liability and right-of-use assets (notes 3.2.2, 4 and 22); and

vi) retirement benefit obligation (notes 3.10).

2.6 **Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements have been presented in Pakistan Rupees, which is the functional and presentational currency of the Company.

The US dollar amounts shown in the statement of financial position, statement of profit or loss, statement of other comprehensive income and statement of cash flows are stated as additional information solely for the convenience of readers and are not audited. For the purpose of conversion to US Dollars, the rate of Rs. 278.50 (Rs: 281.74 December 31 2023) to US Dollars has been used as it was the prevalent rate as on December 31, 2024.

3 Material accounting policy information

3.1 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

3.1.1 Financial assets

3.1.1.1 Initial recognition

Financial assets are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value plus transaction costs except for financial assets carried at 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 statement of profit or loss.

3.1.1.2 Net investment in finance lease

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

3.1.1.3 Classification and subsequent measurement

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

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

The classification requirements for debt instruments are described below:

(i) Debt instruments

Debt instruments are those instruments that meet the definition of a financial liability from the issuer's perspective, such as loans, government and corporate bonds.

Classification and subsequent measurement of debt instruments depend on:

- the Company's business model for managing the asset; and
- the cash flow characteristics of the asset.

Based on these factors, the Company classifies its debt instruments in one of the following three measurement categories:

a) At amortised cost:

The Company measures financial assets at amortised cost if the financial asset is held within a business model with an objective to hold and collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 3.1.1.3. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

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

The Company measures financial assets at FVOCI if the financial asset is held within a business model with an objective of both holding to collect contractual cash flows and selling and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income (OCI), except for the recognition of impairment losses or reversals, recognised and measured as described in note 3.1.1.3, interest revenue and foreign exchange gains and losses on the instrument's amortised cost which are recognised in the statement of profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to the statement of profit or loss.

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

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

3.1.1.4 Allowance for expected credit losses

The Company applies IFRS 9 simplified approach for lease and loan losses respectively to determine Expected Credit Losses (ECL). The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. A lifetime ECL is recorded on loans and leases in which there has been Significant Increase in Credit Risk (SICR) from the date of initial recognition and on loans and leases which are credit impaired as on the reporting date. To assess whether there is a significant increase in the credit risk, the Company compares the risk of a default occurring on the loans and leases as at the reporting date with the risk of default as at the date of initial recognition. The allowance is increased by provisions charged to the statement of profit or loss and is decreased by charge-offs, net of recoveries.

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

3.1.1.5 Derecognition

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

(i) the Company transfers substantially all the risks and rewards of ownership; or

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

3.1.1.6 Regular way contracts

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

3.1.2 Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities are subsequently measured at amortised cost except for:

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

3.1.2.1 **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 statement of profit or loss.

3.1.3 **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.

3.2 **Property and equipment**

3.2.1 **Owned assets**

Operating fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Depreciation is charged to the statement of profit or loss using the straight line method at the rates stated in note 4.1. Depreciation is charged from the day when the asset is available for use while no depreciation is charged on the day the asset is disposed of.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Company and the cost of the asset can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the statement of profit or loss in the financial year in which these are incurred.

Residual values and useful lives are reviewed at each reporting date and adjusted if the impact on depreciation is considered significant. Gain / loss on disposal of fixed assets is recognised in the statement of profit or loss in the period in which disposal is made.

3.2.2 **Right-of-use assets and their related lease liability**

Right-of-use assets

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

Right-of-use assets is subsequently stated at cost less any accumulated depreciation / accumulated impairment losses and is adjusted for any remeasurement of lease liability. The remeasurement of lease liability will only occur in cases where the terms of the lease are changed during the lease tenure.

Right-of-use assets is depreciated over the expected useful life using the straight-line method. Depreciation on additions (new leases) is charged from the day in which leases are entered into. No depreciation is charged on the day when the leases mature or are terminated.

Lease liability against right-of-use assets

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. The lease liability is also measured to reflect any remeasurement or change in lease terms. These remeasurement of lease liabilities are recognised as an adjustment to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement of profit or loss as financial charges over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

3.3 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses, if any. Intangible assets are amortised using the straight line method at the rate stated in note 5.1. The residual values and useful life are reviewed and adjusted, if appropriate at each reporting date.

Amortisation is charged from the date when the asset is available for use and no amortisation is charged from the date when the asset is disposed off.

3.4 Capital work-in-progress

Capital work-in-progress is stated at cost impairment in value, if any. These are transferred to specific assets as and when assets are available for use.

3.5 Interest free / below market rate loans to employees

Initial recognition

The Company recognise interest free / below market rate loan to employee at its fair value by discounting the future loan repayments using the rate that the employee would pay to an unrelated lender for a loan with similar conditions and accordingly charging differential to the statement of profit or loss between nominal value and fair value of loan.

Subsequent measurement

The Company calculates and recognises imputed interest on these loans. Imputed interest represents the forgone interest that employees would have paid if they had borrowed funds from external sources at prevailing market rates. The difference between the actual interest charged, if any and the imputed interest is recognised as interest income by the Company over the term of the loan.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of statement of cash flows, cash and cash equivalents comprise of cash in hand, balances with banks in current and savings accounts and loan from Holding Company.

3.7 Contingencies

Contingent assets are disclosed when the Company has a possible asset that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are not recognised until their realization becomes certain.

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

3.8 Borrowings

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

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

Transaction costs, if any, are amortised over the period of agreement.

3.9 **Staff retirement benefits**

3.9.1 **Defined contribution plan**

The Company established a recognised provident fund for its employees under the provisions of a Trust Deed. The Fund has been approved by the Commissioner of Income Tax.

Equal monthly contributions are made to the Fund by the Company and the employees in accordance with the rules of the Fund. The Fund is governed under the Trust Act 1882, Trust Deed and Rules of the Fund, the Companies Act, 2017, Income Tax Ordinance, 2001 and Income Tax Rules, 2002. The Company has no further payment obligation once the contributions have been paid. The contributions either made or due by the Company are recognised as employee benefit expense.

