

**ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED JUNE 30, 2022**

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**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of **ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2022**, and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the cash flow statement 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 and other comprehensive income, the statement of changes in equity and the cash flow statement 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, 2022 and of the loss, total comprehensive loss, the changes in equity and its cash flows 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.



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### **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.
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- 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 the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- 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.

#### **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 other comprehensive income, the statement of changes in equity and the cash flow statement 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) no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).
- e) The Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statements of financial position was prepared.

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The engagement partner on the audit resulting in this independent auditor's report is **Mehmood A. Razzak**.

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Baker Tilly Mehmoed Idrees Qamar  
Chartered Accountants

Karachi

Date: October 07, 2022

UDIN: AR202210151H8w9uye7c

**ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT JUNE 30, 2022**

|                                                                | Note | 2022<br>Rupees     | 2021<br>Rupees     |
|----------------------------------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                                                  |      |                    |                    |
| <b>Non - Current Assets</b>                                    |      |                    |                    |
| Operating assets                                               | 4    | 28,494,897         | 24,733,570         |
| Intangible assets                                              | 5    | 2,579,046          | 2,601,280          |
| Investment                                                     | 6    | 7,000,000          | 7,000,000          |
| Long term deposits                                             | 7    | 2,910,965          | 2,787,965          |
|                                                                |      | 40,984,908         | 37,122,815         |
| <b>Current Assets</b>                                          |      |                    |                    |
| Short term investment                                          | 8    | 152,842,424        | 177,459,604        |
| Trade debts                                                    | 9    | 47,052,894         | 74,520,823         |
| Advances, deposits, prepayments and other receivables          | 10   | 115,192,274        | 147,114,827        |
| Cash and bank balances                                         | 11   | 202,365,741        | 243,876,307        |
|                                                                |      | 517,453,333        | 642,971,561        |
| <b>TOTAL ASSETS</b>                                            |      | <b>558,438,241</b> | <b>680,094,376</b> |
| <b>EQUITY AND LIABILITIES</b>                                  |      |                    |                    |
| <b>SHARE CAPITAL AND RESERVE</b>                               |      |                    |                    |
| <b>Authorized Share Capital</b>                                |      |                    |                    |
| 35,000,000 (2021: 35,000,000) Ordinary shares of Rs. 10/- each |      | 350,000,000        | 350,000,000        |
| <b>Issued, Subscribed and Paid-up Share Capital</b>            |      |                    |                    |
| 34,682,360 (2021: 34,682,360) Ordinary shares of Rs. 10/- each | 12   | 346,823,600        | 346,823,600        |
| Accumulated losses                                             |      | (103,304,861)      | (24,335,869)       |
| <b>Total shareholders' equity</b>                              |      | <b>243,518,739</b> | <b>322,487,731</b> |
| <b>Non - Current Liabilities</b>                               |      |                    |                    |
| Deferred liability - staff gratuity                            | 13   | 5,734,274          | 4,074,409          |
| Lease liabilities                                              | 14   | 2,085,241          | -                  |
|                                                                |      | 7,819,515          | 4,074,409          |
| <b>Current Liabilities</b>                                     |      |                    |                    |
| Current portion of lease liabilities                           | 14   | 339,825            | -                  |
| Trade and other payables                                       | 15   | 229,999,836        | 273,762,614        |
| Accrued mark-up                                                |      | 2,622,272          | 5,264,918          |
| Short term borrowings - secured                                | 16   | 74,138,054         | 74,504,704         |
|                                                                |      | 307,099,987        | 353,532,236        |
| <b>CONTINGENCIES AND COMMITMENTS</b>                           | 17   | -                  | -                  |
|                                                                |      | <b>558,438,241</b> | <b>680,094,376</b> |

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer

Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED  
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2022

|                                                         | Note | 2022<br>Rupees      | 2021<br>Rupees    |
|---------------------------------------------------------|------|---------------------|-------------------|
| Commission income                                       | 18   | 93,486,777          | 160,088,824       |
| Operating expenses                                      | 19   | (98,501,113)        | (128,062,659)     |
| <b>Operating (loss) / profit</b>                        |      | <b>(5,014,336)</b>  | <b>32,026,165</b> |
| Financial charges                                       | 20   | (13,397,090)        | (18,866,356)      |
| Other (loss) / income                                   | 21   | (51,947,161)        | 42,543,772        |
| <b>(Loss) / profit before taxation</b>                  |      | <b>(70,358,587)</b> | <b>55,703,581</b> |
| Taxation                                                | 22   | (8,610,405)         | (10,815,220)      |
| <b>(Loss) / profit after taxation</b>                   |      | <b>(78,968,992)</b> | <b>44,888,361</b> |
| Other comprehensive income                              |      | -                   | -                 |
| <b>Total comprehensive (loss) / income for the year</b> |      | <b>(78,968,992)</b> | <b>44,888,361</b> |
| (Loss) / earnings per share                             | 23   | (2.28)              | 1.29              |

*The annexed notes 1 to 37 form an integral part of these financial statements*

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Chief Executive Officer

Director



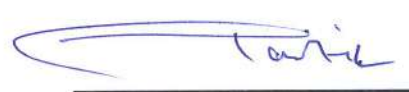
ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2022

|                                                             | Issued,<br>subscribed and<br>paid-up share<br>capital | Accumulated<br>losses | Total        |
|-------------------------------------------------------------|-------------------------------------------------------|-----------------------|--------------|
|                                                             | ----- Rupees -----                                    |                       |              |
| Balance as at July 01, 2020                                 | 346,823,600                                           | (69,224,230)          | 277,599,370  |
| Profit for the year ended June 30, 2021                     | -                                                     | 44,888,361            | 44,888,361   |
| Other comprehensive income                                  | -                                                     | -                     | -            |
| Total comprehensive income for the year ended June 30, 2021 | -                                                     | 44,888,361            | 44,888,361   |
| Balance as at June 30, 2021                                 | 346,823,600                                           | (24,335,869)          | 322,487,731  |
| Loss for the year ended June 30, 2022                       | -                                                     | (78,968,992)          | (78,968,992) |
| Other comprehensive income                                  | -                                                     | -                     | -            |
| Total comprehensive loss for the year ended June 30, 2022   | -                                                     | (78,968,992)          | (78,968,992) |
| Balance as at June 30, 2022                                 | 346,823,600                                           | (103,304,861)         | 243,518,739  |

