



**GRAYS LEASING LIMITED**  
Annual Report 2023



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## COMPANY INFORMATION

<b>BOARD OF DIRECTORS</b>	Mr. Khawar Anwar Khawaja Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja Mr. Iffikhar Ahmad Butt Mr. Omer Khawar Khawaja Mr. Muhammad Arshad Mrs. Nuzhat Khawar Khawaja	Chairman Chief Executive
<b>AUDIT COMMITTEE</b>	Mr. Iffikhar Ahmad Butt Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja	
<b>AUDITORS</b>	Riaz Ahmad & Company Chartered Accountants 10-B Saint Mary Park Main Boulevard, Gulberg III, Lahore 54660, Pakistan Phone: 92 (042) 35718137-9 E-mail: racolhr@racopk.com	
<b>COMPANY SECRETARY</b>	Muhammad Adil Munir	
<b>CHIEF FINANCIAL OFFICER</b>	Muhammad Faisal Azam	
<b>HEAD OF INTERNAL AUDIT</b>	Saeed Ahmad Shaheen	
<b>HUMAN RESOURCE AND REMUNERATION COMMITTEE</b>	Mr. Omer Khawar Khawaja Mr. Muhammad Tahir Butt Mr. Khurram Anwar Khawaja	Chairman
<b>LEGAL ADVISOR</b>	Lexicon Law Firm	
<b>REGISTERED AND HEAD OFFICE</b>	701-A, 7th Floor, City Towers 6-K, Main Boulevard, Gulberg - II, Lahore Tel: (042) 35770381 - 2 Fax: (042) 35770389 E-mail: <a href="mailto:info@graysleasing.com">info@graysleasing.com</a> Website: <a href="http://www.graysleasing.com">www.graysleasing.com</a>	
<b>BANKERS</b>	Meezan Bank Limited The Bank of Punjab Askari Bank Limited National Bank of Pakistan Habib Bank Limited State Bank of Pakistan Bank Al-Habib Limited	
<b>SHARE REGISTRAR</b>	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 28<sup>TH</sup> ANNUAL GENERAL MEETING

Notice is hereby given that the 28<sup>th</sup> Annual General Meeting of the Company will be held on October 26, 2023 at 10:00 am at registered office of the Company located at 701-A, 7<sup>th</sup> Floor, City Towers, Main Boulevard, Gulberg - II, Lahore to transact the following business:

### Ordinary Business

- 1 To confirm the minutes of the 27<sup>th</sup> Annual General Meeting held on October 27, 2022.
- 2 To receive, consider and adopt the audited financial statements of the company for the year ended June 30, 2023 together with the Directors' and Auditors' reports thereon
- 3 To appoint auditors for the year 2023-2024 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 30<sup>th</sup> June, 2024.
- 4 To elect Seven (7) directors of the company for a period of three years as fixed by the Board of Directors, in accordance with the provisions of Section 159 of the Companies Act, 2017, for a term of three (3) years. Following are the names of retiring directors;

- |                              |                               |
|------------------------------|-------------------------------|
| 1. Mr. Khawar Anwar Khawaja  | 5. Mr. Muhammad Arshad        |
| 2. Mr. Muhammad Tahir Butt   | 6. Mr. Iftikhar Ahmad Butt    |
| 3. Mr. Khurram Anwar Khawaja | 7. Mrs. Nuzhat Khawar Khawaja |
| 4. Mr. Omer Khawar Khawaja   |                               |

### Special business

To transmit of annual reports including annual audited financial statements to the members for future years commencing from the financial year 2023 through QR enabled code and weblink instead of transmitting the same through CD /DVD/USB, as allowed by Securities and Exchange Commission of Pakistan vide its SRO 389(I)/2023 dated March 21, 2023.

QR code and weblink are as follows:



<http://graysleasing.com/Financials.html>

To transact any other business with the permission of the chair.

BY ORDER OF THE BOARD



Muhammad Adil Munir  
(COMPANY SECRETARY)

Lahore: October 05, 2023

# Annual Report 2023

## NOTES:

1. The Share Transfer Books of the Company will remain closed from October 20, 2023 to October 26, 2023 (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 19, 2023 will be considered in time for determination of entitlement of shareholders to attend and vote at the meeting.
2. Any person who seeks to contest election to the office of Director shall file with the Company, not later than fourteen days before the date of the Meeting a notice of his/her intention to offer himself/herself for the election of a director in terms of section 159(3) of the Companies Act, 2017 together with:-
  - a. Consent to act a Director on Form 28
  - b. Detail Profile alongwith his/her Office address as required under SRO 634/2014 dated July 10, 2014 for placement on Company's website.
  - c. A declaration in the prescribed form under clause (ii) of the Code of Corporate Governance to the effect that he/she is aware of the duties and powers of directors under the Companies Act, 2017; the Memorandum and Articles of Association of the Company and the listing regulations to the Stock Exchanges in Pakistan and has read the provisions contained therein.
  - d. A declaration in terms of clause (iii) and (iv) of the Code of Corporate Governance to the effect that:-
    - i. He/She is not serving as a director of more than seven other listed companies.
    - ii. His/Her name is borne in the register of national tax payers (except where he/she is a no-resident)
    - iii. He/She has not been convicted by a court of competent jurisdiction as defaulter in payment of any loan to a banking company, a development financial institution or a non-banking financial institution.
    - iv. He/She and his/her spouse are not engaged in the business of stock brokerage.

Independent Director (s) will be elected through the process of election of director in terms of section 159 of the Act and they shall meet the criteria laid down in Section 166 of the Act, and the Companies (Manner and Selection of Independent Directors) Regulations 2018, accordingly the following additional documents are to be submitted by the candidates intending to contest election of directors as an independent director:

- a) Declaration by Independent Director(s) under Clause 6(3) of the Listed Companies (Code of Corporate Governance) Regulation 2019;
  - b) Undertaking on non-judicial stamp paper that he/she meets the requirements of sub-regulation (1) of Regulation 4 of the Companies (Manner and Selection of Independent Directors) Regulations, 2018
3. 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.
  4. 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.
  5. Members, who have deposited their shares into Central Depository Company of Pakistan Limited ("CDC") will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan.

## **A. For Attending the Meeting**

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall authenticate his identity by showing his original NIC or original Passport at the time of attending the Meeting.
- b. In case of corporate entity, the Boards' resolution / power of attorney with specimen signature of the nominee shall be produced (unless it has been provided earlier) at the time of the Meeting.

## **B. For Appointing Proxies**

- a. In case of individuals, the account holder and/or sub-account holder and their registration details are uploaded as per the CDC Regulations, shall submit the proxy form as per the above requirements.
- b. Two persons whose names, addresses and NIC numbers shall be mentioned on the form shall witness the proxy form.
- c. Attested copies of NIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- d. The proxy shall produce his original NIC or original passport at the time of the Meeting.
- e. In case of corporate entity, the Boards' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

## **6. SUBMISSION OF COPIES OF CNICS / NTN**

In accordance with the notification of the Securities and Exchange Commission of Pakistan, SRO 779(I) 2011 dated August 18, 2011 and SRO 831(1)/2012 dated July 05, 2012; dividend warrants should bear Computerized National Identity Card (CNIC) numbers of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, Members who have not yet submitted copy of their valid CNIC/ NTN (in case of corporate entities) are again requested to submit the same to the Share Registrar, with Members folio no. mentioned thereon. It may kindly be noted that in case of non-receipt of the copy of valid CNIC, the Company would be constrained to withhold dispatch of dividend warrants.

## **7. PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account of designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company. In case of non-submission, all future dividend payments may be withheld.

## **8. Deposit of Physical Shares in to CDC Accounts:**

As per Section 72 of the Companies Act, 2017, every existing company shall replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Securities and Exchange Commission of Pakistan, within a period not exceeding four years from the commencement of the Companies Act, 2017 i.e. May 31, 2017. The shareholder holding shares in physical form are requested to please convert their shares in the book entry form. For this purpose, the shareholders may open CDC sub-account with any of the brokers or investor's account directly with the CDC to place their physical shares into scrip-less form. This will facilitate them in many ways including safe custody and sale of shares, anytime they want as the trading of physical shares is not permitted as per existing Regulations of the Pakistan Stock Exchange Limited. It also reduces the risks and costs associated with storing share certificate(s) and replacing lost or stolen certificate(s) as well as fraudulent transfer of shares. For the procedure of conversion of physical shares into book-entry form, you may approach our Share Registrar at the contact information given above.

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## DIRECTORS' REPORT

The Directors of Grays Leasing Limited (GLL/Company) are pleased to present the 28<sup>th</sup> Annual Report together with the audited financial statements for the year ended June 30, 2023.

### COMPOSITION OF BOARD OF DIRECTORS

The total number of directors are 07 (seven) as per the following:

- Male 6
- Female 1

The composition of the Board is as follows:

Category		Names
a.	Independent Directors	Mr. Iftikhar Ahmad Butt Mr. Muhammad Arshad
b.	Non-executive Directors	Mr. Khawar Anwar Khawaja (Chairman) Mr. Khurram Anwar Khawaja Mr. Omer Khawar Khawaja Mrs. Nuzhat Khawar Khawaja
c.	Executive Directors	Mr. Muhammad Tahir Butt (CEO)

### OPERATING RESULTS

	Rupees
Total revenue	23,900,538
Total expenses	(16,859,236)
Profit before tax	<u>7,041,302</u>
Provision for taxation	
Current	
For the year	(3,261,145)
Prior year	56,887
Deferred	
For the year	<u>2,084,125</u>
	<u>1,120,133</u>
Profit after tax	<u>5,921,169</u>
<b>Profit per share</b>	<b>0.275</b>

### 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 sanctioned new leases (excluding UFI) worth Rupees 48.506 million (2022: 94.005 million). Gross investment in finance leases as at 30 June 2023 stands at Rupees 496.559 million against Rupees 531.613 million on June 30, 2022, while the net investment stands at Rupees 424.510 million on 30 June 2023 against Rupees 460.191 million of the last year. The gross revenue from operations was Rupees 23.901 million against Rupees 22.593 million in 2022. The profit before and after tax for the current year is Rupees 7.041 million and Rupees 5.921 million as compared to profit before and loss after tax of preceding year which was Rupees 2.207 million and Rupees 4.090 million respectively. Increase in interest rate and reversal in provision (*due to recovery against non-performing loan*) during the current year contributed towards the profitability of the company. Shareholders' equity of the company is at Rupees 63.102 million.

