



**SAUDI PAK**  
**LEASING**

**Annual Report  
2021**

## **OUR VISION**

To remain trust worthy to all stakeholders.

## **OUR MISSION** **For our Customer**

We will exert to add value for our all stakeholders by offering them win-win solutions.

## **For Employees**

We will provide our employees opportunities for self development in healthy and result oriented friendly environment.

## **For our Shareholders**

We will endeavor to restore the confidence of our shareholders' by optimum utilization of our limited resources.

## **For our Society**

We will maintain ethical standards and act as responsible corporate citizens and will stand along to deal corona pandemic

## **CORPORATE STRATEGY**

The Company is optimistic to honor its commitments to stakeholders despite difficult business conditions and severe liquidity crunch being faced due to default of debtors.

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**Mr. Ahsanullah Khan**  
CEO/Managing Director

## CORPORATE INFORMATION

### BOARD OF DIRECTORS ELECTED ON NOVEMBER 26, 2018

Mr. Niaz Ahmed Khan	Chairman/Non-Executive/ Independent Director
Mr. Ahsanullah	Chief Executive Officer/ Independent Elected Director
Sheikh Aftab Ahmad	Nominee Director
Mr. Zafar Iqbal	Nominee Director
Ms. Fozia Fakhra	Nominee Director
Mr. Muhammad Waqar	Independent Director
Syed Najmul Hasnain Kazmi	Independent Director

### AUDIT COMMITTEE ELECTED ON JANUARY 29, 2019

Syed Najmul Hasnain Kazmi	Chairman
Sheikh Aftab Ahmad	Member
Ms. Fozia Fakhra	Member
Mr. Muhammad Waqar	Member

### HR & REMUNERATION COMMITTEE ELECTED ON JANUARY 29, 2019

Mr. Niaz Ahmed Khan	Chairman
Sheikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. Ahsanullah	Member

### CHIEF EXECUTIVE OFFICER

Mr. Ahsanullah

### COMPANY SECRETARY

Mr. M. Imtiaz Ali

### CHIEF FINANCIAL OFFICER

Mr. Amir Rasool (Acting)

### HEAD OF INTERNAL AUDIT & COMPLIANCE

HEAD OF INTERNAL AUDIT & COMPLIANCE  
Syed Muhammad Khurram Ali

### TAX CONSULTANT

M/s. Junaidy Shoaib Asad  
Chartered Accountants

### AUDITORS

M/s. Junaidy Shoaib Asad  
Chartered Accountant  
(appointed on 27-11-2020)  
A member of Morison KSI Independent Member

### LEGAL ADVISOR

1)M/s. S&B Durrani Law Associates, House No. 5-A/11/11,  
Sunset Lane,DHA,  
Phase – II (Ext.), Karachi  
2)M/s. Zafar & Zafar Law Associates, Zafar Cottage, 25, Mason  
Road, Lahore

### BANKS

MCB Bank Limited  
Faysal Bank Limited  
National Bank of Pakistan  
Samba Bank Limited

### REGISTERED OFFICE

6TH Floor, Lakson Square Building # 1  
Sarwar Shaheed Road, Saddar,  
Karchi-74200  
Tel: (021) 35655181-82-83  
Fax: (021) 35210609

### BRANCH

Office 337/338, 4th Floor,  
JEFF HEIGHTS  
Main Boulevard, Gulberg-III, Lahore  
Ph : 042 3576 4964 – 65  
(Relocated in 2018)

### CONTACT DETAILS

Website: [www.saudipakleasing.com](http://www.saudipakleasing.com)  
Email : [info@saudipakleasing.com](mailto:info@saudipakleasing.com)

### REGISTRAR AND SHARE TRANSFER OFFICE

Central Depository Company of Pakistan Limited  
CDC House, 99-B, Block – B  
S. M. C. H. S., Main Shahrah-e-Faisal, Karachi  
Tel: (021) 111-111-500  
Fax: (021) 34326031



**Mr. Niaz Ahmed Khan**

Chairman

## CHAIRMAN'S REVIEW

On behalf of the Board of Directors, I would like present the 31<sup>st</sup> Audited Financial Statements of Saudi Pak Leasing Company Limited together with Auditor's Report to Members and the Directors' Report for the year ended June 30, 2021.

The International Monetary Fund revised its FY21 growth projection for Pakistan to 3.9%, simultaneously holding that the 'Smart Lockdown' to combat the COVID-19 outbreak will throw the world economy into the worst recession since the Great Depression in 1930s. The Corona virus pandemic came at a time when Pakistan's economy was already slowing, due to persistent financial sector weaknesses and global crisis.

The severe disruption of economic activities caused by COVID-19, both through demand and supply shocks, has overtaken the incipient recovery in the Pakistan economy. Assuming a baseline scenario, in which the pandemic fades since 2020 and containment efforts are gradually unwound, the IMF in its biannual World Economic Outlook projected the global economy to contract sharply by 3.9% in 2021, much worse than during the 2008-09 financial crises.

Due to COVID-19 affects, Company business also suffered heavily; However, Company continued its operations and took necessary steps to ensure smooth continuation of business. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is slow. Settlement negotiations with several defaulters are underway on case to case basis.

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan duly approved by the Board of Directors. SECP has issued show Cause Notice under Section 282 J (1),(2) & (3) of the Companies Ordinance 1984 and the company has submitted its response to the Notice. The company has also informed about divestment of 35% Ordinary Shares and 63% Preference Shares by major shareholder and the negotiation are at advance stage that may bring fruits in near future.

Despite inflationary trend in the country the administrative and operating expenses reduced to Rs. 37.726 million in 2021 from Rs.39.721 million in 2020 i.e. reduction of Rs. 6.995 million. Owing to focused efforts on recovery and settlements provisions to extent of Rs. 29.276 million were reversed during the year under review.

I am pleased to inform you that the required infrastructure and human resources are in place to support the Company for its revival. The Management is making utmost efforts for capitalization recoveries on one hand and addressing the liability position by evolving settlements through meaningful negotiations with the Company's Creditors.

On behalf of the Board of Directors, I avail this opportunity to acknowledge with thanks the guidance of the Regulatory Authorities particularly the SECP which is genuinely assisting for the revival of the Company besides the support and understanding of COIs/TFC holders and Financial Institutions. I also appreciate the efforts being made by the CEO and his team for revival of the Company.

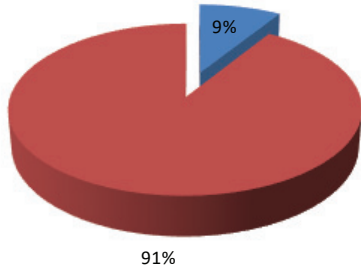


Niaz Ahmed Khan  
Chairman  
Karachi: September 30, 2021

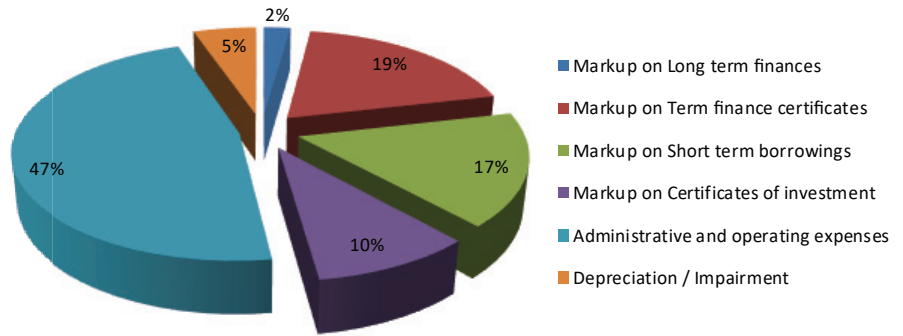
## FINANCIAL HIGHLIGHTS

### Revenue Analysis - FY 2021

■ Finance Leases ■ Other Operating Income

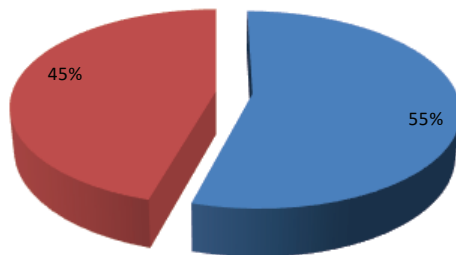


### Expenses Analysis - FY 2021

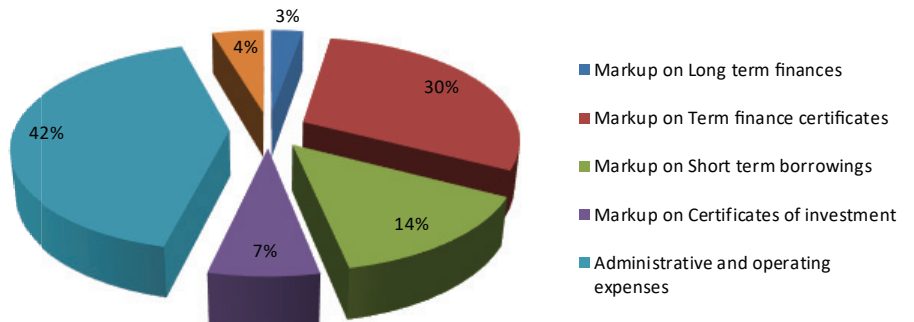


### Revenue Analysis - FY 2020

■ Finance Leases ■ Other Operating Income



### Expenses Analysis - FY 2020





## FINANCIAL HIGHLIGHTS

	2021	2020	2019	2018	2017	2016
<b>Operational results</b>						
Total disbursement	-	-	-	-	-	-
Revenues / Gross Income	43	9	36	12	13	52
Profit / (Loss) before tax	(4)	(54)	6	(52)	(69)	(118)
Profit / (Loss) after tax	1	(53)	7	(53)	(69)	(119)
Financial charges	(39)	51	(43)	36	36	39
(Reversal) / Provision against non-performing portfolio	29	27	62	(12)	2	57
Cash dividend - ordinary shares	-	-	-	-	-	-
Cash dividend - preference shares	-	-	-	-	-	-
<b>Balance sheet</b>						
Gross lease receivables	1,544	1,583	1,614	1,683	1,712	1,736
Net investment in leases	494	503	507	480	490	513
Net worth	(546)	(568)	(517)	(525)	(618)	(561)
Fixed assets - owned & operating lease	64	67	67	64	32	43
Total assets	833	822	824	838	726	776
Long term liabilities including current portion	693	725	728	770	770	780
Long term investments	41	42	44	45	35	38

## KEY PERFORMANCE INDICATORS

Ratio	2021	2020	2019	2018	2017	2016
Break up Value	(12.57)	(12.57)	(13.44)	(15.12)	(13.95)	(12.43)
Current Ratio	0.53	0.51	0.48	0.47	0.49	0.52
Debt to Assets Ratio	0.86	0.86	0.86	0.94	0.91	0.86
Dividend per Share	-	-	-	-	-	-
Earnings / (Loss) per Share	0.03	(1.18)	0.60	(1.17)	(1.53)	(2.63)
Financial Charges / Total Expenses	50.53	56.23	43.46	47.31	44.51	34.55
Financial Charges / Total Gross Income	90.03	565.76	120.66	299.51	266.19	75.79
Market Value per Share (Rs.)	2.45	0.59	-	-	2.43	1.31
Return on Assets	0.16	(6.50)	3.65	(7.50)	(9.54)	(15.31)
Total Assets / Net Worth	(1.52)	(1.45)	(1.23)	(1.03)	(1.15)	(1.38)
Total Financing / Net Worth	(3.44)	(3.36)	(3.16)	(2.88)	(3.12)	(3.53)

## NOTICE OF ANNUAL GENERAL MEETING

### NOTICE OF 31ST AGM OF SAUDI PAK LEASING COMPANY LIMITED

Notice is hereby given that the 31<sup>st</sup> Annual General Meeting of Saudi Pak Leasing Company Limited will be held on Thursday, 28<sup>th</sup> October, 2021 at 11:00 a.m. at Registered Office i.e. 6th Floor, Lakson Square Building No 1, Sarwar Shaheed Road, Saddar, Karachi to transact the following business for the respective year.

#### A. Ordinary Business:

1. To confirm the minutes of 30<sup>th</sup> Annual General Meeting (AGM) held on 27<sup>th</sup> November, 2020.
2. To receive, consider and adopt the Audited Accounts for the year ended June 30, 2021 together with the Directors' and Auditors' reports thereon approved by Board of Directors.
3. To appoint M/s. Junaidy Shoaib Asad, Chartered Accountants (Morison KSi) as External Auditors for the year 2021-2022 and fix their remuneration as recommended by Board of Directors. The present Auditors M/S. Junaidy Shoaib Asad, Chartered Accountants (Morison KSi) will stand retired on the conclusion of this meeting.

#### B. Special Business:

4. To update the shareholders regarding SECP Show Notice dated 18.05.2020 and SECP Order dated 28<sup>th</sup> September 2020 to meet MER requirement and seeking plan from major shareholders for injection of equity to meet the mandatory requirement of the MER.
5. To transact any other business with the permission of the Chair.

By Order of the Board



Muhammad Imtiaz Ali  
Company Secretary

Karachi. October 7, 2021.

#### Notes

##### Notes:

##### Corona virus Contingency planning for AGM

- i) In the wake of prevailing situation due to Covid-19 pandemic all SOPs will be strictly followed including wearing of face mask and social distancing, SECP has instructed listed companies to modify their usual planning for General Meetings for the safety and wellbeing of the shareholders and public at large. Accordingly, the company intends to convene this AGM with minimal physical interaction with shareholders while ensuring compliance with quorum requirements and requests the Members to consolidate their attendance and voting at the AGM through proxies.

**NOTICE OF ANNUAL GENERAL MEETING**

- ii)** The Share Transfer Books of the Company will remain closed from October 22, 2021 to October 28, 2021 (both days inclusive).
- iii)** A member entitled to attend and vote at the Annual General Meeting may appoint another as a Proxy to attend and vote instead of him/her save that a company being a member of this Company may appoint as proxy or as its representative under Section 138 of the Companies Act., 2017, any person though not a member of the Company, and the person so appointed shall be entitled to exercise the same powers on behalf of the Company which he represents, as if he was an individual member of the Company.
- iv)** Members and proxies shall produce his /her original CNIC or Passport at the time of the meeting.
- v)** Attested copies of CNIC or the Passport of the beneficial owners and of the proxy shall be furnished with the proxy form.
- vi)** In case of a corporate entity, 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 along with proxy form to the Company.
- vii)** The instrument appointing a proxy shall be lodged with the Company Secretary not less than 48 hours before the time fixed for the Meeting. The proxy form shall be witnessed by two persons whose names, address and CNIC number shall be mentioned on the form.
- viii)** A member shall not be entitled to appoint more than one proxy. If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the Company, all such instruments of proxy shall be rendered invalid.
- ix)** The Audited financial statements of the company for the year ended June 30, 2021 have been made available on the Company's website.
- x)** To meet the requirement of Section 72 of the Companies Act,2017 the Shareholders having physical shareholding are encouraged to open CDC Sub-account with any of the brokers or Investment Account directly with CDC to place their physical shares into scrip less form as the trading of physical shares is not permitted as existing regulations of the Pakistan Stock Exchange (PSX).
- xi)** Members are requested to promptly notify any change in their address and contact details to the Registrar of the Company (CDC) to update their record.

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

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

<b>FINANCIAL INFORMATION</b>	<b>(Rs.in million)</b>	
	<b>2021</b>	<b>2020</b>
The financial results of the Company are summarized below:		
Income from operating and financial leases	3,817	4,917
Other operating income	38.98	4.104
Financial Cost	(38.533)	(51.039)
Administrative and operating costs	(37.726)	(39.721)
Profit /(loss) before taxation	(4.184)	(54.273)
Profit (loss) after taxation	1.347	(53.430)

### REVIEW OF OPERATIONS

#### IMPACT OF PANDEMIC COVID 19

Since 2019, the Government of Sindh and the Government of Punjab announced a temporary lock down as a measure to reduce the spread of the COVID-19. After implementing all the necessary Standard Operating Procedures (SOPs) to ensure safety of employees, the Company continued its operations normally and took all necessary steps to ensure smooth and adequate continuation of its business. Due to the general slowdown in business and court's proceeding, the recoveries slowed down and consequently the process of settlements with creditors also slowed down. The settlements gains which were expected before June 30, 2021 were realized in the early next financial year. The company recorded settlement gains of Rs. 36.3 million by settling Liabilities (Principal and Markup) of one of its TFC Holders by payment of Rs. 2 million. Negative Equity during the year reduced from PKR 567 million in 2020 to PKR 546 million in 2021.

#### OTHER FACTORS

The company has been out of leasing business for over Ten (10) years mainly due to severe liquidity crunch. This has led to a situation where the Company has been managing its affairs out of funds generated through settlements and recovery of stuck up portfolio. The Company is trying its level best to recover as much as possible from the non performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through courts is very slow. Therefore, the main factor for the present position of the Company remains slow pace of court's proceedings resultantly affecting the pace of recoveries. Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan submitted to SECP. Settlement negotiations with several defaulters are underway.

