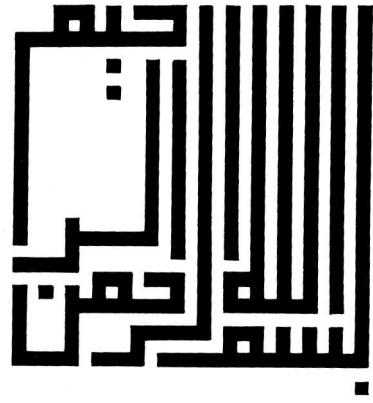




ANNUAL
REPORT
2020



Pak-Gulf Leasing
Company Limited



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Board of Directors

Mr. Sohail Inam Ellahi	Chairman
Mr. Pervez Inam	Director
Mr. Fawad Salim Malik	Director
Brig. Naveed Nasar Khan (Retd.)	Director
Mr. Ismail H. Ahmed	Director
Mr. Jan Ali Khan Junejo	Director
Mr. Naeem Ali Muhammad Munshi	Director
Ms. Naeem Ahmed	Director
Mr. Mahfuz-ur-Rehman Pasha	Chief Executive Officer

Company Secretary

Ms. Mehreen Usama

Audit Committee

Mr. Ismail H. Ahmed	Chairman
Mr. Naeem Ali Mohammad Munshi	Member
Mr. Pervez Inam	Member
Brig. Naveed Nasar Khan (Retd.)	Member
Ms. Farah Farooq	Secretary

Human Resource & Remuneration Committee

Mr. Jan Ali Khan Junejo	Chairman
Mr. Sohail Inam Ellahi	Member
Mr. Pervez Inam	Member
Mr. Ismail H. Ahmed	Member
Ms. Naeem Ahmed	Member
Mr. Mahfuz-ur-Rahman Pasha	Member
Ms. Mehreen Usama	Secretary

Senior Management

Mr. Mahfuz-ur-Rahman Pasha	Chief Executive Officer
Lt. Col. Saleem Ahmed Zafar (Retd.)	Chief Operating Officer
Mr. Khalil Anwer Hassan	Advisor "Business Development, Risk Mngmt. Planning & Compliance"
Lt. Col. Farhat Pervez Kayani (Retd.)	General Manager Punjab
Ms. Mehreen Usama	Chief Financial Officer
Ms. Farah Farooq	Head of Audit
Major Arifullah Lodhi (Retd.)	Manager HR & Administration

Credit Rating Agency

VIS Credit Rating Company Limited

Entity Rating

- A- (Single A Minus) for Medium to Long term
- A-2 (A-Two) for Short term
- Outlook: Stable

Auditors

M/s. Grant Thornton Anjum Rahman
Chartered Accountants
1st & 3rd Floor, Modern Motors House
Beaumont Road, Karachi 75530
Tel # : (92-21) 35672951-56
Fax # : (92-21) 35688834

Legal Advisors

M/s. Mohsin Tayebaly & Company
2nd Floor, Dime Centre,
BC-4, Block # 9, Kehkashan, Clifton,
Karachi.
Tel # : (92-21) 111-682-529
Fax # : (92-21) 35870240

Shariah Advisor

M/s. Alhamd Shariah Advisory Services (Pvt) Ltd.

Bankers
Islamic Banks

Albaraka Bank (Pakistan) Limited

Conventional Banks

Allied Bank Limited
Askari Commercial Bank Limited
Bank Al-Falah Limited
Bank Al Habib Limited
Bank of Punjab
Habib Bank Limited
JS Bank Limited
MCB Bank Limited
MCB Islamic Bank
National Bank of Pakistan
Silk bank Limited
Soneri Bank Limited

Registered Office

UNIBRO HOUSE
Ground and Mezzanine Floor,
Plot No. 114, 9th East Street, Phase I, DHA
Karachi, P.O.Box # 12215, Karachi-75600.
Tel #: ☐ (92-21) 35820301, 35820965-6☐
35824401, 35375986-7
Fax #: ☐ (92-21) 35820302, 35375985
E-mail: ☐ pgl@pakgulfleasing.com
Website: ☐ www.pakgulfleasing.com

Branch Office

202, 2nd Floor, Divine Mega II,
Opp. Honda Point, New Airport Road, Lahore.
Tel #: ☐ (92-42) 35700010
Fax #: ☐ (92-42) 35700011

Registrar / Share Transfer Office

THK Associates (Pvt) Limited
1st Floor, 40-C, Block 6,
P.E.C.H.S., Karachi
Tel # : (92-21) 111-000-322
Fax # : (92-21) 34168271

Mission Statement

The Company will:

- Aim to gain the confidence of all its stakeholders by earning a credible reputation for being an innovative enterprise that is prepared to change in the best interests of its stakeholders.
- Continually monitor structural changes in the various sectors of the economy, and accordingly alter the Company's business strategy to benefit from the emerging opportunities.
- Focus on changing customer needs and strive to improve tangible and intangible returns to its customers by providing service and satisfaction at par with the best in the industry, which would be reflected in prompt risk evaluation and facility disbursement procedures and practices.
- Consciously share and remain part of all initiatives by the leasing industry to play a positive role in the evolution of small and medium-size enterprises to expand the country's industrial base and support economic growth, higher employment, and a better future for all.

Notice is hereby given that the 27th Annual General Meeting of Pak-Gulf Leasing Company Limited will be held at the Company's Registered Office namely, UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-I DHA, Karachi-75500, on Tuesday, October 27, 2020 at 5:00 p.m. to transact the following business:

A. Ordinary Business:

1. To read and confirm the minutes of the 26th Annual General Meeting held on October 23, 2019;
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with Directors' and Auditors' Report thereon;
3. To approve the payment of Cash Dividend to the Shareholders of the Company at the rate of 2.5% (i.e. Rs. 0.25 per share of Rs. 10 each) for the year ended June 30, 2020; and
4. To appoint Auditors for the year 2020-21 and fix their remuneration.

B. Any Other Business

5. To transact any other business with the permission of the Chair.

By Order of the Board

Mehreen Usama
Company Secretary

Karachi: October 05, 2020

Notes:

1. The Register of Members of the Company shall remain closed from October 21, 2020 to October 27, 2020 (both days inclusive).
2. In light of the COVID-19 situation, the Securities and Exchange Commission of Pakistan (SECP), in terms of its Circular No. 5 dated March 17, 2020 and Circular No. 25 dated August 31, 2020, has advised companies to modify their usual planning for general meeting for the safety and wellbeing of shareholders and the public at large with minimal physical interaction.

Considering the SECP's directives, the Company intends to convene this AGM with minimal physical interaction of shareholders while ensuring compliance with the quorum requirement and requests the members to consolidate their attendance and voting at AGM through proxies.

Shareholders interested to participate in the AGM through video link are requested to share below information at companysecretary@pakgulfleasing.com for their appointment and proxy's verification at least 48 hours before the time of AGM

Name of Shareholder <input type="checkbox"/>	CNIC No. <input type="checkbox"/>	Folio No./CDC Account No. <input type="checkbox"/>	Cell No. <input type="checkbox"/>	Email Address <input type="checkbox"/>

Video link for the meeting will be sent to members at their provided email addresses enabling them to attend the meeting on the given date and time.

Login facility will open thirty (30) minutes before the meeting time to enable the participants to join the meeting after the identification process. Shareholders will be able to login and participate in the AGM proceedings through their devices after competing all the formalities required for the identification and verification of the shareholders.

Shareholders may send their comments and suggestion relating to the agenda items of the AGM to the Company Secretary Office at least two (2) working days before the AGM, at the given email address companysecretary@pakgulfleasing.com. Shareholders are requested to mention their full name, CNIC # and Folio/CDC Account # for this purpose.

3. A Member entitled to attend and vote at the Annual General Meeting of Members is entitled to appoint a proxy to attend and vote on his/her behalf.
4. The instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of the power of attorney must be deposited at the registered office of the Company at least 48 hours before the time of the meeting. A form of proxy is enclosed.
5. CDC account holders will further have to follow the under mentioned guidelines as laid down by the Securities and Exchange Commission of Pakistan (SECP).

A. For attending the meeting:

- (i) In case of individuals, the account holder or sub-account holder and / or the person whose securities are in group account and their registration details are uploaded as per the regulations, shall authenticate his/her identity by showing his/her original CNIC or original passport at the time of attending the meeting.
- (ii) In case of corporate entity, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier) at the time of the Meeting.

B. For appointing proxies:

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

Availability of Annual Audited Financial Statements on the Company's website

6. In accordance with the provisions of Section 223(7) of the Companies Act, 2017, the Audited Financial Statements of the Company for the year ended June 30, 2020 are available on the Company's website <http://www.pakgulfleasing.com/Financials.html>, in addition to the annual and quarterly financial Statements for the prior years.

CNIC / NTN

7. The Securities and Exchange Commission of Pakistan (SECP) vide its notification SRO 831(1)/2012 dated 5 July 2012 require that the dividend warrant(s) should bear CNIC number of the registered member or the authorized person, except in case of minor(s) and corporate members. Accordingly, members who have not yet submitted copy of their valid CNIC or NTN in case of corporate entities are requested to submit the same to the Company's Share Registrar. In case of non-compliance, the Company may withhold dispatch of dividend warrants under intimation to regulator till such time they provide the valid copy of their CNIC as per law.

E-Mandate

8. After the promulgation of the Companies Act, 2017 the listed companies are obliged to pay cash dividend through electronic mode only by directly crediting the dividend amount in the designated bank accounts of the entitled shareholders. Accordingly the shareholders who hold shares in physical form are requested to submit the e-dividend mandate to the Company's registered office while the shareholders who hold shares in Central Depository Company are requested to submit the e-dividend mandate to the participants/investor account services of the Central Depository Company Limited. In case of non-compliance, the Company in line with the directions given by the regulator will not be able to make payment of dividend.

Filer and Non-Filer Status

9. Pursuant to the provisions of Finance Act, 2020 effective 1 July 2020, deduction of income tax from dividend payments shall be made on the basis of filers and non-filers as follows:
- For filers of income tax returns 15%
 - For non-filers of income tax returns 30%

Income Tax will be deducted on the basis of Active Tax Payers List posted on the Federal Board of Revenue website. Members seeking exemption from deduction of income tax or are eligible for deduction at a reduced rate are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be.

The shareholders who have joint shareholdings held by Filers and Non-Filers shall be dealt with separately and in such particular situation, each account holder is to be treated as either a Filer or a Non-Filer and tax will be deducted according to his shareholding. If the share is not ascertainable then each account holder will be assumed to hold equal proportion of shares and the deduction will be made accordingly. Therefore, in order to avoid deduction of tax at a higher rate, the joint account holders are requested to provide the details of their shareholding to the Share Registrar of the Company latest by the AGM date.

Deposit of Physical Share in CDC Account

10. As per Section 72 of the Companies Act, 2017 every listed company shall be required to replace its physical shares with book-entry form in a manner as may be specified and from the date notified by the Commission, within a period not exceeding four years from the commencement of this Act, i.e., May 30, 2017.

The Shareholders having physical shareholding are encouraged to open CDC sub-account with any of the brokers or Investor Account directly with CDC to place their physical shares into scrip- less form.

Unclaimed Dividend and/or Bonus Shares

11. Shareholders, who by any reason, could not claim their dividend and/or bonus shares, if any, are advised to contact our Share Registrar to collect/enquire about their unclaimed dividend and/or bonus shares if any.
12. Shareholders are requested to notify change of their addresses, if any, immediately.

Dear Shareholders,

It is my pleasure to present to you a review of the general performance of the Board of Directors of the Company and the efficacy of the role played by it, in accomplishing the Company's objectives for the financial year ended June 30, 2020.

All of us are fully aware of the dramatically enforced changes, all over the world, both socially and economically in the FY-2019-20, as a result of the COVID-19 pandemic. The threat is still not over, albeit the pandemic's impact on Pakistan has mercifully been less damaging than the one faced by other countries.

Notwithstanding the trying circumstances encountered by your Company during FY-2019-20, the Board has made it possible to recommend a Final Cash Dividend Payout to the Shareholders of Company, for their approval at the Annual General Meeting.

All Members of the Company's Board of Directors are fully conversant with the Corporate & Financial Reporting Framework and their duties, roles and responsibilities as Directors of the Company. They collectively acknowledge and pursue their strategic role in achieving the Company's key objectives. Moreover, they are fully focused on the ways and means of regularly enhancing the returns on the investment made by the Company's Shareholders and the compensation attributable to its other stakeholders.

During the year under review, all the members of the Board diligently performed their duties and thoroughly reviewed, discussed and approved business strategies, corporate policies and objectives, financial reports, plans and proposals. All significant issues relating to the Company's performance, during the year, were regularly presented before the Board and duly recorded in the form of Minutes. The Board also exercised rigorous vigilance over compliance by the Company, of PGL's internal policies, as well as the prescribed Regulatory Requirements.

An assessment of the performance of the Board, with regard to its responsibilities, is annually undertaken, with a view to determining its contribution and effectiveness, with respect to the progress and growth of PGL. On the basis of the Board's performance evaluation, the Directors are of the opinion that the Board has been productively involved and immensely useful in successfully handling all its designated responsibilities, including, but not limited to exercising powerful Controls, efficacious management of Risk, vigilant supervision of Procedures and an essential Compliance of all the prescribed Regulatory Reporting Requirements.

Chairman**September 30, 2020
Karachi**

محترم شیئر ہولڈرز (حصص یافتگان)

میرے لیے یہ بات خوشی کا باعث ہے کہ میں آپ کے سامنے بورڈ آف ڈائریکٹرز کی مجموعی کارکردگی جو اُس نے دوران سال 2019-20 میں کمپنی کے مقاصد کو حاصل کرنے کیلئے کی، کا ایک جائزہ پیش کروں۔

ہم سب کو COVID-19 کی ناگہانی آفت کی وجہ سے اُن نافذ شدہ ناگزیر تبدیلیوں کا پورا ادراک ہے۔ جنہوں نے ساری دنیا کو معاشی اور سماجی اعتبار سے متاثر کیا۔ خطرہ ابھی تک ٹلا نہیں ہے۔ باوجود اس کے کہ بیرونی دنیا کے مقابلے میں پاکستان پر اس وبا کے اثرات بدرجہ اتم کم ہیں۔

باوجود تمام تر آزمائشوں اور بیرونی حالات کے دباؤں جنکا کمپنی کو دوران مالی سال 2019-20 کمپنی کو سامنا رہا، بورڈ نے یہ مشکل فیصلہ کر دکھایا کہ کمپنی کے حصص داروں کو نقد ڈیویڈنڈ دینے کا مشورہ آنے والی سالانہ جنرل میٹنگ میں حصص داروں کی اجازت کیلئے دیا جائے۔

کمپنی کے بورڈ آف ڈائریکٹرز کو اپنے کردار اور ذمے داریوں کا پورا ادراک ہے اور کارپوریٹ اور مالی رپورٹنگ فریم ورک سے بخوبی واقف ہیں۔ وہ اپنے اسٹریٹجک کردار کو تسلیم کرتے ہوئے اور اپنی ذمہ داریاں ادا کرتے ہوئے کمپنی کے چنیدہ مقاصد کو پورا کرنے کیلئے بھرپور کوشش کرتے ہیں۔ علاوہ ازیں ان کی ساری توجہ ان طور طریقوں پر مرکوز ہے جن سے کمپنی کے حصص داروں اور دوسرے شراکت داروں کی سرمایہ کاری پر منافع کو بڑھایا جاسکے۔

اس مالی سال کے دوران تمام ڈائریکٹرز نے اپنے فرائض کی ادا نگہی بھرپور طریقے سے کی اور کاروباری حکمت عملی، کارپوریٹ پالیسیز، کمپنی کے مقاصد، مالی رپورٹس، پلان اور تجویزوں کا جائزہ لیتے ہوئے ان پر قابل ذکر بحث بھی کی۔ کمپنی کی کارگزاری کے تمام اہم پہلو بورڈ کے سامنے پیش کئے گئے اور انکو باقاعدہ منٹس کا حصہ بنایا گیا اور ریگولیٹری ضروریات کی تکمیل پر بھی کڑی نظر رکھی گئی۔

بالعموم بورڈ کی اس کارگزاری اور کردار کو جو کہ وہ اپنی پیشہ ورانہ ذمے داریوں کو پورا کرنے اور کمپنی کی نمونگیلے ادا کرتا ہے، کی ہر سال تشخیص کی جاتی ہے۔ بورڈ کی اس سال کی کارکردگی کا جائزہ لینے کے بعد ڈائریکٹرز اس نتیجہ اور رائے پر پہنچے ہیں کہ بورڈ کمپنی کے معاملات میں مثبت طور پر ملوث رہا ہے اور اپنی ذمہ داریوں کو بشمول مؤثر کنٹرول، کامیاب رسک منیجمنٹ اور طریقوں اور کمپلائنس کی مؤثر نگرانی کو بھرپور طریقے سے ادا کیا ہے۔

چیئر مین

30 ستمبر 2020

کراچی

Dear Shareholders,

Your directors are pleased to present the 27th Annual Report of Pak-Gulf Leasing Company Limited (PGL), including Financial Statements and the Auditors' Report, for the year ended June 30, 2020.

OPERATIONAL OVERVIEW

Keeping in view the restrictive operational environment due to COVID-19, the Company's business during the financial year under review could be taken as reasonably satisfactory.

Your Company maintained, during the year, its time-tested policy of writing repeat leases for some of Company's most consistently performing and well-established Customers. Simultaneously, efforts were successfully made for marketing fresh client relationships with credit worthy businesses and entrepreneurs enjoying good market credentials. It has, of late, become a cornerstone of the Company's Credit Policy to derive comfort by securing itself against high exposure by obtaining collateral securities, wherever considered necessary for mitigating risk, in addition to the Assets being leased. As opposed to other leasing companies, which usually rely on leased assets to cover their default risk, your Company, as a consequence of adopting this unique policy has, to a great extent covered itself, against volatile economic conditions leading to delinquencies and defaults relating to leasing exposure.

All new business relationships were undertaken by the Company, after taking into account the related financials of the prospective lessees, their respective market reputation and business track record, in addition to applying other standard risk evaluation techniques for arriving at the viability, both in terms of risk and reward, of the financing proposition offered to the Company. All credit approvals, as a matter of Policy and the established Standard Operating Procedure of the Company, are subject to an independent survey and valuation of the assets to be leased, and/or provided by a lessee as a collateral security, to secure the Company against the relative credit exposure. It is also ensured that all leased and collateral assets are comprehensively insured, for the entire lease term and until its full settlement, by at least a AA-rated insurance company, with the Company's name appearing on the relative Policy as a Loss Payee.

Due to the declining growth rate of the Economy, coupled with negative effects of COVID-19, cash flow / liquidity of some clients of the Company stood impaired to an extent that they were not in a position to pay their monthly lease rentals on time. During the year, such customers requested to either defer the payment of the principal component of the relative agreed lease rentals, or the entire lease rental amount, for a specified period. The Company, after examining each such request on its individual merits, allowed deferment of the payment of principal component of the relative lease rentals for a certain period, subject to the concerned mark-up payment being made by the customers, during this relief period, in accordance with Circular 9 of 2020 dated March 31, 2020 issued by the SECP. During the FY-2019-20, the Recovery Rate stood at 85%.

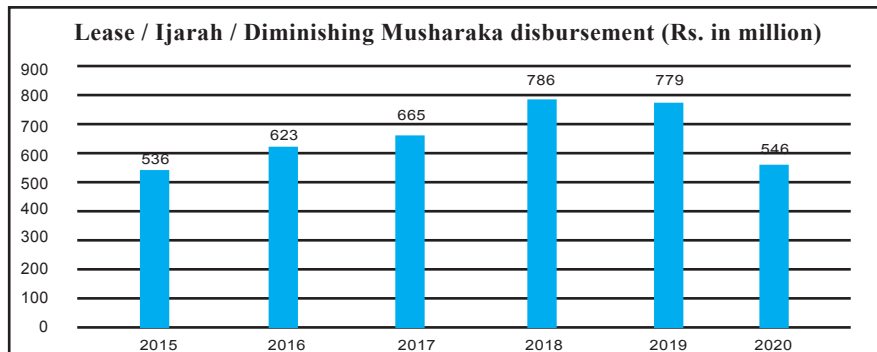
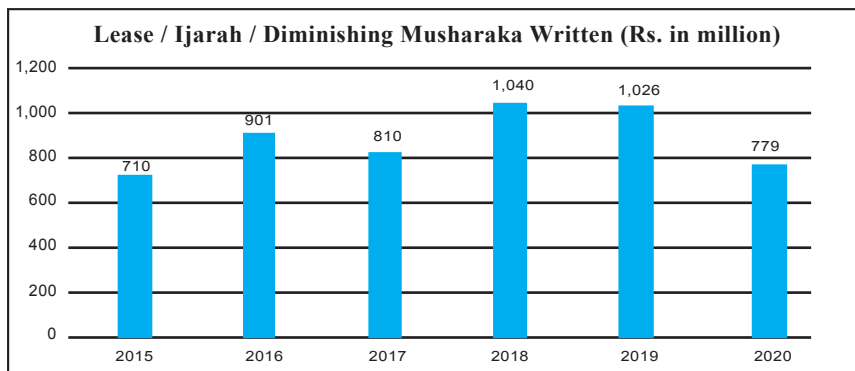
ANALYSIS OF THE COMPANY'S OPERATIONAL AND FINANCIAL PERFORMANCE IN FY-2019-20**Introduction of New Product: Vehicle Finance / Auto-Finance Loan:**

With a view to catering to increasing demand on the part of our Customers for acquiring high value vehicles, a new product namely, Vehicle Finance / Auto-Finance Loan, was launched by your Company during the year. The product envisages financing Customers for purchase of high-end vehicles in their own name, under the Company's lien recorded on the financed vehicle, in addition to obtaining a Power of Attorney for the Vehicle in favor of Company from the concerned customers to ensure repossession and auctioning in case of any default on their part. Comprehensive Insurance in each case is obtained for such Vehicles with the Company being the Loss Payee.

Leases Written and Disbursed

During the year, 49 new leases and 7 Auto-finance Loans of Rs. 778.86 million were written, as compared to 104 leases of Rs. 1,025.51 million written in FY-2018-19. The total lease disbursement amount during FY-2019-20 was Rs. 545.82 million, which was also lower than the corresponding amount of Rs. 778.86 million for FY-2018-19.

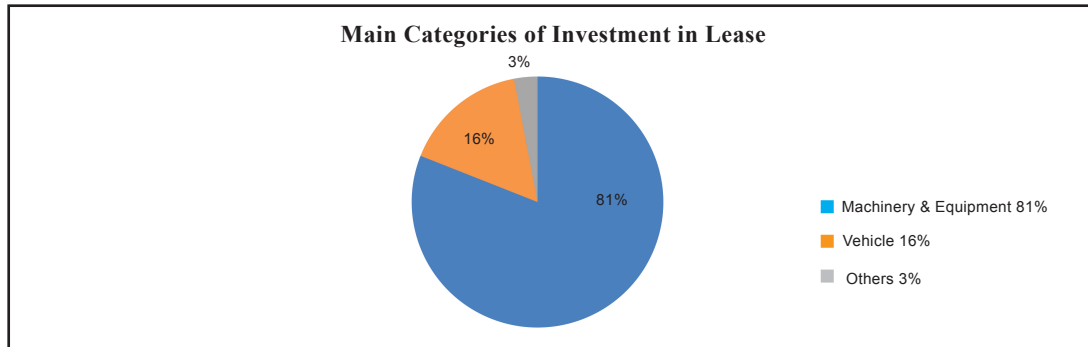
The growth in Financing facilities written and the amount disbursed by your Company, over the past 6 years, is illustrated in the following Chart:



Note: W.E.F 20 April 2016 Ijarah financing has been discontinued.

