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**Rahman Sarfaraz Rahim Iqbal Rafiq**
CHARTERED ACCOUNTANTS

# AUDITED FINANCIAL STATEMENTS OF INTERMARKET SECURITIES LIMITED FOR THE YEAR ENDED JUNE 30, 2023

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# DIRECTORS' REPORT TO THE SHARE HOLDERS

The Board of Directors of Intermarket Securities Limited (IMS) are pleased to present the Annual Report of IMS as a Public Limited (Unquoted) entity for the financial year ended June 30, 2023. These financial statements have been prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Act, 2017.

The Directors' Report is prepared under section 226 of the Companies Act 2017.

## NATURE OF BUSINESS

Intermarket Securities Limited is a Public Limited Company (Unlisted) and TREC holder of Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange Limited (PMEX). The Company is engaged in the business of share brokerage, underwriting, investment, portfolio management and other related brokerage activities.

## MANAGEMENT OBJECTIVES AND STRATEGIES

Our objective and strategy going forward is to remain focused on enhancing our brokerage services, providing excellent financial advisory, controlling risk, optimizing and expanding products and services and staying firm on the ethical and regulatory standards.

## The Directors are pleased to report that:

a) The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;

b) Proper books of accounts of the Company have been maintained;

c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;

d) International Financial Reporting Standards (IFRS), as applicable in Pakistan, have been followed in the preparation of financial statements;

e) The system of internal control is sound and has been effectively implemented and monitored;

f) The Company on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;

g) Earnings per share (EPS) of the company for the year ended June 30th 2023 is Rs. (0.29/Share). Lower trading volumes and a weak stock market in the year were the major reasons.

## Financial Statements

The Financial statements of the company have been audited and approved without qualification by the auditors of the company, Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants.

## Market Review

The Pakistani economy faced significant macroeconomic challenges in FY23 due to political instability, climate change-induced floods, and import restrictions. These factors led to a decline in the KSE-100 index by approximately 0.21%, with an even more significant loss of 29.4% when measured in US dollars.

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The country experienced an acute shortage of foreign currency reserves, leading to a substantial depreciation of the PKR, which helped push a multi-decade high inflation rate. In response to the inflation surge, the SBP implemented contractionary measures, raising interest rates by 825 basis points to 22%. Consequently, the economy saw a slowdown in GDP growth to 0.3% and a significant decline in the Large-Scale Manufacturing Index (LSMI) by 16.1%. Sectors heavily reliant on imports, such as autos, pharmaceuticals, and steel, were among the hardest hit.

The economy also faced challenges in the investment landscape. High levels of uncertainty surrounding the initiation of the IMF program, political instability and higher corporate taxes dented investor confidence. Additionally, the allure of higher interest rates enticed investors toward fixed income instruments, resulting in total AUMs under fixed income for local mutual funds rising to approximately 89% by the end of FY23. Foreign investors also remained on the sidelines. These factors contributed to a contraction in volumes on the KSE 100 by approximately 21% in FY23. As a result, Pakistan's equities continued to trade at a discount compared to their long-term average. That said, FY24 has commenced on a strong note with the signing of the US$3bn IMF SBA program. Smooth elections and a reversal in the interest rate environment can help deliver a better FY24 compared to FY23 in terms of both stock price performance and volumes.

## AUDITORS

As recommended by the Finance Committee, the present auditors M/s Rahman Sarfraz Rahim Iqbal Rafiq Chartered Accountants retire and being eligible, have offer themselves for re-appointment.

## PATTERN OF SHAREHOLDING

The pattern of shareholding as at June 30, 2022 is as under;

| Name | No. of Shares | Shareholding % |
|---|---|---|
| Erum Bilwani – Chairperson | 25,673,629 | 51% |
| Muhammad Uraib Bilwani | 24,666,818 | 49% |
| Syed Raza Haider Jafri – Director | 1 | 0.00% |
| Muhammad Rehan Alam – Director | 1 | 0.00% |
| Muhammad Ashfaq – Independent Director | 1 | 0.00% |
| Shehzad Hussain– Independent Director | 1 | 0.00% |

## ACKNOWLEDGEMENTS

We would like to acknowledge the Securities and Exchange Commission of Pakistan, Central Depository Company of Pakistan Limited, National Clearing Company of Pakistan Limited and the management of Pakistan Stock Exchange Limited for their efforts to strengthen the capital markets and measures to protect investor rights.

**For and on behalf of the Board of Directors**

**Wajid Hussain**
**Chief Executive Officer**

**Syed Raza Haider Jafri**
**Director**

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## Statement by Chief Executive Officer

I, Wajid Hussain, CEO of Intermarket Securities Limited declare that there are no transactions entered into by Intermarket Securities Limited during the year, which are fraudulent, illegal, or in violation of any securities market laws.

**Wajid Hussain**
**Chief Executive Officer**
**Intermarket Securities Limited**

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# Statement of Compliance with Corporate Governance Code for Securities Brokers (Given under Annexure-D of Securities Brokers Licensing and Operations Regulations 2016)

Intermarket Securities Limited is in compliance with the Corporate Governance Code for Securities Brokers as mentioned in Annexure D of Regulations 16(1) (f) of Securities Brokers (Licensing and Operations) Regulations, 2016

**Wajid Hussain**
**Chief Executive Officer**

**Syed Raza Haider Jafri**
**Director**

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# INDEPENDENT AUDITORS' REPORT

**To the members of Intermarket Securities Limited**

**Report on the Audit of the Financial Statements**

## Opinion

We have audited the annexed financial statements of **Intermarket Securities Limited** (the Company), which comprise the statement of financial position as at **June 30, 2023**, and the statement of profit or loss, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information ('the financial statements'), 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, statement of profit or loss, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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, 2023** and of the loss and 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.

## 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.

*Cont'd... P/2*

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**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 scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to 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.

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**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, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;

(c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;

(d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

(e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Mr. Muhammad Rafiq Dosani**.

**RAHMAN SARFARAZ RAHIM IQBAL RAFIQ**
**Chartered Accountants**

**Karachi**
Date: July 22, 2023

UDIN: AR202310210Xs8BiGQmO

# Intermarket Securities Limited

## Statement of Financial Position

*As at June 30, 2023*

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property and equipment | *4* | 21,086,840 | 23,932,043 |
| Right-of-use assets | *5* | 22,087,252 | - |
| Intangible assets | *6* | 5,702,018 | 3,141,273 |
| Long term investment | *7* | 30,127,296 | 30,127,296 |
| Long term deposits | *8* | 4,093,405 | 4,994,395 |
| | | 83,096,811 | 62,195,007 |
| **Current assets** | | | |
| Short term investments | *9* | 191,867,147 | 244,498,577 |
| Trade debts | *10* | 310,173,236 | 406,285,279 |
| Receivables against margin financing | *11* | 196,652,533 | 129,109,608 |
| Advances, deposits, prepayment and other receivables | *12* | 173,055,390 | 96,497,225 |
| Taxation - net | | 16,993,748 | 49,759,504 |
| Deferred Taxation | *16* | 15,324,264 | - |
| Short term loan | *13* | 42,646,012 | 42,646,012 |
| Cash and bank balances | *14* | 433,980,374 | 170,686,379 |
| | | 1,380,692,704 | 1,139,482,585 |
| **Total assets** | | 1,463,789,516 | 1,201,677,592 |
| **EQUITY AND LIABILITIES** | | | |
| **Share capital and reserves** | | | |
| *Authorized capital* | | | |
| 100,000,000 (2022: 100,000,000) ordinary shares of Rs.10/- each | | 1,000,000,000 | 1,000,000,000 |
| Issued, subscribed and paid-up capital | *15* | 503,404,510 | 503,404,510 |
| *Revenue reserves* | | | |
| Unappropriated profit | | 208,666,083 | 346,995,991 |
| | | 712,070,593 | 850,400,501 |
| **Non-current liabilities** | | | |
| Lease liability | | 11,670,304 | - |
| Deferred taxation | | - | 2,379,634 |
| | | 11,670,304 | 2,379,634 |
| **Current liabilities** | | | |
| Short term borrowings - secured | *17* | 376,141,682 | 134,177,740 |
| Current portion of lease liability | | 6,747,840 | - |
| Trade and other payables | *18* | 335,792,492 | 205,222,971 |
| Accrued markup on short term borrowings | | 21,366,605 | 9,496,747 |
| | | 740,048,619 | 348,897,457 |
| **Contingencies and commitments** | *19* | - | - |
| **Total equity and liabilities** | | 1,463,789,516 | 1,201,677,592 |

The annexed notes from 1 to 32 form an integral part of these financial statements.