### CREDIT RATING

Since Grays Leasing Limited is a non-deposit taking NBFC, therefore credit rating of the Company has not been carried out for the current year.

### FUTURE OUTLOOK

In the absence of any funding from commercial banks, the company is utilizing funding available from the Anwar Khawaja Industries (Private) Limited, the holding 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. However significant increase in the value of vehicles will put the scope of leasing on fast track in coming days.



## **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 is 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, although the company has generated profit during the current financial year but rather than paying the dividend company needs to uplift its equity first, which is very important for the financial health of company. Due to this reason, 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 Program 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 2023 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, 2024.

## **MATERIAL CHANGES**

There have been no material changes and commitments affecting the financial position of the Company which have occurred between 30<sup>th</sup> June 2023 and 18<sup>th</sup> September 2023.

## **IMPACT OF COMPANY'S BUSSINES 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.

# Annual Report 2023

## 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. Muhammad Arshad	4	-
Mrs. Nuzhat Khawar Khawaja	4	-

## 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 has a formal process of evaluation of the performance of the Board of Directors and its committee. This evaluation is 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 these financial statements in accordance with the criteria for clarification and provisioning provided in Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The provision against lease receivables should be made at higher of the amount determined in accordance with the Expected Credit Loss (ECL) Model of IRFS 9 and Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. Currently, the management is working on development of ECL model as per IFRS 9 so that allowance for potential lease losses could be calculated at higher of the amount determined in accordance with the Expected Credit Loss (ECL) Model of IRFS 9 and Schedule X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The company shall apply ECL model as per IFRS 9 in current year.

## ACKNOWLEDGMENT

I would like to thank the banks, NBF1 & Modaraba Association of Pakistan for its 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

18th September 2023



**Khurram Anwar Khawaja**  
Director

ڈائریکٹرز رپورٹ

گریز لیزنگ لمیٹڈ کے بورڈ آف ڈائریکٹرز 30 جون 2023 کو اختتام پذیر ہونے والے سال کے لیے اٹھاسویں ڈائریکٹرز رپورٹ بمعہ آڈٹ شدہ مالی اسٹیٹمنٹس مسرت سے پیش کرتے ہیں۔

بورڈ آف ڈائریکٹرز کی تشکیل

ڈائریکٹرز کی کل تعداد آٹھ ہے جو مندرجہ ذیل ہے۔

﴿ 6 میل

﴿ 1 فی میل

بورڈ درج ذیل ہے۔

نام	ذمرہ
جناب افتینا راشد	ا خود مختار ڈائریکٹرز
جناب محمد راشد	ب غیر علی ڈائریکٹرز
جناب خاور انور خواجہ (چئر مین)	
جناب خرم انور خواجہ	
جناب عمر خاور خواجہ	
محترمہ زہت خاور خواجہ	
جناب محمد طاہر بٹ	ج علی ڈائریکٹرز

عمل کاری کے نتائج:

کمپنی کے عمل کاری کے نتائج درج ذیل ہیں:

23,900,538	کل آمدن
(16,859,236)	کل اخراجات
7,041,302	منافع قبل از ٹیکس
	قواعد برائے ٹیکس:
(3,261,145)	موجودہ سال
56,887	گزشتہ سال
2,084,125	تاخیر برائے سال
1,120,133	
5,921,169	منافع بعد از ٹیکس
0.275	منافع فی شیئر

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) 48.506 ملین روپے کی نئی لیز کس (ملین 94.005: 2022)۔ 30 جون 2023 تک مالی لیز میں کل سرمایہ کاری 30 جون 2022 کے 531.613 ملین روپے کی جگہ 496.559 ملین تھی۔ جبکہ 30 جون 2023 تک کی حتمی سرمایہ کاری گزشتہ سال کے 460.191 ملین روپے کی جگہ 424.510 ملین تھی۔ عوامل سے کل آمدن 2022 کے 22.593 ملین کی جگہ 23.901 ملین ہوئی، ٹیکس سے قبل منافع 7.041 ملین اور ٹیکس کے بعد 5.921 ملین روپے ہے جبکہ گزشتہ سال ٹیکس سے قبل منافع 2.207 ملین اور بعد میں نقصان 1.4.090 ملین روپے موازنہ میں بالترتیب تھا۔ سال کے دوران ہونے والے منافع کی وجہ بنیادی طور پر شرح سود میں اضافہ اور درج شدہ نقصان میں کمی (غیر فعال قرض کی وصولی کی وجہ سے) تھا۔ کمپنی کے شیئر ہولڈرز کی اکیوٹی مبلغ 63.102 ملین روپے پر ہے۔

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## کرڈٹ کی درجہ بندی

چونکہ گریڈنگ لمیٹڈ ایک نان ڈپازٹ لینے والی (NBFC) کمپنی ہے، اس لیے کمپنی کی کرڈٹ ریٹنگ موجودہ سال کے لیے نہیں کی گئی۔ مستقبل کا جائزہ

کمرشل بنکس کی جانب سے کسی بھی فنڈنگ کی غیر موجودگی کی صورت میں کمپنی ماحققہ ادارے انور خواجہ انڈسٹریز پرائیویٹ لمیٹڈ، چیف ایگزیکٹو اور اندرونی رقم بذر ریوری 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۔ تاہم آنے والے دنوں میں گاڑیوں کی قیمت میں نمایاں اضافہ لیونگ کے کاروبار کو بہتر بنا دے گا۔

## 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 تعمیل کے افعال کے ذریعے آڈٹ کمپنی کے حوالے سے لاگو ہوتا ہے۔

## ڈیویڈنڈ

عزیز شہزاد ہولڈرز، اگرچہ کمپنی نے رواں مالی سال کے دوران منافع کمایا ہے لیکن ڈیویڈنڈ ادا کرنے کے بجائے کمپنی کو پہلے اپنی ایکویٹی کو بڑھانے کی ضرورت ہے، جو کمپنی کی مالی حالت کے لیے بہت اہم ہے اس وجہ سے ہم اس سال ڈیویڈنڈ کا اعلان نہیں کر سکے۔

## کارپوریٹ اینڈ فنانشیئل رپورٹنگ فریم ورک

☆ کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالی اسٹیٹمنٹس کمپنی کے معاملات، اس کے عوامل، کیش فلوا اور ایکویٹی میں تبدیلی جاتر 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 با شعور 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 بننے کی قابلیت پر کوئی خاطر خواہ شبہات نہ ہیں۔

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

ٹرینینگ پروگرام کے تحت سند یافتہ ہیں۔ باقی ڈائریکٹرز ڈائریکٹرز ٹرینینگ پروگرام مکمل کر لیں گے۔

## شہزاد ہولڈنگ کی ترتیب:

30 جون 2023 کو کمپنی میں شہزاد ہولڈنگ کی ترتیب ظاہر کرتی ہوئی اسٹیٹمنٹ لف ہڈا ہے۔ ڈائریکٹر، CEO، CFO، کمپنی سیکریٹری اور ان کی زوجین یا بچوں نے دوران سال کمپنی

کے شہزادے کے کاروبار میں کوئی حصہ نہیں رکھا۔

## آڈیٹرز

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

آڈیٹرز برائے سال ختمہ 30 جون 2024 - سفارش کی ہے۔

## تبدیلیے مواد

اس میں 30 جون 2023 اور 18 ستمبر 2023 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 زلی کمیٹیوں کی تعمیل اس رپورٹ میں شامل ہے جو تشکیل دی گئی ہے۔

# Grays Leasing Limited

بورڈ کی مشاہرہ پالیسی

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

ڈائریکٹرز اینڈ مینٹنز

دوران سال، بورڈ کی 4 مینٹنز 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 محمد ارشد	4	-
محترمہ مذہبت خاور خواجہ	4	-

آڈٹ کمیٹی کی مینٹنز

دوران سال آڈٹ کمیٹی کی 4 مینٹنز 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 مینٹنز 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

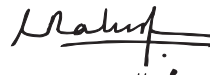
ممبران کو اپنی رپورٹ میں آڈیٹرز نے کہا ہے کہ رواں مالی سال کی تفصیلات میں لیننگ کے ان ممکنہ نقصانات کا تخمینہ نان بینکنگ و فنانس کمپنیز اینڈ ٹریڈ اینڈ سٹاک ایکسچینج، 2008 کے شیڈول X کے مطابق کیا گیا ہے لیننگ کے ممکنہ نقصانات کا تخمینہ IFRS9 کے ECL ماڈل اور نان بینکنگ فنانس کمپنیز اینڈ ٹریڈ اینڈ سٹاک ایکسچینج رگولیشن 2008 کے شیڈول X کے مطابق کیلکولیٹ کی گئی رقوم میں سے زیادہ والی رقم کے مطابق ہونی چاہیے موجودہ مینجمنٹ IFRS9 کے مطابق ECL ماڈل بنانے پر کام کر رہی ہے تاکہ لیننگ کے ممکنہ نقصانات کے الاؤنس کا حساب غیر بینکنگ مالیاتی کمپنوں، IFRS9 اور شیڈول X کے متوقع کریڈٹ (ECL) ماڈل کے مطابق طے شدہ رقم سے زیادہ پر کیا جاسکے۔ کمپنی موجودہ سال میں IFRS9 کے مطابق ECL ماڈل کا اطلاق کرے گی۔