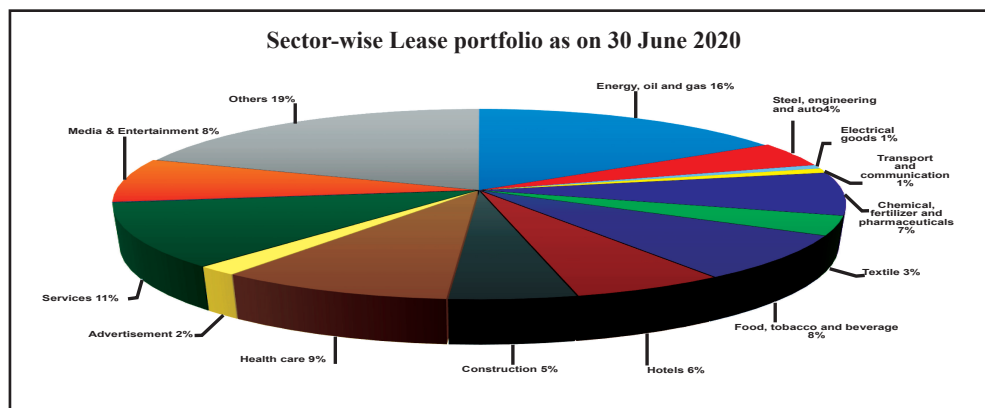
Categories of Investment in Leases

Your Company's core business activity is assets-based financing, as permissible under the various modes prescribed by SECP. With the ultimate recourse for recovery of the Company's exposure being the assets it finances, it is essential that the quality of such assets is well evaluated and an intelligent Assets Diversification Policy is adopted. Keeping in mind the prevailing economic and business conditions affecting the Forced Sale Values of the cumulative Assets Portfolio, over the average life of a financing transaction, a diligent assessment is also made of the marketability of the relative assets in the event of any foreclosures. Collateral securities offered by the Customers are also gauged on the same standards. While doing so, the Company needs also to attend to the Tax Benefits accruing from financing a particular category of assets. The Chart below pictures the breakdown of the Company's Assets-wise Investment in Leasing, as at June 30, 2020:



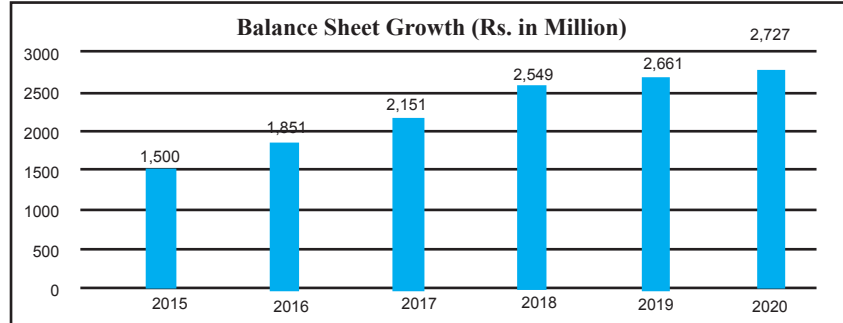
Sector-wise Composition of the Lease Portfolio

Notwithstanding the consideration of the present and the anticipated value of the Assets Portfolio, a prudent Risk Management Policy further demands that the Sector-wise Distribution of the Company's financing transactions is also well-diversified in the light of the contemporary business environment prevailing in the Country. A Chart illustrating, in graphical details, the manner in which the Sector-wise composition of the Company's Lease Portfolio stood as at end of FY-2019-20, is as under:

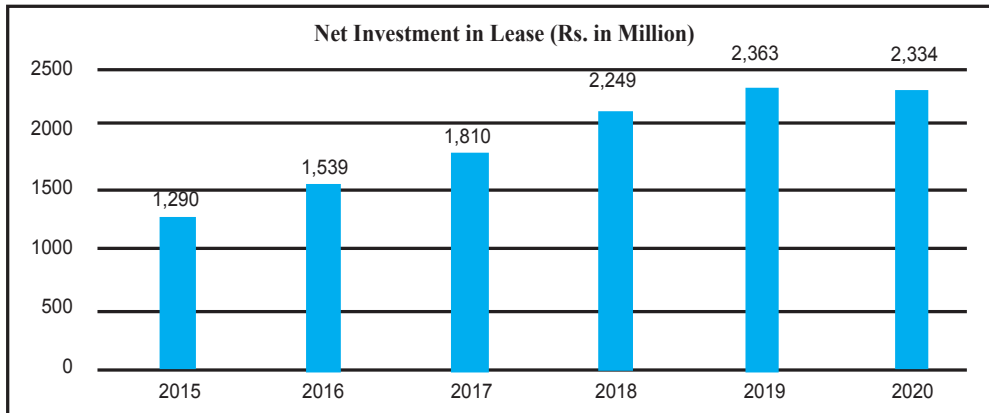


Financial Achievements

The Balance Sheet footings, which stood at Rs. 2,661.79 million as on June 30, 2019 have further increased to Rs. 2,727.33 million as at June 30, 2020. This year-on-year increase of 2.46%, in the total assets of your Company. The Balance Sheet growth of the Company is illustrated in the following Chart:



Gross Investment in Leases stood at Rs. 2,723 million as on June 30, 2020, which was nearly equal to the figure as at June 30, 2019 amounting to Rs. 2,707.69 million. Net Investment in Leases, after deduction of Unearned Income (Rs. 331.318 million), Mark-up held in Suspense (Rs. 24.522 million) and a Provision for Potential Lease Losses (Rs. 33.466 million), amounted to Rs. 2,333.69 million at the end of FY-2019-20, as compared to the corresponding figure of Rs. 2,363.312 million as at June 30, 2019. The growth in Net Investment in Leases of the Company, over the past six (6) years, is shown in the Chart below:



Profitability Performance

After-tax Profit which, for the Financial Year 2019-20 has been recorded at Rs. 10.89 million, as compared to Rs. 64.38 million during FY-2018-19.

EPS for FY-2019-20, due to increase in the provision for doubtful receivables and a higher reliance on interest-based borrowings from commercial banks, during the year, has come down to Rs. 0.43, as compared to Rs. 2.54 for FY-2018-19.

Gross Revenue for the period under review (FY-2019-20), is 8.84% higher at Rs. 265.44 million, as compared to Rs. 243.89 million, for the corresponding period in FY-2018-19.

Leases Written during FY 2019-20 stood at Rs. 773 million, as compared to leases written in FY-2018-19 for Rs. 1,025 million.

Lease Amount Disbursed during FY-2019-20 was Rs. 545.82 million was lower than the corresponding amount of Rs. 778.86 million during FY-2018-19, keeping in view the overall credit and default risk, on the part of the Customers, arising from their inability to optimally operate under COVID-19 restrictions. Exceptional prudence was exercised by the Company in undertaking new exposures, given the prevailing economic and business environment.

Equity of your Company, as per NBFC Regulations, as at June 30, 2020 amounted to Rs. 655.728 million, which is Rs. 155.728 million in excess of the Minimum Equity Requirement of Rs. 500 million.

Comparative Analysis of Profitability Performance For the year ended 30th June	2020	2019	Change %
	(Rupees in Million)		
Income	265.44	243.89	8.84%
Administrative Expenses	68.01	78.83	-13.72%
Financial Charges	114.03	78.01	46.16%
Profit before Taxation	21.62	71.18	-69.63%
Provision for Taxation (including Deferred Tax)	10.72	6.81	57.55%
Profit after Taxation	10.89	64.38	-83.08%
Un-appropriated Profit Brought Forward	302.37	282.58	7%
Profit Available for Appropriation	312.26	346.95	-10%
Appropriations			
Transfer to Statutory Reserve	2.18	12.87	-83.08%
Dividend	19.03	31.71	-40%
Total Appropriations	21.21	44.58	-52.44%
Un-appropriated Profit Carried Forward	291.06	302.37	-3.74%
Earnings Per Share (In Rupees)	0.43	2.54	-83.05%

Dividend / Post Balance Sheet Date Event

Your Directors are pleased to recommend a Cash Dividend of 2.5% to be declared for the Financial Year ended June 30, 2020. The financial statements do not reflect this proposed dividend.

ECONOMIC SCENARIO

The world changed dramatically during the FY-2019-20. On the one hand, the pandemic has put the whole world in a Lockdown and changed the dynamics of ongoing and future economic activities, while on the other, it wiped out any mentionable economic performance by any economy, across the Globe. "The Lockdown", is shaping up into the worst crisis since The Great Depression of 1930s. The economic impact of COVID-19 depends on the pathway of the pandemic, the effectiveness of containment measures, the magnitude of supply disruptions, the impact of tightening in global financial market conditions, changes in spending patterns, behavioral changes and unstable commodity prices. The World Economic Outlook (April, 2020) projects global growth to contract sharply by -3 percent in 2020 and the loss to global GDP over 2020 and 2021 could be around 9 trillion dollars due to the pandemic crisis. The global growth is projected to rebound to 5.8 percent in 2021. However, growth outcomes will be depending entirely on how the pandemic charts in the near future. Consequently, the anticipated negative growth rates are likely to get much worse.

The fundamental weaknesses of Pakistani economy: low tax to GDP ratio, poor savings rate and minimal export growth with negligible value addition etc. were further accentuated by misaligned economic policies like loose monetary policy and an overvalued exchange rate. These anomalies made it difficult to control the twin deficits; the fiscal and the current account. This, in the short term, fueled demand and short-term growth, but has gradually eroded macroeconomic buffers, increased public debt and depleted international reserves. Moving along this path was unsustainable, as it was driving the country towards ever slowing growth and eventual default. The shift in the economic and monetary policies, undertaken by the present government, through its policy of adjustments and structural reforms, has changed the course entailing readjustment in the fiscal and monetary policies. The stabilization process gained momentum with the commencement of the IMF's 39-months Extended Fund Facility (EFF) arrangement program in July 2019. The stabilization measures implemented to reduce the twin deficits had a profound impact on economic activity during the year.

As the new fiscal year FY-2019-20 began, the economy started to witness a remarkable turnaround, confirming that the Government had taken appropriate policy actions to address the macroeconomic imbalances. However, as the economy was transitioning from stabilization to growth, the outbreak of

Coronavirus (COVID-19), during the second half of current fiscal year, brought multifaceted challenges for Pakistan to preserve the economic gains achieved as a result of various efforts to improve the fundamentals of the economy. Not contrarily to the situation faced by the entire world, Pakistan's economy has also been affected due to COVID-19 outbreak on various accounts, such as a decline in domestic as well as global demand, down turn in tourism and business travel, Trade and production linkages and Supply disruptions etc. The rapid spread of the COVID-19 virus, since February 2020, has brought economic activity to a near-halt. However, magnitude of economic losses will depend on intensity and duration of COVID-19.

As the economy has been subjected to demand and supply shocks, the FY-2019-20 has witnessed a contraction in economic activity. The provisional GDP growth rate for FY-2019-20 is estimated at negative 0.38 percent on the basis of 2.67, -2.64 and -0.59 percent growth in agricultural, industrial and services sectors respectively. For FY-2019-20, the negative performance of both Industry and Services overshadows the growth in the agriculture sector. With the objective of reducing propagation of COVID-19, social distancing was implemented which resulted in lockdowns; which, in turn, severely affected activity in contact intensive businesses. Thus, the negative impact of COVID-19 has been so pronounced that the services sector has posted negative growth of 0.59 percent. To invigorate the growth, the government has announced Rs 1.24 trillion relief package. The SBP has also taken various steps including reduction in its policy rate to 8 percent, refinancing schemes for medical centers and various incentives for export-oriented industries etc. There has been considerable support from the international lenders. The IMF has given a one-year extended repayment relief to Pakistan, amid the pandemic and an additional US\$1.386 billion have been given under the Rapid Financing Instrument to address the adverse economic impact of the COVID-19. Aid packages from Asian Development and the World Bank, along with inclusion by G-20 in their debt relief program, will enable the economy to greatly make up for the projected loss. As the economy slowly reopens, it is expected that the adverse impact of COVID-19 will be bottoming out sooner than later. However, the framework for recovery will depend on various factors like the extent of adverse impact on various sectors, duration as well as severity of lockdowns and the associated risks. The outlook, therefore, carries challenges due to uncertainties associated with it. However, fiscal stimulus package of Rs 1.24 trillion announced by the Government, along with measures taken by State Bank of Pakistan for providing liquidity support to households and businesses, are likely to counteract against the current economic downturn and provide much needed relief to the suffering population.

In order to absorb the inflationary pressure and to contain an overheated economy through domestic demand, SBP increased the policy rate by 100 bps to 13.25 percent in the beginning of the FY-2019-20. However, SBP has reversed its monetary policy stance due to improved outlook for inflation on the back of decreasing domestic food prices, sharp fall in global oil prices and decline in demand pressures due to COVID-19. It reduced the policy rate by a cumulative 625 bps to 7 percent in five consecutive decisions between March 17th and June 25th.

The Company would need to closely watch and constantly monitor the emerging position of the economy, to withstand the pressures caused by the prevailing situation taking a much adverse turn. Caution has been the hall mark of the Company, throughout its operations, over the years. The Company might need to exercise this attribute to the maximum extent in the times to come.

FUTURE PROSPECTS

Assets-backed financing, particularly Leasing, relies heavily on the ability of the borrowers'/lessees' cash flow generation capacity to ensure prompt and punctual servicing of their respective liabilities. None of the financial institutions is in the business, either of initiating foreclosures, or managing the businesses of its defaulting borrowers.

A sound economic environment is a must for any business to prosper and progress. The Company has a cautiously optimistic outlook with respect to the coming year, based on the positive trends on the anticipated economic front and increased political stability. All businesses must have the ability to enjoy adequate profit margins, leaving them with enough room, in terms of liquidity needed to promptly and punctually honor their repayment commitments, towards their lenders or financiers. For the present at least, the capacity of businesses to service their debts is impaired by diminishing profit margins, resulting from an escalating cost of inputs and direct or indirect taxation.

Lack of support from commercial banks in advancing credit to the Private Sector is further eroding the propensity of businesses for undertaking much needed initiatives for improving their efficiency and output. This scenario is leading more and more entrepreneurs to seek financial support through leasing transactions,

which are relatively expensive to afford, but do carry the advantage of some tax benefits for the lessees. Leasing companies are now faced with the situation of an increase, in terms both of the number of prospective lessees, as well as the quantum of their financial demands. At the same time, these companies are finding the commercial banks increasingly shy in supporting them with the required amount of liquidity for funding the quantitative rise in demand for leasing finance.

The Spread being demanded by commercial banks for lending to leasing companies, has always been on a much higher side. To make the matters worse, the lending banks are also looking for collateral securities, before undertaking any credit commitment for the Leasing Sector. Leasing companies are, therefore, faced with the dilemma of having to raise funds on tougher terms and at higher interest rates for financing the requirements of their lessees at rates, which might make it difficult for such lessees to afford.

To further compound the problems for the Leasing Companies, commercial banks (particularly, Islamic Banks or Islamic Banking Divisions of commercial banks) have become exceedingly active in offering the Islamic equivalent mode of leasing namely, Ijarah to the public. With their low cost of funds, such banks can write leases at rates, which are hard to match by the leasing companies. The situation is compounded by Modarabas, which enjoy an almost Tax Free Status, also serving as tough competitors to the leasing companies.

Notwithstanding the foregoing constraints, your Company is gearing up to face the challenge by diversifying the Company's activities to the extent possible under the SECP Regulations. During FY-2019-20, the Company made use of the provision, under the Rules, of apportioning a part of our overall financing portfolio, to Term Financing by launching our Vehicle Finance (Auto Loans) Scheme. There is a cap of 30% on our total portfolio up to which we are allowed to carry out non-leasing business. We are glad to share with you that good and fully secured Auto Loan Facilities were granted by the Company during FY-2019-20. We have also been in touch with the Government & IFC sponsored Mortgage Refinance Company of Pakistan (MRCP), with the intent of being used as a conduit to their refinancing facilities, at preferential rates, for purchasing real estate and financing construction thereon. This facility shall be available for construction and/or purchase of housing and/or commercial purposes, against mortgage of the relative properties. The Company would not need liquidity for the purpose, which shall be provided by MRCP, but only marketing, risk evaluation and administration and monitoring of such facilities shall be undertaken by the Company, for which we already have the required Human Resource and professional expertise.

TAXATION

The Federal Board of Revenue (FBR), despite a number of representations made by your Company, even at the level of the Finance Minister, has remained oblivious to the predicaments of the Leasing Sector, as a whole, with respect particularly to privately-owned leasing companies. Leasing is all about Tax Management. In the absence of an enabling and conducive taxation regime, it is almost impossible for a leasing company to maintain its profitability profile.

Two adverse tax measures have been undertaken by the FBR from the standpoint of leasing companies. To begin with, the Initial Depreciation Allowance admissible, for a first time use of assets in Pakistan, has been halved to 25% from the originally available rate of 50%. This has, in one sharp blow, curtailed the ability of leasing companies to enjoy temporary Tax Losses arising from Depreciation on leased assets, thereby reducing their appetite for financing larger amounts of Plant & Equipment.

The second discouraging step taken under The Federal Finance Act 2014 was the introduction of an Alternate Corporate Tax (ACT) @ 17%, which has been retrospectively applied on Accounting Income, starting from Tax Year 2014. This has increased the tax burden on leasing companies, as compared to other financial institutions engaged in a similar business activity, such as banks and modarabas that stand exempted from the ACT. Your Company has filed a Constitutional Petition in Sindh High Court against the imposition of ACT. It is hoped, that the Company would be exempted from a levying of this Tax, as a result of the Company's Petition.

Vide Finance Bill 2021 the FBR has made amendment in Section 22 of the Income Tax Ordinance, 2001, under which there will be a Split of depreciation allowance in the year of purchase and in the year of disposal (50% each). However, we believe that the present regime of depreciation does not require any change. The depreciation rate in the first year is quite reasonable while depreciation in the year of disposal is of no consequence, as in that year the left over written down value (WDV) is deducted from the cost

of disposed of assets to arrive at the resultant gain or loss liable to tax.

Vide Finance Bill 2021 lease rental paid by a lessee to financial institutions on account of a passenger transport vehicle not plying for hire has been restricted to Rs. 2.5 million This is in addition to the restriction on the cost of depreciation of passenger transport vehicle not plying for hire to the extent of Rs. 2.5 million applicable on leasing companies. The introduction of this provision would adversely affect the auto finance lease portfolio of the leasing companies to a considerable extent.

The Corporate Tax Rate, currently standing at 29%, has been approved to be maintained at 29% in the Finance Bill 2021. However, some preferential Tax Reforms shall also be needed for the Leasing Sector per se, with the intent of reducing the incidence of Taxation thereon, for making Leasing Companies as viable as Banks and Modarabas.

On June 15, 2016, Order-in-original No. 551 of 2016 was passed by the Assistant Commissioner of Sindh Revenue Board (SRB) under section 23, 43(2)(3)(6d) of the Sindh Sales Tax on Services Act, 2011(the Act), whereby sales tax demand of Rs. 3.199 million was created against the Company for Tax Years 2012 to 2015. This demand included sum of Rs. 2.353 million being sales tax charged on income from Gross Ijarah operations. An appeal was filed against the said Order before the Commissioner (Appeals) of the SRB by the Company, under section 57 of the Act, which was not allowed by the Commissioner (Appeals) vide his Order-in-Appeal No. 20 of 2017 dated March 01, 2017. An appeal against the order of Assistant Commissioner of SRB and Order-in-Appeal of Commissioner (Appeals) was also filed by the Company in the Appellate Tribunal (AT) of SRB, under section 61 of the Act, which has also been dismissed by the AT of SRB vide its Order in Appeal No. AT-18/2017 dated April 30, 2019 on the ground that Ijarah transactions being undertaken by the Company are similar to an operating lease arrangement in which sales tax is chargeable on Gross Ijarah rental amount. The Company has filed a reference against the order of the AT of SRB in the Honorable High Court of Sindh and on June 10, 2019 has been granted a stay against the recovery of the disputed tax demand by the SRB. As demand created by the SRB was unrealistic and much more than the profit earned by PGL on Ijarah operations, therefore the Board of Directors of the Company, in their Meeting held on 20 April 2016, decided not to further engage in Ijarah financing. If this state of affairs persists, sooner or later, banks and other NBFIs would also need to disengage from Ijarah financing, resulting in a serious setback for Islamic Financing.

CORPORATE GOVERNANCE

Your Company is complying with the requirements of "The Listed Companies (Code of Corporate Governance) Regulations, 2019" (the 'Code') as and where applicable in both letter and spirit. The Review Report of the External Auditors to the Members, represented by the Statements in Compliance with the Best Practices of the Code of Corporate Governance, is appended to this Report.

Board of Directors

The Board of your Company comprises of the following Members, appointed at the Extra-Ordinary General Meeting held on April 22, 2019, each for a tenure of three (3) years:

S.No.□	Name of Member
1□	Mr. Sohail Inam Ellahi
2□	Mr. Pervez Inam
3□	Mr. Fawad Salim Malik
4□	Mr. Brig.Naveed Nasar Khan (Retd.)
5□	Mr. Ismail H.Ahmed
6□	Mr. Jan Ali Khan Junejo
7□	Mr. Naeem Ali Muhammad Munshi
8□	Ms. Naeen Ahmed **
9□	Mr. Mahfuz-ur-Rehman Pasha

Of a total number of Nine (09) Directors, presently comprising the Board of the Company, Eight (8) directors are male and One (1) is female. The Board has Three (03) Independent and Five (05) non-executive directors, and One (01) Executive Director represented by the Chief Executive Officer of the Company.

** Ms. Naeen Ahmed was appointed as Director of the Company wef September 26, 2019 by the directors to fill in the casual vacancy.

Till June 30, 2020 Five (05) directors of the Company have acquired the required Certificate of Directors Training Course, while One (01) is exempted from this requirement.

It is to be noted that changes taking place, from time to time, in the domestic and international business environment, along with regulatory changes, were regularly discussed between the Directors in the BOD Meetings held during the year.

Human Resource and Remuneration Committee (HR & RC)

In line with the requirements of the Code of Corporate Governance, the Human Resource and Remuneration Committee (HR & RC) of the Board of Directors of your Company comprises of the following members:

S.No.	Name of Member	Designation
1.	Mr. Jan Ali Khan Junejo	Chairman
2.	Mr. Pervez Inam	Member
3.	Mr. Sohail Inam Ellahi	Member
4.	Mr. Ismail H. Ahmed*	Member
5.	Ms. Naueen Ahmed*	Member
6.	Mr. Mahfuz-ur-Rehman Pasha	Member
7.	Ms. Mehreen Usama	Secretary

During the FY 2019-20 two (2) meeting of the HR & RC were held.

*The Board of Directors approved these as members of HR & RC in the Board meetings held during FY 2019-20.

Audit Committee

The Board of Directors, in compliance with the Code of Corporate Governance, has established an Audit Committee consisting of the following directors. During the year under review, Four (04) meetings of the Audit Committee were held. The meeting-wise attendance details of are given below:

S.No.	Name of Member	Designation	No. of Meetings Attended
1.	Mr. Ismail H. Ahmed	Chairman	4
2.	Mr. Pervez Inam	Member	4
3.	Brigadier (R) Naveed Nasar Khan	Member	4
4.	Mr. Naeem Ali Muhammad Munshi	Member	3
5.	Ms. Farah Farooq	Secretary	4

Directors' Remuneration

The Company has a policy in place that ensures formal and transparent procedures for fixing the remuneration of Directors. The remuneration payable to the Directors for attending Board meetings is duly fixed and approved by the Board.

Corporate Social Responsibility

As a part of its corporate social responsibility, the Company provided customized rashan bags to the needy during the month of Ramadan in FY-2019-20.

Credit Rating

It should be a matter of great satisfaction for the Company's Shareholders to note that VIS, following a detailed analysis and evaluation of your Company's performance, on June 30, 2020, re-affirmed the Company's Entity Ratings as under:

- Medium to Long-term Rating: A-;
- Short-term Rating: A-2; and
- Outlook: Stable.

Auditors

For FY-2019-20, Messers Grant Thornton Anjum Rahman were appointed as statutory auditors of the Company. The retiring auditors being eligible for re-appointment have given their consent to act as statutory auditors of the Company for FY-2020-21.

The Board of Directors wishes to place, on record, its appreciation for the high standards of professionalism, integrity and ethics maintained by Messers Grant Thornton Anjum Rahman, during their tenure as Auditors of the Company.

As recommended by the Audit Committee, the Board has approved the proposal to re-appoint the retiring auditors, Messers Grant Thornton Anjum Rahman as the statutory auditors of the Company for FY-2020-21, subject to the approval of the shareholders in the forthcoming Annual General Meeting of the Company.

Acknowledgements

The Board would like to place on record its appreciation for the management team of your Company, and each and every member of its staff, for their hard work and dedication, which has been reflected in a consistently maintained and satisfactory performance of your Company under a challenging economic environment. We, the Members of the Board, as representatives of the Shareholders of the Company, assure the management and staff of the Company of our continued support and commitment towards strengthening the Company and leading it to maintain its growth and performance. We are confident, that the management and the staff will continue to serve the customers of the Company with the same zeal, as demonstrated by them in all the previous years, enabling your Company to further improve its reputation in the financial services sector of Pakistan.

The Board also acknowledges the cooperation and guidance extended to the Company by the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP) and other regulatory authorities. Their role is critical in developing the Financial Services Sector and we hope that their actions will continue to strengthen this sector. The Board would also like to praise the NBFIs & Modaraba Association of Pakistan for its assistance and support in professionally safe-guarding your Company's interest.

At the end, we would like to thank our valued Shareholders, Customers, Bankers, Investors and other Stakeholders for their valuable support during the year. We look forward to reinforcing and building this relationship further, in the years to come.

Silver Jubilee of establishment of the Company

On December 26, 2019, your Company crossed the milestone of having existed for 25 years. Your Company, almost throughout this long period, has been a profitable entity, in addition to growing from strength to strength. We feel that this is a matter of great jubilation and pride for your Company and are pleased and honored to congratulate all who have been associated with the Company, at any time, during the quarter of a century, since PGL's incorporation.

Statements in Compliance with the Code of Corporate Governance

The Board of Directors has reviewed the Code of Corporate Governance and confirms the correctness of the following statements to the best of its knowledge and belief:

- Financial statements prepared by the management of Pak-Gulf Leasing Company Limited present fairly, its state of affairs, the result of its operations, cash flows and changes in equity.
- Proper books of account of the Company have been maintained.
- Appropriate accounting policies have been consistently applied in preparation of the financial statements and the accounting estimates presented in the report are based on reasonable and prudent judgment.
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom have been adequately disclosed and explained.

- The system of internal control is sound in design, and has been effectively implemented and monitored.
- There is no significant doubt upon the Company's ability to continue as a going concern.
- There was no trade in shares of the Company, carried out by its directors, CEO, COO, CFO, Company Secretary, Head of Internal Audit and/or their spouses and minor children.
- There has been no material departure from best practices of corporate governance, as detailed in the listing regulations.

Pattern of Shareholding

Pattern of Shareholdings, as required by the Code of Corporate Governance, as at June 30, 2020, is appended at the end of this Report.

Significant deviations in the operating results, from the preceding financial year, have been explained at the beginning of this Report, along with reasons thereof.

Key Operating and Financial Data for the last six (6) years 2015 – 2020

Year ended 30th June	2020	2019	2018	2017	2016	2015
Operational Results:	----- Rupees -----					
Revenues	265,444,647	243,892,047	200,380,195	172,211,411	151,671,360	120,800,853
Lease Revenue	245,567,212	218,862,571	178,154,663	153,030,380	142,475,688	117,152,534
Profit before Taxation	21,619,234	71,185,355	80,602,379	65,501,467	51,186,129	54,260,991
Profit after Taxation	10,894,248	64,378,140	69,368,392	47,076,209	40,714,397	50,284,982
Finance Cost	114,025,954	78,012,463	47,682,251	30,121,776	28,093,726	20,306,096
Provision for Potential Lease Losses	-30,838,117	-1,307,173	-442,820	-	-	-52,620
Provision for lease receivables held under litigation	-20,437,925	-4,918,495	1,066,665	-	-	-
Provision for insurance premium and other receivables	-1,048,759	-	-	-	-	-
Provision against diminishing Musharaka receivable	-9,394,499	-9,394,500	-	-	-	-
Proposed dividend %	2.50%	7.50%	12.50%	7.50%	5%	-
Statement of Financial Position:						
Shareholders' Equity	655,727,867	664,814,384	632,104,936	581,720,337	545,305,956	505,500,727
Surplus on Revaluation of Assets	90,504,204	90,504,204	90,504,204	89,229,496	79,356,037	41,949,605
Other Reserves	405,412,115	414,443,364	382,833,609	329,676,712	293,197,975	249,535,302
Working Capital	381,076,282	208,524,942	10,454,214	(102,605,219)	9,289,967	31,071,397
Non-current Liabilities	1,262,394,151	1,286,555,078	986,792,933	755,442,822	657,223,195	486,656,368
Long-term Loans	29166,665	49,999,996	20,833,331	37,499,999	-	-
Investments	64,508,233	63,465,086	62,555,748	66,467,011	43,458,506	28,206,036
Financial Ratios:						
Income / Expense Ratio	1.46	1.55	1.66	1.61	1.51	1.82
Earning per Share (in Rs)	0.43	2.54	2.73	1.86	1.60	1.98
Debt / Equity Ratio	0.68	0.67	0.31	0.06	NIL	NIL
Current Ratio	1.53	1.34	1.01	0.86	1.02	1.07

Board Meetings

Four (04) Meetings of the Board of Directors of your Company were held during the year under review. Details of attendance are as follows:

S. No. □	Name of Director □	No. of Meetings Attended
1 □	Mr. Sohail Inam Ellahi □	4
2 □	Mr. Pervez Inam □	4
3 □	Mr. Fawad Salim Malik □	2
4 □	Brig. Naveed Nasar Khan (Retd.) □	4
5 □	Mr. Ismail H. Ahmed □	4
6 □	Mr. Jan Ali Khan Junejo □	4
7 □	Mr. Naeem Ali Muhammad Munshi □	3
8 □	Ms. Sitwat Farrukh * □	-
9 □	Ms. Naueen Ahmed ** □	2
10 □	Mr. Mahfuz-ur-Rehman Pasha	3

* Ms. Sitwat Farrukh resigned from the directorship of the Company with effect from July 19, 2019.

