



GRAYS LEASING LIMITED

Annual
2021
Report



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COMPANY INFORMATION

BOARD OF DIRECTORS

Mr. Khawar Anwar Khawaja	Chairman
Mr. Muhammad Tahir Butt	Chief Executive
Mr. Khurram Anwar Khawaja	
Mr. Iftikhar Ahmad Butt	
Mr. Omer Khawar Khawaja	
Mr. Abdul Qayum Malik	
Mr. Muhammad Arshad	
Mrs. Nuzhat Khawar Khawaja	

AUDIT COMMITTEE

Mr. Iftikhar Ahmad Butt
Mr. Khurram Anwar Khawaja
Mr. Omer Khawar Khawaja

AUDITORS

Riaz Ahmad & Company
Chartered Accountants
10-B Saint Marry Park
Main Boulevard, Gulberg III
Lahore 54660, Pakistan
Phone: 92 (042) 35718137-9
E-mail: racopk@raco.com
racopk@raco.com

COMPANY SECRETARY

Muhammad Adil Munir

CHIEF FINANCIAL OFFICER

M. Avais Ibrahim

HEAD OF INTERNAL AUDIT

Saeed Ahmad Shaheen

HUMAN RESOURCE AND REMUNERATION COMMITTEE

Mr. Omer Khawar Khawaja	Chairman
Mr. Muhammad Tahir Butt	
Mr. Khurram Anwar Khawaja	

LEGAL ADVISOR

Lexicon Law Firm

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers
6-K, Main Boulevard, Gulberg - II, Lahore
Tel: (042) 35770381 - 2
Fax: (042) 35770389
E-mail: info@graysleasing.com
Website: www.graysleasing.com

BANKERS

Meezan Bank Limited
The Bank of Punjab
Askari Bank Limited
National Bank of Pakistan
Habib Bank Limited
State Bank of Pakistan
First Women Bank Limited
Bank Al-Habib Limited

SHARE REGISTRAR

CorpTec Associates (Pvt) Ltd.
503-E, Johar Town, Lahore.

VISION

To be one of the most progressive institutions in the financial sector by providing quality service to our clientele in a superior manner, maintaining high ethical and professional standards, striving for continuous improvements and consistent growth to add value to our shareholders and our team of conscientious employees and a fair contribution to the national economy.

MISSION

To develop a client base representing all segments of the economy; emphasis being placed on financial support to medium and small enterprises for their expansion, balancing and modernization requirements.

To endeavor for a lasting relationship with clients and associates on the principles of Mutualism.

To transform the company into a dynamic, profitable and growth oriented institution through an efficient resource mobilization and the optimum utilization thereof.

To provide healthy environment and corporate culture for good governance of the company which ensures exceptional value for clients, personnel and the investors above all.

To implement the best professional standards with due observance of moral and ethical values in all respects of corporate life which will Insha Allah bring social and economic parity and prosperity among Nation and turn Pakistan into a Modern and Liberal Muslim Welfare State.

Grays Leasing Limited

NOTICE OF THE 26TH ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of the Company will be held on October 28, 2021 at 10:00 am at registered office of the Company located at 701-A, 7th Floor, City Towers, Main Boulevard, Gulberg - II, Lahore to transact the following business:

Ordinary Business

- 1 To confirm the minutes of the 25th Annual General Meeting held on October 26, 2020.
- 2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2021 together with the Directors' and Auditors' reports thereon
- 3 To appoint auditors for the year 2021-2022 and to fix their remuneration. The present auditor Messrs Riaz Ahmed & Company Chartered Accountants has retired. The audit committee and Board of Directors have recommended Messrs Riaz Ahmed & Company, Chartered Accountants, for the year ending 30th June, 2022.
- 4 To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD



Muhammad Adil Munir
(COMPANY SECRETARY)

Lahore: October 7, 2021

NOTES:

- a. The Share Transfer Books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive). Physical transfers / CDS Transaction Ids received in order at our Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore, up to the close of business on October 21, 2021 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.
- b. A member entitled to attend and vote at this meeting may appoint any other member as his / her proxy to attend and vote instead of him. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a naturally attested copy of the power of attorney must be deposited at registered office of the Company at least 48 hours before the time of the meeting.
- C. Any individual Beneficial Owner of CDC, entitled to attend and vote at this meeting , must bring his/her original CNIC or passport, Accounts and Participants', ID Numbers to prove his/her identity, and in case of proxy it must enclose an attested copy of his/her CNIC or passport. Representatives of corporate members should bring the usual documents required for such purpose.
- D. Shareholders are requested to immediately notify change in address, if any to the company Share Registrar M/s. Corptec Associates (pvt) Limited, 503 – E Johar Town Lahore. And also furnish attested photocopy of their CNIC as per listing Regulation, if not provided earlier.

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DIRECTORS' REPORT

The Directors of Grays Leasing Limited (GLL/Company) are pleased to present the 26th Annual Report together with the audited financial statements for the year ended June 30, 2021.

OPERATING RESULTS

The operating results of the company for the year are as under:

	Rupees
Total revenue	18,696,630
Total expenses	(14,219,480)
Profit before tax	<u>4,477,150</u>
Provision for taxation	
Current	
For the Year	(5,429,891)
Prior year	147,371
Deferred	
For the year	(840,906)
	<u>(6,123,426)</u>
Loss after tax	<u>(1,646,276)</u>
Loss per share	(0.077)

KEY OPERATING AND FINANCIAL DATA

Key operating and other financial data for the last six years are being given hereinafter this report.

REVIEW OF OPERATIONS

During the year under review, the company transacted business (Excluding UFI) worth Rupees 132.916 million (2020: 52.794 million). Gross investment in finance leases as at 30 June 2021 stands at Rupees 531.454 million against Rupees 502.466 million on June 30, 2020, while the net investment stands at Rupees 464,488 million on 30 June 2021 against Rupees 433.273 million of the last year. The gross revenue from operations was Rupees 18.697 million against Rupees 18.913 million in 2020. The profit before tax and loss after tax for the current year is Rupees 4.477 million and Rupees 1.646 million as compared to loss before and after tax of preceding year which was Rupees 2.947 million and Rupees 3.871 million respectively. Loss incurred during the year was mainly due to provision for taxation. Shareholders' equity of the company is at Rupees 62.099 million.

CREDIT RATING

JCR-VIS Credit Rating Company Limited (JCR-VIS) has reaffirmed the entity ratings of Grays Leasing Limited (GLL) at 'BB-/B' (Double B Minus/Single B). Outlook on the assigned rating is 'Stable'.

FUTURE OUTLOOK

In the absence of any funding from commercial banks, the company is utilizing funding available from the Anwar Khawaja Industries (Private) Limited-holding company, Chief Executive Officer of the Company and internal cash generation through recovery measures. The impact of these disbursements is not that significant on current year's financials, nevertheless, it is a step towards revival and the management is optimistic about bringing improvement in the next year's results.

RISK MANAGEMENT

Risk is inherent in all spheres of GLL's activities. Overall responsibility for establishing the risk management framework rests with the Board of Directors, which is actively involved in review, approval and monitoring the Company's risk management policies and ensuring that an appropriately sound internal control system in place to manage those risks. This oversight is implemented through independent internal audit and compliance functions reporting to the Audit Committee.

DIVIDEND

Dear shareholders, the company could not generate profits. Due to this reasons we could not declare dividend this year.

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

- The financial statements, prepared by the management of the Grays Leasing Limited, present its state of affairs fairly, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- There are no doubts upon the Company's ability to continue as going concern.
- Two Directors and Chief Executive are exempt from Directors' Training Programme due to 14 years of education and 15 years of experience on the board of listed companies. Two directors are already certified under the Directors Training Program. Remaining directors will undergo Directors' Training Program.

PATTERN OF SHAREHOLDING

A statement showing pattern of shareholding in the company as on 30 June 2021 is given herewith.

The Director CEO, CFO, Company Secretary and their spouses or minor children did not carry out any trade in the shares of the company during the year.

AUDITORS

The present auditors Messers Riaz Ahmad & Company, Chartered Accountants have retired. On the proposal of audit committee, the board recommends the appointment of Messers Riaz Ahmad & Company, Chartered Accountants as statutory auditor of the Company for the year ending June 30, 2022.

MATERIAL CHANGES

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 30 June 2021 and 07 October 2021.

IMPACT OF COMPANY'S BUSINESS ON ENVIRONMENT

Your Company strives to follow best practices such as paper less environment and conservation energy.

CORPORATE SOCIAL RESPONSIBILITY

The Company has plans to undertake activities with regard to CSR in future with focus on education and social welfare.

BOARD OF DIRECTORS AND BOARD COMMITTEES

The composition of Board of Directors and its sub-committees are given in the statement of compliance is appended to this report.

BOARD'S REMUNERATION POLICY

The board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors.

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BOARD OF DIRECTORS' MEETINGS

During the year, 4 meetings of the board were held. Attendance of each director is as under:

Name of Director	Attended	Leave granted
Mr. Khawar Anwar Khawaja	4	-
Mr. Muhammad Tahir Butt	4	-
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer Khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-
Mr. Abdul Qayum Malik	0	4
Mr. Muhammad Khalid Butt	4	-
Mrs. Nuzhat Kahwar Khawaja	3	1
Mr. Muhammad Arshad	-	-

AUDIT COMMITTEE MEETINGS

During the year, four meetings of the audit committee were held. Attendance of each director is as under:

	Attended	Leave granted
Mr. Khurram Anwar Khawaja	4	-
Mr. Omer khawar Khawaja	4	-
Mr. Iftikhar Ahmad Butt	4	-

HUMAN RESOURCE AND REMUNERATION COMMITTEE

During the year, two meetings of the human resource and remuneration committee were held. Attendance of each director is as under:

	Attended	Leave granted
Mr. Omer khawar Khawaja	2	-
Mr. Muhammad Tahir Butt	2	-
Mr. Khurram Anwar Khawaja	2	-

EVALUATION OF THE PERFORMANCE OF THE BOARD

GLL is in process to develop a formal process of evaluation of the performance of the Board of Directors and its committees. This evaluation will be carried out in-house on an annual basis.

CLARIFICATION TO QUALIFICATION IN AUDITOR'S REPORT

In their Report to the Members, Auditors have stated that allowance for potential lease losses is made in accordance with the criteria for classification and provisioning provided in Regulation No. 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 instead of Expected Credit Loss (ECL) Model of IFRS 9. Currently, the management is working on development of ECL model as per IFRS 9 and hopeful that from next financial year allowance for potential lease losses will be calculated using ECL model.

ACKNOWLEDGMENT

I would like to thank the banks and financial institutions for their support, the clients who provided us opportunity to serve them and company employees at all levels for their dedicated efforts.

ON BEHALF OF THE BOARD



Muhammad Tahir Butt
Chief Executive Director

07th October, 2021



Khawar Anwar Khawaja
Director

ڈائریکٹرز رپورٹ

گریز لیزنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2021 کو اختتام پذیر ہونے والے سال کے لیے اکیسویں ڈائریکٹرز رپورٹ بمعہ آڈٹ شدہ مالی اسٹیٹمنٹس مسرت سے پیش کرتے ہیں۔

عمل کاری کے نتائج:

کمپنی کے عمل کاری کے نتائج درج ذیل ہیں:

18,696,630	کل آمدن
(14,219,480)	کل اخراجات
4,477,150	منافع قبل از ٹیکس
	قواعد برائے ٹیکس:
(5,429,891)	موجودہ سال
147,371	گزشتہ سال
(840,906)	تاخیر برائے سال
(6,123,426)	نقصان بعد از ٹیکس
(1,646,276)	نقصان فی شیئر
(0.077)	

کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار

گزشتہ چھ سالوں کیلئے کلیدی آپریٹنگ اور دیگر مالیاتی اعداد و شمار اس رپورٹ کے بعد دیئے جائیں گے

مرکزی کام اور مالی اعداد و شمار

زیر جائزہ سال کے دوران، کمپنی نے (بغیر UFI) 132.91 ملین روپے کا کاروبار کیا (ملین 52.794: 2020)۔ 30 جون 2021 تک مالی لیز میں کل سرمایہ کاری 30 جون 2020 کے 502.466 ملین روپے کی جگہ 531.454 ملین تھی، جبکہ 30 جون 2021 تک کی حقیقی سرمایہ کاری گزشتہ سال کے 433.273 ملین روپے کی جگہ 464.488 ملین تھی۔ عوامل سے کل آمدن 2020 کے 18.913 ملین کی جگہ 18.697 ملین ہوئی۔ ٹیکس سے قبل منافع 4.447 ملین اور ٹیکس کے بعد میں نقصان 1.646 ملین روپے ہے جبکہ گزشتہ سال ٹیکس سے قبل اور بعد میں نقصان کے موازنہ میں بالترتیب 2.947 ملین روپے اور 3.871 ملین روپے تھا۔ سال کے دوران ہونے والے نقصان کی وجہ بنیادی طور پر ممکنہ ٹیکس واجبات میں اضافہ تھا۔ کمپنی کی Shareholders Equity 62.099 ملین روپے پر ہے۔