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer

  
Director



ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2022

|                                                                      | Note      | 2022<br>Rupees      | 2021<br>Rupees      |
|----------------------------------------------------------------------|-----------|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                          |           |                     |                     |
| (Loss) / profit before taxation                                      |           | (70,358,587)        | 55,703,581          |
| <b>Adjustments for non cash charges and other items</b>              |           |                     |                     |
| Depreciation                                                         |           | 3,739,292           | 4,029,347           |
| Amortization of intangible assets                                    |           | 22,234              | 73,504              |
| Financial charges                                                    |           | 13,397,090          | 18,866,356          |
| Dividend income                                                      |           | (27,488,033)        | (4,180,503)         |
| Gratuity expense                                                     |           | 2,976,582           | 905,104             |
| Bad debts write-off                                                  |           | (1,054,661)         | (138,492)           |
| Unrealised loss / (gain) on re-measurement of short term investments |           | 30,931,892          | (20,297,409)        |
|                                                                      |           | 22,524,396          | (742,093)           |
| <b>Operating (loss) / profit before working capital changes</b>      |           | <b>(47,834,191)</b> | <b>54,961,488</b>   |
| <b>Decrease / (increase) in current assets</b>                       |           |                     |                     |
| Trade debts                                                          |           | 28,522,590          | (33,261,483)        |
| Short term investments                                               |           | (6,314,712)         | (11,149,676)        |
| Advances, deposits, prepayments and other receivables                |           | 31,074,047          | (78,772,604)        |
|                                                                      |           | 53,281,925          | (123,183,763)       |
| <b>(Decrease) / increase in current liabilities</b>                  |           |                     |                     |
| Trade and other payables                                             |           | (43,762,778)        | 20,837,327          |
| <b>Cash used in operations</b>                                       |           | <b>(38,315,044)</b> | <b>(47,384,948)</b> |
| Taxes paid - net                                                     |           | (7,761,899)         | 17,792,171          |
| Gratuity paid                                                        |           | (1,316,717)         | (316,374)           |
| Financial charges paid                                               |           | (16,039,736)        | (19,387,618)        |
| <b>Net cash used in operating activities</b>                         |           | <b>(63,433,396)</b> | <b>(49,296,769)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                          |           |                     |                     |
| Dividends received from trading investments                          |           | 27,488,033          | 4,194,738           |
| Additions in operating assets                                        |           | (2,218,619)         | (11,756,624)        |
| Long term deposits                                                   |           | (123,000)           | (51,000)            |
| <b>Net cash inflow from / (used in) operating activities</b>         |           | <b>25,146,414</b>   | <b>(7,612,886)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                          |           |                     |                     |
| Lease liability                                                      |           | (2,856,934)         | -                   |
| Long term deposit                                                    |           | -                   | (12,500,000)        |
| <b>Net cash used in financing activities</b>                         |           | <b>(2,856,934)</b>  | <b>(12,500,000)</b> |
| <b>Net decrease in cash and cash equivalents</b>                     |           | <b>(41,143,916)</b> | <b>(69,409,655)</b> |
| Cash and cash equivalents at the beginning of the year               |           | 169,371,603         | 238,781,258         |
| <b>Cash and cash equivalents at the end of the year</b>              | <b>24</b> | <b>128,227,687</b>  | <b>169,371,603</b>  |

The annexed notes 1 to 37 form an integral part of these financial statements

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Chief Executive Officer

Director

**ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED JUNE 30, 2022**

**1. STATUS AND NATURE OF BUSINESS**

- 1.1** The company is incorporated as a private company limited by shares under the Companies Ordinance, 1984 (repealed by Companies Act, 2017) and is a holder of the Trading Right Entitlement Certificate (TREC) of the Pakistan Stock Exchange Limited. It is principally engaged in the business of brokerage of shares and securities, investment advisory services, portfolio management and securities research. The Company is geographically located in the province of Sindh situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.
- 1.2** The Company also operates through its branch office in Pakistan Stock Exchange Building having address of Room no. 407, 4th Floor Stock Exchange Building, Stock Exchange Road, Karachi.

**2. BASIS OF PREPARATION**

**2.1 Accounting Convention**

These financial statements have been prepared under the historical cost convention, except for short term investments in quoted securities which are stated at fair value.

These financial statements comprise statement of financial position, statement of profit or loss and other comprehensive income, statement of cash flows, statement of changes in equity and notes to the financial statements and have been prepared under the accrual basis of accounting except for cash flow information.

**2.2 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 comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016. Where provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016, shall prevail.

**2.3 New and amended standards and interpretations**

**2.3.1 Standards, amendments to approved accounting standards effective in current year**

There are certain new standards and interpretations of and amendments to existing accounting and reporting standards that have become applicable to the Company for accounting periods beginning on or after July 01, 2021. These are considered either to not be relevant or not to have any significant impact on the Company's financial statements.

**2.3.2 Standards, amendments to approved accounting standards and interpretations that are not yet effective and have not been early adopted by the Company**

There are number of other standards, amendments and interpretations to the approved accounting standards that are not yet effective and are also not relevant to the Company and therefore, have not been presented here.

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### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The company has consistently applied the following accounting policies to all the years presented in these financial statements.

#### 3.1 Operating assets

##### **Owned**

Operating assets are stated at cost less accumulated depreciation.

Depreciation on all operating assets is charged to income using the reducing balance method in accordance with the rates specified in note 4 to these financial statements. Depreciation on additions is charged from the month the asset is available for use.

Maintenance and normal repairs are charged to income as and when incurred; major improvements are capitalized.

Gain or loss on disposal of assets is included in statement of profit or loss.

#### 3.2 Intangible Assets

An intangible asset is recognized if it is probable that the future economic benefits that are attributable to the asset will flow to the company and that the cost of such asset can be measured reliably.

Costs directly associated with identifiable software and having probable economic benefit exceeding beyond one year are recognized as intangible assets. Direct costs include the purchase cost of software and related overhead cost. Computer software are amortized from the date such assets are put into use on straight-line basis over its useful life. Cost associated with maintaining computer software are recognized as an expense when incurred.

TREC having indefinite useful life are not amortized. It is stated at acquisition cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether they are in excess of the recoverable amounts, and where the carrying value exceed estimated recoverable amount, these are written down to their estimated recoverable amount.

#### 3.3 Financial assets

##### **Initial Measurement**

The Company classifies its financial assets into following three categories:

- measured at amortised cost.
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

##### **Subsequent measurement**

##### **Debt Investments at FVOCI**

These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognized in the statement of profit or loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit or loss.

##### **Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognized in the statement of profit or loss.

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#### ***Financial assets measured at amortised cost***

Financial assets measured at these assets are subsequently measured at amortised cost using the effective amortised cost interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognized in the statement of profit or loss.

#### ***Equity Investments at FVOCI***

These assets are subsequently measured at fair value. Dividends are recognized as income in the statement of profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never reclassified to the statement of profit or loss.

#### ***Impairment of financial assets***

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements included loans and other debt-type financial assets measured at amortised cost and FVOCI that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

### **3.4 Financial liabilities**

Financial liabilities are initially recognized on trade date i.e. date on which the Company becomes party to the respective contractual provisions. The Company derecognizes the financial liabilities when contractual obligations are discharged or cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

### **3.5 Off-setting of financial assets and financial liabilities**

Financial assets and financial liabilities are off-set and the net amount is reported in the financial statements only when the company has a legally enforceable right to off-set the recognized amounts and the company intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

### **3.6 Lease liability against right-of-use assets**

The lease liabilities are initially measured as the present value of the remaining lease payments, discounted using the interest rate implicit in the lease, or if that rate cannot be readily determined, the Company uses incremental borrowing rate.

The lease liability is subsequently measured at amortized cost using the effective interest rate method. The lease liability is also remeasured to reflect any reassessment or change in lease terms. These remeasurements of lease liabilities are recognized as adjustments to the carrying amount of related right-of-use assets after the date of initial recognition.

Each lease payment is allocated between a reduction of the liability and a finance cost. The finance cost is charged to the statement profit or loss as mark-up expense over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

### **3.7 Trade debtors**

These are initially measured at original invoice amount, which approximates fair value, and subsequently measured at amortized cost less provision for impairment, if any. A provision for impairment is recognized when there is objective evidence that the company will not be able to collect all the amount due according to the original terms of the receivable. Trade debts are written off when considered irrecoverable.

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### **3.8 Provisions**

Provisions are recognized when the company has a present 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 verified at each balance sheet date and adjusted to reflect the current best estimate.

### **3.9 Trade and other payables**

Trade and other payables are recognized initially at fair value plus directly attributable costs, if any, and subsequently measured at amortized cost.

### **3.10 Borrowing costs**

Borrowing costs are recognized as an expense in the period in which these are incurred, except to the extent that they are directly attributable to the acquisition or construction of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) in which case these are capitalized as part of cost of that asset.

### **3.11 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalents include cash in hand, balances with bank and short term running finances.

### **3.12 Staff retirement benefits**

The company operates an unfunded gratuity scheme for all permanent employees based on their length of employment.

### **3.13 Taxation**

#### **Current**

The charge of the current year taxation is based on taxable income after consideration the rebates and tax credits available, if any. The certain portion of company's revenue falls under final tax regime to the Income Tax Ordinance, 2001.