** Ms. Naueen Ahmed was appointed as director of the Company wef September 26, 2019

Statutory Payment of Rs. 2,674,502 on account of taxes, duties, levies and/or charges was outstanding against the Company as on June 30, 2020.

Value of Investments of the Staff Provident Fund stood at Rs. 6,161,572 as at June 30, 2020. This represents funds placed with a rated commercial bank and investment in the registered units of the National Investment Trust.

Chief Executive Officer □

Director

September 30, 2020
Karachi

میںنگلز کی تعداد جن میں شرکت کی	ڈائریکٹرز کے نام	نمبر شمار
4	جناب سہیل انعام الہی	1
4	جناب پرویز انعام	2
2	جناب فواد سلیم ملک	3
4	بریگیڈیئر (ر) نوید نصر خان	4
4	جناب اسماعیل ایچ احمد	5
4	جناب جان علی خان جونجو	6
3	جناب نعیم علی محمد شی	7
-	محترمہ سطوت فرخ *	8
2	محترمہ نوین احمد **	9
3	جناب محفوظ الرحمان پاشا	10

* محترمہ سطوت فرخ نے 19 جولائی 2019 سے کمپنی کی ڈائریکٹرشپ سے استعفیٰ دے دیا۔
** محترمہ نوین احمد کا 26 ستمبر 2019 کو کمپنی کے ڈائریکٹر کی حیثیت سے تقرر ہوا۔

ٹیکس، ڈیوٹی، لیویز اور چارجز کی مد میں 2,674,502 روپے کی قانونی ادائیگی مورخہ 30 جون 2020 تک کمپنی پر واجب الادا ہے۔

اسٹاف پراویڈنٹ فنڈ (Provident Fund) میں سرمایہ کی مالیت 30 جون 2020 کو 6,161,570 روپے ہے۔ یہ نیشنل سیوننگ ٹرسٹ کے رجسٹرڈ یونٹ میں سرمایہ کاری اور کمرشل بینک میں رکھے ہوئے فنڈز کا مجموعہ ہے۔

ڈائریکٹر

چیف ایگزیکٹو آفیسر

30 ستمبر 2020

کراچی

پچھلے چھ سال کا اہم آپریٹنگ اور فائنانشل ڈیٹا (2015-2020)

2015	2016	2017	2018	2019	2020	اختتام سال 30 جون
						آپریٹنگ نتائج
120,800,853	151,671,360	172,211,411	200,380,195	243,892,047	265,444,647	آمدنی
117,152,534	142,475,688	153,030,380	178,154,663	218,862,571	245,567,212	لیز آمدنی
54,260,991	51,186,129	65,501,467	80,602,379	71,185,355	21,619,234	منافع قبل از ٹیکس
50,284,982	40,714,397	47,076,209	69,368,392	64,378,140	10,894,248	منافع بعد از ٹیکس
20,306,096	28,093,726	30,121,776	47,682,251	78,012,463	114,025,954	مالیات لاگت
-	-	-	1,066,665	-4,918,495	-20,437,925	قانونی چارہ جوئی والی لیزز کے نقصان کے لئے مختص رقم
-52,620	-	-	-442,820	-1,307,173	-30,838,117	ممکنہ لیز نقصان کے لئے مختص رقم
-	-	-	-	-	-1,048,759	ممکنہ انشورنس نقصان کے لئے مختص رقم
-	-	-	-	-9394,500	-9,394,499	ممکنہ ڈی بیٹنگ مشارک کے لئے مختص رقم
-	5%	7.5%	12.50%	7.5%	2.5%	سفارش کردہ حصص منافع
						بیلنس شیٹ
505,500,727	545,305,956	581,720,337	632,104,936	664,814,384	655,727,867	شیئر ہولڈرز ایکویٹی
41,949,605	79,356,037	89,229,496	90,504,204	90,504,204	90,504,204	قدر کے دوبارہ تعین کے بعد فاضل آمدنی
249,535,302	293,197,975	329,676,712	382,833,609	414,443,364	405,412,115	محفوظ سرمایہ
31,071,397	9,289,967	-102,605,219	10,454,214	208,524,942	381,076,282	کاروباری سرمایہ
486,656,368	657,223,195	755,442,822	986,792,933	1,286,555,078	1,262,394,151	متبادل واجبات
-	-	37,499,999	20,833,331	49,999,996	29,166,665	طویل مدتی قرض
28,206,036	43,458,506	66,467,011	62,55,748	63,465,086	64,508,233	سرمایہ کاری
						مالیاتی شرح
1.82	1.51	1.61	1.66	1.55	1.46	آمدنی و خرچ کی شرح
1.98	1.6	1.86	2.73	2.54	0.43	آمدنی فی شیئر
NIL	NIL	0.06	0.03	0.66	0.68	قرض ایکویٹی کی شرح
1.07	1.02	0.86	1.01	1.34	1.53	موجودہ شرح

بورڈ کی میٹنگز

زیر تبصرہ سال میں آپ کی کمپنی کے بورڈ آف ڈائریکٹرز کی چار میٹنگز منعقد کی گئیں جن میں شرکت کی تفصیلات درج ذیل ہے:

کارپوریٹ گورننس کے انتظامی اصولوں کی تعمیل سے متعلق بیانات

ہماری بہترین معلومات کے مطابق بورڈ آف ڈائریکٹرز نے کارپوریٹ گورننس کے انتظامی اصولوں پر نظر ثانی کرتے ہوئے درج تصدیق بیانات دیئے ہیں:

- ☆ پاک گلف لیزنگ کمپنی لمیٹڈ کے تیار کردہ مالی گوشوارے میں ظاہر کئے گئے معاملات، آپریشن کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلی کو بالکل درست دکھایا گیا ہے۔
- ☆ کھاتہ جات (بکس آف اکاؤنٹس) کو بالکل درست رکھنے کا اہتمام کیا گیا ہے۔
- ☆ مالیاتی گوشوارے کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کی تسلسل کے ساتھ تعمیل کی گئی ہے اور رپورٹ میں پیش کردہ اکاؤنٹنگ کے تخمینے کی بنیاد ایک دانشمندانہ اور معقول فیصلے پر مبنی ہے۔
- ☆ مالیاتی گوشواروں کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات کو لاگو کیا گیا ہے جو کہ پاکستان میں قابل عمل ہوں البتہ کسی رو تبدیلی کی صورت میں اس کی مناسب وضاحت کر دی گئی ہے۔
- ☆ اندرونی کنٹرول کا نظام مستحکم ہے اور اس پر موثر طریقے سے عمل درآمد کیا جاتا ہے اور اس کی نگرانی کی جاتی ہے۔
- ☆ کمپنی کے کاروباری معاملات کو بخوبی جاری رکھنے کی صلاحیت کے حوالے سے کوئی قابل ذکر شک و شبہ نہیں۔
- ☆ کمپنی کے ڈائریکٹرز، CEO، COO، CFO، کمپنی سیکریٹری، انٹرنل آڈٹ کے ہیڈ اور ان کے خاندان/ بیوی اور بچوں نے کمپنی کے حصص کا لین دین نہیں کیا ہے۔
- ☆ لسٹنگ کے ضابطے کی دی گئی تفصیلات کے مطابق کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی سے میں بھی انحراف نہیں کیا گیا۔

شیئر ہولڈنگ کی ساخت

مورخہ 30 جون 2020 کی شیئر ہولڈنگ کی ساخت جو کارپوریٹ گورننس کو درکار ہے وہ اس رپورٹ کے آخر میں منسلک ہے۔ اس سال کے کاروباری نتائج میں پچھلے سال کی نسبت نمایاں تبدیلیوں کو اس رپورٹ کے شروع میں بشمول ان کی وجوہات کو اجاگر کیا گیا ہے۔

آڈیٹرز

مالی سال 2019-20 کے لئے میسرز گرانٹ تھراٹن انجم رحمان چارٹوڈاکاؤنٹنٹس کو قانونی طور پر آڈیٹر کی حیثیت سے مقرر کیا گیا تھا۔ انہوں نے اپنی اہلیت کی بناء پر مالی سال 2020-21 آڈیٹر مقرر ہونے کی پیشکش کی ہے اور آڈٹ کمیٹی کی تجویز پر آپکے ڈائریکٹرز آئندہ ہونے والے سالانہ جنرل اجلاس میں انکو مالی سال 2020-21 کے آڈیٹر مقرر کرنے کے لیے ممبران کی منظوری کی سفارش کرتے ہیں۔

اعتراف خدمات

بورڈ اس بات کو ریکارڈ پر لاتے ہوئے اپنی کمپنی کی انتظامی ٹیم اور اپنے اسٹاف کے ہر ایک ممبر کو اس کی محنت اور لگن سے کام کرنے پر سراہتی ہے جو کہ ان کا ایک چیلنجنگ معاشی ماحول میں کمپنی کے لئے مستقل مزاجی کے ساتھ انتہائی اطمینان بخش خدمات کی عکاسی کرتا ہے۔ بورڈ کے ممبران کمپنی کے شیئر ہولڈرز کے نمائندوں کی حیثیت سے کمپنی کی انتظامیہ اور اسٹاف کو کمپنی کے کاروبار میں استحکام اور بہتر کارکردگی کے لئے اپنے مسلسل تعاون اور عزم کا یقین دلاتے ہیں۔ ہمیں یقین ہے کہ انتظامیہ اور اسٹاف کمپنی صارفین کو اسی تندہی کے ساتھ معیاری خدمات فراہم کریں گے جس کا مظاہرہ انہوں نے پچھلے سالوں میں کیا ہے تا کہ کمپنی پاکستان میں مالیاتی خدمات کے شعبے میں اپنی ساکھ کو مزید بہتر بنا سکے۔

بورڈ آف ڈائریکٹرز ڈیپریٹی میسرز گرانٹ تھراٹن انجم رحمان چارٹوڈاکاؤنٹنٹس کی پیشہ ورانہ مہارت، سالمیت اور ضابطہ اخلاق کی تعریف کرتا ہے اسے بھی ریکارڈ پر رکھنا چاہتا ہے۔

بورڈ، سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP)، اسٹیٹ بینک آف پاکستان اور دیگر ریگولیٹری اداروں کے تعاون اور رہنمائی کا بھی اعتراف کرتا ہے۔ مالی خدمات کے شعبے میں ان کا کردار بہت اہم رہا ہے اور انہیں امید ہے کہ ان کا اس شعبے کو مضبوط کرنے کا عمل جاری رہے گا۔ بورڈ NBFI's اور مضاربہ ایسوسی ایشن آف پاکستان کا آپ کی کمپنی کے مفاد میں ان کے پیشہ ورانہ مدد اور تعاون کا بھی شکر گزار ہے۔

آخر میں ہم اس سال کے دوران شیئر ہولڈرز، بینکلرز، انویسٹرز اور دوسرے اسٹیک ہولڈرز کے قابل قدر تعاون کے شکر گزار ہیں اور آنے والے سالوں میں ان کے ساتھ مزید مضبوط تعلقات استوار کرنے کے خواہاں ہیں۔

کمپنی کے قیام کی پچیسویں سالگرہ

26 دسمبر 2019 کو کمپنی نے اپنے 25 سالہ قیام کا اہم سنگ میل عبور کیا۔ اس رابع صدی کے دوران کمپنی مستقل منافع بخش رہی اور مضبوط سے مضبوط ترین ہوتی گئی۔ ہمارے تئیں یہ ایک بہت خوش کن موقع ہے اور ہم اپنی طرف سے تمام حصص داران کو اور ان تمام لوگوں کے جو اس عرصے میں کسی طور پر بھی کمپنی کے ساتھ منسلک رہے تہہ دل سے شکر گزار ہیں اور انہیں مبارکباد پیش کرتے ہیں۔

نمبر شمار	ڈائریکٹرز کا نام	عہدہ
1	جناب جان علی خان جوئیو	چیئرمین
2	جناب پرویز انعام	ممبر
3	جناب سہیل انعام الہی	ممبر
4	جناب اسماعیل ایچ احمد**	ممبر
5	محترمہ نوین احمد**	ممبر
6	جناب محفوظ الرحمن پاشا	ممبر
7	محترمہ مہرین أسامہ	سیکرٹری

مالی سال 2019-20 کے دوران (HR & RC) کے 2 اجلاس ہوئے۔

** بورڈ آف ڈائریکٹرز نے انھیں مالی سال 2019-20 کے دوران منعقدہ بورڈ میٹنگوں میں (HR & RC) کے ممبر کی حیثیت سے منظوری دی۔

آڈٹ کمیٹی

بورڈ آف ڈائریکٹرز نے "کوڈ آف کارپوریٹ گورننس" کی پیروی کرتے ہوئے ایک آڈٹ کمیٹی قائم کی ہے جو درج ذیل ڈائریکٹرز پر مشتمل ہے۔ جائزہ سال کے دوران آڈٹ کمیٹی کی 4 میٹنگز منعقد ہوئیں جس کی تفصیلات درج ذیل ہیں:

نمبر شمار	ڈائریکٹرز کا نام	عہدہ	میٹنگز کی تعداد جن میں شرکت کی
1	جناب اسماعیل ایچ احمد	چیئرمین	4
2	جناب پرویز انعام	ممبر	4
3	بریگیڈیئر (ر) نوید نصر خان	ممبر	4
4	جناب نعیم علی محمد نشی	ممبر	3
6	مس فرح فاروق	سیکرٹری	4

ڈائریکٹرز کا معاوضہ

کمپنی میں یہ پالیسی رائج ہے جو ڈائریکٹروں کا معاوضہ کا تعین کرنے کے طریقہ کار کو شفاف بنائے اور بورڈ کے اجلاسوں میں شرکت کے لئے ڈائریکٹروں کو ادا کی جانے والی ادائیگی یقینی طور پر بورڈ کے ذریعے طے اور منظور شدہ ہو۔

کارپوریٹ سماجی ذمہ داری

کارپوریٹ سماجی ذمہ داری کو نبھاتے ہوئے، کمپنی نے رمضان شریف میں غربت زدگان کے درمیان راشن اور دیگر ضروری اشیاء کے تھیلے تقسیم کئے۔

کریڈٹ ریٹنگ (کاروباری قرض کے تخمینہ کا تعین)

کمپنی کے شیئر ہولڈرز کے لئے یہ بات باعث اطمینان ہے کہ VIS نے اس میں آپ کی کمپنی کی کارکردگی کا جائزہ لیتے ہوئے 30 جون 2020 کو کمپنی کی تشخیصی ریٹنگ کا دوبارہ اعادہ کیا جس میں درمیانی مدت سے طویل المیعاد مدت کے لئے A- ریٹنگ، اور مختصر مدت کی ریٹنگ A-2 مقرر کی گئی اور کمپنی کے آئندہ امکانات کو مستحکم دکھایا گیا ہے۔

کارپوریٹ گورننس (کمپنی کا انتظام و انصرام)

آپ کی کمپنی لیسٹڈ کمپنیز ("کوڈ آف کارپوریٹ گورننس"، 2019) کی روحاً و عملاً تعمیل کر رہی ہے۔ ممبران کے لئے ایکسٹرنل آڈیٹرز کی جائزہ رپورٹ میں اس بات کا اعتراف کیا گیا ہے کہ کمپنی کے معاملات میں کوڈ آف کارپوریٹ گورننس کا عمل بہترین طریقے سے نافذ ہے۔

بورڈ آف ڈائریکٹرز

بورڈ کی مدت 19 اپریل 2019ء ختم ہو گئی تھی۔ کمپنی کے شیئر ہولڈرز نے اپنی ایک غیر معمولی جزل مینٹنگ میں جو کہ 22 اپریل 2019ء کو کمپنی کے رجسٹرڈ آفس میں منعقد ہوئی، میں درج ذیل کمپنی کے ڈائریکٹرز کی تقرر کو اگلے تین سال کی مدت تک کے لئے منظور کیا تھا:

نمبر شمار	ڈائریکٹرز کا نام
1	جناب سہیل انعام الہی
2	جناب پرویز انعام
3	جناب فواد سلیم ملک
4	برگیڈیئر (ر) نوید نصر خان
5	جناب اسماعیل ایچ احمد
6	جناب جان علی خان جوٹو
7	جناب نعیم علی محمد منشی
8	محترمہ نوین احمد**
9	جناب محفوظ الرحمن پاشا

** محترمہ نوین احمد کا 26 ستمبر 2019ء کو کمپنی کے ڈائریکٹرز کی حیثیت سے تقرر ہوا۔

اس کے علاوہ موجودہ سال میں منعقد بورڈ آف ڈائریکٹرز کی میٹنگز میں ملکی اور بین الاقوامی کاروباری ماحول اور ریگولیٹری تبدیلیوں پر تبصرہ ہوا۔ اس وقت کمپنی کے بورڈ پر مشتمل کل (9) ڈائریکٹروں سے، آٹھ (8) ڈائریکٹرز مرد اور ایک (1) خاتون ہیں۔ بورڈ میں تین (3) آزاد ڈائریکٹرز اور پانچ (5) نان ایگزیکٹو اور ایک ایگزیکٹو ڈائریکٹرز ہیں جو کہ چیف ایگزیکٹو آفیسر ہے۔

ہیومن ریسورسز اور ایمونیریشن کمیٹی (HR & RC)

"کوڈ آف کارپوریٹ گورننس" کی ضرورت کو برقرار رکھنے کے لئے، آپ کے ڈائریکٹرز نے آپ کی کمپنی کے ڈائریکٹرز کی ہیومن ریسورسز اور ایمونیریشن کمیٹی (HR&RC) قائم کی ہے جو کہ نیچے دکھائی گئی ہے:

محصول (Taxation)

فیڈرل بورڈ آف ریونیو (FBR) آپ کی کمپنی کی طرف دی گئی متعدد عرضداشتوں پر کوئی خاطر خواہ کارروائی نہیں کر رہا۔ یہ عمل لیزنگ سیکٹر خاص طور سے پرائیویٹ لیزنگ کمپنیوں کے لئے کافی تکلیف دہ ہے۔ لیزنگ تمام ٹریکس مینجمنٹ کے بارے میں ہے۔ ایک سازگار ٹیکسیشن نظام کی غیر موجودگی میں، ایک لیزنگ کمپنی کے لئے اپنی منافع کی پروفائل برقرار رکھنا تقریباً ناممکن ہے۔

لیزنگ کمپنیوں کے نقطہ نظر سے ایف بی آر کی طرف سے دو منفی ٹیکس لگائے گئے ہیں۔ پاکستان میں سرمائے کے استعمال کے لئے ابتدائی قابل قبول گھسائی الاؤنس (Initial Depreciation Allowance) 50 فیصد تھا جو کہ نصف 25 فیصد کر دیا گیا ہے۔ لیزڈ اثاثوں (Leased Assets) پر گھسائی کم ہونے سے لیزنگ کمپنیوں کی لیز کرنے کی صلاحیت میں کمی ہو گئی ہے۔ اس طرح پلانٹ اور آلات کی بڑی مقدار کی فنانس کے رجحان میں بھی کمی واقع ہوئی ہے۔

فیڈرل فنانس ایکٹ 2014ء کے تحت جو دوسرا حوصلہ شکن قدم اٹھایا گیا وہ یہ ہے کہ منافع قبل از ٹیکس پر 17 فیصد آلٹرنیٹ کارپوریٹ ٹیکس (Alternate Corporate Tax - ACT) متعارف کرایا گیا ہے، جو کہ اکاؤنٹنگ آمدنی پر نافذ العمل ہوگا، یہ ٹیکس سال 2014ء سے شروع ہوا ہے۔ دیگر مالی ادارے جیسے بینک اور مضاربہ کمپنیاں جو کہ اسی طرح کے کاروبار میں فعال ہیں ان کو اس سے استثناء دے کر لیزنگ کمپنیوں پر ٹیکس کے بوجھ میں اضافہ ہوا ہے۔ آپ کی کمپنی نے ACT کے نفاذ کے خلاف سندھ ہائی کورٹ میں ایک آئینی درخواست دائر کی ہے اور معزز کورٹ نے کمپنی کی درخواست پر حکومت کے خلاف حکم اتناعی دیدیا ہے۔ کمپنی کی درخواست کے نتیجے میں یہ امید کی جاتی ہے کہ کمپنی کو اس ٹیکس کی ادائیگی سے مستثنیٰ قرار دیا جائے۔

فنانس بل 2021 نے ذریعہ اکرم ٹیکس آرڈیننس کے سیکشن 22 میں FBR ایک تبدیلی لے کر آیا ہے جس کے وجہ سے گھسائی الاؤنس برابر کے دو حصوں میں تقسیم ہو گیا ہے، نتیجتاً 50 فیصد گھسائی الاؤنس سال سال خرید میں جبکہ 50 فیصد سال فروخت میں آمدن میں سے منہا ہوگا۔ ہم سمجھتے ہیں کہ اس تبدیلی کی ضرورت نہیں تھی کیونکہ تبدیلی سے پہلے لیز کے پہلے سال میں جو گھسائی الاؤنس ملتا تھا وہ نہایت موزوں تھا جبکہ سال فروخت میں اس کی اہمیت اس لئے نہیں تھی کیونکہ اس سال میں WDV (Written down value) کو قیمت فروخت سے منہا کرنے کے بعد جو نفع یا نقصان ہونا تھا وہ آمدن کا حصہ بن جاتا تھا۔

اس طرح فنانس بل 2021 میں ایک اور تبدیلی آئی ہے جس کی وجہ سے لیسے ایک ایسی مسافر گاڑی پر جو کمرشل نہیں ہے لیز ریٹیل کو صرف 25 لاکھ کی حد تک اپنی آمدن سے منہا کر سکتا گا۔ اسی قسم کی ایک اور پابندی جو کہ لیزنگ کمپنیوں کے لئے تھی اور جس کی وجہ سے وہ 25 لاکھ روپے سے زیادہ مالیت والی گاڑیوں {مسافر گاڑیاں جو کمرشل نہیں ہیں} پر صرف 25 لاکھ روپے کی حد تک گھسائی لے سکتی تھی، پہلے سے موجود ہے۔ نئی تبدیلی لیزنگ کمپنیوں کے گاڑیوں کو لیزنگ پر دینے کے کاروباری سرگرمیوں کو قابل ذکر حد تک متاثر کرنے کی صلاحیت رکھتی ہے۔

مزید یہ کہ سندھ ریونیو بورڈ کے اسٹنٹ کمشنر نے آرڈر 551 آف 2016 بتاریخ 15 جون 2016ء کے تحت کمپنی کے اپنے آڈٹ شدہ مالی اکاؤنٹس برائے ٹیکس سال 2015ء، ٹیکس سال 2014ء، اور ٹیکس سال 2013ء میں ظاہر شدہ اجارہ ریٹیل کی خالص رقم پر سبز ٹیکس عائد کر دیا ہے۔ اس آرڈر کے خلاف کمپنی نے محترم کمشنر (ایبلز) کے روبرو ایک ایپل دائر کی تھی، کیونکہ SRB کی طرف سے جو مطالبہ کیا گیا وہ غیر حقیقی ہے اور عائد کردہ سبز ٹیکس کمپنی کے اجارہ آپریشن سے حاصل ہونے والی آمدنی سے کہیں زیادہ ہے اس لئے 20 اپریل 2016ء کی منعقدہ ڈائریکٹرز میٹنگ میں بورڈ نے فیصلہ کیا کہ اجارہ فنانسنگ میں مزید ملوث نہیں ہونگے۔ اگر یہ صورتحال رہتی ہے، تو احتمال یہ ہے کہ بینکوں اور دیگر NBFIs بھی اجارہ فنانس نہیں کریں گے اور یہ اسلامی مالیات کے لئے ایک سنگین دھچکا ہوگا۔

لیزنگ کمپنیوں کو اس وقت نہ صرف ممکن لیسیز کی تعداد میں اضافے بلکہ ان کے مطلوبہ قرضے کی مقدار میں بھی اضافے کا سامنا ہے۔ اسی طرح یہ کمپنیاں کمرشل بینکوں سے لیکوئیٹی کی مطلوبہ مقدار کے حصول کے لئے مالی اعانت کی خواہاں ہیں تاکہ لیزنگ فنانس میں ضرورت کے مطابق سرمایہ کاری کی جا سکے۔

اس کے علاوہ، کمرشل بینک گورنمنٹ سیکورٹیڈ ریٹیر میں ممکنہ سرمایہ کاری کو معیار بناتے ہوئے، لیزنگ کمپنیوں سے زیادہ سود کا مطالبہ کر رہے ہیں۔ معاملے کو بہتر بنانے کے لئے، لیزنگ سیکٹر کے لئے کوئی کریڈٹ والیٹی شروع کرنے پہلے قرضہ دینے والے بینک کو لیٹرل سیکورٹیڈ کی تلاش میں ہیں۔ لیزنگ کمپنیاں ان سخت شرائط اور زیادہ سود کی شرح پر فٹڈ اکھٹا کرنے میں کشمکش کا شکار ہیں کیونکہ لیسیز کا اپنی ضروریات کو پورا کرنے کے لئے اعلیٰ شرح سود کا برداشت کرنا مشکل ہو رہا ہے۔

لیزنگ کمپنیوں کے لئے مزید پیچیدہ مسائل یہ ہیں کہ کمرشل بینکوں (خاص طور پر اسلامک بینکوں یا کمرشل بینکوں کے اسلامک بینکنگ ڈیویژن) لیزنگ کے موڈ بنام اجارہ کی پیشکش میں زیادہ فعال ہو چکے ہیں۔ کم لاگت کے فنڈز کی وجہ سے ایسے بینک اس شرح پر لیز زلکھ سکتے ہیں جو کہ لیزنگ کمپنیوں کی طرف سے ماننا مشکل ہے۔ اسی طرح مضار بہ کمپنیاں بھی ایک ٹیکس فری حیثیت رکھتے ہیں جبکہ لیزنگ کمپنیوں کو تمام ٹریکسز کا سامنا ہے۔

