

SECURITY LEASING CORPORATION LIMITED



ANNUAL REPORT 2019



Table of Contents

| Contents | Page. No. |
|---|------------------|
| Mission and Vision Statement | 02 |
| Business Strategy | 03 |
| Company Information | 04 |
| Notice of Annual General Meeting | 06 |
| Report of the Directors | 08 |
| Code Conduct | 11 |
| Six Years Financial Summary | 13 |
| Statement of Value Added | 14 |
| Statement of Compliance with Code of Corporate Governance | 15 |
| Pattern of Shareholding of Ordinary Share Capital | 17 |
| Pattern of Shareholding of Preference Share Capital | 18 |
| Review Report to the Members on Statement of Compliance | 19 |
| Auditors' Report to the Members | 21 |
| Statement of Financial Position | 25 |
| Statement of Profit or Loss | 26 |
| Statement of Comprehensive Income | 27 |
| Statement of Cash Flows | 28 |
| Statement of Changes in Equity | 29 |
| Notes to the Financial Statement | 30 |
| Form of Proxy- English | 57 |
| Form of Proxy- Urdu | 58 |
| Notice of Annual General Meeting- Urdu | 59 |
| Report of The Directors- Urdu | 60 |



Mission

SLCL is committed to make a positive contribution towards the country's economy by achieving a leading position in the leasing industry.

SLCL intends to achieve its mission by:

- Enhancing value for its shareholders and lenders.
- Providing efficient and professional services to its customers based on the latest technology.
- Developing an efficient and professionally trained human resource.
- Following good and ethical business practices.

Vision

- SLCL has an infrastructure which can cater to substantial business as such SLCL is well poised to avail opportunities which will be available due to an upsurge in the economy.
- The future of the leasing sector is linked to the macro-economic performance of the country's economy. New projects and Investment in Balancing, Modernization & Replacement (BMR) tender more opportunities to generate more business for the leasing sector.



Business Strategy

The objective of the Company is to contribute towards the economic development of the country, while maintaining the progressive growth rate of the Company, by providing lease financing to small and medium sized business enterprises and individuals in the most efficient and effective manner.

The business strategy of the Company is based on the following:

1. Enhancing value for its shareholders and lenders

By investing into a diversified lease portfolio, the Company substantially reduces the risk of potential losses, which in turn promises to shield the shareholders equity and further increase the value of the stakeholders' interests. The Company's Earning Per Share reflects that the Company has not only safeguarded the stakeholders' interests efficiently but has also been successfully able to increase the value of their interests.

2. Providing efficient and professional services to its customers

SLCL is known for its quality service. The main objective of the organization is providing high quality services at economical prices. It has been the company's policy to give a wide variety of options to its customers, in order to facilitate their individual requirements.

3. Developing an efficient and professionally trained human resource

The management philosophy of the Company is to develop and maintain a professional organization with a blend of local culture and management style. The professional staff has been hired on the basis of merit from various business organizations.

4. Following Shariah injunctions for financing activities

The Company is committed towards continued improvement and diversification in its lease portfolio. By adopting an Islamic approach to leasing, the company will be able to improve its image as well as provide innovative ways in leasing to its customers.



Company Information

BOARD OF DIRECTORS

| | |
|---------------------------|-------------------------|
| Mr. M R Khan | Chairman |
| Ms. Farah Azeem | Chief Executive Officer |
| Mr. Muhammad Riaz Khokhar | Director |
| Mr. Javed Haleem | Director |
| Mr. Azim Azfar | Director |
| Mr. Sharif Khawaja | Director |
| Mr. Ghulam Raza Dahraj | Director |
| Mr. Ramzan Behrani | Director |

AUDIT COMMITTEE

| | |
|---------------------------|----------|
| Mr. Muhammad Riaz Khokhar | Chairman |
| Mr. Azim Azfar | Member |
| Mr. Sharif Khawaja | Member |
| Mr. Ghulam Raza Dahraj | Member |

EXECUTIVE COMMITTEE

| | |
|---------------------------|-------------------------|
| Mr. M R Khan | Chairman |
| Ms. Farah Azeem | Chief Executive Officer |
| Mr. Muhammad Riaz Khokhar | Member |
| Mr. Ghulam Raza Dahraj | Member |
| Mr. Azim Azfar | Member |
| Mr. Javed Haleem | Member |

HR & COMPENSATION COMMITTEE

| | |
|------------------------|-------------------------|
| Mr. Riaz Khokhar | Chairman |
| Mr. Javed Haleem | Member |
| Mr. Ghulam Raza Dahraj | Member |
| Ms. Farah Azeem | Chief Executive Officer |

COMPANY SECRETARY

Muhammad Farooq

EXTERNAL AUDITORS

J.A.S.B. & Associates
Chartered Accountants

INTERNAL AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

LEGAL ADVISORS

M/s Abdul Karim Khan & Company
Advocates, Solicitors & Legal Advisor

TAX CONSULTANTS

UHY Hassan Naeem & Co.
Chartered Accountants



Company Information

REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3,
Sarwar Shaheed Road, Karachi 74200
Tel: 021-35660307-08, 35660312-13
Wed: www.seclearse.com e-mail: slcl@seclearse.com

BRANCH

Lahore - North Region
D-802, 8th Floor, City Towers,
6-K, Main Boulevard, Gulberg-II,
Lahore-54600,
Phones: 042 - 35788660-62
Fax: 042 - 35788659

SHARE REGISTRAR

F.D. Registrar Services (SMC-Pvt) Ltd.
Office # 1705, 17th Floor,
Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi-74000.
Tel: 92-21-35478192-93 / 32271906
Fax: 92-21-32621233
E-mail: fdregistrar@yahoo.com

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Twenty Sixth Annual General Meeting of the members of Security Leasing Corporation Limited will be held on Monday, 28th October, 2019 at 8:30 a.m. at the registered office of the Company situated at Block B, 5th Floor, Lakson Square Building No.3, Sarwar Shaheed Road, Karachi 74200, to transact the following business:

Ordinary Business:

1. To confirm the minutes of the Twenty Fifth Annual General Meeting of the Company held on October, 24, 2018.
2. To receive, consider and adopt the audited accounts for the year ended June 30, 2019 and the reports of the Directors and the auditors thereon.
3. To appoint auditors and fix their remuneration for the year ending June 30, 2020.
4. To transact any other business with the permission of the Chair.

By order of the Board
Muhammad Farooq
Company Secretary

Karachi: September 30, 2019

Notes:

1. The Share Transfer Books of the Company shall remain closed from October 21, 2019 to October 28, 2019 (both days inclusive). Transfers received in order at the office of our Shares Registrar M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi – 74000, by the close of the business on October 20, 2019 will be treated in time for the purpose of attending the meeting.
2. A Member entitled to be present and vote at the meeting may appoint another Member as proxy to attend, speak and vote instead of him.
3. The instrument appointing a proxy, duly stamped and signed, and the power of attorney or other authority (if any) under which it is signed or a notarially certified copy of the power of attorney or authority must be deposited Registered Office of the Company, B-

501, 5th Floor, Lakson Square # 3, Sarwar Shaheed Road, Karachi not later than 48 hours before the time of the meeting. A form of proxy is enclosed.

4. Shareholders are requested to notify any change of address immediately to the Share Registrars M/s F.D. Registrar Services (SMC-Pvt.) Ltd., Office # 1705, 17th Floor, Saima Trade Tower, I. I. Chundrigar Road, Karachi – 74000.
5. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:

A. For attending the meeting:

- (i) In case of individuals, the account holders or sub-account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their original Computerized National Identity Cards (CNICs) or original passports at the time of attending the meeting.
- (ii) In case of corporate entities, the Board of Directors' resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the meeting.

B. For appointing proxies:

- (i) In case of individuals, the account holders or sub-account holders and / or persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations, shall submit the proxy forms accordingly.
- (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.
- (iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.
- (v) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the person nominated to represent and vote on behalf of the corporate entity, shall be submitted (unless it has been provided earlier) along with proxy form to the Company.

REPORT OF THE DIRECTORS

Your directors are pleased to present the Annual Report of the company including Financial Statement and the Audit Report for the year ended June 30, 2019.

OVERVIEW OF COUNTRY'S ECONOMY

It will be recalled that during the past decade or so Pakistan's economy has faced serious problems relating to country's huge mountain of debt both domestic as well as foreign which has been growing by leaps and bounds, burgeoning public expenditure without matching revenues, huge losses in the region of Rs.600 billion per annum suffered by public sector enterprises, mounting imports and falling exports resulting in country's poor balance of payment situation and foreign exchange reserves which have been steadily deteriorating. It was for the first time that in 2018-19 the government displayed determination to face these challenges head on and took a series of measures including securing of financial aid from IMF to stabilize the position. These measures inevitably involved significant depreciation of Pakistani rupee which has triggered inflationary pressures which will take time to work themselves out. The expectation is that the government will continue taking bold measures to put the economy on an even keel so that its problems outlined above become a matter of the past.

COMPANY'S OVERVIEW

The following is a summary of the company's attainments during the year under review in the matter of creditors', indebtedness, its equity and profitability etc. It will be observed that the loss during the year was largely due to adjustment of entries in respect of the unwinding of liabilities under IAS-39.

| | <u>30 June 2018</u> Rs. | <u>30 June 2019</u> Rs. |
|---|----------------------------|----------------------------|
| • Equity | 122,440,299 | 96,173,639 |
| • Profitability | 25,999,828 | (27,613,287) |
| • Company's indebtedness to Institutional creditors | 383,178,998 | 383,178,998 |
| • Adjustments entries in respect of the unwinding of liabilities under IAS-39 | 40,604,763 | 22,223,399 |

The Board of Directors after reviewing the situation afresh has concluded that during the year 2019-20 it will be possible for the company to reduce its institutional indebtedness by about 64.59% to Rs. 247.50 million by making payments to the creditors on the basis of substantial discount in respect of which bulk of the creditors have already agreed in principle for settlement with the company on the basis of substantial discount.

The financial results of the Company are summarized below:

| | 2018 Rupees | 2019 Rupees |
|---|------------------------------|------------------------------|
| Profit\Loss after tax | <u>25,999,828</u> | <u>(27,613,287)</u> |
| Earnings per share - Basic & diluted | 0.72 | (0.76) |
| Appropriations: | | |
| Transfer to statutory reserves | <u>-</u> | <u>-</u> |

SHARE CAPITAL & LICENSING

As indicated above against the minimum equity of Rs. 50 million prescribed by the Securities & Exchange Commission of Pakistan (SECP) the company's equity as of 30th June 2019 stood at Rs. 96.173 million.

CORPORATE SOCIAL RESPONSIBILITY

In the past your company has taken pride in demonstrating responsible corporate citizen by participating directly and indirectly in various social causes. During earthquake, floods or other natural calamities, the Company directly or by the voluntary help of its staff supported work for the betterment of the underprivileged and people in need with cash and in kind.

BUSINESS ETHICS

The Code of conduct of the Company provides a clear guiding framework for the Directors as well as the employees to operate in the environment of integrity, honesty and dedication towards the common goal of achieving positive results for the Company and its various stakeholders.

DIRECTORS' DECLARATION

The Directors have implemented the revised Code of Corporate Governance and are pleased to report as under:

- The financial statements of the company prepared by the management presents fairly its state of affairs, the results of its operations, cash flows and changes in equity.
- Proper books of accounts of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
- International Financial Reporting Standards as applicable in Pakistan have been followed in the preparation of financial statements and any departure there from has been adequately disclosed.
- The system of internal control is sound in design and has been effectively implemented and monitored.
- Key operating and financial data for the last six years in summarized form is given as annexure to this report.
- No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
- During the year 8 meetings of the Board of Directors and 3 meetings of the Audit Committee were held. The detail of attendance of each member of the Board is given below:

**Board of Directors’
Meetings**

| Name of Directors | Meetings attended | Name of Directors | Meetings attended |
|--------------------------------|--------------------------|--------------------------------|--------------------------|
| Mr. M. R. Khan | 7 | Mr. Azim Azfar | 7 |
| Ms. Farah Azeem | 7 | Mr. Javed Haleem | 4 |
| Mr. Muhammad Riaz Khokhar | 7 | Mr. Ghulam Raza Dahraj | 7 |
| Mr. Muhammad Ramzan Behrani | 2 | Mr. Muhammad Sharif Khawaja | 7 |

Audit Committee Meetings

| Name of Directors | Meetings attended | Name of Directors | Meetings attended |
|--------------------------------|--------------------------|--------------------------|--------------------------|
| Mr. Muhammad Riaz Khokhar | 4 | Mr. Ghulam Raza Dahraj | 4 |
| Mr. Muhammad Sharif Khawaja | 4 | Ms. Farah Azeem | 4 |
| Mr. Azim Azfar | 4 | | |

PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2019 is attached as annexure to this report.

ACKNOWLEDGEMENT

The Board expresses its gratitude to the investors, lenders and the regulatory authorities for their understanding and continuous support to the company in these challenging times and for their assistance in enabling it to meet the regulatory requirements. The Board also places on record its deep appreciation of the efforts put in and dedication shown by all personnel of the company which enabled it to conduct its operations in a very difficult environment during the year.

For and on behalf of the Board of Directors

Farah Azeem
Chief Executive Officer



Code of Conduct

The Code of Conduct of Security Leasing Corporation Limited (SLC) reflects our standard for proper behavior and corporate values. It is a fundamental policy of the Company to conduct its business with honesty, integrity and in accordance with the highest professional, ethical and legal standards. This Code of Conduct applies to all the people relating to SLC including Directors, Officers and Employees.

The Code fosters the culture that each member of the Board and staff is responsible to reflect integrity and leadership with the provisions of the Mission, Vision, Company policies and all applicable statutory guidelines for the Company.

It encourages the employees to work proficiently with due diligence in following the internal policies of the Company for dealing with each other, customers and all third parties related directly or indirectly with the Company.