#### FUTURE OUTLOOK

Future prospects of the Company heavily rely upon recoveries through court decrees/out of court settlements, besides other measures that have been mentioned in the Rehabilitation Plan duly approved by the Board of Directors. SECP has issued show Cause Notice under Section 282 J (1),(2) & (3) of the Companies Ordinance 1984 and the company has submitted its response to the Notice. The company has also informed about divestment of 35% Ordinary Shares and 63% Preference Shares by a major shareholders.

Your company is facing liquidity constraints. Management and BOD are fully cognizant of the prevailing situation. Management is striving hard for settlement with creditors / depositors by capitalizing its drive for recovery of its NPLS. It is a major step towards revival and the management is optimistic about bringing further improvement in the next year's results.

#### RISK MANAGEMENT

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

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

### MANAGEMENTS' COMMENTS ON DISCLAIMER OF OPINION ON (Basis for Disclaimer of Opinion)

The External auditors have expressed their reservation on the apportionment of receivables into markup held in suspense account and principal investment. The Financial Statements clearly show that all principal investment is fully provided except to the extent of FSV benefit taken under law and net residual value which is supported by Security Deposits. Therefore, the net Lease Receivables appearing in the Financial Statements are accurate, valid and complete. The apportionment errors, if any and regardless of any quantum, will not materially impact the decision of user of Financial Statements.

The auditors' reservation regarding difference in the amount of Security Deposits and Residual Values does not cast any impact on the accuracy of the Financial Statements because the residual values in excess of security deposit are fully provided and net residual value is equal to the security deposit.

### Dividend

On account of persistent liquidity crisis together with huge accumulated losses, the Board of Directors of Company did not recommend dividend this year also.

### Corporate Governance

To develop highest standards of corporate governance that meet the requirements of the Code of Corporate Governance, the company has established sound and transparent corporate governance system. The Internal Auditor operationally report directly to the Board Audit Committee which in turn is headed by a Non-Executive Independent Director.

### Directors' Declaration

1. The financial statements prepared by the Company present fairly its state of affairs, the result of its operations, cash flows and changes in equity.
2. Proper books of accounts of the Company have been maintained.
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment.
4. International Accounting Standards as applicable in Pakistan have been followed in preparation of financial statements and any departures there from has been adequately disclosed and explained.
5. The system of internal control is sound in design and has been effectively implemented and monitored and is being improved further.
6. There are no significant doubts upon the Company's ability to continue as a going concern.
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
8. The key information as to operating and financial data of the company is available in the annual report. The categories and pattern of shareholding as required by the Companies Act 2017 (Formerly Companies Ordinance 1984) are also included in the annual report.
9. No trading in shares of the Company was carried out by the Directors, Executives and their spouses and minor children during the year.
10. Due to present financial and liquidity position, the Company has been facing difficulties in fulfilling its financial obligations. The details of amounts overdue, if any, are disclosed in relevant notes to the financial statements.
11. The management has introduced structural changes in the organization structure of your Company with a view to consolidate and streamline overall functions into five departments to ensure efficient working environment with better MIS and management & cost controls.
12. The Article of Association of the company vide Para 69 empowers the board to determine the terms and conditions and remuneration of Directors. Hence the Board in its 137th (Viii) BOD meeting held on 29.03.2019 revised the remuneration of the directors including non executive and independent directors for attending the board and committee meetings of the company.
13. During the year six meetings of the Board of Directors were held to approve the respective accounts for the relevant period, and transact the other routine and emergent business of the Company.

## DIRECTOR'S REPORT TO THE SHAREHOLDERS

Name of Directors	Designation	Number of meetings held during the year	Attended
Mr. Niaz Ahmed Khan	Chairman	6	6
Mr. Muhammad Waqar	Director	6	6
Ms. Fozia Fakhra	Director	6	5
Sheikh Aftab Ahmad	Director	6	6
Mr. Zafar Iqbal	Director	6	6
Syed Najmul Hasnain Kazmi	Director	6	6
Mr. Ahsan Ullah	Director/CEO	6	6

### Audit Committee

The Audit Committee comprised of four non - executive directors, viz. Syed Najmul Hasnain Kazmi, Sheikh Aftab Ahmad, Mr. Muhammad Waqar and MS. Fozia Fakhra. During the year, four (4) meetings of the Audit Committee were held to approve the accounts.

### HR & Remuneration Committee

The Board has formed an HR & Remuneration Committee. It comprise of four members, Viz: Mr. Niaz Ahmed Khan (Chairman / Non-Executive Director), Sheikh Aftab Ahmad (Non-Executive Director), Mr. Zafar Iqbal (Non-Executive Director) and Mr. Ahsan Ullah (Executive Director/ CEO). The HRR Committee held its two meetings during the year.

### External Auditors

M/s. Junaidy, Shoaib, Asad, Chartered Accountants (Morison KSi) were appointed as auditors of the Company for the year 2021.


### Pattern of Shareholding

- The pattern of shareholding as required under the Companies Act, 2017 and Clause (xvi) of the Code of Corporate Governance form part of this annual Report.
- Six Year s' Operating and Financial Data
- Six year financial performance and data of the Company are summarized and annexed to these financial Statements.

### Acknowledgement

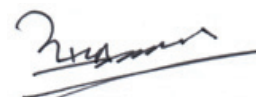
On behalf of the Board, we would like to express our sincere appreciation to the shareholders for their continued trust and patronage, the Securities and Exchange Commission of Pakistan (SECP) and other Regulatory bodies for their ever extended valued guidance and support.

On behalf of the Board of Directors



**Chief Executive Officer**

**September 30, 2021**



**Director**

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

## SAUDI PAK LEASING COMPANY LIMITED

## STATEMENT OF COMPLIANCE WITH LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2019

For the year ended June 30, 2021

M/s. **Saudi Pak Leasing Company** ('the Company') has complied with the requirements of the Listed Companies (Code of Corporate Governance) Regulations 2019, ('the Regulations') in the following manner:

1. The total number of directors of the Company are seven (07) as follows:

Male:	06
Female:	01

2. The composition of the Board of Directors ('the Board') is as follows:

<b>I) Non -Executive Directors</b>	
a. Independent Directors	Mr. Niaz Ahmed Khan; Mr. Muhammad Waqar and Mr. Syed Najmul Hasnain Kazmi;
b. Other Non -Executive Directors	Mr. Sheikh Aftab Ahmad; Ms. Fozia Fakhar; and Mr. Zafar Iqbal
<b>II) Executive Director</b>	Mr. Ahsan Ullah(CEO)

3. The directors have confirmed that none of them is serving as a director on more than seven (7) listed companies including the Company;

4. The Company has prepared a "Code of Conduct". This has been displayed on company's website for information of all concern.

5. The Company has developed its vision/mission statement, overall corporate strategy and significant policies and approved by the Board.

6. All the powers of the Board have been duly exercised and decisions on relevant matters have been taken by the Board/ shareholders as empowered by the relevant provisions of the Companies Act, 2017 and the Regulations;

7. The meetings of the Board were presided over by the Chairman. The Board has complied with the requirements of the Companies Act, 2017 and the Regulations with respect to frequency, recording and circulating minutes of meeting of the Board;

8. The Board have a formal policy and transparent procedure for remuneration of directors in accordance with the Companies Act, 2017 and the Regulations;

9. The Board has arranged Directors' Training program for all the directors;

10. The Board has approved appointment of Acting Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations;



## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

11. The Chief Executive Officer and the Acting Chief Executive Officer duly endorsed the financial statements before approval of the Board;
12. The Board has formed committees comprising of members given below:

<b>Audit Committee</b>	
Mr. Syed Najmul Hasnain Kazmi	Chairman
Mr. Shaikh Aftab Ahmad	Member
Ms. Fozia Fakhar	Member
Mr. Muhammad Waqar	Member
<b>HR &amp; Remuneration Committee</b>	
Mr. Niaz Ahmed Khan	Chairman
Mr. Shaikh Aftab Ahmad	Member
Mr. Zafar Iqbal	Member
Mr. AhsanUllah	Member

13. The terms of reference of the aforesaid committees have been formed and documented. However, the same have not been advised to the members of the committees for compliance as the same are yet in the process of being reviewed and approved by the Board;
14. The frequency of meetings of the committees were as follows:
- |                               |                              |
|-------------------------------|------------------------------|
| Audit Committee               | Quarterly (4 meetings)       |
| HR and Remuneration Committee | Two meetings during the year |
15. The Board has appointed Syed Khurram Ali, as Head of Internal Audit and Compliance who was considered suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the Company;
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the Institute of Chartered Accountants of Pakistan and registered with Audit Oversight Board of Pakistan, that they and all their partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the Chief Executive Officer, Acting Chief Financial Officer, Head of Internal Audit, Company Secretary or director of the Company;
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Companies Act, 2017, the Regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard;
18. We confirm that all requirements of the regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. Except as stated above, there have been no non-compliances with the requirements of non-mandatory provisions of the Regulations.



Niaz Ahmed Khan

Chairman of the Board of Directors  
Saudi Pak Leasing Company Limited  
30<sup>th</sup> September, 2021

**INDEPENDENT AUDITOR'S REVIEW REPORT**

To the members of M/s. Saudi Pak Leasing Company Limited

**Review Report on the Statement of Compliance contained in Listed Companies (Code of Corporate Governance) Regulations, 2019**

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

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

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

The Regulations require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval, its related party transactions by the Board of directors upon recommendation of the Audit Committee.

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

S.no	Regulation no:	Type of the requirement	Description of non-compliance
1.	09(2)	Explanation for non-compliance is required	As per section 192(2) of the Companies Act, 2017, the Board shall clearly defined the respective roles and responsibilities of the Chairman of the Board and the Chief Executive Officer. However, no such documented roles and responsibilities could be produced before us by management for our review.
2.	10(3)(iii)	Explanation for non-compliance is required	We observed that no systems and controls for identification a: redressal of grievances arising unethical practices are available within the Company.

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3.	10(3)(v)	Explanation for non-compliance is required	The Company has not developed a formal and effective mechanism for an annual evaluation of the Board's own performance, members of the Board and of its committees.
4.	10(4)	Explanation for non-compliance is required	As mentioned in clause 5 of the statement of compliance, we were not provided the significant policies except for the write off policy of the Company for our review.
5.	12(4)	Explanation for non-compliance is required	As mentioned in clause 5 of the <i>statement of compliance</i> , only <i>three</i> policies were found in Company's record namely Human Resource, Information Technology and write off. It is observed that these policies were not reviewed and updated since long.
6.	12(1)	Explanation for non-compliance is required	As required under section 178(5) of the Companies Act 2017, the Company has not maintained minutes of the meetings of the Board in hard copy form i.e. for the last 10 years and in electronic form permanently.
7.	14(iv)	Explanation for non-compliance is required	We observed that during the year the Company has not issued any internal audit report and hence not discussed with the board.
8.	20	Explanation for non-compliance is required	We observed that the position of Chief Financial Officer of the Company vacant during the months of November to December 2020. The Company has however, appointed the new Chief Financial Officer in January 2021.
9.	20, 31(1) & 31(6)	Explanation for non-compliance is required	<p>Contrary to what is stated in clause 15 of the Statement of Compliance, during the year 2020-21 the Company has not appointed or designated a full-time employee as the Head of Internal Audit. An internal audit staff was appointed in January 2021, and he was promoted to the position of "Head Of Internal Audit" in August 2021; subsequent to year end.</p> <p>We further observed that during the initial six months of the financial year i.e. from July to December 2020; the internal audit function was not operative. The Company appointed an Internal Audit Staff in January 2021.</p>
10.	27(2)	Mandatory	As per the first proviso of the numbered regulation, the Audit Committee shall meet at least once every quarter. We observed that no meeting of audit committee were held during the first quarter of the year ended June 30, 2021.
11.	27(3) & 27(4)	Mandatory	As contended by management in clause 13 of the Statement of Compliance, the terms of reference (TORs) of the Audit Committee have been formed and documented. However, no such TORs could be produced before us by management for our review.



12.	28(5)	Explanation for non-compliance is required	As contended by management in clause 13 of the Statement of Compliance, the terms of reference (TORs) of the Human Resource & Remuneration Committee have been formed and documented. However, no such TORs could be produced before us by management for our review.
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Based on our review, except for the above instances of non-compliance, nothing has come to our attention which causes us to believe that the statement of compliance does not apparently reflect the Company's Compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

*Junaidy Shoaib Asad*  
Karachi.

Date: 0 SEP 2021.

**To the members of Saudi Pak Leasing Company Limited**

**Report on the Audit of the Financial Statements**

**Disclaimer of Opinion**

We were engaged to audit the annexed financial statements of Saudi Pak Leasing Company Limited (“the Company”), which comprise the statement of financial position as at **30 June 2021** and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

We do not express an opinion on the annexed financial statements of the Company. Because of the significance of the matters described in the Basis for Disclaimer of Opinion section of our report, we have not been able to obtain sufficient appropriate evidence whether the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at **30 June 2021** and of the profit, the total comprehensive income, the changes in equity and cash flows for the year then ended.

**Basis for Disclaimer of Opinion**

***Short term loan to customers***

- i. As reported in Note 6 to the financial statements, short term loans to customers amounting Rs. 165.23 million are outstanding as at reporting date. Further, provision against non-performing loans amounting to Rs. 36.95 million (2020: Rs. 38.901 million) has also been recognized. We have not received response to our direct confirmations from customers neither we were able to verify loan balances by performing alternate audit procedures. Further, we have been informed that most of the customer balances are disputed and are under litigation therefore no response to balance confirmation has been received. Therefore, we were unable to determine whether any adjustments might have been necessary in respect of loan balances in the financial statements for the year ended June 30, 2021.

***Investments in finance lease.***

- ii. The mark-up held in suspense amounted to Rs. 221.269 million (2020: Rs. 224.496 million) as reported in note 11 to the financial statements. We could not obtain any reasonable assurance over the apportionment of the outstanding gross lease rentals into markup held in suspense and the principal investment since there were no sufficient documentary evidences in relation to the revisions that were incorporated in the scheduled lease receivables in prior years (as reflected in the lease amortization schedules maintained by the Company) either due to repricing of floating interest rates or the re-scheduling of overdue lease rentals.



- iii. As reported in Note 11 to the financial statements, the Company's gross investment in finance leases as on June 30, 2021 (before considering the effect of provision for non-performing leases) amounted to Rs. 1.543 billion (2020: Rs. 1.583 billion). The provision against the non-performing leases amounted to Rs. 828.175 million (2020: Rs. 855.315 million) and net of provision receivable reported as at 30 June 2021 amounted to Rs. 494.106 million (2020: Rs. 503.357 million). We have not received response to our direct confirmations from customers neither we were able to verify finance lease receivable balances by performing alternate audit procedures.

The residual value of the leased assets amounted to Rs. 305.225 million (2020: Rs. 314.953 million). Further in contrast, security deposit payable against these leases amounted to Rs. 285.792 million (2020: Rs. 295.519 million) as reported in note 18 to these financial statements. As per management, the major discrepancy between residual value and related security deposits is due to the fact that there are many leases where the residual value of the underline assets is unguaranteed and hence, in such cases, no corresponding security deposits had been received from lessees upon commencement of those leases. Therefore, we were unable to determine whether any adjustments might have been necessary in respect of finance lease receivable balances that has been reported in the financial statements.

***Response to legal confirmations***

- iv. We have not received response to majority of legal confirmations from legal advisors of the Company confirming outstanding contingencies and commitments as at year end. As a result, we were unable to verify the completeness, existence & financial impact of any outstanding litigations and claims.

***Investment property (an issue that, in the absence of disclaimer of opinion, would also have required us to express a qualified opinion on the financial statements)***

- v. As disclosed in the Note 12 to the financial statements, the investment properties include shops in Famous Mall Lahore recorded at cost amounting Rs. 14.422 million and net book value as at reporting date amounted to Rs. 2.54 million. The shops were acquired by the Company in settlement of non-performing loans and lease receivables. The management has received letter of allotment and has not yet leased or transferred the property in the name of the Company. We were therefore, unable to establish ownership of the shops in the name of the Company.

***Accrued markup (an issue that, in the absence of disclaimer of opinion, would also have required us to express a qualified opinion on the financial statements)***

- vi. As disclosed in the note 21.2 to the financial statements, the outstanding long term finance from First Women Bank Limited amounted to Rs. 75.06 million as at reporting date. Until 30 June 2011 the Company had accrued and paid markup amounting Rs. 24.054 million and 26.16 million respectively. Thereafter in 2016, M/s. First Women Bank Limited (FWBL) filed a recovery suit against the Company before the Honorable High Court of Sindh, wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 21.2.2), a demand has been raised on the basis of cost of funds. The matter is pending before the Honourable High Court of Sindh however, no provision for accrued markup on the basis of cost of funds has been made in the financial statements. We were unable to determine whether any amount of provision should have been made in respect of accrued markup in the financial statements for the year ended 30 June, 2021.