**Chief Executive**

**Director**

## Intermarket Securities Limited

### Statement of Profit or Loss
*For the year ended June 30, 2023*

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Operating revenue | 20 | 272,759,960 | 296,411,666 |
| Capital loss on sales of short term investments | | (25,219,235) | (120,207,428) |
| Net change in unrealized loss on remeasurement of short term investment | | (75,536,734) | (77,918,558) |
| | | 172,003,991 | 98,285,680 |
| Administrative expenses | 21 | (274,548,235) | (260,671,811) |
| Other charges | 22 | (1,516,619) | (14,414,958) |
| Other income | 23 | 12,850,457 | 4,737,886 |
| | | (263,214,397) | (270,348,883) |
| Finance costs | 24 | (55,652,259) | (21,782,180) |
| **Loss before taxation** | | (146,862,665) | (193,845,383) |
| Taxation | 25 | 8,532,758 | (14,226,794) |
| **Loss after taxation** | | (138,329,907) | (208,072,177) |

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive

Director

## Intermarket Securities Limited

### Statement of Comprehensive Income
*For the year ended June 30, 2023*

| | 2023 | 2022 |
|---|---|---|
| | Rupees | |
| **Loss after taxation** | (138,329,907) | (208,072,177) |
| Other comprehensive income | - | - |
| **Total comprehensive loss for the year** | (138,329,907) | (208,072,177) |

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive

Director

## Intermarket Securities Limited

### Statement of Changes in Equity
*For the year ended June 30, 2023*

| | | Revenue reserve | Capital reserve | |
|---|---|---|---|---|
| | Issued, subscribed and paid up share capital | Unappropriated profits | Surplus on revaluation of investment | Total |
| | Rupees | | | |
| **Balance as at June 30, 2021** | 503,404,510 | 555,068,168 | - | 1,058,472,678 |
| *Total comprehensive loss for the year ended June 30, 2022* | | | | |
| - Loss after taxation | - | (208,072,177) | - | (208,072,177) |
| - Other comprehensive income | - | - | - | - |
| | - | (208,072,177) | - | (208,072,177) |
| Transfer of revaluation gain on disposal of investment at fair value through OCI | - | - | - | - |
| **Balance as at June 30, 2022** | **503,404,510** | **346,995,991** | - | **850,400,501** |
| *Total comprehensive loss for the year ended June 30, 2023* | | | | |
| - Loss after taxation | - | (138,329,907) | - | (138,329,907) |
| - Other comprehensive income | - | - | - | - |
| | - | (138,329,907) | - | (138,329,907) |
| **Balance as at June 30, 2023** | **503,404,510** | **208,666,083** | - | **712,070,593** |

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive

Director

## Intermarket Securities Limited

### Statement of Cash Flows
*For the year ended June 30, 2023*

| | Note | 2023 | 2022 |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | ——— Rupees ——— | |
| Loss before taxation | | (146,862,665) | (193,845,383) |
| *Adjustments for:* | | | |
| - Depreciation on property and equipment | 4 | 5,225,494 | 4,479,254 |
| - Amortization of intangible assets | 6.2 | 175,505 | 160,317 |
| - Net change in unrealized loss on investments | | 75,536,734 | 77,918,558 |
| - Capital loss on investment | | 25,219,235 | 120,207,428 |
| - Loss on disposal of property and equipment | 22 | 389,007 | 541,374 |
| - Receivables and deposits written off | 22 | 294,039 | 13,873,584 |
| - Property and equipment written off | | 811,364 | 664,878 |
| - Finance costs | 24 | 55,652,259 | 21,782,180 |
| | | 163,303,637 | 239,627,573 |
| | | 16,440,972 | 45,782,190 |
| **Changes in working capital items** | | | |
| *(Increase) / decrease in current assets* | | | |
| - Short term investments | | (48,124,539) | (392,746,275) |
| - Trade debts | | 95,818,004 | (45,624,725) |
| - Receivables against margin financing | | (67,542,925) | 48,106,832 |
| - Advances, deposits, prepayments and other receivables | | (76,558,165) | 485,653,192 |
| - Short term loan | | - | 18,810,000 |
| | | (96,407,625) | 114,199,024 |
| *(Decrease) / increase in current liabilities* | | | |
| - Trade and other payables | | 130,569,521 | (404,216,004) |
| - Provident fund payable to employees | | - | (7,335,105) |
| **Net cash generated from / (used in) investing activities** | | 50,602,868 | (251,569,895) |
| Finance costs paid | | (43,406,236) | (12,285,433) |
| Income tax refund | | 23,594,615 | (7,471,922) |
| **Net cash generated from / (used in) investing activities** | | 30,791,248 | (271,327,249) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Purchase of property and equipment | 4 | (4,540,241) | (1,716,205) |
| Purchase of Right-of-use asset | | (4,937,675) | |
| Purchase of intangible assets | 6.2 | (2,736,250) | - |
| Proceeds from disposal of fixed assets | | 2,640,801 | 850,644 |
| Long term deposits refunded / (paid) | | 900,990 | 10,730,000 |
| **Net cash (used in) / generated from operating activities** | | (8,672,375) | 9,864,439 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Long term finance repaid | | (788,821) | - |
| **Net cash used in financing activities** | | (788,821) | - |
| Net increase / (decrease) in cash and cash equivalents | | 21,330,052 | (261,462,810) |
| Cash and cash equivalents at the beginning of the year | | 36,508,640 | 297,971,450 |
| **Cash and cash equivalents at the end of the year** | 26 | 57,838,692 | 36,508,640 |

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive

Director

## Intermarket Securities Limited

### Notes to the Financial Statements
*For the year ended June 30, 2023*

1. **LEGAL STATUS AND OPERATIONS**

1.1 Intermarket Securities Limited ('the Company') was incorporated in Pakistan as a private limited company on September 06, 2002 under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced by Companies Act, 2017 ('the Act'). In the year 2009, the status of the Company was changed to public unlisted company. The Company is a Trading Rights Entitlement Certificate (TREC) of holder of Pakistan Stock Exchange Limited (PSX) and Pakistan Mercantile Exchange Limited (PMEX) The registered office of the Company is situated at 5th Floor, Ext. Block, Bahria Complex IV, Ch. Khaliq-ur-Zaman Road, Clifton, Karachi. The principal activities of the Company are investments, share brokerage, inter-bank brokerage, Initial Public Offer (IPO) underwriting, advisory and consultancy services.

1.2 The geographical location of Company's offices are as follows:

- Office # 139 and 140, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Office # 409, 4th Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Office # 212 2nd Floor Balad Trade Centre Plot no # 118 Block 3, BMCHS, Karachi
- Plot # 38-A, Adjacent Genix Pharma, Korangi Creek, Karachi
- 11th Floor, M.M Towers, Property No. 28, Block K, M.M Alam Road, Gulberg III, Lahore

2. **BASIS OF PREPARATION**

2.1 **Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards as applicable in Pakistan comprise of:

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

- Provisions of, and directives, issued under the Companies Act, 2017.

Where the provisions of, and directives issued under, the Companies Act, 2017 differ from the IFRS, provisions of, and directives, issued under the Companies Act, 2017 have been followed.

2.2 **Basis of measurement of items in the financial statements**

Items in these financial statements have been measured at their historical cost, except for Short term investments in quoted equity securities which are carried at fair value.

2.3 **Functional and presentation currency**

Items included in these financial statements are measured using the currency of the primary economic environment in which the Company operates. These financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 **Use of estimates and judgments**

In preparation of these financial statements, management has made judgements and estimates that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

*(a) Judgements*

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in these financial statements is included in the following notes:

| Area of Judgement | Brief description of the judgement applied |
|---|---|
| **Deferred tax assets** | Whether deferred tax assets should be recorded on realized and unrealized losses on short term investments in securities - availability of future taxable profit on securities with in next three tax years against which such losses can be utilised |
| **Timing of revenue recognition** | *Underwriting and Financial Advisory services:*<br>Whether performance obligation is satisfied at a point in time or over time that is whether the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs |

*(b) Assumptions and other major sources of estimation uncertainty*

There are no assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year.

**2.5 New accounting pronouncements**

**2.5.1** *Amendments to approved accounting standards and interpretations which became effective during the year ended June 30, 2023.*

During the year, certain new accounting and reporting standards / amendments / interpretations became effective and applicable to the Company. However, since such updates were not considered to be relevant to these financial statements, the same have not been reported.

**2.5.2** *New / revised accounting standards, amendments to published accounting standards and interpretations that are not yet effective*

The following amendments are effective for accounting periods, beginning on or after the date mentioned against each of them. These amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's unconsolidated financial statements other than certain additional disclosures.

| | Effective from Accounting period beginning on or after: |
|---|---|
| -Amendments to IAS 1 'Presentation of Financial Statements' - Disclosure of accounting policies | January 01, 2023 |
| -Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of accounting estimates | January 01, 2023 |
| -Amendments to 'IAS 12 Income Taxes' - deferred tax related to assets and liabilities arising from a single transaction | January 01, 2023 |
| -Amendments to IFRS 16 ' Leases' - clarification on how seller-lessee subsequently measures sale and leaseback transactions | January 01, 2024 |

| | Effective from Accounting period beginning on or after: |
|---|---|
| -Amendments to IAS 1 'Presentation of Financial Statements' - Classification liabilities as current or non-current | January 01, 2024 |
| -Amendments to IFRS 10 and 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred indefinitely |
| -Amendments to 'IAS 12 Income Taxes' -International Tax Reform — Pillar Two Model Rules | January 01, 2023 |

-Other than the aforesaid amendments, the IASB has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

-IFRS 1 – First Time Adoption of International Financial Reporting Standards

-IFRS 17 – Insurance Contracts

## 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented .

### 3.1 Property and equipment

*Owned*

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost include expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the year in which they are incurred.

Depreciation is charged to statement of profit or loss applying the reducing balance method at the rates specified in note 4. Depreciation is charged when the asset is available for use till the asset is disposed off. Further, when the written down value of the item of assets falls below Rs.25,000 the same is charged directly to the statement of profit or loss.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss in the year in which the asset is derecognized.

The assets' residual values, depreciation methods and useful lives are reviewed, and adjusted if appropriate, at each financial year end. The Company's estimate of residual value of property and equipment as at June 30, 2023 did not require any adjustment.

### 3.2 Intangible assets

#### 3.2.1 *Computer software*

These are stated at cost less accumulated amortization and impairment losses, if any. Amortization is computed using the reducing balance method over assets estimated useful life at the rates stated in note 5.2, after taking into accounts residual value, if any. The residual values, useful life and amortization methods are reviewed and adjusted, if appropriate, at each reporting date.

Amortization is charged from the date the assets are put to use while no amortization is charged after the date when the assets are disposed off.

Gain and losses on disposal of such assets, if any, are included in the statement of profit or loss.

3.2.2 *Membership cards and privileges (TREC)*

These are stated at cost less impairment, if any. The carrying amount is reviewed at each reporting date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

**3.3 Financial instruments**

**3.3.1 *Initial recognition, classification and measurement***

The Company recognizes a financial asset when and only when it becomes a party to the contractual provisions of the instrument evidencing investment.

