

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021

Baker Tilly Mahmood Idrees Qamar
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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 revised financial statements of **ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED** (the Company), which comprise the statement of financial position as at **June 30, 2021**, 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, 2021 and of the profit, total comprehensive income, 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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Baker Tilly Mahmood Idrees Qamar, Chartered Accountants trading as Baker Tilly is a member of the global network of Baker Tilly International Ltd., the members of which are separate and independent legal entities.

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.

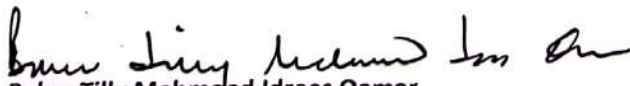
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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).

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




Baker Tilly Mehmoed Idrees Qamar
Chartered Accountants

Karachi

Date:

07 OCT 2021

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
ASSETS			
Non - Current Assets			
Operating assets	4	24,733,570	17,006,294
Intangible assets	5	2,601,280	2,674,784
Investment	6	7,000,000	7,000,000
Long term deposits	7	2,787,965	2,736,965
		37,122,815	29,418,043
Current Assets			
Short term investment	8	177,459,604	146,012,519
Trade debts	9	74,520,823	41,120,848
Advances, deposits, prepayments and other receivables	10	147,114,827	96,963,848
Cash and bank balances	11	243,876,307	403,681,661
		642,971,561	687,778,876
TOTAL ASSETS		680,094,376	717,196,919
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVE			
Authorized Share Capital		350,000,000	350,000,000
35,000,000 (2020: 35,000,000) Ordinary shares of Rs. 10/- each			
Issued, Subscribed and Paid-up Share Capital			
34,682,360 (2020: 34,682,360) Ordinary shares of Rs. 10/- each	12	346,823,600	346,823,600
Accumulated losses		(24,335,869)	(69,224,230)
Total shareholders' equity		322,487,731	277,599,370
Non - Current Liabilities			
Long term loan		-	12,500,000
Deferred liability - staff gratuity	13	4,074,409	3,485,679
		4,074,409	15,985,679
Current Liabilities			
Trade and other payables	14	273,762,614	252,925,287
Accrued mark-up		5,264,918	5,786,180
Short term borrowings - secured	15	74,504,704	164,900,403
		353,532,236	423,611,870
CONTINGENCIES AND COMMITMENTS	16	-	-
		680,094,376	717,196,919

The annexed notes 1 to 36 form an integral part of these financial statements

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Chief Executive Officer

Director

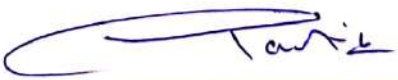
ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
Operating revenue	17	174,212,324	65,652,058
Operating expenses	18	(128,062,659)	(76,150,290)
Operating profit / (loss)		<u>46,149,665</u>	<u>(10,498,232)</u>
Financial charges	19	(18,866,356)	(28,054,150)
Other income	20	28,420,272	40,630,578
Profit before taxation		<u>55,703,581</u>	<u>2,078,196</u>
Taxation	21	(10,815,220)	(1,658,774)
Profit after taxation		<u>44,888,361</u>	<u>419,422</u>
Other comprehensive income		-	-
Total comprehensive income for the year		<u><u>44,888,361</u></u>	<u><u>419,422</u></u>
Earnings per share	22	<u><u>1.29</u></u>	<u><u>0.01</u></u>

The annexed notes 1 to 36 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, 2021

Balance as at July 01, 2019

Profit for the year ended June 30, 2020

Other comprehensive income

Total comprehensive income for the year ended June 30, 2020

Balance as at June 30, 2020

Profit for the year ended June 30, 2021

Other comprehensive income

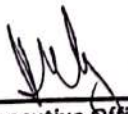
Total comprehensive income for the year ended June 30, 2021