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan ("the Code") and we have fulfilled our other ethical responsibilities in accordance with the Code. However, because of the significance of the matters discussed in the Basis for Disclaimer of Opinion section of our report we were unable to obtain sufficient appropriate audit evidence to provide a basis for our opinion.

#### **Material Uncertainty relating to Going Concern**

We draw attention to Note 1.2 in the financial statements which states that as of June 30, 2021, the accumulated losses of the Company amounted to Rs. 1.757 billion (2020: Rs. 1.759 billion), its equity was negative by Rs. 546.390 million (2020: Rs. 567.757 million). The management has however, submitted a rehabilitation plan with SECP and the Commission is overseeing its progress as per milestones as disclosed in detail in the aforesaid note. These events or conditions, along with other matters as set forth in Note 1.2 to these financial statements, indicate material uncertainty that may cast significant doubt on the Company's ability to continue as going concern and accordingly, it may not be able to realize its assets and discharge its obligation in the normal course of business. However, this matter has no bearing on our disclaimer of opinion on the financial statements which we have expressed because of the significance of certain other matters as set out in the Basis of Disclaimer of Opinion section of our report.

#### **Responsibilities of Management and Board of Directors for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. When such use is inappropriate, the management should prepare the financial statements on a non-going concern basis and disclose related matters.

Board of directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our responsibility is to conduct an audit of the Company's financial statements in accordance with International Standards on Auditing and to issue an auditor's report. However, because of the matters described in the Basis for Disclaimer of Opinion section of our report, we were not able obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Pakistan, and we have fulfilled our ethical responsibilities in accordance with these requirements.

**Report on Other Legal and Regulatory Requirements**

Because of the significance of the matters described in paragraphs (i) to (vi), we have not been able to obtain sufficient and appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion whether:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

Accordingly, we do not express an opinion on the matters identified in (a) and (b) above. However, we would like to state that, in our opinion:

- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

**Other matter**

The financial statements for the year ended 30 June 2020 were audited by another firm of chartered accountants whose audit report dated 05 November, 2020 have expressed disclaimer of opinion thereon.

The engagement partner on the audit resulting in this independent auditor's report is *Pervez*.



**Chartered Accountants**  
Karachi

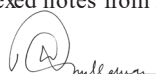
Date: 30 SEP 2021



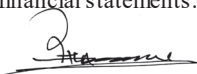
## Statement of Financial Position

As at June 30, 2021

	Note	2021	2020
		(Rupees)	
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and bank balances	5	1,571,466	4,978,655
Short term loans	6	128,281,135	126,330,635
Short term investments	7	54,265,866	29,236,789
Trade deposits and short term prepayments		1,060,466	1,134,689
Other receivables	8	229,131	313,379
Taxation-net		621,029	288,243
Current maturity of non-current assets	9	541,539,478	550,573,969
		<b>727,568,571</b>	<b>712,856,359</b>
<b>Non-current assets</b>			
Long-term loans	10	-	-
Net investment in finance leases	11	-	-
Investment properties	12	40,880,539	42,299,155
Intangible assets	13	-	-
Property, plant and equipment	14	64,410,010	66,677,157
		<b>105,290,549</b>	<b>108,976,312</b>
<b>Total assets</b>		<b>832,859,120</b>	<b>821,832,671</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings from financial institutions	15	162,801,588	162,801,588
Certificates of investment		43,000,000	43,000,000
Accrued mark-up	16	471,172,547	449,025,140
Provision for taxation - net		-	-
Accrued expenses and other payables	17	7,778,566	8,501,068
Current maturity of non-current liabilities	18	692,835,336	724,600,516
Unclaimed dividend		1,661,291	1,661,291
		<b>1,379,249,328</b>	<b>1,389,589,603</b>
<b>Non-current liabilities</b>			
Certificates of investment	19	-	-
Deferred tax liability - net	20	-	-
Long term finances	21	-	-
Security deposits against finance leases	22	-	-
		<b>1,379,249,328</b>	<b>1,389,589,603</b>
<b>Total liabilities</b>		<b>1,379,249,328</b>	<b>1,389,589,603</b>
<b>NET ASSETS</b>		<b>(546,390,208)</b>	<b>(567,756,932)</b>
<b>SHARE CAPITAL AND RESERVES</b>			
<i>Authorized share capital</i>			
100,000,000 (2020: 100,000,000) ordinary shares of Rs. 10/- each		1,000,000,000	1,000,000,000
100,000,000 (2020: 100,000,000) preference shares of Rs. 10/- each		1,000,000,000	1,000,000,000
		<b>2,000,000,000</b>	<b>2,000,000,000</b>
<i>Issued, subscribed and paid-up share capital</i>			
45,160,000 (2020: 45,160,000) ordinary shares of Rs. 10/- each	23	451,605,000	451,605,000
52,820,850 (2020: 52,820,850) preference shares of Rs. 10/- each	23	528,208,500	528,208,500
		<b>979,813,500</b>	<b>979,813,500</b>
<i>Capital reserves</i>			
Statutory reserves		179,549,025	179,279,601
Surplus on revaluation of property, plant and equipment - net of tax	24	32,534,786	33,840,902
Accumulated actuarial loss on defined benefit plan-net of tax		(999,666)	(999,666)
Unrealised gain on re-measurement carried as at fair value through other comprehensive income		20,013,895	(5,711)
		<b>231,098,040</b>	<b>212,115,126</b>
<i>Revenue reserves</i>			
Accumulated losses		(1,757,301,748)	(1,759,685,558)
<b>Total shareholders' equity</b>		<b>(546,390,208)</b>	<b>(567,756,932)</b>
<b>Contingencies and commitments</b>			
The annexed notes from 1 to 39 form an integral part of these financial statements.			



Chief Executive Officer



Director



Chief Financial Officer

## Statement of Profit or Loss

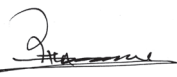
For the year ended June 30, 2021

	Note	2021 ----- (Rupees) -----	2020
<b>Revenue:</b>			
- Finance leases	26	3,817,227	4,917,562
- Operating leases		-	-
		<u>3,817,227</u>	<u>4,917,562</u>
Administrative and operating expenses	27	<u>(37,726,586)</u>	<u>(39,721,534)</u>
		<u>(33,909,359)</u>	<u>(34,803,972)</u>
Reversal of provision for non-performing exposures	28	29,276,106	27,466,677
<b>Operating loss</b>		<u>(4,633,253)</u>	<u>(7,337,295)</u>
Other operating income	29	38,981,490	4,103,760
Finance costs	30	<u>(38,532,820)</u>	<u>(51,039,398)</u>
<b>Loss before taxation for the year</b>		<u>(4,184,583)</u>	<u>(54,272,933)</u>
Taxation	31	5,531,701	842,811
<b>Profit / (loss) after taxation for the year</b>		<u>1,347,118</u>	<u>(53,430,122)</u>
<b>Earnings / (loss) per share:</b>	32		
- Basic		<u>0.03</u>	<u>(1.18)</u>
- Diluted		<u>0.01</u>	<u>(0.55)</u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## Statement of Comprehensive Income

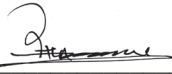
For the year ended June 30, 2021

	Note	2021 ----- (Rupees) -----	2020 -----
Profit / (loss) after taxation for the year		1,347,118	(53,430,122)
<b>Other comprehensive income</b>			
<i>Items that will not be reclassified subsequently to profit or loss:</i>			
Surplus recognized on revaluation of office premises		-	3,120,899
Unrealised gain on re-measurement of investment as at fair value through other comprehensive income		25,576,862	-
Deferred tax on the above surplus	7	(5,562,967)	(905,061)
		20,013,895	2,215,838
Unrealised gain / (loss) on re-measurement of investment as at fair value through other comprehensive income		5,711	(6,128)
		<u>20,019,606</u>	<u>2,209,710</u>
<b>Total comprehensive income/ (loss) for the year</b>		<u><b>21,366,724</b></u>	<u><b>(51,220,412)</b></u>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

## Statement of Cash Flows

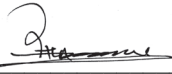
For the year ended June 30, 2021

	Note	2021	2020
		----- (Rupees) -----	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash used in operations	33	(32,457,883)	(28,263,864)
Finance costs paid		(39,498)	(23,852)
Taxes paid		(364,052)	(350,493)
Finance lease rentals received		29,890,201	24,773,721
		<u>29,486,651</u>	<u>24,399,376</u>
<b>Net cash used in operating activities</b>		<b>(2,971,232)</b>	<b>(3,864,488)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Capital expenditure incurred		(700,000)	-
Short term investments - net (including interest)		1,555,553	2,060,684
Proceeds from disposal of property, plant and equipment		805,500	810,000
Long term loans - net		(31,043)	404,411
Dividend received		9,033	7,796
<b>Net cash generated from investing activities</b>		<b>1,639,043</b>	<b>3,282,891</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of long term finances		-	-
Repayment of Term Finance Certificates		(2,075,000)	-
Repayment of certificates of investment		-	(500,000)
<b>Net cash used in financing activities</b>		<b>(2,075,000)</b>	<b>(500,000)</b>
Net decrease in cash and cash equivalents during the year		<u>(3,407,189)</u>	<u>(1,081,597)</u>
Cash and cash equivalents at beginning of the year		<u>4,978,655</u>	<u>6,060,252</u>
<b>Cash and cash equivalents at end of the year</b>	5	<b><u>1,571,466</u></b>	<b><u>4,978,655</u></b>

The annexed notes from 1 to 39 form an integral part of these financial statements.



Chief Executive Officer



Director



Chief Financial Officer

# Statement of Changes in Equity

For the year ended June 30, 2021

	Issued, subscribed and paid-up share capital		Capital reserves				Revenue reserve		Total
	Ordinary shares	Non-redeemable preference shares	Statutory reserves	Surplus on revaluation of property, plant and equipment - net	Accumulated actuarial gain/loss on defined benefit plan - net of tax	Unrealised gain on re-measurement of investment	Accumulated losses		
<b>As at July 1, 2019 - Restated</b>	451,605,000	528,208,500	179,279,601	32,905,207	(999,666)	417	(1,707,535,579)	(516,536,520)	
<i>Total comprehensive loss for the year ended June 30, 2020</i>	-	-	-	2,215,838	-	(6,128)	-	(53,430,122)	
- Loss after taxation	-	-	-	-	-	-	-	2,209,710	
- Other comprehensive income	-	-	-	2,215,838	-	(6,128)	-	(51,220,412)	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(1,280,143)	-	-	1,280,143	-	
Transfer to statutory reserves	-	-	-	-	-	-	-	-	
<b>Balance as at June 30, 2020</b>	<b>451,605,000</b>	<b>528,208,500</b>	<b>179,279,601</b>	<b>33,840,902</b>	<b>(999,666)</b>	<b>(5,711)</b>	<b>(1,759,685,558)</b>	<b>(567,756,932)</b>	
<i>Total comprehensive income for the year ended June 30, 2021</i>	-	-	-	-	-	5,711	1,347,118	1,347,118	
- Profit after taxation	-	-	-	-	-	-	-	5,711	
- Other comprehensive income	-	-	-	-	-	5,711	1,347,118	1,352,829	
Transfer from surplus on revaluation of property, plant and equipment on account of incremental depreciation - net of deferred tax	-	-	-	(1,306,116)	-	-	1,306,116	-	
Transfer from surplus on revaluation of Investment	-	-	-	-	-	20,013,895	-	20,013,895	
Transfer to statutory reserves	-	-	269,424	-	-	-	(269,424)	-	
<b>Balance as at June 30, 2021</b>	<b>451,605,000</b>	<b>528,208,500</b>	<b>179,549,025</b>	<b>32,534,786</b>	<b>(999,666)</b>	<b>20,013,895</b>	<b>(1,757,301,748)</b>	<b>(546,390,208)</b>	

The annexed notes from 1 to 39 form an integral part of these financial statements.

Chief Executive Officer

Director

Chief Financial Officer

## Notes to the Financial Statements

For the year ended June 30, 2021

### 1. LEGAL STATUS AND OPERATIONS

Saudi Pak Leasing Company Limited ('the Company') was incorporated in Pakistan on January 08, 1991 under the repealed Companies Ordinance, 1984 and is listed on Pakistan Stock Exchange Limited. The registered office of the Company is situated at 6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi. The main business activity of the Company is leasing of assets. The Company's license to carry out the business of leasing had expired on May 18, 2010 and renewal is pending with the Securities and Exchange Commission of Pakistan (SECP).

M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) is the major shareholder which, as of June 30, 2021, held 35.06% (2020: 35.06%) of issued ordinary share capital of the Company and 63% (2020: 63%) of issued preference share capital of the Company.

The Company also operates its offices at 337/338, 4th Floor, JEFF Heights, Main Boulevard, Gulberg-III, Lahore.

**1.2** As of the reporting date, the Company is exposed to the following material uncertainties which apparently cast significant doubts on the Company's ability to continue as a going concern and, therefore, it may be unable to realize its assets and discharge its obligations in the normal course of business:

- As at June 30, 2021, the accumulated loss of the company stood at Rs. 1.757 billion (2020: Rs. 1.759 billion), its equity is negative and its current liabilities exceeded current assets by Rs. 546.390 million (2020: Rs. 567.757 million). The loss is mainly attributable to, mark up recognized on liabilities due on balance due to lenders and certificate of investment holders.
- SECP has issued a review order dated January 29, 2020 in response to the show cause notice issued on May 18, 2020 and a final opportunity is provided to meet the minimum equity requirement (MER) by December 31, 2020. The Company's license to carry out the leasing business expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.
- The company has submitted a review application on October 27, 2020 to extend the original deadline from December 31, 2020 to June 30, 2021. The Company informed SECP that it is looking for fresh equity injection from potential investors in order to meet MER. Further, its major shareholder SAPICO has already engaged financial adviser for divestment of shares. SECP in response to review application of the company has extended the deadline from December 31, 2020 to June 30, 2021; SECP while granting extension has also advised Supervision department of Specialized Companies Division to monitor the progress by March 31, 2021, subject to following milestones:
- Actual measures taken with regard to reach for a prospective investor by SAPICO for divestment of its shareholdings and progress made thus far.
- Alternative plans for meeting the MER, in case SAPICO is unable to materialize the divestment efforts.
- Payments made to outstanding COI depositors and creditors after generating the expected liquidity from the sale of property, as stated by the Applicant in the hearing on November 11, 2020.

SECP has specifically mentioned in its order that in case SPLC fails to comply with this order, its license to undertake leasing business shall stand cancelled w.e.f June 30, 2021 under section 282(J)(2) of the Companies Ordinance 1984 and the relevant department shall initiate proceedings of its winding up under section 282(J)(3) of the Companies Act 2017.

SPLC has submitted its request to SECP to further extend the deadline from June 30, 2021 to June 30, 2022. In the case of SAPICO's divestment most of due diligence has been completed, sale purchase agreement (SPA), term & condition are in process.

The Company's license to carryout leasing business has already been expired on May 18, 2010 and the Company has not been able to obtain renewal thereof from the SECP as the legal requirements laid down in this respect could not be met by the Company.

- The credit rating of the Company has not been re-assessed since it was last downgraded as in June 2010 and, since then, the Company is not permitted to issue new certificates of investment.
- Previously, the Company had entered into various agreements with its lenders (including, financial institutions, TFC holders and holders of Certificates of Investment) for restructuring of its borrowing facilities with the objective of matching the expected recoveries from customers with its obligations to pay the lenders. However, the Company has defaulted in meeting its financial obligations. As of June 30, 2021, total outstanding principal and accrued markup on which defaults were made amounted to Rs. 612.845 million (2020: Rs. 634.883 million) and Rs. 471.173 million (2020: Rs. 449.025 million), respectively.
- Since 2010, the Company has not extended any lease facility to its customers owing to expiry of its leasing license. However, it continued its activities with a barely sufficient number of employees required for managing its recoveries from customers and for handing its financial obligations to lenders.

Despite the existence of the foregoing material uncertainties, these financial statements have been prepared using the going concern assumption primarily due to the reason that a number of recovery suits filed by the Company against its customers are expected to be disposed off in due course of time as the management is actively seeking out-of-court settlement of such suits by way of auction of collateralized assets and / or negotiated settlements. A reasonable number of cases have been decreed in the favour of the Company. It is expected to materially improve the recoveries of overdue lease rentals and term loans from customers which, in turn, would enable the Company to settle its long outstanding financial liabilities to lenders in order to make the Company a feasible investment avenue for a resourceful investor.

The Company submitted its rehabilitation plan duly approved by its Board of Directors to the SECP. The plan envisages revival of operation upon renewal of its license by the SECP based on MER of Rs. 50 million upon meeting the condition of final negotiated settlement of certain liabilities out of recoveries expected to be materialized during 2020-2021 besides negotiations underway with investors desirous of revival of the Company subject to approval of the competent authority.