اعتراف

میں اُن بزنس، نان فنانسنگ، انشورنس اور مودر با ایسوسی ایشن پاکستان کا ان کی حمایت کے لیے شکر یہ ادا کرنا چاہتا ہوں، اور ان کا سٹش کا جنھوں نے ہمیں اپنی خدمت کا موقع دیا اور تمام درجے کے کمپنی ملازمین کا، ان کی مخلص کوششوں کے لیے۔

بجانب بورڈ

  
خرم انور خواجہ  
ڈائریکٹر

  
محمد طاہر بٹ  
چیف ایگزیکٹو

ستمبر 18، 2023

# Annual Report 2023

## KEY OPERATING AND FINANCIAL DATA FOR SIX YEARS

	30-Jun-2018	30-Jun-2019	30-Jun-2020	30-Jun-2021	30-Jun-2022	30-Jun-2023
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### PROFIT AND LOSS

(Rupees in Thousand)

Revenue	9,892	14,928	18,913	18,697	22,593	23,901
Financial charges	2,813	2,730	7,045	1,448	1,331	255
Provision / (Reversal)for doubtful receivables	(2,220)	1,031	1,520	(886)	4,226	(2,984)
Profit / (Loss) before tax	(2,689)	(1,194)	(2,947)	4,477	2,207	7,041
Profit / (Loss) after tax	(4,378)	(1,858)	(3,871)	(1,646)	(4,090)	5,921
Dividend	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-

### BALANCE SHEET

Paid up share capital	215,000	215,000	215,000	215,000	215,000	215,000
Shareholders' equity	69,363	67,467	63,743	62,099	57,935	63,102
Borrowings	42,500	57,500	57,500	60,000	50,000	25,000
Net investment in finance lease	421,020	435,838	433,273	464,488	460,191	424,510
Total assets	272,086	292,494	297,544	323,491	318,848	286,101

### PERFORMANCE INDICATORS

Profit / (Loss) before tax/Gross revenue	-27%	-8%	-16%	24%	10%	29%
Profit / (Loss) after tax/Gross revenue	-44%	-12%	-20%	-9%	-18%	25%
Pre tax return on shareholders' equity	-3.9%	-1.8%	-4.6%	7.2%	3.8%	11.2%
After tax return on shareholders' equity	(0.06)	(0.03)	(0.06)	(0.03)	(0.07)	0.09
Income / expense ratio	0.67	0.99	0.93	1.24	1.40	1.20
Interest coverage ratio	(1.96)	(1.44)	(1.42)	2.09	0.66	26.61
Earning / (Loss) per share	(0.204)	(0.086)	(0.180)	(0.077)	(0.190)	0.275
Break up value per share	3.23	3.14	2.96	2.89	2.69	2.93
Lease disbursements	57,251	80,224	52,794	132,916	94,005	48,506
Number of contracts	28	26	21	35	29	10

# Grays Leasing Limited

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019 (THE REGULATIONS) NAME OF COMPANY: GRAYS LEASING LIMITED YEAR ENDED: JUNE 30, 2023

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

1. The total number of directors are 07 as per the following:

- a. Male: 6\*
- b. Female: 1

2. The composition of the Board is as follows:

	Category	Names
a)	Independent Directors	Mr. Iftikhar Ahmed Butt Mr. Muhammad Arshad
b)	Non-executive Directors	Mr. Khawar Anwar Khawaja (Chairman) 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 the Board/shareholders as empowered by the relevant provisions of the Companies Act, 2017 (the Act) and the Regulations;

7. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board has complied with the requirements of the Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board of directors is in the process of developing a formal policy and transparent procedures for remuneration of directors in accordance with the Act and the Regulations;

9. The Board has arranged Directors' Training Program for the following:

- i) Mr. Omer Khawar Khawaja
- ii) Mrs. Nuzhat Khawar Khawaja

Following directors meet the exemption criteria of minimum of 14 years of education and 15 years of experience on the Boards of listed companies, hence, are exempt from Directors' Training program:

- i) Mr. Khawar Anwar Khawaja
- ii) Mr. Khurram Anwar Khawaja
- iii) Mr. Muhammad Tahir Butt

Following directors will be pursuing for the Directors' Training program in the year ending on 30 June 2024:

- i) Mr. Iftikhar Ahmed Butt
- ii) Mr. Muhammad Arshad

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 committees for compliance;

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committees were as per following:

- a) Audit Committee: Four meetings were held during the financial year ended 30 June 2023.
- b) HR and Remuneration Committee: Two meetings were held during the financial year ended 30 June 2023.

15. The board has setup 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;

17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;

18. We confirm that all requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with;

19. Explanation for non-compliance with requirements, other than Regulations 3, 6, 7, 8, 27, 32, 33 and 36 are below: and

# Annual Report 2023

Sr. No.	Non-Mandatory Requirement	Explanation of Non-Compliance	Regulation Number
1	<b>Responsibilities of the Board and its members</b> 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)
2	<b>Annual evaluation of Board's own performance</b> 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.	<b>Annual evaluation of Board's own performance</b> 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.	10(3)(v)
3	<b>Formal policy</b> 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 the Regulations	16
4	<b>Directors Orientation Program</b> The Company shall make appropriate arrangements to carry out orientation for their directors to acquaint them with the 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
5	<b>Directors' Training</b> It is encouraged that all of the directors have obtained Director Training Program (DTP) certification by 30 June 2022.	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. Further, the Company has planned to arrange DTP certification for remaining directors in the year ending on 30 June 2024.	19
6	<b>Requirement to attain certification</b> Companies are encouraged to arrange training for: i) at least one female executive every year under the Directors' Training Program from year July 2020; and ii) at least one head of department every year under the Directors' Training Program from July 2022.	Currently, there is no female executive employed by the Company. Further, the Company has planned to arrange DTP certification of head of departments in the year ending on 30 June 2024.	19(3)
7	<b>Qualification of company secretary</b>	The Company will comply with this requirement of the Regulations in the next financial year.	24
8	<b>Qualification of chief financial officer</b>	The Company will comply with this requirement of the Regulations in the next financial year.	22
9	<b>Human Resource and Remuneration Committee</b> i) 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. ii) The chairman of the committee shall be an independent director.	The Company has plan to appoint independent director in human resource and remuneration committee in the next financial year ending on 30 June 2024. The independent director will also be the chairman of the committee	28(1)
10	<b>Nomination Committee</b> 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.	29
11	<b>Risk Management Committee</b> 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.	30
12	<b>Disclosure of significant policies on website</b> 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

20. After resignation of Mr. Abdul Qayyum Malik (Independent director) from the board, there are two elected independent Directors who have requisite competencies, skills, knowledge and experience to discharge and execute their duties competently, as per applicable laws and regulations. They fulfill the necessary requirements as per applicable laws and regulations. To fill the casual vacancy, third independent director will be appointed on the board.

  
(KHAWAR ANWAR KHAWAJA)  
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, 2023 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**  
Chairman

# Annual Report 2023

## 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 2023 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 instance of the non-compliance with the requirement of the Regulations was observed which is not stated in the Statement of Compliance:

i) 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 instance 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 2023.



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: 19 September 2023  
UDIN: CR202310168bcne65Hx1

## 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 2023, 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 2023 and of the profit, other comprehensive loss, 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 Scheduled X to the Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has adopted International Financial Reporting Standard (IFRS) 9 "Financial Instruments", therefore, provisioning against lease receivables should be made at higher of the amount determined in accordance with Expected Credit Loss model of IFRS 9 and Scheduled X to the of Non-Banking Finance Companies and Notified Entities Regulations, 2008. The Company has not determined the allowance for potential lease losses under Expected Credit Loss model of IFRS 9, hence, 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.

