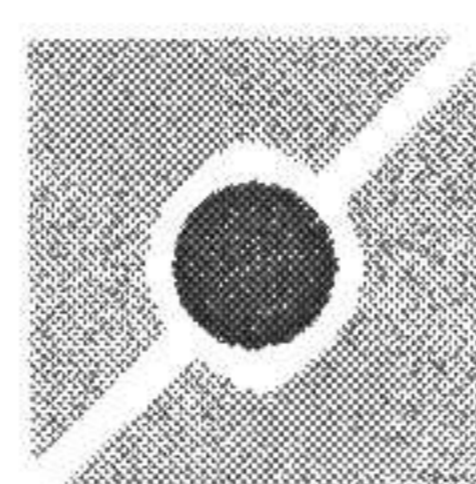


**Security Leasing
Corporation Limited**

Quarterly Report

September 30, 2023



Security Leasing
Corporation Limited

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Mission

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

SLCL intends to achieve its mission by:

Enhancing value for its shareholders and lenders.

Providing efficient and professional services to its customers based on the latest technology.

Developing an efficient and professionally trained human resource.

Following good and ethical business practices.

Vision

SLCL has an infrastructure which can cater to substantial business as such SLCL is well poised to avail opportunities which will be available due to an upsurge in the economy.

The future of the leasing sector is linked to the macro-economic performance of the country's economy. New projects and Investment in Balancing, Modernization & Replacement (BMR) tender more opportunities to generate more business for the leasing sector.

Business Strategy

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

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

1. Enhancing value for its shareholders and lenders

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

2. Providing efficient and professional services to its customers

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

3. Developing an efficient and professionally trained human resource

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

4. Following Shariah injunctions for financing activities

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

Company Information

BOARD OF DIRECTORS

Mr. M Riaz Khokhar

Chairman

Ms. Farah Azeem

Chief Executive Officer

Mr. Zahid Hussain

Mr. Peer Bakhsh Soomro

Ms. Ambereen Israr

Mr. Mujtaba Abbasi

Note: Approval of the above Directors from SECP is awaited

COMPANY SECRETARY

Muhammad Farooq

EXTERNAL AUDITORS

UHY Hassan Naeem & Co.
Chartered Accountants

INTERNAL AUDITORS

Bilal & Co.
Chartered Accountants

LEGAL ADVISORS

Abdul Karim Khan & Co.
Advocates, Legal & Corporate Consultants

TAX CONSULTANTS

UHY Hassan Naeem & Co.
Chartered Accountants

Company Information

REGISTERED & HEAD OFFICE

Block 'B', 5th Floor, Lakson Square No. 3, Sarwar Shaheed Road, Karachi 74200

Tel: UAN 021 - 111-111-902 PRI 021-35205379 Fax: 021 - 3568 9854

Web: www.seclearse.com e-mail: slcl@seclearse.com

BRANCH

Lahore - North Region

D-802, 8th Floor, City Towers,

6-K, Main Boulevard, Gulberg-II, Lahore-54600.

Phone: 042 - 35788660-62 Fax: 042 - 35788659

SHARE REGISTRAR

F. D. Registrar Services (SMC-Pvt) Ltd.

Office # 1705, 17th Floor, Saima Trade Tower-A,

I.I. Chundrigar Road, Karachi-74000.

Tel: 92-21-35478192-93 / 32271906

Fax: 92-21-32621233 E-mail: fdregistrar@yahoo.com

DIRECTORS' REVIEW

The directors are pleased to present their report on the un-audited financial statements of the company for the period ended 30 September, 2023. The total assets of the company as of 30 September 2023 are Rs.549.833 million compared to Rs.551.485 million as of 30th June 2023. During the three month period under review the total revenue of the Company were amounted to Rs.3.59 million compared to Rs.2.98 million during the three month period ended 30 September 2022. The Company has after tax profit of 1.17 million in a period under review as compared to after tax Profit of Rs.0.391 million during the three month period ended 30 September 2022. The earning per share as of 30 September 2023 is Rs.0.03 as compared to the earning per share Rs. 01 as of 30 September 2022.