#### **Deferred**

Deferred taxation is recognized using the balance sheet liability method on all major temporary differences arising between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are recognized for all taxable temporary differences. A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

### **3.14 Revenue recognition**

Brokerage, consultancy, advisory fee, underwriting, book running fee, commission on foreign exchange dealings and debt securities etc., are recognized as and when such services are provided.

Income from reverse repurchase transactions, debt securities and bank deposits is recognized at effective yield on time proportionate basis.

Interest income on financial assets (including margin financing) is recognized on time proportionate basis taking into account effective / agreed rate of the instrument.

Dividend income is recorded when the right to receive the dividend is established.

Gains / (losses) arising on sale of investments are included in the profit or loss account in the period in which they arise.

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### **3.15 Transactions with related parties**

All transactions involving related parties arising in the normal course of business are conducted at normal commercial rates on the same terms and conditions as third party transactions using admissible valuation models, as admissible, except in extremely rare circumstances where, subject to the approval of the board of directors, it is in the interest of the company to do so.

### **3.16 Off setting**

Financial assets and financial liabilities are set off and the net amount is reported in the financial statement when there is a legally enforceable right to set off and the company intends either to settle on a net basis or to realize the assets and to settle the liabilities simultaneously.

### **3.17 Functional and presentation currency**

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

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4. OPERATING ASSETS

| Owned              |                  |                     |                        |                | Right-of-Use  | Total |
|--------------------|------------------|---------------------|------------------------|----------------|---------------|-------|
| Building           | Office equipment | Computer and allied | Furniture and fixtures | Motor vehicles | Motor Vehicle |       |
| ----- Rupees ----- |                  |                     |                        |                |               |       |

Year ended June 30, 2021

|                        |           |           |         |         |            |   |            |
|------------------------|-----------|-----------|---------|---------|------------|---|------------|
| Opening net book value | 4,971,542 | 1,186,168 | 844,858 | 174,995 | 9,828,730  | - | 17,006,293 |
| Additions (at cost)    | -         | 172,500   | 319,124 | -       | 11,265,000 | - | 11,756,624 |

Disposals

|                          |   |   |   |   |   |   |   |
|--------------------------|---|---|---|---|---|---|---|
| Cost                     | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - |

|                                  |           |           |           |          |             |   |             |
|----------------------------------|-----------|-----------|-----------|----------|-------------|---|-------------|
| Depreciation charge for the year | (248,577) | (177,082) | (350,394) | (26,249) | (3,227,045) | - | (4,029,347) |
|----------------------------------|-----------|-----------|-----------|----------|-------------|---|-------------|

|                                    |           |           |         |         |            |   |            |
|------------------------------------|-----------|-----------|---------|---------|------------|---|------------|
| Net book value as at June 30, 2021 | 4,722,965 | 1,181,586 | 813,588 | 148,746 | 17,866,685 | - | 24,733,570 |
|------------------------------------|-----------|-----------|---------|---------|------------|---|------------|

At June 30, 2021

|                          |             |             |             |             |              |   |              |
|--------------------------|-------------|-------------|-------------|-------------|--------------|---|--------------|
| Cost                     | 6,425,000   | 3,037,896   | 3,564,651   | 1,514,157   | 36,912,231   | - | 51,453,935   |
| Accumulated depreciation | (1,702,035) | (1,856,310) | (2,751,063) | (1,365,411) | (19,045,546) | - | (26,720,365) |

|                                    |           |           |         |         |            |   |            |
|------------------------------------|-----------|-----------|---------|---------|------------|---|------------|
| Net book value as at June 30, 2021 | 4,722,965 | 1,181,586 | 813,588 | 148,746 | 17,866,685 | - | 24,733,570 |
|------------------------------------|-----------|-----------|---------|---------|------------|---|------------|

Year ended June 30, 2022

|                        |           |           |         |         |            |           |            |
|------------------------|-----------|-----------|---------|---------|------------|-----------|------------|
| Opening net book value | 4,722,965 | 1,181,586 | 813,588 | 148,746 | 17,866,685 | -         | 24,733,570 |
| Additions (at cost)    | -         | 27,800    | 380,900 | -       | 865,750    | 6,226,169 | 7,500,619  |

Disposals

|                          |   |   |   |   |   |   |   |
|--------------------------|---|---|---|---|---|---|---|
| Cost                     | - | - | - | - | - | - | - |
| Accumulated depreciation | - | - | - | - | - | - | - |

|                                  |           |           |           |          |             |           |             |
|----------------------------------|-----------|-----------|-----------|----------|-------------|-----------|-------------|
| Depreciation charge for the year | (236,148) | (179,670) | (297,610) | (22,312) | (2,770,071) | (233,481) | (3,739,292) |
|----------------------------------|-----------|-----------|-----------|----------|-------------|-----------|-------------|

|                                    |           |           |         |         |            |           |            |
|------------------------------------|-----------|-----------|---------|---------|------------|-----------|------------|
| Net book value as at June 30, 2022 | 4,486,817 | 1,029,716 | 896,878 | 126,434 | 15,962,364 | 5,992,688 | 28,494,897 |
|------------------------------------|-----------|-----------|---------|---------|------------|-----------|------------|

At June 30, 2022

|                          |             |             |             |             |              |           |              |
|--------------------------|-------------|-------------|-------------|-------------|--------------|-----------|--------------|
| Cost                     | 6,425,000   | 3,065,696   | 3,945,551   | 1,514,157   | 37,777,981   | 6,226,169 | 58,954,554   |
| Accumulated depreciation | (1,938,183) | (2,035,980) | (3,048,673) | (1,387,723) | (21,815,617) | (233,481) | (30,459,657) |

|                                    |           |           |         |         |            |           |            |
|------------------------------------|-----------|-----------|---------|---------|------------|-----------|------------|
| Net book value as at June 30, 2022 | 4,486,817 | 1,029,716 | 896,878 | 126,434 | 15,962,364 | 5,992,688 | 28,494,897 |
|------------------------------------|-----------|-----------|---------|---------|------------|-----------|------------|

|                   |    |     |     |     |     |     |  |
|-------------------|----|-----|-----|-----|-----|-----|--|
| Depreciation rate | 5% | 15% | 30% | 15% | 15% | 15% |  |
|-------------------|----|-----|-----|-----|-----|-----|--|