# Annual Report 2023

## 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).

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



**RIAZ AHMAD & COMPANY**  
Chartered Accountants

Lahore

Date: 19 September 2023

UDIN: AR202310168iBpdULcq

# Annual Report 2023

## STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	3	13,916,514	14,649,145
Advances and prepayments	4	1,042,154	514,054
Sales tax recoverable	5	422,310	386,594
Current maturity of non-current assets	6	172,539,576	177,249,602
		187,920,554	192,799,395
<b>Non-current assets</b>			
Net investment in lease finance	7	97,522,349	125,509,256
Long term security deposit	8	2,500	2,500
Fixed assets	9	655,512	536,581
		98,180,361	126,048,337
<b>TOTAL ASSETS</b>		<b>286,100,915</b>	<b>318,847,732</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Loan from related party	10	25,000,000	50,000,000
Accrued and other liabilities	11	5,265,649	4,478,405
Current maturity of non-current liabilities	12	126,482,186	128,649,346
Unclaimed dividend		777,785	777,785
Provision for taxation - net	13	2,508,742	4,341,562
		160,034,362	188,247,098
<b>Non-current liabilities</b>			
Deposits on lease contracts	14	59,395,220	66,699,920
Deferred income tax	15	1,854,916	4,247,082
Employees' retirement benefit	16	1,714,429	1,718,642
		62,964,565	72,665,644
<b>TOTAL LIABILITIES</b>		<b>222,998,927</b>	<b>260,912,742</b>
<b>NET ASSETS</b>		<b>63,101,988</b>	<b>57,934,990</b>
<b>REPRESENTED BY:</b>			
<b>Authorized share capital</b>			
35,000,000 (2022: 35,000,000) ordinary shares of Rupees 10 each		350,000,000	350,000,000
<b>Issued, subscribed and paid-up share capital</b>			
21,500,000 (2022: 21,500,000) ordinary shares of Rupees 10 each	17	215,000,000	215,000,000
<b>Statutory reserve</b>	18	59,256,615	59,256,615
<b>Accumulated loss</b>		(211,154,627)	(216,321,625)
<b>Shareholders' equity</b>		63,101,988	57,934,990
Contingencies and commitments	19		
		63,101,988	57,934,990

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**KHAWAR ANWAR KHAWAJA**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

# Grays Leasing Limited

## STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 Rupees	2022 Rupees
<b>REVENUE</b>			
Income from lease operations	20	21,117,084	20,845,595
Other income	21	2,783,454	1,747,158
		<u>23,900,538</u>	<u>22,592,753</u>
<b>EXPENDITURES</b>			
Administrative and other operating expenses	22	(19,587,940)	(14,828,973)
Financial and other charges	23	(255,449)	(1,330,803)
Allowance for potential lease losses - net	7.2	2,984,153	(4,225,729)
		<u>(16,859,236)</u>	<u>(20,385,505)</u>
<b>PROFIT BEFORE TAXATION</b>		7,041,302	2,207,248
Taxation	24	(1,120,133)	(6,297,141)
<b>PROFIT / (LOSS) AFTER TAXATION</b>		<u>5,921,169</u>	<u>(4,089,893)</u>
Earnings / (loss) per share - basic and diluted	25	<u>0.275</u>	<u>(0.190)</u>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**KHAWAR ANWAR KHAWAJA**  
 DIRECTOR

  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

# Annual Report 2023

## STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
PROFIT / (LOSS) AFTER TAXATION	5,921,169	(4,089,893)
OTHER COMPREHENSIVE INCOME :		
Item that will not be reclassified to profit or loss		
Loss on remeasurement of defined benefit obligation - net of tax	(754,171)	(73,689)
Items that may be reclassified subsequently to profit or loss	-	-
Other comprehensive loss for the year - net of tax	(754,171)	(73,689)
TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE YEAR	<u>5,166,998</u>	<u>(4,163,582)</u>

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

  
MUHAMMAD TAHIR BUTT  
CHIEF EXECUTIVE OFFICER

  
KHAWAR ANWAR KHAWAJA  
DIRECTOR

  
MUHAMMAD FAISAL AZAM  
CHIEF FINANCIAL OFFICER



# Grays Leasing Limited

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

	ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL	CAPITAL RESERVE	ACCUMULATED LOSS	SHAREHOLDERS' EQUITY
		STATUTORY RESERVE		
	-----Rupees-----			
<b>Balance as at 30 June 2021</b>	215,000,000	59,256,615	(212,158,043)	62,098,572
Loss for the year	-	-	(4,089,893)	(4,089,893)
Other comprehensive loss for the year	-	-	(73,689)	(73,689)
Total comprehensive loss for the year	-	-	(4,163,582)	(4,163,582)
<b>Balance as at 30 June 2022</b>	215,000,000	59,256,615	(216,321,625)	57,934,990
Profit for the year	-	-	5,921,169	5,921,169
Other comprehensive loss for the year	-	-	(754,171)	(754,171)
Total comprehensive income for the year	-	-	5,166,998	5,166,998
<b>Balance as at 30 June 2023</b>	215,000,000	59,256,615	(211,154,627)	63,101,988

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**KHAWAR ANWAR KHAWAJA**  
 DIRECTOR


  
**MUHAMMAD FAISAL AZAM**  
 CHIEF FINANCIAL OFFICER

# Annual Report 2023

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2023

	2023 Rupees	2022 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Profit before taxation</b>	7,041,302	2,207,248
<b>Adjustments for non-cash charges and other items:</b>		
Depreciation	118,449	304,684
Provision for gratuity	283,575	343,800
Financial and other charges	255,449	1,330,803
(Reversal of) / allowance for potential lease losses - net	(2,984,153)	4,225,729
Doubtful advance written off	-	7,781
Provision against sales tax recoverable	14,225	642,968
Gain on disposal of fixed assets	-	(106,632)
Profit on bank deposits	(1,368,921)	(589,678)
	<u>(3,681,376)</u>	<u>6,159,455</u>
<b>Operating profit before working capital changes</b>	3,359,926	8,366,703
Increase / (decrease) in advances and prepayments	(528,100)	369,000
Increase in sales tax recoverable	(49,941)	(94,770)
Increase in accrued and other liabilities	787,244	202,220
	<u>3,569,129</u>	<u>8,843,153</u>
<b>Cash generated from operations</b>	3,569,129	8,843,153
Financial charges paid	(255,449)	(1,330,803)
Income tax paid	(5,037,078)	(3,039,076)
Gratuity paid	(1,350,000)	(605,000)
Profit on bank deposits received	1,368,921	589,678
Decrease in long term security deposit - net	-	599,942
	<u>(1,704,477)</u>	<u>5,057,894</u>
<b>Net cash (used in) / from operating activities</b>	(1,704,477)	5,057,894
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Net investment in lease finance - net	35,681,086	(684,465)
Fixed assets acquired	(237,380)	(87,500)
Fixed assets disposed of	-	1,205,000
	<u>35,443,706</u>	<u>433,035</u>
<b>Net cash from investing activities</b>	35,443,706	433,035
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loan to related party	(25,000,000)	(10,000,000)
Repayment of lease liability	-	(1,071,068)
Deposits on lease contracts - net	(9,471,860)	7,318,339
	<u>(34,471,860)</u>	<u>(3,752,729)</u>
<b>Net cash used in financing activities</b>	(34,471,860)	(3,752,729)
<b>Net (decrease) / increase in cash and cash equivalents</b>	(732,631)	1,738,200
<b>Cash and cash equivalents at the beginning of the year</b>	14,649,145	12,910,945
<b>Cash and cash equivalents at the end of the year</b>	<u>13,916,514</u>	<u>14,649,145</u>

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

  
**MUHAMMAD TAHIR BUTT**  
 CHIEF EXECUTIVE OFFICER

  
**KHAWAR ANWAR KHAWAJA**  
 DIRECTOR

  
**MUHAMMAD FAISSAL AZAM**  
 CHIEF FINANCIAL OFFICER

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

### 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 63,101,988. The Company as a non-deposit taking NBF1 meets the minimum equity requirement of Rupees 50.000 million. During the year, the Company has sanctioned and recovered amounting to Rupees 61,955,460 and Rupees 78,094,643 respectively against gross investment in lease finance. Further, during the year, the Company earned income of Rupees 21,117,084 from lease operations. Sponsors of the Company have sanctioned credit facility of Rupees 50,000,000 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 Regulations) Rules, 2003 (the NBFC Rules) and Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

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:

# Annual Report 2023

## 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.

## 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.

### 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 2022:

- Amendments to IAS 16 'Property, Plant and Equipment' - Proceeds before Intended Use'.
- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' - Onerous Contracts – Cost of Fulfilling a Contract amends IAS 1 'Presentation of Financial Statements'.
- Annual improvements to IFRS standards 2018-2020 which amended IFRS 9 'Financial Instruments' and IFRS 16 'Leases'.
- 'Reference to the Conceptual Framework (Amendments to IFRS 3)' published by the International Accounting Standards Board (IASB) with amendments to IFRS 3 'Business Combinations'.

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 2022 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 2023 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'.

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.

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.

On 31 October 2022, the IASB issued 'Non-current Liabilities with Covenants (Amendments to IAS 1)' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

On 22 September 2022, the IASB issued 'Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)' with amendments that clarify how a seller-lessee subsequently measures sale and leaseback transactions that satisfy the requirements in IFRS 15 to be accounted for as a sale. The amendments are effective for annual periods beginning on or after 1 January 2024.

On 25 May 2023, the IASB issued 'Suppliers Finance Arrangements (Amendments to IAS 7 and IFRS 7)' to add disclosure requirements, and 'signposts' within existing disclosure requirements, that ask entities to provide qualitative and quantitative information about supplier finance arrangement. The amendments are effective for reporting period beginning on or after 1 January 2024.

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 2023 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

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:

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## **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.



## 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 9.

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 less accumulated depreciation and accumulated impairment losses (if any). Cost comprises of 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.

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## 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.

## 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

Accrued and other liabilities are initially recognized at fair value, which is normally the transaction cost. Subsequently, these are measured at amortized 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.

## 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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	2023 Rupees	2022 Rupees
<b>3. CASH AND BANK BALANCES</b>		
Cash in hand	11,836	24,430
Cash with banks:		
Balance with State Bank of Pakistan	7,338	9,884
Current accounts	1,750,180	4,955,842
Saving accounts (Note 3.1)	12,147,160	9,658,989
	<u>13,916,514</u>	<u>14,649,145</u>

3.1 Rate of profit on bank deposits ranges from 12.25% to 19.50% (2022: 5.50% to 12.25%) per annum.

	2023 Rupees	2022 Rupees
<b>4. ADVANCES AND PREPAYMENTS</b>		
<b>Considered good:</b>		
<b>Advances</b>		
Advance against expenses	196,209	134,109
Advances to employees (Note 4.1)	712,000	246,000
<b>Prepayments</b>		
Prepaid expenses	133,945	133,945
<b>Considered doubtful:</b>		
Advance against expenses	-	7,781
Less : Written off during the year (Note 23)	-	(7,781)
	-	-
	<u>1,042,154</u>	<u>514,054</u>

4.1 These represent unsecured and interest free advances given to employees of the Company against salaries. These include advance of Rupees 0.580 million (2022: Rupees 0.030 million) receivable from chief financial officer of the Company. Maximum aggregate amount due from chief financial officer at the end of any month during the year was Rupees 0.580 million (2022: Rupees 0.135 million).