3.9.2 **Defined benefit plan**

The Company operates unfunded gratuity scheme for all eligible employees who have completed the minimum qualifying period of three years of service under the scheme. The scheme contributions therein are made in accordance with the actuarial recommendations. The valuation in this regard is carried out at each reporting date, using the "Projected Unit Credit Method" in accordance with the actuarial recommendations for the valuation of the scheme. Actuarial valuations are conducted annually and the latest valuation was conducted at the reporting date. Service costs are recognised in statement of profit and loss in the period in which they occur.

Net mark up on net defined benefit liability is also recognised in statement of profit or loss. Effect of remeasurement comprising actuarial gain / (loss) is recognised in Statement of other comprehensive income. Amount recognised in the statement of financial position represents the present value of defined benefit obligation

3.10 **Revenue recognition**

- The Company follows the 'financing method' in accounting for recognition of finance lease. The total unearned finance income i.e. the excess of aggregate instalment contract receivables plus residual value over the cost of the leased asset is deferred and then amortised over the term of the lease, so as to produce a systematic return on the net investment in finance leases.
- Front-end fee and other lease related income is recognised as income on a receipt basis.
- Profit on savings accounts and letters of placement is recognised on an accrual basis.
- Capital gains / (losses) on sale of investments are included in the statement of profit or loss on the date at which the transaction takes place.

3.11 **Taxation**

3.11.1 **Current**

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and rebates available, if any, and taxes paid under the final tax regime. The tax charge as calculated above is compared with turnover tax under Section 113 and Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided for in the financial statements. The charge for the current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

3.11.2 **Deferred**

Deferred taxation is recognised using the liability method on all major temporary differences arising between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for all deductible temporary differences, unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, carry-forward of unused tax assets and unused tax losses can be utilised. The carrying amounts of deferred tax assets are 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 assets to be utilised. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantially enacted by the end of the reporting period.

3.11.3 Accounting for minimum taxes and final taxes

The guide was issued by Institute of Chartered Accountants of Pakistan (ICAP) in May 2024 'IAS 12 Application Guidance on Accounting for Minimum taxes and Final taxes' (the guide) which would be applicable for the reporting year ended June 30, 2024 and onwards.

In the given guide it has been stated that minimum taxes and final taxes which are charged as per the provisions of the Income Tax Ordinance, 2001 previously were accounted for and presented as income taxes within the scope of IAS 12 'Income taxes'. However, as per IAS 12, income taxes includes all domestic and foreign taxes which are based on taxable profits. Whereas the term taxable profits / (losses) as per IAS 12 states that "taxable profit (tax loss) is the profit (loss) for a period, determined in accordance with the rules established by the taxation authorities, upon which income taxes are payable (recoverable)."

In continuation of this, the guide has referred para BC4 of IFRIC 21 'Levies' where it is further clarified that taxes whose calculation is based on gross amounts such as revenue do not meet the definition of income taxes since it is not based on taxable profits hence these are considered as 'Levies' as per IFRIC 21.

In view of the above clarifications from ICAP, it has been established that minimum tax and final taxes do not meet the criteria of income tax expense as per IAS 12 hence it should be accounted for under IFRIC 21 'Levies' and IAS 37 'Provisions, Contingent Liabilities and Contingent Assets'.

The guide issued by ICAP provides two (2) approaches (a and b) to account for minimum and final regime taxes, which is a choice of accounting policy, and from these 2 approaches the Company has chosen approach (b) which requires to:

Designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS 12 'Income Taxes' and recognise it as current income tax expense. Any excess over the amount designated as income tax, is then recognised as a levy falling under the scope of IFRIC 21/IAS 37.

Under approach (b) i.e. when the excess is treated as a 'levy', the effective rate of income tax is equal to the enacted rate of income tax.

Similarly, any amount deducted as final taxes will be classified as a levy in the statement of profit or loss and there would be no deferred tax liability / (asset) recognised in case of final taxes.

Super tax charged to entities as per provisions of Income Tax Ordinance, 2001, will be classified as either 'Income Tax' or 'levy' in accordance with guide stated in preceding paragraphs of this guide [i.e. if super tax calculation is based on taxable profits as defined in IAS 12, then, such super tax shall be recognised as 'Income tax' otherwise such super tax shall qualify for recognition as 'levy' as per IFRIC 21 / IAS 37].

Advance taxes paid under any section of the Income Tax Ordinance, 2001, except minimum taxes paid under section 113, which are termed as levy as per the above guide will be classified as 'prepaid assets'.

The above changes have been accounted for in these financial statements as per the requirements of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'. The adoption of this policy did not result in re-statement of financial statements since deferred tax asset recognised in the year ended December 31, 2023 was already at average rate and the application of this guide did not result any material differences.

3.12 Proposed dividends and transfers between reserves

Dividends declared 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 PROPERTY AND EQUIPMENT

	Note	2024	2023
		(Rupees)	
Operating fixed assets	4.1	17,524,054	15,569,448

4.1 Operating fixed assets

2024

Description	Cost				Accumulated depreciation				Net book value	Depreciation rate (% per annum)
	As at January 1, 2024	Additions / modification during the year	Disposals during the year	As at December 31, 2024	As at January 1, 2024	Charge for the year / (reversal on disposal)	Disposals during the year	As at December 31, 2024	As at December 31, 2024	
	Rupees									
Leasehold improvements	4,732,035	1,774,935	-	6,506,970	4,682,040	49,587	-	4,731,627	1,775,343	20%
Furniture, fittings and office equipment	4,422,164	1,412,995	-	5,835,159	4,212,858	196,694	-	4,409,552	1,425,607	20%
Computers and accessories	2,518,526	193,856	-	2,712,382	2,321,292	183,604	-	2,504,896	207,486	33%
Motor vehicles	10,446,500	-	-	10,446,500	2,630,942	2,034,564	-	4,665,506	5,780,994	25%
Right-of-use assets	17,807,247	4,984,402	-	22,791,649	10,509,892	3,947,133	-	14,457,025	8,334,624	Estimated useful life
	39,926,472	8,366,188	-	48,292,660	24,357,024	6,411,582	-	30,768,606	17,524,054	