The Board of Directors after reviewing the situation afresh has concluded that during the year 2023-24 it will be possible for the company to reduce its institutional indebtedness by making payments to the creditors on the basis of substantial discount in respect of which bulk of the creditors have already agreed in principle for settlement with the company on the basis of substantial discount. your directors are hopeful that with anticipated settlement with the creditors in the coming future the company would show positive trend in the coming periods.

Your directors recognize and appreciate the support of the regulatory authorities and the lending institutions as also the dedicated services rendered by the management and the staff of the Company.

For and on behalf of the Board of Directors



Farah Azeem

Chief Executive Officer

Karachi: October 19, 2023

ڈائریکٹر کی رپورٹ

آپ کے ڈائریکٹر کی جانب سے 30 ستمبر 2023 کو ختم ہونے والی سہ ماہی کی ان آڈیٹڈ (Un-Audited) مالیاتی دستاویزات حاضر خدمت ہے۔ 30 ستمبر 2023 کو کمپنی کے اثاثوں کی مجموعی مالیت 549.833 ملین روپے ہے۔ جبکہ 30 جون 2023 کو یہ مالیت 551.485 ملین روپے تھی۔ زیر جائزہ مدت کے دوران کمپنی کی آمدنی کی سطح 3.59 ملین روپے رہی جبکہ گزشتہ سال اس مدت میں یہ سطح 2.98 ملین روپے تھی۔ زیر غور مدت میں کمپنی کا بعد از ٹیکس منافع 1.17 ملین روپے رہا جبکہ گزشتہ سال اس مدت میں بعد از ٹیکس منافع 0.391 ملین روپے تھا۔ 30 ستمبر 2023 کو کمپنی کا فی حصص منافع 0.03 روپے رہا جبکہ گزشتہ سال اس مدت میں فی حصص منافع 0.01 روپے تھا۔ کمپنی کے ڈائریکٹر پر امید ہیں کہ 2023-24 کے دوران مالیاتی اداروں سے حاصل کئے گئے قرضوں کو قابل قدر حد تک کم کرنے میں کامیاب ہو جائیں گے کیونکہ اکثر دیندار کمپنی کو ڈسکاؤنٹ دینے پر تیار ہو چکے ہیں۔ ان تمام عوامل کو مدنظر رکھتے ہوئے اس بات کی قوی امید ہے کہ اگلی سہ ماہی کے نتائج آمدنی کی بہتر سطح، ایکویٹی میں اضافہ، فی حصص آمدنی میں اضافہ جیسے مثبت رجحان کی نشاندہی کریں گے۔

بورڈ اپنے سرمایہ کار قرض دہندہ اور ریگولیٹری اتھارٹیز کے اس مشکل وقت میں مسلسل تعاون پر نہایت شکر گزار ہیں۔ ساتھ ساتھ اپنے تمام عملے کی کوششوں اور ان کی لگن جس کی وجہ سے کمپنی کے آپریشن کو اس مشکل وقت میں جاری رکھنا ممکن ہوسکا، ان کے نہایت ممنون ہیں۔

بورڈ آف ڈائریکٹرز کی جانب سے اور ان کے لیے



فرح عظیم
چیف ایگزیکٹو آفیسر
19 اکتوبر 2023


SECURITY LEASING CORPORATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023