مندرجہ بالا مشکلات کے باوجود اور ان کی وجہ سے درپیش چیلنجز سے نبرد آزما ہونے کیلئے آپ کی کمپنی نے اپنی کاروباری سرگرمیوں کو اس حد تک جس حد تک SECP کے قواعد اجازت دیتے ہیں مختلف النوعیت کرنے کی کوشش کی ہے۔ مالی سال 2019-20 کے دوران آپ کی کمپنی نے SECP کے قواعد میں موجود گنجائش کا سہارا لیتے ہوئے اپنی مجموعی سرمایہ کاری کا ایک حصہ گاڑیوں کے فنانس کے لیے مختص کیا۔ لیزنگ کمپنیز کو مجموعی اثاثہ جات کے ۳۰ فیصد تک لیزنگ فنانس کے علاوہ متفرق کاروباری سرگرمیوں کی اجازت ہے، ہمیں آپکو یہ بتاتے ہوئے خوشی محسوس ہو رہی ہے کہ اس سال ہم نے گاڑیوں کی مد میں اچھی اور محفوظ سرمایہ کاری کی ہے۔ اس کے علاوہ ہم نے حکومت اور IFC سے بھی رابطہ کیا تاکہ وہ ہمیں بھی زمینی جائیداد کے کاروبار میں سرمایہ کاری میں مدد، ہدایات اور رہنمائی فراہم کریں تاکہ ہم یہ رہائشی اور کاروباری جائیدادوں کی خرید و فروخت کی سہولت لوگوں کو مہیا کر سکیں۔ اس سہولت کیلئے کمپنی کو MRCP فنڈز مہیا کرے اور کمپنی کے ذمے صرف مارکنگ کا تخمینہ، رسک اور ایڈمنسٹریشن اور نگرانی کے کام ہوں کیوں ان تمام کاموں کے حوالے سے جو عملہ اور صلاحیت درکار ہے وہ کمپنی کے پاس موجود ہے۔

فنانسنگ اسکیموں اور برآمدی صنعتوں کے لئے مختلف مراعات وغیرہ شامل ہیں۔ بین الاقوامی قرض دہندگان کی جانب سے خاطر خواہ تعاون حاصل کیا گیا ہے۔ آئی ایم ایف نے وبائی مرض کے دوران پاکستان کو ایک سال کی توسیع ادائیگی میں ریلیف دیا ہے، اور کووڈ-19 کے منفی معاشی اثرات کو دور کرنے کے لئے ریپڈ فنانسنگ انسٹرومنٹ کے تحت مزید 1.386 بلین امریکی ڈالر دیئے ہیں۔ ایشین ڈویلپمنٹ اور ورلڈ بینک کے امدادی پیکیجوں کے ساتھ ساتھ، جی-20 کی طرف سے ان کے قرضوں سے نجات کے پروگرام میں شمولیت کے ساتھ، معیشت کو متوقع نقصان کو پورا کرنے کے قابل بنائے گی۔ چونکہ معیشت دوبارہ آہستہ آہستہ کھلی ہے، توقع کی جارہی ہے کہ کووڈ-19 کے منفی اثرات جلد کے اواخر میں پھوٹ پڑیں گے۔ تاہم، بازیابی کا فریم ورک مختلف عوامل پر منحصر ہوگا جیسے مختلف شعبوں پر منفی اثر کی حد، مدت کے ساتھ ساتھ لاک ڈاؤن کی شدت اور اس سے منسلک خطرات۔ لہذا، اس سے وابستہ غیر یقینی صورتحال کی وجہ سے آؤٹ لک میں چینلجوں کا سامنا کرنا پڑے گا۔ تاہم، حکومت نے اعلان کردہ 1.24 کھرب روپے کے مالی محرک پیکیج کے ساتھ ساتھ، گھریلو اور کاروباری اداروں کو لیکویڈیٹی سپورٹ فراہم کرنے کے لئے اسٹیٹ بینک آف پاکستان کے اقدامات کی وجہ سے، موجودہ معاشی بدحالی کے خلاف مقابلہ کرنے اور متاثرہ آبادی کو کافی حد تک امداد فراہم کرنے کا امکان ہے۔

مہنگائی کے دباؤ کو جذب کرنے اور گھریلو طلب کے ذریعہ شدید گرم معیشت پر قابو پانے کے لئے، اسٹیٹ بینک نے مالی سال 2019-20 کے آغاز میں پالیسی کی شرح کو 1 فیصد بڑھا کر 13.25 فیصد کر دیا۔ تاہم، گھریلو ایشیائے خوردونوش کی قیمتوں میں کمی، تیل کی عالمی قیمتوں میں تیزی سے کمی اور کووڈ-19 کی وجہ سے مانگ کے دباؤ میں کمی کی وجہ سے افراط زر کی شرح بہتر ہونے کی وجہ سے اسٹیٹ بینک نے اپنے مانیٹری پالیسی موقف کو پلٹا دیا ہے۔ اس نے 17 مارچ سے 25 جون کے درمیان لگاتار پانچ فیصلوں میں مجموعی پالیسی کی شرح کو کم کر کے 7 فیصد کر دیا۔

مستقبل کے امکانات

انسانی ضمانتوں سے مربوط فنانسنگ، خاص طور پر لیز، کا انحصار ان کے متعلقہ واجبات کی فوری اور پابندی کے ساتھ واپسی یقینی بنانے کے لئے ایسی یا قرض لینے والے کی قابلیت اور کیش فلو پیدا کرنے کی صلاحیت پر ہوتا ہے۔ مالیاتی اداروں میں کوئی ایسا نہیں جو قرض ادا نہ کرنے والے لیسز (Lessees) کے معاملات کو منظم کرنا چاہے یا پھر ان کا کاروبار بند کرنے کا ارادہ رکھتا ہو۔

کسی بھی کمپنی کو خوشحالی اور ترقی کے لئے ایک مضبوط اقتصادی ماحول کی ضرورت ہے۔ تمام کاروباری اکائیوں میں معقول شرح منافع کمانے کی صلاحیت ہونی چاہیے، ان کو اس بات کا موقع ملنا چاہیے کہ لیکویڈیٹی کی مدد میں قرض دہندہ کو ان کی قرضوں کی فوری اور پابندی کے ساتھ یقینی واپسی ہو سکے۔ کم از کم فی الحال منافع کی شرح میں کمی کی وجہ سے قرضے دینے کی کاروباری صلاحیت میں کمزوری کی ایک وجہ کاروبار کی بڑھتی ہوئی لاگت اور براہ راست یا بالواسطہ ٹیکسوں کا اطلاق ہے۔

کمرشل بینکوں کا نجی کاروباری اداروں کو قرضے کی سہولت نہ دینے اور کاروبار کی کارکردگی اور ماحصل میں بہتری لانے والے ضروری اقدامات پر عمل نہ ہونے کی وجہ سے کاروباری رغبت ختم ہو رہی ہے۔ یہ منظر نامہ زیادہ سے زیادہ کاروباری تنظیم کاروں کو لیزنگ کے لین دین کے ذریعے مالی امداد حاصل کرنے کا راستہ دکھا رہا ہے جو کہ نسبتاً ایک مہنگا طریقہ ہے لیکن اس سے لیسز کو ٹیکس کی مدد میں کچھ فوائد حاصل ہوتے ہیں۔

مسکلم قیمتوں پر منحصر ہے۔ ورلڈ اکنامک آؤٹ لک (اپریل، 2020) 2020 میں عالمی سطح پر نمو 3 فیصد دیکھ رہا ہے اور 2020 اور 2021 کے دوران عالمی جی ڈی پی کو اس وبائی بحران کے باعث 9 کھرب ڈالر کا نقصان ہو سکتا ہے۔ 2021 میں عالمی نمو 5 فیصد تک پہنچنے کا امکان ہے۔ تاہم، نمو کے نتائج پوری طرح سے اس بات پر منحصر ہوں گے کہ مستقبل قریب میں وبائی امراض کی شکل اختیار کرتا ہے۔ اس کے نتیجے میں، متوقع منفی نمو کی شرح مزید خراب ہونے کا امکان ہے۔

پاکستانی معیشت کی بنیادی کمزوریوں: جی ڈی پی کے تناسب سے کم ٹیکس، بچت کی ناقص شرح اور نہ ہونے کے برابر قیمت کے ساتھ کم سے کم برآمدات میں اضافے نے کوڈھیلی مانیٹری پالیسی اور اس سے زیادہ زرمبادلہ کی شرح جیسے غلط تصویریں معاشی پالیسیوں کو مزید تقویت دی۔ ان بے ضابطگیوں نے جڑواں خسارے، مالی اور موجودہ اکاؤنٹ پر قابو مانا مشکل کر دیا ہے۔ اس سے، قلیل مدت میں، طلب میں تقویت اور قلیل مدتی نمو، لیکن آہستہ آہستہ معاشی بد حالی میں، عوامی قرضوں میں اضافہ اور بین الاقوامی ذخائر کا ختم ہو جانا ہے۔ اس راستے پر چلنا غیر مسکلم تھا، کیونکہ اس نے ملک کو مستقل ترقی اور آخر کار پہلے سے طے شدہ کی طرف لے جانا ہے۔ معاشی اور مالیاتی پالیسیوں میں رد و بدل، موجودہ حکومت نے، اپنی ایڈجسٹمنٹ اور ساختی اصلاحات کی پالیسی کے ذریعے، مالی اور مالیاتی پالیسیوں میں ایڈجسٹمنٹ کو لازم کر دیا۔ جولائی 2019 میں آئی ایم ایف کے 39 ماہ کے توسیعی فنڈ سہولت (ای ایف ایف) کے انتظام پر وگرام کے آغاز کے ساتھ ہی استحکام کے عمل نے زور پکڑ لیا۔ جڑواں خسارے کو کم کرنے کے لئے نافذ استحکام کے اقدامات نے سال کے دوران معاشی سرگرمی پر گہرا اثر ڈالا۔

جیسے ہی نیامالی سال مالی سال 2019-20 شروع ہوا، معیشت میں نمایاں تبدیلی نظر آئی شروع ہوئی جس سے اس بات کی تصدیق ہوئی کہ حکومت نے معاشی عدم توازن کو دور کرنے کے لئے مناسب پالیسی اقدامات اٹھائے ہیں۔ معیشت استحکام سے نمو اور ترقی کی طرف جارہی تھی، لیکن رواں مالی سال کے دوسرے نصف حصے کے دوران، کورونا وائرس کووڈ-19 کی وباؤں نے بہتری لانے کے لئے مختلف کوششوں کے نتیجے میں حاصل ہونے والے معاشی فوائد کو محفوظ رکھنے کے لئے پاکستان کو کثیر الجہتی چیلنجز پیش کیا۔ معیشت کے بنیادی اصول۔ پوری دنیا کو درپیش صورتحال سے متضاد نہیں ہیں، مختلف شعبوں پر کووڈ-19 کے اثرات کی وجہ سے پاکستان کی معیشت بھی متاثر ہوئی ہے، جیسے گھریلو اور عالمی مانگ میں کمی، سیاحت اور کاروباری سفر میں کمی، تجارت اور پیداواری رابطے اور رسد میں خلل وغیرہ وغیرہ۔ فروری 2020 کے بعد سے کووڈ-19 وائرس کے تیزی سے پھیلاؤ نے معاشی سرگرمیوں کو روک رکھا ہے۔ تاہم، اقتصادی نقصانات کی شدت کا انحصار کووڈ-19 کی شدت اور مدت پر ہوگا۔

چونکہ معیشت طلب اور رسد کے جھکوں کا نشانہ بنی اسلئے، مالی سال 2019-20 میں معاشی سرگرمیوں میں کمی واقع ہوئی ہے۔ زرعی، صنعتی اور خدمات کے شعبوں میں بالترتیب 2.67، -2.64 اور -0.59 فیصد اضافے کی بنیاد پر مالی سال 2019-20 کے لئے غیر متوقع جی ڈی پی کی شرح نمو کا تخمینہ منفی 0.38 فیصد ہے۔ مالی سال 2019-20 کے لئے، صنعت اور خدمات دونوں کی منفی کارکردگی زراعت کے شعبے میں نمو پر سایہ کرتی ہے۔ کووڈ-19 کے پھیلاؤ کو کم کرنے کے مقصد سے، سماجی دوری نافذ کی گئی تھی جس کے نتیجے میں لاک ڈاؤن کرنا پڑا۔ نتیجتاً رابطے کے شدید کاروبار میں سرگرمی شدید متاثر ہوئی۔ اس طرح، کووڈ-19 کے منفی اثرات کی وجہ سے خدمات کے شعبے میں 0.59 فیصد کی منفی نشوونما ہوئی ہے۔ اس نمو کو فروغ دینے کے لئے، حکومت نے 1.24 ٹریلین روپے کے امدادی پیکیج کا اعلان کیا ہے۔ اسٹیٹ بینک نے متعدد اقدامات اٹھائے ہیں جن میں اپنی پالیسی کی شرح میں 8 فیصد تک کمی، طبی مراکز کے لئے

تبدیلی کی فیصد	2019	2020	منافع بخش کارکردگی کا تقابلی تجزیہ برائے اختتامی سال 30 جون
+ یا (-)	ملین روپوں میں		
8.84	243.89	265.44	آمدنی
(-)13.72	78.83	68.01	انتظامی اخراجات
46.16	78.01	114.03	مالیاتی مصارف
(-)69.63	71.1	21.62	آمدنی قبل از ٹیکس
57.55	6.8	10.72	ٹیکس کی عبوری فراہمی (بشمول ملٹو ٹیکس)
(-)83.08	64.37	10.89	منافع بعد از ٹیکس
7	282.58	302.37	غیر مختص شدہ آمدنی جو کہ آگے لائی گئی
(-)10	346.95	312.26	آمدنی جو تخصیص کے لئے دستیاب ہے
			تخصیص
(-)83.08	12.87	2.18	دستوری محفوظ سرمایہ کی طرف منتقلی
(-)40	31.71	19.03	ڈیویڈنڈ (حصص منافع)
(-)52.44	44.58	21.21	کل تخصیص
(-)3.74	302.37	291.06	غیر مختص آمدنی جو آگے لیجائی جائے گی
(-)83.05	2.54	0.43	فی شیئر آمدنی (روپے میں)

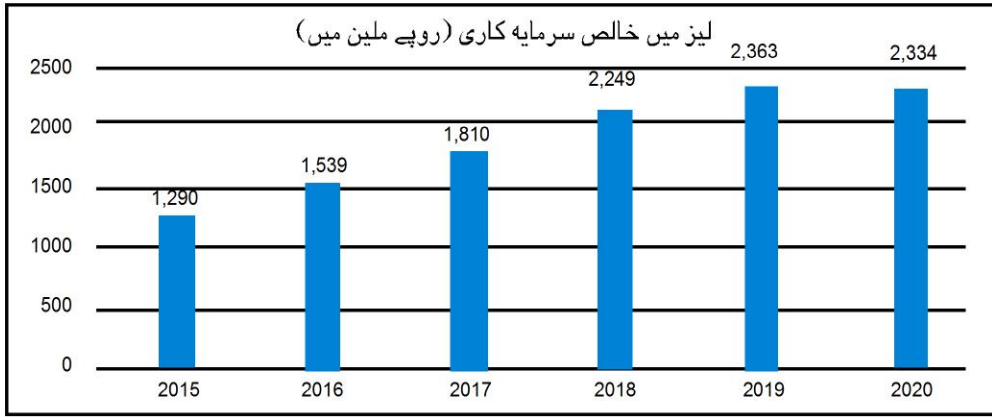
ڈیویڈنڈ (حصص منافع)

آپ کے ڈائریکٹرز مسرت کے ساتھ اختتام سال 30 جون 2020 کے لئے 2.5 فیصد نقد حصص منافع (کیش ڈیویڈنڈ) کی سفارش کرتے ہیں۔

اقتصادی منظر نامہ

مالی سال 2019-20 کے دوران دنیا ڈرامائی انداز میں بدلی۔ ایک طرف، کووڈ-19 کے وبائی مرض نے پوری دنیا کو لاک ڈاؤن میں ڈال دیا ہے اور موجودہ اور مستقبل کی معاشی سرگرمیوں کو بدل دیا ہے، دوسری طرف اس نے پوری دنیا میں کسی بھی معیشت کی قابل ذکر معاشی کارکردگی کا صفایا کر دیا ہے۔ لاک ڈاؤن، "1930 کی دہائی کے عظیم کساد بازاری کے بحران کے بعد بدترین صورت اختیار کر رہا ہے۔ کوویڈ-19 کا معاشی اثر وباؤ کے راستے، کینیمنٹ اقدامات کی تاثیر، رسد میں رکاوٹوں کی شدت، عالمی مالیاتی منڈی کے حالات میں سختی کے اثرات، اخراجات کے انداز میں بدلاؤ، طرز عمل میں تبدیلی اور اجناس کی غیر

لیز میں مجموعی سرمایہ کاری 30 جون 2020 کو 2,723 ملین روپے ہے (مالی سال 30 جون 2019 کو 2,707.69 ملین روپے) بلا استحقاق سرمایہ کاری (331.318 ملین روپے)، سودی منافع جو کہ پھینسا ہوا ہے (24.522 ملین روپے) اور کمزور لیز نقصان کے لئے مخصوص حصہ (33.466 ملین روپے) کی تخفیف کے بعد خالص سرمایہ کاری 30 جون 2020 کو 2,333.69 ملین روپے بنتی ہے جو کہ پچھلے سال کے اختتام پر یعنی 30 جون 2019 کو یہ رقم 2,363.312 ملین روپے تھی۔ پچھلے چھ سالوں میں لیز میں خالص سرمایہ کاری کو درج ذیل چارٹ میں دکھایا گیا ہے۔



منافع کی کارکردگی

یہ بات ذہن نشین رکھی جائے کہ ہماری کمپنی اطمینان بخش حد تک مسلسل منافع بخش کارکردگی کا مظاہرہ کر رہی ہے، خاص طور پر ٹیکس منہا کرنے کے بعد حاصل ہونے والے منافع کے حوالے سے، جو کہ مالی سال 2019-20 میں 10.89 ملین روپے ریکارڈ کیا گیا ہے 64.38 ملین روپے کے مقابلے میں جو کہ مالی سال 2018-19 کے دوران حاصل ہوا تھا۔

منافع بعد از ٹیکس میں کمی کی وجہ سے فی شیئر آمدنی برائے مالی سال 2019-20 0.43 روپے فی شیئر رہی ہے جبکہ مالی سال 2018-19 میں یہ 2.54 روپے فی شیئر تھی۔

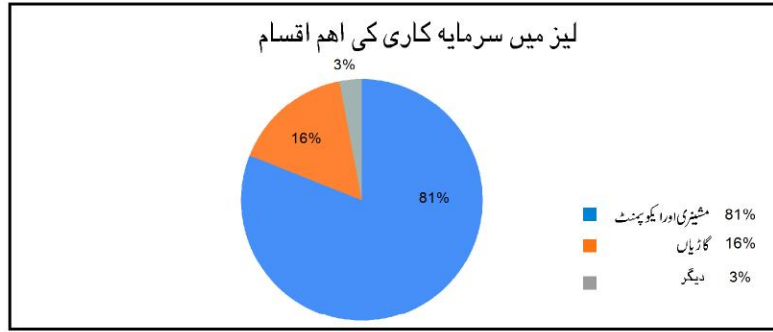
برائے مالی سال 2019-20 مجموعی آمدنی 265.44 ملین روپے ہے جو کہ 8.84% فیصد زیادہ ہے بہ نسبت 243.89 ملین روپے کے جو کہ مالی سال 2018-19 میں ہوئی۔

مالی سال 2019-20 میں 773 ملین روپے کی لیز رکھی گئی ہیں بہ نسبت مالی سال 2018-19 کے جس میں تحریر کی جانے والی لیزز کی مالیت 1,025 ملین روپے تھی۔

لیز کے تحت مالی ادائیگیاں مالی سال 2019-20 میں 545.82 ملین روپے تھی جو پچھلے سال یعنی مالی سال 2018-19 میں 778.86 ملین روپے تھی۔

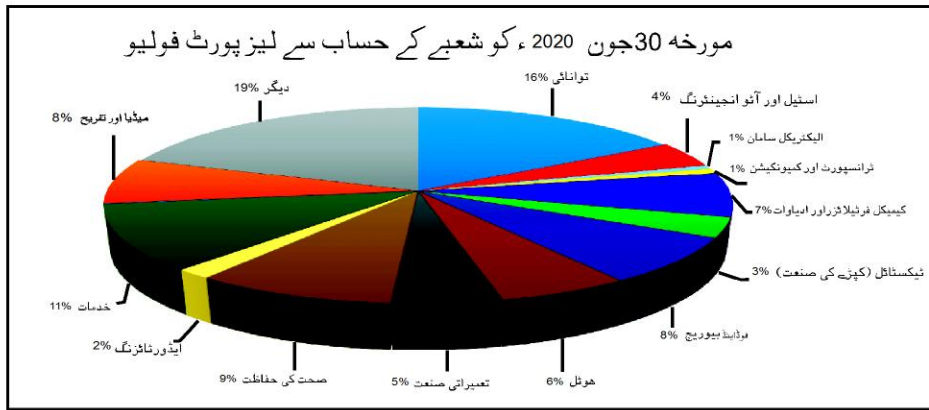
لیز ماؤنٹ جو کہ مالی سال 2019-20 میں کمپنی نے مہیا کیا وہ پچھلے سال کے مقابلے میں کم رہا۔ اس کی وجہ کووڈ-19 کے باعث کاروبار پر عائد پابندیوں کے منفی اثرات تھے جنہوں نے عدم ادائیگی کے امکان میں اضافہ کیا اور جس کی وجہ سے لوگ معمول کے مطابق کاروبار نہ کر سکے۔ کمپنی نے ایسے حالات میں غیر معمولی حد تک مظاہرہ کیا اور اپنے صارفین کو سرمایہ فراہم کرتے وقت مروجہ معاشی اور کاروباری ماحول کا پورا خیال رکھا۔

30 جون 2020 کو NBFC Regulations کے مطابق آپ کی کمپنی کی ایکویٹی 655.728 ملین روپے ہو گئی جو کہ ایکویٹی کی مطلوبہ حد 500 ملین روپے سے



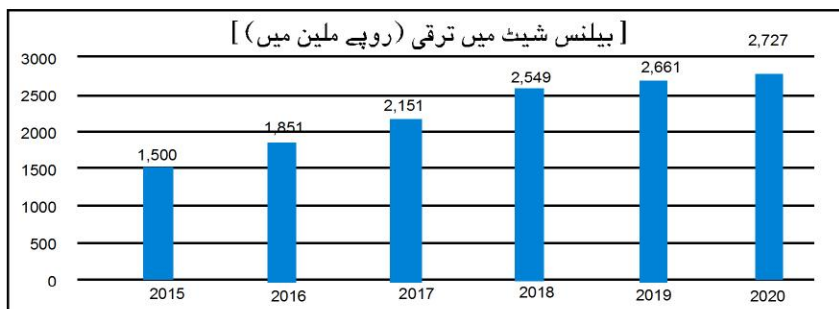
شعبے کے حساب سے لیز پورٹ فولیو کی بناوٹ

کمپنی نے خطرات سے بچاؤ کے لیے ایک محتاط اور موثر حکمت عملی بنائی اور اس کے لیے ایک قابل فہم اور معقول معیار کو اپنایا جو کہ کمپنی کے صنعت اور کاروبار کے محفوظ شعبہ جات میں مناسب رد و بدل پر محیط ہے، اور انفرادی شعبے کے رویے کو مد نظر رکھتے ہوئے، مجموعی علاقائی معیشت پر مشتمل ہے۔ مندرجہ ذیل چارٹ شعبے کے حساب سے کمپنی کے لیز پورٹ فولیو کی بناوٹ کو تصویری شکل میں واضح کرتا ہے۔



مالیاتی کامیابیاں

بیلنس شیٹ میں دی گئی مجموعی بنیاد جو 30 جون 2019 کو 2,661.79 ملین روپے تھی وہ 30 جون 2020 میں مزید بڑھ کر 2,727.33 ملین روپے ہو گئی ہے، جو کہ کمپنی کے کل اثاثوں میں سال بہ سال 2.46% فیصد اضافہ ہے، بیلنس شیٹ میں ترقی کو درج ذیل چارٹ میں دکھایا گیا ہے:



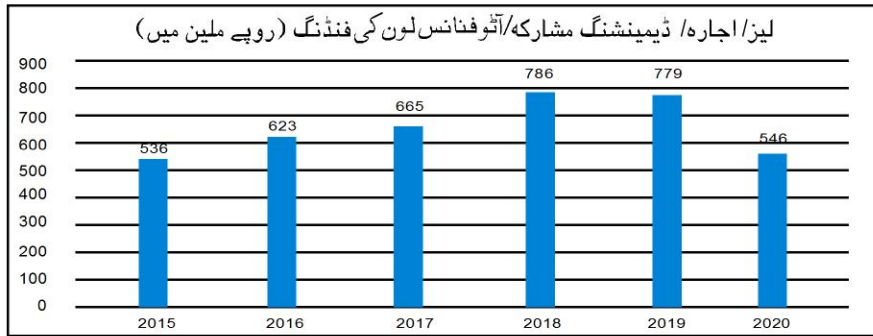
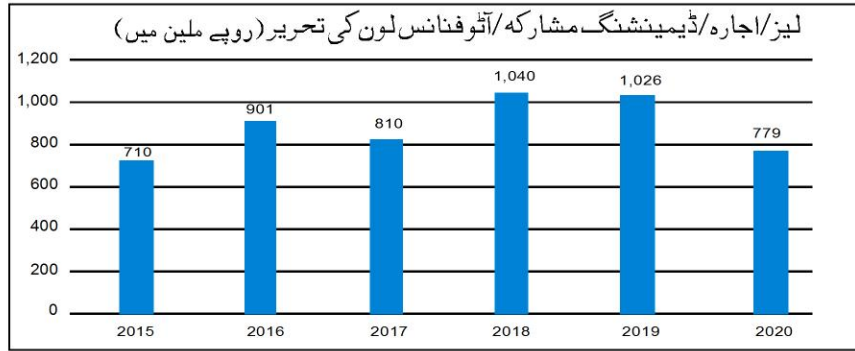
PGL کے آپریشنل اور مالی کارکردگی کا تجزیہ برائے مالی سال 2019-20