2023

Description	Cost				Accumulated depreciation				Net book value	Depreciation rate (% per annum)
	As at January 1, 2023	Additions / modification during the year	Disposals during the year	As at December 31, 2023	As at January 1, 2023	Charge for the year	Disposals during the year	As at December 31, 2023	As at December 31, 2023	
	Rupees									
Leasehold improvements	4,732,035	-	-	4,732,035	4,662,036	20,004	-	4,682,040	49,995	20%
Furniture, fittings and office equipment	4,305,164	117,000	-	4,422,164	4,047,389	165,469	-	4,212,858	209,306	20%
Computers and accessories	2,491,026	27,500	-	2,518,526	2,124,269	197,023	-	2,321,292	197,234	33%
Motor vehicles	4,585,500	8,959,000	(3,098,000)	10,446,500	3,993,725	1,425,417	(2,788,200)	2,630,942	7,815,558	25%
Right-of-use assets	10,468,692	7,338,555	-	17,807,247	8,010,581	2,499,311	-	10,509,892	7,297,355	Estimated useful life
	26,582,417	16,442,055	(3,098,000)	39,926,472	22,838,000	4,307,224	(2,788,200)	24,357,024	15,569,448	

4.2 The cost of fully depreciated fixed assets which are still in the Company's use as at December 31, 2024 amounted to Rs 10.996 million (2023: Rs. 10.531 million).

5 INTANGIBLE ASSETS

	Note	2024	2023
		(Rupees)	
Computer software and license	5.1	127,488	278,363

5.1 Following is a statement of intangible assets:

2024

Description	Cost			Accumulated amortisation			Net book value	Amortisation rate (% per annum)
	As at January 1, 2024	Additions	As at December 31, 2024	As at January 1, 2024	Charge for the year	As at December 31, 2024	As at December 31, 2024	
	Rupees							
Computer software and license	9,302,548	-	9,302,548	9,024,185	150,875	9,175,060	127,488	33%

2023

Description	Cost			Accumulated amortisation			Net book value	Amortisation rate (% per annum)
	As at January 1, 2023	Additions	As at December 31, 2023	As at January 1, 2023	Charge for the year	As at December 31, 2023	As at December 31, 2023	
	Rupees							
Computer software and license	9,059,756	242,792	9,302,548	8,667,730	356,455	9,024,185	278,363	33%

5.2 The cost of fully amortised intangible assets which are still in the Company's use as at December 31, 2024 amounted to Rs 8.912 million (2023: Rs. 8.118 million).

6	NET INVESTMENT IN FINANCE LEASE	Note	2024	2023
			(Rupees)	
	Gross investment in finance lease	6.1	**2,058,924,622**	1,948,487,726
	Less: allowance for expected credit losses	27	**(32,395,285)**	(16,589,227)
	Investment in finance lease		**2,026,529,337**	1,931,898,499
	Less: current maturity	6.1 & 9	**(907,267,031)**	(750,926,390)
			1,119,262,306	1,180,972,109

6.1 Details of investment in finance lease:

	Note	2024 Not later than one year	2024 Later than one year and less than five years	2024 Total
		(Rupees)		
Minimum lease payments		**830,325,000**	**743,206,224**	**1,573,531,224**
Add: residual value of leased assets		**294,305,193**	**476,906,758**	**771,211,951**
Gross investment in finance lease		**1,124,630,193**	**1,220,112,982**	**2,344,743,175**
Less: unearned finance income		**(196,965,277)**	**(88,853,276)**	**(285,818,553)**
		927,664,916	**1,131,259,706**	**2,058,924,622**
Less: allowance for expected credit losses	27	**(20,397,885)**	**(11,997,400)**	**(32,395,285)**
		907,267,031	**1,119,262,306**	**2,026,529,337**

	Note	2023 Not later than one year	2023 Later than one year and less than five years	2023 Total
		(Rupees)		
Minimum lease payments		821,696,000	865,196,966	1,686,892,966
Add: residual value of leased assets		191,383,000	492,819,353	684,202,353
Gross investment in finance lease		1,013,079,000	1,358,016,319	2,371,095,319
Less: unearned finance income		(257,560,783)	(165,046,810)	(422,607,593)
		755,518,217	1,192,969,509	1,948,487,726
Less: allowance for expected credit losses	27	(4,591,827)	(11,997,400)	(16,589,227)
		750,926,390	1,180,972,109	1,931,898,499

6.2 The net investment in finance lease is secured against aggregated amount of leased assets and security deposit of Rs 771.212 million (2023: Rs 684.202 million). The above security deposit averages about 22.00% (2023: 21.71%) of the cost of leased asset. The implicit rate of return on lease ranges between 16.00% and 30.00% per annum (2023: 16.00% - 28.00% per annum).

6.3 Lease rentals received during the year were Rs 840.207 million (2023: Rs. 861.497 million) and income of Rs. 5.624 million (2023: Rs. 1.401 million) was suspended during the year December 31, 2024.

		Note	2024	2023
			(Rupees)	
7	**LONG TERM FINANCES AND LOANS**			
	Considered good			
	Vehicle finance / Term Loan - secured	7.1	862,716,536	793,651,359
	Less: allowance for expected credit losses	27	(793,336)	(1,935,537)
			861,923,200	791,715,822
	Less: current maturity	9	(409,131,868)	(389,470,930)
			452,791,332	402,244,892

7.1 This represents vehicle finance / term loan offered to various customers on a mark-up basis. The mark-up on these loans ranges from 16% to 29% (2023: 16.00% to 28.00%) per annum. These are secured against immoveable property, personal guarantees and lien over vehicles along with post dated cheques.

7.2 No income was suspended as at December 31, 2024 (December 31, 2023: Nil)

		Note	2024	2023
			(Rupees)	
8	**LONG-TERM LOANS TO EMPLOYEES**			
	Loans to key management personnel		416,550	1,021,433
	Other employees		11,868,491	6,630,555
		8.1	12,285,041	7,651,988
	Less: current maturity			
	Loans to key management personnel		(416,550)	(714,996)
	Other employees		(3,761,789)	(2,877,296)
		9	(4,178,339)	(3,592,292)
			8,106,702	4,059,696

8.1 These represent interest free loans provided to employees of the Company for the purchase of vehicle and meeting their emergent expenditure. The loans are secured against lien on vehicle and provident fund balances and are recoverable within three to five years.

