



## LSE FINANCIAL SERVICES LIMITED

### Directors' Review Report

Dear Shareholders,

The Board of Directors is pleased to present its report along with the half-yearly/2<sup>nd</sup> Quarter (Reviewed) Accounts of your Company for the period ended December 31, 2020:

Financial Highlights	Dec-2021 Rs. in '000'	Dec-2020 Rs. in '000'
Revenue	76,276	78,451
Share of profit of Associates-net of tax	113,174	103,409
<b>Total Revenue</b>	<b>189,450</b>	181,860
Expenditures	(58,618)	(55,029)
Finance Cost	(225)	(51)
<b>Profit before Taxation</b>	<b>130,607</b>	126,780
Taxation	(25,331)	(22,643)
<b>Net Profit for the period</b>	<b>105,276</b>	104,137
<b>Earnings Per Share (EPS)</b>	<b>Rs. 0.82</b>	Rs. 0.81

### PERFORMANCE REVIEW

During the half year ended on December 31, 2021, LSEFSL earned total revenue of Rs. 189.450 million, including share of profit from the associated companies, as compared to Rs. 181.860 million last year's comparative period, i.e., an increase of 7.590 million or 4.17 %. The revenue was generated from rent, income from MTS, fund & operational management fees, share of profits from the associated companies and other income. The administrative expenses were Rs. 58.618 million, i.e., up by Rs. 3.589 million or 7% from last year's comparative period. The Company earned a profit before taxation of Rs. 130.607 million for the period under review, which has been increased by Rs. 3.827 million or 4 % from last year's comparative period. Furthermore, profit after tax is Rs. 105.276 million which has been increased by Rs. 1.139million or 1 % from last year's comparative period. The tax expense has been accounted for on the basis of the weighted average annual tax rate expected for the full financial year.

Earnings per Share (EPS) - (Basic & Diluted) for the half year ended December 31, 2021, remained Rs. 0.82 per share against Rs. 0.81 per share of last year's comparative period

The board of directors has approved interim cash dividend of Rs. 0.75 per share (i.e. 75%) for the half-year ended December 31, 2021.

During the period under review, the incumbent management developed and upgraded the credit manual & related complete procedures. As per permissible activates, the management got approved three credit



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policies (for leasing & term Loan) from Board and its relevant Committee. Furthermore, the IT department of the company has also developed credit management system for monitoring credit operations.

During the year, JCR-VIS Credit Rating Company Ltd. has re-affirmed initial entity ratings to 'A/A-1' of LSEFSL. Outlook on the assigned ratings is 'Stable'.

The Directors of the Company have adequately ensured that the system of internal financial controls is sound in design and has been effectively implemented and monitored through outsourced Internal Auditors.

The Management of the Company has reviewed all those risks that could affect the Company's performance and its future prospects. The Management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on its financial performance.

The upward revision of policy rate in the Dec 2021 would have positive impact on next half earning of the company.

**For and on behalf of the Governing Board of Directors of LSEFSL,**

A handwritten signature in blue ink, appearing to read 'Rajesh Kumar'.

**Chief Executive/Managing Director**

A handwritten signature in blue ink, appearing to read 'S. L. S. S.'.

**Director**