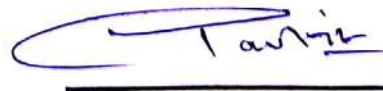
Balance as at June 30, 2021

Issued, subscribed and paid-up share capital	Accumulated losses	Total
Rupees		
346,823,600	(69,643,652)	277,179,948
-	419,422	419,422
-	-	-
-	419,422	419,422
346,823,600	(69,224,230)	277,599,370
-	44,888,361	44,888,361
-	-	-
-	44,888,361	44,888,361
346,823,600	(24,335,869)	322,487,731

The annexed notes 1 to 36 form an integral part of these financial statements

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 Chief Executive Officer


 Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 Rupees	2020 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		55,703,581	2,078,196
Adjustments for non cash charges and other items			
Depreciation		4,029,347	2,578,959
Amortization of intangible assets		73,504	43,696
Financial charges		18,866,356	28,054,150
Dividend income		(4,180,503)	(5,079,166)
Gratuity expense		905,104	1,188,884
Unrealised gain on re-measurement of short term investments		20,297,409	31,820,054
		<u>39,991,217</u>	<u>58,606,577</u>
Operating profit before working capital changes		95,694,798	60,684,773
(Increase) / decrease in current assets			
Trade debts		(33,399,975)	(5,457,742)
Short term investments		(51,744,494)	(59,656,464)
Advances, deposits, prepayments and other receivables		(78,772,604)	(1,482,803)
		<u>(163,917,073)</u>	<u>(66,597,009)</u>
Increase / (decrease) in current liabilities			
Trade and other payables		20,837,327	162,017,616
Cash used in / generated from operations		<u>(47,384,948)</u>	<u>156,105,380</u>
Taxes paid - net		17,792,171	(1,580,119)
Gratuity paid		(316,374)	(771,980)
Financial charges paid		(19,387,618)	(27,377,431)
Net cash (used in) / inflow from operating activities		(49,296,769)	126,375,850
CASH FLOWS FROM INVESTING ACTIVITIES			
Dividends received from trading investments		4,194,738	5,093,401
Additions in property, plant and equipment		(11,756,624)	(373,800)
Additions in intangible assets		-	(64,880)
Investment - net		-	10,200,071
Long term deposits		(51,000)	(574,800)
Net cash (used in) / inflow from operating activities		(7,612,886)	14,279,992
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease liability		-	(1,953,858)
Long term loan		(12,500,000)	12,500,000
Net cash (used in) / inflow from financing activities		(12,500,000)	10,546,142
Net (decrease) / increase in cash and cash equivalents		(69,409,655)	151,201,984
Cash and cash equivalents at the beginning of the year		238,781,258	87,579,274
Cash and cash equivalents at the end of the year	23	<u>169,371,603</u>	<u>238,781,258</u>

The annexed notes 1 to 36 form an integral part of these financial statements

by


 Chief Executive Officer


 Director

ISMAIL IQBAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED JUNE 30, 2021

1. STATUS AND NATURE OF BUSINESS

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 registered office of the company is situated at 17 - Bangalore Town, Shahrah-e-Faisal, Karachi, Pakistan.

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 balance sheet, profit and loss account, cash flow statement, 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), and provisions of and directives issued under the Companies Act, 2017. Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

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, 2020. 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 profit and loss account.

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 and office room at PSX building, having indefinite useful lives are not amortized. These are stated at acquisition cost less impairment, if any. The carrying amounts are reviewed at each balance sheet date to assess whether they are in excess of their recoverable amounts, and where the carrying values 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 recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

Financial assets at FVTPL

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

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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 recognised in the statement of profit and loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised 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 recognised in other comprehensive income and are never reclassified to the statement of profit and loss account.

Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognise 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 recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. The Company derecognises 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 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.

3.7 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.

3.8 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.

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3.9 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.

3.10 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.

3.11 Staff retirement benefits

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

3.12 Taxation

- The charge of the current year taxation is based on taxable income after considering the rebates and tax credits available, if any. The company's revenue also falls under final tax regime to the Income Tax Ordinance, 2001.
- Taxable income at current rates of taxation after taking into accounts tax credits, rebates and exemption available, if any;
- The minimum tax under Income Tax Ordinance, 2001; or
- Alternative Corporate Tax under Income Tax Ordinance, 2001.
- Final tax regime at the applicable tax rates of the Income Tax Ordinance, 2001.