Regular way purchase of investments are recognized using settlement date accounting i.e. on the date on which settlement of the purchase transaction takes place.

The Company classifies its financial assets into either of following three categories:

(a) financial assets measured at amortized cost;
(b) financial assets measured at fair value through other comprehensive income (FVOCI); and
(c) financial assets measured at fair value through profit or loss (FVTPL).

*(a) Financial assets measured at amortized cost*

A financial asset is measured at amortized cost if it is held within business model whose objective is to hold assets to collect contractual cash flows, and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(b) Financial assets at FVOCI*

A financial asset is classified as at fair value through other comprehensive income when it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are initially measured at fair value plus transaction costs that are directly attributable to the acquisition or issue thereof.

*(c) Financial assets at FVTPL*

A financial asset shall be measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income, as aforesaid. However, for an investment in equity instrument which is not held for trading, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment.

Such financial assets are initially measured at fair value.

**3.3.2 *Subsequent measurement***

*(a) Financial assets measured at amortized cost*

These assets are subsequently measured at amortized cost (determined using the effective interest method) less accumulated impairment losses.

Interest / markup income, foreign exchange gains and losses and impairment losses arising from such financial assets are recognized in the statement of profit and loss.

*(b) Financial assets at FVOCI*

These are subsequently measured at fair value less accumulated impairment losses.

A gain or loss on a financial asset measured at fair value through other comprehensive income is recognised in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognised or reclassified. When the financial asset is derecognised the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment. Interest is calculated using the effective interest method and is recognised in profit or loss.

*(c) Financial assets at FVTPL*

These assets are subsequently measured at fair value.

Net gains or losses arising from remeasurement of such financial assets as well as any interest income accruing thereon are recognized in the statement of profit or loss. However, for an investment in equity instrument which is not held for trading and for which the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of the investment, such gains or losses are recognized in other comprehensive income. Further, when such investment is disposed off, the cumulative gain or loss previously recognised in other comprehensive income is not reclassified from equity to profit or loss.

### 3.3.3 *Impairment*

The Company recognises a loss allowance for expected credit losses in respect of financial assets measured at amortised cost.

For trade debts and receivables from margin financing, the Company applies the IFRS 9 'Simplified Approach' to measuring expected credit losses which uses a lifetime expected loss allowance.

For other financial assets, the Company applies the IFRS 9 'General Approach' to measuring expected credit losses whereby the Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. However, if, at the reporting date, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

The Company measures expected credit losses on financial assets in a way that reflects an unbiased and probability-weighted amount, time value of money and reasonable and supportable information at the reporting date about the past events, current conditions and forecast of future economic conditions. The Company recognises in profit or loss, as an impairment loss, the amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

### 3.3.4 *De-recognition*

Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

The Company directly reduces the gross carrying amount of a financial asset when the Company has no reasonable expectations of recovering the financial asset in its entirety or a portion thereof. A write-off constitutes a derecognition event.

### 3.4 Financial liabilities

Financial liabilities are classified as measured at amortized cost or 'at fair value through profit or loss' (FVTPL).

A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in the statement of profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in the statement of profit or loss. Any gain or loss on de-recognition is also recognized in the statement of profit or loss.

Financial liabilities are derecognized when the contractual obligations are discharged or cancelled or have expired or when the financial liability's cash flows have been substantially modified.

### 3.5 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset when the Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle liability simultaneously.

### 3.6 Trade debts and receivables against margin financing

These are carried at their transaction price less any allowance for lifetime expected credit losses. A receivable is recognized on the settlement date as this is the point in time that the payment of the consideration by the customer becomes due.

### 3.7 Cash and cash equivalents

Cash and cash equivalent are carried in the statement of financial position at amortized cost. For the purpose of cash flow statement cash and cash equivalents comprise bank balances and short term borrowings.

### 3.8 Staff retirement benefits - Defined contribution plan

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate fund and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. As a consequence, actuarial risk (that benefits will be less than expected) and investment risk (that assets will be insufficient to meet expected benefits) fall, in substance, on the employee.

The Company operates a defined contribution plan i.e. recognized provident fund ("the Fund") for all of its eligible employees in accordance with trust deed and rules made thereunder. Monthly contributions at the rate 10.00% of basic salary are made to the Fund by the Company and the employees.

When an employee has rendered service to the Company during a period, the Company recognises the contribution payable to a defined contribution plan in exchange for that service as an expense in profit or loss and as a liability in the statement of financial position (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the end of the reporting period, the Company recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

When contributions to a defined contribution plan are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service, they are discounted using the discount rate determined by reference to market yields at the end of the reporting period on high quality corporate bonds (or when there is no deep market in such bonds, the government bonds) having term consistent with the estimated term of the post-employment benefit obligations.

3.9 **Taxation**

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

*Current tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

*Deferred tax*

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income taxes are not accounted for if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is measured using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

A deferred tax asset is recognised only to the extent that the entity has sufficient taxable temporary differences or there is convincing other evidence that the sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by the entity. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

*Judgment and estimates*

Significant judgment is required in determining the income tax expenses and corresponding provision for tax. The Company recognizes liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax assets and liabilities in the period in which such determination is made.

Further, the carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to reflect the current assessment of future taxable profits. If required, carrying amount of deferred tax asset is reduced to the extent that it is no longer probable that sufficient taxable profits to allow the benefit of part or all of that recognised deferred tax asset to be utilised. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

*Offsetting*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

3.10 **Provisions and contingent liabilities**

*Provisions*

A provision is recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

As the actual outflows can differ from estimates made for provisions due to changes in laws, regulations, public expectations, technology, prices and conditions, and can take place many years in the future, the carrying amounts of provisions are reviewed at each reporting date and adjusted to take account of such changes. Any adjustments to the amount of previously recognised provision is recognised in the statement of profit or loss unless the provision was originally recognised as part of cost of an asset.

*Contingent liabilities*

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

### 3.11 Operating revenue

*Revenue from trading activities - brokerage commission*

Commission revenue arising from sales / purchase of securities on client's behalf is recognized on the date of settlement of transaction by the clearing house.

*Revenue from advisory and consultancy services*

Revenue is recognized when the performance obligation is satisfied i.e. when services are provided.

The Company does not expect to have contracts where the period between the services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

*Dividend income*

Dividends received from investments measured at fair value through profit or loss and at fair value through other comprehensive income are recognized in the statement of profit or loss when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of a part of the cost of an investment. In this case, dividend is recognized in other comprehensive income if it relates to an investment measured at fair value through other comprehensive income.

*Mark up / interest income*

Mark-up / interest income is recognized on a time proportion basis on the principal amount outstanding and at the rate applicable.

## 4. PROPERTY AND EQUIPMENT - owned assets

| | Note | Leasehold land | Leasehold improvement | Furniture & fixture | Office equipment | Vehicles | Computer | Office premises | Total |
|---|---|---|---|---|---|---|---|---|---|
| | | Rupees | | | | | | | |
| **As at June 30, 2021** | | | | | | | | | |
| Cost | | 6,903,077 | 16,725,000 | 520,603 | 3,248,402 | 7,292,662 | 8,426,631 | 12,674,940 | 55,791,315 |
| Accumulated depreciation | | - | (13,325,004) | (123,925) | (726,034) | (2,861,319) | (2,834,627) | (7,168,417) | (27,039,326) |
| **Net book value** | | 6,903,077 | 3,399,996 | 396,678 | 2,522,368 | 4,431,343 | 5,592,004 | 5,506,523 | 28,751,989 |
| *For the year ended June 30, 2022* | | | | | | | | | |
| Opening net book value | | 6,903,077 | 3,399,996 | 396,678 | 2,522,368 | 4,431,343 | 5,592,004 | 5,506,523 | 28,751,989 |
| Additions during the period | | - | | - | 104,640 | - | 1,611,565 | | 1,716,205 |
| Disposals/write off during the period | | | | | | | | | |
| Cost | | - | (350,000) | - | - | (4,171,468) | (1,042,828) | - | (5,564,296) |
| Acc. Depreciation | | - | 326,757 | - | - | 2,729,689 | 450,953 | - | 3,507,399 |
| | | - | (23,243) | - | - | (1,441,779) | (591,875) | - | (2,056,897) |
| Depreciation for the period | | - | (1,119,450) | (39,668) | (257,129) | (654,372) | (1,857,982) | (550,653) | (4,479,254) |
| Transfer during the period | | - | - | - | - | - | - | - | - |
| **Closing net book value** | | 6,903,077 | 2,257,303 | 357,010 | 2,369,879 | 2,335,192 | 4,753,712 | 4,955,870 | 23,932,043 |
| **As at June 30, 2022** | | | | | | | | | |
| Cost | | 6,903,077 | 16,375,000 | 520,603 | 3,353,042 | 7,605,040 | 8,995,368 | 12,674,940 | 56,427,070 |
| Accumulated depreciation | | - | (14,117,697) | (163,593) | (983,163) | (5,269,848) | (4,241,656) | (7,719,070) | (32,495,027) |
| **Net book value** | | 6,903,077 | 2,257,303 | 357,010 | 2,369,879 | 2,335,192 | 4,753,712 | 4,955,870 | 23,932,043 |
| *For the year ended June 30, 2023* | | | | | | | | | |
| Opening net book value | | 6,903,077 | 2,257,303 | 357,010 | 2,369,879 | 2,335,192 | 4,753,712 | 4,955,870 | 23,932,043 |
| Additions during the period | | - | 376,683 | - | 1,534,214 | 105,000 | 2,134,424 | | 4,540,241 |
| Disposals/Write off during the year | | | | | | | | | |
| Cost | | - | (4,089,684) | (150,000) | (618,017) | (2,796,999) | (1,525,555) | - | (9,180,175) |
| Acc. Depreciation | | - | 2,583,297 | 25,125 | 99,007 | 1,823,197 | 808,376 | - | 5,339,002 |
| | | - | (1,506,387) | (124,875) | (519,010) | (973,802) | (717,179) | - | (3,841,173) |
| Depreciation for the period | 22 | - | (409,221) | (23,213) | (351,700) | (428,254) | (1,844,296) | (495,587) | (3,544,271) |
| Transfer during the period | | - | - | - | - | - | - | - | - |
| **Closing net book value** | | 6,903,077 | 718,378 | 208,922 | 3,433,383 | 1,046,136 | 4,316,661 | 4,460,283 | 21,086,840 |
| **As at June 30, 2023** | | | | | | | | | |
| Cost | | 6,903,077 | 12,661,999 | 370,603 | 4,669,239 | 4,913,041 | 9,594,237 | 12,674,940 | 51,787,136 |
| Accumulated depreciation | | - | (11,943,621) | (161,681) | (1,235,856) | (3,866,905) | (5,277,576) | (8,214,657) | (30,700,296) |
| **Net book value** | | 6,903,077 | 718,378 | 208,922 | 3,433,383 | 1,046,136 | 4,316,661 | 4,460,283 | 21,086,840 |
| Rate of Depreciation | | 0% | 33% | 10% | 10% | 20% | 30% | 10% | |