کریڈٹ کی درجہ بندی

JCR-VIS کریڈٹ ریٹنگ کمپنی لمیٹڈ (JCR-VIS) نے گریز لیزنگ لمیٹڈ (جی ایل ایل) کی کریڈٹ کی درجہ بندی کی BB-/B (ڈبل بی مائنس / سنگل B) پر دوبارہ توثیق کی ہے۔ مقرر کردہ درجہ بندی کا جائزہ "مستحکم" ہے۔

مستقبل کا جائزہ

کمرشل بنکس کی جانب سے کسی بھی فنڈنگ کی غیر موجودگی کی صورت میں کمپنی ملحقہ ادارے انورخولج انڈسٹریز پرائیویٹ لمیٹڈ، چیف ایگزیکٹو اور اندرونی رقم بذریعہ ریکوری کی جانب سے دستیاب فنڈز اور وصولی تدابیر کے ذریعے اندرونی کیش استعمال کر رہی ہے۔ ان اخراجات کا اثر موجودہ سال کے مالی معاملات پر اتنا اہم نہیں ہے، پھر بھی یہ حیات نو کی طرف ایک قدم ہے، انتظامیہ اگلے سال کے نتائج میں بہتری لانے کے لیے پرامید ہے۔

انتظامی خطرات

کمپنی کی سرگرمیوں کے تمام شعبوں میں خطرات ہیں۔ ان خطرات کے فریم ورک کو چلانے کے لیے مجموعی ذمہ داری بورڈ آف ڈائریکٹرز کی ہے، جو کمپنی کے خطرات کے انتظام کی پالیسیوں کی نظر ثانی، منظوری اور نگرانی میں فعل طور پر شامل ہے اور مناسب خطرناک داخلی کنٹرول سسٹم کو یقینی بنانے کے لیے یہ نگرانی خود مختار اندرونی آڈٹ اور تعین کے افعال کے ذریعے آڈٹ کمپنی کے حوالے سے لاگو ہوتا ہے۔

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ڈیویڈنڈ

عزیز شئیر ہولڈرز اس سال کمپنی کوئی منافع حاصل نہ کر سکی۔ اس وجہ سے ہم اس سال ڈیویڈنڈ کا اعلان نہیں کر سکے۔

کارپوریٹ اینڈ فنانسنگ رپورٹنگ فریم ورک

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی اسٹیٹمنٹس کمپنی کے معاملات، اس کے عوامل، کیش فلو اور ایکویٹی میں تبدیلی جائز طور پر پیش کرتی ہیں۔

☆ کمپنی کے باقاعدہ کھاتے برقرار رکھے گئے ہیں۔

☆ مالی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیاں مسلسل طور پر لاگو کی گئی ہیں اور اکاؤنٹنگ کے تخمینہ جات مناسب اور باشعور فیصلوں پر مبنی ہیں۔

☆ اندرونی کنٹرول کا نظام اپنے ڈھانچے میں درست ہے اور اس کا موثر طور پر اطلاق اور نگرانی کی گئی ہے۔

☆ کمپنی کے بطور جاری کاروبار رہنے کی قابلیت پر کوئی خاطر خواہ شبہات نہ ہیں۔

☆ دو ڈائریکٹر صاحبان اور چیف ایگزیکٹو کو 14 سالہ تعلیم اور 15 سالہ تجربے کی بناء پر تربیتی پروگرام میں شرکت چھوٹ حاصل ہے۔ دو ڈائریکٹر پہلے ہی

ڈائریکٹر ٹریننگ پروگرام کے تحت سند یافتہ ہیں۔ باقی ڈائریکٹر مقررہ وقت میں ڈائریکٹر ٹریننگ پروگرام مکمل کر لیں گے۔

شئیر ہولڈنگ کی ترتیب:

30 جون 2021 کو کمپنی میں شئیر ہولڈنگ کی ترتیب ظاہر کرتی ہوئی اسٹیٹمنٹ لف ہذا ہے۔ ڈائریکٹر، CEO، CFO، کمپنی سیکریٹری اور ان کی زوجین یا بچوں نے دوران سال

کمپنی کے شئیر کے کاروبار میں کوئی حصہ نہیں رکھا۔

آڈیٹرز

موجودہ آڈیٹر میسر ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس ریٹائر ہو گئے ہیں۔ آڈٹ کمیٹی اور بورڈ آف ڈائریکٹرز نے میسر ریاض احمد اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس کی بطور کمپنی آڈیٹر

برائے سال ختمہ 30 جون 2022 سفارش کی ہے۔

تبدیلیئے مواد

اس میں 30 جون 2021 اور 107 اکتوبر 2021 کے درمیان کوئی ایسے وعدے اور سامان نہیں ہے جو کمپنی کی مالی حیثیت کو متاثر کرے۔

کمپنی کے کاروبار کے ماحول پر اثرات

آپ کی کمپنی بہترین کمرشل طریقوں کی پیروی کرنے کی کوشش کرتی ہے جیسے کہ کاغذ کم ماحول اور توانائی کی حفاظت۔

کارپوریٹ سماجی ذمہ داری

کمپنی نے مستقبل میں کارپوریٹ سماجی ذمہ داری کے سلسلے میں تعلیم اور سماجی فلاح و بہبود میں سرگرمیاں انجام دینے کی منصوبہ بندی کی ہے۔

بورڈ آف ڈائریکٹرز اینڈ بورڈ کمیٹی

بورڈ آف ڈائریکٹرز اور زبیلی کمیٹیوں کی تفصیل اس رپورٹ میں شامل ہے جو تشکیل دی گئی ہے۔

بورڈ کی مشاہرہ پالیسی

بورڈ آف ڈائریکٹرز باقاعدگی سے ڈائریکٹرز کی بحالی کے لیے شفاف طریقہ کار اور پالیسیوں پر عمل پیرا ہیں۔

ڈائریکٹر اینڈ مینٹنگز

دوران سال، بورڈ کی 4 مینٹنگز ہوئی۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب خاور انور خواجہ	4	-
جناب محمد طاہر بٹ	4	-
جناب خرم انور خواجہ	4	-
جناب عمر خاور خواجہ	4	-
جناب افتخار احمد بٹ	4	-
جناب عبدالقیوم ملک	-	4
جناب محمد خالد بٹ	-	4
محترمہ مزہب خاور خواجہ	3	1
جناب محمد ارشد	-	-

Grays Leasing Limited

آڈٹ کمیٹی کی میٹنگز

دوران سال آڈٹ کمیٹی کی 4 میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے۔

نام ڈائریکٹر	حاضری	رخصت
جناب خرم انور خواجہ	4	-
جناب عمر خاور خواجہ	4	-
جناب افتخار احمد بٹ	4	-

انسانی وسائل و معاوضہ کمیٹی

دوران سال انسانی وسائل و معاوضہ کمیٹی کی دو میٹنگز ہوئیں۔ ہر ڈائریکٹر کی حاضری درج ذیل ہے:

نام ڈائریکٹر	حاضری	رخصت
جناب عمر خاور خواجہ	2	-
جناب محمد طاہر بٹ	2	-
جناب خرم انور خواجہ	2	-

بورڈ کی کارکردگی کا جائزہ

گریز لیننگ لمیٹڈ کے بورڈ آف ڈائریکٹرز اور اس کی کمیٹی کی کارکردگی کی تشخیص کا رسمی عمل جو تیاری میں ہے۔ اس تشخیص کو سالانہ بنیاد پر کیا جائیگا۔

آڈیٹرز کی رپورٹ میں قابلیت کی وضاحت

آڈیٹرز نے ممبرز کو اپنی رپورٹ میں ممکنہ لیز کے نقصانات کو متوقع کرڈٹ الاؤنس جو آئی ایف آر ایس -9 (ای سی ایل) کی طرز کار کرنے کی بجائے غیر بنکینگ فنانس کمپنیوں اور نوٹیفائیڈ اداروں کے 2008 کے ضابطہ نمبر 25 میں فراہم کردہ درجہ بندی اور فراہمی کے معیار کے مطابق کرنے کا کہا ہے۔ مینجمنٹ آئی ایف آر ایس -9 کے مطابق ای سی ایل طرز پر کام کر رہی ہے اور امید ہے کہ اگلے مالی سال سے ممکنہ لیز نقصانات کے الاؤنس کا حساب ای سی ایل کی طرز پر لیا جائے گا۔

اعتراف

میں اُن بکنس اور فنانسیشنل انسٹیٹیوشنز کا ان کی حمایت کے لیے شکریہ ادا کرنا چاہتا ہوں، اور ان کلائنٹس کا جنہوں نے ہمیں اپنی خدمت کا موقع دیا اور تمام درجے کے کمپنی ملازمین کا، ان کی مخلص کوششوں کے لیے۔

بجانب بورڈ

Lawrence Muneer

خاور انور خواجہ

ڈائریکٹر

Mahesh

محمد طاہر بٹ

چیف ایگزیکٹو

سیالکوٹ، 07 اکتوبر 2021

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KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021
PROFIT OR LOSS						
	(Rupees in Thousand)					
Revenue	10,222	10,910	9,892	14,928	18,913	18,697
Financial charges	2,022	2,395	2,813	2,730	7,045	1,448
Provision / (Reversal)for doubtful receivables	(3,407)	(2,276)	(2,220)	1,031	1,520	(886)
Profit / (Loss) before tax	176	(425)	(2,689)	(1,194)	(2,947)	4,477
Profit / (Loss) after tax	(714)	(904)	(4,378)	(1,858)	(3,871)	(1,646)
Dividend	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
FINANCIAL POSITION						
Paid up share capital	215,000	215,000	215,000	215,000	215,000	215,000
Shareholders' equity	74,626	73,768	69,363	67,467	63,743	62,099
Borrowings	25,000	40,000	42,500	57,500	57,500	60,000
Net investment in finance lease	400,993	420,668	421,020	435,838	433,273	464,488
Total assets	248,032	268,485	272,086	292,494	296,014	323,491
PERFORMANCE INDICATORS						
Profit / (Loss) before tax/Gross revenue	2%	-4%	-27%	-8%	-16%	24%
Profit / (Loss) after tax/Gross revenue	-7%	-8%	-44%	-12%	-20%	-9%
Pre tax return on shareholders' equity	0.2%	-0.6%	-3.9%	-1.8%	-4.6%	7.2%
After tax return on shareholders' equity	-1%	(0.01)	(0.06)	(0.03)	(0.06)	(0.03)
Income / expense ratio	0.76	0.80	0.67	0.99	0.93	1.24
Interest coverage ratio	(0.91)	(1.18)	(1.96)	(1.44)	(1.42)	2.09
Earning / (Loss) per share	(0.03)	(0.04)	(0.204)	(0.086)	(0.180)	(0.077)
Break up value per share	3.47	3.43	3.23	3.14	2.96	2.89
Lease disbursements (Excluding UFI)	65,686	79,525	57,251	80,224	52,794	132,916
Number of contracts	29	33	28	26	21	35

Grays Leasing Limited

STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 NAME OF COMPANY: GRAYS LEASING LIMITED YEAR ENDED: JUNE 30, 2021

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are **08** as per the following:
 - a. Male: **7**
 - b. Female: **1**

2. The composition of board is as follows:

	Category	Names
a)	Independent Directors	Mr. Iftikhar Ahmed Butt Mr. Abdul Qayyum Malik Mr. Muhammad Arshad
b)	Other Non-executive Directors	Mr. Khawar Anwar Khawaja Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja Mrs. Nuzhat Khawar Khawaja
c)	Executive Director	Mr. Muhammad Tahir Butt (CEO)

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company;
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures;
5. The Board has developed a vision/mission statement, overall corporate strategy and significant policies of the Company. The Board has ensured that a complete record of particulars of significant policies along with their date of approval or updating is maintained by the Company;
6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by Board/shareholders as empowered by the relevant provisions of the Act and these Regulations;
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of Board;
8. The Board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations;
9. The Board has arranged Directors' Training Program for the following:
 - i) Mr. Omer Khawar Khawaja
 - ii) Mr. Abdul Qayyum Malik
10. The Board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;
11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
 - a) Audit Committee

Mr. Iftikhar Ahmed Butt (Chairman)
Mr. Omer Khawar Khawaja (Member)
Mr. Khurram Anwar Khawaja (Member)
 - b) HR and Remuneration Committee

Mr. Omer Khawar Khawaja (Chairman)
Mr. Khurram Anwar Khawaja (Member)
Mr. Muhammad Tahir Butt (Member)
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance;
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Four meetings were held during the financial year ended 30 June 2021.
 - b) HR and Remuneration Committee: Two meetings were held during the financial year ended 30 June 2021.
15. The board has setup of an effective internal audit function who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, Company secretary or director of the Company;