8.2 **Movement of carrying amount of loans to key management personnel and employees:**

	2024	2023
	(Rupees)	
Opening balance	7,651,988	12,380,576
Disbursements during the year	7,487,850	976,000
Repayments during the year	(4,709,454)	(4,023,243)
Fair value adjustment	1,854,657	(1,681,345)
Closing balance	12,285,041	7,651,988

8.3 The maximum aggregate amount due from the employees at the end of any month during the year was Rs. 11.08 million (2023: Rs. 9.68 million).

		Note	2024	2023
			Rupees	
9	**CURRENT MATURITY OF NON CURRENT ASSETS**			
	Current maturity of:			
	Net Investment in finance lease	6	907,267,031	750,926,390
	Long term finances and loans	7	409,131,868	389,470,930
	Long-term loans to employees	8	4,178,339	3,592,292
			1,320,577,238	1,143,989,612

	Note	2024	2023
		---Rupees---	

10 PREPAYMENTS AND OTHER RECEIVABLES

Prepayments		938,384	827,088
Other receivables		1,015,927	452,706
		1,954,311	1,279,794

11 BANK BALANCES

Balances with banks in:			
Current accounts		6,752,469	14,036,043
Savings accounts	11.1	372,996,933	77,032,805
		379,749,402	91,068,848

11.1 These carry mark-up at the rates ranging between 13.50% - 20.50% per annum (December 31, 2023: 14.50% - 20.50% per annum).

12 CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise of the following:

	Note	2024	2023
		---Rupees---	
Cash and bank balances	11	379,749,402	91,068,848
Loan from holding company	18	(565,000,000)	(600,000,000)
		(185,250,598)	(508,931,152)

13 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2024	2023				
Number of shares				---Rupees---	
100,000,000	100,000,000	ordinary shares of Rs. 10 each fully paid in cash	13.1	1,000,000,000	1,000,000,000

13.1 As at December 31, 2024, the Holding Company and its nominee directors own 100% (2023: 100%) of the issued, subscribed and paid-up capital of the Company.

13.2 All shares are similar with respect to voting rights, first refusal, block voting, and right to dividends.

	Note	2024	2023
		---Rupees---	

14 LONG-TERM DEPOSITS

Security deposit on finance lease	14.1	771,211,951	684,202,353
Less: repayable / adjustable within 12 months		294,305,193	191,383,000
		476,906,758	492,819,353

14.1 These represent deposits received from lessees under finance lease contracts which are adjustable at the expiry of the lease period.

	Note	2024	2023
		---Rupees---	

15 LONG-TERM BORROWINGS

Term finance facility	15.1	33,333,340	100,000,004
Term finance facility	15.2	60,000,000	140,000,000
Term finance facility	15.3	66,666,670	133,333,334
Term finance facility	15.4	183,333,334	-
Term finance facility	15.5	300,000,000	-
		643,333,344	373,333,338
Less: Repayable within 12 months		(286,666,678)	(193,333,338)
		356,666,666	180,000,000

15.1 This represents the term finance facility extended by Allied Bank Limited under an agreement entered into with the Company on April 20, 2022. The facility is secured against a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by April 28, 2025.

15.2 This represents the term finance facility extended by United Bank Limited under an agreement entered into with the Company on September 30, 2022. The facility is secured against pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 100 basis points and are due to mature latest by September 30, 2025.

15.3 This represents the term finance facility extended by Allied Bank Limited under an agreement entered into with the Company on December 20, 2022. The facility is secured against a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by December 31, 2025.

15.4 This represents the term finance facility extended by Habib Bank Limited under an agreement entered into with the Company on July 03, 2024. The facility is secured against a pari passu hypothecation charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 267 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by July 30, 2027.

15.5 This represents the term finance facility extended by United Bank Limited under an agreement entered into with the Company on December 20, 2024. The facility is secured against a ranking charge over the Company's present and future book debts, deposits and receivables for a value of Rs. 400 million and markup is charged at the rate of 3 months KIBOR plus 75 basis points and are due to mature latest by December 28, 2029.

16 DEFERRED TAXATION

	2024	2023
	(Rupees)	
Deferred tax assets arising on deductible temporary differences		
- Allowance for expected credit losses	**9,624,700**	5,372,182
- Lease liability against right-of-use assets	**3,110,629**	1,961,180
- Net investment in finance lease	**25,122,621**	26,096,191
- Accelerated tax depreciation and amortisation	**737,310**	491,774
-Provision for gratuity	**4,315,992**	3,299,945
	42,911,251	37,221,272
Deferred tax liabilities arising on taxable temporary differences		
- Right-of-use assets	**2,417,041**	2,116,233
	2,417,041	2,116,232
	40,494,210	35,105,040

17 RETIREMENT BENEFIT OBLIGATIONS

17.1 General Description

The Board of Directors of the Company have approved establishment of an unfunded gratuity plan to operate employee retirement benefits for permanent employees who have completed the minimum service period. In accordance with the requirements of IAS-19 "Employee Benefits", actuarial valuation was carried out as at December 31, 2024, using the "Projected Unit Credit Method". Provision has been made in the financial statements to cover obligation in accordance with the actuarial recommendations. Details of significant assumptions used for the valuation and disclosures in respect of above-mentioned scheme is as follows:

	Note	2024	2023
		(Rupees)	
Present value of defined benefit obligations	17.2	**14,882,730**	11,379,122

17.2 The basis of recognition together with details as per actuarial valuation are as under:

	2024	2023
Discount rate	**15.50%**	15.50%
Salary increase rate	**20%**	20%
Withdrawal rate	**Moderate**	Moderate
Mortality rate	**SLIC 2001-05**	SLIC 2001-05

	2024	2023
	---------------- (Rupees) ----------------	

17.2.1 Movement in liability during the year

	2024	2023
Present value of defined benefit obligation	11,379,122	-
Current service cost	2,273,965	1,968,800
Past service cost (credit)	-	9,410,322
Interest cost on defined benefit obligation	1,708,020	-
Benefits paid	(719,280)	-
Actuarial losses from changes in financial assumptions	1,050,703	-
Experience adjustments	(809,800)	-
Present value of defined benefit obligation	14,882,730	11,379,122

17.2.2 Expense recognised in Statement of profit or loss

	2024	2023
Current service cost	2,273,965	1,968,800
Past service cost	-	9,410,322
Interest cost on defined benefit obligation	1,708,020	-
Expense charged to profit and loss	3,981,985	11,379,122