	2023 Rupees	2022 Rupees
<b>5. SALES TAX RECOVERABLE</b>		
Considered good	422,310	386,594
Considered doubtful	657,193	642,968
Less: Provision charged during the year (Note 5.1)	(657,193)	(642,968)
	-	-
	<u>422,310</u>	<u>386,594</u>

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	2023 Rupees	2022 Rupees
<b>5.1 Provision against doubtful sales tax recoverable</b>		
Opening balance	642,968	-
Add: Provision recognised during the year (Note 23)	14,225	642,968
	<u>657,193</u>	<u>642,968</u>

	2023 Rupees	2022 Rupees
<b>6 CURRENT MATURITY OF NON-CURRENT ASSETS</b>		
Net investment in lease finance (Note 7)	<u>172,539,576</u>	<u>177,249,602</u>

	2023 Rupees	2022 Rupees
<b>7 NET INVESTMENT IN LEASE FINANCE</b>		
Lease rentals receivable	310,681,184	336,263,957
Add: Guaranteed residual value of leased assets	185,877,406	195,349,266
Gross investment in lease finance (Note 7.1)	496,558,590	531,613,223
Less: Unearned finance income	(72,048,380)	(71,421,927)
Net investment in lease finance (Note 7.1 and Note 7.3)	424,510,210	460,191,296
Less: Allowance for potential lease losses (Note 7.2)	(154,448,285)	(157,432,438)
Net investment in lease finance - net off provision	270,061,925	302,758,858
Less: Current maturity shown under current assets (Note 6)	(172,539,576)	(177,249,602)
	<u>97,522,349</u>	<u>125,509,256</u>

	<b>GROSS INVESTMENT IN LEASE FINANCE</b>		<b>NET INVESTMENT IN LEASE FINANCE</b>	
	2023 Rupees	2022 Rupees	2023 Rupees	2022 Rupees
Not later than one year	374,105,371	385,865,669	326,987,861	334,682,040
Later than one year but not later than five years	122,453,219	145,747,554	97,522,349	125,509,256
	<u>496,558,590</u>	<u>531,613,223</u>	<u>424,510,210</u>	<u>460,191,296</u>
Less: Unearned finance income	(72,048,380)	(71,421,927)		
	<u>424,510,210</u>	<u>460,191,296</u>		

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7.1.1 There are no lease contract receivables over five years. The Company's implicit rate of return on leases ranges from 19.00% to 29.86% per annum (2022: 14.74% to 23.10% 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 30.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

	2023 Rupees	2022 Rupees
<b>7.2 ALLOWANCE FOR POTENTIAL LEASE LOSSES</b>		
Balance as at 01 July	157,432,438	158,187,559
Add: Allowance for potential lease losses made during the year	750	14,952,803
Less: Reversal of allowance for potential lease losses during the year	(2,984,903)	(10,727,074)
Allowance for potential lease losses - net	(2,984,153)	4,225,729
Less: Written off against allowance for potential lease losses	-	(4,980,850)
Balance as at 30 June	<u>154,448,285</u>	<u>157,432,438</u>

7.3 Net investment in lease finance includes an amount of Rupees 0.892 million (2022: Rupees 1.169) receivable from chief financial officer of the Company. This is neither past due nor impaired. The maximum aggregate amount receivable at the end of any month during the year was Rupees 1.149 million (2022: Rupees 1.169 million).

	2023 Rupees	2022 Rupees
<b>8. LONG TERM SECURITY DEPOSIT</b>		
Security deposit	<u>2,500</u>	<u>2,500</u>

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## 9. 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-----					
<b>As at 30 June 2021</b>					
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)
Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 30.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	90,165	248,261	101,267	175,444	615,137
<b>Year ended 30 June 2022</b>					
Opening net book value	90,165	248,261	101,267	175,444	615,137
Additions	-	-	-	87,500	87,500
Transfer from right of use assets:					
Cost	-	1,900,268	-	-	1,900,268
Accumulated depreciation	-	(789,262)	-	-	(789,262)
		1,111,006			1,111,006
Disposal:					
Cost	-	(2,320,268)	-	-	(2,320,268)
Accumulated depreciation	-	1,221,900	-	-	1,221,900
		(1,098,368)			(1,098,368)
Depreciation charge	(9,017)	(91,137)	(10,127)	(68,413)	(178,694)
Closing net book value	81,148	169,762	91,140	194,531	536,581
<b>As at 30 June 2022</b>					
Cost	489,740	898,299	433,020	1,722,449	3,543,508
Accumulated depreciation	(388,674)	(728,537)	(325,523)	(1,499,209)	(2,941,943)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	81,148	169,762	91,140	194,531	536,581
<b>Year ended 30 June 2023</b>					
Opening net book value	81,148	169,762	91,140	194,531	536,581
Additions	-	-	237,380	-	237,380
Depreciation charge	(8,115)	(33,952)	(18,023)	(58,359)	(118,449)
Closing net book value	73,033	135,810	310,497	136,172	655,512
<b>As at 30 June 2023</b>					
Cost	489,740	898,299	670,400	1,722,449	3,780,888
Accumulated depreciation	(396,789)	(762,489)	(343,546)	(1,557,568)	(3,060,392)
Accumulated impairment loss	(19,918)	-	(16,357)	(28,709)	(64,984)
Net book value	73,033	135,810	310,497	136,172	655,512
Annual rate of depreciation (%)	10	20	10-30	30	

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	2023 Rupees	2022 Rupees
<b>10. LOAN FROM RELATED PARTY</b>		
Anwar Khawaja Industries (Private) Limited - holding company	25,000,000	50,000,000
<b>10.1.</b> 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 50 million (2022: Rupees 50 million). The loan is interest free and is repayable till 30 June 2024.		
<b>10.2.</b> As on the reporting date, un-utilized credit facility from holding company comprise of Rupees 25 million (2022: Rupees Nil).		
	2023 Rupees	2022 Rupees
<b>11. ACCRUED AND OTHER LIABILITIES</b>		
Accrued liabilities	1,137,802	707,761
Income tax deducted at source	51,600	42,350
Workers' welfare fund (Note 11.1)	1,167,181	942,274
Insurance premium and claims payable	2,909,066	2,786,020
	<u>5,265,649</u>	<u>4,478,405</u>
<b>11.1. Workers' welfare fund</b>		
Balance as at 01 July	942,274	593,157
Add: Provision for the year (Note 23)	224,907	349,117
Balance as at 30 June	<u>1,167,181</u>	<u>942,274</u>
	2023 Rupees	2022 Rupees
<b>12. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>		
Deposits on lease contracts (Note 14)	126,482,186	128,649,346
	2023 Rupees	2022 Rupees
<b>13. PROVISION FOR TAXATION - NET</b>		
Provision for taxation	3,370,706	5,342,757
Less: Advance income tax	861,964	1,001,195
	<u>2,508,742</u>	<u>4,341,562</u>
	2023 Rupees	2022 Rupees
<b>14. DEPOSITS ON LEASE CONTRACTS</b>		
Balance as at 30 June	185,877,406	195,349,266
Less: Current maturity shown under current liabilities (Note 12)	(126,482,186)	(128,649,346)
	<u>59,395,220</u>	<u>66,699,920</u>
<b>14.1</b> These represent interest free security deposits received from lessees. 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 0.360 million (2022: Rupees 0.360 million) received from chief financial officer of the Company.		

Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 30.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

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	2023 Rupees	2022 Rupees
<b>15. DEFERRED INCOME TAX</b>		
The net deferred income tax liability comprised of temporary differences relating to:		
<b>Taxable temporary difference on:</b>		
Accelerated tax depreciation	79,882,697	85,083,355
<b>Deductible temporary differences on:</b>		
Un-absorbed tax depreciation	(77,530,597)	(80,337,867)
Provision for gratuity	(497,184)	(498,406)
	1,854,916	4,247,082

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

	2023			
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance
	-----Rupees-----			
Accelerated tax depreciation	85,083,355	(5,200,658)	-	79,882,697
Un-absorbed tax depreciation	(80,337,867)	2,807,270	-	(77,530,597)
Provision for gratuity	(498,406)	309,263	(308,041)	(497,184)
	4,247,082	(2,084,125)	(308,041)	1,854,916
	2022			
	Opening balance	Recognised in statement of profit or loss	Recognised in other comprehensive income	Closing balance
	-----Rupees-----			
Accelerated tax depreciation	84,282,320	801,035	-	85,083,355
Right-of-use asset	358,729	(358,729)	-	-
Unabsorbed tax depreciation	(82,931,165)	2,593,298	-	(80,337,867)
Provision for gratuity	(557,589)	42,617	16,566	(498,406)
Lease liability	(310,610)	310,610	-	-
	841,685	3,388,831	16,566	4,247,082

**16. EMPLOYEES' RETIREMENT BENEFIT**

The latest actuarial valuation of the defined benefit plan as at 30 June 2023 was carried out using the Projected Unit Credit Method. Details of the plan as per the actuarial valuation are as follows:

	2023 Rupees	2022 Rupees
<b>16.1</b> Present value of defined benefit obligation (Note 16.2)	1,714,429	1,718,642
<b>16.2</b> Net liability as at 01 July	1,718,642	1,922,719
Remeasurement recognized in other comprehensive income (Note 16.4)	1,062,212	57,123
Charge to statement of profit or loss (Note 16.5)	283,575	343,800
Benefits paid	(1,350,000)	(605,000)
Liability as at 30 June	1,714,429	1,718,642

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	2023 Rupees	2022 Rupees
<b>16.3 The movement in the present value of defined benefit obligation is as follows:</b>		
Present value of defined benefit obligations	1,718,642	1,922,719
Current service cost	145,292	181,778
Interest cost	138,283	162,022
Benefits paid	(1,350,000)	(605,000)
Actuarial losses from change in financial assumptions	16,892	16,371
Experience adjustments	1,045,320	40,752
	<u>1,714,429</u>	<u>1,718,642</u>

	2023 Rupees	2022 Rupees
<b>16.4 Remeasurements recognised in other comprehensive income</b>		
Experience adjustment	1,045,320	40,752
Actuarial losses from change in financial assumptions	16,892	16,371
	<u>1,062,212</u>	<u>57,123</u>

<b>16.5 Charge to statement of profit or loss:</b>		
Current service cost	145,292	181,778
Interest cost	138,283	162,022
	<u>283,575</u>	<u>343,800</u>

	2023	2022	2021	2020	2019
<b>16.6 Comparison of present value of defined benefit obligation for current and previous four years is as follows:</b>					
Present value of defined benefit obligation (Rupees)	<u>1,714,429</u>	<u>1,718,642</u>	<u>1,922,719</u>	<u>2,505,309</u>	<u>2,164,498</u>
Remeasurement (gain) / loss on obligation (Rupees)	<u>1,062,212</u>	<u>57,123</u>	<u>(2,687)</u>	<u>(206,716)</u>	<u>52,978</u>

	2023	2022
	( % per annum )	
<b>16.7 Principal actuarial assumptions used:</b>		
Discount rate used for interest cost	13.25	10.00
Discount rate for year end obligation	16.25	13.25
Expected rate of increase in salary	15.25	12.25

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

**16.9** The Company is expected to charge Rupees 0.436 million for gratuity in statement of profit or loss in the next financial year.

**16.10 Sensitivity analysis for actuarial assumptions:**

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



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	Defined benefit obligation		
	Changes in assumption	Increase in assumption	Decrease in assumption
	Bps	Rupees	Rupees
Discount rate	100	1,557,422	1,894,427
Future salary increase	100	1,920,766	1,530,512

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.

## 16.11 Maturity profile

The weighted average duration of the benefit obligation is 9 years.

## 16.12 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
90,486	104,960	383,935	3,668,793	28,240,609	32,488,783

## 17. ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL

2023	2022		2023	2022
(Number of shares)			Rupees	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>

2023	2022
(Number of shares)	

### 17.1 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>

## 18. STATUTORY RESERVE

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

## 19. Contingencies and commitments

### 19.1 Contingencies

2023	2022
-	-

### 19.2 Commitments

Commitment arising from lease of low value recognized on a straight-line basis as expense under the practical expedients applied by the Company with respect to IFRS 16. The amount of future payments under these leases and the period in which these payments will become due are as follows:

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	2023 Rupees	2022 Rupees
Not later than one year	300,000	300,000
Later than one year and not later than five years	200,000	500,000
	2023 Rupees	2022 Rupees
<b>20. INCOME FROM LEASE OPERATIONS</b>		
Finance lease income	20,154,269	19,444,469
Documentation charges	232,514	443,412
Additional lease rentals	730,301	957,714
	<u>21,117,084</u>	<u>20,845,595</u>
	2023 Rupees	2022 Rupees
<b>21. OTHER INCOME</b>		
<b>Income from financial assets</b>		
Processing fee and other charges	1,414,533	1,050,848
Profit on bank deposits	1,368,921	589,678
<b>Income from non-financial assets</b>		
Gain on disposal of fixed assets	-	106,632
	<u>2,783,454</u>	<u>1,747,158</u>
	2023 Rupees	2022 Rupees
<b>22. ADMINISTRATIVE AND OTHER OPERATING EXPENSES</b>		
Salaries, allowances and other benefits (Note 22.1)	8,722,404	7,461,281
Repair and maintenance	425,807	341,827
Rent, rates and taxes (Note 22.2)	400,000	400,000
Postage and telephone	196,025	191,686
Vehicles' running	1,329,669	822,086
Utilities	353,305	297,410
Legal and professional	3,561,609	961,642
Insurance	68,114	100,553
Fees and subscription	1,086,185	1,638,656
Travelling and conveyance	1,630,888	805,287
Printing and stationery	327,735	311,302
Auditor's remuneration (Note 22.3)	770,000	700,000
Entertainment	399,076	186,686
Advertisement	45,900	60,900
Newspapers and periodicals	1,400	11,657
Depreciation on fixed assets (Note 9)	118,449	178,694
Depreciation on right-of-use asset	-	125,990
Miscellaneous	151,374	233,316
	<u>19,587,940</u>	<u>14,828,973</u>
<b>22.1</b>	These include Rupees 0.284 million (2022: Rupees 0.344 million) charged in respect of gratuity as referred to in Note 16 and Rupees 0.387 million (2022: Rupees 0.228 million) charged in respect of compensated absences.	
<b>22.2</b>	This includes rent expense relating to office building from Anwar Khawaja Industries (Private) Limited - holding company. 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 (2022: Rupees 300,000) against office building has been recognized as expense.	

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		2023	2022
		Rupees	Rupees
<b>22.3 Auditor's remuneration</b>			
Audit fee		429,000	390,000
Half yearly review and other sundry certifications		231,550	210,500
Out-of-pocket expenses		109,450	99,500
		<u>770,000</u>	<u>700,000</u>
		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>23. FINANCIAL AND OTHER CHARGES</b>			
Mark up on loan from related party		-	259,309
Interest on lease liability		-	26,159
Workers' welfare fund (Note 11.1)		224,907	349,117
Doubtful advances written off (Note 4)		-	7,781
Provision against doubtful sales tax recoverable (Note 5.1)		14,225	642,968
Commission and other bank charges		16,317	45,469
		<u>255,449</u>	<u>1,330,803</u>
		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>24. TAXATION</b>			
Current:			
For the year (Note 24.1)		3,261,145	5,233,196
Prior year		(56,887)	(2,324,886)
Deferred:			
For the year		(2,084,125)	3,388,831
		<u>1,120,133</u>	<u>6,297,141</u>
<b>24.1</b>	The Company has carry forwardable unabsorbed depreciation of Rupees 267.347 million (2022: Rupees 277.224 million). Provision for income tax in the current year is computed as per provisions of the Income Tax Ordinance, 2001.		
		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>24.2 Reconciliation between tax expense and accounting profit</b>			
Accounting profit before tax		7,041,302	2,207,248
Applicable tax rate		29%	29%
Tax on accounting profit		2,041,978	640,102
Tax effect of inadmissible / admissible adjustments - net		4,083,325	9,655,284
Tax effect of change in prior year's tax		(56,887)	(2,324,886)
Tax effect arising as consequences of recognition of deferred tax		(2,084,125)	3,388,831
Tax effect due to adjustment of losses and minimum tax		(2,864,158)	(5,062,190)
		<u>1,120,133</u>	<u>6,297,141</u>
		<b>2023</b>	<b>2022</b>
		<b>Rupees</b>	<b>Rupees</b>
<b>25. EARNINGS / (LOSS) PER SHARE - BASIC AND DILUTED</b>			
Profit / (loss) after taxation	Rupees	5,921,169	(4,089,893)
Weighted average number of ordinary shares	Number	21,500,000	21,500,000
Earnings / (loss) per share - basic	Rupees	0.275	(0.190)
There is no dilutive effect on the loss per share of the Company.			

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

	2023		
	Liabilities from financing activities		TOTAL
	Loan from related party	Deposits on lease contracts	
	----- Rupees -----		
Balance as at 01 July 2022	50,000,000	195,349,266	245,349,266
Repayment of loan	(25,000,000)	-	(25,000,000)
Deposits on lease contracts:			
On new lease contracts - Received	-	17,490,000	17,490,000
Adjusted at the time of expiry / termination of lease contracts	-	(26,961,860)	(26,961,860)
Balance as at 30 June 2023	25,000,000	185,877,406	210,877,406

	2022			
	Liabilities from financing activities			
	Loan from related party	Deposits on lease contracts	Lease liability	
	----- Rupees -----			
Balance as at 01 July 2021	60,000,000	188,030,927	1,071,068	249,101,995
Repayment of loan	(10,000,000)	-	-	(10,000,000)
Interest accrued on lease liability	-	-	26,159	26,159
Repayments of lease liability	-	-	(1,097,227)	(1,097,227)
Deposits on lease contracts:				
On new lease contracts - Received	-	32,662,115	-	32,662,115
Adjusted at the time of expiry / termination of lease contracts	-	(25,343,776)	-	(25,343,776)
Balance as at 30 June 2022	50,000,000	195,349,266	-	245,349,266

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## 27. 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:

	2023 Rupees	2022 Rupees
<b>i) Transactions</b>		
<b>Holding company</b>		
Rent of office building	300,000	300,000
<b>Other Related Parties</b>		
<b>Chief Executive Officer</b>		
Mark-up paid	-	259,309
Mark-up charged to the statement of profit or loss	-	259,309
Loan repaid	-	10,000,000
<b>Chief Financial Officer</b>		
Deductions of advance against salary	160,000	120,000
Received against net investment in finance lease	406,456	30,590
Remuneration	2,373,000	1,456,774
<b>ii) Period end balances</b>		
<b>Holding company</b>		
Loan payable	25,000,000	50,000,000
<b>Chief Financial Officer</b>		
Advance against salary receivable	580,000	30,000
Net investment in lease finance	891,551	1,169,410
Deposit against lease contract	360,000	360,000

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27.1 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 other related parties	Basis of relationship	Transactions entered or agreements and / or arrangements in place during the financial year		Percentage of shareholding of the Company
		2023	2022	
Anwar Khawaja Industries (Private) Limited	Holding company	Yes	Yes	None
GOC (PAK) Limited	Common directorship	No	No	None
Sialkot International Airport Limited	Common directorship	No	No	None
Port Services Limited	Common directorship	No	No	None
Derbystar Sportartikel GMBH	Common directorship	No	No	None
Mr. Muhammad Tahir Butt	Chief executive officer	No	Yes	None
Mr. Khawar Anwar Khawaja	Chairman	No	No	None
Mr. Iftikhar Ahmed Butt	Director	No	No	None
Mr. Muhammad Arshad	Director	No	No	None
Mr. Khurram Anwar Khawaja	Director	No	No	None
Mr. Omer Khawar Khawaja	Director	No	No	None
Mrs. Nuzhat Khawar Khawaja	Director	No	No	None
Mr. Muhammad Faisal Azam	Chief Financial Officer	Yes	Yes	None

## 28. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The aggregate amount charged in the financial statements for remuneration including all benefits to executive of the Company is as follows:

	Executive	
	2023	2022
	Rupees	Rupees
<b>Managerial remuneration</b>	1,582,791	971,183
<b>Allowances</b>		
House rent	633,591	388,473
Utilities	156,618	97,118
	<u>2,373,000</u>	<u>1,456,774</u>
Number of person	<u>1</u>	<u>1</u>

No remuneration was paid to chief executive officer and directors of the Company.

## 29. NUMBER OF EMPLOYEES

Number of employees as at June 30

	2023	2022
Permanent	7	6
Contractual	5	6

Average number of employees during the year

	2023	2022
Permanent	7	6
Contractual	5	6

## 30. FINANCIAL RISK MANAGEMENT

### 30.1 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:

	2023 Rupees	2022 Rupees
<b>Floating rate instruments</b>		
<b>Financial assets</b>		
Bank balances - saving accounts	12,147,160	9,658,989
Net investment in lease finance - net off potential lease losses	270,061,925	302,758,858

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

#### 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, profit after taxation for the year would have been Rupees 1.964 million higher / lower (2022: loss after taxation for the year would have been Rupees 2.174 million lower / higher), mainly as a result of higher / lower interest income 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.



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## (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:

	2023 Rupees	2022 Rupees
Bank balances	13,904,678	14,624,715
Advances	712,000	246,000
Net investment in lease finance	270,061,925	302,758,858
Long term security deposits	2,500	2,500
	284,681,103	317,632,073

The Company is engaged primarily in leasing operations, therefore its credit risk arises mainly from net investment in lease finance.

As on 30 June 2023, classification of net investment in finance leases on the basis of lease not impaired, substandard, doubtful and loss is as follows:

Description	2023	
	Personal Rupees	Corporate Rupees
<b>Net Investment in lease finance</b>		
Not impaired	100,520,766	69,361,402
Impaired		
Substandard - past due 90-179 days	934,660	-
Doubtful - past due 180-364 days	-	-
Loss - past due more than one year	16,001,720	237,691,662
	16,936,380	237,691,662
Total	117,457,146	307,053,064
Less: Allowance for potential lease losses	8,798,542	145,649,743
Net Investment in lease finance - net off potential lease losses	108,658,604	161,403,321

Rentals overdue by upto 89 days are considered past due, but not impaired.

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As on 30 June 2022, classification of net investment in finance leases on the basis of lease not impaired, other assets especially mentioned (OAEM), substandard, doubtful and loss is as follows:

Description	2022	
	Personal Rupees	Corporate Rupees
Analysis of net investment in lease finance in respect of non-performing leases on which mark-up is being suspended is given in Note 30.1(b). The non-performing leases are determined in accordance with the Non-Banking Finance Companies and Notified Entities Regulations, 2008.		
Not impaired	123,447,319	81,073,312
OAEM - past due 90 - 179 days	897,990	-
Impaired		
Substandard - past due 180 - 364 days	-	-
Doubtful - past due more than one year but less than one and half year	-	-
Loss - past due more than one and half year	19,696,508	235,076,167
	<u>19,696,508</u>	<u>235,076,167</u>
Total	144,041,817	316,149,479
Less: Allowance for potential lease losses	7,426,074	150,006,364
Net Investment in lease finance - net off potential lease losses	<u>136,615,743</u>	<u>166,143,115</u>

Rentals overdue by 90 days but less than 180 days are considered past due, but does not require any provisioning under Regulation 25 of the Non-Banking Finance Companies and Notified Entities Regulations, 2008.

Rescheduled leases have been monitored as per 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.

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:

Banks	Rating			2023	2022
	Short Term	Long term	Agency	Rupees	
National Bank of Pakistan	A1+	AAA	PACRA	21,774	21,774
State Bank of Pakistan	-----Not available-----			7,338	9,884
Askari Bank Limited	A1+	AA+	PACRA	13,236,255	14,379,684
Bank Al-Habib Limited	A1+	AAA	PACRA	91,890	7,994
The Bank of Punjab	A1+	AA+	PACRA	34,952	33,952
Habib Bank Limited	A-1+	AAA	VIS	19,799	17,948
Meezan Bank Limited	A-1+	AAA	VIS	492,670	153,479
				<u>13,904,678</u>	<u>14,624,715</u>

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## (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	2023		2022	
	Rupees	%	Rupees	%
<b>Sectors</b>				
Chemical, fertilizer and pharmaceuticals	5,103,479	1.20	19,635,085	4.27
Construction	4,806,039	1.13	4,806,039	1.04
Energy, oil and gas	11,067,898	2.61	11,067,898	2.41
Food, tobacco and beverage	21,358,101	5.03	7,113,645	1.55
Leather, footwear and tanneries	55,052	0.01	55,052	0.01
Paper and board	7,670,364	1.81	2,763,957	0.60
Rubber and plastic	28,983,468	6.83	23,168,465	5.03
Services	16,125,969	3.80	19,634,409	4.27
Steel, engineering and automobiles	2,523,975	0.59	6,120,933	1.33
Sugar and allied	6,552,728	1.54	6,552,728	1.42
Surgical	1,669,224	0.39	1,865,834	0.41
Textile and allied	79,578,667	18.75	79,967,723	17.38
Trading	9,197,214	2.17	9,242,494	2.01
Transport and communication	63,220,407	14.89	68,598,591	14.91
<b>Individuals and other sectors</b>	<b>166,597,625</b>	<b>39.24</b>	<b>199,598,443</b>	<b>43.37</b>
	<b>424,510,210</b>	<b>100</b>	<b>460,191,296</b>	<b>100</b>
<b>Segment by public / private sector</b>				
Public / Government	-	-	-	-
Private	424,510,210	100.00	460,191,296	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

	2023	2022
	Rupees	Rupees
Personal	117,457,146	144,041,817
Corporate	307,053,064	316,149,479
	<b>424,510,210</b>	<b>460,191,296</b>

# Grays Leasing Limited

## (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 party. At the reporting date, the Company has Rupees 25 million (2022: Rupees Nil) available borrowing limit from holding company and Rupees 13.917 million (2022: Rupees 14.649 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 2023:

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----Rupees-----						
<b>Non-derivative financial liabilities</b>						
Accrued and other liabilities	4,046,868	4,046,868	4,046,868	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Loan from related party	25,000,000	25,000,000	25,000,000	-	-	-
	<u>29,824,653</u>	<u>29,824,653</u>	<u>29,824,653</u>	<u>-</u>	<u>-</u>	<u>-</u>

Contractual maturities of financial liabilities as at 30 June 2022

	Carrying amount	Contractual cash flows	6 month or less	6-12 month	1-2 Year	More than 2 Years
-----Rupees-----						
<b>Non-derivative financial liabilities</b>						
Accrued and other liabilities	3,493,781	3,493,781	3,493,781	-	-	-
Unclaimed dividend	777,785	777,785	777,785	-	-	-
Loan from related party	50,000,000	50,000,000	50,000,000	-	-	-
	<u>54,271,566</u>	<u>54,271,566</u>	<u>54,271,566</u>	<u>-</u>	<u>-</u>	<u>-</u>

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.