**1.3** For the reasons mentioned above, the Company has not been able to comply with most of the regulatory requirements of Non-Banking Finance Companies and Notified Entities Regulations, 2008 including the following:

- Regulation 5(1) - aggregate liabilities, excluding contingent liabilities and security deposits, of an NBFC, shall not exceed ten times of equity (in case of operations beyond the first two years).
- Regulation 5(2) - contingent liabilities of an NBFC shall not exceed seven times of its equity for the first two years of its operations and ten times of its equity in the subsequent years.
- Regulation 14(4)(f) - the deposits raised by the NBFC, from individual depositors including sole proprietorships shall not exceed three times of the equity of the NBFC.
- Regulation 17(1) - total outstanding exposure (fund and non-fund based) of an NBFC to a person shall not at any time exceed 20% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 15% of the NBFC's equity.
- Regulation 17(2) - total outstanding exposure (fund based and non-fund based) of an NBFC to any group shall not exceed 25% of the equity of the NBFC, provided that the maximum outstanding fund based exposure should not exceed 20% of the equity.
- Regulation 19(g) - an NBFC shall not hold shares on aggregate basis, whether as pledge, mortgage or absolute owner, of an amount exceeding 15% of the paid-up share capital of that company or 15% of its own equity.
- As per NBFC Regulation 28(a), a leasing company undertaking the business of lease only, shall invest at least 70% of its assets in the business of leasing. As at 30 June 2021, the Company's investment in lease assets was 59% (2020: 59%) of the total assets.

*For the year ended June 30, 2021*

## **2. BASIS OF PREPARATION**

### **2.1 Statement of compliance**

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

As mentioned in note 1.2 above, although the Company's license to carry out the business of leasing had expired on May 18, 2010, these financial statements have been prepared in accordance with the format generally followed for financial institutions and the provisioning requirements have been determined in accordance with the requirements of NBFC Regulations, 2008.

The requirements of International Financial Reporting Standard (IFRS-9) Financial Instruments relating to the assessment of impairment loss on non-performing assets have not been followed in the preparation of these financial statements based on a clarification received from the SECP specifying that the requirements of IFRS 9 should only be followed by leasing companies so far as it related to investments made by them.

The Company provides for impairment in the carrying value of its net investment in finance leases based on the requirements laid down in the NBFC Regulations, 2008.

### **2.2 Basis of measurement**

These financial statements have been prepared under the historical cost convention except for plant and machinery which are stated at revalued amounts, investments carried at fair value through other comprehensive income and obligations in respect of gratuity which are measured at present value of defined benefit obligations less fair value of plan assets.

### **2.3 Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency and has been rounded-off to the nearest rupee.

### **2.4 Use of estimates and judgments**

The preparation of financial statements in conformity with approved accounting standards as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which forms the basis of making 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. Revision to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

Significant accounting estimates and areas where judgements were made by the management in the application of accounting policies are discussed below:



- Future financial projections and going concern assumptions;
- Classification of investments and impairment thereon;
- Residual values and useful lives of property, plant, equipment and investment properties;
- Revaluation of property, plant and equipment;
- Recognition and measurement of current and deferred taxes;
- Valuation of defined benefit plan assets and liabilities;
- Measurement the present value of defined benefit obligation and the fair value of plan assets;
- Allowance for potential lease, loan losses and other receivables; and
- Classification of investment in leases

### 3. NEW ACCOUNTING PRONOUNCEMENTS

#### 3.1 Change in accounting standards, interpretations and amendments to published approved accounting standards

##### a) Standards and amendments to approved accounting standards effective in current year

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors is applicable on accounting periods beginning on or after January 1, 2020. The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgements when preparing their general purpose financial statements in accordance with IFRS Standards. Refined definition of materiality - Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.
- Amendments to IFRS 16 'Leases' is applicable on accounting periods beginning on or after June 1, 2020. Under IFRS 16, rent concessions often met the definition of a lease modification, unless they were envisaged in the original lease agreement. The amendment exempts lessees from having to consider individual lease contracts to determine whether rent concessions occurring as a direct consequence of the covid-19 pandemic are lease modifications and allows lessees to account for such rent concessions as if they were not lease modifications. It applies to covid-19-related rent concessions that reduce lease payments due on or before June 30, 2021. This optional exemption gives timely relief to lessees and enables them to continue providing information about their leases that is useful to investors. The amendment does not affect lessors.

The other new standards, amendments to published accounting and reporting standards and interpretations that are mandatory in Pakistan for the financial year beginning on July 1, 2020 are considered not to be relevant or to have any significant effect on the Company's financial reporting and operations.

##### b) Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company.

The following new standards and amendments to approved accounting standards are not effective for the financial year beginning on July 1, 2020 and have not been early adopted by the Company:

- Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets' is applicable for accounting periods beginning on or after January 1, 2022. Under IAS 37, a contract is 'onerous' when the unavoidable costs of meeting the contractual obligations – i.e. the lower of the costs of fulfilling the contract and the costs of terminating it – outweigh the economic benefits. The amendments clarify that the 'costs of fulfilling a contract' comprise both the incremental costs – e.g. direct labour and materials; and an allocation of other direct costs – e.g. an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract. The amendment is not expected to have material impact on the Company's financial statements.
- Amendment to IAS 16 'Property, plant and Equipment' is applicable on accounting periods beginning on or after January 1, 2022. The amendments prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss. The amendments apply retrospectively, but only to items of PPE made available for use on or after the beginning of the earliest period presented in the financial statements in which the company first applies the amendments. The amendment not expected to have material impact on the Company's financial statements.

For the year ended June 30, 2021

- Amendments to IAS 1 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of this amendments, the requirement for a right to be unconditional has been removed and instead, the amendments requires that a right to defer settlement must have substance and exist at the end of the reporting period.
- Amendments to IAS 1, 'Presentation of Financial Statements' is applicable on accounting periods beginning on or after January 1, 2023. The amendments includes requiring companies to disclose their material accounting policies rather than their significant accounting policies, clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed and also clarifying that not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.
- Amendments to IAS 8, (Accounting Policies) Changes in Accounting Estimates and Error's will be applicable on accounting periods beginning on or after January 1, 2023. The International Accounting Standards Board (the Board) has issued amendments to end diversity in treatment of accounting estimates and clarified how companies should distinguish changes in accounting policies from changes in accounting estimates, with a primary focus on the definition of and clarifications on accounting estimates. Developing an accounting estimate includes both selecting a measurement technique (estimation or valuation technique) – e.g. an estimation technique used to measure a loss allowance for expected credit losses when applying IFRS 9 Financial Instruments; and – choosing the inputs to be used when applying the chosen measurement technique – e.g. the expected cash outflows for determining a provision for warranty obligations when applying IAS 37 Provisions, Contingent Liabilities and Contingent Assets. The effects of changes in such inputs or measurement techniques are changes in accounting estimates.

There are a number of other standards, amendments and interpretations to the published standards that are not yet effective and are also not relevant to the Company and, therefore, have not been presented here.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

##### 4.1 Cash and cash equivalents

Cash and cash equivalents comprise of cash balances and bank deposits. For the purpose of the statement of cash flows, cash and cash equivalents comprise of cash in hand and balances with banks in current and saving accounts.

##### 4.2 Financial assets

###### 4.2.1 Initial recognition, classification and measurement

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment. The Company classifies its financial assets into either of following three categories:

- (a) financial assets measured at amortized cost.
- (b) fair value through other comprehensive income (FVOCI);
- (c) fair value through profit or loss (FVTPL); and

(a) *Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(b) Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when either:

- (a) it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding; or
- (b) it is an investment in equity instrument which is designated as at fair value through OCI in accordance with the irrevocable election available to the Company at initial recognition.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(c) Financial assets at fair value through profit or loss*

A debt instrument can be classified as a financial asset at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains or losses on them on different basis.

All equity instruments are to be classified as financial assets at fair value through profit or loss, except for those equity instruments for which the Company has elected to present value changes in other comprehensive income.

**4.2.2 Subsequent measurement***(a) Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in profit or loss.

*(b) Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income in accordance is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment (except for investments in equity instruments which are designated as at fair value through other comprehensive income in whose case the cumulative gain or loss previously recognized in other comprehensive income is not so reclassified). Interest is calculated using the effective interest method and is recognised in profit or loss.

*(c) Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in profit or loss.

**4.2.3 De-recognition**

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

For the year ended June 30, 2021

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

#### 4.3 Leases

##### *Net investment in finance leases*

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

##### *Operating leases*

Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating lease. Initial direct costs incurred in negotiating operating leases are added to the carrying amount of leased asset and recognized over the lease term on the same basis as rental income.

##### *Leased assets repossessed upon termination of leases*

The Company repossesses leased assets in settlement of non-performing lease finance provided to customers. These are stated at lower of the original cost of the related asset, exposure to the Company or net realizable value of the asset repossessed. Gains or losses on repossession of such assets are taken to the statement of profit or loss.

#### 4.4 Provision against non-performing exposures

The allowance for potential lease, loan losses and other receivables is maintained at a level which, in the judgment of management, is adequate to provide for potential losses on lease and loan portfolio which can be reasonably anticipated. The adequacy of allowance is evaluated on the basis of Schedule-X and Schedule-XI of Regulation 25 of NBFC Regulations, 2008.

#### 4.5 Investment properties

Investment properties are accounted for under cost model and stated at cost less accumulated depreciation and impairment, if any. Depreciation is charged to profit or loss by applying the straight line at the rate varying from 2.22% to 5% per annum after taking into account residual value, if any. Depreciation on additions is charged from the date of addition till the date of disposal. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each reporting date.

Gain or loss on sale of investment properties are charged to profit or loss in the period in which they arise.

#### 4.6 Intangible assets

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is charged to profit or loss using the straight line method in accordance with the rates specified in note 12 to the financial statements. Amortization is charged when an asset is made available for use until the date the asset is disposed off. The residual values, useful life and amortization methods are reviewed at each reporting date and adjusted, if deemed appropriate.

Gain and losses on disposal of such assets, if any, are included in profit or loss.

#### 4.7 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses, if any (except for office premises and operating lease assets which are stated at revalued amount less accumulated depreciation and impairment loss, if any).

Depreciation is charged to profit or loss applying the straight line method in accordance with the rates specified in note 14 to the financial statements whereby the cost / revalued amount of an asset is written-off over its estimated useful life. Depreciation on additions is charged from the date an asset is available for use till the date the asset is disposed off.

Any revaluation increase arising on the revaluation of property is recognised in other comprehensive income and presented as a separate component of equity except to the extent that it reverses a revaluation decrease for the same asset previously recognised in profit or loss, in which case the increase is credited to profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation of property is charged to profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged is transferred to unappropriated profits. The surplus realized on disposal of revalued fixed assets is credited directly to unappropriated profits.

Subsequent costs are included in an asset's carrying amount or are recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other expenses are charged to profit or loss during the financial period in which they are incurred.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in the profit and loss account in the year the asset is derecognized, except that the related surplus on revaluation of fixed assets (net of deferred tax) is transferred directly to unappropriated profits.

Revaluation is carried out with sufficient regularity to ensure that the carrying amount of assets does not differ materially from their fair value.

#### 4.8 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

#### 4.9 Offsetting of financial assets and liabilities

Financial assets and liabilities are offset and the net amount is reported in the statement of financial position only when there is a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liabilities simultaneously.

#### 4.10 Provisions and contingencies

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations is small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

For the year ended June 30, 2021

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

#### *Contingent liabilities*

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

#### **4.11 Revenue recognition**

##### *Finance lease income*

The Company follows the effective interest method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of aggregate lease rentals and the estimated residual value over the cost of the leased assets is deferred and taken to income over the term of the lease, so as to produce a systematic return on the net investment in lease. Unrealised lease income pertaining to non-performing leases is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations.

Processing, front-end and commitment fee and commission are recognized as income when such services are provided.

Gain on termination of lease contracts and late payment charges are recognized as income when realised.

##### *Operating lease income*

Rental income from assets given under operating leases is recognized on an accrual basis.

#### **4.12 Staff retirement benefits - Defined contribution plan**

The Company operates a provident fund scheme. Equal monthly contributions at a rate of 10 percent of basic salary for those contract employee who are eligible in terms of employment conditions approved by the Board.

##### *Defined benefit plan*

The Company operates a Defined benefit plan for those contract employees who are eligible in terms of their contract of employment duly approved by the Board. The eligibility is subject to the condition of completion of three consecutive years.

#### **4.13 Other income**

##### *Income on term loans*

Income on term loans is recognized using effective yield on a time proportionate basis. However, income on non-performing loan receivables is recognized on receipt basis in accordance with the requirements of the NBFC Regulations, 2008.

##### *Mark-up / return on investments*

Mark-up income on debt securities is recognised on time proportion basis using the effective yield on instruments.

##### *Dividend income*

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

##### *Interest income on bank deposits*

Interest income on bank deposits is recognised on time proportion basis using the effective interest method.

**4.14 Taxation**

Income tax comprises current and deferred tax. Income tax expense is recognised in profit or loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case, it is recognised in equity or other comprehensive income.

*Current*

Provision for current taxation is based on taxable income at the current rates of taxation after taking into account available tax credits, rebates and tax losses, or minimum tax, whichever is higher. The charge for the current tax is calculated using tax rates enacted or substantively enacted at the reporting date. The charge for current tax also includes adjustments, where considered necessary, relating to prior years.

*Deferred*

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or their is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

**4.15 Dividend distribution**

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

For the year ended June 30, 2021

	2021	2020
Note	----- Rupees -----	-----
<b>5. CASH AND BANK BALANCES</b>		
Cash in hand	75,000	46,548
Balance with State Bank of Pakistan in current account - local currency	32,859	39,366
Balances with other banks:		
- in current account	5,500	5,500
- in saving accounts	1,458,107	4,887,241
5.1	<u>1,463,607</u>	<u>4,892,741</u>
	<u>1,571,466</u>	<u>4,978,655</u>
<b>5.1</b>	These represent saving deposit accounts maintained with MCB Bank Limited carrying mark-up at the rate of 5.5% (2020: 6%) per annum.	
<b>6. SHORT TERM LOANS - secured</b>		
Term loans to customers - Considered doubtful	6.1 165,231,135	165,231,135
Provision for non-performing loans	6.2 (36,950,000)	(38,900,500)
	<u>128,281,135</u>	<u>126,330,635</u>
<b>6.1</b>	These represent the balance receivable against short term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.	
<b>6.2 Provision for non-performing loans</b>		
Balance at beginning of the year	38,900,500	46,100,460
Charge for the year	-	-
Reversal during the year	(1,950,500)	(7,199,960)
	<u>(1,950,500)</u>	<u>(7,199,960)</u>
Write-offs against provision	-	-
<b>Balance at end of the year</b>	6.2.1 <u>36,950,000</u>	<u>38,900,500</u>
<b>6.2.1</b>	The above provision for non-performing loans is net of forced sales value (FSVs) of collaterals amounting to Rs. 128.281 million (2020: Rs. 126.331 million) considered by the Company for the purpose of determination of provisioning requirements.	
<b>7. SHORT TERM INVESTMENTS</b>		
Investments in shares - Carried at fair value through other comprehensive income	7.1 40,322,025	14,745,162
Investments in government securities T-bills - Carried at Amortised Cost	7.2 13,943,841	14,491,626
	<u>54,265,866</u>	<u>29,236,788</u>



Notes to the Financial Statements

For the year ended June 30, 2021

7.1 Investments carried at fair value through other comprehensive income	Note	2021	2020
		----- Rupees -----	
Ordinary shares of a listed company	7.1.1	79,116	80,225
Ordinary shares of an unlisted public company	7.1.2	40,242,909	14,664,938
Membership cards of ACACIA Golf Club	7.1.3	-	-
		<b>40,322,025</b>	<b>14,745,163</b>

7.1.1 Ordinary shares of a listed company

2021 (Number of shares)	2020 (Number of shares)	Name of investee company	2021		2020	
			Cost	Market value	Cost	Market value
----- (Rupees) -----						
495	495	MCB Bank Limited	85,935	79,116	85,935	80,225

7.1.2 Ordinary shares of an unlisted public company

2021 (Number of shares)	2020 (Number of shares)	Name of investee company	2021		2020	
			Cost	Market value	Cost	Market value
----- (Rupees) -----						
3,941,519	3,941,519	SPI Insurance Company Limited	40,242,909	40,242,909	14,664,938	14,664,938

The fair value of shares of SPI Insurance Company Limited is determined to be Rs. 10.21 per share by a professional valuer firm "Crowe Hussain Chaudhury & Co. Chartered Accountants".

7.1.3 Membership cards of ACACIA Golf Club

2021 (Number of cards)	2020 (Number of cards)	Name of investee company	2021		2020	
			Cost	Market value	Cost	Market value
----- (Rupees) -----						
57	57	Gross carrying amount of the investment	25,758,520	25,758,520	25,758,520	25,758,520
		Accumulated impairment	(25,758,520)	(25,758,520)	(25,758,520)	(25,758,520)
57	57		-	-	-	-

7.2 Investment in T-bills carried at amortized cost

This represents investment in Government Market Treasury Bill having maturity on 26 August 2021 and carries effective mark-up at a rate of 7.342% (30 June 2020: 10.81%) per annum.

