



**Security Leasing  
Corporation Limited**

Ref: GS05/0612  
October 12, 2020

Mr. Hafiz Maqsood Munshi - Manager,  
Companies & Securities Compliance - RAD.  
Pakistan Stock Exchange Limited  
Stock Exchange Building,  
Stock Exchange Road,  
Karachi.

Annual Report of Security Leasing  
Corporation Limited (SLCL) for the year ended June 30, 2020

Dear Sir,

We write this with reference to your letter ref. PSX/Gen-1949 dated October 6, 2020 received regarding annual report for the year ended June 30, 2020.

In this connection we may advise you that the steps were taken for revival of the company during the year ended June 30, 2020 and the major elements of company's restructuring plan that will result in the turnaround of the company.

SLCL was one of the leading leasing companies of Pakistan until 2008 when the entire leasing sector suffered a huge setback. As a result the lines of credit available to SLCL from banks which propelled the company's entire operations, were suddenly chocked and the process of recovery of leases from the lessees also became much slower day by day. In spite of all these difficulties SLCL continued to service its debt obligations to the creditors on time until 2011 when because of the difficult evolving situation it was left with no option but to enter into restructuring arrangements with the creditors. The total outstanding debt of the company as of 2008 amounted to Rs. 2.35 billion which after hard work it was able to repay substantially and bring down its total indebtedness to Rs. 744 million as of 30<sup>th</sup> June 2015. Since then the company has been further successful in reaching realistic settlement with the creditors based on 10% cash down payment in line with company's cash inflow and brought down further its outstanding debt to Rs. 383.17 million only as of 30<sup>th</sup> June 2020. Its composition is as follows.

• Sukuk-II	:	Rs. 231.05 million
• Placement of Bank of Khyber	:	Rs. 97.01 million
• Bank of Punjab	:	Rs. 38.67 million
• Soneri Bank Limited	:	<u>Rs. 16.43 million</u>
Total	:	<u>Rs. 383.17 million</u>

During the past few months after prolonged discussions with the holders of Sukuk-II, the company has nearly reached settlement with 51% Sukuk holders which now enables it to reach settlement with the 51% Sukuk holders on the basis of 10% cash down payment. This will enable the company to clear the outstanding debt of Rs. 231.05 million in respect of Sukuk-II hopefully in the coming months. In the recent past the company has also reached agreement in principle with Soneri Bank Limited for

settlement of their outstandings on the basis as down payment which is likely to take a couple of months to be formalized. Furthermore we are also in negotiation with the Bank of Khyber for settlement of their dues on a realistic basis adopted in respect of other creditors. The Board has decided to sell off its properties in Lahore to pay off the outstandings of Sukuk-II, Bank of Khyber and Soneri Bank Limited on the basis indicated above hopefully in the next few months. As a result of these settlements the company is expected to generate a profit of Rs.310.62 million which will radically change the picture of its profitability, equity, institutional indebtedness and liability.

It will be appropriate to underline here that the central issue facing the company overtime has been the lack of injection of fresh equity into it which no new investor has been prepared to undertake unless the company's debt burden is reduced to the minimum for which we are confident that after settlement of company's liabilities with the creditors, new investors will certainly show their interest in it.

In view of the position explained above, we would request you to give us about six months extension to enable it to complete various processes and implement the plan outlined above.

Yours faithfully,



Farah Azeem  
Chief Executive Officer