

Overview of the Company (SPLC) Performance under the auspicious of outgoing Board

The sitting Board which has successfully completed its three years terms in November 2021 was elected in the EOGM of the company held on 26-11-2018 Under the supervision of SECP after vacation of Stay Order on 30-07-2018 granted by the High Court of Sindh in Feb 2016. The new Board consisting of 7 seven Directors has been elected unopposed (all the seven directors were re-elected) in the EOGM of the company held on 03-12-2021 and awaiting fit and proper test report from SECP to assume the office accordingly.

The trading of the company remained suspended from February 2018 to September 2019 in defaulter segment due to defaults relating to non-holding of AGM's and Audit of all the pending years accounts of the company from 30 June 2016 to 30 June 2019 including periodic accounts for the respective quarters and half year besides annual accounts as well as the defaults in holding AGM's for the respective period. The efforts of the management was focused in maintaining its ability to operates as a going concern while at the same time on rectification of defaults with the PSX Regulations and SECP mandatory requirements. Since the company rectified the defaults by holding its overdue Annual General Meetings and submission of overdue Annual Accounts for the year and interim periods from 2016 to 2019, the trading of shares of company was restored by the exchange on September 20, 2019.

The management of the company is striving hard to improve the financial condition of the company through extensive efforts for recoveries which is only life line for the company. The management is making utmost efforts for capitalizing recoveries and addressing the liability position by evolving settlements through meaningful negotiations with the companies' creditors by obtaining substantial haircut. In this regards, a rehabilitation plan had already been submitted to SECP with the approval of the Board for changing status of the company from deposit taking to non-deposit taking entity and comply with the prescribed MER requirement.

Nevertheless, the recoveries have become increasingly difficult owing to cumbersome and prolonged litigation process where more than 90% of the company's portfolio is stuck-up and are in litigation. Moreover, due to COVID-19 affects the company business also suffered heavily, however the company continued its operations and took necessary steps to ensure smooth continuation of business and trying its level best to recover as much as possible from the non-performing portfolio. Due to lengthy and complex legal process, the pace of recoveries through court is slow but settlement negotiations with several defaulters are underway.

Achievement in 2020

Despite Inflationary trend and COVID-19 affects in the country the administrative and operating expenses reduced to Rs. 39.721m in 2020 from Rs. 48.032m in 2019 i.e. reduction of Rs. 8.311m or 17.3% owing to focuses efforts on recovery and settlements provision to the extent of Rs. 27.467m were reversed during FY 2020.

Achievement in 2021

Despite sever disruption of overall economic activities at home and abroad due to COVID-19 pandemic and its aftermaths besides ever increasing inflationary trend in the country the administrative and operating expenses were reduced to Rs 37.726M in 2021 from Rs 39.721M in 2020 i-e reduction of Rs 6.995M by adopting austerity and prudential measures. Whereas, recovery and settlement provision to the extent of Rs 29.276M were reversed during FY 2021.

The company recovered Settlement gain of Rs.36.3m by setting liabilities (Principal +Markup) of one of its TFC holders by Payment of Rs 2M and also taken the impact of fair value of uncoated shares SPI Insurance under IFRS-9 amounted to Rs. 25.578m. Negative Equity during the FY 2021 reduced from RS. 567m in 2020 to Rs 546m in 2021. The company incurred a loss of Rs. 53.430m during FY2020 whereas a profit posted a profit of Rs. 1.3m in FY 2021 on the balance sheet of the company.

The company has been out of leasing business for over a decade mainly due to severe liquidity Crunch. This has led to a Situation where the company has been managing its affairs out of Fund generated through Settlement and recovery of Stuck up portfolio.

The management is trying its level best to recovery as much as possible from non-performing portfolio (NPP) but due to very lengthy and Complex legal process, the pace of recoveries through courts is very slow.

Future Prospects

Future prospect of company heavily depended on recoveries through Court decrees/out of Court Settlement, besides other measures that have been envisaged in the Rehabilitation Plan duly approved by the BODs and Submitted to SECP. One of the major shareholder heaving a stake of 35% Ordinary Shares and 63% of Preference Shares of the Company has informed about divestment of its entire stake in SPLC and negotiation with the Prospective Buyers is underway at an advanced stage of finalization and expected to be completed in near future.

The company is facing liquidity constraints. Management and BOD are fully cognizant of the prevailing situation being faced by the company. The management is striving all possible efforts for settlement with creditors and depositors by capitalizing its drive for recovery of its nonperforming loans (NPLS), which is a major step towards revival of the company and the management is optimistic about bring substantial improvement in near future and hopeful of enjoying the full confidence and trust of its shareholders in the management and the board of directors of the company to achieve the desired objective in the larger interest of its share and stakeholders . To develop highest standards of corporate governance and transparent system of running the affairs of the company all the requirements of CCG are being followed in letter and spirit as per SECP regulatory framework envisaged in the Companies Act, 2017.

The complete Annual Accounts for the Fiscal Years ended on 30-06-2020 and 30-06-2021 along with the independent Auditors report thereon for the respective year are available on SPLC and PSX website for information of all the Stakeholders /Shareholders and the interested public at large.