8. OTHER RECEIVABLES

	Note	2021	2020
		----- Rupees -----	
Receivable on termination of finance leases			
Staff gratuity - net defined benefit asset		65,913,380	65,913,468
Receivable from the provident fund		-	84,108
Others	8.1	2,880,000	2,880,000
		<b>3,101,369</b>	<b>3,101,421</b>
Provision against doubtful receivables	8.2	71,894,749	71,978,997
		<b>(71,665,618)</b>	<b>(71,665,618)</b>
		<b>229,131</b>	<b>313,379</b>

For the year ended June 30, 2021

**8.1** The ex CEO of the Company completed his term of employment with the Company on June 02, 2017. He drew an amount from the Company towards full and final settlement which was later found to be in excess of his entitlement including accumulated provident fund balance amounting to Rs. 2.88 million. The Company filed a recovery suit against him for unlawful withdrawals which is currently proceeding in the District and Session Court.

	<i>Note</i>	<b>2021</b>	<b>2020</b>
		-----	-----
		<b>Rupees</b>	
<b>8.2 Provision against doubtful receivables</b>			
Balance at beginning of the year		<b>71,665,618</b>	83,725,003
Charge for the year		-	-
Reversal for the year		-	-
Write-offs against provision		-	(12,059,385)
<b>Balance at end of the year</b>		<b>71,665,618</b>	<b>71,665,618</b>

### 9. CURRENT MATURITY OF NON - CURRENT ASSETS

Current maturity of:

- Long term loans	<i>10</i>	<b>47,433,850</b>	47,216,607
- Net investment in finance leases	<i>11</i>	<b>494,105,628</b>	503,357,363
		<b>541,539,478</b>	<b>550,573,970</b>

### 10. LONG TERM LOANS - secured

Due from employees - considered good		<b>222,546</b>	191,503
Term loan to customers - considered doubtful	<i>10.1</i>	<b>100,164,030</b>	100,164,030
		<b>100,386,576</b>	100,355,533
Provision for non-performing loans	<i>10.2</i>	<b>(52,952,726)</b>	(53,138,926)
		<b>47,433,850</b>	47,216,607
Less: current maturity shown under current assets	<i>9</i>	<b>(47,433,850)</b>	(47,216,607)
		-	-

**10.1** These represent the balance receivable against long term loan facilities provided to customers. Since such loans are non-performing, markup accrual thereon has been suspended in accordance with the requirements of Regulation 25 and Schedule XI of the NBFC Regulations, 2008.

### 10.2 Provision for non-performing loans

Balance at beginning of the year		<b>53,138,926</b>	53,138,926
Reversal made during the year - net	<i>28</i>	<b>(186,200)</b>	-
<b>Balance at end of the year</b>		<b>52,952,726</b>	<b>53,138,926</b>

**10.2.1** Term loans due from customers are secured against property. The above provision for non-performing long term loans is net of forced sales value (FSVs) of collaterals of Rs. 47.434 million (2020: Rs. 47.217 million) considered by the Company for the purpose of determination of provision requirements.

## Notes to the Financial Statements

*For the year ended June 30, 2021*

		2021	2020
	Note	----- Rupees -----	
<b>11. NET INVESTMENT IN FINANCE LEASES- Non-performing exposure</b>			
Minimum lease payment receivables		1,238,325,329	1,268,215,530
Residual value of leased assets		<u>305,225,654</u>	<u>314,952,834</u>
<b>Gross investment in leases</b>		<b>1,543,550,983</b>	1,583,168,364
Mark-up held in suspense	11.2	<u>(221,269,477)</u>	<u>(224,495,717)</u>
<b>Net investment in leases (before provision)</b>		<b>1,322,281,506</b>	1,358,672,647
Provision for non-performing leases	11.3	<u>(828,175,878)</u>	<u>(855,315,284)</u>
<b>Net investment in leases (after provision)</b>		<b>494,105,628</b>	503,357,363
Less: current maturity shown under current assets		<u>(494,105,628)</u>	<u>(503,357,363)</u>
		<u>-</u>	<u>-</u>
<b>11.1</b> Certain lease rentals have been hypothecated against long term finances obtained (refer note 21.1 and 21.3 to these financial statements).			
<b>11.2 Mark-up held in suspense</b>			
Balance at beginning of the year		224,495,717	229,045,598
Suspended income:			
- reversal during the year	26	<span style="border: 1px solid black; padding: 2px;">(3,226,240)</span>	<span style="border: 1px solid black; padding: 2px;">(4,039,237)</span>
- written-off during the year		<span style="border: 1px solid black; padding: 2px;">-</span>	<span style="border: 1px solid black; padding: 2px;">(510,644)</span>
		<u>(3,226,240)</u>	<u>(4,549,881)</u>
Balance at end of the year		<u>221,269,477</u>	<u>224,495,717</u>
<b>11.3 Provision for non-performing leases</b>			
Balance as at beginning of the year		855,315,284	878,163,485
Reversal for the year - net	28	(27,139,406)	(20,266,717)
Write-offs against provision		-	(2,581,484)
<b>Balance at end of the year</b>		<u>828,175,878</u>	<u>855,315,284</u>
<b>11.3.1</b> The provision for non-performing lease losses is net of the forced sales value (FSVs) of leased assets / collaterals amounting to Rs. 494.106 million (2020: Rs. 503.357 million) considered by the Company for the purpose of determining the provisioning requirement.			
<b>11.4 Breakup of provision</b>			
Provision against residual value		19,433,760	19,433,760
Provision against minimum lease payment		<u>808,742,118</u>	<u>835,881,524</u>
		<u>828,175,878</u>	<u>855,315,284</u>
<b>11.5 Net residual value and security deposit</b>			
Residual value		305,225,654	314,952,834
Provision against residual value		<u>(19,433,760)</u>	<u>(19,433,760)</u>
Net residual value		<u>285,791,894</u>	<u>295,519,074</u>
Security deposit against net residual value		<u>(285,791,894)</u>	<u>(295,519,074)</u>
		<u>-</u>	<u>-</u>

For the year ended June 30, 2021

### 12. INVESTMENT PROPERTIES

	<b>Bungalow at DHA Phase VI (note 12.2)</b>	<b>Shops in Famous Mall (note 12.3)</b>	<b>Total</b>
	----- (Rupees) -----		
<b>At June 30, 2020</b>			
Cost	51,737,840	14,422,252	66,160,092
Accumulated depreciation	(12,250,529)	(4,804,712)	(17,055,241)
Accumulated impairment	-	(6,805,696)	(6,805,696)
	(12,250,529)	(11,610,408)	(23,860,937)
<b>Net book value</b>	<b>39,487,311</b>	<b>2,811,844</b>	<b>42,299,155</b>
<i>Movement during the year ended June 30, 2021</i>			
Opening net book value	<b>39,487,311</b>	<b>2,811,844</b>	<b>42,299,155</b>
Depreciation charge	<b>(1,148,580)</b>	<b>(270,036)</b>	<b>(1,418,616)</b>
<b>Closing net book value</b>	<b>38,338,731</b>	<b>2,541,808</b>	<b>40,880,539</b>
<b>At June 30, 2021</b>			
Cost	<b>51,737,840</b>	<b>14,422,252</b>	<b>66,160,092</b>
Accumulated depreciation	<b>(13,399,109)</b>	<b>(5,074,748)</b>	<b>(18,473,857)</b>
Accumulated impairment	-	<b>(6,805,696)</b>	<b>(6,805,696)</b>
	<b>(13,399,109)</b>	<b>(11,880,444)</b>	<b>(25,279,553)</b>
<b>Net book value</b>	<b>38,338,731</b>	<b>2,541,808</b>	<b>40,880,539</b>
<b>Rate of depreciation</b>	<b>2.22%</b>	<b>5%</b>	

**12.1** The above real estate properties have been acquired by the Company in settlement of non-performing loans and lease receivables (i.e. repossessed properties).

#### **12.2 Bungalow at DHA Phase VI**

**12.2.1** The bungalow was last revalued by M/s. Fairwater Properties Valuers & Surveyors (Private) Limited in December 2019. According to such valuation, the fair value and forced sale value of the bungalow, as on December 16, 2019, were assessed to be Rs. 160 million, and Rs. 128.055 million, respectively.

**12.2.2** The bungalow is in occupancy of a tenant who defaulted in payment after having paid three monthly rentals in the year 2009. The Company filed a recovery suit before the Additional Rent Controller in jurisdiction of Clifton Cantonment Board who passed ejectment order in 2012 against successive default in rent payments. The Additional Controller Rent then, on the Company's application passed an execution order in July 2013 to vacate the premises. The Judgment Debtor objected to execution and was granted injunction against the Decree Holder by the High Court on March 28, 2013 that was vacated by the High Court on January 12, 2017. The Additional Rent Controller then allowed the Execution Application and passed order dated Feb 2017 for ejectment. The JD has neither handed over possession nor made payment of any rent since the last ten years.

The tenant subsequently filed a suit in the High Court for declaration on specific performance, permanent injunction and damage on 12 October, 2020. The rent income due till June 30, 2021 amounting to Rs. 20.900 million (2020: Rs. 17.842 million), has not been recognised awaiting the outcome of the suit filed by the judgment debtor in the High Court.

### 12.3 Shops in Famous Mall - Lahore

The shops were last revalued by M/s. Hamid Mukhtar & Co. (Private) Limited in June 2019. According to such valuation, the fair value and forced sales value of the shops, as on June 21, 2019, were assessed to be Rs. 4.163 million and Rs. 3.330 million, respectively.

	2021	2020
	----- (Rupees) -----	
<b>13. INTANGIBLE ASSETS</b>		
<b>As at the beginning of the year</b>		
Cost	68,232	145,950
Accumulated amortization	(68,232)	(20,068)
	-	125,882
<b>Movement during the year</b>		
Additions	-	-
Write off:		
- Cost	-	(77,718)
- Accumulated amortization	-	-
	-	(77,718)
Amortization charge	-	(48,164)
	-	-
<b>As at the end of the year</b>		
Cost	68,232	68,232
Accumulated amortization	(68,232)	(68,232)
	-	-
<b>Rate of amortization (% per annum)</b>	33%	33%

## 14. PROPERTY, PLANT AND EQUIPMENT

	2021										Rate %				
	Cost / Revaluation					Accumulated depreciation						Accumulated impairment		Written down value	
	As at July 01, 2020	Additions	Effect of revaluation	Disposals	As at June 30, 2021	As at July 01, 2020	Charge for the year	Effect of revaluation	Reversal on disposal	As at June 30, 2021		As at July 01, 2020	Charge for the year	As at June 30, 2021	As at June 30, 2021
(Rupees)															
<b>Owned assets</b>															
Building improvements	3,526,371	700,000	-	-	4,226,371	3,526,371	13,808	-	-	3,540,179	-	-	-	686,192	20%
Office premises (refer note 14.2.1)	64,926,000	-	-	-	64,926,000	1,236,686	2,473,368	-	-	3,710,054	-	-	-	61,215,946	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	3,378,195	-	-	(964,000)	2,414,195	1,286,792	230,520	(867,600)	-	649,712	-	-	-	1,764,483	20%
Office equipment	26,533,253	-	-	-	26,533,253	26,017,213	153,016	-	-	26,170,229	-	-	-	363,024	20%
	104,347,811	700,000	-	(964,000)	104,083,811	38,051,054	2,870,712	(867,600)	-	40,054,166	-	-	-	64,029,645	
<b>Operating lease assets</b>															
Plant and machinery	59,505,000	-	-	-	59,505,000	52,805,000	-	-	-	52,805,000	6,700,000	-	-	-	10%
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,365	20%
	64,953,012	-	-	-	64,953,012	57,872,647	-	-	-	57,872,647	6,700,000	-	-	380,365	
	169,300,823	700,000	-	(964,000)	169,036,823	95,923,701	2,870,712	(867,600)	-	97,926,813	6,700,000	-	-	64,410,010	
(Rupees)															
<b>Owned assets</b>															
Building improvements	3,526,371	-	-	-	3,526,371	3,526,371	-	-	-	3,526,371	-	-	-	-	20%
Office premises (refer note 14.2.1)	63,005,200	-	1,920,800	-	64,926,000	-	2,436,785	(1,200,099)	-	1,236,686	-	-	-	63,689,314	5%
Furniture, fixtures and fittings	5,983,992	-	-	-	5,983,992	5,983,992	-	-	-	5,983,992	-	-	-	-	20%
Vehicles	4,054,435	-	-	(676,240)	3,378,195	1,664,888	230,520	(608,616)	-	1,286,792	-	-	-	2,091,403	20%
Office equipment	27,237,143	-	-	(703,890)	26,533,253	26,508,192	212,911	-	(703,890)	26,017,213	-	-	-	516,040	20%
	103,807,141	-	1,920,800	(1,380,130)	104,347,811	37,083,443	2,880,216	(1,312,506)	-	38,051,054	-	-	-	66,296,757	
<b>Operating lease assets</b>															
Plant and machinery	59,505,000	-	-	-	59,505,000	52,805,000	-	-	-	52,805,000	6,700,000	-	-	-	10%
Generators	5,448,012	-	-	-	5,448,012	5,067,647	-	-	-	5,067,647	-	-	-	380,400	20%
	64,953,012	-	-	-	64,953,012	57,872,647	-	-	-	57,872,647	6,700,000	-	-	380,400	
	168,760,153	-	1,920,800	(1,380,130)	169,300,823	95,556,090	2,880,216	(1,312,506)	-	95,923,701	6,700,000	-	-	66,677,157	

**14.1 Particulars of the immovable property**

Following are the details of the immovable property (i.e. office premises):

Address of the property	Use of the property	Total area (in square feet)	Covered area (in square feet)
6th Floor, Lakson Square Building No.1, Sarwar Shaheed Road, Saddar, Karachi	As Head Office	9,604	9,604

**14.2 Valuation of the assets****14.2.1** The latest valuation of the office premises has been carried out by M/s. Fairwater Property Valuer and Surveyor (Private) Limited in December 2019.

The effect of the fresh revaluation carried out during the year (and that carried out in the previous year), on the gross carrying amount of the office premises, is as follows:

	2021	2020
	----- (Rupees) -----	
Reversal of the gross carrying amount to the extent of accumulated depreciation charged up to the date of revaluation	-	(1,200,099)
Revaluation surplus recognized as on the date of revaluation	-	3,120,899
	<u>-</u>	<u>1,920,800</u>

**14.2.2** Had there been no revaluation, the carrying amounts of the revalued assets would have been as follows:

	2021				2020			
	Cost	Accumulated depreciation	Accumulated impairment	Written down value	Cost	Accumulated depreciation	Accumulated impairment	Written down value
	----- (Rupees) -----							
Office premises	<u>28,548,042</u>	<u>13,155,731</u>	<u>-</u>	<u>15,392,311</u>	<u>28,548,042</u>	<u>12,205,530</u>	<u>-</u>	<u>16,342,512</u>
Plant and machinery	<u>67,000,000</u>	<u>60,300,000</u>	<u>6,700,000</u>	<u>-</u>	<u>67,000,000</u>	<u>60,300,000</u>	<u>6,700,000</u>	<u>-</u>
Generators	<u>3,804,000</u>	<u>3,423,600</u>	<u>-</u>	<u>380,400</u>	<u>3,804,000</u>	<u>3,423,600</u>	<u>-</u>	<u>380,400</u>

*Note* 2021 2020  
----- Rupees -----

**15. BORROWINGS FROM FINANCIAL INSTITUTIONS****Letter of placements - unsecured**

National Bank of Pakistan	15.1	77,500,000	77,500,000
Innovative Investment Bank Limited	15.2	60,000,000	60,000,000
Meezan Bank Limited	15.3	<u>25,301,588</u>	<u>25,301,588</u>
		<u>162,801,588</u>	<u>162,801,588</u>

**15.1** This represents finance of Rs. 77.50 million obtained from National Bank of Pakistan on April 01, 2010 through a letter of placement carrying mark-up at a rate of 11.20% per annum for a period of 14 days. Subsequently, the facility was rolled several times up to the total period of 140 days which expired on August 19, 2010. Till to-date, no repayments have been made by the Company in respect of this finance. As of June 30, 2021, the Company has accrued a mark-up in this finance amounting to Rs. 95.715 million (2020: Rs. 88.896 million).

For the year ended June 30, 2021

**15.2** This represents finance of Rs. 63 million obtained from Innovative Investment Bank Limited on December 03, 2010 through a letter of placement carrying mark-up at a rate of 8% per annum for a period of 90 days. Due to financial difficulties faced by the Company, this facility was rolled over for a further period of 184 days on March 14, 2011. Since the disbursement of the facility, the Company made an aggregate principal repayment of Rs. 3 million. As of 30 June 2021, the Company has accrued a mark-up on this finance amounting to Rs. 54.448 million (2020: Rs. 49.578 million).