The Salient features of the Code are explained below:

1. Conflict of Interest

Each Director and employee should exercise its judgment in order to avoid association with any other activity, person or company that conflicts with or appear to conflict with the best interests of the Company. Any situation which may involve a conflict of interest or reasonably expected to involve such conflict should be disclosed promptly.

2. Protection of the Proprietary information

All the trade secrets, other proprietary information and business data of the Company are valuable assets. All the Directors and employees who are entrusted with such information are responsible to properly safeguard and do not disclose such information, data and knowledge to any person except such information, which is made public in compliance with statutory requirement by the Company or is given proper authority in writing to disclose such information for any specific purpose.

3. Honesty, integrity and ethical standards

All Directors and employees must act honestly, fairly and exhibit highest level of integrity and ethical standards in dealing with all the stakeholders of the Company. Employees must deal ethically with all the customers, suppliers and other parties with fair consideration and without any personal favour. During the course of any business interaction, the employees should ensure that SLC name, integrity and reputation should not be damaged if such interaction becomes public in any manner.

4. Political contribution

No funds or assets of the Company may be contributed to any political party of organization or any person who holds an office of public importance.

5. Bribes

No amount may be paid or received in cash or in kind on account of bribes or for any such matter which helps in influencing any decision relating to the Company interests



Code of Conduct

6. Compliance with laws and regulations

All Directors and employees must ensure to comply with all the laws, guidelines, regulations and directives as issued by Securities & Exchange Commission of Pakistan, Stock Exchanges and other bodies relating to the Company.

7. Charity and voluntary work

The Company encourages the culture of mutual help, assistance, charity and voluntary work in time of need of any person or community. All Directors and employees are encouraged to participate in such activities of national calamity like floods, earthquake or other social work.

8. Communication and disclosure

The Directors should take steps to ensure that employees are encouraged to communicate with their seniors or any other appropriate person in regard to ethical practices of when in doubt about a course of action in any particular situation. Employees must be encouraged to report violation of rules, regulations, laws or internal policies of the Company without any fear of retaliation or retribution.

9. Family connections and employment of relatives

Any dealing with any customer or third party or organization where the employee has a direct or indirect or family connection must be promptly disclosed to the Company.

10. General Discipline

No assets of the Company or belongings of the employees should be used without specific permission. All employees must adhere to the Services' Rules of the Company.

Six Years Financial Summary

| | 2019 | 2018 | 2017 | 2015 | 2014 | 2013 |
|--|-----------|-----------|-----------|-----------|-----------|-----------|
| | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 | Rs '000 |
| BALANCE SHEET | | | | | | |
| Ordinary share capital outstanding | 363,000 | 363,000 | 363,000 | 363,000 | 363,000 | 363,000 |
| Preference share capital outstanding | 75,028 | 75,028 | 75,028 | 75,028 | 75,028 | 75,028 |
| Shareholders' Fund | 438,028 | 438,028 | 438,028 | 438,028 | 438,028 | 438,028 |
| Reserves | (341,854) | (315,587) | (345,335) | (334,984) | (313,123) | (184,638) |
| Unrealised loss on Investment | - | - | - | - | - | - |
| Networth | 96,174 | 122,440 | 92,693 | 103,044 | 124,905 | 253,390 |
| Surplus on revaluation of Fixed Assets | 20,998 | 22,345 | 26,093 | 33,465 | 37,436 | 41,129 |
| Certificates of Investment | - | - | - | - | - | - |
| Borrowings from Financial & Other Institutions | 360,956 | 342,574 | 431,029 | 466,393 | 494,973 | 488,384 |
| Lease/Musharika disbursements | - | - | - | 10,000 | 58,261 | 110,383 |
| Net Investment in Leases | 197,403 | 219,073 | 267,575 | 380,414 | 383,150 | 654,527 |
| Long Term Finances | - | - | - | - | 450 | 470 |
| Fixed Assets | 64,296 | 66,952 | 73,536 | 93,423 | 114,967 | 125,857 |
| Total Current Assets | 257,663 | 268,559 | 261,793 | 357,185 | 514,778 | 561,933 |
| Total Assets | 656,775 | 685,879 | 752,860 | 863,642 | 918,949 | 1,168,004 |
| Total Current Liabilities | 483,892 | 452,630 | 488,678 | 425,126 | 708,464 | 350,283 |
| Total Liabilities | 539,603 | 541,094 | 634,074 | 727,132 | 756,609 | 873,465 |
| Total Assets to Networth (times) | 6.83 | 5.60 | 8.12 | 8.38 | 7.36 | 4.61 |
| PROFIT & LOSS | | | | | | |
| Total Income | 9,536 | 12,989 | 12,318 | 17,550 | 38,060 | 50,086 |
| Net Of Gain on De-recognition and unwinding of Financial Liabilities | - | 103,267 | (35,678) | - | (69,786) | (72,979) |
| Financial & Other Charges | 1,298 | 557 | 527 | 4,584 | 3,378 | 352 |
| Admin & Operating Expenses | 15,009 | 24,336 | 31,925 | 79,895 | 78,600 | 77,194 |
| Provisions & Other Charges | - | 25,988 | 4,049 | (19,883) | 17,895 | 20,395 |
| Total Expenses | 16,307 | 50,881 | 36,501 | 64,616 | 99,873 | 97,358 |
| (Loss)/Profit Before Tax | (24,866) | 92,294 | (50,860) | (47,066) | (133,599) | (120,854) |
| (Loss)/Profit After Tax | (27,613) | 25,999 | (37,126) | (28,521) | (134,927) | (128,868) |
| Break-up Value (PKR) | 2.67 | 3.31 | 2.71 | 3.12 | 3.71 | 6.72 |
| Price per share | 3.14 | 11.60 | 4.85 | 2.9 | 3.98 | 3.11 |
| KEY RATIOS | | | | | | |
| Earning per share - PKR - less preferred dividend | (0.76) | 0.72 | (1.02) | (0.79) | (3.72) | (3.83) |
| Revenue per share - PKR - | 0.22 | 0.30 | 0.28 | 0.40 | 0.82 | 1.14 |
| Profit before Unwinding of Financial Liabilities, provisions and tax ratio | -71.02% | -91.65% | -163.46% | -361.36% | -127.34% | -54.89% |
| Profit before Tax ratio | -261% | 710.55% | -485.96% | -268.18% | -370.49% | -241.39% |
| Price Earning ratio (times) | (4.13) | 16.11 | (4.75) | (3.67) | (1.07) | (0.86) |
| Return on Capital employed market value per share | -20.08% | 5.12% | -17.46% | -22.45% | -77.40% | -94.61% |
| Income/ Expense ratio (times) | 0.58 | 0.26 | 0.34 | 0.27 | 0.38 | 0.51 |
| Current ratio (times) | 0.53 | 0.59 | 0.54 | 0.84 | 0.73 | 1.60 |
| Long term Debt equity ratio (times) | 0.58 | 0.72 | 1.57 | 2.93 | 0.39 | 2.96 |
| Return on average equity | -25.26% | 24.17% | -34.17% | -25.02% | -71.33% | -40.82% |
| Return on average assets | -4.11% | 3.61% | -4.74% | -3.20% | -12.93% | -9.84% |
| Total assets turnover ratio (times) | 68.88 | 52.80 | 61.12 | 49.21 | 25.48 | 23.33 |

Statement of Value Added

| | 2019 | 2018 |
|---|--------------|--------------|
| Revenues from leasing operations | 89,292 | 3,795,932 |
| Other income | 9,445,932 | 9,193,852 |
| Gain on de-recognition of financial liabilities | | 103,267,120 |
| Unwinding of financial liability | (18,094,622) | (27,081,635) |
| | (8,559,398) | 89,175,269 |
| Direct cost of leases and others | (7,483,325) | (11,039,334) |
| Impairment on Investment | | |
| Value added | (16,042,723) | 78,135,935 |
| Distributed as follows | | |
| To Employees | | |
| As remuneration | 4,869,179 | 6,613,061 |
| To Government | | |
| As income tax | 2,747,040 | 527,836 |
| To Provider of Finance | | |
| Financial charges | 1,297,921 | 557,203 |
| To Depositors | | |
| As profit on investments | | |
| To Shareholders | | |
| Dividends | | |
| Retained in business | | |
| As reserves and retained profits | | |



Statement of Compliance With Code of Corporate Governance

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

1. The total number of directors are eight (8) as per the following:
 - a. Male: 7
 - b. Female: 1
2. The composition of board is as follows:
 - a) Independent Directors- 6
 - b) Other Non-executive Directors-1
 - c) Executive Directors- 1
3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board has not arranged Directors' Training program.
10. The board has approved appointment of CFO, Company Secretary. The company has designated one its employee as a Secretary to Audit Committee, to act as Coordinator between the firm providing internal audit services and the Audit Committee of the board of Directors.
11. CFO and CEO 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. Muhammad Riaz Khokhar | Chairman |
| Mr. Azim Azfar | Member |
| Mr. Sharif Khawaja | Member |
| Mr. Ghulam Raza Dahraj | Member |



SECURITY LEASING CORPORATION LIMITED

- b) HR and Remuneration Committee :
- | | |
|---------------------------|----------|
| Mr. Muhammad Riaz Khokhar | Chairman |
| Mr. Javed Haleem | Member |
| Mr. Ghulam Raza Dahraj | Member |
| Ms. Farah Azeem | Member |
- c) Executive Committee :
- | | |
|---------------------------|----------|
| Mr. M.R.Khan | Chairman |
| Ms. Farah Azeem | Member |
| Mr. Muhammad Riaz Khokhar | Member |
| Mr. Javeed Haleem | Member |
| Mr. Azim Azfar | Member |
| Mr. Ghulam Raza Dahraj | Member |

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee: Once in a quarter
b) HR and Remuneration Committee: Once in a Financial Year
15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to UHY Hussain Naeem and Company (Chartered Accountants) 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 ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP
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 other requirements of the Regulations have been complied with.

M.R. Khan
Chairman

Security Leasing Corporation Limited -
Pattern of Share Holding of Ordinary Shares As On June 30, 2019

| Share Holding | | Number of Share Holders | Total Shares Held |
|---------------|----------|-------------------------|-------------------|
| From | To | | |
| 88 | 1 | 100 | 1226 |
| 82 | 101 | 500 | 30886 |
| 42 | 501 | 1000 | 38332 |
| 89 | 1001 | 5000 | 216341 |
| 23 | 5001 | 10000 | 176440 |
| 7 | 10001 | 15000 | 84501 |
| 5 | 15001 | 20000 | 93000 |
| 5 | 20001 | 25000 | 117400 |
| 7 | 25001 | 30000 | 191500 |
| 2 | 30001 | 35000 | 69500 |
| 1 | 35001 | 40000 | 40000 |
| 2 | 40001 | 45000 | 82009 |
| 3 | 45001 | 50000 | 145500 |
| 2 | 50001 | 55000 | 107000 |
| 1 | 65001 | 70000 | 69526 |
| 1 | 85001 | 90000 | 86000 |
| 1 | 95001 | 100000 | 100000 |
| 1 | 115001 | 120000 | 120000 |
| 1 | 130001 | 135000 | 132000 |
| 1 | 150001 | 155000 | 150500 |
| 1 | 175001 | 180000 | 177000 |
| 1 | 190001 | 195000 | 195000 |
| 1 | 200001 | 205000 | 204720 |
| 1 | 205001 | 210000 | 207500 |
| 1 | 235001 | 240000 | 237500 |
| 1 | 245001 | 250000 | 248500 |
| 1 | 250001 | 255000 | 253400 |
| 1 | 355001 | 360000 | 359500 |
| 1 | 455001 | 460000 | 455565 |
| 1 | 470001 | 475000 | 474500 |
| 1 | 560001 | 565000 | 560500 |
| 1 | 820001 | 825000 | 823500 |
| 1 | 830001 | 835000 | 833000 |
| 1 | 1280001 | 1285000 | 1263240 |
| 1 | 3170001 | 3175000 | 3174435 |
| 1 | 10280001 | 10285000 | 10285000 |
| 1 | 14495001 | 14500000 | 14495679 |
| 379 | | | 36,300,000 |

Note 1: Directors, CEO their Spouse and Minor Children

| | No of Shares | % |
|-----------------------------------|--------------|-------------|
| M. R. Khan - Chairman | 500 | 0.00 |
| Mr. Azim Azfar | 500 | 0.00 |
| Mr. Muhammad Ramzan Beltrani | 500 | 0.00 |
| Mr. Muhammad Riaz | 500 | 0.00 |
| Mr. Ghulam Raza | 500 | 0.00 |
| Mr. Muhammad Sharif Khawaja Mehta | 500 | 0.00 |
| Mr. Javed Haleem | 500 | 0.00 |
| | 3,500 | 0.01 |

Note 2: Shareholders holding Ten percent or more voting interest in the Company

| | | |
|---|------------|-------|
| S.M. Nadim Shafiqullah | 14,495,679 | 39.93 |
| Merrill, Lynch, Pierce, Fenner, Smith, Inc. Usa | 10,285,000 | 28.33 |

Note 3: Chief financial officer (CFO) & Company Secretary does not hold any shares.

Security Leasing Corporation Limited

Pattern of Share Holding of Preference Shares As On June 30, 2019

| Share Holding | | Number of Share Holders | Total Shares Held | Percentage of Issued Capital |
|---------------|-----------|----------------------------|----------------------|---------------------------------|
| From | To | | | |
| 1 | 100 | 3 | 13 | 0.00 |
| 101 | 500 | 2 | 748 | 0.01 |
| 501 | 1,000 | 4 | 2,874 | 0.04 |
| 1,001 | 5,000 | 2 | 4,200 | 0.06 |
| 95,000 | 100,000 | 1 | 99,001 | 1.32 |
| 495,001 | 500,000 | 1 | 500,000 | 6.66 |
| 1,000,001 | 1,005,000 | 1 | 1,001,489 | 13.35 |
| 2,445,001 | 2,450,000 | 1 | 2,449,200 | 32.64 |
| 3,445,001 | 3,450,000 | 1 | 3,445,250 | 45.92 |
| | | 16 | 7,502,775 | 100.00 |

Categories of Shareholders

| <u>Categories of Shareholders</u> | <u>Number</u> | <u>Shares Held</u> | <u>Percentage</u> |
|-----------------------------------|---------------|--------------------|-------------------|
| Individuals | 10 | 7,273 | 0.10 |
| Mutual Funds | 2 | 4,446,739 | 59.27 |
| Joint Stock Companies | 2 | 2,449,762 | 32.65 |
| Financial Institutions | 1 | 500,000 | 6.66 |
| Provident Fund | 1 | 99,001 | 1.32 |
| | 16 | 7,502,775 | 100.00 |

Note 1 : None of Directors, CEO their Spouse and Minor Children held any preference Shares.



INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Security Leasing Corporation Limited

Review Report on the Statement of Compliance with the Code of Corporate Governance

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of Security Leasing Corporation Limited for the year ended June 30, 2019 to comply with the requirements of section 156 of the Act.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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 corporate governance procedures and risks.

The Code requires to place before Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. 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. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Following instance of non-compliance with the requirement of the Code was observed which is not stated in statement of Compliance:

- The management has informed us that the company has designated one of its employee as a secretary to Audit Committee to also act as coordinator between the firm providing internal audit services and the Audit Committee of the Board of Directors; whereas Regulation 32 (2)(b) of Listed Companies (Code of Corporate Governance) Regulations 2017 requires that in case internal audit function is outsourced by company, the company shall designate a fulltime employee other than chief financial officer, as head of internal audit holding equivalent qualification prescribed under the code, to act as a coordinator between firm providing internal audit services and the board.



Based on our review except for above non-compliance with Regulation 32 (2)(b), 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 best practices contained in the Code of Corporate Governance as applicable to the Company for the year ended June 30, 2019.

Jasb & Associates

Jasb

Chartered Accountants

Engagement Partner: **Basharat Rasool**

Karachi

Dated: 25th September 2019



J.A.S.B. & Associates
Chartered Accountants

100, 101, Tower
11, Chundrigar Road
Karachi
Phone: +92(44)23546811-4
+92(21)51468148
+92(21)51468157
Fax: +92(21)51468157
E-mail: karachi@jasb-associates.com
Website: www.jasb-associates.com

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF SECURITY LEASING CORPORATION LIMITED

Report on the Audit of the Financial Statements

Adverse Opinion

We have audited the annexed financial statements of Security Leasing Corporation Limited, which comprise the statement of financial position as at June 30, 2019 and the statement of profit or loss and other 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 purpose of the audit.

In our opinion and to the best of our information and according to the explanations given to us, because of the significance of the matter discussed in the Basis for Adverse Opinion section of our report, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flows together with the notes forming part thereof do not conform with approved accounting standards as applicable in Pakistan, and do not give information required by the Companies Act, 2017, in the manner so required and respectively do not give true and fair view of the state of Company's affairs as at June 30, 2019 and of the profit or loss and other comprehensive income or loss, the changes in equity and its cash flows for the year then ended.

Basis for Adverse Opinion

- As described in Note 1.2 to the financial statements, the financial statements have been prepared on going concern basis. As at the balance sheet date, accumulated loss of the company was Rs. 523.721 million (2018: Rs. 497.454 million) as against the issued, subscribed and paid up capital of Rs. 438.027 million (2018: Rs. 438.027 million) and current liabilities of the company exceed its current assets by Rs. 226.239 million (2018: Rs. 184.071 million). The Company is facing operational and financial problems. There is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation. In our opinion, the going concern assumption used in the preparation of these financial statements is inappropriate and the Company may not be able to realize its assets and discharge its liabilities in the normal course of business.



- b) The Company has recorded deferred tax asset of Rs. 334.321 million (2018: Rs. 334.321 million) based on its future plans which projects that future taxable profit would be available against which such deferred tax assets could be utilized. However, in our view, there is no sufficient appropriate audit evidence that the management's plans are feasible and ultimate outcome will improve the Company's current situation as discussed in (a) above, therefore, sufficient future taxable profits will not be available against which deferred tax asset could be utilized. In our view, deferred tax asset should be de-recognized. Had the deferred tax asset been de-recognized, deferred tax asset, equity would have been lower by 334.321 million whereas profit for the year would have been lower by 334.321 million.

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 *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 adverse opinion.

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

Management is responsible for the other information. The other information comprises the information included in the 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. We have nothing to report in this regard.

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 approved accounting standards as applicable in Pakistan and 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 is responsible for overseeing the Company's financial reporting process.



Auditor's Responsibility 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 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 a part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and access the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive of those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of 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 reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of going concern basis of accounting and, based in 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 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.



Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the company as required by the Companies Act, 2017 (XIX of 2017));
- b) the statement of financial position, the statement of profit or loss and other 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 Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns and are further in accordance with the accounting policies consistently applied.
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of 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 Mr. Basharat Rasool.

Jasb & Associates

Chartered Accountants

Karachi

Dated:

25th September 2019

Jasb

Jasb & Associates

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2019

| | | 2019 | 2018 |
|--|------|--------------------|--------------------|
| | | (Rupees) | |
| ASSETS | Note | | |
| Current assets | | | |
| Cash and bank balances | 5 | 313,653 | 3,340,121 |
| Short term finances | 7 | 54,000,000 | 54,000,000 |
| Advances, prepayments and other receivables | 8 | 996,751 | 1,192,987 |
| Taxation-net | | 4,939,010 | 6,494,261 |
| Current maturity of non-current assets | 9 | 197,403,183 | 203,532,424 |
| Total current assets | | 257,652,597 | 268,559,793 |
| Non-current assets | | | |
| Net investment in finance leases | 10 | - | 15,541,259 |
| Long-term deposits | 11 | 504,500 | 504,500 |
| Property and equipment | 12 | 64,295,878 | 66,952,302 |
| Deferred tax asset | 13 | 334,321,869 | 334,321,869 |
| Total non-current assets | | 399,122,247 | 417,319,930 |
| TOTAL ASSETS | | 656,774,844 | 685,879,723 |
| LIABILITIES | | | |
| Current liabilities | | | |
| Accrued and other liabilities | 14 | 80,241,209 | 80,169,061 |
| Current maturity of non-current liabilities | 15 | 403,650,528 | 372,461,849 |
| Total current liabilities | | 483,891,737 | 452,630,910 |
| Non-current liabilities | | | |
| Long-term finances | 16 | 55,710,997 | 88,383,407 |
| Long-term deposits | 17 | - | 80,008 |
| Total non-current liabilities | | 55,710,997 | 88,463,415 |
| TOTAL LIABILITIES | | 539,602,734 | 541,094,325 |
| NET ASSETS | | 117,172,110 | 144,785,398 |
| REPRESENTED BY SHAREHOLDERS' EQUITY | | | |
| Share capital and reserve | | | |
| Issued, subscribed and paid-up share capital | 18 | 438,027,750 | 438,027,750 |
| Reserves | 19 | (341,854,111) | (315,587,451) |
| | | 96,173,639 | 122,440,299 |
| Surplus on revaluation of fixed assets | 20 | 20,998,471 | 22,345,099 |
| Total shareholders' equity | | 117,172,110 | 144,785,398 |
| CONTINGENCIES AND COMMITMENTS | 21 | | |

The annexed notes from 1 to 35 form an integral part of these financial statements.


Farah Azeem
 Chief Executive Officer


Muhammad Farooq
 Chief Financial Officer


M R Khan
 Chairman


SECURITY LEASING CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2019

| | | 2019 | 2018 |
|--|------|---------------------|---------------------|
| | | (Rupees) | |
| REVENUE | Note | | |
| Income from: | | | |
| Finance lease Contracts | | 89,292 | 3,795,932 |
| Other operating income | 22 | 9,445,932 | 9,193,852 |
| | | 9,535,224 | 12,989,784 |
| Gain on de-recognition of financial liabilities | | - | 103,267,120 |
| Reversal of provision against short term loan | | - | 54,000,000 |
| Unwinding of financial liability | | (18,094,622) | (27,081,635) |
| | | (18,094,622) | 130,185,485 |
| | | (8,559,398) | 143,175,269 |
| EXPENSES | | | |
| Administrative and selling | 23 | (15,008,928) | (21,336,174) |
| Finance costs | 24 | (1,297,921) | (557,203) |
| Provision & write-offs | 25 | - | (25,988,381) |
| | | (16,306,849) | (50,881,761) |
| Operating (loss) / profit before Income tax | | (24,866,247) | 92,293,508 |
| Taxation | | | |
| - current tax expense | 26 | (2,747,040) | (527,836) |
| - deferred tax credit | | - | (65,765,845) |
| | | (2,747,040) | (66,293,681) |
| (Loss) / profit for the year | | (27,613,287) | 25,999,827 |
| Earning(loss) / profit per share | 27 | (0.76) | 0.72 |

The annexed notes from 1 to 35 form an integral part of these financial statements.


Farah Azeem
Chief Executive Officer


Muhammad Farooq
Chief Financial Officer


M R Khan
Chairman


SECURITY LEASING CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2019

| Note | 2019 | 2018 |
|---|---------------------|-------------------|
| | (Rupees') | |
| (Loss) / profit for the year | (27,613,287) | 25,999,828 |
| Total Comprehensive (loss) / income for the year | (27,613,287) | 25,999,828 |

The annexed notes from 1 to 35 form an integral part of these financial statements.


 Farah Azeem
 Chief Executive Officer


 Muhammad Farooq
 Chief Financial Officer



 M R Khan
 Chairman

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019

| | | 2019 | 2018 |
|---|------|--------------------|----------------------|
| | | (Rupees) | |
| | Note | | |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| (Loss) / profit before income tax | | (24,866,247) | 92,293,508 |
| Depreciation | 12.1 | 2,656,424 | 6,683,631 |
| Gain on disposal of property and equipment | 22.2 | - | (134,912) |
| Gain on de-recognition of financial liabilities | | - | (103,267,120) |
| Finance costs | 24 | 1,297,921 | 557,203 |
| Unwinding of financial liability | | 18,381,363 | 27,435,947 |
| Provision for potential lease and other losses | 25 | - | (38,726,939) |
| | | 22,335,708 | (107,452,190) |
| Operating loss before working capital changes | | (2,530,539) | (15,158,682) |
| Working capital changes | | | |
| Decrease in net investment in finance leases | 10 | 21,670,500 | 33,328,824 |
| Decrease in advances, prepayments and other receivables | | 196,236 | 310,392 |
| Decrease in deposits from leases | | (19,945,102) | (8,822,961) |
| Increase in accrued and other liabilities | | 72,148 | 4,298,247 |
| | | 1,993,782 | 29,114,502 |
| Cash from operations after working capital changes | | (536,757) | 13,955,820 |
| Financial charges paid | 24 | (1,297,921) | (557,203) |
| Taxes paid | | (1,191,790) | (1,713,430) |
| | | (2,489,711) | (2,270,633) |
| Net cash (used in)/generated from operating activities | | (3,026,468) | 11,685,187 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Proceeds from disposal of property and equipment(net) | | - | 135,000 |
| Net cash generated from investing activities | | - | 135,000 |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of long term finances | | - | (12,624,400) |
| Net cash used in financing activities | | - | (12,624,400) |
| Net decrease in cash and cash equivalents | | (3,026,468) | (804,213) |
| Cash and cash equivalents at beginning of the year | | 3,340,121 | 4,144,334 |
| Cash and cash equivalents at end of the year | 28 | 313,653 | 3,340,121 |

The annexed notes from 1 to 35 form an integral part of these financial statements.


 Farah Azeem
 Chief Executive Officer


 Muhammad Farooq
 Chief Financial Officer


 M R Khan
 Chairman

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2019

| | Reserves | | | | Total |
|---|--------------------|--------------------|-------------------------------|---|--------------------|
| | Capital | Statutory reserve | Unappropriated profit/ (loss) | Unrealised (loss)/gain on remeasurement of available for sale investments | |
| | (Rupees) | | | | |
| Balance as at July 01, 2017 | 438,027,750 | 181,867,005 | (495,300,994) | - | 124,593,761 |
| Loss for the year | - | - | (37,126,591) | - | (37,126,591) |
| Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax) | - | - | 5,225,112 | - | 5,225,112 |
| Balance as at June 30, 2017 | 438,027,750 | 181,867,005 | (527,202,473) | - | 92,692,282 |
| Profit for the year | - | - | 25,999,827 | - | 25,999,827 |
| Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax) | - | - | 3,748,189 | - | 3,748,189 |
| Balance as at June 30, 2018 | 438,027,750 | 181,867,005 | (497,454,457) | - | 122,440,298 |
| Loss for the year | - | - | (27,613,287) | - | (27,613,287) |
| Transferred from surplus on revaluation of fixed assets - incremental depreciation (net of tax) | - | - | 1,346,628 | - | 1,346,628 |
| Balance as at June 30, 2019 | 438,027,750 | 181,867,005 | (523,721,116) | - | 96,173,639 |


Farah Azeem
Chief Executive Officer


Muhammad Farooq
Chief Financial Officer


M R Khan
Chairman

SECURITY LEASING CORPORATION LIMITED

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2019

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Security Leasing Corporation Limited ("the Company") was incorporated in Pakistan on December 6, 1993 and commenced its operations on May 21, 1995. The Company is a Non-Banking Finance Company (NBFC) under Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 and engaged in the business of leasing.

The registered office of the Company is situated at Block B, 5th Floor, Lakson Square Building No.3, SarwarShaheed Road, Karachi, Pakistan. The Company is listed on Pakistan Stock Exchange.

- 1.2 The Company is licensed to operate as leasing Company by Securities and Exchange Commission of Pakistan (SECP) and its forbearance of the license was extended up to July 2011. The renewal request is submitted with the Commission which is pending.

Net shareholder's equity of the Company as at June 30, 2019 is Rs. 117.172 million (2018: Rs. 144.79 million as compared to the minimum equity level of Rs. 50 million).