نئی مصنوع کا تعارف: آٹوفنانس لون / Auto Finance Loan

اپنے صارفین کی قیمتی گاڑیوں کی لیزنگ کے لیے تقاضوں کو مد نظر رکھتے ہوئے مالی سال 2019-20 کے دوران کمپنی نے آٹوفنانس لون (Auto-Finance Loan) کو ایک پروڈکٹ کی حیثیت سے متعارف کرایا۔ اس پروڈکٹ کی بدولت صارفین قیمتی گاڑیاں اپنے نام پر خریدتے ہیں جن پر کمپنی اپنا لئیر کھتی ہے اور قرضدار سے ایک مختار نامے کی صورت میں یہ قانونی اختیار بھی کہ عدم ادائیگی کی صورت میں کمپنی گاڑی کو اپنی تحویل میں لے کر بیچ سکتی ہے۔ علاوہ ازیں ان تمام گاڑیوں کی مکمل انشورنس بھی ہوتی ہے تاکہ گاڑی کا کسی وجہ سے نقصان ہونے کی صورت میں انشورنس کمپنی نقصان کی ادائیگی کمپنی کو کرے۔

لیز کی تحریر

مالی سال 2019-20 میں 778.86 ملین روپے مالیت کی 49 لیزیں اور 7 آٹوفنانس لون تحریر کی گئیں بہ نسبت مالی سال 2018-19 میں 1,025.51 ملین روپے مالیت کی 104 نئی لیز (Leases)۔ جبکہ مالی سال 2019-20 میں لیز فنڈز کی ادائیگی 545.82 ملین روپے تھی بہ نسبت مالی سال 2018-19 کے جس میں لیز کی مالی ادائیگی 778.86 ملین روپے تھی۔ پچھلے چھ سالوں میں کمپنی کے لیز میں کارگزاروں کے ریکارڈ کی تفصیل درج ذیل ہے:



* 20 اپریل 2016 سے اجارہ فنانسنگ میں مزید ملوث نہیں ہو رہے۔

لیز میں سرمایہ کاری کی اقسام

مالی سال 2019-20 کے دوران لیزنگ میں کمپنی کی سرمایہ کاری کو اثاثوں کی نوعیت کے مطابق تقسیم کر کے واضح طور پر مختلف اشکل انداز میں رکھا گیا ہے۔ ان اثاثوں کی متبادل جری قیمت فروخت جو کہ ضمانت سے مربوط ہے اور فروخت پذیر کی صلاحیت کے علاوہ، کمپنی کی متنوع اثاثہ جات پالیسی کے مزید وضاحتی عوامل سے لیز کئے جانے والے اثاثوں کے حوالے سے ٹیکس کی مد میں کمپنی کو فائدہ ملا ہے۔ مندرجہ ذیل چارٹ میں مالی سال 2019-20 کے دوران لیزنگ میں کمپنی کی اثاثوں کی نوعیت کے مطابق سرمایہ کاری کے مجموعی تجزیہ کو تصویری شکل میں دکھایا گیا ہے:

محترم شیئر ہولڈرز (حصص یافتگان)

آپ کے ڈائریکٹرز انتہائی مسرت کے ساتھ 27 ویں سالانہ رپورٹ بشمول مالی گوشوارے اور آڈیٹرز رپورٹ برائے سال اختتام 30 جون 2020 پیش کر رہے ہیں۔

آپریشنل جائزہ

کووڈ-19 کے باعث آپریشنل ماحول پر جو پابندیاں تھیں ان کو مدنظر رکھتے ہوئے زیر تبصرہ مالی سال کے دوران کمپنی کے کاروبار کو اطمینان بخش سمجھا جاسکتا ہے۔

آپ کی کمپنی نے مالی سال 2019-20 کے دوران کمپنی کے مسلسل اچھی کارکردگی کا مظاہرہ کرنے والے اور اچھی کاروباری شہرت کے حامل صارفین کے لیے مزید لیزز لکھنے کی پالیسی پر عمل کیا۔ اس کے علاوہ نئے افراد کے ساتھ جو اچھی کریڈٹ شہرت اور اچھی کاروباری ساکھ کے مالک ہیں ان سے بھی کامیابی کے ساتھ کاروباری تعلقات استوار کیے۔ علاوہ ازیں جہاں کہیں بھی ضروری سمجھا گیا کاروباری عدم استحکام کی وجہ سے نادرہنگی کے امکانات کو کم کرنے کیلئے اور خود کو نادرہنگی سے محفوظ کرنے کیلئے اضافی سیکیورٹیز حاصل کیں۔ دوسری لیزنگ کمپنیوں کے مقابلے میں جو عام طور پر صرف لیز شدہ اثاثوں پر انحصار کرتی ہیں، آپ کی کمپنی نے اپنی اس سیکیورٹی پالیسی کو سنگ بنیاد بناتے ہوئے لیزنگ سیکٹر کو جو خطرات درپیش ہیں ان کے خلاف مناسب اقدامات اٹھاتے ہوئے اپنے آپ کو محفوظ رکھا ہے۔

نئے تعلقات استوار کرتے وقت آپ کی کمپنی نے متعلقہ صارفین کے منہجہ مالی حالات، اچھی کاروباری شہرت اور کاروباری ساکھ کو مدنظر رکھا۔ اس کے علاوہ خطرات کا اندازہ لگانے کیلئے منفرد ایک طریقہ کار استعمال کیا تاکہ کمپنی کو اندازہ ہو سکے کہ ہر لیز کے کمپنی پر کیا مثبت اور منفی اثرات ہو سکتے ہیں۔ کمپنی نے کریڈٹ منظور کرنے کے اختیار کو کمپنی کی مروجہ پالیسی کے مطابق اثاثوں کے ایک آزاد سروے اور تفتیش سے مشروط رکھا اور سیکیورٹیز کی قیمت کا اندازہ لگانے کیلئے بھی اس پالیسی پر عمل کیا۔ اس کے علاوہ لیز شدہ اثاثوں اور سیکیورٹیز کی مد میں لینے گئے اثاثوں کی انشورنس کو بھی یقینی بنایا گیا۔

معاشی نمو میں انحطاط اور کووڈ-19 کے منفی اثرات نے کمپنی کے صارفین کے کیش کے بہاؤ اور لیکویڈیٹی کو اس حد تک متاثر کر دیا تھا کہ ان کیلئے یہ ممکن ہی نہیں رہا تھا کہ وہ اپنے لیز ریٹیل کی ادائیگیاں بروقت کر سکیں۔ مالی سال کے دوران ایسے گاہکوں نے کمپنی کی طرف رجوع کیا اور درخواست کی کہ یا تو اقساط میں شامل ان کی اصل رقم کی ادائیگی یا پورے کے پورے اقساط کی ادائیگی کو کچھ عرصے کیلئے موخر کیا جائے۔ کمپنی نے ایسی تمام درخواستوں کا ہر درخواست کے اپنے میرٹ پر جائزہ لیا اور جہاں جہاں ممکن تھا اصل رقم کی ادائیگی اس شرط پر ایک عرصے کیلئے موخر کر دی کہ سود کی ادائیگی جاری رکھی جائے گی۔ یہ سہولت کمپنی نے SECP کے Circular-9 مورخہ 31 مارچ 2020 کے مطابق کی۔ مالی سال 2019-20 کے دوران وصولی ریٹ 85 فیصد رہا۔

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

1. The total number of directors are nine (9) as per the following:
- a. Male: Eight (8)
- b. Female: One (1)

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

Category <input type="checkbox"/>	Names
Independent Directors	Mr. Ismail H. Ahmed Mr. Jan Ali Khan Junejo Ms. Naeen Ahmed *
Other Non-Executive Directors	Mr. Sohail Inam Ellahi Mr. Fawad Salim Malik Mr. Pervez Inam Brig. Naveed Nasar Khan (Retd) Mr. Naeem Ali Muhammad Munshi
Executive Director	Mr. Mahfuz-ur-Rahman Pasha

Ms. Naeen Ahmed was appointed as the director of the Company w.e.f. September 26, 2019 to fill in the casual vacancy of Ms. Sitwat Farrukh.

3. The directors have confirmed that none of them is serving as a director on more than seven
listed companies, including this Company.
4. The Company has prepared a Code of Conduct and has ensured that appropriate steps have
been taken to disseminate it throughout the Company along with its supporting policies and
procedures.
5. The Board has developed a vision/mission statement, overall corporate strategy and significant
policies of the Company. The Board has ensured that complete record of particulars of the
significant policies along with their date of approval or updating is maintained by the Company.
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
Act and these Regulations.
7. The meetings of the Board were presided over by the Chairman and, in his absence, by a
director elected by the Board for this purpose. The Board has complied with the requirements
of Act and the Regulations with respect to frequency, recording and circulating minutes of
meeting of the Board.
8. The Board of directors have a formal policy and transparent procedures for remuneration of
directors in accordance with the Act and these Regulations.
9. Till June 30, 2020, following five (5) directors of the Company have acquired the required
certificate of Directors Training Program while one (1) is exempt from this requirement:
- Directors**
- i. Mahfuz-ur-Rahman Pasha
- ii. Pervez Inam
- iii. Ismail H. Ahmed
- iv. Fawad Salim Malik
- v. Mr. Jan Ali Khan Junejo
10. The Board has approved appointment of 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.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the Board.
12. The Board has formed committees comprising of members given below:
- a) **Audit Committee**
- | | |
|---|------------------------------------|
| Mr. Ismail H Ahmed <input type="checkbox"/> | Chairman <input type="checkbox"/> |
| Mr. Naeem Ali Muhammad Munshi <input type="checkbox"/> | Member <input type="checkbox"/> |
| Mr. Pervez Inam <input type="checkbox"/> | Member <input type="checkbox"/> |
| Brig. Naveed Nasar Khan (Retd) <input type="checkbox"/> | Member <input type="checkbox"/> |
| Ms. Farah Farooq <input type="checkbox"/> | Secretary <input type="checkbox"/> |
- b) **HR and Remuneration Committee**
- | | |
|---|------------------------------------|
| Mr. Jan Ali Khan Junejo <input type="checkbox"/> | Chairman <input type="checkbox"/> |
| Mr. Sohail Inam Ellahi <input type="checkbox"/> | Member <input type="checkbox"/> |
| Mr. Pervez Inam <input type="checkbox"/> | Member <input type="checkbox"/> |
| Mr. Ismail H Ahmed <input type="checkbox"/> | Member <input type="checkbox"/> |
| Ms. Naeem Ahmed <input type="checkbox"/> | Member <input type="checkbox"/> |
| Mr. Mahfuz-ur-Rehman Pasha <input type="checkbox"/> | Member <input type="checkbox"/> |
| Ms. Mehreen Usama <input type="checkbox"/> | Secretary <input type="checkbox"/> |
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings of the committee were as per following:
- a) Audit Committee: (four quarterly meetings)
- b) HR and Remuneration Committee: (two meetings)
15. The Board has set up an effective internal audit function comprising of people who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company.
16. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the Quality Control Review program of the ICAP and registered with Audit Oversight Board of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
17. The statutory auditors 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, chief financial officer, head of internal audit, company secretary or director of the company.
18. We confirm that all the requirements of the Regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.
19. With regard to the Regulation 24 it is humbly stated that the CFO is also working as the Company Secretary of the Company. The arrangement is in the best interest of the Company as it is cost effective. Moreover the workload of the Company Secretary of the Company is not much as to justify a full time Company Secretary.

On behalf of the Board of Directors

SOHAIL INAM ELLAHI

Chairman of the Board
Karachi

Dated: 30 September 2020



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**TO THE MEMBERS OF PAK-GULF 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 of Pak-Gulf Leasing Company Limited (the Company) for the year ended June 30, 2020 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 the Company's compliance with the provisions of the Regulations and report if it does not and 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. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2020.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the paragraph reference where this is stated in the Statement of Compliance:

S.No	Regulation reference	Description
1	24	The position of Chief Financial Officer and Company Secretary are being held by the same person.

Chartered Accountants
Place: Karachi
Date: September 30, 2020

Chartered Accountants
Member of Grant Thornton International Ltd
Offices in Islamabad, Lahore



ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

نحمده ونصلي على رسوله الكريم

Shariah Review Report

For the year ended June 2020

Pak Gulf Leasing Company Limited (PGL) established an Islamic Finance Division on 1st March 2013. PGL, in consultation with the undersigned, developed and executed Shariah-complaint *Ijarah* and *Diminishing Musharakah* products.

The year under review was the eighth year of Islamic financing at PGL. In this year, PGL also followed rules and regulations of Shariah in the implementation of *Ijarah* and *Diminishing Musharakah*.

I certify that the treasury function and accounting treatment of *Ijarah* and *Diminishing Musharakah* transactions are in conformity to Shariah requirements.

I would like to take this opportunity to offer praise to Almighty Allah and seek His Guidance and Blessings and to express my best wishes for further progress, development and prosperity of Pak Gulf Leasing Company Limited and Islamic Finance.

والسلام عليكم ورحمة الله وبركاته

Mufti Muhammad Ibrahim Essa

For and on behalf of

Alhamd Shariah Advisory Services (Pvt.) Limited



Address: Flat 503, 8th Floor Ibrahim Residency, C.P & Berar Society, Karachi.



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ALHAMD SHARIAH ADVISORY SERVICES

(PVT) LIMITED

بِسْمِ اللّٰهِ الرَّحْمٰنِ الرَّحِیْمِ

نحمدہ ونصلی علی رسولہ الکریم

شریعیہ ایڈوائزر رپورٹ

جون ۲۰۲۰

پاک گلف لیزنگ کمپنی لمیٹڈ نے یکم مارچ 2013 کو اپنا اسلامی مالیاتی ڈویژن قائم کیا۔ تحریری دستاویزات اور مشاورت کے بعد پاک گلف لیزنگ کمپنی لمیٹڈ نے اجارہ اور شرکت متناقصہ کی پراڈکٹس کا اجراء کیا۔

پاک گلف لیزنگ کمپنی لمیٹڈ میں اسلامک فنانس شروع کیے ہوئے آٹھ سال کا عرصہ گزر چکا ہے۔ سال ۲۰۲۰ میں پاک گلف لیزنگ کمپنی لمیٹڈ نے اجارہ اور شرکت متناقصہ کو شریعت کی رہنمائی کے مطابق انجام دیا ہے۔

میں اس بات کی تصدیق کرتا ہوں کہ پاک گلف لیزنگ کمپنی لمیٹڈ کی طرف سے عملدرآمد ہونے والے اجارہ اور شرکت متناقصہ کا ٹریڈری فنکشن اور اکاؤنٹنگ ٹریسٹ، شریعت کے اصولوں کے مطابق ہے۔

میں اس موقع پر اللہ تعالیٰ کا شکر بھی ادا کرتا ہوں اور اس سے مزید رہنمائی اور نعمتوں کا بھی طلبگار ہوں، ساتھ ہی ساتھ میں پاک گلف لیزنگ کمپنی لمیٹڈ اور اسلامک فنانس کی مزید ترقی اور خوشحالی کے لیے اپنی نیک تمناؤں کا بھی اظہار کرتا ہوں۔ والسلام

محمد ابراہیم

مفتی محمد ابراہیم عینی

چیف ایگزیکٹو آفیسر

المحمد شریعیہ ایڈوائزر سروسز (پرائیوٹ) لمیٹڈ



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**INDEPENDENT AUDITOR'S REPORT
To the members of Pak-Gulf Leasing Company Limited
Report on the Audit of the Financial Statements**

Opinion

We have audited the annexed financial statements of Pak-Gulf Leasing Company Limited (the Company), which comprise the statement of financial position as at June 30, 2020, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, the statement of profit or loss, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity 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 June 30, 2020 and of the profit and other comprehensive income, its cash flows and the changes in equity for the year then ended.

Basis for opinion

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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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Following are the key audit matter:

Key audit matters	How the matter was addressed in our audit
Existence and valuation of Net Investment in Finance Lease (NIFL)	
<p>As disclosed in note 9 to the financial statements, NIFL amounts to Rs. 2,333.690 million representing 86% of the total assets of the Company as at year end.</p> <p>As NIFL represents a significant element of the financial statements, a discrepancy in the valuation or existence of NIFL could cause the financial statements to be materially misstated which would also impact the Company's reported performance as the valuation of NIFL is the main driver of the performance of the Company.</p> <p>In view of the significance of NIFL in relation to the total assets and the financial statements as a whole, we have considered the existence and valuation of NIFL as a key audit matter.</p>	<p>Our audit work included assessing and testing the design and operations of key controls over the recognition, valuation and existence of NIFL.</p> <p>We performed detailed assessment of the credit approval procedures of the leases sanctioned in accordance with Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and performed credit review on sampled leases for identification of subjective provisioning. In addition, we have circulated confirmations to sampled lessees and checked repayment received from the same.</p> <p>We tested controls over addition, termination and periodic valuation of the lease portfolio and performed other substantive audit procedures on the year-end balances of the portfolio including review of the documentation required in the lease files of the parties, verification of the minimum lease payments and NIFL as at the year-end by recalculation of the balances through lease amortization schedules on sample basis as per the standards.</p> <p>We also evaluated the adequacy of the overall disclosures in the financial statements in respect of NIFL in accordance with the requirements of the NBFC Regulations and whether the Company's disclosures in relation to NIFL are compliant with the relevant accounting standards.</p>

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

Management is responsible for the other information. The other information comprises the information included in the annual report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If,

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement in this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to

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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

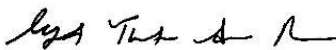
Based on our audit, we further report that in our opinion:

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss, and 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

Other Matter

The financial statements of the Company for the year ended June 30, 2019 were audited by another firm of auditors who expressed an unmodified opinion dated September 26, 2019.

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



Chartered Accountants
Karachi

Date: September 30, 2020

**STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020**

	Note	2020	2019
		----- Rupees -----	
ASSETS			
Current assets			
Cash and bank balances	5	114,805,586	16,410,061
Short term investments	6	64,508,233	57,433,161
Other receivables	7	8,385,830	25,835,690
Ijarah rental receivables		278,062	536,780
Advance to employees		11,500	57,490
Accrued mark-up / return on investments		-	202,301
Prepayments		2,444,677	2,573,005
Taxation - net	8	3,107,203	4,264,832
Current portion of net investment in finance lease	9	887,042,453	711,771,188
Current portion of long-term investments		-	6,031,925
Current portion of long-term loans	10	15,815,393	-
		1,096,398,937	825,116,433
Non-current assets			
Net investment in finance lease	9	1,446,647,811	1,651,541,206
Long-term loans	10	7,661,554	-
Long-term security deposits		118,500	112,500
Diminishing musharakah receivable	11	-	9,394,499
Investment property	12	154,440,000	154,440,000
Property, plant and equipment	13	7,630,654	19,620,239
Right of use assets	14	12,909,967	-
Intangible assets	15	1,523,702	1,567,260
		1,630,932,188	1,836,675,704
Total assets		2,727,331,125	2,661,792,137
LIABILITIES			
Current liabilities			
Trade and other payables	16	39,649,330	38,846,091
Unclaimed dividend		2,960,408	1,996,977
Accrued mark-up	17	60,215,191	22,857,201
Short term borrowings	18	344,585,560	414,340,936
Current portion of certificates of investment	19	12,000,000	18,375,094
Current portion of long-term loan	20	16,666,668	20,833,331
Current portion lease liabilities	21	3,833,364	-
Current portion of long-term deposits	22	234,778,192	96,789,816
Current portion of advance rental against Ijarah leasing	23	633,942	2,552,045
		715,322,655	616,591,491
Non-current liabilities			
Certificates of investment			
Long-term loan	19	392,171,853	373,937,581
Lease liabilities	20	12,499,997	29,166,665
Long-term deposits	21	11,405,762	-
Advance rental against Ijarah leasing	22	647,766,213	691,163,737
Deferred taxation	23	-	633,918
	24	198,550,326	191,653,177
		1,262,394,151	1,286,555,078
Total liabilities		1,977,716,806	1,903,146,569
NET ASSETS		749,614,319	758,645,568
Financed by:			
Share capital	25	253,698,000	253,698,000
Capital Reserves			
Statutory reserve	26	108,089,370	105,910,520
Reserve for issue of bonus shares	26	4,402,000	4,402,000
Surplus on revaluation of property, plant and equipment - net		90,504,204	90,504,204
Surplus on revaluation of available for sale investments	26	1,858,546	1,759,720
		204,854,120	202,576,444
Revenue reserve			
Unappropriated profit	26	291,062,199	302,371,124
		749,614,319	758,645,568
Contingencies and commitments	27		

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

**STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020	2019
----- Rupees -----			
INCOME □			
Income from financing operations □	28	245,567,212	218,862,571
Other operating Income □			
Return on investments	29	9,542,449	6,882,124
Other income □	30	10,334,986	18,147,352
		19,877,435	25,029,476
		265,444,647	243,892,047
OPERATING EXPENSES □			
Administrative and operating expenses	31	68,014,860	78,833,379
Finance cost	32	114,025,954	78,012,463
Other charges		65,299	240,682
		182,106,113	157,086,524
Operating profit before provision		83,338,534	86,805,523
Provision against insurance premium and other receivables	7.4	(1,048,759)	-
Provision for lease receivables held under litigation	7.3	(20,437,925)	(4,918,495)
Provision for potential lease losses	9.3	(30,838,117)	(1,307,173)
Provision for diminishing musharakah receivable	11.2	(9,394,499)	(9,394,500)
Profit before taxation		21,619,234	71,185,355
Taxation □	33	10,724,986	6,807,215
Profit for the year □		10,894,248	64,378,140
Earning per share-basic and diluted	34	0.43	2.54

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

**STATEMENT OF
COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020**

	Note	2020	2019
		----- Rupees -----	
Profit for the year □		10,894,248	64,378,140
Other comprehensive income for the year □			
<i>Items that may be reclassified to statement of profit or loss in subsequent periods: □</i>			
Surplus / (deficit) on revaluation of available for sale investments Ⓔ		98,826	(1,056,135)
Total comprehensive income for the year		<u>10,993,074</u>	<u>63,322,005</u>

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020**

Note	2020	2019
	----- Rupees -----	
CASH FLOWS FROM OPERATING ACTIVITIES □		
Profit before taxation □	21,619,234	71,185,355
Adjustment for: □		
Depreciation and amortisation □	16,407,229	19,876,555
Finance cost □	114,025,954	78,012,463
Amortisation of (discount) / premium on investment in PIBs □	31,925	87,261
Unrealised gain on revaluation of investment property	-	(7,722,000)
Provision for potential lease losses - net	30,838,117	1,307,173
Provision against diminishing musharakah receivable	9,394,499	9,394,500
Provision against insurance premium and other receivables	1,048,759	-
Provision for lease receivables held under litigation	20,437,925	4,918,495
Gain on disposal of fixed assets	(39,500)	(7,992)
□	192,144,908	105,866,455
Operating profit before working capital changes □	213,764,142	177,051,810
<i>Movement in working capital</i> □		
Decrease / (increase) in current assets □		
Advance to employees □	45,990	168,173
Accrued mark-up / return on investments □	202,301	829,323
Other receivables	(4,036,824)	(25,506,734)
Ijarah rental receivables	258,718	-
Prepayments □	128,328	(336,762)
	(3,401,487)	(24,846,000)
Increase in current liabilities □		
Trade and other payables	803,239	3,816,199
Unclaimed dividend	963,431	1,516,539
	1,766,670	5,332,738
Cash generated from operations	212,129,325	157,538,548
Finance cost paid □	(76,667,964)	(71,190,844)
Tax paid □ net □	(2,670,208)	(1,121,202)
Long-term deposits - net	94,584,852	854,605
Long-term loans	(23,476,947)	-
Advance against Ijarah leasing	(2,552,021)	(5,550,625)
Diminishing musharakah receivables	-	275,001
Net investment in finance lease - net □	(1,215,987)	(116,022,418)
	(11,998,275)	(192,755,483)
Net cash generated from / (used in) operating activities □	200,131,050	(35,216,935)
CASH FLOWS FROM INVESTING ACTIVITIES		
Additions in property, plant and equipment	(119,950)	(340,672)
Proceeds from disposal of fixed assets	39,500	8,000
Investments made during the year	(6,976,246)	(18,102,734)
Investments matured during the year	6,000,000	16,050,000
Net cash used in investing activities □	(1,056,696)	(2,385,406)
CASH FLOWS FROM FINANCING ACTIVITIES □		
Proceeds from certificates of investment	11,859,178	14,185,131
Dividend paid	(19,027,350)	(31,712,250)
Lease payments	(2,921,950)	-
Repayment of long-term loan	(20,833,331)	29,166,665
Net cash (used in) / generated from financing activities □	(30,923,453)	11,639,546
Net increase / (decrease) in cash and cash equivalents □	168,150,901	(25,962,795)
Cash and cash equivalents at the beginning of the year □	(397,930,875)	(371,968,080)
Cash and cash equivalents at the end of the year	35	(397,930,875)

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED JUNE 30, 2020

	Reserves					Unappropriated profit	Total reserves	Total equity
	Share capital	Capital						
		Statutory reserve	Reserve for issue of bonus shares	Surplus on revaluation of property, plant and equipment	Surplus on revaluation of available for sale investments			
----- (Rupees) -----								
Balance as at July 01, 2018	253,698,000	93,034,892	4,402,000	90,504,204	2,815,855	282,580,862	473,337,813	727,035,813
Final dividend for the year ended June 30, 2018 @ Rs.1.25 per share	-	-	-	-	-	(31,712,250)	(31,712,250)	(31,712,250)
Profit for the year	-	-	-	-	-	64,378,140	64,378,140	64,378,140
Deficit on revaluation of FVOCI investments	-	-	-	-	(1,056,135)	-	(1,056,135)	(1,056,135)
Total comprehensive income for the year	-	-	-	-	(1,056,135)	64,378,140	63,322,005	63,322,005
Transfer to statutory reserves	-	12,875,628	-	-	-	(12,875,628)	-	-
Balance as at June 30, 2019	253,698,000	105,910,520	4,402,000	90,504,204	1,759,720	302,371,124	504,947,568	758,645,568
Impact of initial applicaton of IFRS 16	-	-	-	-	-	(996,973)	(996,973)	(996,973)
Final dividend for the year ended June 30, 2019 @Rs.0.75 per share	-	-	-	-	-	(19,027,350)	(19,027,350)	(19,027,350)
Profit for the year	-	-	-	-	-	10,894,248	10,894,248	10,894,248
Surplus on revaluation of available for sale investments	-	-	-	-	98,826	-	98,826	98,826
Total comprehensive income for the year	-	-	-	-	98,826	10,894,248	10,993,074	10,993,074
Transfer to statutory reserve	-	2,178,850	-	-	-	(2,178,850)	-	-
Balance as at June 30, 2020	253,698,000	108,089,370	4,402,000	90,504,204	1,858,646	291,062,199	495,916,319	749,614,319

The annexed notes 1 to 46 form an integral part of these financial statements.