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| 5. INTANGIBLE ASSETS                                                                                                                 | Note | 2022<br>Rupees         | 2021<br>Rupees         |
|--------------------------------------------------------------------------------------------------------------------------------------|------|------------------------|------------------------|
| Trading rights entitlement certificates                                                                                              | 5.1  | 2,500,000              | 2,500,000              |
| Software                                                                                                                             | 5.2  | 79,046                 | 101,280                |
|                                                                                                                                      |      | <u>2,579,046</u>       | <u>2,601,280</u>       |
| <b>5.1 Trading rights entitlement certificates (TREC)</b>                                                                            |      |                        |                        |
| Cost                                                                                                                                 |      | 2,500,000              | 2,500,000              |
|                                                                                                                                      |      | <u>2,500,000</u>       | <u>2,500,000</u>       |
| <b>5.2 Software</b>                                                                                                                  |      |                        |                        |
| <b>Net carrying value basis</b>                                                                                                      |      |                        |                        |
| Opening net book value                                                                                                               |      | 101,280                | 174,784                |
| Add: Additions during the year                                                                                                       |      | -                      | -                      |
| Less: Amortization for the year                                                                                                      |      | (22,234)               | (73,504)               |
| <b>Closing net book value</b>                                                                                                        |      | <u>79,046</u>          | <u>101,280</u>         |
| <b>Gross carrying value</b>                                                                                                          |      |                        |                        |
| Cost                                                                                                                                 |      | 3,399,880              | 3,399,880              |
| Less: Accumulated amortization                                                                                                       |      | (3,320,834)            | (3,298,600)            |
| <b>Net book value</b>                                                                                                                |      | <u>79,046</u>          | <u>101,280</u>         |
| Amortization rate - number of years                                                                                                  |      | <u>5</u>               | <u>5</u>               |
| <b>6. INVESTMENT</b>                                                                                                                 |      |                        |                        |
| Investment at cost (unquoted - Dawood Family Takaful)                                                                                |      | 7,000,000              | 7,000,000              |
|                                                                                                                                      |      | <u>7,000,000</u>       | <u>7,000,000</u>       |
| 6.1 This represents investment in unquoted equity securities of 700,000 shares in Dawood Family Takaful at par value of Rs. 10 each. |      |                        |                        |
| <b>7. LONG TERM DEPOSITS</b>                                                                                                         |      | <b>2022<br/>Rupees</b> | <b>2021<br/>Rupees</b> |
| Pakistan Stock Exchange Limited                                                                                                      |      | 150,000                | 150,000                |
| Central Depository Company of Pakistan Limited                                                                                       |      | 150,000                | 150,000                |
| National Clearing Company of Pakistan Limited                                                                                        |      | 1,400,000              | 1,400,000              |
| Deposit against PSO card                                                                                                             |      | 435,515                | 365,515                |
| Rent deposit                                                                                                                         |      | 680,000                | 680,000                |
| Other deposits                                                                                                                       |      | 95,450                 | 42,450                 |
|                                                                                                                                      |      | <u>2,910,965</u>       | <u>2,787,965</u>       |
| <b>8. SHORT TERM INVESTMENT</b>                                                                                                      |      |                        |                        |
| At fair value through profit or loss (quoted equity securities)                                                                      |      | 152,842,424            | 177,459,604            |
|                                                                                                                                      |      | <u>152,842,424</u>     | <u>177,459,604</u>     |

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| 9. TRADE DEBTS                       | Note | 2022<br>Rupees    | 2021<br>Rupees    |
|--------------------------------------|------|-------------------|-------------------|
| Considered good:                     |      |                   |                   |
| - Trade receivable                   |      | 47,052,894        | 74,249,310        |
| - Receivables against margin finance |      | -                 | 271,513           |
|                                      |      | <u>47,052,894</u> | <u>74,520,823</u> |

**9.1 Aging of trade debts**

|                               |                   |                   |
|-------------------------------|-------------------|-------------------|
| Outstanding 0 to 14 days      | 7,590,392         | 38,158,588        |
| Outstanding more than 14 days | 39,462,502        | 36,090,722        |
|                               | <u>47,052,894</u> | <u>74,249,310</u> |

**10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**

|                                    |      |                    |                    |
|------------------------------------|------|--------------------|--------------------|
| Advance to staff                   |      | 6,063,884          | 1,383,551          |
| Exposure deposit into NCCPL        | 10.1 | 51,557,878         | 98,760,089         |
| Receivable from PSX/NCCPL          | 10.2 | 709,120            | 1,006,709          |
| Income tax refundable - net        |      | 18,470,216         | 19,318,722         |
| Other receivables                  | 10.3 | 38,098,833         | 21,239,802         |
| Other advances                     |      | 292,343            | 405,954            |
| Advance against IPO/ Book building |      | -                  | 5,000,000          |
|                                    |      | <u>115,192,274</u> | <u>147,114,827</u> |

10.1 This represents deposit with NCCPL against trade in future and ready market.

10.2 This represents deposit with NCCPL against transactions in Margin Trading System and future profit held.

10.3 This represents / includes receivable from a director Mr. Ahfaz Mustafa amounting to Rs. 38,098,833 (2021: 19,093,847).

| 11. CASH AND BANK BALANCES | Note | 2022<br>Rupees     | 2021<br>Rupees     |
|----------------------------|------|--------------------|--------------------|
| Cash in hand               |      | 5,618,375          | 4,834,462          |
| Cash at banks:             |      |                    |                    |
| - Current accounts         |      | 196,463,603        | 239,041,845        |
| - Saving accounts          |      | 283,763            | -                  |
|                            | 11.1 | <u>202,365,741</u> | <u>243,876,307</u> |

**11.1 Customer and proprietor wise balances**

|                                                     |                    |                    |
|-----------------------------------------------------|--------------------|--------------------|
| Proprietary account balances including cash in hand | 5,966,467          | 96,163,082         |
| Client account balances                             | 196,399,274        | 147,713,225        |
|                                                     | <u>202,365,741</u> | <u>243,876,307</u> |

87

## 12. SHARE CAPITAL

### Authorized Share Capital

| Number of Shares |      |
|------------------|------|
| 2022             | 2021 |

|            |            |                                |
|------------|------------|--------------------------------|
| 35,000,000 | 35,000,000 | Ordinary shares of Rs. 10 each |
|------------|------------|--------------------------------|

### Issued, Subscribed and Paid-up Share Capital

| Number of Shares |      |
|------------------|------|
| 2022             | 2021 |

|            |            |
|------------|------------|
| 34,682,360 | 34,682,360 |
|------------|------------|

|            |            |                                                   |
|------------|------------|---------------------------------------------------|
| 34,682,360 | 34,682,360 | Ordinary shares of Rs. 10 each fully paid in cash |
|------------|------------|---------------------------------------------------|

2022  
Rupees

2021  
Rupees

|             |             |
|-------------|-------------|
| 350,000,000 | 350,000,000 |
|-------------|-------------|

|             |             |
|-------------|-------------|
| 346,823,600 | 346,823,600 |
|-------------|-------------|

|             |             |
|-------------|-------------|
| 346,823,600 | 346,823,600 |
|-------------|-------------|

### 12.1 Pattern of Shareholding

| Name of Shares holders |
|------------------------|
|------------------------|

| 2022<br>Percentage | 2021<br>Percentage |
|--------------------|--------------------|
|--------------------|--------------------|

| 2022<br>Number of Shares | 2021<br>Number of Shares |
|--------------------------|--------------------------|
|--------------------------|--------------------------|

|                 |        |        |
|-----------------|--------|--------|
| Ahfaz Mustafa   | 65.23% | 65.23% |
| Azhar Iqbal     | 17.39% | 17.39% |
| Ayesha Naeem    | 17.39% | 17.39% |
| Mohammad Taufiq | 0.00%  | 0.00%  |

|            |            |
|------------|------------|
| 22,622,660 | 22,622,660 |
| 6,030,100  | 6,030,100  |
| 6,029,590  | 6,029,590  |
| 10         | 10         |

|       |      |      |
|-------|------|------|
| Total | 100% | 100% |
|-------|------|------|

|            |            |
|------------|------------|
| 34,682,360 | 34,682,360 |
|------------|------------|

## 13. DEFERRED LIABILITY - STAFF GRATUITY

Note

2022  
Rupees

2021  
Rupees

Opening balance  
Provision during the year

|           |           |
|-----------|-----------|
| 4,074,409 | 3,485,679 |
| 2,976,582 | 905,104   |
| 7,050,991 | 4,390,783 |

Paid during the year

|             |           |
|-------------|-----------|
| (1,316,717) | (316,374) |
|-------------|-----------|

Closing balance

|           |           |
|-----------|-----------|
| 5,734,274 | 4,074,409 |
|-----------|-----------|

## 14. LEASE LIABILITIES

Opening balance  
Additions during the year  
Interest charge

|           |   |
|-----------|---|
| -         | - |
| 5,282,000 | - |
| 120,522   | - |
| 5,402,522 | - |