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The private sector especially NBFCs could not attract any funding in form of either equity or financing facility due to crowding out by high fiscal borrowings of government in the last years. The Company was feeling extraordinary pressure on its repayment capacity due to constant reduction of portfolio and absence of sizeable fresh business. Therefore, the Company negotiated on different occasion in last four years with its lenders of long and short term funding for the reprofiling of its financial liabilities and now the Company has requested all its lenders to make full and final settlement by offering Specific leased assets under charge, additional lease assets from the portfolio and all the properties owned by the Company.

Mitigating Factors

The main objective of requesting the lenders for full and final settlements of financial liabilities was to increase cash flows and equity of the Company. In addition to these measures, the Company is also taking drastic steps to reduce the administrative costs by laying off its staff from all cadres as well as revising certain staff benefits. These measures will help operationally for the Company as a going concern entity.

The Management is hopeful that settlement with lenders will assist in reducing losses and improving the equity of the Company. This will make the company attractive for equity participation/merger /acquisition to inject additional equity.

The Company is making efforts to improve equity level through bringing fresh equity. In this regard some positive progress has been made.

The company is constantly looking for options to increase the equity levels by soliciting investor for cash and in kind equity investment. The Board and its management are hopeful that these measures would bring stability to the Company and results would start to improve in the coming periods.

2. BASIS OF MEASUREMENT

These financial statements have been prepared under historical cost convention except for certain property and equipment which have been stated at revalued amounts and financial assets and financial liabilities which have been stated at their fair values, cost or amortized cost.

The financial statements have been prepared following the accrual basis of accounting except for the cash flow information.

3. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with the approved accounting standards, as applicable in Pakistan and the requirements of the Companies Act, 2017 (Act), the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations). Approved accounting standards comprise such International Financial Reporting Standard (IFRS) issued by International Accounting Standard Board (IASB) as are notified under the provisions of the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. Wherever, the requirements of the Act, the Rules and the Regulations differ with the requirements of IFRS, the requirements of the Act, the Rules or the Regulations shall prevail.

3.1 Initial application of a standard, amendment or an interpretations to existing standards

The following amendments to the published accounting and reporting standards are mandatory for the financial year beginning 1 July 2018 and are relevant to the Company.

IAS 7, 'Cash flow statements: Disclosure initiative' (effective for periods beginning on or after January 1, 2017). This amendment requires disclosure to explain changes in liabilities for which cash flows have been, or will be classified as financial activities in the statement of cash flows. The amendment only covers statement of financial position items for which cash flows are classified as financial activities. In case other items are included within the reconciliation, the changes on liabilities arising from financing activities will be identified separately. A reconciliation of the opening to closing balance is not specifically required but instead the information can be provided in other ways. In the first year of adoption, comparative information need to be provided.

IFRS 15, 'Revenue from contracts with customers' (effective for periods beginning on or after July 1, 2018). This standard deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The Company is yet to assess the full impact of the standard.

IFRIC 22, 'Foreign currency transactions and advance consideration' (effective for periods beginning on or after January 1, 2018). This IFRIC addresses foreign currency transactions or parts of transactions where there is consideration that is denominated or priced in a foreign currency. The interpretation provides guidance for when a single payment/receipt is made as well as for situations where multiple payments/receipts are made. The guidance aims to reduce diversity in practice. It is unlikely that the interpretation will have any significant impact on the Company's financial statements.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory for the financial year beginning on 1 July 2018 are considered not to be relevant or have any significant effect on the Company's financial reporting and operations.

The following standards, amendments and interpretations with respect to the approved accounting standards, as applicable in Pakistan, would be effective from the dates mentioned below and have not been adopted early by the Company:

| Standard and IFRIC | | Effective date (annual periods beginning on or after) |
|--------------------|---|---|
| IAS 1 & IAS 8 | Presentation of Financial Statements & Accounting Policies, Changes in Accounting Estimates and Errors: Definition of Material, to clarify the definition of material and its alignment with the definition used in the Conceptual Framework (amendments) | January 01, 2020 |
| IAS 19 | Employee benefits (amendments) - Plan Amendments, Curtailment or Settlement | January 01, 2019 |
| IAS 28 | Investment in Associates and Joint Ventures - Long-term Interests in Associates and Joint Ventures (amendments) | January 01, 2019 |
| IFRS 3 | Business Combinations - Definitions of a Business (amendments) | January 01, 2020 |
| IFRS 16 | Leases | January 01, 2019 |
| IFRIC 23 | Uncertainty over Income Tax Treatment | January 01, 2019 |

In addition to above, SECP has deferred the applicability of IFRS-9 "Financial Instruments" for all companies required to prepare their financial statements accordance with the requirements of IFRS for the year ending June 30, 2019.

The Company expects that the adoption of the above standards, amendments and interpretations will have no material effect on the Company's financial statements, in the period of initial application except for IFRS 16. The management is in the process of assessing the impact of changes laid down by the IFRS 16 on the financial statements.

In addition to the above new standards and interpretations, improvements to various accounting standards have also been issued by the IASB in December 2017. Such improvements are generally effective for accounting periods beginning on or after January 01, 2019. The Company expects that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

4.1 Use of critical accounting estimates and judgments

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience, the Regulations and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. Assumptions and judgments made by management in the application of accounting policies that have significant effect on the financial statements are not expected to result in material adjustment to the carrying amounts of assets and liabilities in the next year.

In the process of applying the Company's accounting policies, management has made the following estimates and judgment which are significant to the financial statements:

- a) allowance for potential lease and loan losses (note 4.06);
- b) classification of investments (note 4.07);
- c) determining the residual values and useful lives of depreciable assets (note 4.09 & 4.10);
- d) impairment (note 4.09);
- e) income tax and deferred tax (note 4.15); and
- f) provisions (note 4.17).

4.2 Revenue recognition

Finance lease and hire purchase income

Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. Initial direct costs are included in the initial measurement of the finance lease receivable and reduce the amount of income recognised over the lease term.

Income from finance leases and hire purchases is suspended if rent is past due by the minimum criteria prescribed by the Regulations.

Front end fee and other lease related income is recognised as income on receipt.

Operating lease income

Rental income from operating leases is recognised on accrual basis over the term of the lease contract.

Return on investments

Markup/Return on loans, advances and investments is recognised on accrual basis using the effective interest method.

Fees and commission income are recognised on accrual basis when the service has been provided.

Dividend income is recognised when the Company's right to receive dividend is established.

Capital gain or loss arising on sale of investments are taken to income in the period in which they arise.

Return on deposits, short term placements and other money market securities is recognised on a time proportion basis.

4.3 Long term loans and finances

These are initially recognized at cost being the fair value of the consideration received together with the associated transaction cost. Subsequently, these are stated at amortized cost using the effective interest method.

4.4 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than (a) those that the Company intends to sell immediately or in the near term, which shall be classified as held-for-trading, and those that the Company upon initial recognition designates as at fair value through profit or loss account; (b) those that the Company upon initial recognition designates as available-for-sale; or (c) those for which the Company may not recover substantially all of its initial investment, other than because of credit deterioration, which shall be classified as available for sale.

Subsequent to initial measurement loans and receivables are measured at amortized cost using the effective interest method. Gains/Losses arising on remeasurement of loans and receivables are taken to the profit and loss account.

Gain or loss is also recognized in profit and loss account when loans and receivables are derecognised or impaired, and through the amortization process.

4.5 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of an asset to the lessees are classified as finance lease. A receivable is recognised at an amount equal to the present value of the lease payments , including any guaranteed residual value and unamortized direct cost.

4.6 Provision for potential lease losses and provision for other doubtful loans and receivables

The provision for potential leases and provision for other doubtful loans and receivables are made based on the appraisal of each lease or loan that takes into account the Regulations issued by SECP from time to time.

Developing the allowance for potential leases and doubtful loans and other receivables is subject to numerous judgments and estimates. In evaluating the adequacy of allowance, management considers various factors, including the requirements of the Regulations, the nature and characteristics of the obligator, current economic conditions, credit concentrations or deterioration in pledged collateral, historical loss experience, delinquencies and present value of future cash flows expected to be received. Lease installment, loans and other receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

4.7 Investments

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention are recognised at the trade date. Trade date is the date on which the Company commits to purchase or sell the asset.

The management determines the appropriate classification of its investments in accordance with the requirements of International Accounting Standard 39 "Financial Instruments: Recognition and Measurement (IAS-39)" at the time of purchase and re-evaluates this classification on a regular basis. The investments of the Company have been categorised as per the requirements of IAS 39 as follows:

At fair value through profit or loss

- a) These are classified as 'held-for-trading' if (a) acquired or incurred principally for the purpose of selling or re-purchasing it in the near term; (b) part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking; or (c) a derivative (except for a derivative that is a designated and effective hedging instrument).
- b) Upon initial recognition these are designated by the Company as 'at fair value through profit or loss' except for equity instruments that do not have a quoted market price in an active market, and whose fair value can not be reliably measured.

Held-to-maturity

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity other than at fair value through profit or loss, available for sale and loans and receivables.

Available-for-sale

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not (a) loans and receivables, (b) held-to-maturity investments, or (c) financial assets at fair value through profit or loss.

All quoted investments except 'at fair value through profit or loss' and held-for-trading are initially recognised at cost inclusive of transaction costs. Investments at fair value through profit or loss and held for trading are initially recognised at cost. All quoted investments are subsequently marked to market using the year end bid prices obtained from stock exchange quotations or quotes from brokers. Held-to-maturity investments are subsequently measured at amortized cost using the effective interest method. Investments in delisted / unquoted investments are carried at cost less impairment in value, if any. Investments other than shares are stated at their principal amounts less provision for amounts considered doubtful.

Unrealised gains / losses on investments classified as at fair value through profit or loss are taken to profit and loss account while unrealised gains / losses on investments classified as available for sale are taken to equity until these are derecognised, at which time the cumulative gain or loss previously recognised in equity is taken to profit and loss account.

Gain or loss is also recognized in profit and loss account when held-to-maturity investments are derecognised or impaired, and through the amortization process.

Impairment of investments is recognised in profit and loss account when there is a permanent diminution in their value. On impairment of available-for-sale investments, cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit and loss account even though the investments have not been derecognised. Impairment losses recognised in profit and loss account for an investment in equity instrument classified as available-for-sale are not reversed through profit and loss account. Impairment loss related to investments carried at cost is not reversed.

Derecognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

4.8 Repurchase and resale transactions

The Company enters into transactions of re-purchase (repo) and re-sale (reverse repo) of securities at contracted rates for a specified period of time following the trade date accounting. These transactions are recorded as follows:

- a) in case of sale under re-purchase obligations, the securities remain on the balance sheet and a liability is recorded in respect of the consideration received as 'Borrowing'. Charges arising from the differential in sale and re-purchase values are accrued on a prorata basis; and
- b) in case of purchases under re-sale obligations, the securities are not recognized on the balance sheet and the consideration paid is recorded as 'Placement' and the differential of the purchase price and contracted re-sale price is recognized over the period of the contract.

4.9 Property and equipment

Owned

Initial recognition

An item of property and equipment is initially recognized at cost which is equal to the fair value of consideration paid at the time of acquisition or construction of the asset.

Measurement subsequent to initial recognition

Carried at revaluation model

Office premises, leasehold improvements and furniture & fixture are stated at their revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fair value is determined by professional valuers with sufficient regularity such that the carrying amount does not differ materially from fair value at the balance sheet date.

Carried at cost model

Property and equipment other than those mentioned above are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

All items of property and equipment are depreciated on a straight line basis at rates which will write off their cost or revalued amount over their expected useful lives. The estimated useful lives, residual values and depreciation method are reviewed and adjusted, if appropriate, at each balance sheet date.

Depreciation on additions during the year is charged from the month of acquisition. No depreciation is charged in the month of disposal.

Subsequent expenditure relating to an item of property and equipment is capitalized to the initial cost of the item when the expenditure meets the recognition criteria. All other subsequent expenditure is expensed in the period in which it is incurred.

Profit and loss on disposal of property and equipment is included in income currently.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease. Where an impairment loss subsequently reverses, the reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount in which case the reversal of the impairment loss is treated as a revaluation increase.

Capital work - in - progress

Capital work-in-progress are carried at cost, less any recognized impairment loss. These expenditures are transferred to relevant category of property and equipments as and when assets start operation.

Leased

Assets subject to finance lease are accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreements and fair value of assets acquired. The related obligations under the lease are accounted for as liabilities. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged in a manner similar to owned assets.

4.10 Intangible Assets

Intangible assets are recognized if it is probable that the future economic benefits that are attributable to the assets will flow to the company and that the cost of such assets can also be measured reliably.

Generally, cost associated with the development or maintenance of computer software programmes are recognized as an expense as incurred. However, costs that are directly associated with identifiable software and have probable economic benefits exceeding one year, are recognized as an intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software costs that are directly associated with the computer and computer controlled machines, which cannot operate without the related specific software, are included in the costs of the respective assets. When the software is not an integral part of the related hardware, it is classified an intangible asset. Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Expenditures, which enhance or extend the performance of computer software beyond their original specification and useful life are recognized as capital improvement and added to the original cost of the software.

4.11 Compensated absences

The Company provides its employees with non-accumulated compensated absences that are recognized when the absences occur.

4.12 Foreign currency translation

Transactions in foreign currencies are accounted for in rupees at the rate of exchange prevailing on the date of transaction. Monetary assets and liabilities in foreign currencies as at the balance sheet date are expressed in rupees at rates of exchange prevailing on that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transactions. Exchange gains and losses are included in income currently.

4.13 Financial instruments

Financial assets and liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument and de-recognised when the Company loses control of contractual rights that comprise the financial assets and in the case of financial liabilities when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on the de-recognition of the financial assets and liabilities is included in the profit and loss account currently.

At the time of initial recognition, all financial assets and financial liabilities are measured at cost, which is the fair value for the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs incurred on financial assets and liabilities classified as 'at fair value through profit or loss' and held-for-trading and that may be incurred on disposal. The particular recognition methods adopted for the measurement of financial assets and liabilities subsequent to initial measurement are disclosed in the policy statements associated with each item.