17.2.3 Total Remeasurements Chargeable in Statement of other comprehensive income

	2024	2023
Remeasurement of plan obligation:		
Actuarial losses from changes in financial assumptions	1,050,703	-
Experience adjustments	(809,800)	-
Total remeasurements chargeable in other comprehensive income	240,903	-

17.2.4 Sensitivity analysis

The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting date, while holding all other assumptions constant:

	Change in assumption (%)	Increase / (decrease) in defined benefit obligations	
		Increase in assumption	Decrease in assumption
		---------------- (Rupees) ----------------	
Discount rate	1	14,305,301	15,521,259
Salary growth rate	1	15,517,620	14,298,858

In presenting the above sensitivity analysis, the present value of the retirement benefit obligation has been calculated using the projected unit credit method at the end of the reporting date, which is the same as that applied in calculating the retirement benefit obligation liability recognised in the statement of financial position.

17.2.5 The gratuity scheme exposes the Company to the following risks:

Longevity risk: The risk arises when the actual lifetime of retirees is longer than expectation. This risk is measured at the plan level over the entire retiree population.

Salary increase risk: The most common type of retirement benefit is one where the benefit is linked with final salary. The risk arises when the actual increases are higher than expectation and impacts the liability accordingly.

Withdrawal risk: The risk of actual withdrawals varying with the actuarial assumptions can impose a risk to the benefit obligation. The movement of the liability can go either way.

17.2.6 The weighted average duration of retirement benefit obligations as at December 31, 2024 is 4 years.

17.2.7 The expected maturity analysis of undiscounted retirement benefit obligation is:

	Undiscounted payments	
	(Rupees)	
	2024	2023
Year 1	346,619	995,736
Year 2	2,465,072	331,696
Year 3	13,504,467	2,333,124
Year 4	219,836	13,985,129
Year 5	266,337	254,888
Year 6	321,289	304,452
Year 7	371,831	362,723
Year 8	7,060,151	425,201
Year 9	334,157	7,904,801
Year 10	397,323	387,774
Year 11 and above	75,935,791	169,911,975

18 **LOAN FROM HOLDING COMPANY**

	2024	2023
Money market facility	565,000,000	600,000,000

18.1 This represents the money market facility extended by the Holding Company, under an agreement entered into with the Company on September 20, 2023, for the purpose of meeting working capital requirements of the Company.

18.2 The facility is secured against hypothecation charge on the Company's assets including its loan and lease portfolio and all receivables for a value of Rs. 1,000 million thereto and markup is charged at the rate of KIBOR plus 75 basis points and is due to mature latest by September 20, 2025.

19 PAYABLE TO HOLDING COMPANY	Note	2024	2023
		(Rupees)	
Rent expense incurred on behalf of the Company		71,120	60,960
Other payables	19.1	5,348,604	7,405,976
		5,419,724	7,466,936

19.1 This includes amounts payable in respect of service level agreement and other general and administrative expenses paid by Holding Company on behalf of the Company and rental received from customer on behalf of the Holding Company. The balance is net of payments made by the Company on behalf of Holding Company.

20 ACCRUED EXPENSES AND OTHER LIABILITIES	2024	2023
	(Rupees)	
Accrued expenses	10,627,200	10,369,172
Accrued interest on loan from Holding Company	19,446,057	24,015,137
Accrued interest on long term borrowing	6,611,061	4,233,483
Provision for Provincial Workers' Welfare Fund	17,432,164	13,366,270
Withholding taxes payable	831,828	408,113
Advance from customers	237,324	750,864
Other payables	410,486	410,488
	55,596,120	53,553,527

21 **LEASE LIABILITY AGAINST RIGHT-OF-USE ASSETS**

	2024	2023
Lease liability against right-of-use assets - property	10,726,306	6,762,688
Present value of minimum lease payments	10,726,306	6,762,688
Less: current portion	(5,722,242)	(2,282,375)
	5,004,064	4,480,313

22 CONTINGENCIES AND COMMITMENTS

There were no contingencies and commitments as at December 31, 2024 (December 31, 2023: nil)

23	INCOME FROM LEASING OPERATIONS	Note	2024	2023
			Rupees	
	Lease finance income		289,606,600	330,707,370
	Front-end fee		4,417,925	3,475,343
	Documentation charges		1,850,000	1,592,500
	Others		7,013,004	4,141,437
			302,887,529	339,916,650

24 ADMINISTRATIVE AND GENERAL EXPENSES

	Salaries and other allowances	24.1 & 24.2	59,542,507	61,485,517
	Utilities		1,063,094	713,729
	Insurance		978,715	875,947
	Communication		1,193,161	1,038,690
	Legal and professional charges		2,965,337	3,060,140
	Depreciation	4.1	6,411,582	4,307,224
	Amortisation	5.1	150,875	356,455
	Travelling		1,166,742	636,657
	Auditors' remuneration	24.4	856,980	745,200
	Vehicle running expenses		5,920,837	5,200,411
	Printing and stationery		616,152	312,913
	Repairs and maintenance		1,079,967	960,641
	Office general expenses		1,417,515	1,023,785
	Directors' fee for attending meetings		2,550,000	600,000
			85,913,464	81,317,309
24.1	Salaries and benefits	24.1.1	58,160,855	60,312,733
	Contribution to defined contribution plan	24.1.2	1,381,652	1,172,784
			59,542,507	61,485,517

24.1.1 This include Rs. 3.982 million (2023: Rs. 11.379 million) charged against defined benefit plans.

24.1.2 Defined contribution plan - provident fund

During the year an amount of Rs. 1,381,652 (2023: Rs. 1,172,784) has been charged to the statement of profit or loss in respect of the Company's contributions to the employees provident fund.

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

24.2 These include Rs. 10.915 million (2023: Rs. 9.022 million) allocated to the Company in respect of employees of finance, internal audit, credit risk management and other departments of Holding Company utilised by the Company under the Service Level Agreement entered into between the two entities.

24.3 As per Rule 9 of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003, NBFCs require to obtain insurance coverage against any losses that may be incurred as a result of employee's fraud or gross negligence. Accordingly, the Company has obtained insurance coverage for the year ended December 31, 2024 and December 31, 2023.