## 5. RIGHT-OF-USE ASSETS

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Opening net book value | | - | - |
| Add: Additions during the year | | 23,768,475 | - |
| | | 23,768,475 | - |
| Less: Depreciation charged during the year | 21 | (1,681,223) | - |
| **Closing net book value** | | 22,087,252 | - |
| **Depreciation rate (per annum)** | | 20% | 20% |

5.1 This represents Company's right to use certain vehicles, held by it under lease arrangements(Musharika Arrangement). The principal terms and conditions of the said arrangements are as follows:

| | Toyota Yaris | MG HS | Sazgar Haval |
|---|---|---|---|
| Lessor name | First Habib Mudarbha | JS Bank Limited | JS Bank Limited |
| Lease agreement date | 06-Dec-2022 | 31-May-2023 | 31-May-2023 |
| Lease commencement date | 06-Dec-2022 | 31-May-2023 | 31-May-2023 |
| Initial contractual term of the lease | 3 years | 5 years | 5 years |
| Availability of extension option? | No | No | No |
| No. of years for which the lease extension option is available | N/A | N/A | N/A |
| Estimated lease term (as on the date of commencement of the lease) | 2.5 Years | 5 Years | 5 Years |

## 6. INTANGIBLE ASSETS

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Membership card right and privileges | | | |
| Trading Rights Entitlement (TRE) Certificate | 6.1 | 5,000,000 | 2,500,000 |
| Computer software | 6.2 | 702,018 | 641,273 |
| | | 5,702,018 | 3,141,273 |

### 6.1 Trading Right Entitlement Certificate (TREC)

| | Note | 2023 | 2022 |
|---|---|---|---|
| Cost | 6.1.1 | 6,394,750 | 3,894,750 |
| Accumulated impairment | | (1,394,750) | (1,394,750) |
| | 6.1.2 | 5,000,000 | 2,500,000 |

6.1.1 This represents the following two Trading Rights Entitlement Certificate (TREC):

- TREC of Pakistan Stock Exchange Limited, received by the Company in accordance with the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 as amended by the Stock Exchanges (Corporatization, Demutualization and Integration) (Amendment) Act, 2015.

- TREC of Pakistan Mercantile Exchange Limited, acquired during the year from Vision Commodities (Pvt). Limited.

These are being carried at cost less accumulated impairment losses (if any).

6.1.2 PSX vide notice no. PSX/N - 225 dated February 16, 2021 have notified the notional value of a Trading Right Entitlement Certificate amounting to Rs. 2.5 million.

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| **6.2 Computer software** | | | |
| ***Net carrying amount*** | | | |
| Opening net book value | | 641,273 | 801,590 |
| Additions during the year | | 236,250 | - |
| Amortisation charge | 21 | (175,505) | (160,317) |
| Closing net book value | | 702,018 | 641,273 |
| ***Gross carrying amount*** | | | |
| Cost | | 4,496,052 | 4,259,802 |
| Accumulated amortisation | | (3,794,034) | (3,618,529) |
| Net book value | | 702,018 | 641,273 |
| **Amortisation rate (per annum)** | | 20% | 20% |

## 7. LONG TERM INVESTMENT - *at cost*

| | Note | 2023 | 2022 |
|---|---|---|---|
| Coastal Company Limited - unquoted public company | 7.1 | 30,127,296 | 30,127,296 |

7.1 This represents shares of Coastal Company Limited which were acquired when the collateral relating to short term loan amounting to Rs. 36 million was realized in the form of shares of this NBFC. Shares are in the name of Director and not in Company's name in accordance to NBFC Rules 2003. An agreement was made between director and the Company under which the proceeds from sale of investment including gain/(loss) would be rendered back to Company. Shares are blocked but arrangement would be made for conversion into marketable lot and disposal in accordance to NBFC Rules 2003 as soon as economic condition of the above NBFC improves.

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| **8. LONG TERM DEPOSITS** | | | |
| **Trading deposits** | | | |
| - National Clearing Company of Pakistan Limited | | 1,500,000 | 1,500,000 |
| - Central Depository Company of Pakistan Limited | | 100,000 | 100,000 |
| | | 1,600,000 | 1,600,000 |
| **Security deposits** | | | |
| - Deposits against leased office premises | | 1,704,105 | 2,605,095 |
| - Pakistan Mercantile Exchange Limited | | 750,000 | 750,000 |
| - Others | | 39,300 | 39,300 |
| | | 2,493,405 | 3,394,395 |
| | | 4,093,405 | 4,994,395 |

## 9. SHORT TERM INVESTMENTS - At fair value through profit or loss

| | Note | 2023 | 2022 |
|---|---|---|---|
| Quoted equity securities | 9.1 & 9.2 | 191,815,131 | 219,470,968 |
| Units of mutual funds | 9.3 | 52,016 | 25,027,609 |
| | | 191,867,147 | 244,498,577 |

**9.1.** The number and fair value of securities pledged with PSX and NCCPL are as follows:

| | June 30 , 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| | Number of securities | Fair value | Number of securities | Fair value |
| | | (Rupees) | | (Rupees) |
| Clients | 6,733,982 | 81,715,226 | 7,991,200 | 149,928,923 |
| Brokerage House | 9,525,801 | 56,105,275 | 22,939,850 | 87,780,498 |
| | 16,259,783 | 137,820,501 | 30,931,050 | 237,709,421 |

**9.2.** The number and fair value of securities pledged with financial institutions are as follows:

| | June 30, 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| | Number of securities | Fair value | Number of securities | Fair value |
| | | (Rupees) | | (Rupees) |
| Clients | 3,736,799 | 129,282,000 | 6,952,812 | 68,141,496 |
| Brokerage House | 11,747,026 | 114,420,731 | 9,847,520 | 149,952,132 |
| | 15,483,825 | 243,702,731 | 16,800,332 | 218,093,628 |

| **9.3. Investment in mutual funds** | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Cost of investment | | 52,016 | 25,000,000 |
| Unrealised gain for the year | | - | 27,609 |
| **Closing balance** | | 52,016 | 25,027,609 |

**10. TRADE DEBTS**

| | | | |
|---|---|---|---|
| *Gross receivables* | | | |
| Equity brokerage | 10.1 | 312,849,325 | 408,127,795 |
| Advisory and consultancy fees | | 203,400 | 203,400 |
| | | 313,052,725 | 408,331,195 |
| Less: Provision for expected credit losses | 10.2 | (2,879,489) | (2,045,916) |
| | | 310,173,236 | 406,285,279 |

**10.1 Trade debts - Equity brokerage**

**10.1.1** Trade debts includes Rs. 50.594 million (2022: Rs. 75.415 million) due from related parties. The maximum aggregate amount outstanding during the year from such parties (with reference to month-end balances) amounted to Rs. 68.487million (2022: Rs. 35.423 million).

**10.1.2** The Company holds capital securities having fair value of Rs. 1,935.25 million (2022: Rs. 1,828.41 million) owned by its clients including related parties, as collaterals against trade debts.

| **10.2 Movement in provision for expected credit losses** | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Balance at the beginning of the year | | 2,045,916 | 8,327,983 |
| Charged during the year | 22 | 833,573 | - |
| Written-off during the year | | - | (6,282,067) |
| **Balance at the end of the year** | | 2,879,489 | 2,045,916 |

**11. RECEIVABLE AGAINST MARGIN FINANCING**

| | | |
|---|---|---|
| Receivable against margin financing | 196,652,533 | 129,109,608 |

**11.1** Margin financing facility is provided to clients on markup basis with ceiling upto KIBOR + 8.00% per annum (2022: KIBOR + 8%).

## 12. ADVANCES, DEPOSITS, PREPAYMENT AND OTHER RECEIVABLES

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| *Advances* | | | |
| Advance to staff | 12.1 | 5,339,968 | 4,390,869 |
| Advance to supplier | 12.2 | 3,391,251 | - |
| | | 8,731,219 | 4,390,869 |
| *Deposits* | | | |
| Deposits placed with NCCPL in respect of: | | | |
| - Loss on DFCs (net of demand) | | 39,534,835 | 194,460 |
| - Exposure margin on DFCs | | 25,000,000 | - |
| - Exposure margin on Margin Trading | | 11,500,000 | 15,500,000 |
| - Loss on Margin Trading | | 5,868,612 | 21,320,931 |
| - Exposure margin on Gem Market | | 359,920 | 20,000 |
| | | 82,263,367 | 37,035,391 |
| *Prepayments* | | | |
| Against leased office premises | | 6,370,417 | 5,678,501 |
| *Other receivables* | | | |
| Due from related parties | 12.3 | 42,522,234 | 43,641,221 |
| Loan to director | 12.4 | 5,552,095 | 770,800 |
| Future profit receivable | | 22,966,595 | 2,552,175 |
| Receivable from dealers | | 210,439 | 229,649 |
| Receivable against trading of securities | | 2,368,548 | - |
| Sales tax receivable | | 887,713 | - |
| Others | | 1,182,763 | 2,198,619 |
| | | 75,690,387 | 49,392,464 |
| | | 173,055,390 | 96,497,225 |

12.1 This represents interest free advances provided in accordance with the Company's policy and these has been secured against the provident fund balance.