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Sr. No.	Requirement	Explanation of Non-Compliance	Regulation Number
1	Representation of Minority shareholders The minority members as a class shall be facilitated by the Board to contest election of directors by proxy solicitation.	No one intended to contest election as director representing minority shareholders	5
2	Responsibilities of the Board and its members The Board is responsible for adoption of corporate governance practices by the Company.	Non-mandatory provisions of the Regulations are partially complied. The Company is deliberating on full compliance with all provisions of Regulations.	10(1)
3	Annual evaluation of Board's own performance The Board of the Company shall ensure that a formal and effective mechanism is put in place for an annual evaluation of Board's own performance, members of the Board and its committees.	The Company will comply with this requirement of the Regulations in the next financial year.	10(3)(v)
4	Formal policy The Board shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for attending meetings of the Board and its committees.	The Board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations	16
5	Directors Orientation Program The Company shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the Company for and on behalf of shareholders.	The Company will comply with this requirement of the Regulations in the next financial year.	18
6	Requirement to attain certification It is encouraged that atleast 75% of the directors have obtained Director Training Program (DTP) certification by 30 June 2021.	Currently two directors have attained DTP certification. Three directors meet the criteria of minimum 14 years of education and 15 years of experience on the Board of listed companies for whom the Company is in process of applying SECP for obtaining exemption. Further, the Company has planned to arrange DTP certification for remaining directors in the next year.	19
7	Qualification of chief financial officer	The Company will comply with this requirement of the Regulations in the next financial year.	22
8	Qualification of company secretary	The Company will comply with this requirement of the Regulations in the next financial year.	24
9	Human Resource and Remuneration Committee 1) There shall be a human resource and remuneration committee of atleast three members comprising a majority of non-executive directors of whom atleast one member shall be an independent director. 2) The chairman of the committee shall be an independent director.	The Company will appoint independent director in human resource and remuneration committee in the next financial year.	28(1)
10	Nomination Committee The Board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	Currently, the Board has not constituted a separate nomination committee and the functions are being performed by the human resource and remuneration committee. The Board shall consider to constitute nomination committee in the next financial year.	29
11	Risk Management Committee The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	Currently, the Board has not constituted a risk management committee and senior officer of the Company performs the requisite functions and apprise the Board accordingly. The Board shall consider to constitute risk management committee in the next financial year.	30
12	Disclosure of significant policies on website The Company may post key elements of its significant policies, brief synopsis of terms of reference of the Board's committees on its website and key elements of directors' remuneration policy.	Although these are well circulated among relevant employees and directors, the Board shall consider posting such policies and synopsis on its website in near future.	35



Signature
(KHAWAR ANWAR KHUWAJA)
Chairman

Chairman's Report

Review Report by the Chairman on Board's overall Performance u/s 192 of the Companies Act 2017:

As required under the Code of Corporate Governance, an annual evaluation of the Board of Directors of (the "Board") of Grays Leasing Limited (the "Company") is carried out. The purpose of this evaluation is to ensure that the Board's overall performance and effectiveness is measured and benchmarked against expectations in the context of objectives set for the Company. Areas where improvements are required are duly considered and action plans are framed.

The Board has recently completed its annual self-evaluation for the year ended June 30, 2021 and I report that:

The overall performance of the Board measured on the basis of approved criteria for the year was satisfactory.

The overall assessment as Satisfactory is based on an evaluation of the following integral components, which have a direct bearing on Board's role in achievement of Company's objectives:

1. Vision, mission and values: Board members are familiar with the current vision, mission and values and support them. The Board revisits the mission and vision statement from time to time.
2. Engagement in strategic planning: Board has a clear understanding of the stakeholders (shareholders, customers, employees, Society at large) whom the Company serves. The Board has a strategic vision of how the organization should be evolving over the next three to five years. Further Board sets annual goals and targets for the management in all major performance areas.
3. Diligence: The Board members diligently performed their duties and thoroughly reviewed, discussed and approved Business Strategies, Corporate Objectives, plans, budgets, financial statements and other reports. It received clear and succinct agendas and supporting written material in sufficient time prior to board and committee meetings. The board met frequently enough to adequately discharge its responsibilities.
4. Monitoring of organization's business activities: The Board remained updated with respect to achievement of Company's objectives, goals, strategies and financial performance through regular presentations by the management, internal and external auditors. The Board provided appropriate direction and oversight on a timely basis.
5. Diversity and Mix: The Board members effectively bring the diversity to the Board and constitute a mix of independent and non-executive directors. The non-executive and independent directors were equally involved in important board decisions.
6. Governance and Control Environment: The Board has effectively set the tone-at-the-top, by putting in place transparent and robust system of governance. This is reflected by setting up an effective control environment, compliance with best practices of corporate governance and by promoting ethical and fair behavior across the Company.



Khawar Anwar Khawaja
Director

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INDEPENDENT AUDITOR'S MODIFIED REVIEW REPORT

To the members of Grays Leasing Limited Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Grays Leasing Limited (the Company) for the year ended 30 June 2021 in accordance with the requirements of regulation 36 of the Regulations.

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

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

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

Following instances of the non-compliance with the requirements of the Regulations were observed which are not stated in the Statement of Compliance:

- i) The Board of Directors of the Company was reconstituted on 26 October 2020. Total eight members were elected out of them two were independent directors. As per regulation 6(1) of the Regulations, the Company was required to elect three independent directors. This non-compliance was highlighted by Securities and Exchange Commission of Pakistan (SECP), hence, on 02 June 2021 a non-executive director resigned in whose place independent director was appointed. Therefore, from 26 October 2020 to 01 June 2021 total number of independent directors on the Board of Directors of the Company was not in compliance with the aforesaid regulation. Subsequent to the reporting date, SECP sanctioned the approval of the appointment of the Board of Directors with three independent directors.
- ii) There is only one employee in the internal audit department of the Company who is head of internal audit. Internal audit reports were not shared with us, hence, we could not ensure the effectiveness of the internal audit function.

Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2021.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore

Date: October 07, 2021

INDEPENDENT AUDITOR'S REPORT To the members of Grays Leasing Limited Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the annexed financial statements of Grays Leasing Limited (the Company), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the statement of financial position, the 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 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 30 June 2021 and of the loss, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Qualified Opinion

Allowance for potential lease losses is made in these financial statements in accordance with the criteria for classification and provisioning provided in Regulation No. 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In accordance with SRO 279(I)/2020 dated 31 March 2020 issued by Securities and Exchange Commission of Pakistan (SECP) the aforesaid Regulation is only applicable where implementation of International Financial Reporting Standard (IFRS) 9 "Financial Instruments" has been deferred as per SRO 273(I)/2020 dated 30 March 2020 issued by SECP. The Company has adopted IFRS 9 from 01 July 2018, therefore, provisioning against lease receivables should be made in accordance with Expected Credit Loss model of IFRS 9 instead of Regulation No. 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In the absence of Expected Credit Loss model of IFRS 9, we were unable to determine the financial impact of this matter on these financial statements.

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 qualified opinion.

Key Audit Matters

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

Except for the matter described in the *Basis for Qualified Opinion* section, we have determined that there are no key audit matters to communicate in our report.

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 annual report, 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 do 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 conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, we are unable to conclude whether or not the other information is materially misstated with respect to matter stated therein.

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Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of 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.

Board of directors are 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.

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

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

Report on Other Legal and Regulatory Requirements

Except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, 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, the 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 and returns;
- 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).

Other Matter

The financial statements for the year ended 30 June 2020 were audited by another firm of Chartered Accountants whose auditor's report dated 18 September 2020 expressed unmodified opinion.

The engagement partner on the audit resulting in this independent auditor's report is Syed Mustafa Ali.



RIAZ AHMAD & COMPANY
Chartered Accountants

Lahore


Date: October 07, 2021

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STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Current assets			
Cash and bank balances	3	12,910,945	17,096,476
Advances and prepayment	4	1,119,777	932,910
Sales tax recoverable		934,792	796,742
Other receivable	5	-	51,567
Current maturity of non-current assets	6	179,778,116	186,458,776
		194,743,630	205,336,471
Non-current assets			
Net investment in lease finance	7	126,522,006	87,740,912
Long term security deposits and prepayment	8	373,500	623,500
Deferred income tax asset	9	-	-
Fixed assets	10	615,137	695,700
Right-of-use asset	11	1,236,996	1,617,050
		128,747,639	90,677,162
TOTAL ASSETS		323,491,269	296,013,633
LIABILITIES			
Current liabilities			
Loans from related parties	12	60,000,000	57,500,000
Accrued and other liabilities	13	4,276,185	3,436,065
Accrued mark-up	14	-	5,172,580
Current maturity of non-current liabilities	15	119,560,973	124,607,534
Unclaimed dividend		777,785	777,785
Provision for taxation - net	16	4,472,328	344,432
		189,087,271	191,838,396
Non-current liabilities			
Deposits on lease contracts	17	69,021,115	36,835,789
Lease liability	18	519,907	1,091,199
Deferred income tax liability	9	841,685	-
Employees' retirement benefit	19	1,922,719	2,505,309
		72,305,426	40,432,297
TOTAL LIABILITIES		261,392,697	232,270,693
NET ASSETS		62,098,572	63,742,940
REPRESENTED BY:			
Authorized share capital			
35,000,000 (2020: 35,000,000) ordinary shares of Rupees 10 each		350,000,000	350,000,000
Issued, subscribed and paid-up share capital			
21,500,000 (2020: 21,500,000) ordinary shares of Rupees 10 each	20	215,000,000	215,000,000
Statutory reserve	21	59,256,615	59,256,615
Accumulated loss		(212,158,043)	(210,513,675)
Shareholders' equity		62,098,572	63,742,940
Contingencies and commitments	22		
		62,098,572	63,742,940

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
 DIRECTOR


MUHAMMAD AVAIS IBRAHIM
 CHIEF FINANCIAL OFFICER

Grays Leasing Limited

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2021

	Note	2021 Rupees	2020 Rupees
REVENUE			
Income from lease operations	23	16,370,236	17,037,787
Other income	24	2,326,394	1,875,001
		<u>18,696,630</u>	<u>18,912,788</u>
EXPENDITURE			
Administrative and other operating expenses	25	(13,657,934)	(13,295,500)
Financial and other charges	26	(1,447,736)	(7,044,780)
Allowance for potential lease losses - net	7.2	886,190	(1,519,483)
		<u>(14,219,480)</u>	<u>(21,859,763)</u>
PROFIT / (LOSS) BEFORE TAXATION		4,477,150	(2,946,975)
Taxation	27	(6,123,426)	(923,677)
LOSS AFTER TAXATION		<u>(1,646,276)</u>	<u>(3,870,652)</u>
Loss per share - basic and diluted	28	<u>(0.077)</u>	<u>(0.180)</u>

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


MUHAMMAD TAHIR BUTT
 CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
 DIRECTOR



MUHAMMAD AVAIS IBRAHIM
 CHIEF FINANCIAL OFFICER

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STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
LOSS AFTER TAXATION	(1,646,276)	(3,870,652)
OTHER COMPREHENSIVE INCOME :		
Item that will not be reclassified to profit or loss		
Gain on remeasurement of defined benefit obligation	2,687	206,716
Deferred tax on remeasurement of defined benefit obligation	(779)	(59,948)
	1,908	146,768
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive income for the year - net of tax	1,908	146,768
TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(1,644,368)	(3,723,884)

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
DIRECTOR



MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

Grays Leasing Limited

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE STATUTORY RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
	----- Rupees -----			
Balance as at 30 June 2019	215,000,000	59,256,615	(206,789,791)	67,466,824
Loss for the year	-	-	(3,870,652)	(3,870,652)
Other comprehensive income for the year	-	-	146,768	146,768
Total comprehensive loss for the year	-	-	(3,723,884)	(3,723,884)
Balance as at 30 June 2020	215,000,000	59,256,615	(210,513,675)	63,742,940
Loss for the year	-	-	(1,646,276)	(1,646,276)
Other comprehensive income for the year	-	-	1,908	1,908
Total comprehensive loss for the year	-	-	(1,644,368)	(1,644,368)
Balance as at 30 June 2021	215,000,000	59,256,615	(212,158,043)	62,098,572