	Note	September 2023 Rupees Un-audited	June 2023 Rupees Audited
ASSETS			
Current assets			
Cash and bank balances	5	665,162	2,064,959
Short term Loan		54,000,000	54,000,000
Advances, prepayments and other receivables		881,683	878,975
Taxation-net		9,276,545	8,875,036
Current maturity of non-current assets	7	97,060,062	97,060,062
Total current assets		161,883,452	162,879,032
Non-current assets			
Long-term deposits		494,500	494,500
Long-term finances	8	-	-
Property and equipment		53,133,787	53,789,753
Property and equipment - Restated		-	-
Deferred tax asset		334,321,868	334,321,869
Total non-current assets		387,950,155	388,606,122
Total assets		549,833,607	551,485,154
LIABILITIES			
Current liabilities			
Accrued and other liabilities		36,518,276	39,341,020
Unclaimed dividend		638,283	638,283
Current maturity of non-current liabilities		481,584,924	481,584,924
Total current liabilities		518,741,483	521,564,227
Non-current liabilities			
Long -term finances	8	-	-
Total non-current liabilities		-	-
Total liabilities		518,741,483	521,564,227
NET ASSETS		31,092,124	29,920,927
REPRESENTED BY SHAREHOLDERS' EQUITY			
Share capital and reserve			
Issued, subscribed and paid-up share capital	10	438,027,750	438,027,750
Reserves	11	(427,934,097)	(429,105,294)
Surplus on revaluation of fixed assets		20,998,471	20,998,471
Total shareholders' equity		31,092,124	29,920,927

CONTINGENCIES AND COMMITMENTS

The annexed notes from 1 to 15 form an integral part of these financial statements.


 FARAH AZEEM
 CHIEF EXECUTIVE OFFICER


 MUHAMMAD FAROOQ
 CHIEF FINANCIAL OFFICER


 M. RIAZ KHOKHAR
 CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	Note	September 2023 Rupees	September 2022 Rupees
REVENUE			
Income from:			
Finance leases		-	-
Other operating income		3,595,364	2,982,406
		3,595,364	2,982,406
Unwinding of financial liability		-	-
		-	-
		3,595,364	2,982,406
EXPENSES			
Administrative and selling		(2,422,789)	(2,489,491)
Finance costs		(1,378)	(925)
		(2,424,167)	(2,490,416)
Operating Profit before Income tax		1,171,197	491,990
Income tax expense			
- current		-	(100,333)
		-	-
(Loss)/Profit for the period		1,171,197	391,657
(Loss)/Earning per share	12	0.03	0.01



FARAH AZEEM
CHIEF EXECUTIVE OFFICER



MUHAMMAD FAROOQ
CHIEF FINANCIAL OFFICER



M. RIAZ KHOKHAR
CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	September 2023 Rupees	September 2022 Rupees
(Loss)/ Profit for the period	1,171,197	391,657
Total Comprehensive (loss)/income for the period	<u>1,171,197</u>	<u>391,657</u>

The annexed notes from 1 to 15 form an integral part of these financial statements.



FARAH AZEEM
CHIEF EXECUTIVE OFFICER



MUHAMMAD FAROOQ
CHIEF FINANCIAL OFFICER



M. RIAZ KHOKHAR
CHAIRMAN


SECURITY LEASING CORPORATION LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	Share capital	Capital Statutory reserve	Reserves		Total
			Revenue	Surplus on revaluation of Fixed assets	
			Unappropriated profit		
----- Rupees -----					
Balance as at June 30, 2021	438,027,750	181,867,005	(589,932,712)	20,998,471	50,960,514
Change in equity for the period ended September 30, 2022					
Profit/(Loss) for the period	-	-	391,657	-	391,657
Balance as at September 30, 2022	438,027,750	181,867,005	(589,541,055)	20,998,471	51,352,171
Change in equity for the period ended June 30, 2023					
profit/ (Loss) for the year			(21,039,587)		(21,039,587)
Balance as at June 30, 2023	438,027,750	181,867,005	(610,972,299)	20,998,471	29,920,927
Change in equity for the period ended September 30, 2023					
Profit/(Loss) for the period			1,171,197		1,171,197
Balance as at September 30, 2023	438,027,750	181,867,005	(609,801,102)	20,998,471	31,092,124


The annexed notes from 1 to 15 form an integral part of these financial statements.