Financial assets carried on the balance sheet include cash and bank balances, advances and deposits. Loans and receivables, finance leases and investments have been stated as per the policies mentioned in note 4.05, 4.06 and 4.07 respectively.

Financial liabilities carried on the balance sheet include certificates of investment, deposits, accrued and other payables. Loans and finances have been stated as per the policies mentioned in note 4.04.

4.14 Off-setting

A financial asset and a financial liability is offset and the net amount is reported in the balance sheet when the Company has a legally enforceable right to set-off the recognised amounts and it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.15 Taxation

Current tax

The charge of current tax is based on taxable income at the applicable rate of taxation after taking into account available tax credits and rebates. Income for the purpose of computing current taxation is determined under the provisions of tax laws.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of temporary timing 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 taxable income. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted at the balance sheet date. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

4.16 Related parties transactions

All transactions with related parties, if any, are recorded at an arm's length price except as defined in note 12.2.1.

4.17 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

4.18 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cash with banks, running finance facilities availed by the Company, which are payable on demand (if any) and short term investments realisable within three months (if any) are included as part of cash and cash equivalent for the purpose of statement of cash flow.

4.19 Repossessed leased assets

These are stated at lower of the original cost of the related asset, exposure to the Company and the net realisable value of the assets repossessed. Gain or losses on the disposal of such assets are recognized in the profit and loss account.

4.20 Functional and presentation currency

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

4.21 Certificate of investments

Return on certificate of investments issued by the Company is recognised on a time proportion basis.

4.22 Dividend distribution

Dividend distribution to the Company's shareholders is recognized in the financial statements in the period in which the dividend is approved by the Board of Directors of the Company.

4.23 Segmental reporting

A business segment is a distinguishable component of the Company that is engaged in providing an individual product or service or a group of related products or services and that is subject to risk and returns that are different from those of other business segments. As the risk and rate of return are predominantly affected by difference in these products or services, the primary format for reporting segment information is based on business segment.

4.24 Discontinued operations

A discontinued operation is a component of the Company's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale. Classification as a discontinued operation occurs on disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative profit and loss account is restated as if the operation had been discontinued from the start of the comparative period.

Non-current (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Company's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognized in profit or loss. Gains are not recognized in excess of any cumulative impairment loss.

4-25 General

Figures have been rounded-off to nearest Pakistani Rupee.

| | | 2019 | 2018 |
|-----------|--|-----------------------|--------------------|
| | | ----- (Rupees') ----- | |
| | | Note | |
| 5. | CASH AND BANK BALANCES | | |
| | Cash in hand | - | 9,608 |
| | Balance with State Bank of Pakistan in current account | 29,569 | 31,457 |
| | Balances with other banks in: | | |
| | - Current accounts | 267,600 | 3,282,572 |
| | - Saving accounts | 16,484 | 16,484 |
| | | <u>313,653</u> | <u>3,340,121</u> |
| | | ----- (Rupees') ----- | |
| 6. | SHORT TERM INVESTMENTS - Available for sale | | |
| | Other than related party | Unit / Shares | |
| | | 2019 | 2018 |
| | Listed Securities | - | - |
| | Unlisted Securities | | |
| | Ordinary (First Pakistan shares Securities Limited) | 1,399,141 | 1,399,141 |
| | Impairment | | |
| | | 20,000,000 | 20,000,000 |
| | | (20,000,000) | (20,000,000) |
| | | - | - |
| | | - | - |
| 7. | SHORT TERM FINANCES | | |
| | Other than related party | | |
| | Placement - considered doubtful | 54,000,000 | 54,000,000 |
| | Less: Provision | - | - |
| | | <u>54,000,000</u> | <u>54,000,000</u> |
| 8. | ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES | | |
| | Prepayments | 555,601 | 745,038 |
| | Other receivables | 441,159 | 447,949 |
| | | <u>996,751</u> | <u>1,192,987</u> |
| 9. | CURRENT MATURITY OF NON - CURRENT ASSETS | | |
| | Net investments in leases | 197,403,183 | 203,532,424 |
| | | <u>197,403,183</u> | <u>203,532,424</u> |

| | 2019 | 2018 |
|--|------------------------|--------------------|
| | (Rupees) | |
| 10.1 Income Suspended | | |
| Balance at beginning of the year | 52,249,428 | 55,880,425 |
| Income suspended during the year | - | 1,798 |
| Income reversed during the year | - | (3,632,795) |
| Balance at end of the year | <u>52,249,428</u> | <u>52,249,428</u> |
| 10.2 Provision for potential lease and other losses | | |
| Balance at beginning of the year | 142,865,578 | 127,592,517 |
| Provision for the year | - | 21,696,540 |
| Reversed for the year | - | (6,423,479) |
| Balance at end of the year | <u>142,865,578</u> | <u>142,865,578</u> |
| 11. LONG TERM DEPOSITS | | |
| Others | <u>504,500</u> | <u>504,500</u> |
| | <u>504,500</u> | <u>504,500</u> |
| 12. PROPERTY AND EQUIPMENT | | |
| Property and equipment | | |
| - Owned | 12.1 <u>64,295,878</u> | <u>66,952,302</u> |
| | <u>64,295,878</u> | <u>66,952,302</u> |

| | | 2019 | 2018 |
|------|---|----------------------|---------------------|
| | | ----- (Rupees) ----- | |
| 13. | DEFERRED TAX ASSET | | |
| | Debit balances arising due to: | | |
| | Overdue rentals not taxable in future | 83,722,987 | 83,722,987 |
| | Provision for potential lease losses | - | - |
| | Provision for other non performing assets | - | - |
| | Unabsorbed tax depreciation | 293,429,881 | 293,429,881 |
| | Minimum turnover tax | 882,836 | 882,836 |
| | | <u>378,035,704</u> | <u>378,035,704</u> |
| | Credit balances arising due to: | | |
| | Accelerated tax depreciation | (1,004,849) | (1,004,849) |
| | Net investment in finance lease | (30,985,914) | (30,985,914) |
| | Surplus on revaluation of leasehold land and office building | (11,723,072) | (11,723,072) |
| | | <u>(43,713,835)</u> | <u>(43,713,835)</u> |
| | | <u>334,321,869</u> | <u>334,321,869</u> |
| 13.1 | This represents the probable benefits expected to be realized in future years determined on the projected financial statements under prevailing circumstances for the next few years. | | |
| | | 2019 | 2018 |
| | | ----- (Rupees) ----- | |
| 14. | ACCRUED AND OTHER LIABILITIES | | |
| | Accrued liabilities | 3,738,390 | 1,394,475 |
| | Advance against leases | 63,857,887 | 63,785,597 |
| | Unclaimed dividend | 638,283 | 638,283 |
| | Other liabilities | 12,006,649 | 14,350,706 |
| | | <u>80,241,209</u> | <u>80,169,061</u> |
| 15. | CURRENT MATURITY OF NON-CURRENT LIABILITIES | | |
| | Long term finances | 16 305,244,602 | 254,190,829 |
| | Long term deposits | 17 98,405,926 | 118,271,020 |
| | | <u>403,650,528</u> | <u>372,461,849</u> |
| 16. | LONG-TERM FINANCES - secured | | |
| | Other than related party | | |
| | Privately Placed SUKUKs | 16.4 217,188,028 | 205,771,934 |
| | Long-term loans | 16.4 143,767,571 | 136,802,302 |
| | | <u>360,955,599</u> | <u>342,574,236</u> |
| | Less: Current maturity due but not paid | | |
| | Privately Placed SUKUK | 152,343,750 | 121,875,000 |
| | Long-term loans | 101,847,103 | 81,262,080 |
| | | <u>254,190,853</u> | <u>203,137,080</u> |
| | Less: Current maturity shown under current liabilities | | |
| | Privately Placed SUKUK | 30,468,750 | 30,468,750 |
| | Long-term loans | 20,584,999 | 20,584,999 |
| | | <u>51,053,749</u> | <u>51,053,749</u> |
| | | <u>305,244,602</u> | <u>254,190,829</u> |
| | | <u>55,710,997</u> | <u>88,383,107</u> |

- 16.1 In January 2012, in view of the difficult financial situation with no bright prospects of new funding in form of direct equity or financing, the Company requested the lenders to modify the terms of the long term finance by extending the repayment period from 4 years to 10 years with effect from February 2012. In order to reflect the impact of this extension in the tenure according to the Para 40 of International Accounting Standard 39 - Financial Instruments, the Company has recomputed the accounting effect on derecognition of all the financial liabilities to record the gain and unwinding of the related liabilities accordingly.
- 16.2 The amount of gain arisen due to difference between the existing carrying amount of original financial liability and new financial liability recognised was recorded as income through both equity and Profit & loss account. This amount would be amortized as unwinding of financial liability over the repayment term.
- 16.3 The management is making rigorous efforts for settlement of long term finances.
- 16.4 **Principal terms of Long Term Finances**

| Particulars | Security | Repayment period | | Profit rate per annum | Amount outstanding (Rupees) | |
|--------------------------|--|------------------|--------|------------------------|-----------------------------|-------------|
| | | from | To | | 2019 | 2018 |
| SUKUKs | | | | | | |
| Privately placed SUKUK-2 | Secured against specific lease rentals receivable and related lease assets | Mar-09 | Jan-22 | Zero % (2018:Zero%) | 217,188,028 | 205,771,934 |

Long -Term Loans

| Particulars | Security | Repayment period | | Profit rate per annum | Amount outstanding (Rupees) | |
|---------------------|--|------------------|--------|------------------------|-----------------------------|------------|
| | | from | To | | 2019 | 2018 |
| The Bank of Khyber | Secured against property | Apr-10 | Jan-22 | Zero % (2018:Zero%) | 92,154,332 | 88,060,078 |
| The Bank of Punjab | Secured against specific lease rentals receivable and related lease assets | Apr-10 | Jan-22 | Zero % (2018:Zero%) | 36,303,583 | 34,360,980 |
| Soneri Bank Limited | Secured against specific lease rentals receivable and related lease assets | Apr-10 | Jan-22 | Zero % (2018:Zero%) | 15,309,656 | 14,381,244 |

| | | 2019 | 2018 |
|-----|---|----------------------|---------------|
| | | ----- (Rupees) ----- | |
| 17. | LONG-TERM DEPOSITS | | |
| | Security deposits against leases | 98,405,926 | 118,351,028 |
| | Less: Current maturity of security deposits | 98,405,926 | 118,271,020 |
| | | <u>-</u> | <u>80,008</u> |

17.1 These represent interest free security deposits received against lease contracts and are refundable/adjustable at the expiry/termination of the respective leases.

18. **SHARE CAPITAL**

Authorised capital

| | | |
|---|----------------------|----------------------|
| 75,000,000 (2018: 75,000,000) ordinary shares of Rs.10 each | 750,000,000 | 750,000,000 |
| 50,000,000 (2018: 50,000,000) preference shares of Rs.10 each | 500,000,000 | 500,000,000 |
| | <u>1,250,000,000</u> | <u>1,250,000,000</u> |

Issued, subscribed and paid-up share capital

| | | |
|--|--------------------|--------------------|
| 22,100,000 (2018: 22,100,000) ordinary shares of Rs.10 each fully paid in cash | 221,000,000 | 221,000,000 |
| 14,200,000 (2018: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares | 142,000,000 | 142,000,000 |
| | <u>363,000,000</u> | <u>363,000,000</u> |

Preference shares

| | | |
|---|--------------------|--------------------|
| 7,502,775 (2018: 7,502,775) preference shares-class A of Rs: 10 each fully paid in cash | 75,027,750 | 75,027,750 |
| | <u>438,027,750</u> | <u>438,027,750</u> |

18.1 **Movement in number of shares**

Ordinary shares

| | | |
|---|-------------------|-------------------|
| Number of the shares at beginning of the year | 36,300,000 | 36,300,000 |
| Issued during the year | - | - |
| Number of the shares at end of the year | <u>36,300,000</u> | <u>36,300,000</u> |

Preference shares

| | | |
|---|------------------|------------------|
| Number of the shares at beginning of the year | 7,502,775 | 7,502,775 |
| Redeemed during the year | - | - |
| Number of the shares at end of the year | <u>7,502,775</u> | <u>7,502,775</u> |

18.2 The Company raised additional equity of Rs. 150 million through right issue of 15 million non-convertible and non-cumulative preference shares - class A of Rs. 10 each in September 2003. These preference shares carry preferred right to dividend computed @ 35% of profit after tax and statutory reserves subject to a maximum profit of Rs. 40 million. The Company has the option to redeem these shares after 12 months from the date of the issue. The preference shareholders have the right to exercise the put option in tranches by giving three months advance notice as per the following schedule:

Percentage of redemption

| |
|-----------------------------------|
| 3,750,000 shares (1st redemption) |
| 3,750,000 shares (2nd redemption) |
| 3,750,000 shares (3rd redemption) |
| 3,750,000 shares (4th redemption) |

Period to exercise put option

| From | To |
|---------|-------------|
| June-07 | November-07 |
| June-08 | November-08 |
| June-09 | November-09 |
| June-10 | November-10 |

18.3 Capital management policies and procedures

The Company's objective for managing capital is to safeguard its ability to continue as a going concern in order to continue providing returns to its shareholders. Further, the Company ensures to comply with all the regulatory requirements regarding capital and its management. Capital requirements applicable to the Company are set and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. The Company manages its capital requirement by assessing its capital structure against the required capital level on a regular basis.

| | | 2019 | 2018 |
|--|------|----------------------|----------------------|
| | | ----- (Rupees) ----- | |
| | Note | | |
| The Company's capital consist of: | | | |
| Issued, subscribed and paid-up share capital | 18 | 438,027,750 | 438,027,750 |
| Reserves | 19 | (341,854,111) | (315,587,451) |
| | | <u>96,173,639</u> | <u>122,440,299</u> |
| | | <u>96,173,639</u> | <u>122,440,299</u> |
| 19. RESERVES | | | |
| Capital reserve | | | |
| Statutory reserves | 19.1 | 181,867,005 | 181,867,005 |
| Revenue reserve | | | |
| Accumulated loss | | (523,721,116) | (497,454,456) |
| | | <u>(341,854,111)</u> | <u>(315,587,451)</u> |
| 19.1 Movement in statutory reserves | | | |
| Balance at beginning of the year | | 181,867,005 | 181,867,005 |
| Transferred during the year | | - | - |
| Balance at end of the year | | <u>181,867,005</u> | <u>181,867,005</u> |