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
DIRECTOR



MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

Annual Report 2021

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2021

	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	4,477,150	(2,946,975)
Adjustments for non-cash charges and other items:		
Depreciation	495,637	443,976
Provision for gratuity	410,220	547,527
Financial and other charges	1,447,736	7,044,780
(Reversal of) / allowance for potential lease losses - net	(886,190)	1,519,483
Gain on disposal of fixed assets	(6,715)	(439,589)
Profit on bank deposits	(437,979)	(452,981)
	1,022,709	8,663,196
Operating profit before working capital changes	5,499,859	5,716,221
(Increase) / decrease in advances and prepayment	(186,867)	25,717
Increase in sales tax recoverable	(138,050)	(239,131)
Decrease / (increase) in other receivable	51,567	(51,567)
Increase / (decrease) in accrued and other liabilities	840,121	(271,474)
Cash generated from operations	6,066,630	5,179,766
Financial charges paid	(6,620,316)	(2,006,830)
Income tax paid	(1,154,625)	(902,287)
Gratuity paid	(990,123)	-
Decrease / (increase) in long term security deposits and prepayment - net	250,000	(267,030)
Net cash (used in) / generated from operating activities	(2,448,434)	2,003,619
CASH FLOWS FROM INVESTING ACTIVITIES		
Net investment in lease finance - net	(31,214,244)	2,564,941
Fixed assets acquired	(161,305)	-
Fixed assets disposed of	133,000	724,996
Profit on bank deposits received	437,979	452,981
Net cash (used in) / from investing activities	(30,804,570)	3,742,918
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds of loan from related party	5,000,000	-
Repayment of loans to related parties	(2,500,000)	-
Repayment of lease liability	(486,822)	(297,110)
Deposits on lease contracts - net	27,054,295	1,176,070
Net cash from financing activities	29,067,473	878,960
Net (decrease) / increase in cash and cash equivalents	(4,185,531)	6,625,497
Cash and cash equivalents at the beginning of the year	17,096,476	10,470,979
Cash and cash equivalents at the end of the year	12,910,945	17,096,476

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
DIRECTOR


MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1** Grays Leasing Limited (the Company) is a public limited company incorporated in Pakistan under the repealed Companies Ordinance, 1984 (Now Companies Act, 2017). The Company's shares are listed on Pakistan Stock Exchange Limited. The Company is engaged in leasing business. It has been classified as a Non-Banking Finance Company (NBFC).
- 1.2** As on the reporting date, equity of the Company is Rupees 62,098,572. The Company as a non-deposit taking NBFIs meets the minimum equity requirement of Rupees 50.000 million. During the year, the Company has sanctioned and recovered amounting to Rupees 152,712,540 and Rupees 94,745,662 respectively against gross investment in lease finance. Further, during the year, the Company earned income of Rupees 16,370,236 from lease operations. Sponsors of the Company have sanctioned credit facilities of Rupees 75,000,000 out of which loans of Rupees 60,000,000 have been utilized by the Company for working capital requirements. The sponsors of the Company have explicitly provided a commitment to provide the necessary support to the Company, if the need arises, to address any liquidity and minimum equity requirement to enable the Company to continue its business.
- 1.3** Geographical locations and addresses of all business units are as follows:

Sr. No.	Offices	Address
1	Head office and Registered office	701-A, 7th floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore.
2	Islamabad branch office	Flat No. 2, Block No. 4-A, Street No. 6, Sector I-8/1, Islamabad.
3	Karachi branch office	House No. L-64, Block-12, Gulistan-e-Johar, Karachi.
4	Sialkot branch office	P.O Box No. 10, Small Industries Estate, Sialkot.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

a) 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 applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;
- Provisions of and directives issued under the Companies Act, 2017 along with part VIIIA of the repealed Companies Ordinance, 1984; 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).

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d) Amendments to published approved accounting standards that are effective in current year and are relevant to the Company

Following amendments to published approved accounting standards are mandatory for the Company's accounting periods beginning on or after 01 July 2020:

- IAS 1 (Amendments) 'Presentation of Financial Statements' and IAS 8 (Amendments) 'Accounting Policies, Changes in Accounting Estimates and Errors';
- International Accounting Standards Board's revised Conceptual Framework – March 2018;
- IFRS 16 (Amendments) 'Leases';
- Interest Rate Benchmark Reform which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures'.

The above-mentioned amendments to approved accounting standards did not have any impact on the amounts recognised in prior period and are not expected to significantly affect the current or future periods.

e) Amendments to published approved accounting standards that are effective in current year but not relevant to the Company

There are amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2020 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

f) Amendments to published approved accounting standards that are not yet effective but relevant to the Company

Following amendments to existing standards have been published and are mandatory for the Company's accounting periods beginning on or after 01 July 2021 or later periods:

Classification of liabilities as current or non-current (Amendments to IAS 1 'Presentation of Financial Statements') effective for the annual period beginning on or after 01 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity shall apply those amendments retrospectively in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets') effective for the annual period beginning on or after 01 January 2022 amends IAS 1 'Presentation of Financial Statements' by mainly adding paragraphs which clarifies what comprise the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

Where provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations differ from the IFRSs, the provisions of and directives issued under the Companies Act, 2017, part VIIIA of the repealed Companies Ordinance, 1984, the NBFC Rules, and the NBFC Regulations have been followed.

b) Accounting convention

These financial statements have been prepared under historical cost convention except as otherwise stated in the respective accounting policies.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas involving a higher degree of judgments or complexity or areas where assumptions and estimates are significant to the financial statements are as follows:

Useful lives, patterns of economic benefits and impairments

Estimates with respect to residual values and useful lives and pattern of flow of economic benefits are based on the analysis of the management of the Company. Further, the Company reviews the value of assets for possible impairment on an annual basis. Any change in the estimates in the future might affect the carrying amount of respective item of fixed asset, with a corresponding effect on the depreciation charge and impairment.

Income tax

In making the estimates for income tax currently payable by the Company, the management takes into account the current income tax law and the decisions of appellate authorities on certain issues in the past.

Allowance for expected credit losses

The allowance for Expected Credit Losses (ECLs) assessment requires a degree of estimation and judgement. It is based on the lifetime expected credit loss, grouped based on days overdue, and makes assumptions to allocate an overall expected credit loss rate for each group. These assumptions include recent experience and historical collection rates.

Provisions

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

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Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16 'Property, Plant and Equipment') effective for the annual period beginning on or after 1 January 2022. Clarifies that sales proceeds and cost of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2 'Inventories'. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The following annual improvements to IFRS standards 2018-2020 are effective for annual reporting periods beginning on or after 01 January 2022:

- IFRS 9 'Financial Instruments' – The amendment clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
- IFRS 16 'Leases' – The amendment partially amends Illustrative Example 13 accompanying IFRS 16 'Leases' by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.

Disclosure of Accounting Policies (Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice Statement 2 'Making Materiality Judgement') effective for annual periods beginning on or after 01 January 2023. These amendments are intended to help preparers in deciding which accounting policies to disclose in their financial statements. Earlier, IAS 1 states that an entity shall disclose its 'significant accounting policies' in their financial statements. These amendments shall assist the entities to disclose their 'material accounting policies' in their financial statements.

Covid-19-Related Rent Concessions (Amendment to IFRS 16 'Leases') effective for annual reporting periods beginning on or after 01 April 2021. These amendments permit a lessee to apply the practical expedient regarding COVID-19-related rent concessions. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12 'Income taxes') effective for annual periods beginning on or after 01 January 2023. These amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations.

Change in definition of Accounting Estimate (Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors') effective for annual periods beginning on or after 1 January 2023. This change replaced the definition of Accounting Estimate with a new definition, intended to help entities to distinguish between accounting policies and accounting estimates.

Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9 'Financial Instruments', IAS 39 'Financial Instruments: Recognition and Measurement', IFRS 4 'Insurance Contracts' and IFRS 7 'Financial Instruments: Disclosures' is applicable for annual financial periods beginning on or after 01 January 2021. The changes made relate to the modification of financial assets, financial liabilities and lease liabilities, specific hedge accounting requirements, and disclosure requirements applying IFRS 7 to accompany the amendments regarding modifications and hedge accounting.

The above amendments and improvements are likely to have no significant impact on the financial statements.

g) Standards and amendments to approved published standards that are not yet effective and not considered relevant to the Company

There are other standards and amendments to published standards that are mandatory for accounting periods beginning on or after 01 July 2021 but are considered not to be relevant or do not have any significant impact on the Company's financial statements and are therefore not detailed in these financial statements.

2.2 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits, other short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value and short term borrowings under mark-up arrangements.

2.3 Net Investment in lease finance

Leases where the company transfers substantially all the risks and rewards incidental to ownership of the assets to the lessee are classified as finance leases. Net investment in lease finance is stated at an amount equal to the aggregate of the minimum lease payments receivable, including any guaranteed residual value and excluding any unearned income, write-offs and provision for potential lease losses, if any.

2.4 Allowance for potential lease losses

The specific allowance for potential lease losses, if any, is made quarterly in accordance with the Securities and Exchange Commission of Pakistan's the Non-Banking Finance Companies and Notified Entities Regulations, 2008. In accordance with the SECP Regulations, the Company does not recognize income on finance lease receivables which have been classified.

2.5 Investments and other financial assets

a) Classification

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

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those to be measured at amortized cost

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The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. The Company reclassifies debt investments when and only when its business model for managing those assets changes.

b) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in other income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other income / (other expenses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through other comprehensive income (FVTOCI)

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment losses (and reversal of impairment losses), interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other income / (other expenses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other income/ (other expenses) and impairment losses are presented as separate line item in the statement of profit or loss.

Fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt instrument that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other income / (other expenses) in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value for financial instruments quoted in an active market, the fair value corresponds to a market price (level 1). For financial instruments that are not quoted in an active market, the fair value is determined using valuation techniques including reference to recent arm's length market transactions or transactions involving financial instruments which are substantially the same (level 2), or discounted cash flow analysis including, to the greatest possible extent, assumptions consistent with observable market data (level 3).

Fair value through other comprehensive income (FVTOCI)

Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVTOCI are not reported separately from other changes in fair value.

Fair value through profit or loss

Changes in the fair value of equity investments at fair value through profit or loss are recognised in other income/ (other expenses) in the statement of profit or loss as applicable.

Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

2.6 Financial liabilities – classification and measurement

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in statement of profit or loss. Any gain or loss on de-recognition is also included in profit or loss.

2.7 Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For other receivables, the Company applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Allowance for potential lease losses is made in accordance with the criteria for classification and provisioning provided in Regulation No. 25 of the NBFC Regulations.

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2.8 De-recognition

a) Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognized financial assets that is created or retained by the Company is recognized as a separate asset or liability.

b) Financial liabilities

The Company derecognizes a financial liability (or a part of financial liability) from its statement of financial position when the obligation specified in the contract is discharged or cancelled or expires.

2.9 Offsetting of financial instruments

Financial assets and financial liabilities are set off and the net amount is reported in the financial statements when there is a legal enforceable right to set off and the Company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

2.10 Fixed assets

Fixed assets except for land are stated at cost less accumulated depreciation and any identified impairment losses. Additions are stated at cost less accumulated depreciation and any identified impairment losses. Land is stated at cost less impairment loss, if any.

Depreciation on all fixed assets is charged to income by applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation is being charged at the rates given in Note 10.

Depreciation on additions to fixed assets is charged from the day the asset is available for use while no depreciation is charged from the day on which asset is disposed of.

The assets' residual values and useful lives are reviewed at each financial year end, and adjusted if impact on depreciation is significant.

2.11 Right-of-use assets

A right-of-use asset is recognized at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is shorter. Where the Company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is charged over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The Company has elected not to recognize a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are charged to income as incurred.

2.12 Lease liabilities

A lease liability is recognized at the commencement date of a lease. The lease liability is initially recognized at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are re-measured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is re-measured, an adjustment is made to the corresponding right-of-use asset, or to statement of profit or loss if the carrying amount of the right-of-use asset is fully written down.

2.13 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and are tested annually for impairment. Assets that are subject to depreciation are reviewed for impairment at each statement of financial position date or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount for which assets carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Reversals of the impairment losses are restricted to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if impairment losses had not been recognized. An impairment loss or reversal of impairment loss is recognized in the statement of profit or loss.

2.14 Employees' benefits

a) Employees' retirement benefit

The company operates a non-funded defined benefit gratuity scheme for its permanent employees who have completed the qualifying service period of three years. Provision in respect of the scheme is made in accordance with the actuarial recommendations. Experience adjustments in defined benefit obligation are recognized immediately in other comprehensive income.

b) Employees' compensated absences

The company provides for liability in respect of employees' compensated absences in the year in which these are earned.

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2.15 Taxation

Current

Provision of current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted. The charge for current tax also includes adjustments, where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred

Deferred tax is accounted for using the liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Deferred tax is calculated at the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

2.16 Borrowings

Financing and borrowings are recognized initially at fair value and are subsequently stated at amortized cost. Any difference between the proceeds and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

2.17 Borrowing costs

Mark-up, interest and other charges on borrowings are capitalized up to the date of commissioning of the qualifying asset, acquired out of the proceeds of such borrowings. All other mark-up, interest and other charges are charged to income.

2.18 Accrued and other liabilities

Liabilities for trade and other amounts payable are initially recognized at fair value, which is normally the transaction cost.