Chief Executive Officer

Chief Financial Officer

Director

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Pak-Gulf Leasing Company Limited ("the Company") was incorporated in Pakistan on December 27, 1994 as a public limited company under the repealed Companies Ordinance, 1984 (now Companies Act, 2017) and commenced its operations on September 16, 1996. The Company is principally engaged in the business of leasing and is listed on Pakistan Stock Exchange Limited.

The registered office of the Company is located at UNIBRO House, Ground and Mezzanine Floor, Plot No. 114, 9th East Street, Phase-1, Defence Housing Authority, Karachi and a branch office is located at Office No. 202, 2nd Floor, Divine Mega II, Opp Honda Point, New Airport Road, Lahore.

VIS Credit Rating Company Limited (VIS) has re-affirmed A- and A-2 ratings to the Company for medium to long term and short term, respectively on June 30, 2020.

- 1.2 Regulation 4 of Non-Banking Finance Companies and Notified Entities Regulations, 2008 vide SRO 1002(I)/2015 dated October 15, 2015, requires an existing deposit taking leasing company to maintain, at all times, minimum equity of Rs. 500 million. The equity of the Company as at June 30, 2020 is Rs. 655.728 million which is Rs. 155.728 million in excess of the minimum equity requirement.

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 comprising of:

- International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as notified under the Companies Act, 2017;

Provisions of and directives issued under the Companies Act, 2017 along with Part VIII A of the repealed Companies Ordinance, 1984;

- Islamic Financial Accounting Standard - 2 Ijarah (IFAS-2) issued by the Institute of Chartered Accountants of Pakistan; and

- Non-Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Where provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations differ from the IFRS Standards and IFAS-2, the provisions of and directives issued under the Companies Act, 2017, Part VIII A of the repealed Companies Ordinance, 1984, the NBFC Rules and the NBFC Regulations have been followed.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investment property is stated at fair value and certain investments which have been classified as 'available for sale' are marked to market and carried at fair value.

2.3 Functional and presentation currency

These financial statements are presented in Pakistani Rupee which is the Company's functional and presentation currency.

3. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS TO APPROVED ACCOUNTING STANDARDS
3.1 Standards, amendments and interpretations adopted during the current year

Standard or Interpretation	Effective date (Annual periods beginning on or after)
IAS 12 'Income tax consequences of payments on financial instruments classified as equity'	January 1, 2019
IAS 19 'Plan Amendment, Curtail or Settlement' (Amendments)	January 1, 2019
IAS 23 'Borrowing costs eligible for capitalization'	January 1, 2019
IFRS 3 'Previously held interest in a joint operation'	January 1, 2019
IFRS 9 'Prepayment features with negative compensation'	January 1, 2019
IFRS 11 'Previously held interest in a joint operation'	January 1, 2019
IFRS 14 'Regulatory Deferral accounts'	January 1, 2019
IFRS 16 'Leases'	January 1, 2019
IFRIC 23 'Uncertainty over Income Tax Treatments'	January 1, 2019
Annual improvements to IFRSs 2015 - 2017 Cycle	January 1, 2019

Adoption of the above standard have no significant effect on the amounts for the year ended June 30, 2020 except for IFRS 16 'Leases' as explained below:

From July 01, 2019, the Company has applied IFRS 16 "Leases" for recognition of the property leases, having non-cancellable period of more than one year, using the modified retrospective approach. Previously, the Company classified property leases as operating leases under IAS 17.

On initial application, the Right of Use (RoU) assets are initially measured at the present value of lease liability adjusted for lease prepayments. Subsequently, RoU assets are measured at cost, less accumulated depreciation and any impairment loss and adjusted for any prepayments. RoU assets are depreciated on a straight-line basis over the lease term.

On initial application, the Company recognises lease liabilities measured at the present value of the consideration (lease payments) to be made over the lease term. The lease payments are discounted using the incremental rate of borrowing. Subsequently, the carrying amount of lease liability is increased to reflect the accretion of interest and reduced for the lease payments made.

The impact of transition to IFRS 16 as at July 01, 2019 is as follows:

	---- Rupees----
Lease liability recognised	<u><u>18,161,076</u></u>
RoU Asset recognised	<u><u>17,164,103</u></u>

Movement during the year is as follows:

	Right of use asset	Lease liabilities
	----- Rupees -----	
As at July 01, 2019	17,164,103	18,161,076
Depreciation	(4,254,136)	-
Finance cost	-	1,737,768
Payments	-	(4,659,718)
As at June 30, 2020	<u>12,909,967</u>	<u>15,239,126</u>

Impact on the statement of financial position is as follows:

- Increase in RoU asset	17,164,103
- Increase in lease liability	18,161,076
Decrease in net assets	<u>(996,973)</u>

3.2 Standards not yet effective

The following new standards would be effective from the dates mentioned below against the respective standard or interpretation.

Standard	Effective date (Annual periods beginning on or after)
IFRS 3 'Definition of a business' Amendment to IFRS 3	January 1, 2020
IAS 1/IAS 8 'Definition of Material' (Amendments to IAS 1 and IAS8)	January 1, 2020
IFRS 10 / IAS 28 'Consolidated Financial Statements and Investment in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture' (Amendment)	Not yet finalized
IFRS 7, IFRS 9, and IAS 39 - 'Interest Rate Benchmark Reform'	January 1, 2020
Various Amendments to References to the Conceptual Framework in IFRS Standards	January 1, 2020

The above standards are not expected to have any material impact on the Company's financial statements in the period of initial application.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
4.1 Financial instruments

During the year ended June 30, 2019, the Company applied IFRS 09 'Financial Instruments' as per SRO 1332 (I)/2019 dated November 7, 2019 issued by Securities and Exchange Commission of Pakistan (SECP). However, during the current year, SECP through SRO 273 (I)/2020 dated March 30, 2020 has modified the effective date for application of the said standard for Non-Banking Finance Companies as 'reporting period/year ending on or after June 30, 2021'. Accordingly, the Company has reverted the changes made last year and applied IAS 39 for classification, recognition and measurement of financial instruments in these financial statements.

Financial assets**Classification**

The Company classifies its financial assets in the following categories:

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

- Held to maturity

Held to maturity investments are financial assets with fixed or determinable payments and fixed maturity that the Company has a positive intent and ability to hold to maturity.

- Available for sale

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

Initial recognition and subsequent measurement

Financial assets are initially recognised at fair value plus any related transaction costs directly attributable to the acquisition. Subsequent to initial recognition, financial assets classified as loans and receivables and held to maturity are carried at amortised cost, whereas; available for sale financial assets are remeasured at fair value. Surplus or deficit arising on changes in fair value of these assets are taken to equity through statement of comprehensive income until these are derecognised or impaired at which time, the cumulative surplus or deficit previously recognised in equity is transferred to the the statement of profit or loss.

Impairment

The carrying value of the Company's financial assets are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of such asset is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Derecognition

Financial assets are derecognised 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 attached to such financial assets. Gains and losses on disposal are determined by comparing the proceeds with the carrying amount and are recognised in the the statement of profit or loss.

Financial liabilities

All financial liabilities are recognised at the time when the Company becomes a party to the contractual provisions of the instrument. These are initially recognised at fair value and subsequently stated at amortised cost.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. Gain or loss on derecognition is recognised in the statement of profit or loss.

Off-setting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the assets and settle the liabilities simultaneously.

4.2 Cash and cash equivalents

Cash in hand and at banks are carried at cost. For the purpose of cash flow statement, cash and cash equivalents consist of cash in hand and at bank and short term investments that are highly liquid in nature and are readily convertible into known amounts of cash, which are subject to insignificant risks of changes in value and short term running finance facilities repayable on demand.

4.3 Net investment in finance lease

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of the leased assets to the lessees, are classified as finance leases.

The leased asset is derecognised and the present value of the lease receivable (net of initial direct costs for negotiating and arranging the lease) is recognised on the statement of financial position. The difference between the gross lease receivables and the present value of the lease receivables is recognised as unearned finance income.

A receivable is recognised at an amount equal to the present value of the minimum lease payments under the lease agreements, including guaranteed residual value, if any.

Each lease payment received is applied against the gross investment in the finance lease receivable to reduce both the principal and the unearned finance income. The finance income is recognised in the the statement of profit or loss on a basis that reflects a constant periodic rate of return on the net investment in the finance lease receivables.

Initial direct costs incurred by the Company in negotiating and arranging finance leases are added to finance lease receivables and are recognised as an expense in the the statement of profit or loss over the lease term on the same basis as the finance lease income.

4.4 Provision for potential lease losses and provision for terminated leases

Calculating the provision for net investment in finance lease losses and provision for terminated leases is subject to numerous judgments and estimates. In evaluating the adequacy of provision, management considers various factors, including the requirements of the NBFC Regulations, the nature and characteristics of the obligor, current economic conditions, credit concentrations, historical loss experience and delinquencies. Lease receivables are charged off, when in the opinion of management, the likelihood of any future collection is believed to be minimal.

4.5 Long-term loans

Long-term loans are initially recognized at cost being the fair value of consideration. Subsequently, these are carried at amortised cost using the effective interest rate method.

4.6 Other receivables

Other receivables are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts at the year end. Balances considered bad and irrecoverable are written off when considered irrecoverable.

4.7 Property, plant and equipment***Owned assets***

These are stated at cost less accumulated depreciation and impairment losses, if any.

Subsequent costs are included in the assets' carrying amounts or recognised as a separate asset, as appropriate, only when it is probable that future benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other subsequent costs including repairs and maintenance are charged to the the statement of profit or loss as and when incurred.

Depreciation is charged using the straight line method, whereby the depreciable amount of an asset is written off over its estimated useful life at the rates specified in note 13.1 after taking into account residual value, if any. The residual values, useful lives and depreciation methods are reviewed and adjusted, if appropriate, at each statement of financial position date.

Depreciation on additions is charged from the month the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

Gains or losses on sale of assets are charged to the the statement of profit or loss in the period in which they arise, except that the related surplus on revaluation of assets (net of deferred taxation) is transferred directly to unappropriated profit.

ljarah assets

Rental from ljarah arrangements are recognised in the statement of profit or loss on accrual basis as and when rentals become due. Costs including depreciation, incurred in earning the ljarah income are recognised as expense. Initial direct costs incurred specifically to earn revenues from ljarah are recognised as an expense in the period in which they are incurred. Assets leased out are depreciated over the period of lease term on straight line basis and at the end of the ljarah term the leased assets are transferred to the lessee.

4.8 Right of use assets and related liabilities

At the inception of a contract, the Company assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The extension and termination options are incorporated in determination of lease term only when the Company is reasonably certain to exercise these options.

Leases are recognised as right-of-use assets and corresponding liabilities at the date at which the leased assets are available for use by the Company.

Right-of-use assets are initially measured based on the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received. The right-of-use assets are depreciated on a straight line method over the lease term as this method most closely reflects the expected pattern of consumption of future economic benefits. The carrying amount of the right-of-use asset is reduced by impairment losses, if any. At transition, the Company recognised right to use assets equal to the present value of lease payments.

The lease liabilities are initially measured at the present value of the remaining lease payments at the commencement date, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate. Lease payment includes fixed payments with annual increments. The lease liabilities are subsequently measured at amortised cost using the effective interest rate. Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss.

4.9 Intangible assets

Intangible assets are stated at cost less accumulated amortisation and accumulated impairment losses, if any. These are amortised using the straight line method reflecting the pattern in which the economic benefits of the asset are consumed by the Company as mentioned in note 15.

4.10 Investment property

Investment property is stated at fair value, which reflects market conditions at the reporting date. Gain or loss on remeasurement of investment property at fair value is recognised in statement of profit or loss. Fair value is evaluated annually by an independent professional valuer. Investment property is derecognised when either it has been disposed off or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised as income in the period of derecognition. Maintenance and normal repairs are charged to the statement of profit or loss as and when incurred. Major renewals and improvements are capitalised and the assets so replaced, if any, are retired. Gains or losses on disposal of investment property, if any, are included in income currently.

4.11 Surplus on revaluation of property, plant and equipment

Any revaluation increase arising on the revaluation of property, plant and equipment is recognised in other comprehensive income and presented as a separate component of equity as "Surplus on revaluation of property, plant and equipment", except to the extent that it reverses a revaluation decrease for the same asset previously recognised in statement of profit or loss, in which case the increase is credited to statement of profit or loss to the extent of the decrease previously charged. Any decrease in carrying amount arising on the revaluation is charged to statement of profit or loss to the extent that it exceeds the balance, if any, held in the surplus on revaluation of property, plant and equipment relating to a previous revaluation of that asset. The surplus on revaluation to the extent of incremental depreciation charged (net of deferred tax) is transferred to unappropriated profit.

4.12 Borrowings

Loans and borrowings are recorded at the proceeds received. Finance cost are accounted for on accrual basis and are shown as interest and mark-up accrued to the extent of the amount remaining unpaid.

Short term borrowings are classified as current liabilities unless the Company has unconditional right to defer settlement of the liability for at least twelve months after the statement of financial position date.

4.13 Trade and other payables

Liabilities for trade and other payables are recognised initially at fair value and subsequently carried at amortised cost.

4.14 Provisions

Provisions are recognised when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

4.15 Taxation**Current**

Provision for current taxation is based on taxable income at current rates of taxation after taking into account all tax credits and tax rebates available, if any. The tax charge as calculated above is compared with turnover tax under Section 113 and Alternate Corporate Tax under Section 113C of the Income Tax Ordinance, 2001, and whichever is higher is provided for in the financial statements.

Deferred

Deferred tax is recognised, using the statement of financial position liability method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amount. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on the tax rates that have been enacted at the statement of financial position date.

Deferred tax liabilities are recognised for all taxable temporary differences, whereas deferred tax assets are recognised for all deductible temporary differences. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits or taxable temporary differences will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

4.16 Staff retirement benefits

The Company operates an approved defined contributory provident fund for all its permanent employees. Monthly contributions are made to the Fund equally by the Company and the employees in accordance with the rules of the Fund. The contributions are recognised as employee benefit expense when they become due.

4.17 Employees' compensated absences

The Company accounts for the liability in respect of employees' compensated absences in the year in which these are earned. Provision to cover the obligations under the scheme is made based on the current leave entitlements of the employees and by using the current salary level of the employees.

4.18 Foreign currency transactions

Foreign currency transactions during the year are recorded at the exchange rates approximating those ruling on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange which approximate those prevailing on the balance sheet date. Gains and losses on translation are taken to income currently. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

4.19 Revenue recognition

The Company follows the finance lease method in accounting for the recognition of lease income. Under this method, the unearned lease income i.e. the excess of gross 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 contract, so as to produce a systematic return on the net investment in finance lease. Unrealised lease income is held in suspense account, where necessary, in accordance with the requirements of the NBFC Regulations. Documentation charges, late payment charges and processing fee are taken to income when realised.

In accordance with the requirements of IFAS 2 - Ijarah, rental from Ijarah arrangements are recognised in the statement of profit or loss on accrual basis as and when rentals become due.

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

Return on investments, bank deposits and long-term loans is recognised on time proportion basis using the effective interest method.

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

4.20 Earnings per share

The Company presents basic and diluted earnings per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effect of all dilutive potential ordinary shares, if any.

4.21 Dividend distribution and transfer between reserves

Dividend distribution (including stock dividend) to the Company's shareholders and transfer between reserves, except appropriations which are required under law, are recognised in the financial statements in the period in which such dividends are declared or such transfers between reserves are made.

4.22 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. All operating segments' results are reviewed regularly by the Company's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Company has two primary business segments, namely, conventional finance and Islamic finance operations. Conventional finance operations comprise of lease finance and auto-finance operations. Islamic finance operations comprise of Ijarah and Diminishing Musharakah transactions.

Financing, revenue, expenses and income taxes that are managed on an overall basis are not allocated to any segment.

Assets, liabilities and capital expenditures that are directly attributable to segments have been assigned to them. Those assets and liabilities, which cannot be allocated to a particular segment on a reasonable basis, are reported as unallocated corporate assets and liabilities.

4.23 Accounting estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making judgments about carrying values of assets and liabilities. The estimates and underlying assumptions are reviewed on an ongoing basis.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- i) Classification and valuation of investments (notes 4.1 and 6).
- ii) Provision for current and deferred taxation (notes 4.15, 8 and 33).
- iii) Classification and provision of net investment in finance lease (notes 4.3, 4.4 and 9).
- iv) Determination and measurement of useful life and residual value of property, plant and equipment (note 4.7 and 13).
- v) Measurement of investment property. (note 4.10 and 12).
- vi) Determination and measurement of right of use assets and lease liabilities (4.8, 14 and 21).

5. CASH AND BANK BALANCES	Note	2020	2019
		----- Rupees -----	
Cash in hand		106,254	49,241
<i>Balance with banks:</i>			
- in current accounts	5.1	108,673,212	12,326,630
- in saving accounts	5.2	6,026,120	4,034,190
		<u>114,805,586</u>	<u>16,410,061</u>

5.1 □ These include bank balances of Rs. 2.08 (2019: Rs.0.885) million maintained with Islamic banks.

5.2 □ These carry mark-up rates ranging from 5.25% to 5.75% (2019: 10.25%) per annum.

6. SHORT TERM INVESTMENTS

Available for sale (2019: FVOCI)

54,300 units of National Investment (Unit) Trust (2019: 54,300 units)		2,953,920	4,010,055
Surplus / (deficit) for the year		<u>98,826</u>	<u>(1,056,135)</u>
		3,052,746	2,953,920

Held to maturity (2019: Amortised cost)

Government Securities	6.1	<u>61,455,487</u>	<u>54,479,241</u>
		<u>64,508,233</u>	<u>57,433,161</u>

6.1 □ These represent Market Treasury Bills having cost of Rs. 61.038 (2019: Rs. 53.714) million and interest accrued thereon of Rs. 0.417 (2019: Rs. 0.765) million. The effective rate of return 7.90% (2019: 11.2%) per annum. These will mature latest by August 27, 2020. □

6.2 □ As per the requirements of Regulation 14 (4) (i) of the NBFC Regulations, the Company is required □ to invest at least 15% of its outstanding funds raised through issue of Certificates of Investments □ in Government Securities. As at June 30, 2020, the Company had 15.21% of its funds raised □ through Certificates of Investments invested in Market Treasury Bills.

7. OTHER RECEIVABLES - NET

Considered good □

Insurance premium and other receivables □		3,135,830	4,937,351
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Considered doubtful □

Lease receivable held under litigation □	7.1	60,483,652	54,583,115
Insurance premium and other receivables □	7.2	2,479,451	1,430,692
Provision against lease receivable held under litigation □	7.3	(49,636,528)	(29,198,603)
Provision against insurance premium and other receivables □	7.4	(2,479,451)	(1,430,692)
Mark-up held in suspense against lease receivable held under litigation		<u>(5,597,124)</u>	<u>(4,486,173)</u>
		<u>5,250,000</u>	<u>20,898,339</u>
		<u>8,385,830</u>	<u>25,835,690</u>

7.1□ These include net investment in finance lease terminated by the Company and where litigation has □ commenced.□

7.2□ These include insurance premium receivable from lessees for leased assets insured on their behalf □ by the Company. These amounts are recovered either during the lease period or on termination / □ maturity of the lease contracts.

	Note	2020	2019
		----- Rupees -----	
7.3	Provision against lease receivable held under litigation		
	Balance as at July 01□	29,198,603	24,533,585
	Charge for the year	20,437,925	5,131,828
	Reversal for the year	-	(213,333)
	Write off for the year	-	(253,477)
	Balance as at June 30	7.3.1 <u>49,636,528</u>	<u>29,198,603</u>

7.3.1□ The provision is net of forced sales value benefit amounting to Rs. 5.25 (2019: Rs. 5.25) million.

7.4□ **Provision against insurance premium and other receivables**□

	Balance as at July 01□	1,430,692	1,430,692
	Charge for the year□	1,048,759	-
	Balance as at June 30□	<u>2,479,451</u>	<u>1,430,692</u>

8.□ **TAXATION-net**□

	Balance as at July 01□	4,264,832	5,980,061
	Advance tax paid□	2,670,208	1,121,202
	Charge for the year□	33 <u>(3,827,837)</u>	<u>(2,836,431)</u>
	Balance as at June 30□	<u>3,107,203</u>	<u>4,264,832</u>

9.□ **NET INVESTMENT IN FINANCE LEASE-secured**□

	Net investment in finance lease□	9.1 2,333,690,264	2,363,312,394
	Current portion shown under current assets	<u>(887,042,453)</u>	<u>(711,771,188)</u>
		<u>1,446,647,811</u>	<u>1,651,541,206</u>

9.1 Net investment in finance lease

Note	2020			2019		
	Not later than one year	Later than one year and less than five years	Total	Not later than one year	Later than one year and less than five years	Total
	----- Rupees -----					
Minimum lease payments	880,957,218	959,494,570	1,840,451,788	784,856,063	1,134,886,052	1,919,742,115
Residual value of leased assets	234,778,192	647,766,213	882,544,405	96,789,816	691,163,737	787,953,553
Gross investment in finance lease	1,115,735,410	1,607,260,783	2,722,996,193	881,645,879	1,826,049,789	2,707,695,668
Unearned lease income	(170,705,159)	(160,612,972)	(331,318,131)	(165,129,167)	(174,508,583)	(339,637,750)
Mark-up held in suspense	(24,521,639)	-	(24,521,639)	(2,117,482)	-	(2,117,482)
	(195,226,798)	(160,612,972)	(355,839,770)	(167,246,649)	(174,508,583)	(341,755,232)
	920,508,612	1,446,647,811	2,367,156,423	714,399,230	1,651,541,206	2,365,940,436
Provision for potential lease losses	(33,466,159)	-	(33,466,159)	(2,628,042)	-	(2,628,042)
Net investment in finance lease	887,042,453	1,446,647,811	2,333,690,264	711,771,188	1,651,541,206	2,363,312,394

9.2 These represent interest free security deposits received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases. The amount is net of security deposit held against matured leases amounting to Rs. 184.411 (2019: Rs. 235.038) million. In certain leases, the Company has security, in addition to leased assets, in the form of mortgages / corporate / personal guarantees of associated companies / directors.

9.3 Provision for potential lease losses

Note	2020	2019
	----- Rupees -----	
Balance as at July 01	2,628,042	1,320,869
Charge for the year	30,838,117	7,476,930
Reversal for the year	-	(6,169,757)
Balance as at June 30	33,466,159	2,628,042

9.4 The Company has entered into various lease agreements for periods ranging from one to seven years. The rate of return implicit in the leases ranges from 9.31% to 31.46% (2019: 9.31% to 31.46%) per annum. Net investment in finance lease includes Rs. 227.53 (2019: Rs. 19.120) million which has been placed under non-performing status.

9.5 Lease rentals received / receivable during the year aggregate to Rs. 839.583 (2019: Rs. 786.71) million.

10. LONG-TERM LOANS- secured

Auto-finance loan	10.1	23,476,947	-
Current portion shown under current assets		15,815,393	-
		7,661,554	-

10.1 Represents auto-finance loan provided to various customers. The mark-up on these loans ranging from 13.37% to 20.54% per annum. These loans are repayable within a period of 1 to 3 years and are secured against lien of the vehicles.