**15.3** This represents finance of Rs. 150 million obtained from Meezan Bank Limited (MEBL) on September 20, 2008, under Murabaha arrangement at a rate of 12% per annum. On various dates between September 2008 and June 2011, the Company made principal repayments amounting, in aggregate, to Rs. 81 million.

The remaining principal obligation of Rs. 69 million was restructured by way of a settlement agreement entered on April 22, 2011 whereby the Company transferred, to the lender, a lease portfolio of Rs. 32 million. On September 03, 2012, a revised settlement agreement was signed according to which the loan was to be settled by way of transferring 27 membership cards of ACACIA Golf Club ('the Club') (then beneficially held by the Company in its own name) to MEBL valuing, in aggregate, Rs. 27 million as well as making a cash payment of Rs. 9.870 million. The said cash payment was made by the Company on September 06, 2012. Meezan Bank was offered membership cards of M/s ACACIA Golf Club but they didn't accept these membership cards against settlement due to non-functional status of the club. As per the revised restructuring terms, the finance carries no mark-up.

	2021	2020
	----- Rupees -----	
<b>16. ACCRUED MARK-UP</b>		
<i>Mark-up on:</i>		
- certificates of investment	109,090,355	101,330,804
- long term finances	48,198,655	46,380,457
- term finance certificates	161,859,049	162,769,392
- short term borrowings from financial institutions	152,024,488	138,544,487
	<u>471,172,547</u>	<u>449,025,140</u>
<b>17. ACCRUED EXPENSES AND OTHER PAYABLES</b>		
Accrued expenses	6,691,057	6,206,071
Salaries payable	6	1,269,846
Tax deducted at source	1,036,431	903,337
Others	51,072	121,814
	<u>7,778,566</u>	<u>8,501,068</u>
<b>18. CURRENT MATURITY OF NON-CURRENT LIABILITIES</b>		
Current maturity of:		
- Certificates of investment	19	50,549,000
- Long term finances	21	356,494,443
- Security deposits against finance leases	22	285,791,894
		<u>692,835,336</u>
		<u>724,600,516</u>



	Note	2021	2020
		-----	-----
		Rupees	
<b>19. CERTIFICATE OF INVESTMENT - unsecured</b>			
Long term certificates of investment		50,549,000	50,549,000
Current maturity of certificates of investment	18	<u>(50,549,000)</u>	<u>(50,549,000)</u>
		-	-

**19.1** These certificates of investment are for periods ranging from 1 year to 5 years and interest rates thereon range from 7% to 11.5% (2020: 7% to 11.5%) per annum.

**19.2** One certificate holder filed a Miscellaneous Application 08/2017 for winding up of the Company owing to default in repayment of its deposit claiming Rs 52.8 million. The case was since adjourned till November 2018. Subsequently, the Company and the certificate holder agreed to settle the liability at an amount of Rs. 42 million and the Company then made repayments amounting in aggregate to Rs. 3.5 million and has submitted in Court that it shall to pay the balance amount of Rs. 49.3 million soon upon availability of funds. The proceeding in the matter are continuing.

### 20. DEFERRED TAXATION

	For the year ended June 30, 2021			Balance at end of the year
	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	
	----- (Rupees) -----			
<b>Deferred tax liability in respect of:</b>				
Unrealized gain on valuation of short term investment	-	-	5,562,967	5,562,967
Surplus on revaluation of property, plant and equipment	13,822,338	(533,484)	-	13,288,854
Accelerated accounting depreciation / impairment	<u>2,905,525</u>	<u>(40,821)</u>	-	<u>2,864,704</u>
	16,727,863	(574,305)	5,562,967	21,716,525
<b>Deferred tax asset recognized</b>	<u>(16,727,863)</u>	<u>574,305</u>	<u>(5,562,967)</u>	<u>(21,716,525)</u>
<b>Net deferred tax position</b>	-	-	-	-
				<b>Rupees</b>
<b>Details of deferred tax assets</b>				
Provision for lease losses				240,171,005
Provision for non-performing short term loans				10,715,500
Provision for non-performing long term loans				15,356,291
Provision for doubtful other receivables				20,783,029
Unused tax losses				146,991,594
Less: Deferred tax asset recognized to the extent of available taxable temporary differences				<u>(21,716,525)</u>
<b>Unrecognized deferred tax asset</b>				<u>412,300,894</u>

	For the year ended June 30, 2020			Balance at end of the year
	Balance at beginning of the year	Recognized in profit or loss	Recognized in other comprehensive income	
	----- (Rupees) -----			
<b>Deferred tax liability in respect of:</b>				
Surplus on revaluation of property, plant and equipment	13,440,152	(522,875)	905,061	13,822,338
Accelerated accounting depreciation / impairment	2,547,392	358,133	-	2,905,525
	15,987,544	(164,742)	905,061	16,727,863
<b>Deferred tax asset recognized</b>	<u>(15,987,544)</u>	<u>(740,319)</u>	-	<u>(16,727,863)</u>
<b>Net deferred tax position</b>	-	<u>(905,061)</u>	905,061	-
<b>Details of deferred tax assets</b>				
Provision for lease losses				248,041,432
Provision for non-performing short term loans				11,281,145
Provision for non-performing long term loans				15,410,289
Provision for doubtful other receivables				20,783,029
Unused tax losses				109,084,444
				404,600,339
Less: Deferred tax asset recognized to the extent of available taxable temporary differences				<u>(16,727,863)</u>
<b>Unrecognized deferred tax asset</b>				<u>387,872,476</u>

For the year ended June 30, 2021

21. LONG TERM FINANCES	Note	2021	2020
		----- Rupees -----	
Long term finances - secured	21.1	149,561,501	149,561,501
Long term finances - unsecured		5,703,696	5,703,696
	21.2	155,265,197	155,265,197
Term finance certificates - secured	21.3	201,229,246	223,267,246
		356,494,443	378,532,443
Current maturity of long term finances	18	(356,494,443)	(378,532,443)
		-	-

21.1 The above are secured by way of hypothecation of specific leased assets and associated lease rentals. These facilities were utilized mainly for lease financing activities.

21.2 Long term finances	Tenure		Markup	Note	Principal outstanding	
	From	To			Jun. 30, 2021	Jun. 30, 2020
					----- (Rupees) -----	
<b>Secured</b>						
National Bank of Pakistan	Mar-05	Mar-10	6 month KIBOR + 1.5% (payable semi annually)	21.2.1	12,500,000	12,500,000
First Women Bank Limited	Dec-08	Dec-12	Fixed at 12% (payable monthly)	21.2.2	75,061,505	75,061,505
Soneri Bank Limited	May-13	Sep-14	-	21.2.3	61,999,996	61,999,996
<b>Un secured</b>						
Silk Bank Limited	Sep-12	Mar-17	6 month KIBOR + 2% (payable semi annually)	21.2.4	5,703,696	5,703,696
					155,265,197	155,265,197

21.2.1 This represents a finance of Rs. 100 million obtained from M/s. National Bank of Pakistan on March 17, 2005 (mainly for lease financing activities). As per the agreement, loan was payable in semi-annual instalments of Rs. 12.5 million each from September 17, 2005 to March 17, 2009. However, subsequently, the loan was restructured whereby the maturity date of the loan was extended to March 2010. Up to June 30, 2017, all instalments were paid except for the last instalment due on March 17, 2009 which is yet outstanding. As per the revised agreement, the finance carries mark-up at the rate of 6-month KIBOR + 1.5% payable semi-annually. As of June 30, 2021, the Company had accrued mark amounting to Rs. 16.463 million (2020: Rs. 15.237 million).

21.2.2 This represents a finance of Rs. 150 million obtained from M/s. First Women Bank Limited (FWBL) through a Letter of Placement dated October 06, 2008 having a tenor of 1 day. Subsequently, the finance was rolled over several times during the period from October 07, 2008 to December 18, 2008. During this period, the Company managed to partially repay the principal and markup amount. Afterwards, the finance was restructured by way of a settlement agreement dated December 31, 2008 whereby the entire principal was converted into 12-month Money Market Finance facility on markup basis. Since the Company failed to make repayment as per agreed terms, the finance was, once again, restructured by way of a settlement agreement dated March 01, 2010. As per the revised rescheduled terms, the entire principal was payable in unequal monthly instalments up to December 31, 2012. The Company paid the instalments up to December 31, 2010 since when no further repayments have been made. Further, as per the revised agreement, the finance carries mark-up at 12% per annum payable monthly. As of June 30, 2021, the Company had accrued mark-up amounting to Rs. 24.054 million (2020: Rs. 24.054 million).

**21.2.3** As on March 29, 2010, the Company had a financial obligation in respect of Term Finance I, Term Finance II and Running Finance facilities obtained from M/s. Soneri Bank Limited (SBL) amounting to Rs. 66.666million, Rs. 35million and Rs.49.971million, respectively (in aggregate, Rs. 151.637 million). The said obligation was restructured whereby SBL created a fresh facility of Rs. 115 million as TF-I, Rs. 35 million as TF-II and Rs. 1.5 million as RF. Subsequently, the Company managed to pay its entire liability under TF-II and RF. As regards restructured TF-I, the Company made a principal repayment of Rs. 5million up to May 07, 2013, on which date, a revised settlement agreement was entered into with SBL to restructure the outstanding obligation of Rs. 110 million which was agreed to be settled as follows:

- Rs. 43 million by way of transfer of property (held as collateral of Rs 43 million against the borrower) or a cash payment of Rs. 25 million as full and final settlement of Rs. 43 million.
- Rs 34.5 million by way of transfer of a property (held as collateral of Rs. 34.5 million against the borrower) situated at Thokar Niaz Baig, Lahore.
- Cash payment of Rs. 5 million in the twelve equal monthly payment of PKR 0.416 million each commencing from the date execution of settlement agreement.
- Remaining principal obligation amounting to Rs. 27.5 million to be waived upon successful transfer of properties / cash payment as referred to above.

Subsequently, the Company settled the loan amounting to Rs. 43 million by way of cash payment of Rs. 25 million on August 28, 2013 (and recognised a waiver of Rs. 18 million against the said payment). Further, the Company paid the 12 equal monthly instalments, as referred to above, on agreed due dates. However, the transfer of aforesaid property (whereupon the outstanding liability would be extinguished in full) is yet to be executed. As per the revised restructuring terms, the finance carries no mark-up.

The bank filed a petition for recovery suit in Banking Court on 8, march 2019 claiming Rs.79.999 million against default by the company in the implementation of settlement agreement dated May 2013 with the bank. The Company was required to make payment of Rs.39.5 million and waiver of Rs.27 million was to be availed upon full repayment. The company however on payment of agreed instalment up to Rs. 5 million till 2015 subsequently defaulted in repayment of balance amount of Rs 34.5 million. The suit filed is proceeding in the court. The company intends to settle this liability as per the agreement.

**21.2.4** This represents a finance of Rs. 15.7 million obtained from M/s. Silk Bank Limited (SBL) on April 27, 2009 against issuance of irrevocable letter of comfort for opening a letter of credit in favour of Uni-Link International. Up to March 31, 2011, the Company could repay Rs. 4 million and defaulted thereafter. Hence, on September 12, 2012, a settlement agreement was entered into with SBL whereby the finance was restructured and the outstanding loan was agreed to be settled as follows:

- Down payment of Rs. 0.707 million; and
- 54 monthly instalments of Rs. 0.204 million each.

Up to November 2014, the Company repaid 26 monthly installments of Rs. 0.204 million each and defaulted thereafter. As of June 30, 2021, the Company had accrued markup amounting to Rs. 7.681 million (2020: Rs. 7.089 million).

### **21.3 Term finance certificates - secured**

**21.3.1** This represents the third issue of registered and listed term finance certificates (TFCs) issued by the Company to banking companies and financial institutions, trusts and general public. These were secured by way of a first exclusive charge on specific leases including lease rentals with 25% margin available at all times to the TFCs holders on total outstanding amount of the issue. The total issue comprises of 150,000 certificates of Rs. 5,000 each.

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The issue was first restructured by way of "Supplemental Declaration of Trust" dated October 05, 2010 and was further restructured by way of "Second Supplemental Declaration of Trust" effective dated April 30, 2012. To make the second proposed restructuring terms of Supplemental Declaration of Trust effective, an extra ordinary resolution was passed by at least by 75% of the aggregate amount outstanding to TFC holders. The trustee obtained necessary approval of TFC holders. The revised terms and conditions of the issue after rescheduling are as follows:

### Principal redemption

The principal redemption of TFCs is structured to be in 63 un-equal monthly instalments starting from January 01, 2012 as follows:

- Rs. 3 million per month starting from January 2012 to December 2012;
- Rs. 4 million per month starting from January 2013 to December 2013;
- Rs. 6 million per month starting from January 2014 to December 2014;
- Rs. 13 million per month starting from January 2015 to February 2017; and
- Rs. 21.3 million in March 2017

### Mark-up on payment

- The issue carries markup at 6% per annum for the first 36 months (i.e from January 01, 2012 to December 13, 2014) and one-month KIBOR for the remaining 27 months (i.e. from January 01, 2015 to March 01, 2017);
- Mark-up accrued on TFCs up to December 2011, amounting to Rs. 25.368 million, to be repaid in 3 equal instalments falling due in December 2014, December 2015 and December 2016; and
- Mark-up payments on TFCs for first 24 months (i.e from January 01, 2012 to December 13, 2014) to be deferred till December 31, 2013 and to be repaid thereafter on a monthly basis (starting from the 25th month till the maturity of the TFCs).

However, in 2014, due to liquidity issues faced by it, the Company defaulted in making payments to the TFC holders.

**21.3.2** During the period on September 29, 2020, the Company entered into an arrangement with M/s. HBL Asset Management Company Limited, being the management company of HBL Income Fund and HBL Multi Asset Fund, with a view to full and final settlement of the Company's outstanding financial liability in respect of Term Finance Certificates (TFCs) previously issued to them in March 2008.

Presented below is the quantitative analysis of the gain realized by the Company upon settlement of its aforementioned obligation.

	HBL Income Fund	HBL Multi Asset Fund Rupees	Total
Total outstanding principal prior to settlement	5,509,500	16,528,500	22,038,000
Total outstanding markup prior to settlement	4,016,612	12,049,837	16,066,449
	<u>9,526,112</u>	<u>28,578,337</u>	<u>38,104,449</u>
Less: Cash paid on settlement	(555,000)	(1,520,000)	(2,075,000)
	<u>8,971,112</u>	<u>27,058,337</u>	<u>36,029,449</u>

## 22. LONG TERM SECURITY DEPOSITS AGAINST FINANCE LEASES

	Note	2021 Rupees	2020
Security deposits against finance leases	22.1	285,791,894	295,519,074
Current maturity of deposits against finance leases		<u>(285,791,894)</u>	<u>(295,519,074)</u>
		<u>-</u>	<u>-</u>

**22.1** This represents security deposits received from lessees under lease contracts and are adjustable on expiry of the respective lease periods.

## Notes to the Financial Statements

For the year ended June 30, 2021

## 23. SHARE CAPITAL

2021 ----(Number of shares)----	2020	Note	2021 ----- (Rupees) -----	2020
<b>AUTHORISED SHARE CAPITAL</b>				
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>
			Ordinary shares of Rs. 10 each	
<u>100,000,000</u>	<u>100,000,000</u>		<u>1,000,000,000</u>	<u>1,000,000,000</u>
			Non-cumulative and non-voting, convertible unlisted preference shares of Rs. 10 each	
<b>ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL</b>				
<i>Ordinary shares - Issued for cash</i>				
25,180,000	25,180,000	23.1	251,800,000	251,800,000
			Ordinary shares of Rs. 10 each fully paid in cash	
<i>Issued for consideration other than cash</i>				
<u>19,980,500</u>	<u>19,980,500</u>		<u>199,805,000</u>	<u>199,805,000</u>
			Ordinary shares of Rs. 10 each issued as fully paid bonus shares	
<u>45,160,500</u>	<u>45,160,500</u>		<u>451,605,000</u>	<u>451,605,000</u>
<b>Non-cumulative preference shares</b>				
<i>Issued for consideration other than cash</i>				
<u>52,820,850</u>	<u>52,820,850</u>	23.2	<u>528,208,500</u>	<u>528,208,500</u>
			Non-cumulative and non-voting, convertible unlisted fully paid preference shares of Rs. 10 each	

23.1 As of June 30, 2021, M/s. Saudi Pak Industrial & Agricultural Investment Company Limited (SAPICO) held 35.06% (2020: 35.06%) of the issued, subscribed and paid-up ordinary share capital of the Company and 63% (2020: 63%) of the issued preference share capital of the Company.

23.2 The shareholders of the Company, through a special resolution passed in Extra Ordinary General Meeting, held on July 11, 2012, approved the decision of the Board of Directors to convert the sub-ordinated debt from SAPICO and loan from M/s. Bank of Khyber into non-voting, non-cumulative, convertible unlisted preference shares at Rs. 10 each. The Securities and Exchange Commission of Pakistan (SECP) vide its letter number SC/NBFC/23/SPLCL/2013/58 dated February 13, 2013, also approved the conversion.