2.19 Provisions

Provisions are recognized when the company has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made.

2.20 Revenue recognition

Mark-up / return on investments and fund placements are recognized on a time proportion basis. The Company follows the finance method in accounting for recognition of lease income. Under this method, the unearned lease income, i.e., the excess of aggregate lease rentals and the residual value over the cost of leased asset is deferred and then amortized to income over the term of the lease, so as to produce a constant rate of return on the net investment in lease finance. Income on non-performing loans is recognized on receipt basis in accordance with SECP regulations. Front-end fees, documentation charges and other lease related income are taken to income currently. Additional lease rentals being late payment charges on lease rentals are recognized on receipt basis.

2.21 Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the functional currency). The financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

2.22 Foreign currency transactions and translation

All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the reporting date. Transactions in foreign currencies are translated into Pak Rupees at exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are charged or credited to statement of profit or loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated into Pak Rupees at exchange rates prevailing at the date of transaction. Non-monetary assets and liabilities denominated in foreign currency that are stated at fair value are translated into Pak Rupees at exchange rates prevailing at the date when fair values are determined.

2.23 Contingent assets

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 recognized until their realization becomes certain.

2.24 Contingent liabilities

Contingent liability is disclosed when the Company has a possible obligation as a result of past events 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 liabilities are not recognized, only disclosed, unless the possibility of a future outflow of resources is considered remote. In the event that the outflow of resources associated with a contingent liability is assessed as probable, and if the size of the outflow can be reliably estimated, a provision is recognized in the financial statements.

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2.25 Earnings per share

The Company presents earnings per share (EPS) data for its ordinary shares. EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year.

2.26 Share capital

Ordinary shares are classified as share capital. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax.

2.27 Dividend and other appropriations

Dividend distribution to the Company's shareholders is recognized as a liability in the Company's financial statements in the period in which the dividends are declared and other appropriations are recognized in the period in which these are approved by the Board of Directors.

2.28 Ijara contracts

Under the Ijarah contracts the Company obtains usufruct of an asset for an agreed period for an agreed consideration. The Company accounts for its Ijarah contracts in accordance with the requirements of IFAS 2 'Ijarah'. Accordingly, the Company as a Mustaj'ir (lessee) in the Ijarah contract recognises the Ujrah (lease) payments as an expense in the profit and loss on straight line basis over the Ijarah term.

2.29 Other receivables

Other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses.

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	2021 Rupees	2020 Rupees
3. CASH AND BANK BALANCES		
Cash in hand	259,905	132,831
Cash with banks:		
Balance with State Bank of Pakistan	13,371	7,776
Current accounts	3,874,160	9,191,787
Saving accounts (Note 3.1)	8,763,509	7,764,082
	<u>12,910,945</u>	<u>17,096,476</u>
3.1 Rate of profit on bank deposits ranges from 5.50% to 5.65% (2020: 4.52% to 8.04%) per annum.		
	2021 Rupees	2020 Rupees
4. ADVANCES AND PREPAYMENT		
Advances - considered good:		
Advance against expenses	341,890	75,610
Advances to employees (Note 4.1)	<u>415,000</u>	<u>492,719</u>
	756,890	568,329
Prepayment		
Current maturity of prepayment shown under non-current assets (Note 8)	<u>362,887</u>	<u>364,581</u>
	<u>1,119,777</u>	<u>932,910</u>
4.1 These represent unsecured and interest free advances given to employees of the Company against salaries. These include advance of Rupees 0.295 million (2020: Rupees 0.335 million) receivable from Chief Financial Officer of the Company. Maximum aggregate amount outstanding at the end of any month during the year was Rupees 0.330 million (2020: Rupees 0.220 million).		
	2021 Rupees	2020 Rupees
5. OTHER RECEIVABLE		
Considered good:		
Other receivable	<u>-</u>	<u>51,567</u>
6. CURRENT MATURITY OF NON-CURRENT ASSETS		
Net investment in lease finance (Note 7)	<u>179,778,116</u>	<u>186,458,776</u>
	2021 Rupees	2020 Rupees
7. NET INVESTMENT IN LEASE FINANCE		
Lease rentals receivable	343,423,479	341,489,371
Add: Guaranteed residual value of leased assets	<u>188,030,927</u>	<u>160,976,632</u>
Gross investment in lease finance (Note 7.1)	531,454,406	502,466,003
Less: Unearned finance income	<u>(66,966,725)</u>	<u>(69,192,566)</u>
Net investment in lease finance (Note 7.1 and Note 7.3)	464,487,681	433,273,437
Less: Allowance for potential lease losses (Note 7.2)	<u>(158,187,559)</u>	<u>(159,073,749)</u>
Net investment in lease finance - net off provision (Note 7.3)	306,300,122	274,199,688
Less: Current maturity shown under current assets (Note 6)	<u>(179,778,116)</u>	<u>(186,458,776)</u>
	<u>126,522,006</u>	<u>87,740,912</u>

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7.1

	GROSS INVESTMENT IN LEASE FINANCE		NET INVESTMENT IN LEASE FINANCE	
	2021	2020	2021	2020
	Rupees	Rupees	Rupees	Rupees
Not later than one year	392,856,042	396,427,848	337,965,675	345,532,525
Later than one year but not later than five years	138,598,364	106,038,155	126,522,006	87,740,912
	<u>531,454,406</u>	<u>502,466,003</u>	<u>464,487,681</u>	<u>433,273,437</u>
Less: Unearned finance income	(66,966,725)	(69,192,566)		
	<u>464,487,681</u>	<u>433,273,437</u>		

7.1.1 There are no lease contract receivables over five years. The Company's implicit rate of return on leases ranges from 7.84% to 30% per annum (2020: 7.84% to 30.00% per annum). In certain cases, in addition to leased assets the leases are secured against post dated cheques, personal guarantees and charge on properties of the lessees.

7.1.2 Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 33.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2021 Rupees	2020 Rupees
7.2 ALLOWANCE FOR POTENTIAL LEASE LOSSES		
Balance as at 01 July	159,073,749	157,554,266
Add: Allowance for potential lease losses made during the year	317,359	3,751,969
Less: Reversal of allowance for potential lease losses during the year	(1,203,549)	(2,232,486)
Allowance for potential lease losses - net	(886,190)	1,519,483
Balance as at 30 June	<u>158,187,559</u>	<u>159,073,749</u>

7.3 Net investment in lease finance includes an amount of Rupees 3.910 million (2020: Rupees 4.749 million) receivable from Mr. Muhammad Avais Ibrahim - Chief Financial Officer of the Company. The maximum aggregate of amount receivable from Chief Financial Officer of the Company at the end of any month during the year was Rupees 3.910 million (2020: Rupees 4.857 million). The age analysis of receivable from Chief Financial Officer of the Company is as follows:

	2021 Rupees	2020 Rupees
Neither past due nor impaired	3,168,000	3,168,000
Past due up to 179 days but not impaired	-	-
Past due 180-364 days - impaired	-	-
Past due more than one year and less than one and half year	-	1,580,886
Past due more than one and half year	742,149	-
	<u>3,910,149</u>	<u>4,748,886</u>
Less: Allowance for potential lease losses	-	-
	<u>3,910,149</u>	<u>4,748,886</u>

7.3.1 In accordance with the Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008, finance lease income against this lease facility is being suspended. Further, provision against outstanding balance of principal is not required due to adjustment of security deposit and forced sale value of leased asset.

	2021 Rupees	2020 Rupees
8. LONG TERM SECURITY DEPOSITS AND PREPAYMENT		
Security deposits	373,500	373,500
Prepayment	362,887	614,581
	<u>736,387</u>	<u>988,081</u>
Less: Current maturity of prepayment shown under current assets (Note 4)	(362,887)	(364,581)
	<u>373,500</u>	<u>623,500</u>

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2021
Rupees

2020
Rupees

9. DEFERRED INCOME TAX

Deferred income tax assets / (liabilities) arising due to:

Taxable temporary differences on:

Accelerated tax depreciation	(84,282,320)	(85,970,742)
Right-of-use asset	(358,729)	-

Deductible temporary differences on:

Tax losses	82,931,165	89,411,223
Provision for gratuity	557,589	726,540
Lease liability	310,610	-
	<u>(841,685)</u>	<u>4,167,021</u>
Less: Deferred income tax asset not recognized	-	(4,167,021)
	<u>(841,685)</u>	<u>-</u>

9.1 Movement in deferred tax balances during the year is as follows:

	2021			
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance
	-----Rupees-----			
Accelerated tax depreciation	(85,970,742)	1,688,422	-	(84,282,320)
Right-of-use asset	-	(358,729)	-	(358,729)
Tax losses:				
Available	89,411,223	(6,480,058)	-	82,931,165
Movement in deferred tax not recognised	(4,167,021)	4,167,021	-	-
Deferred tax recognised	85,244,202	(2,313,037)	-	82,931,165
Provision for gratuity	726,540	(168,172)	(779)	557,589
Lease liability	-	310,610	-	310,610
	<u>-</u>	<u>(840,906)</u>	<u>(779)</u>	<u>(841,685)</u>

	2020			
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance
	-----Rupees-----			
Accelerated tax depreciation	(84,145,175)	(1,825,567)	-	(85,970,742)
Tax losses:				
Available	92,270,251	(2,859,028)	-	89,411,223
Movement in deferred tax not recognised	(8,752,780)	4,585,759	-	(4,167,021)
Deferred tax recognised	83,517,471	1,726,731	-	85,244,202
Provision for gratuity	627,704	158,784	(59,948)	726,540
	<u>-</u>	<u>59,948</u>	<u>(59,948)</u>	<u>-</u>

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10. FIXED ASSETS

Reconciliation of carrying amounts at the beginning and end of the year is as follows:

	FURNITURE AND FIXTURES	VEHICLES	OFFICE EQUIPMENT	COMPUTER EQUIPMENT	TOTAL
-----Rupees-----					
As at 30 June 2019					
Cost	489,740	3,233,424	433,020	1,480,144	5,636,328
Accumulated depreciation	(358,508)	(2,384,357)	(291,642)	(1,394,972)	(4,429,479)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	111,314	849,067	125,021	56,463	1,141,865
Year ended 30 June 2020					
Opening net book value	111,314	849,067	125,021	56,463	1,141,865
Disposal:					
Cost	-	(1,141,800)	-	-	(1,141,800)
Accumulated depreciation	-	856,393	-	-	856,393
	-	(285,407)	-	-	(285,407)
Depreciation charge	(11,131)	(120,186)	(12,502)	(16,939)	(160,758)
Closing net book value	100,183	443,474	112,519	39,524	695,700
As at 30 June 2020					
Cost	489,740	2,091,624	433,020	1,480,144	4,494,528
Accumulated depreciation	(369,639)	(1,648,150)	(304,144)	(1,411,911)	(3,733,844)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	100,183	443,474	112,519	39,524	695,700
Year ended 30 June 2021					
Opening net book value	100,183	443,474	112,519	39,524	695,700
Additions	-	-	-	161,305	161,305
Disposal:					
Cost	-	(773,325)	-	(6,500)	(779,825)
Accumulated depreciation	-	649,241	-	4,299	653,540
	-	(124,084)	-	(2,201)	(126,285)
Depreciation charge	(10,018)	(71,129)	(11,252)	(23,184)	(115,583)
Closing net book value	90,165	248,261	101,267	175,444	615,137
As at 30 June 2021					
Cost	489,740	1,318,299	433,020	1,634,949	3,876,008
Accumulated depreciation	(379,657)	(1,070,038)	(315,396)	(1,430,796)	(3,195,887)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	90,165	248,261	101,267	175,444	615,137
Annual rate of depreciation (%)	10	20	10	30	

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11. RIGHT-OF-USE ASSET

	2021 Rupees	2020 Rupees
Reconciliation of net carrying amount of right-of-use asset:		
Balance as on 01 July	1,617,050	-
Add: Additions during the year	-	1,900,268
Less: Depreciation for the year	(380,054)	(283,218)
Balance as on 30 June	1,236,996	1,617,050

11.1. Lease of vehicle

The company obtained vehicle on lease for the chief financial officer of the company. The lease period is 3 years. Depreciation is charged at the rate of 20% per annum.

	2021 Rupees	2020 Rupees
Chief Executive Officer (Note 12.1)	10,000,000	5,000,000
Anwar Khawaja Industries (Private) Limited - holding company (Note 12.2)	50,000,000	52,500,000
	60,000,000	57,500,000

12.1. This unsecured loan is obtained from Chief Executive Officer of the Company under mark-up arrangements for working capital requirements. This form part of total credit facility of Rupees 10 million (2020: Rupees 10 million). This loan carries mark-up at the rate of 6 months KIBOR (2020: 6 months KIBOR) and is repayable within one year.