	Note	2024	2023
		---------------- (Rupees)	----------------
24.4 Auditors' remuneration			
Annual audit fee		**517,500**	450,000
Half yearly review fee		**172,500**	150,000
Sales tax on audit fee		**63,480**	55,200
Out of pocket expenses		**103,500**	90,000
		856,980	745,200
25 FINANCE COST			
Finance cost on loan from Holding Company		**123,541,395**	85,480,532
Finance cost on long term borrowings		**75,218,158**	105,601,044
Finance cost on lease liability against right-of-use assets		**1,225,878**	572,369
Others		**113,523**	312,232
		200,098,954	191,966,177
26 OTHER INCOME			
Profit on bank balances		**16,316,850**	13,312,505
Management fee	26.1	**2,241,876**	2,471,885
Other		**-**	394,645
		18,558,726	16,179,035

26.1 This primarily includes management fee in respect of leases transferred to the Holding Company.

	2024		
	Finance leases	Finances and loans	Total
27 ALLOWANCE FOR EXPECTED CREDIT LOSSES	----------------	Rupees	----------------
Balance at beginning of the year	**16,589,227**	**1,935,537**	**18,524,764**
Provision made during the year	**15,806,058**	**(1,142,201)**	**14,663,857**
Reversal made during the year	**-**	**-**	**-**
	15,806,058	**(1,142,201)**	**14,663,857**
Balance at the end of the year	**32,395,285**	**793,336**	**33,188,621**

	2023		
	Finance leases	Finances and loans	Total
	----------------	Rupees	----------------
Balance at beginning of the year	17,614,844	909,920	18,524,764
Provision made during the year	-	1,025,617	1,025,617
Reversal made during the year	(1,025,617)	-	(1,025,617)
	(1,025,617)	1,025,617	-
Balance at the end of the year	16,589,227	1,935,537	18,524,764

28 TAXATION

	Note	2024	2023
		(Rupees)	
Current		66,374,013	88,844,589
Deferred		(5,389,171)	(42,377,981)
	28.1	60,984,842	46,466,608

28.1 The returns of income for tax year 2021, 2022 and 2023 have been filed and are treated to be deemed assessment under the provisions of section 120 of the Income Tax Ordinance, 2001. Till date no tax year has been opened for assessment by the tax authorities.

28.2 Relationship between tax expense and accounting profit

	2024	2023
	(Rupees)	
Profit before provision & taxation	253,496,964	233,611,807
Tax on income @ 29% (2023: 29%)	73,514,120	67,747,424
Super tax liability	4,282,194	8,333,449
Tax effect of expenses that are not deductible in determining taxable profit	(11,422,301)	-
Permanent difference	-	8,329,180
Others	-	4,434,536
Tax charge	66,374,013	88,844,589

29 REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

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

2024

	Chief Executive Officer *	Directors	Executives **	Total
	Rupees			
Managerial remuneration	6,765,915	-	-	6,765,915
Other allowances	5,535,747	-	-	5,535,747
Bonus and incentives	4,976,400	-	-	4,976,400
Fee for attending Board meetings ***	-	2,550,000	-	2,550,000
	17,278,062	2,550,000	-	19,828,062
Number of persons	1	4	-	5

2023

	Chief Executive Officer *	Directors	Executives **	Total
	Rupees			
Managerial remuneration	5,747,742	-	-	5,747,742
Other allowances	4,702,698	-	-	4,702,698
Bonus and incentives	4,147,000	-	-	4,147,000
Fee for attending Board meetings ***	-	600,000	-	600,000
	14,597,440	600,000	-	15,197,440
Number of persons	1	2	-	3

* The Chief Executive Officer is provided with a Company maintained car and mobile phone as per the terms of employment.

** Executives are on the payroll of the Holding Company and their cost is charged to the Company under service level agreement.

*** This represents fee paid to independent directors / non executive directors.

30 TRANSACTIONS WITH RELATED PARTIES

The related parties of the Company comprises of Holding Company, directors and key management personnel of the Company, entities under common control (including provident fund) and other group companies.

The details of transactions carried out with related parties during the year and balances outstanding with them as at the year end are as follows:

30.1 Transactions with related parties during the year

	2024	2023
	(Rupees)	
Holding Company		
Salaries and allowances incurred on behalf of the Company	10,914,797	9,022,992
Shared expenses reimbursed from the Holding Company	1,979,833	1,815,541
Dividend paid by the Company	-	120,000,000
Payment made against intra company balance with Holding Company	8,319,668	7,455,566
Lease and Finances and Loans transferred to the Holding Company	-	55,156,250
Payment received against transferred Lease and Finances and Loans	-	55,156,250
Financing obtained by the Company	565,000,000	600,000,000
Repayment of financing by the Company	600,000,000	475,000,000
Finance cost paid on financing	128,110,475	73,802,316
Management fee received	2,241,876	2,471,885
Finance cost incurred on the financing obtained from the Holding Company	123,541,395	85,480,532
Processing fee paid on financing	940,438	-
Processing fee incurred on the financing obtained from the Holding Company	1,230,677	-
Director & key Management personnel		
Remuneration of CEO	17,278,062	14,597,440
Proceeds from disposal of fixed asset to CEO	-	309,800
Fee for attending board meetings	2,550,000	600,000
Primus Leasing Limited staff provident fund		
Charge in respect of Provident Fund	1,381,652	1,172,784
Contribution to Provident Fund	2,763,304	2,345,568

30.2 Balances with related parties as at year end

	2024	2023
Payable to Holding Company	5,419,724	7,466,936
Accrued Mark up on loan from Holding Company	19,446,057	24,015,137
Loan outstanding from Holding Company	565,000,000	600,000,000
Loan outstanding to CEO	416,550	1,021,433

30.3 Following are the related parties with whom the Company had entered into transactions or have arrangement / agreement in place:

S. No.	Name of related party	Basis of association / relationship	Aggregate % of shareholding
1	Pak Brunei Investment Company Limited	Holding Company	100%
2	Primus Leasing Limited staff provident fund	Staff retirement plan	N/A
3	Mr. Irfan Ahmed	Chief Executive Officer	N/A
4	Mr. Zafar Iqbal Sobani	Director	N/A
5	Mr. Ayyaz Ahmad	Director	N/A
6	Mr. Rashid Rahman Mir	Director	N/A
7	Ms. Lalarukh Ejaz	Director	N/A

30.4 Amounts due to and from related parties have been disclosed separately in the statement of financial position and in the respective notes to the financial statements.