Payments during the year

|             |   |
|-------------|---|
| (2,977,456) | - |
| 2,425,066   | - |

Current portion of lease liability

|           |   |
|-----------|---|
| (339,825) | - |
| 2,085,241 | - |

67



- 14.1 The future minimum lease payments to which the Company is committed under the lease agreements and the periods in which they will become due are as follows:

|                                                   | 2022                   |                             |                                 | 2021                   |                             |                                 |
|---------------------------------------------------|------------------------|-----------------------------|---------------------------------|------------------------|-----------------------------|---------------------------------|
|                                                   | Minimum lease payments | Financial charges allocated | Present value of lease payments | Minimum lease payments | Financial charges allocated | Present value of lease payments |
|                                                   | Rupees                 |                             |                                 |                        |                             |                                 |
| Not later than one year                           | 781,824                | (441,999)                   | 339,825                         | -                      | -                           | -                               |
| Later than one year but not later than five years | 2,931,840              | (846,599)                   | 2,085,241                       | -                      | -                           | -                               |
|                                                   | <b>3,713,664</b>       | <b>(1,288,598)</b>          | <b>2,425,066</b>                | -                      | -                           | -                               |

- 14.2 The total principal amount along with financial charges is payable in 60 monthly installments and carries mark-up at 3 month KIBOR + 2% per annum.

|                                            | Note        | 2022<br>Rupees     | 2021<br>Rupees     |
|--------------------------------------------|-------------|--------------------|--------------------|
| <b>15. TRADE AND OTHER PAYABLES</b>        |             |                    |                    |
| Creditors                                  |             | 2,686,707          | 4,803,484          |
| Trade payables                             |             | 198,331,872        | 207,307,615        |
| Accrued expenses                           |             | 5,432,761          | 4,212,832          |
| Sales and other taxes payable              |             | 1,928,971          | 4,249,357          |
| Other liabilities                          |             | 21,619,525         | 53,189,326         |
|                                            |             | <b>229,999,836</b> | <b>273,762,614</b> |
| <b>16. SHORT TERM BORROWINGS - SECURED</b> | <b>16.1</b> | <b>74,138,054</b>  | <b>74,504,704</b>  |

- 16.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs. 650 million (2021: Rs. 475 million) from various commercial banks with variable mark-up rates ranging from 2022: 8.95% to 13.39% (2021: 8.69% to 9.50%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

## 17. CONTINGENCIES AND COMMITMENTS

### Contingencies

The company has filed a recovery suit amounting to Rs. 12.6 million against a customer. The same customer has filed a counter suit of the same amount against the company. The company based on the advice of its legal counsel is confident that the case will be decided in its favor and the amount against which the claim has been filed will be received. Hence, no provision against this receivable has been made in these financial statements.

### Commitments

There has been no commitments at balance sheet date.

|                              | 2022<br>Rupees    | 2021<br>Rupees     |
|------------------------------|-------------------|--------------------|
| <b>18. COMMISSION INCOME</b> |                   |                    |
| Brokerage commission         | 93,486,777        | 160,088,824        |
|                              | <b>93,486,777</b> | <b>160,088,824</b> |

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| 19. OPERATING EXPENSES            | Note | 2022<br>Rupees    | 2021<br>Rupees     |
|-----------------------------------|------|-------------------|--------------------|
| Salaries and benefits             | 19.1 | 52,755,380        | 50,165,623         |
| Printing and stationery           |      | 200,510           | 151,017            |
| Rent, rates and taxes             |      | 2,681,375         | 2,651,300          |
| Vehicle running and maintenance   |      | 3,781,259         | 2,612,239          |
| Repairs and maintenance           |      | 2,234,967         | 910,326            |
| Electricity and gas charges       |      | 2,957,842         | 2,610,413          |
| Legal and professional charges    |      | 2,056,712         | 1,743,170          |
| Commission expenses               |      | 10,625,043        | 47,289,468         |
| Travelling and conveyance         |      | 1,762,780         | 313,360            |
| Insurance expenses                |      | 1,938,673         | 2,127,334          |
| Entertainment                     |      | 1,393,209         | 1,002,487          |
| Fees and subscription             |      | 3,027,734         | 4,037,236          |
| Depreciation                      | 4    | 3,739,292         | 4,029,347          |
| Amortization of intangible assets | 5.2  | 22,234            | 73,504             |
| Computer expenses                 |      | 7,866,242         | 7,806,843          |
| Donation and charity              | 19.2 | 33,200            | 30,500             |
| Auditors' remuneration            | 19.3 | 370,000           | 370,000            |
| Bad debt expense                  |      | 1,054,661         | 138,492            |
|                                   |      | <u>98,501,113</u> | <u>128,062,659</u> |

19.1 Salaries and benefits include Rs. 2,976,582 (2021: Rs. 905,104 ) in respect of staff retirement benefits.

19.2 None of the directors or their spouses had an interest in the donee's funds.

| 19.3 Auditors' Remuneration | Note | 2022<br>Rupees | 2021<br>Rupees |
|-----------------------------|------|----------------|----------------|
| Audit fees                  |      | 350,000        | 350,000        |
| Out of pocket expenses      |      | 20,000         | 20,000         |
|                             |      | <u>370,000</u> | <u>370,000</u> |

## 20. FINANCIAL CHARGES

|                               |      |                   |                   |
|-------------------------------|------|-------------------|-------------------|
| Mark-up on bank borrowings    | 16.1 | 12,662,967        | 18,044,549        |
| Interest on lease liabilities |      | 120,522           | -                 |
| Bank charges                  |      | 613,601           | 821,807           |
|                               |      | <u>13,397,090</u> | <u>18,866,356</u> |

## 21. OTHER (LOSS) / INCOME

|                                                                 |  |                     |                   |
|-----------------------------------------------------------------|--|---------------------|-------------------|
| Dividend income                                                 |  | 27,488,033          | 4,180,503         |
| Mark-up on exposure deposit                                     |  | 1,674,081           | 2,411,228         |
| Mark-up on MF                                                   |  | 292,977             | 1,531,132         |
| Realized (loss) / gain on listed securities                     |  | (50,470,360)        | 14,123,500        |
| Unrealized (loss) / gain on measurement of investments at FVTPL |  | (30,931,892)        | 20,297,409        |
|                                                                 |  | <u>(51,947,161)</u> | <u>42,543,772</u> |

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| 22. TAXATION | Note | 2022<br>Rupees   | 2021<br>Rupees    |
|--------------|------|------------------|-------------------|
| Current year |      | 8,716,158        | 10,298,261        |
| Prior year   |      | (105,753)        | 516,959           |
|              |      | <u>8,610,405</u> | <u>10,815,220</u> |

## 23. (LOSS) / EARNINGS PER SHARE

|                                            |               |             |
|--------------------------------------------|---------------|-------------|
| (Loss) / profit for the year (Rupees)      | (78,968,992)  | 44,888,361  |
| Weighted average number of ordinary shares | 34,682,360    | 34,682,360  |
|                                            | <u>(2.28)</u> | <u>1.29</u> |

## 24. CASH AND CASH EQUIVALENTS

|                                 |    |                    |                    |
|---------------------------------|----|--------------------|--------------------|
| Cash and bank balances          | 11 | 202,365,741        | 243,876,307        |
| Short term borrowings - secured | 16 | (74,138,054)       | (74,504,704)       |
|                                 |    | <u>128,227,687</u> | <u>169,371,603</u> |

## 25. PLEDGE SECURITIES WITH FINANCIAL INSTITUTION

|                                                                                  | Number of<br>Shares | Pledge<br>Value |
|----------------------------------------------------------------------------------|---------------------|-----------------|
| Pledged to financial institutions on behalf of brokerage house                   | 2,351,800           | 96,394,794      |
| Pledged to financial institutions on behalf Directors/ Sponsors/Ceo /Shareholder | 19,926,000          | 298,890,000     |
| Pledged to financial institutions on behalf of clients                           | 15,741,956          | 2,094,994,059   |

## 26. CUSTOMERS ASSETS HELD IN CDC

The house holds approx. 117.1 millions (2021: 154.2) million securities of his clients in the clients CDC sub accounts having approx.. fair value Rs. 4,646.6 million (2021: Rs. 5,261.9 million).

