SAUDI PAK LEASING

SAUDI PAK LEASING COMPANY LIMITED

Khurram

No: PSX/SPLCTFC-3/2019- 991

Dated: 21ST November, 2019

Hafiz Maqsood Munshi
Manager
Companies & Securities Compliance –RAD
Pakistan Stock Exchange Limited (PSX)
Karachi

Subject: Restructuring of Term Finance Certificates of M/s. Saudi Pak Leasing Company (SPLCTFC3)

Dear Sir,

This refers to your two letters No. PSX/Gen-417 dated January 25, 2019 and subsequent recent letter No. PSX/Gen-5683 dated November 19, 2019, on the caption Subject. In this connection it is most humbly submitted as under:-

It may kindly be noted that original TFCs were issued of valued of PKR 750 million and have been reduced to an amount of PKR 223.26 million as per our audited balance sheet as on June 30, 2019. The management and the Board are fully aware and duly acknowledge the company's obligations and liabilities to pay the amount to the TFC holders and constantly making all possible efforts very sincerely to achieve these objectives. It was highlighted in the recent briefing about the company given to Mr. Abbas Mirza, Acting Chief Regulatory Officer, PSX, Karachi by our CEO, on 23.10.2019, regarding non-compliance status of the company.

The salient facts and problems being faced by the company are reiterated below for your kind consideration and facilitation as a special case under the rules for achieving the desired targets in the larger interest of the shareholders and creditors of the company.

The company is passing through its most distressed and difficult financial situation with accumulated losses of PKR 1.8 billion and negative equity of PKR 607 million, compounded with the company's Lease an Loan portfolio of and amount of over one Billion, which is badly infected, which has resulted in serious cash liquidity crunch and company's inability to honor its obligations towards creditors.

All income resources are dried up. The company is merely depending for its survival on recovery of stuck up loans leased out to various customers. Major portion of our leased portfolio is in litigation, which is a long and cumbersome process resulting in very slow recovery. However,

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the company is striving its best to arrive at some out of court settlement with parties under litigation to generate liquidity to meets its obligations toward creditors and keep the company going.

The management and Board cognizant of its responsibilities and obligations and willingness to pay the dues of creditors and COI holders have developed a future strategy in the shape of rehabilitation plan based on following points.

i) Expenditure Control
ii) Maximize Cash Inflows
iii) Streamline Inflow vs. Outflows
iv) Change status of the company to Non- Deposit taking Institution to meet MER

The management of the company with the approval of its Board has submitted a draft of its time bond equity compliance /rehabilitation plan on 31st August 2019 to the SECP. The management has emphasized in the plan that based on its endeavor it expects to fully pay off its indebtedness to the COI Holders on priority basis so that it may become compliant with MER required for Non-Deposit taking entity. The Rehabilitation plan is expected to help in revival of the company's operation and pay off its creditors including COIs' holders.

Having submitted as above, we would like to request you to take cognizance of the progress made by the company in rectifying compliance issues and assure you of our best efforts and cooperation in becoming fully compliant with PSX Regulations as soon as possible.

Yours Sincerely

M. Imtiaz Ali

Muhammad Imtiaz Ali
Company Secretary

Copy for information to:-

The Acting Chief Regulatory Officer- PSX, Karachi