31 EARNINGS PER SHARE- BASIC AND DILUTED

	2024	2023
	(Rupees)	
Profit for the year after taxation	177,848,265	187,145,199
	(No. of Shares)	
Weighted average number of ordinary shares	100,000,000	100,000,000
	(Rupees)	
Earnings per share - basic and diluted	1.78	1.87

32 STAFF STRENGTH

	Number of staff	
Total number of employees at the end of the year	13	12
Average number of employees during the year	12	11

33 FINANCIAL INSTRUMENTS BY CATEGORY

At Amortised cost	2024	2023
	(Rupees)	
Financial assets		
Net investment in finance lease	2,058,924,622	1,948,487,726
Finances and loans	862,716,536	791,715,822
Loans to employees	12,285,041	7,651,988
Long-term deposits	685,000	685,000
Accrued mark-up	9,758,934	11,426,921
Bank balances	379,749,402	91,068,848
Other receivables	1,015,927	452,706
	3,325,135,462	2,851,489,011
Financial liabilities		
Payable to Holding Company	5,419,724	7,466,936
Lease liability against right-of-use assets	10,726,306	6,762,688
Loan from Holding Company	565,000,000	600,000,000
Accrued expenses and other liabilities	37,094,804	38,673,419
Long-term deposits	771,211,951	684,202,353
Long-term borrowing	643,333,344	373,333,338
	2,032,786,129	1,710,438,734

34 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

34.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market prices (e.g. foreign exchange rates, interest rates, equity prices, etc.). The objective of market risk management is to manage and control market risk exposure within acceptable parameters while optimizing returns to shareholders.

Market risk comprises three types of risks: currency risk, yield / interest rate risk and other price risk.

34.1.1 Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present, is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

34.1.2 Yield / interest rate risk

Yield / interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's floating interest rates financial assets. Financial instruments include balances of Rs. 1.793 billion (2023: 1.628 billion) which are subject to interest rate risk. The yield / interest rate risk is also mitigated by floating rate lending. Accordingly changes in market interest rate on financial assets would be mitigated by changes in market interest rate of financial liabilities.

a) Sensitivity analysis for variable rate financial instruments

The Company has extended KIBOR based leases and finances to various counter parties that expose the Company to cash flow interest risk. In case of increase / decrease in KIBOR by 100 basis points on the last repricing date with all other variables held constant, the profit before tax for the year ended December 31, 2024 would have been higher / lower by Rs. 28.885 million (2023: Rs. 27.236 million).

b) Sensitivity analysis for fixed rate financial instruments

As at December 31, 2024, the Company maintains balances with banks in savings accounts which are interest bearing and expose the Company to fair value interest rate risk. The income from these financial assets is substantially independent of changes in market interest rates except for changes, if any, arising as a result of fluctuations in their respective fair values.

The yield / interest rate sensitivity position for on-balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date and for off-balance sheet instruments is based on the settlement date.

The maturity analysis and interest rate profile of the Company's financial instruments are as follows:

	2024							
	Effective yield / interest rate %	Exposed to yield / interest rate risk					Not exposed to yield / interest rate risk	Total
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
		Rupees						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	16.00% - 30.00%	73,589,965	143,847,478	551,244,892	1,290,242,287	-	-	2,058,924,622
Finances and loans	16.00% - 29.00%	74,151,587	92,881,172	242,892,445	452,791,332	-	-	862,716,536
Loans to employees	-	-	-	-	-	-	12,285,041	12,285,041
Long-term deposits	-	-	-	-	-	-	685,000	685,000
Accrued mark-up	-	-	-	-	-	-	9,758,934	9,758,934
Other Receivables	-	-	1,015,927	-	-	-		1,015,927
Bank balances	13.50% - 20.50%	372,996,933	-	-	-	-	6,752,469	379,749,402
Total		520,738,485	237,744,577	794,137,337	1,743,033,619	-	29,481,444	3,325,135,462
Financial liabilities								
Payable to Holding Company		-	-	-	-	-	5,419,724	5,419,724
Lease liability against right-of-use assets		37,390	1,373,953	604,110	8,710,853	-	-	10,726,306
Loan from Holding Company	16.78% - 23.31%	565,000,000	-	-	-	-	-	565,000,000
Long-term borrowing	17.01% - 23.66%	33,333,333	51,666,666	201,666,679	356,666,666	-	-	643,333,344
Accrued expenses and other liabilities		-	-	-	-	-	37,094,804	37,094,804
		598,370,723	53,040,619	202,270,789	365,377,519	-	42,514,528	1,261,574,178
On-balance sheet gap (a)		(77,632,238)	184,703,958	591,866,548	1,377,656,100	-	(13,033,084)	2,063,561,284
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		(77,632,238)	184,703,958	591,866,548	1,377,656,100	-		
Cumulative interest rate sensitivity gap		(77,632,238)	107,071,720	698,938,268	2,076,594,368	2,076,594,368		