12.2. This unsecured loan is obtained from Anwar Khawaja Industries (Private) Limited - holding company for working capital requirements. This form part of total credit facilities of Rupees 65 million (2020: Rupees 65 million). The loan is interest free (2020: 6 months KIBOR) and is repayable till 30 June 2022.

12.3. Effective rate of mark-up charged on these loans during the year ranged from 6.95% to 7.35% (2020: 6.41% to 10.80%) per annum.

12.4. As on the reporting date, un-utilized credit facilities from related parties comprise of Rupees 15.000 million (2020: Rupees 17.500 million).

13. ACCRUED AND OTHER LIABILITIES

	2021 Rupees	2020 Rupees
Accrued liabilities	841,381	623,670
Income tax deducted at source	41,600	17,000
Workers' welfare fund (Note 26)	593,157	-
Insurance premium and claims payable	1,950,047	2,795,395
Other	850,000	-
	4,276,185	3,436,065

14. ACCRUED MARK-UP

This represents mark-up payable on loans obtained from related parties.

15. CURRENT MATURITY OF NON-CURRENT LIABILITIES

Deposits on lease contracts (Note 17)	119,009,812	124,140,843
Lease liability (Note 18)	551,161	466,691
	119,560,973	124,607,534

16. PROVISION FOR TAXATION - NET

Provision for taxation	5,539,452	1,874,935
Less: Advance income tax	1,067,124	1,530,503
	4,472,328	344,432

17. DEPOSITS ON LEASE CONTRACTS

Balance as at 30 June	188,030,927	160,976,632
Less: Current maturity shown under current liabilities (Note 15)	(119,009,812)	(124,140,843)
	69,021,115	36,835,789

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- 17.1 These represent interest free security deposits received from lessees, at the rates ranging from 1% to 70% (2020: 1% to 70%) of lease amount. These security deposits have been utilized for business purpose and are refundable / adjustable at the expiry / termination of respective leases. These security deposits include an amount of Rupees 3.168 million (2020: Rupees 3.168 million) received from Chief Financial Officer of the Company.

	2021 Rupees	2020 Rupees
18. LEASE LIABILITY		
Balance as on 30 June	1,071,068	1,557,890
Less: Current maturity shown under current liabilities (Note 15)	551,161	466,691
	<u>519,907</u>	<u>1,091,199</u>

18.1 Reconciliation of lease liability

Balance as on 01 July	1,557,890	-
Add: Addition during the year	-	1,663,860
Add: Interest accrued on lease liability	125,532	191,140
Less: Payments during the year	(612,354)	(297,110)
Balance as on 30 June	<u>1,071,068</u>	<u>1,557,890</u>

18.2 Maturity analysis of lease liability is as follows:

Upto 6 months	304,176	308,850
6-12 months	304,176	302,832
1-2 years	523,088	976,664
	<u>1,131,440</u>	<u>1,588,346</u>
Less: Future finance cost	(60,372)	(30,456)
Present value of finance lease liability	<u>1,071,068</u>	<u>1,557,890</u>

19. EMPLOYEES' RETIREMENT BENEFIT

The latest actuarial valuation of the defined benefit plan as at 30 June 2021 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2021 Rupees	2020 Rupees
Present value of defined benefit obligation (Note 19.1)	<u>1,922,719</u>	<u>2,505,309</u>
Net liability as at 01 July	2,505,309	2,164,498
Charge to statement of profit or loss (Note 19.3)	410,220	547,527
Remeasurement recognized in other comprehensive income (Note 19.2)	(2,687)	(206,716)
Benefits paid	(990,123)	-
Liability as at 30 June	<u>1,922,719</u>	<u>2,505,309</u>

19.1 The movement in the present value of defined benefit obligation is as follows:

Present value of defined benefit obligations	2,505,309	2,164,498
Current service cost	239,349	239,086
Interest cost	170,871	308,441
Benefits paid	(990,123)	-
Actuarial losses / (gains) from change in financial assumptions	9,922	(42,085)
Experience adjustments	(12,609)	(164,631)
	<u>1,922,719</u>	<u>2,505,309</u>

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	2021 Rupees	2020 Rupees
19.2 Remeasurements recognised in other comprehensive income		
Experience adjustment	(12,609)	(164,631)
Actuarial losses / (gains) from change in financial assumptions	9,922	(42,085)
	<u>(2,687)</u>	<u>(206,716)</u>

19.3 Charge to statement of profit or loss:

Current service cost	239,349	239,086
Interest cost	170,871	308,441
	<u>410,220</u>	<u>547,527</u>

19.4 Comparison of present value of defined benefit obligation for current and previous four years is as follows:

	2021	2020	2019	2018	2017
Present value of defined benefit obligation (Rupees)	<u>1,922,719</u>	<u>2,505,309</u>	<u>2,164,498</u>	<u>1,751,300</u>	<u>1,423,886</u>
Remeasurement (gain) / loss on obligation (Rupees)	<u>(2,687)</u>	<u>(206,716)</u>	<u>52,978</u>	<u>36,770</u>	<u>(65,673)</u>

19.5 Principal actuarial assumptions used:

	2021 (% per annum)	2020 (% per annum)
Discount rate	10.00	8.50
Expected rate of increase in salary	9.00	7.50

19.6 Mortality was assumed to be based on SLIC 2001-2005 ultimate mortality rates, set back one year.

19.7 The Company is expected to charge Rupees 0.364 million for gratuity in the next financial year.

19.8 Sensitivity analysis for actuarial assumptions:

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions at the reporting date:

	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,746,134	2,129,237
Future salary increase	100	2,134,328	1,738,522

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change in comparison to the previous period.

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19.9 Maturity profile

The weighted average duration of the benefit obligation is 9.96 years.

19.10 Expected maturity profile of undiscounted defined benefit obligation:

Less than a year	Between 1 to 2 years	Between 3 to 5 years	Between 6 to 10 years	Over 10 years	Total
191,973	181,154	508,878	816,178	15,075,815	16,773,998

20. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2021 (Number of shares)	2020 (Number of shares)		2021 Rupees	2020 Rupees
19,500,000	19,500,000	Ordinary shares of Rupees 10 each fully paid-up in cash	195,000,000	195,000,000
2,000,000	2,000,000	Ordinary shares of Rupees 10 each issued as bonus shares	20,000,000	20,000,000
<u>21,500,000</u>	<u>21,500,000</u>		<u>215,000,000</u>	<u>215,000,000</u>

2021
(Number of shares)

20.1 Ordinary shares of the Company held by the holding company and associated company:

GOC (PAK) Limited - associated company	7,999,999	7,999,999
Anwar Khawaja Industries (Private) Limited - holding company	3,739,603	3,739,603
	<u>11,739,602</u>	<u>11,739,602</u>

21. STATUTORY RESERVE

This represents reserve fund created under the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2021	2020
22. Contingencies and commitments		
22.1 Contingencies	<u>-</u>	<u>-</u>
22.2 Commitments	<u>-</u>	<u>-</u>

2021
Rupees

23. INCOME FROM LEASE OPERATIONS

Finance lease income	15,605,445	16,468,576
Documentation charges	324,000	227,580
Additional lease rentals	440,791	341,631
	<u>16,370,236</u>	<u>17,037,787</u>

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	2021 Rupees	2020 Rupees
24. OTHER INCOME		
Income from financial assets		
Processing fee and other charges	1,881,700	982,431
Profit on bank deposits	437,979	452,981
Income from non-financial assets		
Gain on disposal of fixed assets	6,715	439,589
	<u>2,326,394</u>	<u>1,875,001</u>
	2021 Rupees	2020 Rupees
25. ADMINISTRATIVE AND OTHER OPERATING EXPENSES		
Salaries, allowances and other benefits (Note 25.1)	6,678,803	6,730,586
Repair and maintenance	261,632	358,572
Rent, rates and taxes (Note 25.2)	400,000	400,000
Postage and telephone	212,312	207,399
Vehicles' running	1,030,497	973,667
Utilities	219,205	194,161
Legal and professional	721,540	694,396
Insurance	101,316	107,749
Fees and subscription	1,542,720	1,471,053
Travelling and conveyance	533,848	422,147
Printing and stationery	317,046	323,950
Auditors' remuneration (Note 25.3)	675,000	480,000
Entertainment	196,692	151,919
Advertisement	118,940	66,663
Newspapers and periodicals	19,501	15,875
Depreciation on fixed assets (Note 10)	115,583	160,758
Depreciation on right-of-use asset (Note 11)	380,054	283,218
Miscellaneous	133,245	253,387
	<u>13,657,934</u>	<u>13,295,500</u>
25.1	These include Rupees 0.410 million (2020: Rupees 0.548 million) charged in respect of gratuity as referred to in Note 19 and Rupees 0.306 million (2020: Rupees 0.177 million) charged in respect of compensated absences.	
25.2	This includes rent of office building. Per month rent of office building is Rupees 25,000. Due to its low value, the company has elected not to recognize a right-of-use asset and corresponding lease liability. Total rent of Rupees 300,000 (2020: Rupees 300,000) against office building has been recognized as expense.	

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		2021	2020
		Rupees	Rupees
25.3 Auditor's remuneration			
	Audit fee	370,000	300,000
	Half yearly review and other sundry certifications	210,000	170,000
	Out-of-pocket expenses	95,000	10,000
		<u>675,000</u>	<u>480,000</u>
		2021	2020
		Rupees	Rupees
26. FINANCIAL AND OTHER CHARGES			
	Mark up on loans from related parties	696,747	6,828,076
	Markup on lease liability	125,532	191,140
	Workers' welfare fund	593,157	-
	Commission and other bank charges	32,300	25,564
		<u>1,447,736</u>	<u>7,044,780</u>
		2021	2020
		Rupees	Rupees
27. TAXATION			
	Current:		
	For the year (Note 27.1)	5,429,891	933,063
	Prior year	(147,371)	50,562
	Deferred:		
	For the year	840,906	(59,948)
		<u>6,123,426</u>	<u>923,677</u>
27.1	The Company has carry forwardable unabsorbed depreciation of Rupees 285.970 million (2020: Rupees 315.627 million). Provision for income tax in the current year is computed as per provisions of the Income Tax Ordinance, 2001.		
		2021	2020
		Rupees	Rupees
27.2 Reconciliation between tax expense and accounting profit			
	Accounting profit / (loss) before tax	<u>4,477,150</u>	<u>(2,946,975)</u>
	Applicable tax rate	<u>29%</u>	<u>29%</u>
	Tax on accounting profit	1,298,374	(854,623)
	Tax effect of inadmissible / admissible adjustments - net	15,903,174	1,618,541
	Tax effect of change in prior year's tax	(147,371)	50,562
	Tax effect arising as consequences of recognition of deferred tax	840,906	(59,948)
	Tax effect due to adjustment of losses and minimum tax	(11,898,671)	(763,918)
	Others	127,014	933,063
		<u>6,123,426</u>	<u>923,677</u>
28. LOSS PER SHARE - BASIC AND DILUTED			
	Loss after taxation	Rupees <u>(1,646,276)</u>	<u>(3,870,652)</u>
	Weighted average number of ordinary shares	Number <u>21,500,000</u>	<u>21,500,000</u>
	Loss per share - basic	Rupees <u>(0.077)</u>	<u>(0.180)</u>

There is no dilutive effect on the loss per share of the Company.