## 27. RELATED PARTY TRANSACTIONS

Related parties comprise of associated companies, directors and key management personnel. The company continues to have a policy whereby all transactions with related parties are at contractual / agreed rates.

| Name and relation with the<br>related Party | Transactions during the year and year end balances | 2022<br>Rupees    | 2021<br>Rupees    |
|---------------------------------------------|----------------------------------------------------|-------------------|-------------------|
| Mr. Ahfaz Mustafa, Chief Executive          | Brokerage income earned by the Company             | <u>972,676</u>    | <u>649,503</u>    |
|                                             | Trade receivable / (payable) at year end           | <u>296,764</u>    | <u>731,465</u>    |
|                                             | Other receivables at year end                      | <u>38,098,833</u> | <u>19,093,849</u> |

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## 28. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

|                         | Chief Executive  |                  | Executives        |                   |
|-------------------------|------------------|------------------|-------------------|-------------------|
|                         | 2022             | 2021             | 2022              | 2021              |
|                         | Rupees           |                  |                   |                   |
| Managerial remuneration | 3,801,900        | 3,401,700        | 14,704,237        | 14,372,970        |
| Allowances              | 1,898,100        | 1,698,300        | 7,341,096         | 6,248,965         |
| Bonus                   | -                | -                | 334,182           | 926,745           |
| <b>Total</b>            | <b>5,700,000</b> | <b>5,100,000</b> | <b>22,379,515</b> | <b>21,548,680</b> |
| Number of persons       | 1                | 1                | 8                 | 6                 |

28.1 The company also provided the company maintained car to chief executive and executive

## 29. CAPITAL RISK MANAGEMENT

The company's objective when managing capital is to safeguard the company's ability to continue as a going concern so that it can provide benefits to all stakeholders.

In order to maintain the balance of its capital structure the company may consider injecting further equity or issuing fresh debt. The company monitors its capital on the basis of its gearing ratio. Debt is calculated as total borrowings including both long term and short term borrowings. The gearing ratio as at June 30, 2022 and 2021 was as follows:

|                    | 2022<br>Rupees | 2021<br>Rupees |
|--------------------|----------------|----------------|
| Total borrowings   | 76,563,120     | 74,504,704     |
| Paid-up capital    | 346,823,600    | 346,823,600    |
| Accumulated losses | (103,304,861)  | (24,335,869)   |
|                    | 243,518,739    | 322,487,731    |
| Gearing ratio      | 24%            | 19%            |

## 30. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

| i) Financial instruments by category        | 2022<br>Rupees     | 2021<br>Rupees     |
|---------------------------------------------|--------------------|--------------------|
| <b>Financial assets</b>                     |                    |                    |
| <b>At cost</b>                              |                    |                    |
| Long term Investment                        | 7,000,000          | 7,000,000          |
| <b>At amortized cost</b>                    |                    |                    |
| Long term deposits                          | 2,910,965          | 2,787,965          |
| Trade debts                                 | 47,052,894         | 74,520,823         |
| Advances, deposits and other receivables    | 45,164,180         | 24,036,015         |
| Cash and bank balances                      | 202,365,741        | 243,876,307        |
| <b>At fair value through profit or loss</b> |                    |                    |
| Short term investments                      | 152,842,424        | 177,459,604        |
| <b>Total financial assets</b>               | <b>457,336,204</b> | <b>529,680,714</b> |

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|                                     | 2022<br>Rupees     | 2021<br>Rupees     |
|-------------------------------------|--------------------|--------------------|
| <b>Financial liabilities</b>        |                    |                    |
| Lease liabilities                   | 2,425,066          | -                  |
| Deferred liability - staff gratuity | 5,734,274          | 4,074,409          |
| Trade and other payables            | 229,999,836        | 273,762,614        |
| Accrued mark-up on borrowings       | 2,622,272          | 5,264,918          |
| Short term borrowings               | 74,138,054         | 74,504,704         |
| <b>Total financial liabilities</b>  | <b>314,919,502</b> | <b>357,606,645</b> |

ii) **Financial risk management objectives and policies**

The company's activities are exposed to a variety of financial risks which are mainly market risk, liquidity risk and credit risk. The company has established adequate procedures to manage each of these risks as mentioned below:

a) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risks namely interest rate risk, currency risk and other price risk. The company is exposed to interest rate risk and other price risk only.

b) **Credit risk**

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail to perform as contracted. Credit risk arises from deposit with banks, trade debts, loans, advances, deposits and other receivables. The maximum exposure to credit risk (which is the carrying value of financial assets) at the balance sheet date is as follows:

|                                          | 2022<br>Rupees     | 2021<br>Rupees     |
|------------------------------------------|--------------------|--------------------|
| Long Term Investment                     | 7,000,000          | 7,000,000          |
| Long term deposits                       | 2,910,965          | 2,787,965          |
| Short term investments                   | 152,842,424        | 177,459,604        |
| Trade debts                              | 47,052,894         | 74,520,823         |
| Advances, deposits and other receivables | 115,192,274        | 147,114,827        |
| Bank balances                            | 196,463,603        | 239,041,845        |
|                                          | <b>521,462,160</b> | <b>647,925,064</b> |

To reduce the exposure to credit risk, the company has developed a formal approval process whereby credit limits are applied to its customers. The company is doing its utmost to recover the amount outstanding from its customers and is confident that the amount would be recovered based on the past experience and the recovery efforts being carried out by the company.

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit rating.

No impairment has been recognized in respect of these debts as the custody of equity securities against the same is considered to be adequate.

c) **Liquidity risk**

Liquidity risk represents the risk that the company will encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities.

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The table below analyses the company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date.

|                                 | 2022               |                        |                   |                      |                  |                   |
|---------------------------------|--------------------|------------------------|-------------------|----------------------|------------------|-------------------|
|                                 | Carrying amount    | Contractual cash flows | Six month or less | Six to twelve months | One to two years | Two to five years |
|                                 | Rupees             |                        |                   |                      |                  |                   |
| <b>Financial liabilities</b>    |                    |                        |                   |                      |                  |                   |
| Lease liabilities               | 2,425,066          | 2,425,066              | 161,493           | 178,332              | 414,389          | 1,670,852         |
| Trade and other payables        | 229,999,836        | 229,999,836            | -                 | 229,999,836          | -                | -                 |
| Accrued mark-up                 | 2,622,272          | 2,622,272              | 2,622,272         | -                    | -                | -                 |
| Short term borrowings - secured | 74,138,054         | 74,138,054             | 74,138,054        | -                    | -                | -                 |
|                                 | <b>309,185,228</b> | <b>309,185,228</b>     | <b>76,921,819</b> | <b>230,178,168</b>   | <b>414,389</b>   | <b>1,670,852</b>  |
|                                 | 2021               |                        |                   |                      |                  |                   |
|                                 | Carrying amount    | Contractual cash flows | Six month or less | Six to twelve months | One to two years | Two to five years |
|                                 | Rupees             |                        |                   |                      |                  |                   |
| <b>Financial liabilities</b>    |                    |                        |                   |                      |                  |                   |
| Trade and other payables        | 273,762,614        | 273,762,614            | -                 | 273,762,614          | -                | -                 |
| Accrued mark-up                 | 5,264,918          | 5,264,918              | 5,264,918         | -                    | -                | -                 |
| Short term borrowings - secured | 74,504,704         | 74,504,704             | 74,504,704        | -                    | -                | -                 |
|                                 | <b>353,532,236</b> | <b>353,532,236</b>     | <b>79,769,622</b> | <b>273,762,614</b>   | <b>-</b>         | <b>-</b>          |

iii) **Fair value of financial assets and liabilities**

The carrying value of all financial assets and financial liabilities reflected in the financial statements approximate their fair values.