FARAH AZEEM
CHIEF EXECUTIVE OFFICER



MUHAMMAD FAROOQ
CHIEF FINANCIAL OFFICER




M. RIAZ KHOKHAR
CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
STATEMENT OF CASH FLOWS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	Note	September 2023 Rupees	September 2022 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/Profit before income tax including discontinued operation		1,171,197	491,990
Depreciation		655,968	655,968
Finance costs		1,378	925
Unwinding of financial liability/Issue cost of sukuk		-	-
		657,345	656,893
Operating (loss)/profit before working capital changes		1,828,542	1,148,883
Working capital changes			
Decrease in advances, prepayments and other receivables		(2,708)	7,312
Decrease in accrued and other liabilities		(2,822,744)	179,354
		(2,825,452)	186,666
Cash from operations after working capital changes		(996,910)	1,335,549
Financial charges paid		(1,378)	(925)
Taxes paid		(401,509)	(433,087)
		(402,887)	(434,012)
Net cash from operating activities		(1,399,797)	901,537
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property and equipment(net)		-	-
Net cash from investing activities		-	-
Net increase in cash and cash equivalents		(1,399,797)	901,537
Cash and cash equivalents at beginning of the period		2,064,959	332,114
Cash and cash equivalents at end of the period	5	665,162	1,233,651

The annexed notes from 1 to 15 form an integral part of these financial statements.


 FARAH AZEEM
 CHIEF EXECUTIVE OFFICER


 MUHAMMAD FAROOQ
 CHIEF FINANCIAL OFFICER


 M. RIAZ KHOKHAR
 CHAIRMAN

SECURITY LEASING CORPORATION LIMITED
NOTES TO AND FORMING PART OF THE
FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023

1. LEGAL STATUS AND NATURE OF BUSINESS

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

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

- 1.2** Net shareholder's equity of the Company as at September 30, 2023 is Rs. 31.09 million (June 2023: Rs. 29.92 million as compared to the minimum equity level of Rs. 50 million).

Since the start of the financial and economic crisis in Pakistan in October 2008, the financing facilities of the Company were abruptly withdrawn by the banks which resulted in reduction of portfolio of leasing and other finances. The private sector especially NBFCs could not attract any funding in form of either equity or financing facility due to crowding out by high fiscal borrowings of government in the last years. The Company was feeling extraordinary pressure on its repayment capacity due to constant reduction of portfolio and absence of fresh business. Therefore, the Company negotiated on different occasion in previous years with its lenders of long and short term funding.

Mitigating Factors

The main objective of requesting the lenders for full and final settlements of financial liabilities was to increase cash flows and equity of the Company. In addition to these measures, the Company is also taking drastic steps to reduce the administrative costs. These measures will help operationally for the Company as a going concern entity.

The Management is hopeful that settlement with lenders will assist in reducing losses and improving the equity of the Company.

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

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

2. BASIS OF MEASUREMENT

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

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

3. STATEMENT OF COMPLIANCE

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these quarterly accounts is the same as those applied in the preparation of the preceding annual published accounts of the company for the year ended June 30, 2023.