12.2 This represents an advance given to supplier, for renovation of company's Lahore office.

### 12.3 Due from related parties

| | 2023 | 2022 |
|---|---|---|
| | Rupees | |
| Intertechnologies (Private) Limited | 42,522,234 | 42,522,234 |
| Intermarket Xpress (Private) Limited | - | - |
| Vision Commodities (Private) Limited | - | 1,118,987 |
| | 42,522,234 | 43,641,221 |

### 12.4 Reconciliation of loan to director:

| | 2023 | 2022 |
|---|---|---|
| *Erum Bilwani* | | |
| Opening balance | - | - |
| Disbursement made during the year | 295,852,095 | 20,000,000 |
| Repayment received during the year | (290,500,000) | (20,000,000) |
| Closing balance | 5,352,095 | - |
| *Rehan Alam* | | |
| Opening balance | 770,800 | - |
| Disbursement made during the year | 200,000 | 2,000,000 |
| Repayment received during the year | (770,800) | (1,229,200) |
| Closing balance | 200,000 | 770,800 |

## 13. SHORT TERM LOAN

This represents balance amount due from an ex-client on account of interest free loan amounting to Rs. 100 million. Collaterals amounting to Rs. 49 million were realized from cash margin and transfer of shares of Coastal Company Limited (formerly known as National Asset Management Company). Balance outstanding Rs. 42.65 million (2022: Rs. 42.65 million) is secured against commercial plot in Peshawar.

## 14. BANK BALANCES

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| *Cash at bank* | | | |
| - current accounts | | 420,701,741 | 149,675,998 |
| - saving accounts | 14.1 | 13,278,633 | 21,010,381 |
| | 14.2 | 433,980,374 | 170,686,379 |

**14.1** Markup on these balances ranges from 9.50% to 17.5% (2022: 6.5% to 12.5%) per annum on daily product basis.

**14.2** Bank balances include customers' bank balances held in designated bank accounts amounting to Rs. 429.74 million (2022: Rs. 167.76 million).

## 15. ISSUED, SUBSCRIBED AND PAID UP CAPITAL

| 2023 | 2022 | | 2023 | 2022 |
|---|---|---|---|---|
| (Number of shares) | | | Rupees | |
| 50,340,451 | 50,340,451 | Ordinary shares of Rs.10/- each fully paid in cash | 503,404,510 | 503,404,510 |

### 15.1 Pattern of shareholding

| Categories of shareholders | June 30, 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| | Number of shares held | % of shares held | Number of shares held | % of shares held |
| *Individuals* | | | | |
| Ms. Erum Bilwani | 25,673,629 | 51.00% | 25,673,629 | 51.00% |
| Mr. Muhammad Uraib Bilwani | 24,666,818 | 49.00% | 24,666,820 | 49.00% |
| Mr. Syed Raza Haider Jafri | 1 | 0.00% | 1 | 0.00% |
| Mr. Rehan Alam | 1 | 0.00% | 1 | 0.00% |
| Mr. Muhammad Ashfaq | 1 | 0.00% | - | 0.00% |
| Mr. Shehzad Hussain | 1 | 0.00% | - | 0.00% |
| | 50,340,451 | 100.00% | 50,340,451 | 100.00% |

**15.2** There are no agreements among shareholders in respect of voting rights, board selection, rights of first refusal and block voting.

## 16. DEFERRED TAXATION

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| *Deferred tax (asset) / liability in respect of:* | | | |
| - Capital loss on short term investments | 16.1 | - | - |
| - Other temporary differences | 16.2 | (15,324,264) | 2,379,634 |
| | | (15,324,264) | 2,379,634 |

### 16.1 Deferred tax in respect of capital loss on short term investments

Deferred tax asset amounting to Rs. 12.594 million (2022: Rs. 24.77 million) has not been recognized in respect of the realized and unrealized capital losses on short term investments amounting to Rs. 100.75 million (2022: Rs. 198.12 million) because it is not probable that future capital gain on securities will be available against which the Company can use the benefits therefrom.

| 16.2 Deferred tax in respect of other temporary differences | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Deferred tax liability - accelerated depreciation | | 2,743,237 | 3,378,014 |
| Deferred tax liability - Right-of-use assets | | 6,405,303 | - |
| Deferred tax asset recognized | 16.2.1 | (24,472,805) | (998,380) |
| | | (15,324,264) | 2,379,634 |

**16.2.1 Deferred tax assets**

| | | |
|---|---|---|
| Intangible assets | 404,478 | 405,064 |
| Provision for doubtful debts and other receivables | 835,052 | 593,316 |
| Minimum tax paid u/s 113 | 2,970,242 | |
| Tax losses | 14,921,772 | |
| Lease Liability | 5,341,262 | - |
| **Deferred tax assets available for recognition** | 24,472,805 | 998,380 |

## 17. SHORT TERM BORROWINGS - Secured

**Running finance:**

| | | | |
|---|---|---|---|
| JS Bank Limited | | 376,041,682 | 113,677,740 |
| JS Bank Limited - Intraday | | 100,000 | 20,500,000 |
| | 17.1 | 376,141,682 | 134,177,740 |

17.1 Short term running finance facilities are available with the M/s. JS Bank Limited, under mark-up arrangements, amounting to Rs. 680 million (2022: Rs. 700 million) having maturity date of February 29, 2024. These running finance facilities carry mark-up ranging from 3 month KIBOR + 2% to 8% (2022: 3 month KIBOR + 2.0% to 5.0%) calculated on a daily product basis that is payable quarterly. These arrangements are secured against pledge of marketable securities having fair value Rs. 243.7 million and personal guarantee of all directors' holding more than 10% shareholding of the Company.

| 18. TRADE AND OTHER PAYABLES | Note | 2023 Rupees | 2022 Rupees |
|---|---|---|---|
| Trade payables | 18.1 | 179,925,600 | 167,305,619 |
| Future profit withheld | | 67,805,903 | 2,611,626 |
| Payable against Margin Trading | | 26,790,170 | - |
| Commission payable to dealers | | 23,979,417 | 23,192,588 |
| Withholding taxes payable | | 13,233,539 | 7,759,545 |
| Accrued expenses | | 2,199,200 | 3,276,331 |
| Due to related parties | | 1,298,358 | - |
| Other payables | | 20,560,305 | 1,077,261 |
| | | 335,792,492 | 205,222,971 |

18.1 This includes Rs. 0.7 million (2022: Rs. 0.22) payable to related parties.

## 19. CONTINGENCIES AND COMMITMENTS

### 19.1 Contingencies

#### 19.1.1 Contingent liability existing as at the reporting date

As of June 30, 2023, there were no material contingent liabilities known to exist.

#### 19.2 Commitments

Following commitments were outstanding as at the reporting date:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Bank guarantee | *19.2.1* | 335,000,000 | 400,000,000 |

19.2.1 This bank guarantee has been issued by M/s. Dubai Islamic Bank Pakistan Limited in favor of National Clearing Company Pakistan Limited amounting to Rs. 200 million against Ready Market and amounting to Rs.135 million against Future Market on behalf of the Company.

## 20. OPERATING REVENUE

| | 2023 | 2022 |
|---|---|---|
| | Rupees | |
| Brokerage commission | 222,874,729 | 245,966,299 |
| Underwriting and financial advisory service revenue | 6,744,861 | 9,329,720 |
| Markup on Margin Financing | 34,135,418 | 13,671,470 |
| Dividend income on investment in equity securities | 9,004,952 | 27,444,177 |
| | 272,759,960 | 296,411,666 |

## 21. ADMINISTRATIVE EXPENSES

| | Note | 2023 | 2022 |
|---|---|---|---|
| Salaries, commission and other benefits | *21.1* | 170,280,026 | 152,489,753 |
| Directors remuneration | | 16,488,982 | 19,437,568 |
| Communication expenses | | 19,232,885 | 14,798,914 |
| Legal and professional charges | | 14,401,636 | 19,001,254 |
| Rent, rates and taxes | | 14,279,075 | 1,458,933 |
| CDC and NCCPL charges | | 8,012,980 | 11,765,595 |
| Branch expense | | 7,305,384 | 3,347,925 |
| Depreciation on operating fixed assets | *4 & 5* | 5,225,494 | 4,479,254 |
| Bank charges | | 4,739,912 | 6,275,373 |
| PSX rent, electricity and service charges | | 1,585,542 | 1,605,547 |
| Utility expense | | 3,845,964 | 4,441,947 |
| Traveling and conveyance expenses | | 1,903,106 | 1,114,754 |
| Repair and maintenance | | 1,096,564 | 932,066 |
| Other expense | | 1,498,764 | 2,123,425 |
| Entertainment expense | | 1,497,261 | 13,262,192 |
| Insurance expense | | 1,030,318 | 700,001 |
| Auditor's remuneration - audit fee | | 1,000,000 | 800,000 |
| Printing and stationery | | 641,874 | 602,703 |
| Amortization of intangible assets | *6.2* | 175,505 | 160,317 |
| Postage and courier | | 158,128 | 136,819 |
| Vehicle maintenance expense | | 120,637 | 207,853 |
| Advertisement expense | | 28,198 | 1,529,618 |
| | | 274,548,235 | 260,671,811 |