The fair value measurement hierarchy of the financial instruments carried at fair value is as follows:

Level 1 - quoted market prices

Level 2 - valuation techniques (market observable)

Level 3 - valuation techniques (non-market observable)

Fair value of investments traded in an active market are based on quoted market prices under the level 1 valuation method. Since investment in Pakistan Stock Exchange Limited (PSX) is not listed on any stock exchange, a quoted market price is not available and the fair value of such investment can not be determined with reasonable accuracy.

The table below analyses financial instruments measured at fair value at the end of the reporting period by the level in the fair value hierarchy into which the fair value measurement is categorized:

|                       | 2022               |          |                  |                    |
|-----------------------|--------------------|----------|------------------|--------------------|
|                       | Level 1            | Level 2  | Level 3          | Total              |
|                       | Rupees             |          |                  |                    |
| Investment            | -                  | -        | 7,000,000        | 7,000,000          |
| Short term investment | 152,842,424        | -        | -                | 152,842,424        |
|                       | <b>152,842,424</b> | <b>-</b> | <b>7,000,000</b> | <b>159,842,424</b> |

bn



Investment  
Short term investment

| 2021               |          |                  |                    |
|--------------------|----------|------------------|--------------------|
| Level 1            | Level 2  | Level 3          | Total              |
| ----- Rupees ----- |          |                  |                    |
| -                  | -        | 7,000,000        | 7,000,000          |
| 177,459,604        | -        | -                | 177,459,604        |
| <b>177,459,604</b> | <b>-</b> | <b>7,000,000</b> | <b>184,459,604</b> |

### 31. NUMBER OF EMPLOYEES

Total number of employees at the end of the year

2022

2021

33

33

Average number of employees during the year

33

30

### 32. CAPITAL ADEQUACY LEVEL

Total assets

2022  
Rupees

2021  
Rupees

Less: Total liabilities

558,438,241

680,094,376

Revaluation Reserves (Created upon revaluation of fixed assets)

(314,919,502)

(357,606,645)

**243,518,739**

**322,487,731**

Capital Adequacy Level

32.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at year ended June 30, 2022 as determined by Pakistan Stock Exchange has been considered.

### 33. NET CAPITAL BALANCE

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange Limited. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities.

The Net Capital Balance as required under Third Schedule of Securities and Exchange Rules, 1971 read with the SECP guidelines is calculated as follows:

| DESCRIPTION                                                    | VALUATION                                     | Note | 2022<br>Rupees     |
|----------------------------------------------------------------|-----------------------------------------------|------|--------------------|
| <b>CURRENT ASSETS</b>                                          |                                               |      |                    |
| Cash and bank balances                                         | As per book value                             | 33.1 | 254,632,739        |
| Trade receivables                                              | Book value less overdue for more than 14 days | 33.2 | 7,590,392          |
| Other trade receivables                                        | As per book value                             | 33.3 | -                  |
| Investment in listed securities in the name of brokerage house | Securities marked to market less 15% discount | 33.4 | 95,547,352         |
| Securities purchased for client                                |                                               | 33.5 | 4,425,444          |
| PIBS                                                           | Marked to market less 5% discount             |      | -                  |
|                                                                |                                               |      | <b>362,195,927</b> |

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|                                                                            |                                               | Note | 2022<br>Rupees           |
|----------------------------------------------------------------------------|-----------------------------------------------|------|--------------------------|
| <b>CURRENT LIABILITIES</b>                                                 |                                               |      |                          |
| Trade payables                                                             | Book value less overdue for more than 30 days | 33.6 | 144,871,774              |
| Other payables                                                             | As per book values                            | 33.7 | 162,228,213              |
|                                                                            |                                               |      | <u>307,099,987</u>       |
| <b>Net capital balance as at June 30, 2022</b>                             |                                               |      | <u><u>55,095,940</u></u> |
| <b>33.1 Cash and Bank Balances</b>                                         |                                               |      |                          |
| Margin Deposit(s)                                                          |                                               |      | 52,266,998               |
| Cash in hand                                                               |                                               |      | 5,618,375                |
| Bank balance pertaining to clients                                         |                                               |      | 196,399,274              |
| Bank balance pertaining to brokerage house                                 |                                               |      | 348,092                  |
|                                                                            |                                               |      | <u>254,632,739</u>       |
| <b>33.2 Trade Receivables</b>                                              |                                               |      |                          |
| Aging of trade receivables                                                 |                                               |      |                          |
| Total receivables                                                          |                                               |      | 47,052,894               |
| Outstanding for more than 14 days                                          |                                               |      | (39,462,502)             |
|                                                                            |                                               |      | <u>7,590,392</u>         |
| Balance generated within 14 days and/or not year due                       |                                               |      |                          |
| <b>33.3 Other Trade Receivables</b>                                        |                                               |      |                          |
| Margin financing (MF)                                                      |                                               |      | <u>-</u>                 |
| <b>33.4 Investment in listed securities in the name of brokerage house</b> |                                               |      |                          |
| Investment in shares                                                       |                                               |      | 112,408,649              |
| Less: 15% Discount                                                         |                                               |      | (16,861,297)             |
|                                                                            |                                               |      | <u>95,547,352</u>        |
| <b>33.5 Securities purchased for client</b>                                |                                               |      |                          |
| Lower of overdue balance and securities held against such balance          |                                               |      | <u>4,425,444</u>         |
| <b>33.6 Trade Payables</b>                                                 |                                               |      |                          |
| Book value                                                                 |                                               |      | 198,331,872              |
| Less: overdue for more than 30 days                                        |                                               |      | (53,460,098)             |
|                                                                            |                                               |      | <u>144,871,774</u>       |
| <b>33.7 Other Payables</b>                                                 |                                               |      |                          |
| Short term running finance                                                 |                                               |      | 74,138,054               |
| Accrued and other liabilities                                              |                                               |      | 34,630,061               |
| Trade payables more than 30 days                                           |                                               |      | 53,460,098               |
|                                                                            |                                               |      | <u>162,228,213</u>       |

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## 34. COMPUTATION OF LIQUID CAPITAL

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| S. No. | Head of Account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|--------------------|
| 1      | Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                     |                        |                    |
| 1.1    | Property & Equipment                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | 28,494,897          | 28,494,897             | -                  |
| 1.2    | Intangible Assets                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 2,579,046           | 2,579,046              | -                  |
| 1.3    | Investment in Govt. Securities (150,000*99)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                   | -                      | -                  |
|        | Investment in Debt. Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                        | -                  |
|        | If listed than:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |                        |                    |
|        | i. 5% of the balance sheet value in the case of tenure upto 1 year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                   | -                      | -                  |
|        | ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                   | -                      | -                  |
|        | iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
| 1.4    | If unlisted than:                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     |                        |                    |
|        | i. 10% of the balance sheet value in the case of tenure upto 1 year.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                   | -                      | -                  |
|        | ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                   | -                      | -                  |
|        | iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
|        | Investment in Equity Securities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |                        |                    |
|        | i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | 152,842,424         | 58,135,470             | 94,706,954         |
|        | ii. If unlisted, 100% of carrying value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | 7,000,000           | 7,000,000              | -                  |
| 1.5    | iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.                                                                                                                                                                                                                                                                                                                                                                                                                 | -                   | -                      | -                  |
|        | iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017)<br>Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017) | -                   | -                      | -                  |
| 1.6    | Investment in subsidiaries                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                   | -                      | -                  |
|        | Investment in associated companies/undertaking                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                        |                    |
| 1.7    | i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
|        | ii. If unlisted, 100% of net value.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                   | -                      | -                  |
| 1.8    | Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 1,700,000           | 1,700,000              | -                  |
| 1.9    | Margin deposits with exchange and clearing house.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | 51,557,878          | -                      | 51,557,878         |
| 1.10   | Deposit with authorized intermediary against borrowed securities under SLB.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | -                   | -                      | -                  |
| 1.11   | Other deposits and prepayments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 58,072,358          | 58,072,358             | -                  |
| 1.12   | Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | -                   | -                      | -                  |
|        | 100% in respect of markup accrued on loans to directors, subsidiaries and other related parties                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | -                   | -                      | -                  |
| 1.13   | Dividends receivables.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                     | -                      | -                  |
| 1.14   | Amounts receivable against Repo financing.<br>Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                   | -                      | -                  |
| 1.15   | i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 6,063,884           | 6,063,884              | -                  |
|        | ii. Receivables other than trade receivables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |                        | -                  |
| 1.16   | Receivables from clearing house or securities exchange(s)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |                        |                    |
|        | 100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 709,120             | -                      | 709,120            |
|        | claims on account of entitlements against trading of securities in all markets including MtM gains.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                   | -                      | -                  |
|        | Receivables from customers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |                        |                    |
|        | i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.<br>i. Lower of net balance sheet value or value determined through adjustments.                                                                                                                                                                                                                                 | -                   | -                      | -                  |
|        | ii. In case receivables are against margin trading, 5% of the net balance sheet value.<br>ii. Net amount after deducting haircut                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
| 1.17   | iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,<br>iii. Net amount after deducting haircut                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                   | -                      | -                  |
|        | iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.<br>iv. Balance sheet value                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 5,918,674           | -                      | 5,918,674          |
|        | v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts.<br>v. Lower of net balance sheet value or value determined through adjustments                                                                                                                                                                     | 41,134,220          | 5,169,185              | 5,169,185          |
|        | vi. 100% haircut in the case of amount receivable from related parties.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                   | -                      | -                  |