3.13 Revenue recognition

- Brokerage and other income is accrued as and when such services are provided.
- Sale and purchase of securities and resultant gain or loss on disposal of securities are recognized on the date of contract.
- Dividend income is recognized when the right to receive the dividend is established.

3.14 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.

3.15 Functional and presentation currency

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



4. OPERATING ASSETS

	Building	Office equipment	Computer and allied	Furniture and fixtures	Motor vehicles	Right of use asset	Total
Rupees							
Year ended June 30, 2020							
Opening net book value	5,233,202	1,382,433	826,729	205,877	9,705,812	1,857,400	19,211,453
Additions (at cost)	-	41,100	332,700	-	-	-	373,800
Transfer out							
Cost	-	-	-	-	-	(5,620,680)	(5,620,680)
Accumulated depreciation	-	-	-	-	-	3,763,280	3,763,280
	-	-	-	-	-	(1,857,400)	(1,857,400)
Transfer in							
Cost	-	-	-	-	5,620,680	-	5,620,680
Accumulated depreciation	-	-	-	-	(3,763,280)	-	(3,763,280)
	-	-	-	-	1,857,400	-	1,857,400
Disposals							
Cost	-	(106,950)	(41,100)	(6,000)	-	-	(154,050)
Accumulated depreciation	-	106,950	41,100	6,000	-	-	154,050
	-	-	-	-	-	-	-
Depreciation charge for the year	(261,660)	(237,365)	(314,571)	(30,882)	(1,734,482)	-	(2,578,959)
Net book value as at June 30, 2020	4,971,542	1,186,168	844,858	174,995	9,828,730	-	17,006,294
At June 30, 2020							
Cost	6,425,000	2,865,396	3,245,527	1,514,157	25,647,231	-	39,697,311
Accumulated depreciation	(1,453,458)	(1,679,228)	(2,400,669)	(1,339,162)	(15,818,501)	-	(22,691,017)
Net book value as at June 30, 2020	4,971,542	1,186,168	844,858	174,995	9,828,730	-	17,006,294
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
Depreciation rate	5%	15%	30%	15%	15%	15%	

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5. INTANGIBLE ASSETS	Note	2021	2020
		Rupees	Rupees
Trading rights entitlement certificates	5.1	2,500,000	2,500,000
Software	5.2	101,280	174,784
		<u>2,601,280</u>	<u>2,674,784</u>
5.1 Trading rights entitlement certificates			
Cost		2,500,000	2,500,000
		<u>2,500,000</u>	<u>2,500,000</u>
5.2 Software			
Net carrying value basis			
Opening net book value		174,784	153,600
Add: Additions during the year		-	64,880
Less: Amortization for the year		(73,504)	(43,696)
		<u>101,280</u>	<u>174,784</u>
Closing net book value			
Gross carrying value			
Cost		3,399,880	3,399,880
Less: Accumulated amortization		(3,298,600)	(3,225,096)
		<u>101,280</u>	<u>174,784</u>
Net book value			
Amortization rate - number of years		<u>5</u>	<u>5</u>
6. INVESTMENT			
Investment at cost (unquoted - Dawood Family Takaful)		7,000,000	7,000,000
		<u>7,000,000</u>	<u>7,000,000</u>
7. LONG TERM DEPOSITS			
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		365,515	315,515
Rent deposit		680,000	680,000
Other deposits		42,450	41,450
		<u>2,787,965</u>	<u>2,736,965</u>
8. SHORT TERM INVESTMENT			
At fair value through profit or loss (quoted equity securities)		177,459,604	146,012,519
		<u>177,459,604</u>	<u>146,012,519</u>

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9. TRADE DEBTS	Note	2021 Rupees	2020 Rupees
Considered good:			
- Trade receivable		74,249,310	38,779,174
- Receivables against margin finance		271,513	2,341,674
		<u>74,520,823</u>	<u>41,120,848</u>

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance to staff		1,383,551	1,616,950
Exposure deposit into NCCPL	10.1	98,760,089	43,352,793
Receivable from PSX/NCCPL	10.2	1,006,709	420,981
Income tax refundable - net		19,318,722	47,926,113
Other receivables	10.3	21,239,802	3,647,011
Other advances		405,954	-
Advance against IPO/ Book building		5,000,000	-
		<u>147,114,827</u>	<u>96,963,848</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 includes receivable from a related party amounting to Rs. 19,093,847 (2020: 3,054,983).