In June, 2013, the Company issued non- redeemable / convertible preference shares of Rs. 10 each aggregating to Rs. 528.209 million against the conversion of debt. These are non-cumulative, non-redeemable convertible preference shares carrying dividend at 2.5% per annum annually at the end of each completed year on the face value of Rs.10 per preference share. The preference shareholders are only entitled to receive preferential dividend and are not entitled to right shares and bonus shares to which the holders of ordinary shares may be entitled. These shares are convertible into ordinary shares at the option of preference shareholders at any time from the date of issue of preference shares. The dividend is payable annually at the end of each completed year subject to availability of profit for the year.

23.3 There are no agreements among shareholders with respect to voting rights, board selection, rights of first refusal and block voting.

## 23.4 Capital management policies and procedures

Capital requirements applicable to the Company are set out and regulated by the Securities and Exchange Commission of Pakistan (SECP). These requirements are put in place to ensure sufficient solvency margins. SECP extended the minimum equity requirement (MCR) as per NBFC Regulations, 2008 vide SRO 764(I) / 2009 dated September 02, 2009 wherein the Company is required to meet the minimum equity requirements of Rs. 350 million, Rs. 500 million and Rs. 700 million by June 30, 2011, June 30, 2012 and June 30, 2014, respectively. Further amendment to Schedule I to Regulation 4 made vide SRO 1160 (1) / 2015 dated November 25, 2015 maintained MCR for existing NBFCs at Rs. 750 million and relaxation of MCR for non-deposit taking NBFCs for leasing etc. at Rs. 50 million. The Company intends to exercise the low MCR requirement option once it has settled liability owed to its depositors. Hence, at the year end, the company is non compliant with the MCR requirement laid down by the SECP (also see note 1.2).

For the year ended June 30, 2021

	2021	2020
	-----Rupees-----	
<b>24. SURPLUS ON REVALUATION OF PROPERTY, PLANT AND EQUIPMENT - net</b>		
<b>On office premises, plant and machinery and generators</b>		
<i>Gross surplus</i>		
As at beginning of the year	47,663,240	46,345,359
Effect of revaluation carried out during the year	-	3,120,899
	<u>47,663,240</u>	<u>49,466,258</u>
Incremental depreciation transferred to unappropriated loss	<u>(1,839,600)</u>	<u>(1,803,018)</u>
	<u>45,823,640</u>	47,663,240
<i>Related deferred tax charge</i>		
As at beginning of the year	<u>(13,822,338)</u>	(13,440,152)
Effect of revaluation carried out during the year	-	(905,061)
Incremental depreciation transferred to unappropriated loss	<u>533,484</u>	522,875
	<u>(13,288,854)</u>	<u>(13,822,338)</u>
	<u>32,534,786</u>	<u>33,840,902</u>

## 25. CONTINGENCIES AND COMMITMENTS

### 25.1 Contingencies

**25.1.1** The Company is defending various counter suits filed against it by defaulting customers against whom recovery suits were filed by it between the year 2009 to 2018. The counter suits are mainly for rendition of accounts and damages and or injunction against the company. These suits are proceeding in the High Court or Banking Court and, in the opinion of the legal counsel, the Company is not likely to suffer any loss or liability on account of these counter suits. The amount claimed in these counter suits as of 30th June 2021 amounted to Rs.178.904 million (2020: 178.904 million).

**25.1.2** The Company has been issued with a notice under section 14 of the Federal Excise Act, 2005. In the notice, it has been alleged that the Company has not paid Federal Excise Duty (FED) in terms of section 3 (read with Entry 8 of Table-II of the First Schedule) to the Federal Excise Act, 2005 for the financial years 2007-08, 2008-09 and 2009-10 on services provided including both funded and non-funded services. Accordingly, Rs. 126.205 million has been alleged to be recoverable. The above amount of FED has been imposed on all the incomes of the Company for the said three years including mark-up income earned on finance lease contracts.

According to the Company's tax advisor, FED is applicable in respect of document fee, front end fee and syndicate lease income. These represent services rendered by leasing companies in respect of finance lease which are funded services. However, these services for the periods 2007-08 and 2008-09 are not chargeable to FED because of the reason that, for those years, FED was chargeable on services which were non-funded. However, for the period 2009-10, due to amendment in Entry 8, the said services are chargeable to FED as provisions of the Federal Excise Act, 2005.

The Company filed an appeal before the Commissioner Inland Revenue (Appeals) CIR (A) against the said order. The CIR(A) vide through Appellate Order no 97 of 2012 dated April 30, 2012 constituted that the duty so charged is legally and constitutionally valid under the Federal Excise Act, 2005. However, it also mentioned that the notice issued is barred by time for the period from July 2007 to September 2008 and, accordingly, deleted the levy of FED for the said tax period. Accordingly, the Company filed an appeal before the Appellate Tribunal Inland Revenue (ATIR) against the above CIR(A) order which decided the case in favour of the Company.

## Notes to the Financial Statements

For the year ended June 30, 2021

In 2014, a reference application was filed by CIR Zone-I against the Company in High Court which is pending for adjudication. In the opinion of legal counsel of the Company, there is no likelihood of any outcome adverse to the Company's interest. The Company, hence, has not recognized any provision against the above notice.

**25.1.3** In the year 2016, M/s. First Women Bank Limited (FWBL) filed, before the Honourable High Court of Sindh, a recovery suit against the Company wherein besides the outstanding principal of Rs. 75.062 million and accrued markup of Rs. 24.054 million (refer note 21.2.2), a demand has been raised in respect of **cost of funds**. However, since the case is yet pending for adjudication before the Honourable High Court of Sindh and because no reasonable estimation can be made of the cost of funds so claimed by FWBL, no provision thereof has been recognized in these financial statements.

**25.2 Commitments**

As of the reporting date, no financial commitments were known to exist (2020: None).

26.	REVENUE FROM FINANCE LEASES	Note	2021	2020
			-----Rupees-----	
	Recovery of suspended markup on finance leases	11.2	3,226,240	4,039,237
	Others		590,987	878,325
			<u>3,817,227</u>	<u>4,917,562</u>
<b>27.</b>	<b>ADMINISTRATIVE AND OPERATING EXPENSES</b>			
	Salaries, allowances and benefits		17,688,740	18,887,635
	Meeting fee of directors		4,350,000	3,400,000
	Rent		904,640	820,500
	Repairs and maintenance		2,395,089	2,093,531
	Insurance		314,801	182,070
	Utilities		812,796	767,464
	Depreciation on investment properties	12	1,418,615	1,418,615
	Amortization of intangible asset	13	-	48,164
	Depreciation on property, plant and equipment	14	2,870,712	2,880,216
	Vehicle running expenses		444,597	89,730
	Printing and stationery		165,237	570,355
	Telephone and postage		518,726	578,022
	Travelling and conveyance		426,312	184,053
	Travelling and conveyance - Directors		43,000	-
	Fee and subscriptions		869,030	1,212,003
	Legal and professional charges		2,424,040	4,695,448
	Advertising and entertainment		77,746	164,206
	Auditors' remuneration	27.1	725,500	705,000
	Miscellaneous		1,277,005	1,024,522
			<u>37,726,586</u>	<u>39,721,534</u>
<b>27.1</b>	<b>Auditors' remuneration</b>			
	Annual audit fee		405,457	394,000
	Fee for review of half yearly financial statements		160,536	156,000
	Other certifications		51,454	50,000
	Out of pocket expenses		108,053	105,000
			<u>725,500</u>	<u>705,000</u>

For the year ended June 30, 2021

	Note	2021	2020
		-----Rupees-----	
<b>28. REVERSAL OF PROVISION FOR NON-PERFORMING EXPOSURES</b>			
Reversal of provision for potential losses on:			
- Short term loans	6.2	1,950,500	7,199,960
- Long term loans	10.2	186,200	-
- Finance leases	11.3	27,139,406	20,266,717
		<u>29,276,106</u>	<u>27,466,677</u>
<b>29. OTHER INCOME</b>			
Dividend income		9,033	7,796
Interest income from government securities		1,002,022	1,788,084
Interest income from savings accounts		189,272	261,358
Gain on sale of property, plant and equipment		709,100	742,376
Waiver on settlement of long term finances	21.3.2	36,308,915	-
Others		763,148	1,304,146
		<u>38,981,490</u>	<u>4,103,760</u>
<b>30. FINANCE COSTS</b>			
Mark-up on:			
- Long term finances		1,818,198	2,647,768
- Term finance certificates		15,435,572	28,363,324
- Short term borrowings		13,480,001	13,516,933
- Certificates of investment		7,759,551	6,487,521
Bank charges		39,498	23,852
		<u>38,532,820</u>	<u>51,039,398</u>
<b>31. TAXATION</b>			
Current		31,266	62,250
Deferred		(5,562,967)	(905,061)
		<u>(5,531,701)</u>	<u>(842,811)</u>
<b>31.1</b>	The numerical reconciliation between the tax expense and accounting loss / profit has not been presented for the current year and comparative year as the total income of the Company for the current year and comparative year attracted minimum tax under Section 113 of the Income Tax Ordinance, 2001.		
<b>31.2</b>	The tax assessments of the Company relating to assessment years before tax year 2002 have been completed and no appeal is being pending in appellate forums. The income tax return for tax years 2003-2019 have been filed which are deemed to be assessed under section 120 of Income Tax Ordinance, 2001 ('the Ordinance') except for the tax year 2007, which has been selected for audit under the provision of section 177 of the Ordinance and tax years 2014 and 2015, which have been selected for audit under provision of section 214C of the Ordinance. The Company has submitted in this respect all the requisite documents / information with the tax authority. The company has also received notices for monitoring of withholding taxes for the tax year 2018 and 2019 in respect of which proceedings are in process.		



Notes to the Financial Statements

For the year ended June 30, 2021

	2021	2020
	----- Rupees -----	
<b>32. EARNINGS / (LOSS) PER SHARE:</b>		
<b>32.1 Basic earning/ (loss) per share</b>		
Profit/ (loss) after taxation attributable to ordinary shareholders	<u>1,347,118</u>	<u>(53,430,122)</u>
	-----Number-----	
Weighted average number of ordinary shares outstanding	<u>45,160,500</u>	<u>45,160,500</u>
	-----Rupees-----	
<b>Earnings / (loss) per share - Basic</b>	<u>0.03</u>	<u>(1.18)</u>
<b>32.2 Diluted earning/ (loss) per share</b>		
Profit / (Loss) after taxation attributable to ordinary shareholders	<u>1,347,118</u>	<u>(53,430,122)</u>
	-----Number-----	
Weighted average number of ordinary shares outstanding	<u>97,981,350</u>	<u>97,981,350</u>
	-----Rupees-----	
<b>Earning/ (loss) per share - Diluted</b>	<u>0.01</u>	<u>(0.55)</u>
<b>32.2.1</b> As at June 30, 2021, the Company had 52.82 million (2020: 52.82 million) convertible preference shares which have been considered for the calculation of diluted profit per share.		
<b>33. CASH USED IN OPERATIONS</b>		
Loss before taxation	(4,184,583)	(54,272,933)
<i>Adjustment for non-cash charges and other items :</i>		
- Recovery of suspended markup on finance leases	(3,226,240)	(4,039,237)
- Depreciation - owned assets	2,870,712	2,880,216
- Depreciation - investment properties	1,418,615	1,418,615
- Amortization of intangible assets	-	48,164
- Write off of intangible assets	-	77,718
- Reversal of provision for non-performing exposures	(29,276,106)	(27,466,677)
- Dividend income	(9,033)	(7,796)
- Interest income from government securities	(1,002,022)	(1,788,084)
- Gain on sale of property, plant and equipment	(709,100)	(742,376)
- Gain on settlement of short term and long term finances	(36,308,915)	-
- Finance costs	38,532,820	51,039,398
	<u>(27,709,269)</u>	<u>21,419,941</u>
	<u>(31,893,852)</u>	<u>(32,852,992)</u>
<b>Movement in working capital</b>		
<i>(Increase) / decrease in operating assets</i>		
- Short term loans	-	-
- Trade deposits and short term prepayments	74,220	(41,529)
- Other receivables	84,248	2,372,721
<i>(Increase) / decrease in operating liabilities</i>		
- Accrued expenses and other payables	(722,502)	2,257,936
	<u>(564,034)</u>	<u>4,589,128</u>
<b>Cash used in operations</b>	<u>(32,457,886)</u>	<u>(28,263,864)</u>

For the year ended June 30, 2021

### 34. STAFF RETIREMENT BENEFITS - Defined benefit plan

#### 34.1 Net defined benefit (asset) / liability as of the reporting date

Present value of defined benefit obligation	425,000	425,000
Fair value of plan assets	1,797,612	(509,108)
	<u>2,222,612</u>	<u>(84,108)</u>

#### 34.2 Movement in defined benefit obligation

Opening balance	-	-
Current service cost	425,000	425,000
Interest cost	-	-
Repayments made to retiring members	-	-
<b>Closing balance</b>	<u>425,000</u>	<u>425,000</u>

#### 34.3 Movement in fair value of plan assets

Opening balance	509,108	2,815,828
Contributions made during the year	-	-
Received during the year	(2,306,720)	(2,306,720)
<b>Closing balance</b>	<u>(1,797,612)</u>	<u>509,108</u>

### 35 TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of Saudi Pak Industrial & Agricultural Investment Company Limited (the major shareholder), directors, key management personnel and employee benefit plan. The transactions between the Company and the related parties are carried out as per agreed terms.

*Transactions during the year*

Details of transactions entered into with related parties, other than those disclosed elsewhere in these financial statements, are as follows:

	2021			
	Major Shareholder	Directors	Key management personnel	Other related parties
	(Rupees)			
Rent paid	-	-	-	-
Contributions to the provident fund	-	-	-	510,000
Remuneration	-	4,350,000	7,486,944	-
	2020			
	Major Shareholder	Directors	Key management personnel	Other related parties
	(Rupees)			
Rent paid	-	-	-	-
Contributions to provident fund	-	-	-	510,000
Remuneration	-	3,400,000	8,732,010	-

**36. REMUNERATION OF THE CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged for remuneration including all benefits to the Chief Executive, Directors and Executives is as follows:

	Chief Executive		Directors		Executives		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
	(Rupees)							
Managerial remuneration	5,100,000	5,100,000	4,350,000	3,400,000	-	1,920,000	9,450,000	10,420,000
Retirement benefits	510,000	510,000	-	-	-	-	510,000	510,000
Leave encashment	793,333	368,333	-	-	-	-	793,333	368,333
Other perquisites	1,083,611	833,677	-	-	-	-	1,083,611	833,677
	<u>7,486,944</u>	<u>6,812,010</u>	<u>4,350,000</u>	<u>3,400,000</u>	<u>-</u>	<u>1,920,000</u>	<u>11,836,944</u>	<u>12,132,010</u>
Number of persons	<u>1</u>	<u>1</u>	<u>7</u>	<u>7</u>	<u>-</u>	<u>1</u>		

**36.1** The Chief Executive is provided with free use of a Company maintained car.

**36.2** Remuneration to directors represents fee pertaining to 10 meetings board of directors and committees (2020: 15 meetings) in connection with the financial statements and other matters.

**37. SEGMENT INFORMATION**

The business of the Company is divided into four reporting segments namely:

1. Finance lease operations,
2. Operating lease operations,
3. Term loans and
4. Investments

Finance and operating lease operations include leasing of moveable assets. Term loans include secured loans for tenure ranging from 3 months to 5 years whereas investments include equity and debt securities.

Management monitors the operating segments of its business units separately for the purpose of making decisions about resource allocation and performance assessment.