	2023							
	Effective yield / interest rate %	Exposed to yield / interest rate risk					Not exposed to yield / interest rate risk	Total
		Upto one month	Over one month to three months	Over three months to one year	Over one year to five years	Over five years		
		Rupees						
On-balance sheet financial instruments								
Financial assets								
Net investment in finance lease	16.62% - 28.68%	62,925,619	134,472,818	624,297,563	1,126,791,726	-	-	1,948,487,726
Finances and loans	16.00% - 28.00%	24,650,620	73,707,191	291,113,119	404,180,429	-	-	793,651,359
Loans to employees	-	-	-	-	-	-	7,651,988	7,651,988
Long-term deposits	-	-	-	-	-	-	685,000	685,000
Accrued mark-up	-	-	-	-	-	-	11,426,921	11,426,921
Other Receivables	-	-	452,706	-	-	-	-	452,706
Bank balances	14.50% - 20.50%	77,032,805	-	-	-	-	14,036,043	91,068,848
Total		164,609,044	208,632,715	915,410,682	1,530,972,155	-	33,799,952	2,853,424,548
Financial liabilities								
Payable to Holding Company		-	-	-	-	-	7,466,936	7,466,936
Lease liability against right-of-use assets		37,390	1,373,953	604,110	4,747,235	-	-	6,762,688
Loan from Holding Company	16.78% - 23.31%	340,000,000	260,000,000	-	-	-	-	600,000,000
Long-term borrowing	17.01% - 23.68%	-	33,333,333	160,000,000	373,333,335	-	-	566,666,668
Accrued expenses and other liabilities		-	-	-	-	-	38,673,419	38,673,419
		340,037,390	294,707,286	160,604,110	378,080,570	-	46,140,355	1,219,569,711
On-balance sheet gap (a)		(175,428,346)	(86,074,571)	754,806,572	1,152,891,585	-	(12,340,403)	1,633,854,837
Off-balance sheet financial instruments		-	-	-	-	-	-	-
Off-balance sheet gap (b)		-	-	-	-	-	-	-
Total interest rate sensitivity gap (a+b)		(175,428,346)	(86,074,571)	754,806,572	1,152,891,585	-		
Cumulative interest rate sensitivity gap		(175,428,346)	(261,502,917)	493,303,655	1,646,195,240	1,646,195,240		

34.1.3 Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instruments or its issuer, or factors affecting all similar financial instruments traded in the market.

Currently, the Company does not have any instruments which expose it to price risk.

34.2 Credit risk

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

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

Concentration of credit risk arises when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. The concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. As at December 31, 2024, the assets which were subject to credit risk amounted to Rs. 2.836 billion (2023: Rs 2.836 billion). The maximum exposure to credit risk at the reporting date is the carrying amount of these financial assets.

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

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

Particulars	Long-term rating	Short-term rating	Rating agency	As at December 31, 2024
				-----Rupees-----
Bank balances				
Bank Alfalah Limited	AA+	A-1+	PACRA	306,607,013
United Bank Limited	AAA	A-1+	VIS	63,907,795
Meezan Bank Limited	AAA	A-1+	VIS	1,947,039
Habib Bank Limited				6,527,811
Allied Bank Limited	AAA	A-1+	PACRA	746,594
National Bank of Pakistan				8,150
JS Bank				5,000
State Bank of Pakistan	Unrated	Unrated	-	10,000

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

34.2.1 Credit rating and probability of default (PD) estimation process

The Company's PD estimation process is based on the probability of default assigned to each customer according to their historical credit losses experience, adjusted for forward-looking information.

The carrying value of non-performing receivables is as follows:

Days past due	2024		
	Finance Lease (net of security deposit)	Finances & Loans	Total
151 - 180 Days	23,783,026	-	23,783,026
181 - 360 Days	10,080,412	-	10,080,412
361 - 390 Days	-	-	-
More than 390 days	12,659,870		12,659,870
	33,863,438	-	33,863,438
Less: Specific provision	20,935,489	-	20,935,489
Net of provision	12,927,949	-	12,927,949
Coverage ratio	61.82%	0.00%	61.82%

Days past due	2023		
	Finance Lease (net of security deposit)	Finances & Loans	Total
151 - 180 Days	-	-	-
181 - 360 Days	-	-	-
361 - 390 Days	11,997,400	-	11,997,400
	11,997,400	-	11,997,400
Less: Specific provision	11,997,400	-	11,997,400
Net of provision	-	-	-
Coverage ratio	100.00%	0.00%	100.00%

34.3 **Liquidity risk**

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

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

	2024				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Payable to Holding Company	5,419,724	5,419,724	5,419,724	-	-
Lease liability against right-of-use assets	10,726,306	2,221,176	1,245,816	548,640	426,720
Loan from Holding Company	565,000,000	584,446,057	584,446,057	-	-
Long term borrowings	643,333,344	799,236,690	107,195,159	251,119,044	440,922,486
Accrued expenses and other liabilities	37,094,804	37,094,804	37,094,804	-	-
	1,261,574,178	1,428,418,451	735,401,560	251,667,684	441,349,206

	2023				
	Carrying amount	Contractual cash flows	Upto three months	More than three months and upto one year	More than one year
	Rupees				
Payable to Holding Company	7,466,936	7,466,936	7,466,936	-	-
Lease liability against right-of-use assets	6,762,688	2,915,160	1,939,800	548,640	426,720
Loan from Holding Company	600,000,000	624,015,137	624,015,137	-	-
Long term borrowings	373,333,338	452,572,239	74,848,057	286,216,743	91,507,439
Accrued expenses and other liabilities	38,673,419	38,673,419	38,673,419	-	-
	1,026,236,381	1,125,642,891	746,943,349	286,765,383	91,934,159

35 CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximise shareholders' value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. As at the reporting date, the Company is primarily financed through equity and borrowing from the Holding Company.

The Company is subject to externally imposed minimum equity requirement laid down under the NBFC Rules, 2003 and the NBFC Regulation, 2008 for providing leasing services and, being a non-deposit taking NBFC, is required to maintain minimum equity of Rs 50 million at all times. The Company has maintained and complied with this minimum equity requirement throughout the current year.

36 FAIR VALUE MEASUREMENT

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

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

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the reporting date. The estimated fair value of all financial assets and liabilities is considered not to be significantly different from book values as the items are either short-term in nature or are periodically repriced.

Fair value hierarchy

As per the requirements of IFRS 13 "Fair Value Measurement", the Company shall classify fair value instruments using a fair value hierarchy that reflects the significance of 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 assets or liabilities that are not based on observable market data (i.e. unobservable inputs).

As at December 31, 2024, the Company does not hold any financial asset at fair value.

37 CORRESPONDING FIGURES

Corresponding figures have been reclassified and rearranged in these financial statements, wherever necessary, for the purpose of better presentation. No significant rearrangements or reclassifications were made in these financial statements.

38 DATE OF AUTHORISATION FOR ISSUE

These financial statements were authorised for issue on 26 FEB 2025 by the Board of Directors of the Company.

39 GENERAL

Figures have been rounded off to the nearest Rupee unless otherwise stated.

CHIEF EXECUTIVE OFFICER

DIRECTOR