11.	DIMINISHING MUSHARAKAH RECEIVABLE - secured	Note	2020	2019
			----- Rupees -----	
	Considered doubtful	11.1	18,788,999	18,788,999
	Provision for doubtful receivables	11.2	(18,788,999)	(9,394,500)
			<u>-</u>	<u>9,394,499</u>
11.1	□ During the year ended June 30, 2019, the Company filed litigation for claim of receivable due under the diminishing musharakah arrangement from Muhandaseen (Pvt) Limited. However, as a matter of prudence, full provision has been made against the receivable. □			
11.2	□ Provision for doubtful receivables □			
	Balance as at July 01		(9,394,500)	-
	Charge for the year		(9,394,499)	(9,394,500)
	Balance as at June 30		(18,788,999)	(9,394,500)
12.	□ INVESTMENT PROPERTY □			
	Opening balance	12.1	154,440,000	146,718,000
	Fair value adjustment		-	7,722,000
			<u>154,440,000</u>	<u>154,440,000</u>
12.1	□ The Company has rented out its office premises located at The Forum Mall, Karachi. The latest fair value of this property was carried out by M/s. Akbani and Javed Associates as on June 30, 2020. This resulted in no material change in the fair value of investment property as at the year end as compared to the previous fair value of investment property as at June 30, 2019. The rental income during the year from the investment property amounted to Rs. 10.256 (2019: Rs. 10.397) million. Forced sales value of investment property as at June 30, 2020 amounted to Rs. 131.274 million. □			
13.	□ PROPERTY, PLANT AND EQUIPMENT			
	Fixed assets - own use	13.1	5,493,474	7,046,592
	Fixed assets - Ijarah finance	13.2	2,137,180	12,573,647
			<u>7,630,654</u>	<u>19,620,239</u>

13.1 Fixed Assets - own use

Description	Leasehold improvements	Furniture and fittings	Office equipment	Vehicles	Computer equipment	Total
	----- Rupees -----					
Year ended June 30, 2020						
Net carrying value basis						
Opening - net book value (NBV)	-	1,261,128	1,226,422	4,257,888	301,154	7,046,592
Additions	-	56,000	-	-	63,950	119,950
Depreciation charge	-	(185,701)	(604,323)	(671,558)	(211,486)	(1,673,068)
Closing - NBV	-	1,131,427	622,099	3,586,330	153,618	5,493,474
Gross carrying value basis						
Cost	1,168,197	3,201,031	3,680,658	11,260,933	4,955,804	24,266,623
Accumulated depreciation	(1,168,197)	(2,069,604)	(3,058,559)	(7,674,603)	(4,802,186)	(18,773,149)
NBV	-	1,131,427	622,099	3,586,330	153,618	5,493,474
Year ended June 30, 2019						
Net carrying value basis						
Opening - NBV	139,324	1,442,620	1,850,590	4,741,486	505,824	8,679,844
Additions	-	-	45,000	187,960	107,712	340,672
Depreciation charge	(139,324)	(181,492)	(669,168)	(671,558)	(312,382)	(1,973,924)
Closing NBV	-	1,261,128	1,226,422	4,257,888	301,154	7,046,592
Gross carrying value basis						
Cost	1,168,197	3,442,403	3,858,158	11,260,933	4,953,404	24,683,095
Accumulated depreciation	(1,168,197)	(2,181,275)	(2,631,736)	(7,003,045)	(4,652,250)	(17,636,503)
NBV	-	1,261,128	1,226,422	4,257,888	301,154	7,046,592
Depreciation rate % per annum	33.33	10	20	20	33.33	

13.2 Fixed Assets - Ijarah finance

Description	Vehicles	Machinery	Total
	----- Rupees -----		
Year ended June 30, 2020			
Net carrying value basis			
Opening - NBV	-	12,573,647	12,573,647
Depreciation charge	-	(10,436,467)	(10,436,467)
Closing - NBV	-	2,137,180	2,137,180
Gross carrying value basis			
Cost	-	57,889,662	57,889,662
Accumulated depreciation	-	(55,752,482)	(55,752,482)
NBV	-	2,137,180	2,137,180
Year ended June 30, 2019			
Net carrying value basis			
Opening - NBV	400,785	30,031,943	30,432,728
Disposals - NBV	-	(8)	(8)
Depreciation charge	(400,785)	(17,458,288)	(17,859,073)
Closing-NBV	-	12,573,647	12,573,647
Gross carrying value basis			
Cost	2,186,000	114,233,662	116,419,662
Accumulated depreciation	(2,186,000)	(101,660,015)	(103,846,015)
NBV	-	12,573,647	12,573,647
Depreciation rate % per annum	20 to 33.33	20 to 50	

13.3 The details of property, plant and equipment - disposed off during the year is as follows:

	Original Cost	Accumulated depreciation	Written down value Rupees	Sale proceeds	Gain / (loss) on disposal	Mode of disposal	Particulars of buyer
2020							
Own Use							
Furniture & fittings	297,372	297,372	-	33,000	33,000	Scrap sale	Muhammad Hussain
Office Equipment & Computer Equipment	239,050	239,050	-	6,500	6,500	Scrap sale	Amjad Hussain
Ijarah finance							
Vehicle	2,186,000	2,186,000	-	-	-	Ijarah term end	Lessee
Machinery	20,700,000	20,700,000	-	-	-	Ijarah term end	Lessee
Machinery	7,344,000	7,344,000	-	-	-	Ijarah term end	Lessee
Machinery	28,300,000	28,300,000	-	-	-	Ijarah term end	Lessee
Total	59,066,422	59,066,422	-	39,500	39,500		
2019							
<u>Own use</u>	187,960	187,960	-	8,000	8,000	Scrap sale	Technic Business System Lessee
<u>Ijarah finance</u>	1,430,000	1,429,992	8	-	(8)	Ijarah term end	
<u>Total</u>	<u>1,617,960</u>	<u>1,617,960</u>	<u>8</u>	<u>8,000</u>	<u>7,992</u>		

13.4 The vehicle under the Ijarah arrangement was recorded as owned asset at the value of security deposit on the completion of the Ijarah term. During the Ijarah term the cost of asset acquired under Ijarah arrangements amounts to Rs. 1.88 million was not taken as part of the assets of the Company in accordance with the requirements to IFAS 2.□

13.5 The cost of fully depreciated assets which are still in use as at June 30, 2020 is Rs. 14.08 million and written down value is Rs. 0.93 million (2019: Rs. 14.11 million and written down value is Rs. 0.93 million).

14. RIGHT OF USE ASSETS□	Note	2020 Rupees	2019
Recognition of RoU asset on initial application of IFRS 16□	14.1	17,164,103	-
Depreciation charged during the year□		(4,254,136)	-
Closing NBV		12,909,967	-

14.1 This represent registered office located in Phase-1, DHA, Karachi and branch office located at New Airport Road, Lahore.

15. INTANGIBLE ASSETS

Computer software	15.1	83,485	127,043
Computer software under development		1,440,217	1,440,217
		1,523,702	1,567,260

	Note	2020	2019
		----- Rupees -----	
15.1 Computer software			
Cost of the asset		966,798	966,798
<i>Amortisation</i>			
Opening		839,755	796,197
Charge for the year		43,558	43,558
		(883,313)	(839,755)
Closing NBV		83,485	127,043
Amortisation rate % per annum		20	20
16. TRADE AND OTHER PAYABLES			
Accrued liabilities		4,474,497	3,402,695
Sundry creditors - Lease		24,824,361	24,231,560
Security deposit		3,980,039	2,054,052
Unearned rental income		-	5,012,243
Payable to provident fund		51,814	-
Other liabilities		6,318,619	4,145,541
		39,649,330	38,846,091
17. ACCRUED MARK - UP			
Short term borrowings		9,702,879	12,670,660
Certificates of investment		50,090,834	9,260,772
Long-term loan		421,478	925,769
		60,215,191	22,857,201
18. SHORT TERM BORROWINGS - secured			
Running finances facilities	18.1	344,585,560	414,340,936
18.1			
<p>The Company has availed short-term running finance facilities from various commercial banks having sanctioned limit amounting to Rs. 630 (2019: Rs. 550) million. The facilities carry mark-up at the rate ranging from 3 months KIBOR plus 1.5% per annum to 3 months KIBOR plus 2.5% per annum. The facilities are secured by hypothecation charge over leased assets and lease rentals receivable.</p>			
19. CERTIFICATES OF INVESTMENT- unsecured			
Certificates of Investment	19.1	404,171,853	392,312,675
Current portion shown under current liabilities		(12,000,000)	(18,375,094)
		392,171,853	373,937,581
19.1			
<p>These represent certificates of investment issued by the Company for periods ranging from 12 to 36 (2019: 6 to 36) months and carry mark-up rates ranging from 8% to 14% (2019: 10.75% to 12.25%) per annum.</p>			

	Note	2020	2019
20. □ LONG-TERM LOAN- secured □		-----	Rupees -----
Long-term loan □	20.1	29,166,665	49,999,996
Current portion shown under current liabilities		(16,666,668)	(20,833,331)
		<u>12,499,997</u>	<u>29,166,665</u>
20.1 □	The Company has arranged long term finance facility from Allied Bank Limited amounting to Rs. □ 50 (2019: Rs. 100) million for a tenure of three years which is repayable in quarterly □ instalments. The maturity date of the facility is February 06, 2022. The facility carries mark-up □ at the rate of 3 month KIBOR plus 1.5% per annum and is secured by hypothecation charge over □ specific leased assets and lease rentals receivable.		
21. □ LEASE LIABILITIES □			
Recognition of lease liabilities on initial application of IFRS 16 □	21.1	18,161,076	-
Finance cost incurred during the year □		1,737,768	-
Lease payments during the year □		(4,659,718)	-
		<u>15,239,126</u>	-
Current portion shown under current liabilities □		(3,833,364)	-
		<u>11,405,762</u>	<u>-</u>
21.1 □	These liabilities are computed at incremental borrowing rates of the Company and over a term □ of 5 years.		
22. □ LONG-TERM DEPOSITS □			
Long-term deposits □	22.1	882,544,405	787,953,553
Current portion shown under current liabilities □		(234,778,192)	(96,789,816)
		<u>647,766,213</u>	<u>691,163,737</u>
22.1 □	These represent interest free security deposits received against lease contracts and are refundable □ / adjustable at the expiry / termination of the respective leases. Security deposits ranging from □ 2% to 89% (2019: 2% to 89%) of the lease amount and are obtained at the time of entering into □ the lease arrangement.		
23. □ ADVANCE RENTAL AGAINST IJARAH LEASING □			
Advance rental against Ijarah leasing □		633,942	3,185,963
Current portion shown under current liabilities		(633,942)	(2,552,045)
		<u>-</u>	<u>633,918</u>
24. □ DEFERRED TAXATION □			
Taxable temporary difference arising in respect of: □			
Surplus on revaluation of property, plant and equipment □		36,966,506	36,966,506
Unrealised gain on revaluation of investment property □		5,971,680	5,971,680
Net investment in finance lease		192,344,766	198,506,251
Long-term investments		-	9,258
		<u>235,282,952</u>	<u>241,453,695</u>

	2020	2019
	----- Rupees -----	
Deductible temporary difference arising in respect of:		
Carried forward tax losses	-	(26,560,697)
Provision against potential lease losses	(9,705,186)	(762,132)
Provision against diminishing musharakah receivable	(5,448,810)	(2,724,405)
Provision against other receivables	(15,113,634)	(8,882,496)
Accelerated tax depreciation	(5,234,278)	(10,297,374)
RoU assets and lease liabilities- net	(675,456)	-
Provision for leave encashment	(555,262)	(573,414)
	(36,732,626)	(49,800,518)
	198,550,326	191,653,177

24.1 Movement in temporary differences is as follows:

	Balance as at July 1, 2019	Recognised in profit and loss account	Balance as at June 30, 2020
	----- Rupees -----		
Surplus on revaluation of property, plant & equipment	36,966,506	-	36,966,506
Unrealised gain on revaluation of investment property	5,971,680	-	5,971,680
Accelerated tax depreciation	(10,297,374)	5,063,096	(5,234,278)
Long-term investments	9,258	(9,258)	-
Net investments in finance lease	198,506,251	(6,161,485)	192,344,766
Carried forward tax losses	(26,560,697)	26,560,967	-
Provision against potential lease losses	(762,132)	(8,943,054)	(9,705,186)
Provision against diminishing musharakah receivable	(2,724,405)	(2,724,405)	(5,448,810)
Provision against other receivables	(8,882,496)	(6,231,138)	(15,113,634)
RoU assets and lease liabilities - net	-	(675,456)	(675,456)
Provision for leave encashment	(573,414)	18,152	(555,262)
	191,653,177	6,897,149	198,550,326

25. SHARE CAPITAL

2020		2019	Note	2020		2019	
----- Number of shares -----				----- Rupees -----			
Authorised capital							
<u>50,000,000</u>	<u>50,000,000</u>	Ordinary shares of Rs. 10 each		<u>500,000,000</u>		<u>500,000,000</u>	
Issued, Subscribed and paid-up share capital							
<u>10,000,000</u>	<u>10,000,000</u>	Ordinary shares of Rs.10 each fully paid in cash		<u>100,000,000</u>		<u>100,000,000</u>	
<u>2,369,800</u>	<u>2,369,800</u>	Ordinary shares of Rs. 10 each issued as fully paid bonus shares		<u>23,698,000</u>		<u>23,698,000</u>	
<u>13,000,000</u>	<u>13,000,000</u>	Ordinary shares of Rs. 10 each issued as fully paid Right shares		<u>130,000,000</u>		<u>130,000,000</u>	
<u>25,369,800</u>	<u>25,369,800</u>			<u>253,698,000</u>		<u>253,698,000</u>	

25.1 □ As at June 30, 2020, 10,617,438 (2019: 10,617,438) shares of the Company were held by □ related parties.

26. RESERVES
Capital reserve

Statutory reserve	26.1	<u>108,089,370</u>	105,910,520
Reserve for issue of bonus shares		<u>4,402,000</u>	4,402,000
Surplus on revaluation of property, plant and equipment - net	26.2 & 26.3	<u>90,504,204</u>	90,504,204
Surplus on revaluation of available for sale investments (2019: Surplus investments at FVOCI)	6 & 26.2	<u>1,858,546</u>	<u>1,759,720</u>
		<u>204,854,120</u>	<u>202,576,444</u>

Revenue reserve

Unappropriated profit		<u>291,062,199</u>	<u>302,371,124</u>
		<u>495,916,319</u>	<u>504,947,568</u>

26.1 □ In accordance with the requirements of NBFC Regulations, an amount of not less than 20 □ percent of after tax profits shall be transferred to statutory reserve till such time when the □ reserve equals the amount of paid-up capital, and thereafter a sum of not less than 5 □ percent shall be transferred. Consequently, during the current year the Company has □ transferred an amount of Rs. 2.179 (2019: Rs. 12.876) million to its statutory reserve.

26.2 □ In accordance with the requirements of NBFC Rules, surplus on revaluation of property, □ plant and equipment and surplus on revaluation of available for sale investments shall not □ be included in equity, therefore, the amount of equity shown in note 1.2 to these financial □ statements does not include the said surplus. ■

26.3 □ Represents surplus on revaluation in respect of office premises at The Forum Mall, Karachi □ as disclosed in note 12.1. The said property was transferred from property, plant and □ equipment to investment property during the year ended June 30, 2017.

27. CONTINGENCIES AND COMMITMENTS
27.1 Contingencies

27.1.1 The Alternate Corporate Tax charge (ACT) for the tax years 2019, 2018, 2017, 2016, 2015 and 2014 amounted to Rs. 12.101 million, Rs. 13.702 million, Rs. 11.135 million, Rs. 8.702 million, Rs. 9.233 million and Rs. 8.100 million respectively, which is Rs. 9.265 million, Rs. 11.411 million, Rs. 9.464 million, Rs. 7.127 million, Rs. 8.005 million and Rs. 7.140 in excess of the minimum tax payable under section 113 of the Income Tax Ordinance, 2001 against each year.

The Company had filed a Civil Suit against the levy and payment of ACT on its accounting income in the Honorable High Court of Sindh. The Court on December 29, 2014 had issued an order restraining the Federal Board of Revenue (FBR) from taking any coercive action against the Company. Later on, on the basis of directions given by the Honorable Supreme Court of Pakistan vide its order dated June 27, 2018 in another case to the effect that civil suits shall only be entertained by the High Courts if 50% of the tax calculated by the tax authorities is deposited upfront by the filers of the civil suit, Management was advised by its legal advisor to withdraw the civil suit and to file a constitution petition instead as and when a notice for the recovery of the tax demand is received from the FBR. Accepting the legal advice of the legal advisor, the Company has withdrawn the civil suit and is waiting to be served by a recovery notice by the FBR. As soon as the notice is received the management will file a Constitutional Petition in the Court. The Company has a strong case and since the management is confident that it will get the desired relief from the Court, no provisioning for the disputed tax demand has been made in these financial statements amounting to Rs. 52.412 million.

27.1.2 On June 15, 2016, Order-in-original No.551 of 2016 was passed by the Assistant Commissioner of Sindh Revenue Board (SRB) under section 23, 43(2)(3)(6d) of the Sindh Sales Tax on Services Act, 2011(the Act) whereby sales tax demand of Rs. 3.199 million was created against the Company for tax years 2012 to 2015. This demand included sum of Rs. 2.353 million being sales tax charged on income from gross Ijarah operations. An appeal was filed against the said Order before the Commissioner (Appeals) of the SRB by the Company under section 57 of the Act which was not allowed by the Commissioner (Appeals) vide his Order-in-Appeal No. 20 of 2017 dated March 01, 2017. An appeal against the order of Assistant Commissioner of SRB and Order-in-Appeal of Commissioner (Appeals) was also filed by the Company in the Appellate Tribunal (AT) of SRB under section 61 of the Act which has also been dismissed by the AT of SRB vide its Order in Appeal No. AT-18/2017 dated April 30, 2019 on the ground that Ijarah transactions being undertaken by the Company are similar to an operating lease arrangement in which sales tax is chargeable on gross Ijarah rental amount. The Company has filed a reference against the order of the AT of SRB in the Court and on June 10, 2019 has been granted a stay against the recovery of the disputed tax demand by the SRB. The Management, based on legal advise, is confident that the outcome of the appeal will be in the Company's favor. Accordingly, no provision has been recorded in respect of the matter.

27.2 Commitments	2020	2019
	----- Rupees -----	
27.2.1 Commitments for finance lease	<u>5,865,000</u>	<u>205,434,521</u>
27.2.2 Commitments for auto-finance loan	<u>22,500,000</u>	<u>-</u>

27.2.3 Contractual rentals receivable on Ijarah contracts

2020		
Due within 1 year	Due after 1 year but within 5 years	Total
(Rupees)		
Rentals receivable in future	2,538,830	-
	2,538,830	2,538,830

2019		
Due within 1 year	Due after 1 year but within 5 years	Total
(Rupees)		
Rentals receivable in future	11,173,320	2,538,830
	11,173,320	13,712,150

27.2.4 Contractual rentals receivable on Diminishing Musharakah contracts

2020		
Due within 1 year	Due after 1 year but within 5 years	Total
(Rupees)		
Rentals receivable in future	5,692,190	5,191,440
	5,692,190	10,883,630

2019		
Due within 1 year	Due after 1 year but within 5 years	Total
(Rupees)		
Rentals receivable in future	6,285,557	10,883,630
	6,285,557	17,169,187

	Note	2020	2019
----- Rupees -----			
28. INCOME FROM FINANCING OPERATIONS			
Finance Income		217,929,564	189,498,259
Gain on lease termination		2,290,844	2,644,071
Late payment charges		8,602,874	1,558,497
Processing fee		1,489,588	2,630,431
Documentation charges		593,550	889,200
Income from Ijarah operations	28.1	13,060,883	21,642,113
Mark-up on auto-finance loan		1,599,909	-
		245,567,212	218,862,571

	Note	2020	2019
----- Rupees -----			
28.1	Income from Ijarah Operations □		
	Ijarah rental income	10,508,862	16,091,488
	Advance rental amortisation □	2,552,021	5,550,625
		<u>13,060,883</u>	<u>21,642,113</u>
29.	RETURN ON INVESTMENTS □		
	Profit on bank accounts	29.1 3,313,080	2,007,810
	Interest on Government Securities	6,229,369	4,747,794
	Dividend income	-	126,520
		<u>9,542,449</u>	<u>6,882,124</u>
29.1	This amount includes Rs. 1,125 (2019: Rs. 1,189) which represents profit on bank accounts □ maintained with Islamic banks.		
30.	OTHER INCOME		
	Gain on disposal of fixed assets	13.3 39,500	7,992
	Rental income on investment property	10,255,541	10,397,279
	Un-realised gain on revaluation of investment property	-	7,722,000
	Others	39,945	20,081
		<u>10,334,986</u>	<u>18,147,352</u>
31.	ADMINISTRATIVE AND OPERATING EXPENSES		
	Salaries, allowances and benefits	31.1 & 31.2 37,167,862	37,526,720
	Depreciation	13.1, 13.2 & 14 16,363,671	19,832,997
	Amortisation	15.1 43,558	43,558
	Office utilities	1,577,936	1,734,183
	Legal and professional charges	2,781,050	5,513,926
	Auditors' remuneration	31.3 525,000	525,000
	Postage, subscription, printing and stationary	1,886,612	1,754,624
	Vehicle running and maintenance	2,193,390	2,196,805
	Office repair and general maintenance	995,459	842,252
	Workers' Welfare Fund	440,000	1,452,000
	Insurance	1,494,468	1,335,245
	Advertisement	230,830	291,600
	Travelling and conveyance	84,000	269,888
	Rent on Ijarah finance	-	90,050
	Rent expense	-	4,209,524
	General	2,231,024	1,215,007
		<u>68,014,860</u>	<u>78,833,379</u>
31.1 □	Salaries and benefits include Rs. 0.828 (2019: Rs. 0.786) million in respect of staff □ provident fund. ■■		
31.2 □	Total number of employees at as June 30, 2020 is 36 (2019: 40) and the average number □ of employees during the year was 39 (2019: 38).		

31.3	Auditors' remuneration□	Note	2020	2019
		----- Rupees -----		
	Audit fee□		335,000	335,000
	Review report on the statement of compliance with the Code of Corporate Governance		50,000	50,000
	Half yearly review fee		115,000	115,000
	Out of pocket expenses		25,000	25,000
			<u>525,000</u>	<u>525,000</u>
32.	FINANCE COST□			
	<i>Mark-up / interest on:</i>			
	Short term borrowings		53,542,311	40,329,609
	Certificates of investment		53,110,601	33,925,707
	Long-term loan		5,324,658	3,616,393
	Lease liabilities		1,737,768	-
	Bank charges		310,616	140,754
			<u>114,025,954</u>	<u>78,012,463</u>
33.	TAXATION			
	Current	33.1	3,827,837	2,836,431
	Deferred	24.1	6,897,149	3,970,784
			<u>10,724,986</u>	<u>6,807,215</u>
33.1□	Numerical reconciliation between the average tax rate and the applicable tax rate has not □ been presented as Company is subject to the provisions of taxation under Section 113 of the □ Income Tax Ordinance, 2001.			
34.	EARNINGS PER SHARE - BASIC AND DILUTED			
	Profit after taxation attributable to ordinary shareholders□		<u>10,894,248</u>	<u>64,378,140</u>
			-----Number of shares-----	
	Weighted average number of outstanding ordinary shares□		<u>25,369,800</u>	<u>25,369,800</u>
			-----Rupees-----	
	Earning per share - basic□and diluted□		<u>0.43</u>	<u>2.54</u>
34.1	There were no convertible dilutive potential ordinary shares in issue as at June 30, 2020.			
35.	CASH AND CASH EQUIVALENTS			
	Cash and bank balances		114,805,586	16,410,061
	Short term borrowings		<u>(344,585,560)</u>	<u>(414,340,936)</u>
			<u>(229,779,974)</u>	<u>(397,930,875)</u>

35.1 □ RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM □ FINANCING ACTIVITIES

Description	Liabilities		Total
	Long-term loan	Certificates of investments	
----- Rupees -----			
Balance as at July 1, 2019	49,999,996	392,312,675	442,312,671
Repayment of long-term loan	(20,833,331)	-	(20,833,331)
Issued and rolled forward during the year	-	30,740,965	30,740,965
Payments made during the year	-	(18,881,787)	(18,881,787)
	(20,833,331)	11,859,178	(8,974,153)
Balance as at June 30, 2020	29,166,665	404,171,853	433,338,518

36. REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	2020			2019			
	Chief Executive Officer	Non Executive directors	Executives	Chief Executive Officer	Non Executive directors	Executive director	Executives
----- Rupees -----							
Managerial remuneration	1,765,167	-	6,579,193	1,858,068	-	2,111,748	4,535,754
Housing and utilities	970,837	-	3,870,557	1,021,937	-	1,257,468	2,650,662
Reimbursable expenses	119,480	-	659,930	114,297	181,239	246,152	376,193
Provident Fund contribution	-	-	129,081	-	-	-	124,554
Directors' meeting fees	-	1,629,997	-	-	1,919,996	-	-
	2,855,484	1,629,997	11,238,761	2,994,302	2,101,235	3,615,368	7,687,163
Number of persons	1	8	4	1	7	1	3

36.1 □ The executives of the Company are also entitled to free use of Company owned and maintained □ vehicles.

37. □ TRANSACTIONS AND BALANCES WITH RELATED PARTIES □

The Company has related party relationships with the companies with common directorship, □ directors of the Company, key management personnel and employee's contribution plan. □

Contributions to the provident fund are made in accordance with the terms of employment. □ Salaries and allowances of the key management personal are in accordance with the terms of □ employment. Other transactions are on agreed terms.

37.1 Transactions during the year

Nature of transaction	Nature of relationship	2020	2019
		----- Rupees -----	
<u>Certificates of investment</u>			
<i>Issued during the year</i>	Board of Directors and their relatives	10,000,000	8,000,000
<i>Rolled over during the year</i>	Board of Directors and their relatives	372,171,853	1,134,098,924
<i>Repaid during the year</i>	Board of Directors and their relatives	-	13,636,959
<i>Financial Charges</i>	Board of Directors and their relatives	50,361,675	31,766,634
<u>Net investment in finance lease</u>			
<i>Rental received</i>			
Saira Industries (Private) Limited	Associated undertaking (Common Directorship)	620,847	827,796
MACPAC Films Limited	Associated undertaking (Common Directorship)	22,186,080	17,681,237
<u>Office rent</u>			
<i>Rent paid during the year</i>			
Unibro House	Associated undertaking (Common Directorship)	3,945,755	3,587,045
<u>Dividend</u>			
<i>Dividend Paid during the year</i>			
Board members	Board of Directors and their relatives	11,320,425	18,867,375
Unibro Industries Limited	Associated undertaking (Common Directorship)	1,124,839	1,874,731
Mid-East Agencies (Private) Limited	Associated undertaking (Common Directorship)	965,246	1,608,743
<u>Staff Retirement Benefit Plan</u>			
<i>Contribution for the year</i>			
	Provident fund	828,236	785,906

37.2 Year ended balances

Certificates of investment (COI)	Board of Directors and their relatives	382,171,853	363,937,581
Accrued mark-up	Board of Directors and their relatives	48,483,205	8,614,716
Net investment in finance lease	Associated undertaking (Common Directorship) and Board of Directors and their relatives	48,441,609	62,077,399
Security deposit	Associated undertaking (Common Directorship) and Board of Directors and their relatives	10,075,000	11,395,000
Prepaid rent	Associated undertaking (Common Directorship)	1,076,115	1,304,380

38. PROVIDENT FUND DISCLOSURE

The Company operates an approved funded contributory provident fund for both its management and non-management employees. Details of net assets and investments of the fund are as follows:

	2020 (Un-audited)	2019 (Audited)
	----- Rupees -----	
Size of the fund - net assets	<u>6,052,348</u>	<u>4,874,659</u>
Cost of investments made	<u>252,000</u>	<u>252,000</u>
Percentage of the investments made	<u>4%</u>	<u>5%</u>
Fair value of the investments made	<u>459,261</u>	<u>444,394</u>

The breakup of the fair value of the investments is:

	2020		2019	
	Rupees	%	Rupees	%
Mutual Funds	<u>459,261</u>	<u>100</u>	<u>444,394</u>	<u>100</u>

The management, based on the un-audited financial statements of the Fund, is of the view that the investments out of provident fund have been made in accordance with the provisions of Section 218 of the Companies Act, 2017 and Rules formulated for this purpose.