Other operations, which are not monitored by the management separately, are reported as 'Others'.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

	2021					Total
	Finance lease	Operating lease	Term loans	Investments	Others	
	(Rupees)					
<b>Segment revenue</b>						
Lease income	3,817,227	-	-	-	-	3,817,227
Interest income	-	-	-	1,002,022	189,272	1,191,294
Other income	-	-	-	9,033	37,781,163	37,790,196
Reversal of provision for doubtful leases, loans and other receivables- net	27,139,406	-	2,136,700	-	-	29,276,106
<b>Segment results</b>	<b>30,956,633</b>	<b>-</b>	<b>2,136,700</b>	<b>1,011,055</b>	<b>37,970,435</b>	<b>72,047,823</b>
<b>Unallocated cost</b>						
Financial charges						(38,532,820)
Administrative and operating expenses						(37,726,586)
						(76,259,406)
<b>Profit before taxation</b>						<b>(4,184,583)</b>
Taxation						5,531,701
<b>Profit after taxation</b>						<b>1,347,118</b>

For the year ended June 30, 2021

<b>Other information</b>						
Segment assets	494,105,628	380,365	265,617,711	54,265,866	-	814,369,570
Unallocated assets	-	-	-	-	18,489,554	18,489,554
<b>Total assets</b>						<b>832,859,124</b>
Segment liabilities	285,791,894	-	-	-	-	285,791,895
Unallocated liabilities	-	-	-	-	1,093,457,433	1,093,457,433
<b>Total liabilities</b>						<b>1,379,249,328</b>
<b>Net Liability</b>						<b>(546,390,205)</b>

	2020					Total
	Finance lease	Operating lease	Term loans	Investments	Others	
	(Rupees)					
<b>Segment revenue</b>						
Lease income	4,917,562	-	-	-	-	4,917,562
Interest income	-	-	-	1,788,084	261,358	2,049,442
Other income	-	-	-	7,796	2,046,522	2,054,318
Direct cost of operating leases	-	-	-	-	-	-
Reversal of provision for potential lease losses - net	20,266,717	-	7,199,960	-	-	27,466,677
Reversal of provision for potential losses on short term loan - net	-	-	-	-	-	-
<b>Segment results</b>	25,184,279	-	7,199,960	1,795,880	2,307,880	36,487,999

<b>Unallocated cost</b>		
Financial charges		(51,039,398)
Administrative and operating expenses		(39,721,534)
		<b>(90,760,932)</b>
Profit before taxation		(54,272,933)
Taxation		842,811
<b>Profit after taxation</b>		<b>(53,430,122)</b>

<b>Other information;</b>						
Segment assets	503,357,363	380,400	284,225,914	29,236,789	-	817,200,466
Unallocated assets	-	-	-	-	4,632,205	4,632,205
<b>Total assets</b>						<b>821,832,671</b>
Segment liabilities	295,519,074	-	-	-	-	295,519,074
Unallocated liabilities	-	-	-	-	1,094,070,529	1,094,070,529
<b>Total liabilities</b>						<b>1,389,589,603</b>
<b>Net Liability</b>						<b>(567,756,932)</b>

### 38. FINANCIAL RISK MANAGEMENT

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors have the overall responsibility for establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed from time to time to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

## Notes to the Financial Statements

For the year ended June 30, 2021

### 38.1 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company and arises principally from the Company's lease and loan portfolio and receivables and deposits with banks.

#### 38.1.1 Management of credit risk

The Company manages its credit risk by improving and enhancing its credit risk policies and procedures to have a better control and monitoring on its credit exposures. Therefore, the management on the basis of past events, is continuously working to formulate and strengthen its policies to effectively control and monitor its credit risk. The management is also in the process of negotiation and settlement of its non-performing exposures.

#### 38.1.2 Exposure to credit risk

The Company's maximum credit risk exposure at the reporting date is represented by the respective carrying amounts of the financial assets in the statement of financial position. The Company's exposure to credit risk is inherent in lease and loan receivables and deposits with banks.

The maximum exposure to credit risk at the reporting date is

	<b>2021</b>	<b>2020</b>
	-----Rupees-----	
Long term loans	<b>47,433,850</b>	47,216,607
Net investment in finance leases - net of security deposits held	<b>208,313,734</b>	207,838,289
Bank balances	<b>1,463,607</b>	4,892,741
Short term loans	<b>128,281,135</b>	126,330,635
Trade deposits	<b>1,033,767</b>	1,033,767
Other receivables	<b>229,131</b>	229,271
	<b>386,755,224</b>	387,541,310

#### 38.1.3 The aging of net investment in finance leases (net of security deposits), long term loans and short term loans (on gross basis) at the reporting date was:

	<b>June 30, 2021</b>					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
<b>Past due and impaired:</b>						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	<b>1,036,489,612</b>	<b>(828,175,878)</b>	<b>100,386,576</b>	<b>(52,952,726)</b>	<b>165,231,135</b>	<b>(36,950,000)</b>
<b>Total</b>	<b>1,036,489,612</b>	<b>(828,175,878)</b>	<b>100,386,576</b>	<b>(52,952,726)</b>	<b>165,231,135</b>	<b>(36,950,000)</b>
	<b>June 30, 2020</b>					
	Net investment in finance leases (Net of security deposits)		Long term loans		Short term loans	
	Principal	Provision	Gross	Provision	Gross	Provision
	----- (Rupees) -----					
<b>Past due and impaired:</b>						
- 180 to 365 days	-	-	-	-	-	-
- 366 to 730 days	-	-	-	-	-	-
- more than 730 days	1,063,153,573	(855,315,284)	100,355,533	(53,138,926)	165,231,135	(38,900,500)
<b>Total</b>	1,063,153,573	(855,315,284)	100,355,533	(53,138,926)	165,231,135	(38,900,500)

The benefit of FSV of collaterals has been considered in calculating the provision against non-performing exposures.

#### 38.1.4 The credit quality of the Company's bank balances can be assessed with reference to external credit ratings as follows:

For the year ended June 30, 2021

	Rating as of June 30, 2021		Rating Agency	2021	2020
	Short term	Long term		(Rupees)	
Faysal Bank Limited	A-1+	AA	JCR VIS	32,641	29,353
Samba Bank Limited	A-1	AA	JCR VIS	10,341	10,341
MCB Bank Limited	A1+	AAA	PACRA	1,411,934	4,847,546
National Bank of Pakistan	A-1+	AAA	JCR VIS	5,500	5,500
				<b>1,460,416</b>	<b>4,892,740</b>

### 38.1.5 Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company manages credit risk and its concentration exposure through diversification of activities to avoid undue concentration of risks.

### 38.2 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 will be required to pay its liabilities earlier than expected or will face difficulty 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 table below summarises the Company's financial liabilities into relevant maturity groupings based on the remaining period at the reporting date to contractual maturity date.

	June 30, 2021						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	(Rupees)						
<b>Financial liabilities</b>							
Borrowings from financial institutions	162,801,588	162,801,588	162,801,588	-	-	-	-
Certificates of investment	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	471,172,547	471,172,547	471,172,547	-	-	-	-
Accrued expenses and other payables	7,778,566	7,778,566	7,778,566	-	-	-	-
Long term finances	356,494,894	356,494,894	356,494,894	-	-	-	-
	<b>1,091,796,595</b>	<b>1,091,796,595</b>	<b>1,091,796,595</b>	-	-	-	-
	June 30, 2020						
	Carrying amount	Contractual cash flows	Less than 1 month	1 - 3 months	3 months - 1 year	1 - 5 years	More than 5 years
	(Rupees)						
<b>Financial liabilities</b>							
Borrowings from financial institutions	162,801,588	162,801,588	162,801,588	-	-	-	-
Certificates of investment	93,549,000	93,549,000	93,549,000	-	-	-	-
Accrued mark-up	449,025,140	449,025,140	449,025,140	-	-	-	-
Accrued expenses and other payables	8,501,068	8,501,068	8,501,068	-	-	-	-
Long term finances	378,532,443	378,532,443	378,532,443	-	-	-	-
	<b>1,092,409,239</b>	<b>1,092,409,239</b>	<b>1,092,409,239</b>	-	-	-	-

#### 38.2.1 Breach of loan agreements

Due to liquidity crunch, as of June 30, 2021, the Company had been in default in making repayments in respect of certain short term and long term financing arrangements. As of the reporting date, the total outstanding principal and accrued markup in default amounted to Rs. 612.845 million (2020: Rs. 634.883 million) and Rs. 471.125 million (2020: Rs. 449.025 million), respectively.

**38.3 Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprise three types of risk: interest rate risk, currency risk and other price risk, such as equity risk.

**Interest rate risk**

Interest rate risk arises from the effects of fluctuations in the prevailing levels of markets interest rates on the fair value of financial assets and liabilities and future cash flows. The Company's exposure to fair value interest rate risk is limited as it does not hold significant fixed interest based financial instruments.

At the reporting date, the interest rate profile of Company's interest-bearing financial instruments is as follows:

	Carrying amount	
	2021	2020
	----- (Rupees) -----	
<b>Fixed rate instruments</b>		
Financial assets	13,943,841	14,491,626
Financial liabilities	<u>(306,110,505)</u>	<u>(306,110,505)</u>
	<u>(292,166,664)</u>	<u>(291,618,879)</u>
<b>Variable rate instruments</b>		
Financial assets	1,303,342,884	1,333,435,979
Financial liabilities	<u>(213,729,246)</u>	<u>(235,767,246)</u>
	<u>1,089,613,638</u>	<u>1,097,668,733</u>

**Fair value sensitivity for fixed rate instruments**

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

**Cash flow sensitivity analysis for variable rate instruments**

The Company holds profit earning savings accounts with various banks exposing the Company to cash flow interest rate risk (as detailed in note 5).

A hypothetical change of 100 basis points in interest rates during the year would have increased / decreased loss before tax for the year by the amounts shown below. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. Actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

	June 30, 2021	June 30, 2020
	----- (Rupees) -----	
<b>As at June 30, 2021</b>		
Cash flow sensitivity - Variable rate instruments	<u>10,896,136</u>	<u>(10,896,136)</u>
<b>As at June 30, 2020</b>		
Cash flow sensitivity - Variable rate instruments	<u>10,976,687</u>	<u>(10,976,687)</u>

**Foreign exchange risk**

Foreign exchange risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As of the reporting date, the Company was not exposed to any foreign exchange risk.

**Other price risk**

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. As of the reporting date, the Company was not exposed to any material other price risk.

For the year ended June 30, 2021

### 38.4 Fair value of financial instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in any orderly transaction between market participants at the measurement date. The management is of the view that the fair values of the financial assets and liabilities are not significantly different from their carrying values in the financial statements.

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Following is the fair value hierarchy of assets and liabilities carried at fair value;

	2021		
	Level 1	Level 2	Level 3
	(Rupees)		
Office premises and generators	-	61,596,311	-
Investment in ordinary shares	85,935	-	40,242,909
	<u>85,935</u>	<u>61,596,311</u>	<u>40,242,909</u>
	2020		
	Level 1	Level 2	Level 3
	(Rupees)		
Office premises and generators	-	64,069,714	-
Investment in ordinary shares	74,514	-	14,664,938
	<u>74,514</u>	<u>64,069,714</u>	<u>14,664,938</u>

The carrying amounts of all other financial assets and liabilities reflected in the financial statements approximate their fair values.



Notes to the Financial Statements

For the year ended June 30, 2021

38.5 Financial instrument by categories

**Financial assets**

*Amortized cost*

	2021	2020
	----- (Rupees) -----	
Cash and bank balances	1,571,466	4,978,655
Short term loans	128,281,135	133,530,595
Trade deposits	1,060,469	1,134,689
Other receivables	229,131	229,271
Long term loans	47,433,850	47,216,607
Net investment in finance leases	494,105,628	530,755,445

*Fair value through Other Comprehensive Income*

Short term investments	40,327,083	14,745,163
------------------------	------------	------------

*Fair value through profit or loss*

Short term investments	13,943,841	14,491,626
------------------------	------------	------------

**Financial liabilities**

*At amortised cost*

Long term finances	356,494,444	378,532,443
Security deposits against finance leases	285,791,894	295,519,074
Certificates of investment	93,549,000	93,549,000
Borrowings from financial institutions	162,801,588	162,801,588
Accrued mark-up	471,172,547	449,025,140
Accrued expenses and other payables	9,439,857	7,597,731

2021                      2020

----- (Numbers) -----

39. GENERAL

39.1 Number of employees

As at end of the year	17	17
Average for the year	17	19

39.2 Date of authorization of the financial statements

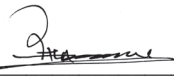
These financial statements were authorized for issue by the Board of Directors of the Company in their meeting held on **30 September 2021**.

39.3 Level of rounding

Figures in these financial statements have been rounded off to the nearest rupee.



Chief Executive Officer



Director



Chief Financial Officer

**PATTERN OF SHAREHOLDING**

# Of Shareholders	Shareholdings'Slab		Total Shares Held
473	1	to 100	11,634
348	101	to 500	107,141
172	501	to 1000	140,143
465	1001	to 5000	1,248,149
110	5001	to 10000	866,996
49	10001	to 15000	635,571
33	15001	to 20000	608,251
23	20001	to 25000	519,464
11	25001	to 30000	304,066
6	30001	to 35000	198,906
7	35001	to 40000	273,325
7	40001	to 45000	301,943
15	45001	to 50000	742,660
7	50001	to 55000	361,173
4	55001	to 60000	232,841
6	60001	to 65000	382,852
1	65001	to 70000	69,000
5	70001	to 75000	369,016
4	75001	to 80000	312,695
3	80001	to 85000	250,104
1	85001	to 90000	85,500
2	90001	to 95000	184,000
6	95001	to 100000	595,072
3	100001	to 105000	314,000
2	105001	to 110000	218,000
1	110001	to 115000	111,000
2	115001	to 120000	235,500
1	120001	to 125000	120,500
2	135001	to 140000	279,000
1	140001	to 145000	142,000
2	145001	to 150000	300,000
1	155001	to 160000	157,796
3	165001	to 170000	497,100
1	170001	to 175000	173,000
1	180001	to 185000	184,553
2	195001	to 200000	398,500
1	200001	to 205000	205,000
1	210001	to 215000	210,745
1	215001	to 220000	215,261
2	225001	to 230000	451,604
2	245001	to 250000	496,764
1	255001	to 260000	260,000
1	260001	to 265000	263,431
1	280001	to 285000	283,940
1	315001	to 320000	318,255
1	335001	to 340000	339,500

## PATTERN OF SHAREHOLDING

# Of Shareholders	Shareholdings'Slab		Total Shares Held
1	345001	to 350000	347,752
1	450001	to 455000	451,080
1	465001	to 470000	470,000
1	510001	to 515000	511,432
1	585001	to 590000	585,500
1	920001	to 925000	923,211
1	1215001	to 1220000	1,218,536
1	1520001	to 1525000	1,522,920
1	1805001	to 1810000	1,806,420
1	1995001	to 2000000	1,997,822
1	4510001	to 4515000	4,514,473
1	15835001	to 15840000	15,835,403
<b>1804</b>			<b>45,160,500</b>

## CATEGORIES OF SHAREHOLDERS

Categories of Shareholders	Shareholders	Shares Held	Percentage
<b>Directors and their spouse(s) and minor children</b>			
NIAZ AHMED KHAN	1	500	0.00
AHSANULLAH KHAN	1	500	0.00
SHEIKH AFTAB AHMAD	1	500	0.00
SYED NAJMUL HASNAIN KAZMI	1	1,000	0.00
MUHAMMAD WAQAR.	1	500	0.00
<b>Associated Companies, undertakings and related parties</b>			
SAUDI PAK IND. & AGR. INV. CO. (PVT) LTD.	1	15,835,403	35.06
PREMIER MERCANTILE SERVICES (PVT) LTD.	2	4,516,048	10.00
MARINE SERVICES (PVT.) LIMITED	2	534,352	1.18
HAROON IHSAN PIRACHA & FAMILY	3	4,547,876	10.07
<b>Public Sector Companies and Corporations</b>	1	500	0.00
<b>Banks, development finance institute, non-banking finance companies, insurance companies, takaful, modarabas and pension funds</b>	8	2,023,911	4.48
<b>Mutual Funds</b>			
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	347,752	0.77
<b>Modarabas and Mutual Funds</b>	1	132	0.00
<b>General Public</b>			
a. Local	1746	16,037,751	35.52
b. Foreign	6	40,500	0.09
<b>Others</b>	28	1,273,275	2.82
<b>Totals</b>	<b>1,804</b>	<b>45,160,500</b>	<b>100</b>
THE SAUDI PAK INDUSTRIAL & AGRICULT. INVESTMENT CO. LIMITED		15,835,403	35.06
PREMIER MERCANTILE SERVICES (PRIVATE) LIMITED		4,516,048	10.00
HAROON IHSAN PIRACHA & FAMILY		4,547,876	10.07

**PROXY FROM**

I/We \_\_\_\_\_ of \_\_\_\_\_  
 \_\_\_\_\_ (full address) being member(s)  
 of Saudi Pak Leasing Company Limited hereby appoint Mr./Ms. \_\_\_\_\_  
 \_\_\_\_\_ of \_\_\_\_\_  
 (full address) or falling him/her Mr. / Ms. \_\_\_\_\_  
 of \_\_\_\_\_ (full address) (being member of the Company as my / our  
 Proxy to attend, act and vote for me/us and on my/our behalf at the **31st Annual General Meeting** of the Company to be held  
 on **October 28, 2021** and at any adjournment thereof.

As witness my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2021

Signed by \_\_\_\_\_

In presence of \_\_\_\_\_

Signature and address of witness

**Please affix Rs.5/- revenue stamp**

**Signature of Member(s)**

Shareholder's Folio No. \_\_\_\_\_

Number of Shares held \_\_\_\_\_

A member entitled to attend and vote at a general Meeting is entitled to appoint a proxy to attend and vote for him/her. A proxy must be a member of the Company.

The instrument appointing a proxy shall be in written under the hand of the appointer of his/her attorney duly authorized in writing, if the appointer is a corporation, under its common seal of the hand of any officer or attorney duly authorized.

The instrument appointing a proxy, together with Power of Attorney, if any, under which it is signed or a notarized certified copy thereof, should be deposited at the Registered Office not less than 48 hours before the time of holding the Meeting.