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| | | | Rupees | |
| **21.1** | **Salaries, commission and other benefits** | | | |
| | Salaries and other benefits | *21.1.1* | **98,000,290** | 93,279,840 |
| | Commission | | **72,279,736** | 59,209,913 |
| | | | **170,280,026** | 152,489,753 |

**21.1.1** Salaries, commission and other benefits include Rs.9.97 million (2022: Rs. 8.95 million) in respect of provident fund contribution.

| | | Note | 2023 | 2022 |
|---|---|---|---|---|
| | | | Rupees | |
| **22.** | **OTHER EXPENSE** | | | |
| | Allowance for expected credit losses on trade debts | | **833,573** | - |
| | Other receivables and deposits written off | | **294,039** | 13,873,584 |
| | Loss on disposal of operating fixed assets | | **389,007** | 541,374 |
| | | | **1,516,619** | 14,414,958 |
| **23.** | **OTHER INCOME** | | | |
| | Interest income on bank deposits | | **224,990** | 989,489 |
| | Interest income on deposits with NCCPL | | **4,449,102** | 3,369,033 |
| | Others | | **8,176,365** | 379,364 |
| | | | **12,850,457** | 4,737,886 |
| **24.** | **FINANCE COSTS** | | | |
| | Markup on short term borrowings | | **54,804,675** | 21,782,180 |
| | Markup on MTS | | **471,419** | - |
| | Markup on Long Term Finance | | **376,165** | - |
| | | | **55,652,259** | 21,782,180 |
| **25.** | **TAXATION** | | | |
| | Current - for the year | | **9,171,141** | 11,847,160 |
| | Current - for the prior year | | **-** | - |
| | | | **9,171,141** | 11,847,160 |
| | Deferred | *16* | **(17,703,899)** | 2,379,634 |
| | | | **(8,532,758)** | 14,226,794 |

**25.1** The numerical reconciliation between the tax expense and the product of accounting profit, of Current year and Previous year, has been multiplied by the applicable tax rate as required by IAS 12 'Income Taxes' has not been presented for Current year and Previous year, since the Company has suffered an accounting loss before tax for the year.

**25.2** Income tax assessments of the Company are deemed to be finalized as per tax returns file up to tax year 2022. Tax returns are subject to further assessment under provisions of the Income Tax Ordinance, 2001 ("the Ordinance") unless selected for an audit by the taxation authorities. The Commissioner of Income Tax may, at any time during a period of five years from date of filing of return, select a deemed assessment order for audit.

## 26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows are reconciled to the related items in the statement of financial position as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Cash and bank balances | *14* | **433,980,374** | 170,686,379 |
| Short term borrowings from banking companies - *running finance* | *17* | **(376,141,682)** | (134,177,740) |
| | | **57,838,692** | 36,508,640 |

## 27. RELATED PARTY TRANSACTIONS AND BALANCES

Related parties comprise of associated companies, key management personnel including directors and their close family members, major shareholders of the Company and staff provident fund. Remuneration and benefits to executives of the Company are in accordance with the terms of the employment while contribution to the provident fund is in accordance with staff service rules. Remuneration of the Chief Executive and Directors is disclosed in note 28 to the financial statements. Transactions entered into, and balances held with, related parties during the year, are as follows:

| **Name of the related party, relationship with company and nature of transaction** | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| ASSOCIATED COMPANIES *(Common directorship)* | | | |
| **Intertechnologies (Private) Limited** | | | |
| Balance due | *12.3* | **42,522,234** | 42,522,234 |
| **Intermarket Xpress (Private) Limited** | | | |
| Balance due | *12.3* | - | - |
| Write off during the year | | - | 1,800,618 |
| **Vision Commodities (Private) Limited** | | | |
| Balance due | *12.3* | - | 1,118,987 |
| PMEX TREC Transfer | | **2,500,000** | - |
| Advance made during the year | | **82,665** | 115,840 |
| **AB Holdings Limited** | | | |
| Balance due | | - | 25,003,866 |
| Brokerage Commission earned | | - | 903,887 |
| KEY MANAGEMENT PERSONNEL | | | |
| **Erum Bilwani (Director)** | | | |
| Brokerage commission earned, on sale and purchase of securities | | **21,459,853** | 13,039,143 |
| Loan provided during the year | *12.4* | **295,852,095** | 20,000,000 |
| Loan paid off during the year | *12.4* | **290,500,000** | 20,000,000 |
| Balance outstanding | | **26,008,757** | 218,884 |
| **Azneem Bilwani (Spouse of Director)** | | | |
| Balance due | | **707,569** | 49,325,487 |
| Brokerage commission earned | | **14,585,877** | 5,593,327 |
| **Muhammad Rehan Alam (Director)** | | | |
| Brokerage commission earned | | **282,174** | 98,560 |
| Loan provided during the year | *12.4* | **200,000** | 2,000,000 |
| Loan paid off during the year | *12.4* | **(1,800,000)** | 1,229,200 |
| Loan to be received | *12.4* | - | 770,800 |
| Balance due | | **80,914** | 320,170 |
| **Laiba Azneem Bilwani (Close family member of director)** | | | |
| Balance due | | **804,469** | - |
| Brokerage commission earned | | **21,429** | - |

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

The aggregate amounts charged in the financial statements for remuneration, including certain benefits to the Chief Executive, Directors and executives of the Company, are as follows:

| Particulars | Chief Executive | | Directors | | Executives | | Total | |
|---|---|---|---|---|---|---|---|---|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | Rupees | | | | | | | |
| Managerial remuneration | 7,320,000 | 7,270,000 | 8,181,231 | 11,252,283 | 40,244,000 | 30,414,000 | 55,745,231 | 48,936,283 |
| Retirement benefits | 468,000 | 393,000 | 519,751 | 522,285 | 2,655,840 | 1,580,340 | 3,643,591 | 2,495,625 |
| | 7,788,000 | 7,663,000 | 8,700,982 | 11,774,568 | 42,899,840 | 31,994,340 | 59,388,822 | 51,431,908 |
| Number of persons | 1 | 1 | 1 | 2 | 11 | 11 | | |

28.1 The Company has also provided its Chief Executive, Directors and certain executives with the use of Company maintained car.

## 29. FINANCIAL INSTRUMENTS

### 29.1 Financial risk analysis

The Company's activities expose it to a variety of financial risks: credit risk, liquidity risk and market risk (interest/mark-up rate risk and price risk). The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the financial performance. The Company consistently manages its exposure to financial risk without any material change from previous periods in the manner described in notes below.

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. All treasury related transactions are carried out within the parameters of these policies.

### 29.1.1 Market risk

Market risk means that the future cash flows of a financial instrument will fluctuate because of changes in market prices such as foreign exchange rates, equity prices and interest rates. The objective is to manage and control market risk exposures within acceptable parameters, while optimizing the return. Market risk comprises of three types of risks: foreign currency risk, price risk and interest rate risk. The market risks associated with the Company's business activities are discussed as under:

**(i) Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. All foreign currency translations are carried out within acceptable parameters of policies established by Board of Directors.

**(ii) Price risk**

Price risk represents the risk that the fair value of a financial instrument will fluctuate because of changes in the market prices (other than those arising from interest/ mark up rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all or similar financial instruments traded in the market. Presently, daily stock market fluctuation is controlled by regulatory authorities which reduces the volatility of prices of equity securities. The Company manages price risk by monitoring the exposure in quoted securities and implementing the strict discipline in internal risk management and investment policies, which includes disposing of equity investments and collaterals held before it leads the Company to incur significant mark-to-market and credit losses. As of the reporting date, the Company was exposed to price risk since it had investments in quoted equity securities and units of mutual funds, amounting in aggregate, to Rs. 191.187 million (2022: Rs. 244.498 million) and also because the Company held collaterals in the form of equity securities against their debtor balances.

The carrying value of investments subject to price risk is based on quoted market prices as of the reporting date. Market prices are subject to fluctuation and, consequently, the amount realized on the subsequent sale of an investment may significantly differ from the reported market value. Fluctuation in the market price of a security may result from perceived changes in the underlying economic characteristics of the investee, the relative price of alternative investments and general market conditions. Furthermore, amount realized on the sale of a particular security may be affected by the relative quantity of the security being sold.

The Company's portfolio of short term investments is broadly diversified so as to mitigate the significant risk of decline in prices of securities in particular sectors of the market.

Analysis of short term investment in quoted equity securities by business sector is as follows:

| | June 30, 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| | (Rupees) | % | (Rupees) | % |
| AUTOMOBILE ASSEMBLER | 10,001,600 | 5.21% | 22,664,635 | 10.33% |
| CEMENT | 13,145,877 | 6.85% | 610,590 | 0.28% |
| CHEMICAL | 4,449,907 | 2.32% | 3,739,630 | 1.70% |
| COMMERCIAL BANKS | 32,488,663 | 16.94% | 10,985,076 | 5.01% |
| ENGINEERING | 6,525 | 0.00% | 6,261,538 | 2.85% |
| FERTILIZER | 391,720 | 0.20% | 800,216 | 0.36% |
| FOOD & PERSONAL CARE PRODUCTS | 66,546,378 | 34.69% | 75,406,436 | 34.36% |
| GLASS & CERAMICS | 417,150 | 0.22% | 1,023,000 | 0.47% |
| INSURANCE | 5,326,868 | 2.78% | 10,210,228 | 4.65% |
| INV. BANKS / INV. COS. / SECURITIES COS | 2,594,581 | 1.35% | 4,008,422 | 1.83% |
| MISCELLANEOUS | 140,097 | 0.07% | 8,269,374 | 3.77% |
| MODARABAS | - | 0.00% | 1,200 | 0.00% |
| OIL & GAS EXPLORATION COMPANIES | 5,060,614 | 2.64% | 28,489 | 0.01% |
| OIL & GAS MARKETING COMPANIES | 5,962,791 | 3.11% | 235,307 | 0.11% |
| PAPER & BOARD | 3,510,400 | 1.83% | - | 0.00% |
| PHARMACEUTICALS | 2,145,101 | 1.12% | 959,595 | 0.44% |
| POWER GENERATION & DISTRIBUTION | 21,426,550 | 11.17% | 64,580,930 | 29.43% |
| PROPERTY | 23,998 | 0.01% | 1,008,000 | 0.46% |
| REFINERY | 1,641,007 | 0.86% | 4,545,544 | 2.07% |
| SUGAR & ALLIED INDUSTRIES | - | 0.00% | 156,330 | 0.07% |
| TECHNOLOGY & COMMUNICATION | 7,580,784 | 3.95% | 2,013,214 | 0.92% |
| TEXTILE COMPOSITE | 8,954,520 | 4.67% | 1,958,275 | 0.89% |
| TRANSPORT | - | 0.00% | 4,939 | 0.00% |
| | 191,815,131 | 100.00 | 219,470,968 | 100.00 |