## 30.2 Financial instruments by categories

	Amortized cost Rupees
<b>As at 30 June 2023</b>	
<b>Financial assets as per statement of financial position</b>	
Cash and bank balances	13,916,514
Advances	712,000
Net investment in lease finance	270,061,925
Long term security deposit	2,500
	<u>284,692,939</u>

# Annual Report 2023

## Financial liabilities as per statement of financial position

	<b>Amortized cost</b>
	<b>Rupees</b>
Accrued and other liabilities	4,046,868
Loan from related party	25,000,000
Unclaimed dividend	777,785
	<u>29,824,653</u>

As at 30 June 2022

## Financial assets as per statement of financial position

	<b>Amortized cost</b>
	<b>Rupees</b>
Cash and bank balances	14,649,145
Advances	246,000
Net investment in lease finance	302,758,858
Long term security deposit	2,500
	<u>317,656,503</u>

## Financial liabilities as per statement of financial position

	<b>Amortized cost</b>
	<b>Rupees</b>
Accrued and other liabilities	3,493,781
Loans from related parties	50,000,000
Unclaimed dividend	777,785
	<u>54,271,566</u>

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

	<b>2023</b>		
	<b>Financial assets</b>	<b>Non-financial assets</b>	<b>Assets as per statement of financial position</b>
	-----Rupees-----		
Cash and bank balances	13,916,514	-	13,916,514
Advances and prepayment	712,000	330,154	1,042,154
Net investment in lease finance	270,061,925	-	270,061,925
Long term security deposit	2,500	-	2,500
	<u>284,692,939</u>	<u>330,154</u>	<u>285,023,093</u>

# Grays Leasing Limited

2023			
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position	
-----Rupees-----			
Accrued and other liabilities	4,046,868	1,218,781	5,265,649
Loan from related party	25,000,000	-	25,000,000
Unclaimed dividend	777,785	-	777,785
	<u>29,824,653</u>	<u>1,218,781</u>	<u>31,043,434</u>

2022			
Financial assets	Non-financial assets	Assets as per statement of financial position	
-----Rupees-----			
Cash and bank balances	14,649,145	-	14,649,145
Advances and prepayment	246,000	268,054	514,054
Net investment in lease finance	302,758,858	-	302,758,858
Long term security deposit and prepayments	2,500	-	2,500
	<u>317,656,503</u>	<u>268,054</u>	<u>317,924,557</u>

2022			
Financial liabilities	Non-financial liabilities	Liabilities as per statement of financial position	
-----Rupees-----			
Accrued and other liabilities	3,493,781	984,624	4,478,405
Loans from related parties	50,000,000	-	50,000,000
Unclaimed dividend	777,785	-	777,785
	<u>54,271,566</u>	<u>984,624</u>	<u>55,256,190</u>

## 30.4 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.

## 31. 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 party. Total capital employed includes shareholders' equity plus borrowings. The gearing ratio as at year ended 30 June 2023 and 30 June 2022 is as follows:

		2023	2022
Borrowings	Rupees	25,000,000	50,000,000
Total equity	Rupees	63,101,988	57,934,990
Total capital employed	Rupees	<u>88,101,988</u>	<u>107,934,990</u>
Gearing ratio	Percentage	<u>28.38</u>	<u>46.32</u>

# Annual Report 2023

## 32. Maturities of assets and liabilities

	2023					
	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
<b>Assets</b>						
Cash and bank balances	13,916,514	13,916,514	-	-	-	-
Advances and prepayments	1,042,154	267,926	774,228	-	-	-
Sales tax recoverable	422,310	-	422,310	-	-	-
Net investment in finance lease	270,061,925	116,275,043	51,983,269	101,803,613	-	-
Long term security deposit	2,500	-	-	-	-	2,500
Fixed assets	655,512	-	-	-	-	655,512
	<u>286,100,915</u>	<u>130,459,483</u>	<u>53,179,807</u>	<u>101,803,613</u>	<u>-</u>	<u>658,012</u>
<b>Liabilities</b>						
Loans from related parties	25,000,000	-	25,000,000	-	-	-
Accrued and other liabilities	5,265,649	5,265,649	-	-	-	-
Unclaimed dividend	777,785	777,785	-	-	-	-
Deposits on lease contracts	185,877,406	113,424,386	12,571,600	59,881,420	-	-
Deferred income tax	1,854,916	-	1,854,916	-	-	-
Employees' retirement benefit	1,714,429	-	-	-	-	1,714,429
Provision for taxation - net	2,508,742	-	2,508,742	-	-	-
	<u>222,998,927</u>	<u>119,467,820</u>	<u>41,935,258</u>	<u>59,881,420</u>	<u>-</u>	<u>1,714,429</u>
Net balance	<u>63,101,988</u>	<u>10,991,663</u>	<u>11,244,549</u>	<u>41,922,193</u>	<u>-</u>	<u>(1,056,417)</u>
Net assets	<u><u>63,101,988</u></u>					

# Grays Leasing Limited

2022					
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
<b>Assets</b>					
Cash and bank balances	14,649,145	14,649,145	-	-	-
Advances and prepayments	514,054	15,210	498,844	-	-
Sales tax recoverable	386,594	-	386,594	-	-
Net investment in lease finance	302,758,858	105,107,009	72,142,593	125,509,256	-
Long term security deposit	2,500	-	-	-	2,500
Fixed assets	536,581	-	-	-	536,581
	318,847,732	119,771,364	73,028,031	125,509,256	539,081
<b>Liabilities</b>					
Loans from related party	50,000,000	-	50,000,000	-	-
Accrued and other liabilities	4,478,405	4,478,405	-	-	-
Unclaimed dividend	777,785	777,785	-	-	-
Deposits on lease contracts	195,349,266	102,478,636	26,170,710	66,699,920	-
Deferred income tax	4,247,082	-	4,247,082	-	-
Employees' retirement benefit	1,718,642	-	-	-	1,718,642
Provision for taxation - net	4,341,562	-	4,341,562	-	-
	260,912,742	107,734,826	84,759,354	66,699,920	1,718,642
Net balance	57,934,990	12,036,538	(11,731,323)	58,809,336	(1,179,561)
Net assets	57,934,990				



# Annual Report 2023

## 33. 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.

## 34. 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.

## 35. EVENTS AFTER THE REPORTING PERIOD

The Board of Directors of the Company have not proposed any appropriations in their meeting held on 18 September 2023.

## 36. DATE OF AUTHORIZATION


These financial statements have been authorized for issue by the Board of Directors of the Company on 18 September 2023.

## 37. 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.

## 38 General

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

  
MUHAMMAD TAHIR BUTT  
CHIEF EXECUTIVE OFFICER

  
KHAWAR ANWAR KHAWAJA  
DIRECTOR

  
MUHAMMAD FAISAL AZAM  
CHIEF FINANCIAL OFFICER

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- 📖 Knowledge center
- 👤 Risk profiler\*
- 📊 Financial calculator
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\*Mobile apps are also available for download for android and ios devices

**PATTERN OF SHAREHOLDING  
AS ON JUNE 30, 2023**

Grays Leasing Limited

As On: June 30, 2023

2.3 Categories of Shareholder	Folios	Physical	CDC	Share held	Percentage
2.3.1 - Directors, CEO, Their Spouse and Minor Children	13	1,300,589	3,176,975	4,477,564	20.83
2.3.2 - Associated Companies, Undertakings & Related Parties	2	3,739,603	7,999,999	11,739,602	54.60
2.3.8 - A. General Public (Local)	382	3,661,279	1,274,703	4,935,982	22.96
2.3.8 - B. General Public (Foreigner)	3	26,736	4,000	30,736	0.14
2.3.9 - A. Other Companies (Local)	5	111,111	205,005	316,116	1.47
	<b>405</b>	<b>8,839,318</b>	<b>12,660,682</b>	<b>21,500,000</b>	<b>100.00</b>

Shareholders More Than 10.00%			
GOC (PAK) LIMITED	1	7,999,999	37.21
Anwar Khawaja Industries (Pvt) Limited	1	3,739,603	17.39

# Annual Report 2023

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

**PART -I**

**Form - 34**

1.1 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, 2023

No. of Shareholders	Shareholding		Total Shares held
	From	To	
69	1	100	1,414
53	101	500	21,070
102	501	1,000	77,823
82	1,001	5,000	224,912
26	5,001	10,000	192,248
10	10,001	15,000	118,288
9	15,001	20,000	164,147
10	20,001	25,000	225,757
3	25,001	30,000	81,290
2	30,001	35,000	65,333
2	35,001	40,000	75,500
3	40,001	45,000	128,000
2	45,001	50,000	99,000
3	55,001	60,000	173,888
1	60,001	65,000	64,666
2	75,001	80,000	153,500
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	195,001	200,000	197,004
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
<b>405</b>			<b>21,500,000</b>

**GRAYS LEASING LTD.**

**28<sup>TH</sup> 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 26, 2023 at 10:00 a.m or at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of 2023.

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 2023

پراکسی فارم (مختار نامہ)  
سیکرٹری  
**گریز لیننگ لمیٹڈ**  
۱۰۷-اے، ساتویں منزل، سٹی ٹاورز،  
مین بلیوارڈ، گلبرگ-۱۱، لاہور

میں اہم  
ساکن  
بجٹیت رکن گریز لیننگ لمیٹڈ اور حامل  
عام حصص برطابق شیئر رجسٹر فوئیو نمبر  
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر  
پارٹیسپنٹ (شرکت) آئی ڈی نمبر  
بذریعہ ہذا  
محترم/محترمہ  
ساکن  
جو کمپنی کا ممبر ہے برطابق شیئر رجسٹر فوئیو نمبر  
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر  
پارٹیسپنٹ (شرکت) آئی ڈی نمبر  
یا اسکی غیر موجودگی میں محترم/محترمہ  
ساکن  
جو کمپنی کا ممبر ہے برطابق شیئر رجسٹر فوئیو نمبر  
(بصورت سنٹرل ڈیپازٹری سسٹم اکاؤنٹ ہولڈر اکاؤنٹ نمبر  
پارٹیسپنٹ (شرکت) آئی ڈی نمبر  
کو  
مورخہ 26 اکتوبر 2023ء کو منعقد ہونے والے کمپنی کے 28 ویں سالانہ اجلاس عام (۱۰۷-اے، ساتویں منزل، سٹی ٹاورز، مین بلیوارڈ، گلبرگ-۱۱، لاہور) میں حق رائے دہی استعمال کرنے، تقریر 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..... 2023ء

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