11. CASH AND BANK BALANCES	Note	2021 Rupees	2020 Rupees
Cash in hand		4,834,462	24,506
Cash at banks:			
- Current accounts	11.1	239,041,845	403,657,155
		<u>243,876,307</u>	<u>403,681,661</u>

11.1 This include Rs. 147.7 million (2020: 206 million) kept in designated bank accounts maintained on behalf of clients.

12. SHARE CAPITAL		2021 Rupees	2020 Rupees
Authorized Share Capital			
Number of Shares			
2021	2020		
<u>35,000,000</u>	<u>35,000,000</u>	Ordinary shares of Rs. 10 each	<u>350,000,000</u> <u>350,000,000</u>
Issued, Subscribed and Paid-up Share Capital			
Number of Shares			
2021	2020		
34,682,360	34,682,360		346,823,600 346,823,600
<u>34,682,360</u>	<u>34,682,360</u>	Ordinary shares of Rs. 10 each fully paid in cash	<u>346,823,600</u> <u>346,823,600</u>

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12.1 Pattern of Shareholding

Name of Shares holders	2021	2020	2021	2020
	Percentage		Number of Shares	
Ahfaz Mustafa	65.23%	65.23%	22,622,660	22,622,660
Azhar Iqbal	17.39%	17.39%	6,030,100	6,030,100
Ayesha Naeem	17.39%	17.39%	6,029,600	6,029,600
Total	100%	100%	34,682,360	34,682,360

13. DEFERRED LIABILITY - STAFF GRATUITY

Note	2021 Rupees	2020 Rupees
Opening balance	3,485,679	3,068,775
Provision during the year	905,104	1,188,884
	4,390,783	4,257,659
Paid during the year	(316,374)	(771,980)
Closing balance	<u>4,074,409</u>	<u>3,485,679</u>

14. TRADE AND OTHER PAYABLES

Creditors	4,803,484	1,268,542
Trade payables	207,307,615	233,547,955
Accrued expenses	4,212,832	4,323,517
Sales and other taxes payable	4,249,357	1,232,483
Other liabilities	53,189,326	12,552,790
	<u>273,762,614</u>	<u>252,925,287</u>

15. SHORT TERM BORROWINGS - SECURED

15.1	<u>74,504,704</u>	<u>164,900,403</u>
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15.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs. 475 million (2020: Rs. 925 million) from various commercial banks with variable mark-up rates ranging from 2021: 8.69% to 9.50 (2020: 8.42% to 14.12%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

16. 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.

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17. OPERATING REVENUE	Note	2021 Rupees	2020 Rupees
Brokerage commission		160,088,824	65,024,017
Net gain / (loss) from transactions in marketable securities		14,123,500	628,041
		<u>174,212,324</u>	<u>65,652,058</u>

18. OPERATING EXPENSES

Salaries and benefits	18.1	50,165,623	41,967,451
Printing and stationery		151,017	407,511
Rent, rates and taxes		2,651,300	2,647,597
Vehicle running and maintenance		2,612,239	3,496,785
Repairs and maintenance		910,326	3,037,878
Electricity and gas charges		2,610,413	2,201,771
Legal and professional charges		1,743,170	2,064,329
Commission expenses		47,289,468	6,364,516
Travelling and conveyance		313,360	693,803
Insurance expenses		2,127,334	1,370,071
Entertainment		1,002,487	893,196
Fees and subscription		4,037,236	1,008,089
Depreciation	4	4,029,347	2,578,959
Amortization of intangible assets	5.2	73,504	43,696
Computer expenses		7,806,843	7,054,638
Donation and charity	18.2	30,500	-
Auditors' remuneration	18.3	370,000	410,000
Bad debt expense		138,492	-
		<u>128,062,659</u>	<u>76,240,290</u>