Statutory reserve represents profit set aside to comply with the NBFC Regulations, 2008.

| | | 2019 | 2018 |
|--|------|----------------------|-------------------|
| | | ----- (Rupees) ----- | |
| | Note | | |
| 20. SURPLUS ON REVALUATION OF FIXED ASSETS | | | |
| Surplus on revaluation of fixed assets | 20.1 | 32,721,543 | 34,068,171 |
| Deferred tax liability recognised | 20.2 | (11,723,072) | (11,723,072) |
| | | <u>20,998,471</u> | <u>22,345,099</u> |
| 20.1 Reconciliation of surplus on revaluation of fixed assets | | | |
| At the beginning of the year | | 34,068,171 | 37,816,360 |
| Surplus during the year | | - | - |
| Surplus realized on account of incremental depreciation-net off tax | | (1,346,628) | (3,748,189) |
| At the end of the year | | <u>32,721,543</u> | <u>34,068,171</u> |
| 20.2 Deferred tax liability | | | |
| At the beginning of the year | | 11,723,072 | 11,723,072 |
| Deferred tax liability arise/(adjusted) during the year | | - | - |
| Deferred tax liability realized on account of incremental depreciation | | - | - |
| At the end of the year | | <u>11,723,072</u> | <u>11,723,072</u> |

21. CONTINGENCIES AND COMMITMENTS

21.1 There is no contingencies and commitments as at balance sheet date.

| | | 2019 | 2018 |
|---|------|----------------------|-------------------|
| | | ----- (Rupees) ----- | |
| 22. OTHER OPERATING INCOME | | | |
| Income from financial assets | 22.1 | - | 50,368 |
| Income from other than financial assets | 22.2 | 9,445,932 | 9,143,484 |
| | | <u>9,445,932</u> | <u>9,193,852</u> |
| 22.1 Income from financial assets | | | |
| Loans and receivables | | | |
| Profit from bank under cash management scheme | | - | 658 |
| Profit on placements- net off income suspended | | - | 49,710 |
| | | - | 50,368 |
| 22.2 Income from other than financial assets | | | |
| Fees, commissions and other charges | | 32,000 | - |
| Gain/Loss on disposal of property and equipment | | - | 134,912 |
| Rental income | | 9,413,932 | 9,008,572 |
| | | <u>9,445,932</u> | <u>9,143,484</u> |
| 23. ADMINISTRATIVE AND SELLING EXPENSES | | | |
| Salaries, allowances and benefits | 23.1 | 4,869,179 | 6,613,061 |
| Directors' fee | 23.2 | 234,000 | 306,000 |
| Telephone and fax | | 107,520 | 398,822 |
| Postage and courier | | 7,034 | 9,897 |
| Electricity | | 408,263 | 650,284 |
| Office maintenance | | 1,354,787 | 1,600,168 |
| Software maintenance | | 239,486 | 435,409 |
| Insurance | | 166,907 | 243,537 |
| Canteen expenses | | 160,136 | 248,059 |
| Traveling and conveyance | | 37,530 | 27,300 |
| Advertisement expenses | | 67,310 | 64,800 |
| Printing and stationery | | 159,878 | 435,330 |
| Central depository charges | | 20,191 | 58,195 |
| Subscriptions and listing fees | | 1,119,191 | 1,175,462 |
| Legal and professional charges | | 2,036,878 | 3,372,060 |
| Auditors' remunerations | 23.3 | 377,429 | 759,100 |
| Statutory filing fees | | 24,510 | 109,075 |
| Depreciation | | 2,656,424 | 6,683,631 |
| Rent, rates and taxes | | 962,275 | 1,145,984 |
| | | <u>15,008,928</u> | <u>24,336,174</u> |

23.1 Remuneration of directors, chief executive and executives:

| | 2019 | | | 2018 | | |
|------------------------------|------------------|------------------|----------------|------------------|------------------|----------------|
| | Directors | Chief executive | Executives | Directors | Chief executive | Executives |
| Chairman Advisory Honorarium | 1,320,000 | - | - | 1,320,000 | - | - |
| Managerial remuneration | - | 1,500,000 | 900,000 | - | 1,500,000 | 900,000 |
| Other benefits | - | - | - | - | - | - |
| | <u>1,320,000</u> | <u>1,500,000</u> | <u>900,000</u> | <u>1,320,000</u> | <u>1,500,000</u> | <u>900,000</u> |
| No. of persons | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

23.2 Directors' fee

This represents remuneration paid to the non-executive directors of the Company for attending meetings of the Board and Board's committees.

| | 2019 | 2018 |
|-----------------------------|----------------|----------------|
| | (Rupees) | |
| Note | | |
| 23.3 Auditor's remuneration | | |
| Annual audit | 196,075 | 377,000 |
| Half yearly review | 98,604 | 130,000 |
| Other certifications | 55,000 | 116,000 |
| Out-of-pocket expenses | 27,750 | 136,100 |
| | <u>377,429</u> | <u>759,100</u> |

24. FINANCE COST

Markup on :
Short term finance

| | |
|------------------|----------------|
| 1,297,921 | 557,203 |
| <u>1,297,921</u> | <u>557,203</u> |

25. PROVISION AND WRITE-OFFS

Provision on leases
Write-offs

| | | |
|----|---|-------------------|
| 10 | - | 15,273,061 |
| | - | 10,715,323 |
| | - | <u>25,988,384</u> |

26. INCOME TAX EXPENSE

Current

The tax charge for the current year represents minimum charge at 1% of gross income under section 113 of the Income Tax Ordinance, 2001.

Assessments of the Company have been finalized upto the tax year 2018. Returns are deemed to be an assessment order passed by the Commissioner of Income Tax under section 120 of Income Tax Ordinance, 2001. The said returns have so far not been selected for audit by the tax department.

26.1 Effective tax rate reconciliation

Numerical reconciliation between the average tax rate and the applicable tax rate has not been presented as provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001 related to minimum tax. The Company's tax computation gives rise to a tax loss due to unabsorbed tax depreciation.

| | 2019 | 2018 |
|--|---------------------|-------------------|
| | (Rupees) | |
| 27. EARNINGS / (LOSS) PER SHARE - basic and diluted | Note | |
| (Loss)/profit for the year from continuing operations | (27,613,287) | 25,999,828 |
| (Loss)/profit for the year from discontinuing operations | - | - |
| (Loss)/profit attributable to ordinary shareholders | <u>(27,613,287)</u> | <u>25,999,828</u> |
| | Numbers | Numbers |
| Number of ordinary shares issued and subscribed | <u>36,300,000</u> | <u>36,300,000</u> |
| | Rupees | Rupees |
| (Loss)/profit per share from continuing business | (0.76) | 0.72 |
| Earnings per share from discontinue business | - | - |
| Earning (loss)/profit per share | <u>(0.76)</u> | <u>0.72</u> |

Earning(loss)/profit per share has been calculated by dividing (loss)/profit for the year attributable to the ordinary shareholders outstanding at the period end by the weighted average number of shares outstanding during the year.

Diluted earnings per share

There is no dilution effect on the basic earning per share of the Company as the Company has no convertible dilutive potential ordinary shares outstanding on June 30, 2019.

| | 2019 | 2018 |
|--------------------------------------|------------------|------------------|
| | (Rupees) | |
| 28. CASH AND CASH EQUIVALENTS | Note | |
| Cash and Bank balances | 5 <u>313,653</u> | <u>3,340,121</u> |
| | <u>313,653</u> | <u>3,340,121</u> |

29. SEGMENT INFORMATION

The primary sources of revenue segments are Finance Lease, Musharika business and Capital Market Operations based on the nature of business and related risk associated with each type of business segment. Other operations, which are not deemed by the management to be sufficiently significant to disclose as separate items are reported under others.

Segment assets and liabilities included all assets and liabilities related to the segment and relevant proportion of the assets and liabilities allocated to the segment on reasonable basis.

Segment revenue and expenses included all revenue and expenses related to the segment and relevant proportion of the revenue and expenses allocated to the segment on reasonable basis.

| | June 30, 2019 | | | | |
|---|--------------------|-------------------|-----------|---------|--------------------|
| | Finance lease | Rental Income | Musharika | Others | Total |
| | Rupees | | | | |
| Segment revenues | 89,292 | 9,413,932 | - | 32,000 | 9,535,224 |
| Segment result | (3,583,596) | 8,217,641 | - | 32,000 | |
| Unallocated cost | | | | | |
| Finance cost | | | | | (1,297,921) |
| Administrative and selling exp | | | | | (15,008,928) |
| Unwinding of financial liability | | | | | (18,094,622) |
| Gain on De-recognition of financial liabilities | | | | | - |
| Provision & write offs | | | | | - |
| Loss before income tax | | | | | (24,866,247) |
| Income tax expense/ credit | | | | | (2,747,040) |
| Profit for the year | | | | | (27,613,287) |
| Other information | | | | | |
| Segment assets | 197,403,183 | 64,295,878 | | | 261,699,061 |
| Unallocated assets | | | | | 395,075,783 |
| Total assets | 197,403,183 | 64,295,878 | | | 656,774,844 |
| Segment liabilities | 539,602,734 | | | | 539,602,734 |
| Unallocated liabilities | | | | | |
| Total liabilities | 539,602,734 | | | | 539,602,734 |
| Net assets | | | | | 117,172,110 |
| Capital expenditure | | | | | - |
| | June 30, 2018 | | | | |
| | Finance lease | Rental Income | Musharika | Others | Total |
| | Rupees | | | | |
| Segment revenues | 3,795,932 | 9,008,572 | - | 185,280 | 12,989,784 |
| Segment result | (1,269,159) | 7,460,602 | - | 185,280 | |
| Unallocated cost | | | | | |
| Finance cost | | | | | (557,203) |
| Administrative and selling exp | | | | | (24,336,174) |
| Unwinding of financial liability | | | | | (27,081,635) |
| Gain on De-recognition of financial liabilities | | | | | 103,267,120 |
| Provision & write offs | | | | | 28,011,616 |
| Loss before income tax | | | | | 92,293,508 |
| Income tax expense/ credit | | | | | (66,293,681) |
| Profit for the year | | | | | 25,999,828 |
| Other information | | | | | |
| Segment assets | 219,073,683 | 66,952,302 | | | 286,025,985 |
| Unallocated assets | | | | | 399,853,738 |
| Total assets | 219,073,683 | 66,952,302 | | | 685,879,723 |
| Segment liabilities | 541,094,325 | | | | 541,094,325 |
| Unallocated liabilities | | | | | |
| Total liabilities | 541,094,325 | | | | 541,094,325 |
| Net assets | | | | | 144,785,398 |
| Capital expenditure | | | | | - |

The Company is primarily exposed to credit risk, liquidity risk and market risk. The Company has designed and implemented a framework of controls to identify, monitor and manage these risks as follows:

30. Credit risk

Credit risk is the risk that one party to financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly effected by changes in economics, political and other conditions. Concentration of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company manages its credit risk by monitoring credit exposure, limiting transaction with specific counter party and continually assessing the credit worthiness of counter parties. Management considers that all the financial assets that are neither past due nor impaired are of good credit quality. The maximum exposure of the Company to credit risk at reporting date without taking account any collateral held or other credit enhancements is as follows:

| | | 2019 | 2018 |
|---|------|----------------------|--------------------|
| | | ----- (Rupees) ----- | |
| | Note | | |
| Classes of financial assets - carrying value | | | |
| Cash and cash equivalent | | | |
| Cash and bank balances | 5 | 313,653 | 3,340,121 |
| Loans and receivables | | | |
| Short term finances | 7 | 54,000,000 | 54,000,000 |
| Long-term deposits | 11 | 504,500 | 504,500 |
| Net investment in finance leases | 10 | 197,403,183 | 219,073,683 |
| | | <u>252,221,336</u> | <u>276,918,304</u> |

- 30.1 The credit risk to cash and cash equivalent is negligible, since the counter parties are reputable banks with high quality external credit rating.
- 30.2 Loans and receivables of the Company are secured by collaterals that are disclosed in their relevant notes.
- 30.3 The Company manages concentration of credit risk exposure through diversification of activities to avoid undue concentrations of risks with individuals, groups of specific industry segment. An analysis by class of business of the Company's net investments in finance leases, hire purchase contracts, investment and other financial assets is given below:

| Sector | 2019 | | 2018 | |
|-----------------------------|--------------------|------------|--------------------|------------|
| | Rupees | % | Rupees | % |
| Textile | 80,348,130 | 24.72 | 90,620,221 | 26.14 |
| Construction | 25,999,520 | 8.00 | 25,999,520 | 7.50 |
| Transport and communication | 91,331,677 | 28.10 | 91,331,677 | 26.35 |
| Oil and gas | 772,848 | 0.24 | 772,848 | 0.22 |
| Food and beverages | 15,050,210 | 4.63 | 15,050,210 | 4.34 |
| Engineering | 22,915,221 | 7.05 | 22,915,221 | 6.61 |
| Consumer leases | 5,108,238 | 1.57 | 5,772,618 | 1.67 |
| Health care | 10,002,197 | 3.08 | 10,002,197 | 2.89 |
| Travel and tourism | 2,808,087 | 0.86 | 2,808,087 | 0.81 |
| Pharmaceutical | 425,209 | 0.13 | 425,209 | 0.12 |
| Advertisement | 572,569 | 0.18 | 572,569 | 0.17 |
| Auto and allied | 3,308,314 | 1.02 | 3,308,314 | 0.95 |
| Publications | 9,988,159 | 3.07 | 9,988,159 | 2.88 |
| Glass and ceramics | 8,675,504 | 2.67 | 8,675,504 | 2.50 |
| Others | 47,665,910 | 14.67 | 58,390,089 | 16.84 |
| Total | <u>324,971,793</u> | <u>100</u> | <u>346,632,443</u> | <u>100</u> |

30.4 Analysis of financial assets that are past due:

| | Total | Loans and receivables | Net investment in finance lease | Operating lease receivables |
|---|--------------------|-----------------------|---------------------------------|-----------------------------|
| | Rupees..... | | | |
| Gross carrying amount | | | | |
| Not past due | 61,593,070 | - | 61,593,079 | - |
| Past due by more than 30 days but not more than 180 days | - | - | - | - |
| Past due by more than 180 days but not more than 360 days | - | - | - | - |
| Past due by more than 360 | 298,675,682 | 20,000,000 | 278,675,682 | - |
| | 360,268,761 | 20,000,000 | 340,268,761 | - |
| Impairment loss on | | | | |
| Past due by more than 180 days | - | - | - | - |
| Past due by more than 180 days but not more than 360 days | - | - | - | - |
| Past due by more than 360 days | 162,865,578 | 20,000,000 | 142,865,578 | - |
| Total impairment loss | 162,865,578 | 20,000,000 | 142,865,578 | - |
| Net carrying amount | 197,403,183 | - | 197,403,183 | - |

30.5 Financial assets that are past due and impaired are disclosed in notes. Impairment is determined after considering the forced sale value of the collateral held.