**Sensitivity analysis:**

The table below summarizes Company's price risk as of June 30, 2023 and 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the reporting dates. The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios. Indeed, results could be worse because of the nature of markets and the aforementioned concentrations existing in Company's investment portfolio.

| | Fair value | Hypothetical price change | Estimated fair value after hypothetical change in prices | Hypothetical increase / (decrease) in profit / (loss) before tax |
|---|---|---|---|---|
| **June 30, 2023** | **191,867,147** | **10% increase** | **211,053,862** | **19,186,715** |
| | | **10% decrease** | **172,680,432** | **(19,186,715)** |
| June 30, 2022 | 244,498,577 | 10% increase | 268,948,435 | 24,449,858 |
| | | 10% decrease | 220,048,720 | (24,449,858) |

**(iii) Interest rate risk**

Interest / mark-up rate risk is the risk that value of a financial instrument or future cash flows of a financial instrument will fluctuate due to changes in the market interest / mark-up rates. Sensitivity to interest / mark up rate risk arises from mismatches of financial assets and liabilities that mature or re-price in a given period. The Company manages these mismatches through risk management strategies where significant changes in gap position can be adjusted. The short term borrowing arrangements have variable rate pricing that is dependent on the Karachi Inter Bank Offer Rate (KIBOR) as indicated in note to these financial statements.

Financial assets and liabilities include balances of Rs. 13.278 million (2022: Rs. 21.010 million) and Rs. 376.141 million (2022: Rs. 134.177 million) respectively, which are subject to interest / markup rate risk. Applicable interest / mark-up rates for financial assets and liabilities have been indicated in respective notes.

At the reporting date, the interest rate profile of the Company's significant interest bearing financial instruments was as follows:

| | 2023 | 2022 | 2023 | 2022 |
|---|---|---|---|---|
| | Effective interest rate (%) | | Carrying amounts (Rs.) | |
| Financial assets - variable rate instruments | | | | |
| Bank deposits - pls account | 6% to 14% | 4% to 6% | 13,278,633 | 21,010,381 |
| Financial liabilities - variable rate instruments | 18.82% to 25.58% | 11.65% to 14.3% | 376,141,682 | 134,177,740 |
| Short Term Borrowing | | | | |

*Sensitivity analysis*

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate would not affect the carrying amount of any financial instrument. For cash flow sensitivity analysis of variable rate instruments it is observed that interest / mark-up rate in terms of KIBOR has increased by 775 bps during the year.

The following information summarizes the estimated effects of 1% hypothetical increases and decreases in interest rates on cash flows from financial assets and financial liabilities that are subject to interest rate risk. It is assumed that the changes occur immediately and uniformly to each category of instrument containing interest rate risk. The hypothetical changes in market rates do not reflect what could be deemed best or worst case scenarios. Variations in market interest rates could produce significant changes at the time of early repayments. For these reasons, actual results might differ from those reflected in the details specified below. The analysis assumes that all other variables remain constant.

| | Effect on profit after tax | |
|---|---|---|
| | 1% increase | 1% (decrease) |
| | ------------ Rupees ------------ | |
| **As at June 30, 2023** | | |
| Cash flow sensitivity-Variable rate financial instruments | (2,576,328) | 2,576,328 |
| **As at June 30, 2022** | | |
| Cash flow sensitivity-Variable rate financial instruments | (803,488) | 803,488 |

### 29.1.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Concentration of credit risk arises when a number of counter parties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economics, political or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

**Exposure to credit risk**

Credit risk of the Company mainly arises from deposits with banks and financial institutions, trade debts, receivable against margin financing, short term loans, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their net worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

The Company's management, as part of risk management policies and guidelines, reviews clients' financial position, considers past experience, obtain authorized approvals and arrange for necessary collaterals in the form of equity securities to reduce credit risks and other factors. These collaterals are subject to market risk which ultimately affects the recoverability of debts. Further, credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies, investment and operational guidelines approved by the Board of Directors.

The carrying amount of financial assets represent the maximum credit exposure at the reporting date, are detailed as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Long term deposits | *8* | **4,093,405** | 4,994,395 |
| Trade debts - *Note (a and b)* | *10* | **310,173,236** | 406,285,279 |
| Receivables against margin financing | *11* | **196,652,533** | 129,109,608 |
| Short term deposits | *12* | **82,263,367** | 37,035,391 |
| Other receivables | *12* | **75,690,387** | 49,392,464 |
| Short term loans | *13* | **42,646,012** | 42,646,012 |
| Bank balances - *Note (b)* | *14* | **433,980,374** | 170,686,379 |
| | | **1,145,499,314** | 840,149,530 |

(a) Trade debts were due from local clients.

(b) The Company held equity securities having fair value of Rs. 1,434.185 million (2022: Rs. 1,464.978 million) owned by its clients, as collaterals against trade debts.

| | June 30, 2023 | | June 30, 2022 | |
|---|---|---|---|---|
| | Gross carrying amount | Provision for expected credit losses | Gross carrying amount | Provision for expected credit losses |
| Past due 1-90 days | **195,905,413** | **-** | 347,490,308 | - |
| Past due 91-180 days | **72,093,691** | **555,931** | 31,748,905 | 198,547 |
| Past due 181-365 days | **24,963,594** | **921,012** | 14,874,022 | 445,266 |
| More than 365 days | **20,090,027** | **1,402,546** | 14,217,961 | 1,402,103 |
| | **313,052,725** | **2,879,489** | 408,331,195 | 2,045,916 |

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

No impairment has been recognized except as disclosed in respect of these debts as the security against the same is adequate or counter parties have sound financial standing.

The credit quality of Company's liquid funds can be assessed with reference to external credit ratings as follows:

| Banks / other institutions | Short term rating | Credit rating agency | 2023 | 2022 |
|---|---|---|---|---|
| | | | Rupees | |
| JS Bank Limited | A1+ | PACRA | **261,837,463** | 80,608,282 |
| Summit Bank Limited | - | - | **12,615,874** | 18,332,726 |
| Dubai Islamic Bank | - | - | **20,938,738** | 21,845,123 |
| United Bank Limited | A1+ | JCR VIS | **2,044,792** | 2,816,150 |
| Meezan Bank Limited | A1+ | JCR VIS | **23,360,811** | 18,837,258 |
| Al Baraka Bank Limited | A1 | JCR VIS | **23,887,976** | 394,054 |
| Habib Bank Limited | A1+ | JCR VIS | **74,157,906** | 2,025,025 |
| Bank Al Habib Limited | A1+ | PACRA | **744,946** | 3,477,669 |
| MCB Bank Limited | A1+ | PACRA | **13,210,980** | 21,321,899 |
| Bank Alfalah Limited | A1+ | PACRA | **600,429** | 614,053 |
| Habib Metropolitan Bank | A1+ | PACRA | **580,455** | 414,140 |
| | | | **433,980,371** | 170,686,379 |

Due to the Company's long standing business relationships with these counter parties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligations to the Company. Accordingly, the credit risk is minimal.

The Company writes off a defaulted financial asset when there remains no reasonable probability of recovering the carrying amount of the asset through available means.

### 29.1.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The following are the contractual maturities of financial liabilities, including interest payments:

| | | Contractual cash flows | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Six months or less | Six to twelve months | One to five years | More than five years |
| | Rupees | | | | | |
| **June 30, 2023** | | | | | | |
| Short term borrowings - secured | 376,141,682 | 376,141,682 | 376,141,682 | - | - | - |
| Lease Liability | 18,418,144 | 18,418,144 | 1,332,811 | 1,486,749 | 15,598,584 | - |
| Trade and other payables | 274,007,630 | 274,007,630 | 274,007,630 | - | - | - |
| Accrued markup | 21,366,605 | 21,366,605 | 21,366,605 | - | - | - |
| | 689,934,061 | 689,934,061 | 672,848,728 | 1,486,749 | 15,598,584 | - |
| **June 30, 2022** | | | | | | |
| Short term borrowings - secured | 134,177,740 | 134,177,740 | 134,177,740 | - | - | - |
| Lease Liability | - | - | - | - | - | - |
| Trade and other payables | 197,463,425 | 197,463,425 | 197,463,425 | - | - | - |
| Accrued markup | 9,496,747 | 9,496,747 | 9,496,747 | - | - | - |
| | 341,137,912 | 341,137,912 | 341,137,912 | - | - | - |

## 29.2 Financial instruments by categories

The table below provides reconciliation of the line items in the Company's statement of financial position to the categories of financial instruments.