18.1 Salaries and benefits include Rs. 905,104 (2020: Rs. 1,188,884) in respect of staff retirement benefits.

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

18.3 Auditors' Remuneration	Note	2021 Rupees	2020 Rupees
Audit fees		350,000	300,000
Out of pocket expenses		20,000	20,000
		<u>370,000</u>	<u>320,000</u>

19. FINANCIAL CHARGES

Mark-up on bank borrowings	15.1	18,044,549	26,634,614
Mark up on leased assets		-	101,621
Mark up on loan		-	510,000
Bank charges		821,807	807,915
		<u>18,866,356</u>	<u>28,054,150</u>

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20. OTHER INCOME	2021 Rupees	2020 Rupees
Dividend income	4,180,503	5,079,166
Mark-up on exposure deposit	2,411,228	3,304,642
Mark-up on MF	1,531,132	426,716
Unrealised gain on measurement of Investments at FVTPL	20,297,409	31,820,054
	<u>28,420,272</u>	<u>40,630,578</u>

21. TAXATION		
Current year	10,298,261	1,658,774
Prior year	516,959	-
	<u>10,815,220</u>	<u>1,658,774</u>

22. EARNINGS PER SHARE	2021	2020
Profit for the year (Rupees)	44,888,361	419,422
Weighted average number of ordinary shares	34,682,360	34,682,360
	<u>1.29</u>	<u>0.01</u>

23. CASH AND CASH EQUIVALENTS	Note	2021 Rupees	2020 Rupees
Cash and bank balances	11	243,876,307	403,681,661
Short term borrowings - secured	15	(74,504,704)	(164,900,403)
		<u>169,371,603</u>	<u>238,781,258</u>

24. PLEDGE SECURITIES		Number of Shares	Pledge Value
Pledged to financial institutions on behalf of brokerage house		3,783,494	171,380,316
Pledged to financial institutions on behalf of clients		41,757,569	2,359,082,993

25. CUSTOMERS ASSETS HELD IN CDC

The house holds approx 154.2 millions (2020: 117.97) million securities of his clients in the clients CDC sub accounts having aprox. fair value Rs. 5,261.9 million (2020: Rs. 4,007.57 million).

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26. 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 related Party	Transactions during the year and year end balances	2021 Rupees	2020 Rupees
Mr. Ahfaz Mustafa, Chief Executive	Brokerage Income earned	649,503	64,250
	Trade receivable / (payable) at year end	731,465	823,303
	Trade receivables at year end		
	Other receivables at year end	19,093,849	3,054,183

27. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

	Chief Executive		Executives	
	2021	2020	2021	2020
	Rupees			
Managerial remuneration	3,401,700	2,384,525	14,372,970	11,403,770
Allowances	1,698,300	1,190,475	6,248,965	5,935,759
Bonus	-	-	926,745	161,696
Total	5,100,000	3,575,000	21,548,680	17,501,225
Number of persons	1	1	6	6

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

28. 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, 2021 and 2020 was as follows:

	2021 Rupees	2020 Rupees
Total borrowings	74,504,704	164,900,403
Paid-up capital	346,823,600	346,823,600
Accumulated losses	(24,335,869)	(69,224,230)
	322,487,731	277,599,370
Gearing ratio	19%	37%

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29. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2021 Rupees	2020 Rupees
i) Financial instruments by category		
Financial assets		
At cost		
Long term Investment	7,000,000	7,000,000
At amortized cost		
Long term deposits	2,787,965	2,736,965
Trade debts	74,520,823	41,120,848
Advances, deposits and other receivables	24,036,015	49,037,735
Cash and bank balances	243,876,307	403,681,661
At fair value through profit or loss		
Short term investments	177,459,604	146,012,519
Total financial assets	529,680,714	649,589,728
Financial liabilities		
Trade and other payables	273,762,614	252,925,287
Accrued mark-up on borrowings	5,264,918	5,786,180
Short term borrowings	74,504,704	164,900,403
Total financial liabilities	353,532,236	423,611,870

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:

	2021 Rupees	2020 Rupees
Long term deposits	2,787,965	2,736,965
Short term investments	177,459,604	146,012,519
Trade debts	74,520,823	41,120,848
Advances, deposits and other receivables	147,114,827	49,037,735
Bank balances	239,041,845	403,657,155
	640,925,064	642,565,222

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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 recognised 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.