30.6 Liquidity risk

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

| | 2019 | | | | |
|-------------------------------|----------------------|---------------------|---------------------|-----------------|----------------------|
| | Within 6 month | 6 month to 1 year | One to five years | Over five years | Total |
| |Rupees..... | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalent | 313,653 | - | - | - | 313,653 |
| Loans and receivables | 54,000,000 | - | - | - | 54,000,000 |
| Lease receivables | 340,268,761 | - | - | - | 340,268,761 |
| | <u>394,582,414</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>394,582,414</u> |
| Financial liabilities | | | | | |
| Accrued and other liabilities | 80,241,209 | - | - | - | 80,241,209 |
| Long -term finances | 254,190,853 | 51,053,749 | 55,710,997 | - | 360,955,599 |
| Long-term deposits | 98,405,926 | - | - | - | 98,405,926 |
| | <u>432,837,988</u> | <u>51,053,749</u> | <u>55,710,997</u> | <u>-</u> | <u>539,602,734</u> |
| | <u>(38,255,574)</u> | <u>(51,053,749)</u> | <u>(55,710,997)</u> | <u>-</u> | <u>(145,020,320)</u> |
| |Rupees..... | | | | |
| | 2018 | | | | |
| | Within 6 month | 6 month to 1 year | One to five years | Over five years | Total |
| |Rupees..... | | | | |
| Financial Assets | | | | | |
| Cash and cash equivalent | 3,340,121 | - | - | - | 3,340,121 |
| Loans and receivables | 54,000,000 | - | - | - | 54,000,000 |
| Lease receivables | 227,939,472 | 118,458,530 | 15,541,259 | - | 361,939,261 |
| | <u>285,279,593</u> | <u>118,458,530</u> | <u>15,541,259</u> | <u>-</u> | <u>419,279,382</u> |
| Financial liabilities | | | | | |
| Accrued and other liabilities | 80,169,061 | - | - | - | 80,169,061 |
| Long -term finances | 276,438,955 | 25,526,875 | 40,608,407 | - | 342,574,336 |
| Long-term deposits | 117,755,918 | 515,102 | 80,008 | - | 118,351,028 |
| | <u>474,363,934</u> | <u>26,041,977</u> | <u>40,688,415</u> | <u>-</u> | <u>541,094,325</u> |
| | <u>(189,084,341)</u> | <u>92,416,554</u> | <u>(25,147,156)</u> | <u>-</u> | <u>(121,814,943)</u> |

30.7 Market risk

Market risk is the risk that the value of a financial instruments will fluctuate as a result of changes in interest rates or market prices due to a change in credit rating of the issuer of the instrument, change in market sentiments, speculative activities, activities, supply and demand of securities and liquidity in the market. The Company is not exposed to currency risk as it is not involved in foreign currency transactions. However, it is exposed to interest rate risk and market price risk.

30.7.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Due to restructuring of the long & short term borrowings the Company, the rate of markup is now zero percent for the next 12 months and therefore, the Company is exposed to changes in market interest rates only for net investment in lease.

Cash flow sensitivity analysis for variable rate instruments

Due to restructuring of the long & short term borrowings of the Company, the rate of markup is now zero percent for the next 12 months and therefore, the sensitivity analysis is not performed.

31. **FAIR VALUE OF FINANCIAL ASSETS**

The fair value of all other financial assets and financial liabilities is estimated to approximate their carrying value.

32. **TRANSACTIONS WITH RELATED PARTIES**

The related parties of the Company include staff provident fund, staff gratuity fund, directors, key management personnel and companies in which directors are common or a director hold office. Transactions with directors and key management personnel are disclosed in their relevant notes. Transactions with other related parties and the balances outstanding at the year end are given below:

| Name of related party | Nature of relationship | Description of transaction | 2019 | |
|-----------------------|------------------------|----------------------------|----------------------------|-----------------|
| | | | Total value of transaction | Closing balance |
| | | | -----Rupees----- | |
| AzimAzfar | Director | Director Fee | 54,000 | - |
| M. RiazKhokhar | Director | Director Fee | 60,000 | - |
| GhulamRazaDahraj | Director | Director Fee | 48,000 | - |
| M.SharifKhawaja | Director | Director Fee | 48,000 | - |
| JavedHaleem | Director | Director Fee | 18,000 | - |
| RamzanBehrani | Director | Director Fee | 6,000 | - |
| Various | Executives | E.O.B.I | 21,840 | - |
| M.R. Khan | Chairman | Advisor Honorarium | 1,320,000 | - |
| M. RiazKhokhar | Director | Travelling Expenses | 15,250 | - |
| GhulamRazaDahraj | Director | Travelling Expenses | 5,000 | - |
| M.SharifKhawaja | Director | Travelling Expenses | 7,000 | - |
| JavedHaleem | Director | Travelling Expenses | 3,000 | - |
| RamzanBehrani | Director | Travelling Expenses | 1,000 | - |
| | | | -----Rupees----- | |
| Name of related party | Nature of relationship | Description of transaction | Total value of transaction | Closing balance |
| | | | -----Rupees----- | |
| Ashfaq Ahmed | Director | Director Fee | 36,000 | - |
| AzimAzfar | Director | Director Fee | 60,000 | - |
| Imam BakshBaloch | Director | Director Fee | 24,000 | - |
| M. Abdullah Baloch | Director | Director Fee | 36,000 | - |
| M. RiazKhokhar | Director | Director Fee | 48,000 | - |
| M.R. Khan | Director/ Chairman | Director Fee | 42,000 | - |
| GhulamRazaDahraj | Director | Director Fee | 18,000 | - |
| M.SharifKhawaja | Director | Director Fee | 24,000 | - |
| JavedHaleem | Director | Director Fee | 18,000 | - |
| Various | Executives | E.O.B.I | 17,160 | - |
| M.R. Khan | Chairman | Advisor Honorarium | 1,320,000 | - |
| M. RiazKhokhar | Director | Travelling Expenses | 6,000 | - |
| M. Abdullah Baloch | Director | Travelling Expenses | 4,000 | - |
| Ashfaq Ahmed | Director | Travelling Expenses | 4,000 | - |
| Imam BukshBaloch | Director | Travelling Expenses | 2,000 | - |
| GhulamRazaDahraj | Director | Travelling Expenses | 3,000 | - |
| M.SharifKhawaja | Director | Travelling Expenses | 3,000 | - |
| JavedHaleem | Director | Travelling Expenses | 3,000 | - |

33. **NUMBER OF EMPLOYEES**

The number of employees as at year end are 7 (2018: 11) and average number of employees during the year are 7 (2018: 11).

34. CORRESPONDING FIGURES .

Corresponding figures have been rearranged and reclassified, where necessary, for the purpose of comparison. However no significant reclassification has been made.

35. DATE OF AUTHORIZATION

These financial statements were authorized for issue on September 25, 2019 by the Board of Directors of the Company.



Farah Azeem
Chief Executive Officer



Muhammad Farooq
Chief Financial Officer



M R Khan
Chairman

FORM OF PROXY



I/We _____ of _____
being a member of **Security Leasing Corporation Limited** do hereby appoint
_____ of _____ or failing him/her
_____ of _____ or failing him/her
_____ of _____ or failing him/her
to be proxy and to vote for me at the **Annual General Meeting** of the Company to be held on
October 28, 2019, at 8:30 a.m and at any adjournment thereof in the same manner as I/we
would vote if personally present at such meeting.

Signed this _____ day of _____ 20 _____

Signature: _____

Rupees 5/-
Revenue Stamp

Address: _____

Total Shares Held: _____ Folio/CDC A/c. No.: _____

Holder of Share Nos. From: _____ To _____

Witnesses:

Signature: _____

Signature: _____

Name: _____

Name: _____

NIC #: _____

NIC #: _____

Address: _____

Address: _____

NOTE:

1. Signature should agree with specimen registered with the company.
2. Proxy to be valid must be deposited with the Company at its registered office not less than forty-eight hours before the meeting.
3. Proxy need not be a member.

For CDC Account Holders/Corporate Entities

In addition to the above the following have to be met:

- i) the proxy form shall be witnessed by the two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
- ii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy form.
- iii) The proxy shall produce his/her original CNIC or passport at the time of the Meeting.
- iv) In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has provided earlier) alongwith proxy form of the Company.

سیکورٹی لیزنگ کارپوریشن لمیٹڈ



پراکسی فارم

ساکن

میں مستی / سما

بجائیت ممبر سیکورٹی لیزنگ مستی / سما

ضلع

سے کمپنی کے سالانہ اجلاس عام جو بتاریخ 28 اکتوبر 2019ء بوقت 8.30 بجے صبح منعقد ہو رہا ہے میں اور اس کے کسی ملتوی شدہ اجلاس میں ووٹ ڈالے۔

دستخط کی تاریخ

ممبر کے دستخط

فولیو نمبر

شیروں کی تعداد

گواہوں کے دستخط اور پتے

ڈاک ٹکٹ منسلک کریں

نوٹ:

- 1۔ اجلاس عام میں شرکت اور رائے دی کا اہل ممبر اپنی جانب سے شرکت اور رائے دی کے لیے اپنا پراکسی مقرر کر سکتا ہے پراکسی کا کمپنی کا ممبر ہونا ضروری ہے۔
- 2۔ یہ فارم ممبر یا اس کے اتارنی کی جانب سے جسے تحریری طور پر اتھارنڈ کیا گیا ہو یا کی جانب سے دستخط کیا جائے۔ اگر ممبر کارپوریشن ہے تو اس کی عام ممبر موجود ہونی چاہئے۔
- 3۔ پراکسی کی تقرری کے دستاویز پاور آف اتارنی یا دیگر دستاویز جس کے تحت تقرری ہوئی یا پاور آف اتارنی کی تصدیق شدہ کاپی اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل جمع کرانی ہوگی۔
- 4۔ سی ڈی سی اکاؤنٹ ہولڈر یا سب اکاؤنٹ ہولڈر کو پراکسی فارم کے ہمراہ کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ کی مصدقہ نقول بھی منسلک کرنی ہوگی۔ پراکسی کو اجلاس کے وقت اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ یا پاسپورٹ پیش کرنا ہوگا۔ کارپوریٹ ادارہ ہونے کی صورت میں بجائیت ممبر بورڈ آف ڈائریکٹرز کی منظور شدہ قرارداد / پاور آف اتارنی بمعہ نمونہ دستخط ہمراہ پراکسی فارم جمع کرانا ہوں گے۔

26 واں سالانہ اجلاس عام کے سلسلے میں ممبران کو نوٹس

بذریعہ ہذا مطلع کیا جاتا ہے کہ سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے ممبران کا 26 واں سالانہ اجلاس عام تاریخ 28 اکتوبر 2019 بروز جمعہ بوقت صبح 8.30 بجے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس واقع ٹیکس اسکوائر بلڈنگ نمبر 3 فلور نمبر 5 سرارشیہ روڈ میں درج ذیل امور کی انجام دہی کے لیے منعقد ہوگا۔

عمومی امور:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے 25 ویں سالانہ اجلاس عام منعقدہ 24 اکتوبر 2018ء کی کارروائی کی توثیق۔
- 2- 30 جون 2019 کو ختم ہونے والے مالی سال کی بابت کمپنی کے سالانہ ڈیٹ شدہ حسابات (مجموعی و انفرادی) مع ڈائریکٹرز اور ڈیپوٹیز کی رپورٹس کی وصولی ان پر غور و خوض اور منظوری۔ (سیکورٹی لیزنگ کارپوریشن لمیٹڈ کی سالانہ رپورٹ 2019 کمپنی کی ویب سائٹ پر اپ لوڈ کر دی گئی ہے۔)
- 3- مالی سال 2020ء کے لیے آڈیٹرز J.A.S.B. & Associates Chartered Accountants کی بطور بارہم تقرری اور ان کے لیے مشاہرہ طے کرنا۔

دیگر امور:

- 4- صدر اجلاس کی اجازت سے کسی بھی دیگر امور کی انجام دہی۔

تاریخ 30 ستمبر 2019

محکم بورڈ
محمد فاروق
کمپنی سیکریٹری

نوٹس:

- 1- سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے حصص کی منتقلی کی کتاب 21 اکتوبر 2019ء سے 28 اکتوبر 2019ء تک دونوں دن شامل ہوں گے بند ہیں گی۔ حصص کی منتقلی کے لیے جو درخواستیں کمپنی کے سیکریٹری/سربراہ سسرٹیفائیڈ ایگزیکٹو اور وی این ایس ایم سی پر نیویٹ لمیٹڈ آفس نمبر 1705-17 اور یا فلور سائبر ٹریڈ ٹاور آئی آئی پیٹرنری گروہ ڈاکر اپنی کو 20 اکتوبر 2019ء کے دفتری اوقات ختم ہونے سے قبل مہمبول ہوں گی اللہ صلی اللہ علیہ وسلم کے استحقاق کے ضمن کے لیے بروقت بھی جائیں گی۔
- 2- ایک ممبر ہوا اجلاس میں شرکت کرنے اور ووٹ اپنے حلقہ میں دینا ہے وہ اپنی جگہ کی دوسرے افراد کا اجلاس میں شرکت ہونے اور ووٹ دینے کے لیے تحریری طور پر اپنی پر کسی مقرر کر سکتا ہے۔
- 3- پر کسی مقرر کئے جانے سے متعلق Instrument اور پاور آف اٹارنی یا دیگر کوئی اور اقداری جس کے تحت اس پر دخل کے گلا ہیں یا اس پاور آف اٹارنی کی توڑی سے تصدیق شدہ نقل کو منتر ہونے کے لیے سیکورٹی لیزنگ کارپوریشن لمیٹڈ کے رجسٹرڈ آفس میں اجلاس کے وقت سے کم از کم 48 گھنٹے قبل از تاریخ کرادیں۔
- 4- ممبران سے درخواست ہے کہ وہ اپنے رجسٹرڈ پتے میں تبدیلی سے آگے کوئی نوٹس یا دیگر ڈیٹ شدہ ریسٹریکٹڈ ڈی ریسٹریکٹڈ سروسز پر انویسٹ لمیٹڈ آفس نمبر 1705 فلور نمبر 17 سائبر ٹریڈ ٹاور آئی آئی پیٹرنری گروہ ڈاکر اپنی کو تحریری طور پر مطلع کریں ایسی درخواستیں سب کی بندش سے قبل بھیجی جائے چاہئیں تاکہ استحقاق آ کر کوئی ہوتی ہو تو دست پتہ پر روانہ کیا جاسکے۔
- 5- سی ڈی سی اکاؤنٹ ہولڈر کو دیگر قواعد کے ساتھ ساتھ سیکورٹی لیزنگ کی منتقلی آفس پاکستان کی جانب سے مقرر کردہ ہدایات پر عمل کرنا ہوگا جو کہ درج ذیل ہے۔

(الف) اجلاس میں شرکت کے لیے:

- 1- منظور شدہ ممبران ہونے کی صورت میں اکاؤنٹ ہولڈر یا نمینی اکاؤنٹ ہولڈر اور ایسا فرد جس کی سیکورٹیز گروپ اکاؤنٹ کی صورت میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق اپ ڈیٹ کی گئی ہوں اور اجلاس عام میں شرکت کے موقع پر اپنی شناخت اپنا اصل کیپٹل اذکار قومی شناختی کارڈ یا اصل پاسپورٹ دکھا کر کر سکتے ہیں۔
- 2- کارپوریٹ اکاؤنٹ ہولڈر یا نمینی اکاؤنٹ ہولڈر اور ایسا فرد اکاؤنٹ ہولڈر کے نمائندے کے طور پر شرکت کے لیے مقرر ہونے کے لیے مقرر کردہ ہدایات پر عمل کرنا ہوگا جو کہ درج ذیل ہے۔

(ب) پاسکی کے تقرو کے لیے:

- 1- ایسا فرد اکاؤنٹ ہولڈر یا نمینی اکاؤنٹ ہولڈر اور ایسا نمینی شخص کو جس کی سیکورٹیز گروپ اکاؤنٹ کی شکل میں ہوں اور ان کی رجسٹریشن تفصیلات قواعد و ضوابط کے مطابق تازہ کرنا گئی ہوں اور اجلاس عام میں شرکت کے لیے مقرر کردہ ہدایات کے مطابق پر کسی فارم جمع کرنا ہوگا۔
- 2- پر کسی فارم پر کم از کم دو گواہوں کے دستخط نام پر ہوا اور نمینی شخص کو قومی شناختی کارڈ نمبر شہادت ہونا چاہئے۔
- 3- پر کسی فارم کے ساتھ اصل خطا اور پر کسی کے ساتھ نمینی شخص کو قومی شناختی کارڈ یا اصل پاسپورٹ کی تصدیق شدہ نقل بھی منسلک ہونا چاہئیں۔
- 4- اجلاس کے وقت پر کسی کی اصل نمینی شخص کو قومی شناختی کارڈ یا اصل پاسپورٹ پیش کرنا ہوگا۔
- 5- گواہ پریت ادارہ کی صورت میں کمپنی کے پر کسی فارم کے ساتھ بورڈ آف ڈائریکٹرز کی قرارداد اور پاور آف اٹارنی اگر پہلے سے فراہم نہ کئے گئے ہوں تو جس کے ساتھ دستخط کے نمونے specimen بھی منسلک ہونا چاہئیں۔

| | | | |
|----|------------------------|----|-----------------------|
| 2 | جناب محمد رمضان بحرانی | 07 | جناب محمد شریف خواجہ |
| 07 | غلام رضا دھراج | 07 | جناب محمد ریاض کھوکھر |
| | | 04 | جناب جاوید حلیم |
| | | 07 | محترمہ فرح عظیم |

آڈٹ کمیٹی میٹنگز

| میٹنگز میں شرکت کی | ڈائریکٹر کا نام | میٹنگز میں شرکت کی | ڈائریکٹر کا نام |
|--------------------|-----------------|--------------------|-----------------------|
| 04 | غلام رضا دھراج | 4 | جناب محمد ریاض کھوکھر |
| | | 4 | جناب عظیم اظفر |
| | | 4 | جناب شریف خواجہ |

شیئر ہولڈنگ کارہجان

اس رپورٹ کے ساتھ 30 جون 2019 کو شیئر ہولڈنگ کے رجحان بطور ضمیمہ منسلک ہے۔

اعتراف

بورڈ اپنے سرمایہ کار، قرضہ دہندہ اور ریگولیٹری اتھارٹیز کے اس چیلنجنگ وقت میں کمپنی کے ساتھ مسلسل تعاون اور ادراک کے لیے ان کے ساتھ ممنونیت کا اظہار کرنا چاہتا ہے جس کی وجہ سے ضابطوں پر عملدرآمد کو ممکن بنا سکے۔ بورڈ اس بات کو بھی رکارڈ پر لانا چاہتا ہے کہ وہ اپنے تمام عملے کی کوششوں اور ان کی لگن کی وجہ سے کمپنی کے لیے سال کے دوران مشکل حالات میں آپریشن کو جاری رکھنا ممکن ہو سکا۔

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے

فرح عظیم
چیف ایگزیکٹو آفیسر

25 ستمبر 2019

کاروباری اقدار

کمپنی کا کوڈ آف کنڈکٹ ڈائریکٹرز کے ساتھ ساتھ ملازمین کے لیے ایک واضح رہنمائی کا ڈھانچہ فراہم کرتا ہے کہ وہ سالمیت، دیانتدار اور لگن کے ماحول میں کام کریں تاکہ وہ کمپنی اور اس کے شرکاء مفاد کے مشترکہ مقاصد کے مثبت نتائج حاصل کر سکیں۔

ڈائریکٹرز کا اعلان

ڈائریکٹرز ترمیم شدہ کوڈ آف کارپوریٹ گورننس کا نفاذ کر چکے ہیں جس کو درج ذیل پیش کرتے ہوئے خوشی محسوس کرتے ہیں

☆ مینجمنٹ کے تیار کردہ مالیاتی اسٹیٹمنٹس، معاملات، آپریشن کے نتائج، کیش فلو اور ایکویٹی میں رد و بدل کی درست تصویر پیش کرتے ہیں۔

☆ مناسب طور سے کھاتوں کی بکس رکھی گئی ہیں۔

☆ مالیاتی اسٹیٹمنٹس کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو استعمال کیا گیا ہے اور اکاؤنٹنگ تخمینوں کی بنیاد مناسب اور محفوظ انداز سے ہیں۔

☆ مالیاتی اسٹیٹمنٹس کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ اسٹینڈرڈز ہیں ان پر عملدرآمد کیا گیا اور ان پر عملدرآمد نہ ہونے کی صورت میں ان کو مناسب طور پر ظاہر کیا ہے۔

☆ اندرونی نگرانی نظام کا ڈیزائن مضبوط ہے اور اس کا موثر طور پر نفاذ کیا جا چکا ہے اور اس کی موثر نگرانی کی جاتی ہے۔

☆ گذشتہ چھ سالوں کا اہم آپریٹنگ اور مالیاتی ڈیٹا کا خلاصہ اس رپورٹ کے ساتھ بطور ضمیرہ منسلک ہے۔

☆ سال کے دوران بورڈ آف ڈائریکٹرز کی 7 اور آڈٹ کمیٹی کی 4 میٹنگز منعقد ہو چکی ہیں۔ میٹنگ میں ہر رکن کی حاضری کی تفصیلات درج ذیل ہیں۔

بورڈ آف ڈائریکٹرز کی میٹنگز

| میٹنگز میں شرکت کی | ڈائریکٹر کا نام | میٹنگز میں شرکت کی | ڈائریکٹر کا نام |
|--------------------|-----------------|--------------------|-----------------|
| 07 | جناب عظیم اظفر | 07 | جناب ایم آر خان |

383,178,998

383,178,998

قرضہ جات (مالیاتی اداروں کے)

22,223,399

40,604,763 IAS39 کے تحت ان دائیہ نگہ آف لائیبلٹی کا اندراج

کمپنی کے ڈائریکٹران اس تمام صورت حال کا از سر نو جائزہ لینے کے بعد اس نتیجے پر پہنچے ہیں کہ سال 2019-20 کے دوران مالیاتی اداروں سے حاصل کئے گئے قرضوں کو 64.59 فیصد تک کم کرنے میں کامیاب ہو جائیں گے جن کی مالیات 247.50 ملین روپے ہے کیونکہ اکثر ویدار کمپنی کو ایک قابل قدر ڈس کاؤنٹ دینے پر تیار ہو چکے ہیں۔

کمپنی کے مالیاتی نتائج کا خلاصہ درج ذیل ہے

| سال | 2018 | 2019 |
|---------------------------------|------------|--------------|
| روپے | روپے | روپے |
| نفع/نقصان بعد از ٹیکس | 25,999,828 | (27,613,287) |
| آمدنی فی حصص - بنیادی اور کمزور | 0.72 | (.76) |
| مختص کردہ | - | - |
| دستوری ذخائر میں منتقلی | - | - |

شیر کیپیٹل

جیسا کہ بتایا گیا ہے کہ 30 جون 2019 کو کمپنی کی ایکویٹی سکیورٹی آپیکھنچ کمیشن آف پاکستان (ایس ای سی پی) کی متعین ایکویٹی جس کی کم سے کم حد 50 ملین ہے کے مقابلے میں 196 اعشاریہ 173 رہی۔

کارپوریٹ سماجی ذمہ داری

ماضی میں کمپنی نے بطور ایک ذمہ دار کارپوریٹ شہری کے، بلواسطہ یا بلاواسطہ، متعدد سماجی کاموں میں حصہ لیا۔ زلزلہ، سیلاب اور دیگر قدرتی آفات میں کبھی بلواسطہ اور کبھی رضا کارانہ طور، نقد رقم اور/یا جنس کی صورت میں، ان کی اور دیگر کم مراعات یافتہ لوگوں کی فلاح و بہبود کے لیے مدد کی۔

ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹرز 30 جون 2019ء کو اختتام پذیر سال کی کمپنی کی سالانہ رپورٹ بشمول مالیاتی دستاویزات اور آڈیٹڈ رپورٹ پیش کر کے خوشی محسوس کرتے ہیں۔

معیشت کا جائزہ

جیسا کہ آپ کے علم میں ہے کہ پچھلے عشرے کے دوران پاکستان کی معیشت کو سنگین مسائل کا سامنا رہا۔ جن کا تعلق اندرونی اور بیرونی قرضوں کی ایک بہت بڑی رقم تھی۔ ان قرضوں کے بڑھنے کی وجہ سرکاری اخراجات میں بے پناہ اضافہ اور آمدنی میں کمی تھی۔ جن کی وجہ سے پچھلے سال معیشت کو 600 سو ارب روپے کا خسارہ اٹھانا پڑا۔ بڑھتی ہوئی برآمدات اور درآمدات میں نمایاں کمی کی وجہ سے ادائیگیوں کا توازن اور زرمبادلہ کے ذخائر میں بے انتہاء کمی واقع ہوئی۔ 2018-19 میں پہلی دفعہ حکومت نے ارادہ کیا کہ وہ اس چیلنج کا مقابلہ کرے گی اور اس حوالے سے سنجیدہ اقدامات کئے اس سلسلے میں IMF سے حاصل کردہ قرضہ ایک اہم قدم تھا لیکن دوسری طرف اس وجہ سے پاکستانی روپے کی قدر میں جہاں ایک طرف کمی واقع ہوئی وہی افراط زر میں بھی اضافہ ہوتا چلا گیا جس کو بہتر ہونے میں کچھ وقت لگے گا۔ توقع یہ کی جا رہی ہے کہ حکومت اپنے اقدامات کو جاری رکھے گی اور ان دلیرانہ فیصلوں کی روشنی میں ملک کی معیشت کو درپوش مسائل قصہ پارینہ بن جائیں گے۔

کمپنی کا جائزہ

درج ذیل گوشوارہ سال 2018-19 میں کمپنی انتظامیہ کی ان کاوشوں کو ظاہر کرتا ہے جو اس نے کمپنی کی ایکویٹی کو بڑھانے، قرضوں کی ادائیگی اور منافع کی سطح کو بڑھانے کے لیے کئے ہیں یہاں یہ بات قابل ذکر ہے کہ سال 2018-19 میں ہونے والے خسارے کی وجہ ان وائینڈنگ آف ایپیلیٹز انڈر IAS-39 کی مد میں کمی جانے والی انٹریز ہیں۔

30 جون 2019ء

30 جون 2018ء

روپے

روپے

96,173,639

122,440,299

ایکویٹی

(27,613,287)

25,999,828

نفع نقصان