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| S. No. | Head of Account                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|--------------------|
|        | <b>Cash and Bank balances</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                     |                        |                    |
| 1.18   | i. Bank Balance-proprietary accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | 348,092             | -                      | 348,092            |
|        | ii. Bank balance-customer accounts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 196,399,274         | -                      | 196,399,274        |
|        | iii. Cash in hand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | 5,618,375           | -                      | 5,618,375          |
| 1.19   | <b>Total Assets</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>558,438,241</b>  | <b>167,214,840</b>     | <b>360,427,552</b> |
| 2      | <b>Liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                     |                        |                    |
|        | <b>Trade Payables</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                     |                        |                    |
| 2.1    | i. Payable to exchanges and clearing house                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 10,214,278          | -                      | 10,214,278         |
|        | ii. Payable against leveraged market products                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | -                   | -                      | -                  |
|        | iii. Payable to customers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | 198,331,872         | -                      | 198,331,872        |
|        | <b>Current Liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                     |                        |                    |
| 2.2    | i. Statutory and regulatory dues                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 1,928,971           | -                      | 1,928,971          |
|        | ii. Accruals and other payables                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | 22,146,987          | -                      | 22,146,987         |
|        | iii. Short-term borrowings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | 74,138,054          | -                      | 74,138,054         |
|        | iv. Current portion of subordinated loans                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | -                   | -                      | -                  |
|        | v. Current portion of long term liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 339,825             | -                      | 339,825            |
|        | vi. Deferred Liabilities                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                   | -                      | -                  |
|        | vii. Provision for bad debts                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                   | -                      | -                  |
|        | viii. Provision for taxation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                   | -                      | -                  |
|        | ix. Other liabilities as per accounting principles and included in the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                   | -                      | -                  |
|        | <b>Non-Current Liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                     |                        |                    |
| 2.3    | i. Long-Term financing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | -                   | -                      | -                  |
|        | a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | 2,085,241           | 2,085,241              | -                  |
|        | b. Other long-term financing                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                   | -                      | -                  |
|        | ii. Staff retirement benefits                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | 5,734,274           | -                      | 5,734,274          |
|        | iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:<br>a. The existing authorized share capital allows the proposed enhanced share capital<br>b. Board of Directors of the company has approved the increase in capital<br>c. Relevant Regulatory approvals have been obtained<br>d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.<br>e. Auditor is satisfied that such advance is against the increase of capital.                                                                              | -                   | -                      | -                  |
|        | iv. Other liabilities as per accounting principles and included in the financial statements                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | -                   | -                      | -                  |
| 2.4    | <b>Subordinated Loans</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                     |                        |                    |
|        | i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:<br>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period<br>b. No haircut will be allowed against short term portion which is repayable within next 12 months.<br>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange. | -                   | -                      | -                  |
|        | ii. Subordinated loans which do not fulfill the conditions specified by SECP                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | -                   | -                      | -                  |
| 2.5    | <b>Total Liabilities</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | <b>314,919,502</b>  | <b>2,085,241</b>       | <b>312,834,261</b> |
| 3      | <b>Ranking Liabilities Relating to :</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                        |                    |
| 3.1    | <b>Concentration in Margin Financing</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                        |                    |
|        | The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | -                   | -                      | -                  |
| 3.2    | <b>Concentration in securities lending and borrowing</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                     |                        |                    |
|        | The amount by which the aggregate of:<br>(i) Amount deposited by the borrower with NCCPL<br>(ii) Cash margins paid and<br>(iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | -                   | -                      | -                  |
| 3.3    | <b>Net underwriting Commitments</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                     |                        |                    |
|        | (a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of:<br>(i) the 50% of Haircut multiplied by the underwriting commitments and<br>(ii) the value by which the underwriting commitments exceeds the market price of the securities.<br>In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting                                                                                                                                                                                                                            | -                   | -                      | -                  |
|        | (b) in any other case : 12.5% of the net underwriting commitments                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | -                   | -                      | -                  |
| 3.4    | <b>Negative equity of subsidiary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
|        | The amount by which the total assets of the subsidiary ( excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | -                   | -                      | -                  |
| 3.5    | <b>Foreign exchange agreements and foreign currency positions</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | -                   | -                      | -                  |
|        | 5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | -                   | -                      | -                  |
| 3.6    | <b>Amount Payable under REPO</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |                     |                        |                    |

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| S. No. | Head of Account                                                                                                                                                                                                                                                                                             | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|--------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|--------------------|
|        | <b>Repo adjustment</b>                                                                                                                                                                                                                                                                                      | -                   | -                      | -                  |
| 3.7    | In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.                                                                                                                                                                       | -                   | -                      | -                  |
|        | In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.                                      | -                   | -                      | -                  |
|        | <b>Concentrated proprietary positions</b>                                                                                                                                                                                                                                                                   | -                   | -                      | -                  |
| 3.8    | If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security. If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security                                                            | 3,387,138           | 3,387,138              | 3,387,138          |
|        | <b>Opening Positions in futures and options</b>                                                                                                                                                                                                                                                             | -                   | -                      | -                  |
| 3.9    | i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts                                                 | -                   | -                      | -                  |
|        | ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met                                                                                                                                                                              | -                   | -                      | -                  |
|        | <b>Short sell positions</b>                                                                                                                                                                                                                                                                                 | -                   | -                      | -                  |
| 3.10   | i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts | -                   | -                      | -                  |
|        | ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.                                                                    | -                   | -                      | -                  |
| 3.11   | <b>Total Ranking Liabilities</b>                                                                                                                                                                                                                                                                            | 3,387,138           | 3,387,138              | 3,387,138          |

240,131,601 Liquid Capital 44,206,153

**Calculations Summary of Liquid Capital**

(i) Adjusted value of Assets (serial number 1.19)

(ii) Less: Adjusted value of liabilities (serial number 2.5)

(iii) Less: Total ranking liabilities (series number 3.11)

360,427,552

(312,834,261)

(3,387,138)

44,206,153

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35. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors in their meeting held on \_\_\_\_\_.

36. CORRESPONDING FIGURES

Corresponding figures' have been re-classified, wherever necessary for the purposes of comparison

37. GENERAL

Figures have been rounded off to the nearest rupee.

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Chief Executive Officer

Director