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29. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

2021				
Liabilities from financing activities				TOTAL
Loans from related parties	Deposits on lease contracts	Lease liability		
----- Rupees -----				
Balance as at 01 July 2020	57,500,000	160,976,632	1,557,890	220,034,522
Loan obtained	5,000,000	-	-	5,000,000
Repayment of loan	(2,500,000)	-	-	(2,500,000)
Repayments of lease liability	-	-	(486,822)	(486,822)
Deposits on new lease contracts - received	-	50,607,105	-	50,607,105
Adjusted at the time of expiry / termination of lease contracts	-	(23,552,810)	-	(23,552,810)
Balance as at 30 June 2021	60,000,000	188,030,927	1,071,068	249,101,995

2020				
Liabilities from financing activities				TOTAL
Loans from related parties	Deposits on lease contracts	Lease liability		
----- Rupees -----				
Balance as at 01 July 2019	57,500,000	159,800,562	-	217,300,562
Lease liability recognised during the year	-	-	1,663,860	1,663,860
Repayments of lease liability	-	-	(105,970)	(105,970)
Deposits on new lease contracts - received	-	18,226,550	-	18,226,550
Adjusted at the time of expiry / termination of lease contracts	-	(17,050,480)	-	(17,050,480)
Balance as at 30 June 2020	57,500,000	160,976,632	1,557,890	220,034,522

30. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise the holding company, associated undertakings, other related group companies, directors of the Company, Chief Executive Officer of the Company and key management personnel. The Company in the normal course of business carries out transactions with various related parties. Detail of transactions with related parties, other than those which have been specifically disclosed elsewhere in these financial statements are as follows:

		2021 Rupees	2020 Rupees
i)	Transactions		
	Holding company		
	Mark-up paid	4,672,603	1,506,905
	Mark-up charged to the statement of profit or loss	-	6,179,508
	Loan repaid	2,500,000	-
	Rent of office building	300,000	300,000
	Other Related Parties		
	Chief Executive Officer		
	Mark-up paid	1,196,724	301,927
	Mark-up charged to the statement of profit or loss	696,747	667,274
	Loan obtained	5,000,000	-
	Chief Financial Officer		
	Advance against salary given	-	300,000
	Deductions of advance against salary	40,000	160,000
	Received against net investment in finance lease	945,000	215,000
ii)	Period end balances		
	Holding company		
	Loan payable	50,000,000	52,500,000
	Accrued mark up	-	4,672,603
	Chief Executive Officer		
	Loan payable	10,000,000	5,000,000
	Accrued mark up	-	499,977
	Chief Financial Officer		
	Advance against salary receivable	295,000	335,000
	Net investment in lease finance	3,910,149	4,748,866
	Deposit against lease contract	3,168,000	3,168,000

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30.1 Following are the related parties with whom the Company had entered into transactions or have arrangements / agreements in place:

Names of the holding company, associated companies and related parties	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of shareholding of the Company
		2021	2020	
Anwar Khawaja Industries (Private) Limited	Holding company	Yes	Yes	None
GOC (PAK) Limited	Common directorship	No	No	None
Muhammad Tahir Butt	Chief Executive Officer	Yes	Yes	Not Applicable
Muhammad Avais Ibrahim	Chief Financial Officer	Yes	Yes	Not Applicable
Grays Fabrics Limited	Common directorship	No	No	None
Sialkot International Airport Limited	Common directorship	No	No	None
Port Services Limited	Common directorship	No	No	None
Gujranwala Electric Power Company Limited	Common directorship	No	No	None
A.K. Infotech (Private) Limited	Common directorship	No	No	None
Select Pak (Private) Limited	Common directorship	No	No	None
Derbystar Sportartikel GMBH	Common directorship	No	No	None

31. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

No amount is charged in these financial statements for remuneration, benefits of the chief executive officer and directors of the Company. Further, no employee of the company falls under the definition of executive given in fourth schedule to the Companies Act, 2017.

2021 2020

32. NUMBER OF EMPLOYEES

Number of employees as on June 30

Permanent	7	9
Contractual	5	3

Average number of employees during the year

Permanent	7	9
Contractual	5	3

33. FINANCIAL RISK MANAGEMENT

33.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance.

Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management, as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

(i) Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

Currently, the Company is not exposed to currency risk because there are no receivables and payables in foreign currency at the reporting date.

(ii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in market interest rates.

The risk arises when there is a mismatch in the financial assets and financial liabilities which are subject to interest rate adjustment within a specified period. The Company's interest rate risk arises mainly from net investment in finance lease, bank balances and loans.

Interest rate gap is the common measure of interest rate risk. A positive gap occurs when more financial assets than financial liabilities are subject to rate changes during a prescribed period of time. A negative gap occurs when financial liabilities exceed financial assets subject to rate changes during a prescribed period of time.

At the reporting date the interest rate profile of the Company's interest bearing financial instruments was:

	2021 Rupees	2020 Rupees
Floating rate instruments		
Financial assets		
Bank balances - saving accounts	8,763,509	7,764,082
Net investment in lease finance - net off potential lease losses	306,300,122	274,199,688
Financial liabilities		
Loans from related parties	60,000,000	57,500,000
Lease liability	1,071,068	1,557,890

Effective interest rates on these financial instruments are disclosed in the respective notes.

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Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not affect profit or loss of the Company.

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the year end date, fluctuates by 1% higher / lower with all other variables held constant, loss after taxation for the year would have been Rupees 1.803 million (2020: Rupees 1.583 million) lower / higher, mainly as a result of higher / lower interest income and expense on floating rate financial instruments. This analysis is prepared assuming the amounts of financial instruments outstanding at the reporting date were outstanding for the whole year.

(iii) Other price risk

Other price risk represents 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 instrument or its issuer, or factors affecting all similar financial instrument traded in the market. Currently, the Company is not exposed to other price and commodity price risks.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk is crucial for the Company's business, therefore management carefully manages its exposure to credit risk. The Company has established credit policies and procedures to manage credit exposure including evaluation of lease, credit worthiness, credit approvals, assigning credit limits, obtaining securities such as lien on title of leased assets, security deposits, personal guarantees and mortgages over properties. Further, exposure to credit risk is being managed through regular analysis of the ability of lessees and potential lessees to meet repayment obligations. The Company has clear policies in place to identify early warning signals and to initiate appropriate and timely remedial actions.

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

	2021 Rupees	2020 Rupees
Bank balances	12,651,040	16,963,645
Advances	415,000	492,719
Other receivable	-	51,567
Net investment in lease finance	306,300,122	274,199,688
Long term security deposits	373,500	373,500
	<u>319,739,662</u>	<u>292,081,119</u>

The Company is engaged primarily in leasing operations, therefore its credit risk arises mainly from net investment in lease finance. Classification of net investment in finance leases on the basis of lease neither past due nor impaired, other assets especially mentioned (OEAM), substandard, doubtful and loss is as follows:

Description	2021		2020	
	Personal Rupees	Corporate Rupees	Personal Rupees	Corporate Rupees
Net Investment in lease finance				
Neither past due nor impaired	95,509,162	84,674,219	81,470,586	99,028,173
OEAM - past due 90 - 179 days	536,682	-	-	-
Impaired				
Substandard - past due 180-364 days	2,637,125	-	2,632,145	-
Doubtful - past due more than one year and less than one and half year	-	-	4,032,587	-
Loss - past due more than one and half year	17,111,001	264,019,492	8,855,623	237,254,323
	<u>19,748,126</u>	<u>264,019,492</u>	<u>15,520,355</u>	<u>237,254,323</u>
Total	115,793,970	348,693,711	96,990,941	336,282,496
Less: Allowance for potential lease losses	6,234,238	151,953,321	6,559,763	152,513,986
Net Investment in lease finance - net off potential lease losses	<u>109,559,732</u>	<u>196,740,390</u>	<u>90,431,178</u>	<u>183,768,510</u>

Rentals overdue by 90 day but less than 180 days are considered past due, but not impaired. Rescheduled leases have been monitored as per the Non-Banking Finance Companies and Notified Entities Regulations, 2008 issued by Securities and Exchange Commission of Pakistan before setting to regular status. These cases are being kept under continuous review. Provision for potential lease losses is incorporated in the books of account on the basis of Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (If available) or to historical information about counterparty default rate. Due to the Company's long standing business relationships with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, after providing provision against doubtful receivables, credit risk is minimal.

The credit quality of balances with banks can be assessed with reference to external credit ratings of the banks:

	Rating			2021	2020
	Short Term	Long term	Agency	Rupees	
Banks					
National Bank of Pakistan	A1+	AAA	PACRA	21,774	21,774
State Bank of Pakistan	-	-	-	13,371	7,776
Askari Bank Limited	A1+	AA+	PACRA	9,839,881	14,673,114
First Women Bank Limited	A2	A-	PACRA	7,286	7,286
Bank Al-Habib Limited	A1+	AAA	PACRA	461,758	494,825
The Bank of Punjab	A1+	AA+	PACRA	32,452	31,452
Habib Bank Limited	A-1+	AAA	JCR-VIS	17,398	17,176
Meezan Bank Limited	A-1+	AAA	JCR-VIS	2,257,120	1,710,242
				12,651,040	16,963,645

(c) Concentration of risk

Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or activities in the same geographic 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. Concentration of credit risk indicates the relative sensitivity of the Company's performance to developments affecting a particular industry or geographic location. The management is of the view that it is not exposed to significant concentration of credit risk as its financial assets are adequately diversified in organizations covering various industrial sectors and segments. Sector-wise break-up of lease portfolio is given below:

i) Sector wise concentration of net investment in lease finance

Lease portfolio	2021		2020	
	Rupees	%	Rupees	%
Sectors				
Chemical, fertilizer and pharmaceuticals	20,064,964	4.32	20,400,908	4.71
Construction	4,806,039	1.03	5,189,676	1.20
Energy, oil and gas	11,067,898	2.38	12,259,722	2.83
Food, tobacco and beverage	7,413,645	1.60	7,765,613	1.79
Leather, footwear and tanneries	55,052	0.01	55,050	0.01
Paper and board	2,763,957	0.60	2,818,349	0.65
Rubber and plastic	34,926,601	7.52	7,396,282	1.71
Services	26,819,216	5.77	55,396,356	12.79
Steel, engineering and automobiles	12,375,491	2.66	4,519,905	1.04
Sugar and allied	6,552,728	1.41	6,554,710	1.51
Surgical	2,066,120	0.44	482,000	0.11
Textile and allied	102,001,004	21.96	120,966,612	27.92
Trading	13,586,492	2.93	17,553,035	4.05
Transport and communication	80,226,293	17.27	86,035,868	19.86
Individuals and others	139,762,181	30.09	85,879,351	19.82
	<u>464,487,681</u>	<u>100</u>	<u>433,273,437</u>	<u>100</u>

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Lease portfolio	2021		2020	
	Rupees	%	Rupees	%

Segment by public / private sector

Public / Government	-	-	-	-
Private	464,487,681	100.00	433,273,437	100.00

ii) Geographical concentration of net investment in lease finance

The Company only does business within Pakistan and geographical exposure is within the country.

iii) Concentration of net investment in lease finance by type of customers

	2021 Rupees	2020 Rupees
Personal	115,793,970	96,990,941
Corporate	348,693,711	336,282,496
	464,487,681	433,273,437

(d) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through credit facilities from related parties. At the reporting date, the company has Rupees 15 million (2020: Rupees 17.500 million) available borrowing limits from related parties and Rupees 12.911 million (2020: Rupees 17.096 million) cash and bank balances. Management believes the liquidity risk to be manageable. Following are the contractual maturities of financial liabilities, including interest payments. The amount disclosed in the table are undiscounted cash flows:

Contractual maturities of financial liabilities as at 30 June 2021

Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
Rupees					

Non-derivative financial liabilities

Accrued and other liabilities	3,641,428	3,641,428	3,641,428	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Lease liability	1,071,068	1,131,440	304,176	304,176	523,088	-
Loans from related parties	60,000,000	63,675,000	63,675,000	-	-	-
	65,490,281	69,225,653	68,398,389	304,176	523,088	-

Contractual maturities of financial liabilities as at 30 June 2020

Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
Rupees					

Non-derivative financial liabilities

Accrued and other liabilities	3,419,065	3,419,065	3,419,065	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Accrued mark-up	5,172,580	5,172,580	5,172,580	-	-	-
Lease liability	1,557,890	1,588,346	308,850	302,832	976,664	-
Loans from related parties	57,500,000	59,196,173	54,014,173	5,182,250	-	-
	68,427,320	70,153,949	63,692,453	5,485,082	976,664	-

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The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June.

33.2 Financial instruments by categories

As at 30 June 2021

Financial assets as per statement of financial position

Cash and bank balances	12,910,945
Advances	415,000
Net investment in lease finance	306,300,122
Long term security deposits	373,500
	<u>319,999,567</u>

Amortized cost
Rupees

Financial liabilities as per statement of financial position

Accrued and other liabilities	3,641,428
Lease liability	1,071,068
Loan from related parties	60,000,000
Unclaimed dividend	777,785
	<u>65,490,281</u>

Amortized cost
Rupees

As at 30 June 2020

Financial assets as per statement of financial position

Cash and bank balances	17,096,476
Advances	492,719
Other receivable	51,567
Net investment in lease finance	274,199,688
Long term security deposits	373,500
	<u>292,213,950</u>

Amortized cost
Rupees

Financial liabilities as per statement of financial position

Accrued and other liabilities	3,419,065
Accrued mark up	5,172,580
Loan from related parties	57,500,000
Lease liability	1,557,890
Unclaimed dividend	777,785
	<u>68,427,320</u>

Amortized cost
Rupees

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33.3 Reconciliation of financial assets and financial liabilities to the line items presented in the statement of financial position is as follows:

	2021		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	-----Rupees-----		
Cash and bank balances	12,910,945	-	12,910,945
Advances and prepayment	415,000	704,777	1,119,777
Net investment in lease finance	306,300,122	-	306,300,122
Long term security deposits and prepayments	373,500	-	373,500
	<u>319,999,567</u>	<u>704,777</u>	<u>320,704,344</u>

	2021		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	-----Rupees-----		
Accrued and other liabilities	3,641,428	634,757	4,276,185
Lease liability	1,071,068	-	1,071,068
Loan from related parties	60,000,000	-	60,000,000
Unclaimed dividend	777,785	-	777,785
	65,490,281	634,757	66,125,038

	2020		
	Financial assets	Non-financial assets	Assets as per statement of financial position
	-----Rupees-----		
Cash and bank balances	17,096,476	-	17,096,476
Advances and prepayment	492,719	440,191	932,910
Other receivable	51,567	-	51,567
Net investment in lease finance	274,199,688	-	274,199,688
Long term security deposits and prepayments	373,500	250,000	623,500
	292,213,950	690,191	292,904,141

	2020		
	Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position
	-----Rupees-----		
Accrued and other liabilities	3,419,065	17,000	3,436,065
Accrued mark up	5,172,580	-	5,172,580
Lease liability	1,557,890	-	1,557,890
Loan from related parties	57,500,000	-	57,500,000
Unclaimed dividend	777,785	-	777,785
	68,427,320	17,000	68,444,320

33.4 Offsetting financial assets and financial liabilities

As on reporting date, recognised financial assets and financial liabilities are not subject to off setting as there are no enforceable master netting arrangements and similar agreements.

34. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or sell assets to reduce debt. Consistent with others in the industry the Company monitors the capital structure on the basis of gearing ratio.

The ratio is calculated as borrowings divided by total capital employed. Borrowings represent loans from related parties. Total capital employed includes shareholders' equity plus borrowings. The gearing ratio as at year ended 30 June 2021 and 30 June 2020 is as follows:

		2021	2020
Borrowings	Rupees	60,000,000	57,500,000
Total equity	Rupees	62,098,572	63,742,940
Total capital employed	Rupees	122,098,572	121,242,940
Gearing ratio	Percentage	49.14	47.43

35. Maturities of assets and liabilities

	2021					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON-FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	12,910,945	12,910,945	-	-	-	-
Advances and prepayment	1,119,777	28,000	1,091,777	-	-	-
Sales tax recoverable	934,792	-	934,792	-	-	-
Net investment in finance lease	306,300,122	129,900,299	49,877,817	126,522,006	-	-
Long term security deposit and prepayment	373,500	-	-	371,000	-	2,500
Fixed assets	615,137	-	-	-	-	615,137
Right-of use asset	1,236,996	-	-	-	-	1,236,996
	323,491,269	142,839,244	51,904,386	126,893,006	-	1,854,633
Liabilities						
Loans from related parties	60,000,000	-	60,000,000	-	-	-
Accrued and other liabilities	4,276,185	4,276,185	-	-	-	-
Unclaimed dividend	777,785	777,785				
Deposits on lease contracts	188,030,927	106,337,712	12,672,100	69,021,115	-	-
Lease liability	1,071,068	43,334	507,827	519,907	-	-
Deferred income tax liability	841,685	-	841,685	-	-	-
Employees' retirement benefit	1,922,719	-	-	-	-	1,922,719
Provision for taxation - net	4,472,328	-	4,472,328	-	-	-
	261,392,697	111,435,016	78,493,940	69,541,022	-	1,922,719
Net balance	62,098,572	31,404,228	(26,589,554)	57,351,984	-	(68,086)
Net assets	62,098,572					

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	2020					
	TOTAL	UP TO ONE MONTH	OVER ONE MONTH TO ONE YEAR	OVER ONE YEAR TO FIVE YEAR	OVER FIVE YEAR	NON FIXED MATURITIES
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Assets						
Cash and bank balances	17,096,476	17,096,476	-	-	-	-
Advances and prepayment	932,910	152,291	780,619	-	-	-
Sales tax recoverable	796,742	-	796,742	-	-	-
Other receivable	51,567	-	51,567	-	-	-
Net investment in lease finance	274,199,688	108,563,569	77,895,207	87,740,912	-	-
Long term security deposit and prepayment	623,500	-	-	621,000	-	2,500
Fixed assets	695,700	-	-	-	-	695,700
Right-of use asset	1,617,050	-	-	-	-	1,617,050
	296,013,633	125,812,336	79,524,135	88,361,912	-	2,315,250
Liabilities						
Loan from related parties	57,500,000	-	57,500,000	-	-	-
Accrued and other liabilities	3,436,065	3,436,065	-	-	-	-
Accrued mark up	5,172,580	5,172,580	-	-	-	-
Deposits on lease contracts	160,976,632	108,237,973	15,902,870	36,835,789	-	-
Employees' retirement benefit	2,505,309	-	-	-	-	2,505,309
Lease liability	1,557,890	36,700	429,991	1,091,199	-	-
Unclaimed dividend	777,785	777,785				
Provision for taxation - net	344,432	-	344,432	-	-	-
	232,270,693	117,661,103	74,177,293	37,926,988	-	2,505,309
Net balance	63,742,940	8,151,233	5,346,842	50,434,924	-	(190,059)
Net assets	63,742,940					

36. RECOGNIZED FAIR VALUE MEASUREMENTS - FINANCIAL INSTRUMENTS

Fair value hierarchy

Certain financial assets and financial liabilities are not measured at fair value if the carrying amounts are a reasonable approximation of fair value. Due to short term nature, carrying amounts of certain financial assets and financial liabilities are considered to be the same as their fair value. For the majority of the non-current receivables, the fair values are also not significantly different to their carrying amounts. Judgements and estimates are made in determining the fair values of the financial instruments that are recognized and measured at fair value in these financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company classify its financial instruments into the following three levels. However, as at the reporting date, the Company has no such type of financial instruments which are required to be grouped into these levels. These levels are explained as under:

Level 1: The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Company is the current bid price. These instruments are included in level 1.

Level 2: The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

37. IMPACT OF COVID-19 (CORONA VIRUS)

The pandemic of COVID-19 that has rapidly spread all across the world has not only endangered human lives but has also adversely impacted the global economy. During the year, the Government of the Punjab and Government of Sindh from time to time announced temporary smart lock downs as a measure to reduce the spread of the COVID -19. However, after implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued to carry out its operations and has taken all necessary steps to ensure smooth and adequate continuation of its business. Management is actively monitoring the impact of the pandemic on its financial condition, liquidity, operations and workforce, which at this point is not considered to be significant. Management believes that the Company has sufficient liquidity available to continue to meet its financial commitments for the foreseeable future when they become due. From the very outset of COVID-19, the management has adopted various policies and practices to minimize adverse impact of COVID-19 on the business and is continuously monitoring the situation in order to proactively address any challenges which may arise from COVID-19.

38. SEGMENT INFORMATION

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

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

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

39. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have not proposed any appropriations in their meeting held on October 07, 2021.

40. DATE OF AUTHORIZATION

These financial statements have been authorized for issue by the Board of Directors of the Company on October 07, 2021.

41. CORRESPONDING FIGURES

Corresponding figures have been re-arranged, wherever necessary, for the purpose of comparison. However, no significant rearrangements have been made in these financial statements.

42. General

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


MUHAMMAD TAHIR BUTT
CHIEF EXECUTIVE


(KHAWAR ANWAR KHUWAJA)
DIRECTOR


MUHAMMAD AVAIS IBRAHIM
CHIEF FINANCIAL OFFICER

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*Mobile apps are also available for download for android and ios devices

**PATTERN OF SHAREHOLDING
AS ON JUNE 30, 2021**

Grays Leasing Limited

As On: June 30, 2021

2.3 Categories of Shareholder	Folios	Physical	CDC	Share held	Percentage
<u>2.3.1 - Directors, CEO, Their Spouse and Minor Children</u>	13	1,300,589	3,176,975	4,477,564	20.83
<u>2.3.2 - Associated Companies, Undertakings & Related Parties</u>	2	3,739,603	7,999,999	11,739,602	54.60
<u>2.3.8 - A. General Public (Local)</u>	419	3,662,279	1,411,703	5,073,982	23.60
<u>2.3.8 - B. General Public (Foreigner)</u>	3	26,736	4,000	30,736	0.14
<u>2.3.9 - A. Other Companies (Local)</u>	7	111,111	67,005	178,116	0.83
	444	8,840,318	12,659,682	21,500,000	100.00
Shareholders More Than 10.00%					
M/s. GOC (PAK) LIMITED	1	7,999,999	37.21		
Mr. Anwar Khawaja Industries (Pvt) Limited	1	3,739,603	17.39		

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The Companies ACT, 2017 The Companies (General Provisions and Forms) Regulations, 2018[Section 227(2)(f)] Pattern of Shareholding

PART -I

Form - 34

Summary

Name of The Company **Grays Leasing Limited**

PART -II

2.1 Pattern of Holding of the Shares held by the Shareholders as at :June 30, 2021

2.2

No. of Shareholders	Shareholding		Total Shares held
	From	To	
68	1	100	1,467
56	101	500	22,410
112	501	1,000	87,455
94	1,001	5,000	258,635
31	5,001	10,000	238,748
17	10,001	15,000	202,044
9	15,001	20,000	164,647
13	20,001	25,000	292,757
4	25,001	30,000	110,290
3	30,001	35,000	98,333
2	35,001	40,000	75,500
3	40,001	45,000	127,500
3	45,001	50,000	145,500
3	55,001	60,000	173,888
1	60,001	65,000	64,666
4	95,001	100,000	387,025
2	110,001	115,000	222,221
1	115,001	120,000	116,435
1	120,001	125,000	120,400
3	135,001	140,000	417,350
1	180,001	185,000	181,666
1	225,001	230,000	228,086
1	255,001	260,000	258,000
1	285,001	290,000	288,510
1	310,001	315,000	311,524
1	330,001	335,000	334,312
1	350,001	355,000	351,574
1	475,001	480,000	476,312
1	575,001	580,000	575,840
1	1,065,001	1,070,000	1,065,952
1	1,130,001	1,135,000	1,131,018
1	1,230,001	1,235,000	1,230,333
1	3,735,001	3,740,000	3,739,603
1	7,995,001	8,000,000	7,999,999
444			21,500,000

GRAYS LEASING LTD.

26TH ANNUAL GENERAL MEETING

FORM OF PROXY

This form of Proxy, in order to be effective, must be completed and deposited at the Company's registered office at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore not less than 48 hours before the time of holding the meeting. A proxy must be a member of the Company.

I/We _____

of _____ being a member of **GRAYS LEASING LTD.**

Registered at Folio No. _____ and / or CDC participant I.D. No. _____ and sub account No. _____

holder of _____

Ordinary shares hereby appointed Mr./Mrs./Miss _____

who is also a member of the Company, as my/our proxy in my/our absence to attend and vote for me/us and on my/our behalf in the annual general meeting of the Company at 701-A, 7th Floor, City Towers, 6-K, Main Boulevard, Gulberg-II, Lahore on October 28, 2021 at 10:00 a.m or at any adjournment thereof.

As witness my/our hand this _____ day of 2021.

Signed by the said _____ in the presence of _____

Date _____ (Member's Signature)

Affix Rs. 50/- revenue stamp which must be canceled either by signature over it or by some other means

Place _____ (Witness Signature)

Annual Report 2021

پراکسی فارم (مختار نامہ)

سیکرٹری

گریز لیزنگ لمیٹڈ

۷۰-اے، ساتویں منزل، سٹی ٹاورز،

مین بلیوارڈ، گلبرگ-۱۱، لاہور

میں / ہم _____

ساکن _____

بحیثیت رکن گریز لیزنگ لمیٹڈ اور حامل _____ عام حصص بمطابق شیئرز رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشنڈ (شرکت) آئی ڈی نمبر _____)

بذریعہ ہذا

محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئرز رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشنڈ (شرکت) آئی ڈی نمبر _____)

یا اسکی غیر موجودگی میں محترم / محترمہ _____ ساکن _____

جو کمپنی کا ممبر ہے بمطابق شیئرز رجسٹر فوئیو نمبر _____

(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر _____ پارٹیشنڈ (شرکت) آئی ڈی نمبر _____) کو

مورخہ 28 اکتوبر 2021ء کو منعقد ہونے والے کمپنی کے 26 ویں سالانہ اجلاس عام (۷۰-اے، ساتویں منزل، سٹی ٹاورز، مین بلیوارڈ، گلبرگ-۱۱، لاہور) میں حق رائے دہی استعمال کرنے، تقرر یا اور

شرکت کرنے یا کسی بھی التواء کی صورت میں اپنا / ہمارا بطور مختار (پراکسی) مقرر کرتا ہوں / کرتے ہیں۔

50 روپے کارسیدی ٹکٹ

چسپاں کریں

دستخط آج بروز بتاریخ 2021ء

دستخط کمپنی کے ہاں رجسٹرڈ نمونہ دستخطوں کے

مطابق ہونے چاہئیں

ممبر کے دستخط

تاریخ

گواہ کے دستخط

جگہ



GRAYS LEASING LIMITED.

REGISTERED AND HEAD OFFICE

701-A, 7th Floor, City Towers

6-K, Main Boulevard, Gulberg-II, Lahore

Tel : (042) 3577081-2

Fax : (042) 35770389