Security Leasing
Corporation Limited

Ref: GS05/0591
December 24, 2019

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

Suspension Of Trading In The Shares Of M/S Security Leasing Corporation Limited.

Dear Sir,

This is with reference to your letter ref. PSX/Gen-6079 dated December 23, 2019 received today regarding Compliance deadline January 22,2020, As you may be aware, SLCL was one of the leading leasing companies of Pakistan until 2008 when the entire leasing sector suffered a huge setback. As a result the lines of credit available to SLCL from banks which propelled the company's entire operations, were suddenly chocked and the process of recovery of leases from the lessees also became much slower day by day. Inspite of all these difficulties SLCL continued to service its debt obligations to the creditors on time until 2011 when because of the difficult evolving situation it was left with no option but to enter into restructuring arrangements with the creditors. The total outstanding debt of the company as of 2008 amounted to Rs. 2.35 billion which after hard work it was able to repay substantially and bring down its total indebtedness to Rs. 744 million as of 30th June 2015. Since then the company has been further successful in reaching realistic settlement with the creditors based on 10% cash down payment in line with company's cash inflow and brought down further its outstanding debt to Rs. 383.17 million only as of 30th June 2019. Its composition is as follows.

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

In the recent past after prolonged discussions with the holders of Sukuk-II, the company has reached settlement with 51% Sukuk holders which now enables it to pay only 10% cash down payment i.e. Rs. 23.105 million instead of Rs. 231.05 million. During this period the company has also reached agreement in principle with Soneri Bank Limited for settlement of their outstandings of Rs. 16.43 million on the basis of down payment of Rs. 2.5 million. Furthermore the company is in negotiation with the Bank of Khyber for settlement of their dues on similar basis. In this context, the Board has decided to sell off its properties in Lahore presently valued at Rs. 75 million to pay off the outstandings of Sukuk-II and Soneri Bank Limited on the basis indicated above hopefully in the near future. As a result of these settlements and agreed down payment, the company is expected to generate a profit which will radically change its picture of profitability, equity, institutional indebtedness and another small liability as shown overleaf.

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Security Leasing Corporation Limited

			As of 30th June 2019	After payment of dues
•	Profitability	:	Rs.(27,613,287)	Rs. 170,026,133
•	Equity	:	Rs. 96,173,639	Rs. 314,811,530
•	Earning per share	:	Rs. (0.76)	Rs. Rs. 4.68
•	Unwinding of Liabilities			
•	under IAS-39	:	Rs. 22,223,400	Rs. 6,012,868
•	Company's outstanding			
•	Indebtedness	:	Rs. 383,178,998	Rs. 135,687,488

It is of importance to mention here that two high net worth parties have already expressed their serious interest in taking over the company and injecting new capital in it once the outstandings of Sukuk-II and Soneri Bank Limited have been cleared by it. In view of the position explained above we request you again not to take any action against the company and give it extension of about one year to enable it to complete the various processes and implement the plan outlined above.

Yours faithfully,

Farah Azeem
Chief Executive Officer