SECURITY LEASING CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	Note	September 2023 Rupees Un-audited	June 2023 Rupees Audited
5 CASH AND BANK BALANCES			
Cash in hand		7,235	-
Balance with State Bank of Pakistan in current account		29,569	29,569
Balances with other banks in:			
-Current accounts		611,874	2,018,906
-Saving accounts		16,484	16,484
		<u>665,162</u>	<u>2,064,959</u>
6 CURRENT MATURITY OF NON - CURRENT ASSETS			
Net investments in leases	7	<u>97,060,062</u>	97,060,062
		<u>97,060,062</u>	<u>97,060,062</u>
7 NET INVESTMENT IN LEASES			
Non performing exposure			
Minimum lease payment receivable		244,615,151	244,615,151
Add: Residual value of leased assets		98,449,557	98,449,557
Gross investment in finance lease		<u>343,064,708</u>	<u>343,064,708</u>
Less: Income suspended		(52,249,428)	(52,249,428)
Provision for potential lease and other losses		<u>(193,755,218)</u>	<u>(193,755,218)</u>
Net investment in leases		97,060,062	97,060,062
Less: Current maturity shown under current assets		<u>(97,060,062)</u>	<u>(97,060,062)</u>
		-	-
8 LONG-TERM FINANCES - secured			
Other than related party			
Privately Placed SUKUKs		231,054,635	231,054,635
Long-term loans		152,124,363	152,124,363
		383,178,998	383,178,998
Less: Current maturity due but not paid			
Privately Placed SUKUKs		231,054,635	231,054,635
Long-term loans		152,124,363	152,124,363
		383,178,998	383,178,998
Less: Current maturity shown under current liabilities			
Privately Placed SUKUKs		-	-
Long-term loans		-	-
		383,178,998	383,178,998
		-	-

SECURITY LEASING CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

	September 2023 Rupees Un-audited	June 2023 Rupees Audited
9 LONG-TERM DEPOSITS		
Security deposits against leases	98,405,926	98,405,926
Less: current maturity of security deposits	98,405,926	98,405,926
	<u>-</u>	<u>-</u>
10 SHARE CAPITAL		
Authorised capital		
75,000,000 (2017: 75,000,000) ordinary shares of Rs. 10 each	750,000,000	750,000,000
50,000,000 (2017: 50,000,000) preference shares of Rs. 10 each	500,000,000	500,000,000
	<u>1,250,000,000</u>	<u>1,250,000,000</u>
Issued, subscribed and paid-up share capital		
22,100,000 (2017: 22,100,000) ordinary shares of Rs. 10 each fully paid in cash	221,000,000	221,000,000
14,200,000 (2017: 14,200,000) ordinary shares of Rs. 10 each issued as fully paid bonus shares	142,000,000	142,000,000
	<u>363,000,000</u>	<u>363,000,000</u>
Preference shares		
7,502,775 preference shares-class A of Rs. 10 each fully paid in cash	75,027,750	75,027,750
	<u>438,027,750</u>	<u>438,027,750</u>
11 RESERVES		
Capital reserve		
Statutory reserves	181,867,005	181,867,005
Revenue reserve		
(Accumulated loss)/Unappropriated profit	(609,801,102)	(610,972,299)
	<u>(427,934,097)</u>	<u>(429,105,294)</u>

SECURITY LEASING CORPORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE QUARTER ENDED SEPTEMBER 30, 2023 (Un-audited)

12 (LOSS)/EARNINGS PER SHARE

	September 2023 Rupees Un-audited	September 2022 Rupees Un-audited
Profit for the period	<u>1,171,197</u>	<u>391,657</u>
Profit attributable to ordinary shareholders-Rupees	<u>1,171,197</u>	<u>391,657</u>
Number of ordinary shares issued and subscribed	<u>36,300,000</u>	<u>36,300,000</u>
Profit per share	<u>0.03</u>	<u>0.01</u>

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

13 CASH & CASH EQUIVALENTS

	September 2023 Rupees Un-audited	September 2022 Rupees Un-audited
Cash & bank	<u>665,162</u>	<u>1,233,651</u>
	<u>665,162</u>	<u>1,233,651</u>


14 DATE OF AUTHORIZATION

These financial statements were authorized for issue on October 19, 2023 by the Board of Directors of the Company.

15 GENERAL

Figures have been rounded-off to nearest rupees.


 FARAH AZEEM
 CHIEF EXECUTIVE OFFICER


 MUHAMMAD FAROOQ
 CHIEF FINANCIAL OFFICER


 M. RIAZ KHOKHAR
 CHAIRMAN