39. FINANCIAL INSTRUMENTS BY CATEGORY

Particulars	2020			
	Loans and receivables	Held to maturity	Available for sale	Total
	----- Rupees -----			
Financial assets				
Cash and bank balances	114,805,586	-	-	114,805,586
Short term investments	-	61,455,487	3,052,746	64,508,233
Other receivables	8,076,830	-	-	8,076,830
Ijarah rental receivables	278,062	-	-	278,062
Advance to employees	11,500	-	-	11,500
Net investment in finance lease (net of security deposit)	1,451,145,869	-	-	1,451,145,859
Long-term loans	23,476,947	-	-	23,476,947
Long-term security deposits	118,500	-	-	118,500
	<u>1,597,913,284</u>	<u>61,455,487</u>	<u>3,052,746</u>	<u>1,662,421,517</u>

Particulars	2020	
	Other financial liabilities	Total
----- Rupees -----		
Financial liabilities		
Trade and other payables	7,608,672	7,608,672
Unclaimed dividend	2,960,408	2,960,408
Accrued mark-up	60,215,191	60,215,191
Short term borrowings	344,585,560	344,585,560
Certificate of investment	404,171,853	404,171,853
Long-term loan	29,166,665	29,166,665
Lease liabilities	15,239,126	15,239,126
	<u>863,947,475</u>	<u>863,947,475</u>

Particulars	2019			
	Loans and receivables	Held to maturity	Available for sale	Total
----- Rupees -----				
Financial assets				
Cash and bank balances	16,410,061	-	-	16,410,061
Short term investments	-	54,479,241	2,953,920	57,433,161
Other receivables	25,526,690	-	-	25,526,690
Ijarah rental receivables	536,780	-	-	536,780
Accrued mark-up / return on investments	202,301	-	-	202,301
Net investment in finance lease (net of security deposit)	1,575,358,841	-	-	1,575,358,841
Long-term investments	6,031,925	-	-	6,031,925
Diminishing musharakah receivables	9,394,499	-	-	9,394,499
Long-term security deposits	112,500	-	-	112,500
	<u>1,633,573,597</u>	<u>54,479,241</u>	<u>2,953,920</u>	<u>1,691,006,758</u>

Particulars	2019	
	Other financial liabilities	Total
----- Rupees -----		
Financial liabilities		
Trade and other payables	4,797,452	4,797,452
Unclaimed dividend	1,996,977	1,996,977
Accrued mark-up	22,857,201	22,857,201
Short term borrowings	414,340,936	414,340,936
Certificate of investment	392,312,675	392,312,675
Long-term loan	49,999,996	49,999,996
	<u>886,305,237</u>	<u>886,305,237</u>

40. □ FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES □

The Company is exposed to following risks: □

40.1 □ Market risk ■

Market risk is the risk that changes in market prices, such as interest rates, equity prices, □ foreign exchange rates and credit spreads (not relating to changes in the obligor's/issuer's □ credit standing) will affect the Company's income or the value of its holdings of financial □ instruments. The Company manages the market risk by monitoring exposure on marketable □ securities by following internal risk management policies and regulations laid down by SECP. □ As of June 30, 2020, the Company is mainly exposed to interest rate risk only. □

40.1.1 □ Interest rate risk ■

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument □ will fluctuate because of changes in market interest rates. The Company's exposure to risk □ of changes in market interest rates relates primarily to the Company's fixed and floating rates □ financial assets and financial liabilities, Fixed rates financial assets as at June 30, 2020 □ aggregate to Rs. 67.482 (2019: Rs. 64.545) million and financial liabilities Rs. 404.172 (2019: □ Rs. 392.313) million. Floating rates financial assets as at June 30, 2020 aggregate to □ Rs. 2,357.445 (2019: Rs. 2,373.244) million and financial liabilities Rs. 388.991 (2019: □ Rs. 464.341) million. The maturity analysis and risk rate profile of the Company's significant □ interest bearing financial instruments are as follows:

		2020				
		Exposed to mark-up / interest / profit rate risk			Not exposed to mark-up/ interest / profit rate risk	
Effective mark-up/ interest/ profit rate	Total	Upto three months	More than three months and upto one year	More than one year and upto five years		
Percent (%)	Rupees					
Financial assets						
Cash and bank balances	5.25-5.75	114,805,586	6,026,120	-	-	108,779,466
Short term investments	7.90-7.95	64,508,233	61,455,487	-	-	3,052,746
Other receivables - net	-	8,076,830	-	-	-	8,076,830
Ijarah rentals receivables	12.01	278,062	278,062	-	-	-
Advance to employees	-	11,500	-	-	-	11,500
Net investment in finance lease (net of security deposit)	9.31-31.46	1,451,145,859	99,684,831	552,579,430	798,881,598	-
Long-term loans	13.37-20.54	23,476,947	4,821,274	10,994,119	7,661,554	-
Long-term security deposits	-	118,500	-	-	-	118,500
		1,662,421,517	172,265,774	563,573,549	806,543,152	120,039,042
Financial liabilities						
Trade and other payables	-	7,608,672	-	-	-	7,608,672
Unclaimed dividend	-	2,960,408	-	-	-	2,960,408
Accrued mark-up	-	60,215,191	-	-	-	60,215,191
Short term borrowings	10.33-13.69	344,585,560	341,876,789	2,708,771	-	-
Certificates of investment	8.00-14.00	404,171,853	-	12,000,000	392,171,853	-
Long-term loan	9.59	29,166,665	4,166,667	12,500,001	12,499,997	-
Lease liabilities	12.51-13.15	15,239,126	958,341	2,875,023	11,405,762	-
		863,947,475	347,001,797	30,083,795	416,077,612	70,784,271
On statement of financial position gap		798,474,042	(174,736,023)	533,489,754	390,465,540	49,254,771

Effective mark-up/ interest/ profit rate	Total	2019			Not exposed to mark-up/ interest/ profit rate risk
		Exposed to mark-up / interest / profit rate risk			
		Upto three months	More than three months and upto one year	More than one year and upto five years	
Percent (%)		----- Rupees -----			
Financial assets					
Cash and bank balances	10.25	16,410,061	4,034,190	-	12,375,871
Short term investments	11.2	57,433,161	54,479,241	-	2,953,920
Other receivables - net	-	25,526,690	-	-	25,526,690
Ijarah rentals receivables	12.04-12.88	536,780	536,780	-	-
Advance to employees	-	57,490	-	-	57,490
Accrued mark-up / return on investments	-	202,301	-	-	202,301
Net investment in finance lease (net of security deposit)	9.31-31.46	1,575,358,841	149,297,939	465,683,433	960,377,469
Diminishing musharakah receivables	12.45	9,394,499	1,191,501	4,766,004	3,436,994
Long-term investments	9.25-11.5	6,031,925	6,031,925	-	-
Long-term deposits	-	112,500	-	-	112,500
		1,691,064,248	215,571,576	470,449,437	963,814,463
Financial liabilities					
Trade and other payables	-	4,797,452	-	-	4,797,452
Unclaimed dividend	-	1,996,977	-	-	1,996,977
Accrued mark-up	-	22,857,201	-	-	22,857,201
Short term borrowings	14.47-15.47	414,340,936	264,914,612	149,426,324	-
Certificates of investment	10.75-12.25	392,312,675	-	18,375,094	373,937,581
Long-term loan	12.61-13.12	49,999,996	8,333,330	12,500,001	29,166,665
		886,305,237	273,247,942	180,301,419	403,104,246
On statement of financial position gap		804,759,011	(57,676,366)	290,148,018	560,710,217
					29,651,630
					11,577,142

a) Sensitivity analysis 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 the statement of profit or loss.

b) Sensitivity analysis for variable rate instruments

In case of increase / decrease in KIBOR by 100 basis points on the last pricing date with all other variables held constant, the profit before tax for the year ended June 30, 2020 would have been lower/higher by Rs. 19.685 (2019: 19.098) million.

40.2 Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company, resulting in a financial loss to the Company. The risk is generally limited to principal amounts and accrued interest thereon, if any, and arises principally from the Company's receivables from customers and balances with the banks. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter parties, and continually assessing the credit worthiness of counter parties.

The maximum exposure to credit risk at the reporting date is:

	2020	2019
	----- Rupees -----	
Cash and bank balances □	114,805,586	16,360,820
Other receivables □	8,385,830	25,835,690
Ijarah rental receivables □	278,062	536,780
Investments □	3,052,746	2,953,920
Advance to employees □	11,500	57,490
Net investment in finance lease □	1,451,145,859	1,575,358,841
Long-term loans □	23,476,947	-
Diminishing musharakah receivable □	-	9,394,499
Long-term security deposits	118,500	112,500
	<u>1,601,275,030</u>	<u>1,630,610,540</u>

Aging analysis of net investment in finance lease

	2020			
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
	----- Rupees -----			
Past due □				
Neither over due nor impaired □	2,084,934,775	2,084,934,775	-	-
1 - 89 days * □	22,832,397	22,832,397	-	-
90 days - 1 year □	257,969,802	79,725,172	178,244,630	32,317,408
1 year - 2 years □	541,396	-	541,396	270,698
2 years - 3 years □	-	-	-	-
More than 3 years	878,053	-	878,053	878,053
	<u>2,367,156,423</u>	<u>2,187,492,344</u>	<u>179,664,079</u>	<u>33,466,159</u>

	2019			
	Carrying Amount	Amount on which no impairment recognised	Amount on which impairment recognised	Impairment recognised
	----- Rupees -----			
Past due □				
Neither over due nor impaired □	2,337,832,004	2,337,832,004	-	-
1 - 89 days * □	22,832,397	22,832,397	-	-
90 days - 1 year □	1,240,991	1,240,991	-	-
1 year - 2 years □	3,156,991	-	3,156,991	1,749,989
2 years - 3 years □	-	-	-	-
More than 3 years	878,053	-	878,053	878,053
	<u>2,365,940,436</u>	<u>2,361,905,392</u>	<u>4,035,044</u>	<u>2,628,042</u>

Impairment is recognised by the Company in accordance with the NBFC Regulations and subjective evaluation of investment portfolio is carried out on an ongoing basis.

* No impairment loss has been recorded on these finance leases in accordance with the requirements of the NBFC Regulations.

The analysis below summarises the credit rating quality of Company's banks balances as at June 30, 2020:

Credit ratings and Collaterals

Details of the credit ratings of balances with the banks as at 30 June were as follows:

Ratings	2020	2019
AAA	5.41%	1.94%
AA+	91.94%	86.67%
AA	0.10%	0.48%
AA-	0.23%	1.50%
A	2.29%	8.22%
A-	0.03%	1.19%
	100.00%	100.00%

40.2.1 Concentration of credit risk - gross investment in finance lease

The Company seeks to manage its credit risk through diversification of financing activities to avoid undue concentration of credit risk with individuals or groups of customers in specific locations or business sectors.

The management of the Company follows two sets of guidelines. Internally, it has its own operating policy duly approved by the Board of Directors whereas externally it adheres to the regulations issued by the SECP. The operating policy defines the extent of exposures with reference to a particular sector or group of leases.

Details of the composition of gross investment in finance lease portfolio of the Company are given below:

	2020		2019	
	Rupees	Percentage	Rupees	Percentage
Energy, oil and gas	472,823,593	16.26	627,012,225	21.31
Steel, engineering and auto	122,838,299	4.22	199,950,856	6.79
Electrical goods	19,386,018	0.67	15,344,296	0.52
Transport and communication	22,330,483	0.77	125,956,923	4.28
Chemical, fertilizer and pharmaceuticals	212,314,980	7.30	89,910,760	3.06
Textile	95,215,685	3.27	139,856,315	4.75
Food, tobacco and beverage	226,740,048	7.80	220,211,279	7.48
Hotels	172,816,032	5.94	85,033,422	2.89
Construction	143,987,159	4.95	175,827,847	5.98
Health care	265,232,995	9.12	252,205,975	8.57
Advertisement	46,714,623	1.61	65,536,872	2.23
Services	320,370,985	11.02	103,678,795	3.52
Packaging	1,625,992	0.06	45,609	0.00
Education	-	-	38,069,891	1.29
Media & Entertainment	219,014,028	7.53	272,262,549	9.25
Others	566,026,722	19.47	531,820,002	18.08
	2,907,437,642	100.00	2,942,723,615	100.00

40.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

The Company manages liquidity risk by following the internal guidelines of the management such as monitoring maturities of financial liabilities, continuously monitoring its liquidity position and ensuring availability of the funds by maintaining flexibility in funding by keeping committed credit lines available, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Maturity analysis for financial liabilities

	2020				
	Total	Contractual cash flow	Upto three months	More than three months and upto one year	More than one year and upto five years
	Rupees				
Trade and other payable	7,608,672	7,608,672	7,608,672	-	-
Unclaimed dividend	2,960,408	2,960,408	2,960,408	-	-
Accrued mark-up	60,215,191	60,215,191	10,124,357	73,644	50,017,190
Short term borrowing	344,585,560	344,585,560	341,876,789	-	-
Certificates of investment	404,171,853	519,137,921	-	12,886,356	506,251,565
Long-term loan	29,166,665	31,986,742	4,871,685	14,010,754	13,104,303
Lease liabilities	15,239,126	15,239,126	1,200,993	2,875,023	11,163,110
	863,947,475	981,733,620	368,642,904	29,845,777	580,536,168

	2019				
	Total	Contractual cash flow	Upto three months	More than three months and upto one year	More than one year and upto five years
	----- Rupees -----				
Trade and other payable	4,797,452	4,797,452	4,797,452	-	-
Unclaimed dividend	1,996,977	1,996,977	1,996,977	-	-
Accrued mark-up	22,857,201	22,857,201	22,857,201	-	-
Short term borrowing	414,340,936	414,340,936	264,914,612	149,426,324	-
Certificates of investment	392,312,675	521,805,813	-	19,821,663	501,984,150
Long-term loan	49,999,996	58,917,291	9,927,896	16,091,548	32,897,847
	<u>886,305,237</u>	<u>1,024,715,670</u>	<u>304,494,138</u>	<u>185,339,535</u>	<u>534,881,997</u>

41. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The carrying values of the financial assets and financial liabilities approximate their fair values except for investments held to maturity.

The Company's accounting policy on fair value measurements is discussed in note 4.

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).

As at June 30, 2020, available for sale investments were valued using level 1 inputs.

Transfer between levels of the fair value hierarchy are recognised at the end of the reporting year during which the changes have occurred. However, there were no transfers between levels of fair value hierarchy during the year.

42. CAPITAL RISK MANAGEMENT

The Company's prime objective when managing capital is to safeguard its ability to continue as a going concern in order to provide adequate returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio (total liabilities/total equity). The Company finances its operations through equity, borrowings and management of its working capital with a view to maintaining an appropriate mix between various sources of finance to minimise liquidity risk. Taken as a whole, the Company's risk arising from financial instruments is limited as there is no significant exposure to price and cash flow risk in respect of such instruments.

	2020	2019
	----- Rupees -----	
Total debt	793,163,204	856,653,607
Total equity	749,614,319	758,645,568
Total capital employed	<u>1,542,777,523</u>	<u>1,615,299,175</u>
Gearing ratio	<u>51.41%</u>	<u>53.03%</u>

43. SEGMENT INFORMATION

The Company has two primary reporting segments namely, "Conventional finance" and "Islamic finance". Other operations, which are not deemed by management to be sufficiently significant to disclose as separate items and do not fall into the above segment categories, are reported under "Others".

	2020			
	Conventional finance	Islamic finance	Others	Total
	----- Rupees -----			
Segment revenue	232,053,034	13,594,748	19,796,865	265,444,647
Administrative and operating expenses	86,607,658	20,555,148	6,056,029	113,218,835
Segment result	145,445,376	(6,960,400)	13,740,836	152,225,812
Provision for Workers' Welfare Fund				(440,000)
Unallocated expenses				<u>(16,075,325)</u>
Result from operating activities				135,710,487
Finance cost				(114,091,253)
Provision for taxation				<u>(10,724,986)</u>
Profit for the year				<u>10,894,248</u>
<u>Other Information</u>				
Segment assets	<u>2,364,869,166</u>	<u>4,492,099</u>	<u>239,205,435</u>	2,608,566,700
Unallocated assets				118,764,425
Total assets				<u>2,727,331,125</u>
Segment liabilities	<u>911,348,805</u>	<u>1,212,190</u>	<u>19,219,165</u>	931,780,160
Unallocated liabilities				1,045,936,646
Total liabilities				<u>1,977,716,806</u>
Depreciation	<u>-</u>	<u>10,436,467</u>	<u>4,254,136</u>	<u>14,690,603</u>
Unallocated Capital expenditure				<u>119,950</u>
Unallocated Depreciation				<u>1,673,068</u>

	2019			Total
	Conventional finance	Islamic finance	Others	
	----- Rupees -----			
Segment revenue	197,220,458	21,642,113	25,029,476	243,892,047
Administrative and operating expenses	41,988,676	28,457,224	4,550,415	74,996,315
Segment result	155,231,782	(6,815,111)	20,479,061	168,895,732
Provision for Workers' Welfare Fund				(1,452,000)
Unallocated expenses				(18,005,232)
Result from operating activities				149,438,500
Finance cost				(78,253,145)
Provision for taxation				(6,807,215)
Profit for the year				64,378,140
Other Information				
Segment assets	<u>2,386,986,201</u>	<u>23,839,676</u>	<u>235,049,578</u>	2,645,875,455
Unallocated assets				15,916,682
Total assets				<u>2,661,792,137</u>
Segment liabilities	<u>813,739,471</u>	<u>3,804,259</u>	<u>7,066,295</u>	824,610,025
Unallocated liabilities				1,078,536,544
Total liabilities				<u>1,903,146,569</u>
Depreciation	<u>-</u>	<u>17,859,073</u>	<u>-</u>	-
Unallocated Capital expenditure				<u>340,672</u>
Unallocated Depreciation				<u>1,973,924</u>

44. □ IMPACT OF COVID-19 ON THE FINANCIAL STATEMENTS □

On March, 11 2020, the World Health Organization (WHO) declared COVID-19 as a Pandemic. □
 As a result in March, 2020, the Provincial Governments of Sindh and Punjab declared immediate □
 lockdown of all businesses, which was followed, on a national basis, by all the remaining Provinces. □

State Bank of Pakistan (SBP) and the Securities & Exchange Commission of Pakistan (SECP), □
 the two regulatory bodies for commercial banks and other financial institutions, immediately □
 undertook steps to mitigate the adverse fall out of the lockdown. SBP stepped in to ease the □
 conditions for doing business by steeply cutting down its Policy Rate and introducing refinancing □
 facilities to Banks at reduced rates of interest and flexible terms for onward lending to businesses □
 facing liquidity crunch. Moreover, both SBP & SECP issued instructions to defer payment of the □
 Principal on all advances, in addition to relaxing conditions for restructuring/re-scheduling to □
 borrowers faced with acute repayment capacity. The Company allowed deferment of Principal □
 payment, for varying periods, to its Lessees, on a case to case basis. On an overall basis, the □
 Company's liquidity profile did not suffer much, given the availability of sufficient credit lines and □
 due to a general downturn in demand for writing new leases. □

The management of the Company continues to monitor the situation very closely and based on □
 an objective evaluation of the prevailing position, believes that there is no material financial impact □
 of COVID-19 on the carrying amount of assets and liabilities or items or income and expense.

45. □ NON-ADJUSTING EVENT AFTER THE STATEMENT OF FINANCIAL POSITION DATE ■■

The Board of Directors in its meeting held on September 30, 2020 proposed a final dividend □ of Rs. 0.25 per share for the year ended June 30, 2020, amounting to Rs. 6.34 million for □ approval of members at the Annual General Meeting to be held on October 27, 2020. □ These financial statements do not reflect the impact of this proposed dividend. ■■

46. □ DATE OF AUTHORISATION FOR ISSUE ■■

These financial statements were authorised for issue on September 30, 2020 by the Board □ of Directors of the Company.

Chief Executive Officer

Chief Financial Officer

Director

No. of Share Holders	Having Shares		Shares Held	Percentage
	From	To		
56	1	100	777	0.0031
27	101	500	12358	0.0487
22	501	1000	16428	0.0648
30	1001	5000	61438	0.2422
3	5001	10000	23788	0.0938
3	10001	15000	40686	0.1604
3	15001	20000	53475	0.2108
2	20001	25000	46690	0.1840
2	25001	30000	50736	0.2000
1	30001	35000	32000	0.1261
1	45001	50000	49950	0.1969
4	55001	60000	229241	0.9036
1	90001	95000	94080	0.3708
1	100001	105000	100831	0.3974
1	115001	120000	116787	0.4603
1	120001	125000	122127	0.4814
1	125001	130000	128560	0.5067
2	195001	200000	399800	1.5759
3	340001	345000	1030563	4.0622
1	495001	500000	500000	1.9708
1	685001	690000	687042	2.7081
1	695001	700000	695042	2.7397
1	795001	800000	799899	3.1530
1	810001	815000	813885	3.2081
1	1145001	1150000	1148770	4.5281
1	1285001	1290000	1286994	5.0729
1	1495001	1500000	1499785	5.9117
1	1685001	1690000	1689434	6.6592
1	2450001	2455000	2451090	9.6614
2	3615001	3620000	7234150	28.5148
1	3950001	3955000	3953394	15.5831
177	Company Total		25369800	100.0000

**CATEGORIES OF SHAREHOLDERS
AS AT JUNE 30, 2020**

	Category of shareholder	Number	Share Held	Total Share holding	Percentage %
	Associated companies, undertaking and related parties				
1	Unibro Industries Ltd		1,499,785		
2	Mid East Agencies (Pvt) Ltd		1,286,994		
	Total	2		2,786,779	10.98
	NIT and ICP	-	-	-	-
	Director, chief executive & their spouse and minor children				
1	Mr. Sohail Inam Ellahi		2,451,090		
2	Mr. Pervez Inam		3,953,394		
3	Mr. Fawad S. Malik		1,348,670		
4	Mrs. Atteqa Fawad		75,005		
5	Mr. Ismail H. Ahmed		500		
6	Brig. Naveed Nasar Khan (Retd.)		500		
7	Mr. Naeem Ali Muhammad Munshi		500		
8	Mr. Jan Ali Khan Junejo		500		
9	Ms. Naueen Ahmed		500		
	Total	9		7,830,659	30.87
	Executives	1	24,845	24,845	0.10
	Public Sector Companies	1	1	1	0.00
	Banks, DFIs, NBFCs, Insurance Companies, Modaraba and Mutual Funds				
	Bank of Punjab	1	799,899	799,899	3.15
	Foreign Companies	-	-	-	-
	Individuals	159	13,925,491	13,925,491	54.89
	Others	4	2,126	2,126	0.01
	Total	177	25,369,800	25,369,800	100
	Holding 5% or more				
1	Mr. Pervez Inam		3,953,394		15.58%
2	Mr. Muhammad Ali Pervez		3,617,075		14.26%
3	Mr. Hassan Sohail		3,617,075		14.26%
4	Mr. Sohail Inam Ellahi		2,451,090		9.66%
5	Mr. Javed Inam Ellahie		1,689,434		6.66%
6	Unibro Industries Ltd		1,499,785		5.91%
7	Mid East Agencies (Pvt.) Ltd		1,286,994		5.07%
8	Mr. Fawad S. Malik		1,348,670		5.32%
	Total			19,463,517	76.72%



I/We _____ of _____
 _____ being member(s) of
PAK-GULF LEASING COMPANY LIMITED holding _____ ordinary shares as per Registered
 Folio No./CDC A/c No. (for members who have shares in CDS) _____
 hereby appoint _____ of _____
 _____ or failing him/her _____
 _____ of _____
 as my/our Proxy to attend and vote for me/us and on my/our behalf at the 27th Annual General Meeting
 to be held on Tuesday, October 27, 2020 at 5:00 p.m. and at any adjournment thereof.
 As witness my/our hand this day of _____ 2020.
 Signed by _____ in presence of _____

Please affix
Rs. 5/- Revenue
Stamp

Signature and address of witnesses

Signature of Member(s)

Share Folio No. _____

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

The instrument appointing a proxy shall be in writing under the hand of the appointer of this attorney duly authorised in writing if the appointer is a corporation under its common seal or the hand of an officer or attorney duly authorised.

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

میں / ہم _____ ساکن _____

بحیثیت شراکت دار پاک۔ گلف لیزنگ کمپنی لمیٹڈ اور بوسیدہ ملکیت _____ عمومی حصص مندرجہ
رجسٹرڈ فوئیو نمبر _____ سی ڈی سی اکاؤنٹ نمبر _____ (ان شراکت داران کے لئے
جن کے عمومی حصص کا اندراج سی ڈی سی میں ہے) بذریعہ دستاویز ہذا مسمیٰ / مسماۃ _____
یا انکی / انکی غیر موجودگی میں مسمیٰ / مسماۃ _____ اپنا متبادل (پراکسی) مقرر کرتا / کرتی ہوں اور یہ
حقوق تفویض کرتا / کرتی ہوں جس کے تحت وہ میری / ہماری جگہ مندرجہ بالا کمپنی کے شراکت داران کے 27 ویں سالانہ اجلاس میں
شرکت اور ووٹ ڈالنے کے مجاز ہوں، جبکہ انعقاد بوقت شام 5:00 بجے بروز منگل، مورخہ 27 اکتوبر 2020 طلب و مقرر کیا گیا ہے
جمع اس اجلاس یا اس کے کسی مؤخر کردہ اجلاس کے۔

اس دستاویز کی تصدیق بقلم خود کرتا / کرتی ہوں بتاریخ _____ 2020
_____ کا دستخط شدہ بمعیت و موجودگی

براہ مہربانی یہاں 5 روپے کا
ریونیوٹا سٹامپ چسپاں کریں

_____ میرے دستخط بمع حصص فوئیو نمبر _____
کمپنی کا کوئی بھی شراکت دار جو کمپنی کے شراکت داران کے کسی بھی اجلاس میں موجود ہونے، بولنے، حصہ لینے اور ووٹ دینے کے قانونی
حقوق رکھتا ہو وہ یہ تمام حقوق اپنے کسی متبادل اور مقرر کردہ شخص کو بحیثیت اپنی پراکسی اور اختیار کے تفویض کر سکتا ہے بشرطیکہ مقرر کردہ
شخص بھی کمپنی کا شراکت دار اور حصص دار ہو۔

پراکسی دستاویز ہمیشہ تحریر شدہ ہوگی اور اس پر پراکسی دینے والے کے دستخط ہونے لازم ہیں۔ اگر پراکسی دینے والا حصص دار / شراکت دار
کوئی کارپوریشن یا ایسی قسم کا کوئی اور رجسٹرڈ ادارہ ہے جسکی ملکیت ایک سے زیادہ اشخاص کے نام پر ہے تو ایسے حصص دار یا شراکت دار کے
لئے ضروری ہوگا کہ وہ اپنے قانونی طور پر مجاز دستخط کنندگان سے دستخط شدہ ایک باضابطہ تصدیق شدہ مختار نامہ جس پر نوٹری پبلک کی مہر اور
کارپوریشن کی کامن سیل بھی ہوا ہے پراکسی فارم کے ساتھ منسلک کرے۔

یہ تمام دستاویزات مجوزہ اجلاس کے مقرر کردہ وقت اور تاریخ سے کم از کم اڑتالیس 48 گھنٹے قبل پاک۔ گلف لیزنگ کمپنی لمیٹڈ کے
رجسٹرڈ دفتر میں جمع کرانا اور انکی رسید وصول کرنا ضروری ہے۔