| | June 30, 2023 | | |
|---|---|---|---|
| | At fair value through profit or loss | At amortised cost | At fair value through other comprehensive income |
| | Rupees | | |
| **Financial assets** | | | |
| Long term investment | - | 30,127,296 | - |
| Long term deposits | - | 4,093,405 | - |
| Short term investments | 191,867,147 | - | - |
| Trade debts | - | 310,173,236 | - |
| Receivables against margin financing | - | 196,652,533 | - |
| Short term deposits | - | 82,263,367 | - |
| Other receivables | - | 75,690,387 | - |
| Short term loan | - | 42,646,012 | - |
| Cash and bank balances | - | 433,980,374 | - |
| | 191,867,147 | 1,175,626,610 | - |
| **Financial liabilities** | | | |
| Short term borrowings - secured | - | 376,141,682 | - |
| Trade and other payables | - | 274,007,630 | - |
| Accrued markup | - | 21,366,605 | - |
| | - | 671,515,917 | - |

| | June 30 , 2022 | | |
|---|---|---|---|
| | At fair value through profit or loss | At amortised cost | At fair value through other comprehensive income |
| | Rupees | | |
| **Financial assets** | | | |
| Long term investment | - | 30,127,296 | - |
| Long term deposits | - | 4,994,395 | - |
| Short term investments | 244,498,577 | - | - |
| Trade debts | - | 406,285,279 | - |
| Receivables against margin financing | - | 129,109,608 | - |
| Short term deposits | - | 37,035,391 | - |
| Other receivables | - | 49,392,464 | - |
| Short term loan | - | 42,646,012 | - |
| Cash and bank balances | - | 170,686,379 | - |
| | 244,498,577 | 870,276,824 | - |
| **Financial liabilities** | | | |
| Short term borrowings - secured | - | 134,177,740 | - |
| Trade and other payables | - | 197,463,425 | - |
| Accrued markup | - | 9,496,747 | - |
| | - | 341,137,912 | - |

## 30. Fair value of assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and the fair value estimates.

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

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1 Quoted market price (unadjusted) in an active market.

Level 2 Valuation techniques based on observable inputs.

Level 3 Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

Fair values of financial assets that are traded in active markets are based on quoted market prices. For all other financial instruments the Company determines fair values using valuation techniques unless the instruments do not have a market / quoted price in an active market and whose fair value cannot be reliably measured.

The table below analyses assets 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:

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2023** | | Amount in Rupees | | |
| *Financial assets measured at fair value* | | | | |
| Short term investments | 191,867,147 | - | - | 191,867,147 |

| | Level 1 | Level 2 | Level 3 | Total |
|---|---|---|---|---|
| **June 30, 2022** | | Amount in Rupees | | |
| *Financial assets measured at fair value* | | | | |
| Short term investments | 244,498,577 | - | - | 244,498,577 |

## 31. CAPITAL MANAGEMENT

### 31.1 Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure.

Following is the quantitative analysis of what the Company manages as capital:

| | Note | 2023 | 2022 |
|---|---|---|---|
| **Borrowings:** | | Rupees | |
| Short term borrowings - secured | *17* | 376,141,682 | 134,177,740 |
| **Shareholders' equity:** | | | |
| Issued, subscribed and paid up capital | *15* | 503,404,510 | 503,404,510 |
| Unappropriated profit | | 208,666,083 | 346,995,991 |
| | | 712,070,593 | 850,400,501 |
| **Total capital managed by the Company** | | 1,088,212,275 | 984,578,240 |

### 31.2 Capital Adequacy Level

The Capital Adequacy Level as defined by Central Depository Company of Pakistan Limited (CDC) is calculated as follows:

| | Note | 2023 | 2022 |
|---|---|---|---|
| | | Rupees | |
| Total assets | *31.2.1* | 1,463,789,516 | 1,201,677,592 |
| Less: Total liabilities | | (740,048,619) | (351,277,091) |
| Less: Revaluation reserves (created upon revaluation of fixed assets) | | - | - |
| **Capital Adequacy Level** | | 723,740,897 | 850,400,501 |

31.2.1 While determining the value of the total assets the notional value of the TRE certificate as at year end as determined by Pakistan Stock Exchange has been considered.

**31.3 Liquid Capital [as per the requirements of the Securities Brokers (Licensing and Operations) Regulations, 2016]**

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| 1. Assets | | | | |
| 1.1 | Property & Equipment | 43,174,092 | 43,174,092 | - |
| 1.2 | Intangible Assets | 5,702,018 | 5,702,018 | - |
| 1.3 | Investment in Govt. Securities | - | - | - |
| 1.4 | 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. | - | - | - |
| 1.5 | 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. | 187,722,566 | 27,868,166 | 159,854,401 |
| | Provided, that if any of these securities are pledged with the securities exchange for maintaining Base Minimum Capital Requirement, 100% haircut on the value of eligible securities to the extent of minimum required value of Base Minimum Capital. | 4,144,381 | 4,144,381 | - |
| | ii. If unlisted, 100% of carrying value. | 30,127,296 | 30,127,296 | - |
| 1.6 | Investment in subsidiaries | - | - | - |
| 1.7 | Investment in associated companies/undertaking | | | |
| | 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, however, any excess amount of cash deposited with securities exchange to comply with the requirements of Base minimum capital, may be taken in the calculation of LC. | 2,350,000 | 2,350,000 | - |
| 1.9 | Margin deposits with exchange and clearing house. | 82,263,367 | - | 82,263,367 |
| 1.10 | Deposit with authorized intermediary against borrowed securities under SLB. | - | - | - |
| 1.11 | Other deposits and prepayments | 11,505,073 | 11,505,073 | - |
| 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 | 5,339,968 | - | 5,339,968 |
| | ii. Advance tax to the extent it is netted with provision of taxation. | 32,318,012 | 32,318,012 | - |
| | iii. Receivables other than trade receivables | 95,369,804 | 95,369,804 | - |
| 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. | - | - | - |
| | claims on account of entitlements against trading of securities in all markets including MtM gains. | 22,966,595 | - | 22,966,595 |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| | Assets | | | |
| 1.17 | Receivables from customers | | | |
| | i. In case receivables are against margin financing, the aggregate if (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. | 196,652,533 | 25,691,234 | 170,961,299 |
| | ii. Incase receivables are against margin trading, 5% of the net balance sheet value.<br>ii. Net amount after deducting haircut | - | - | - |
| | iii. Incase receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,<br>iii. Net amount after deducting haricut | - | - | - |
| | iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.<br>iv. Balance sheet value | 20,472,175 | - | 20,472,175 |
| | v. Incase 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 | 239,106,790 | 177,286,928 | 61,819,862 |
| | vi. In the case of amount of receivable from related parties, values determined after applying applicable haircuts on underlying securities readily available in respective CDS account of the related party in the following manner:<br>a. Upto 30 days, values determined after applying VaR based haircuts;<br>b. Above 30 days, but upto 90 days, values determined after applying 50% or VaR based haircuts whichever is higher;<br>c. Above 90 days, 100% haircut shall be applicable.<br>Lower of net balance sheet values or values determined through adjustments | 50,594,273 | 38,594,273 | 11,728,378 |
| 1.18 | Cash and Bank balances | | | |
| | i. Bank Balance-proprietary accounts | 4,242,487 | - | 4,242,487 |
| | ii. Bank balance-customer accounts | 429,737,884 | - | 429,737,884 |
| | iii. Cash in hand | - | - | - |
| 1.19 | Subscription money against Investment in IPO / offer for sale (asset)<br>i. No Haircut may be applied in respect of amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.<br>ii. In case of Investments in IPO where shares have been allotted but not yet credited in CDS account, 25% haircuts will be applicable on the value of such securities.<br>iii. In case of subscription in right shares where the shares have not yet been credited in CDS account, 15% or VaR based haircut whichever is higher, will be applied on Right Shares.<br>Balance sheet values or net values after deducting haircuts. | - | - | - |
| 1.20 | Total Assets | 1,463,783,516 | 504,131,379 | 959,387,512 |
| | Liabilities | | | |
| 2.1 | Trade Payables | | | |
| | i. Payable to exchanges and clearing house | - | - | - |
| | ii. Payable against leveraged market products | - | - | - |
| | iii. Payable to customers | 179,925,600 | - | 179,925,600 |
| 2.2 | Current Liabilities | | | |
| | i. Statutory and regulatory dues | 13,233,438 | - | 13,233,438 |
| | ii. Accruals and other payables | 163,999,988 | - | 163,999,988 |
| | iii. Short-term borrowings | 376,141,682 | - | 376,141,682 |
| | 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 | 6,747,840 | - | 6,747,840 |
| 2.3 | 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 | - | - | - |
| | 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 | 11,070,304 | - | 11,070,304 |

| S. No. | Head of Account | Value in Pak Rupees | Hair Cut / Adjustments | Net Adjusted Value |
|---|---|---|---|---|
| [illegible] | | | | |
| 2.4 | **Subordinated Loans** | | | |
| | i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:<br>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 | Total Liabilities | 751,718,923 | - | 751,718,923 |
| 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 finances. | - | - | - |
| 3.2 | **Concentration in securities lending and borrowing** | | | |
| | 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 | **Net underwriting Commitments** | | | |
| | (a) in the case of right issues : if the market value of securities is less than or equal to the subscription price;<br>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 | **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 | - | - | - |
| 3.7 | **Repo adjustment** | | | |
| | In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities.<br>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. | - | - | - |
| 3.8 | **Concentrated proprietary positions** | | | |
| | 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 | - | - | 2,596,649 |
| 3.9 | **Opening Positions in futures and options** | | | |
| | 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 | - | - | - |
| 3.10 | **Short sell positions** | | | |
| | i. Incase 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. Incase 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 | - | | 2,596,649 |
| | | 712,070,553 | | 215,071,940 |

## 32. GENERAL

### 32.1 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of the Companies Act, 2017 and for the purpose of comparison and better presentation.

### 32.2 Date of authorization of financial statement for issue

These financial statements have been authorised by the Board of Directors of the Company in their meeting held on 22-07-2023.

### 32.3 Number of employees

| | 2023 | 2022 |
|---|---|---|
| | Number | |
| Total number of employees as at the year end | 66 | 71 |
| Average number of employees during the year | 68 | 68 |

### 32.4 Level of rounding

All the figures in the financial statements have been rounded off to the nearest rupee.

Chief Executive Officer

Director