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

	2021					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
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	-	-
	353,532,236	353,532,236	-	353,532,236	-	-
	2020					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Trade and other payables	252,925,287	252,925,287	-	252,925,287	-	-
Accrued mark-up	5,786,180	5,786,180	-	5,786,180	-	-
Short term borrowings - secured	164,900,403	164,900,403	-	164,900,403	-	-
	423,611,870	423,611,870	-	423,611,870	-	-

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)

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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 categorised:

	2021			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment	-	-	7,000,000	7,000,000
Short term investment	177,459,604	-	-	177,459,604
	<u>177,459,604</u>	<u>-</u>	<u>7,000,000</u>	<u>184,459,604</u>

	2020			
	Level 1	Level 2	Level 3	Total
	Rupees			
Investment	-	-	7,000,000	7,000,000
Short term investment	146,012,519	-	-	146,012,519
	<u>146,012,519</u>	<u>-</u>	<u>7,000,000</u>	<u>153,012,519</u>

30. NUMBER OF EMPLOYEES

	2021	2020
Total number of employees at the end of the year	<u>33</u>	<u>28</u>
Average number of employees during the year	<u>30</u>	<u>30</u>

31. CAPITAL ADEQUACY LEVEL

	2021 Rupees	2020 Rupees
Total assets	680,094,376	717,196,919
Less: Total liabilities	(357,606,645)	(439,597,549)
Revaluation Reserves (Created upon revaluation of fixed assets)	-	-
	<u>322,487,731</u>	<u>277,599,370</u>

Capital Adequacy Level

31.1 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, 2021 as determined by Pakistan Stock Exchange has been considered.

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32. 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	2021 Rupees
CURRENT ASSETS			
Cash and bank balances	As per book value	32.1	342,636,396
Trade receivables	Book value less overdue for more than 14 days	32.2	38,158,588
Other trade receivables	As per book value	32.3	271,513
Investment in listed securities in the name of brokerage house	Securities marked to market less 15% discount	32.4	119,172,745
Securities purchased for client		32.5	2,067,008
PIBS	Marked to market less 5% discount		-
			502,306,250
CURRENT LIABILITIES			
Trade payables	Book value less overdue for more than 30 days	32.6	156,883,925
Other payables	As per book values	32.7	196,648,311
			353,532,236
Net capital balance as at June 30, 2021			148,774,014

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	2021
	Rupees
32.1 Cash and Bank Balances	
Margin Deposit(s)	98,760,089
Cash in hand	4,834,462
Bank balance pertaining to clients	147,713,225
Bank balance pertaining to brokerage house	91,328,620
	<u><u>342,636,396</u></u>
32.2 Trade Receivables	
Aging of trade receivables	
Total receivables	74,249,310
Outstanding for more than 14 days	(36,090,722)
	<u><u>38,158,588</u></u>
Balance generated within 14 days and/or not year due	
32.3 Other Trade Receivables	
Margin financing (MF)	<u><u>271,513</u></u>
32.4 Investment in listed securities in the name of brokerage house	
Investment in shares	140,203,230
Less: 15% Discount	(21,030,485)
	<u><u>119,172,745</u></u>
32.5 Securities purchased for client	
Lower of overdue balance and securities held against such balance	<u><u>2,067,008</u></u>
32.6 Trade Payables	
Book value	207,307,615
Less: overdue for more than 30 days	(50,423,690)
	<u><u>156,883,925</u></u>
32.7 Other Payables	
Short term running finance	74,504,704
Accrued and other liabilities	71,719,917
Trade payables more than 30 days	50,423,690
<i>mi</i>	<u><u>196,648,311</u></u>

33. COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value In Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	24,733,570	24,733,570	-
1.2	Intangible Assets	2,601,280	2,601,280	-
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.	-	-	-
	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.	-	-	-
1.4	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.	177,459,604	58,375,038	119,084,566
	II. If unlisted, 100% of carrying value.	7,000,000	7,000,000	-
	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.	5,000,000	-	5,000,000
1.5	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) 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.	98,760,089	-	98,760,089
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	42,052,443	100%	-
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. 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	1,383,551	-	1,383,551
	II. Receivables other than trade receivables			
	Receivables from clearing house or securities exchange(s)			
1.16	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.	1,006,709	-	1,006,709
	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. I. Lower of net balance sheet value or value determined through adjustments.	271,513	271,513	271,513
	II. In case receivables are against margin trading, 5% of the net balance sheet value. II. Net amount after deducting haircut	-	-	-
	III. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, III. Net amount after deducting haircut	-	-	-
1.17	IV. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. IV. Balance sheet value	36,090,722	-	36,090,722
	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. V. Lower of net balance sheet value or value determined through adjustments	38,158,588	3,633,081	3,633,081
	VI. 100% haircut in the case of amount receivable from related parties.	-	-	-

S. No.	Head of Account	Value In Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Cash and Bank balances			
1.18	I. Bank Balance-proprietary accounts	91,328,620	-	91,328,620
	II. Bank balance-customer accounts	147,713,225	-	147,713,225
	III. Cash in hand	4,834,462	-	4,834,462
1.19	Total Assets	680,094,376	98,314,483	509,106,537
2	Liabilities			
	Trade Payables			
2.1	I. Payable to exchanges and clearing house	-	-	-
	II. Payable against leveraged market products	-	-	-
	III. Payable to customers	207,307,615	-	207,307,615
	Current Liabilities			
	I. Statutory and regulatory dues	-	-	-
	II. Accruals and other payables	71,719,917	-	71,719,917
	III. Short-term borrowings	74,504,704	-	74,504,704
2.2	IV. Current portion of subordinated loans	-	-	-
	V. Current portion of long term liabilities	-	-	-
	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	-	-	-
	Non-Current Liabilities			
	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	-	-	-
	b. Other long-term financing	-	-	-
	II. Staff retirement benefits	4,074,409	-	4,074,409
2.3	III. Advance against shares for increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if: a. The existing authorized share capital allows the proposed enhanced share capital b. Board of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained 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. 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	-	-	-
	Subordinated Loans			
2.4	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: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. 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.	-	100%	-
	II. Subordinated loans which do not fulfill the conditions specified by SECP	-	-	-
2.5	Total Liabilities	357,606,645		357,606,645
3	Ranking Liabilities Relating to:			
3.1	Concentration in Margin Financing 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	Concentration in securities lending and borrowing The amount by which the aggregate of: (I) Amount deposited by the borrower with NCCPL (II) Cash margins paid and (III) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	Net underwriting Commitments (a) In the case of right issue: If the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue 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	Negative equity of subsidiary 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	Foreign exchange agreements and foreign currency positions 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	Amount Payable under REPO			

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Repo adjustment			
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.	-	-	-
	Concentrated proprietary positions			
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.	6,362,079	6,362,079	6,362,079
	Opening Positions in futures and options			
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	-	-	-
	Short sell positions			
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	Total Ranking Liabilities	6,362,079	6,362,079	6,362,079
		316,125,652	Liquid Capital	145,137,813

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)

509,106,537

(357,806,645)

(6,362,079)

145,137,813

127

34. DATE OF AUTHORIZATION

These financial statements were authorized for issue by the Board of Directors in their meeting held on
07 OCT 2021

35. CORRESPONDING FIGURES

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

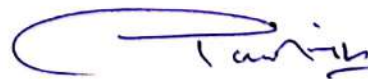
36. GENERAL

Figures have been rounded off to the nearest rupee.

BS



Chief Executive Officer



Director