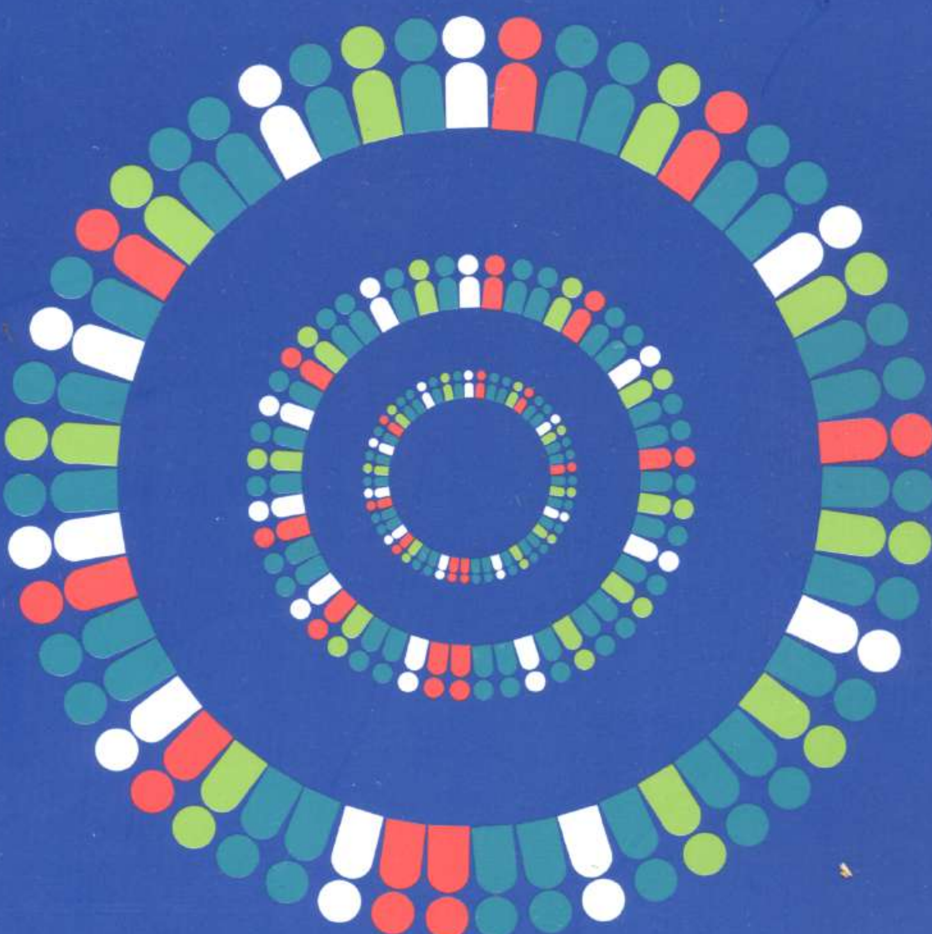
UHY Hassan Naeem & Co.
Chartered Accountants

Sakarwala Capital Securities (Private) Limited
Financial Statements
For the year ended
June 30, 2021



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INDEPENDENT AUDITOR'S REPORT

To the members of SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statement of **SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED,** which comprise the statement of financial position as at **June 30, 2021** and the statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow 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, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss for the year then ended; and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (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 requirement of Companies Act, 2017 and for such internal control as management determines is necessary to enables 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 operation, or has no realistic alternative but to do so. Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

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

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

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;

b) the statement of financial position, the statement of profit or loss and other 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 and are in agreement with the books of account and returns;

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

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

The engagement partner on the audit resulting in this independent auditor's report is **Imran Iqbal**

UHY Hassan Naeem & Co

KARACHI

DATE: 01 OCT 2021

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	30,189,018	650,929
Investment Property	5	49,500,000	1,458,340
Intangible assets	6	3,250,000	3,250,000
Investment at fair value through other comprehensive income	7	42,454,881	18,839,234
Long term deposits	8	4,010,000	4,010,000
		129,403,899	28,208,503
CURRENT ASSETS			
Trade debts - unsecured considered good	9	17,383,232	10,710,838
Investment at fair value through profit and loss	10	4,158,250	-
Receivable in margin financing	11	12,594,263	10,571,576
Advances, deposits, prepayments and other receivables	12	22,312,904	18,632,446
Cash and bank balances	13	138,635,543	106,777,288
		195,084,192	146,692,148
		324,488,091	174,900,651
EQUITY AND LIABILITIES			
CAPITAL RESERVES			
Authorized capital	14.1	100,000,000	50,000,000
Issued, subscribed and paid-up capital	14.2	50,000,000	50,000,000
Capital Reserve		2,720,820	2,720,820
Unappropriated profit		117,946,077	59,497,115
Surplus/(Deficit) -Investment at fair value through other comprehensive income		25,235,111	1,619,465
		195,902,008	113,837,400
Surplus on revaluation of property and equipment		22,682,744	-
LIABILITIES			
NON-CURRENT LIABILITIES			
Long term loan	15	5,385,748	5,010,347
CURRENT LIABILITIES			
Trade and other payable	16	100,517,591	56,052,904
Contingencies and commitments	17	-	-
		324,488,091	174,900,651

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

Chief Executive

G.H Sakarwala

Director

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Operating revenue	18	47,963,249	14,383,943
Operating and administrative expenses	19	(54,087,048)	(16,208,770)
Financial charges	20	(409,811)	(362,772)
Other income	21	63,181,716	5,947,372
NET PROFIT BEFORE TAXATION		56,648,106	3,759,773
Taxation	22	(719,449)	(639,161)
NET PROFIT AFTER TAXATION		55,928,657	3,120,612

Chief Executive

G.H. Sakarwala
Director

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED JUNE 30, 2021

	2021 (Rupees)	2020 (Rupees)
Profit/(loss) for the year	**55,928,657**	3,120,612
Other comprehensive income:		
Unrealised gain/(loss) on revaluation of Investment - Fair Value Through other comprehensive income	**23,615,646**	(5,899,155)
TOTAL COMPREHENSIVE INCOME/(LOSS)	**79,544,303**	(2,778,543)

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

Chief Executive

G.M.Sakarwala

Director

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Capital Reserve	Surplus/(Deficit) on Investment Available for sale	Total
	---Rupees---				
Balance as at June 30, 2019	50,000,000	56,376,503	2,720,820	7,518,620	116,615,943
Net profit for the year	-	3,120,612	-	-	3,120,612
Unrealised (loss) on revaluation of Investment - fair value Through OCI				(5,899,155)	(5,899,155)
Balance as at June 30, 2020	**50,000,000**	**59,497,115**	**2,720,820**	**1,619,465**	**113,837,400**
Net profit for the year	-	55,928,657		-	55,928,657
Unrealised gain on revaluation of Investment - fair value Through OCI	-	-		23,615,646	23,615,646
Trasnfer of incemental depreciation on revalution	-	2,520,305		-	2,520,305
Balance as at June 30, 2021	**50,000,000**	**117,946,077**	**2,720,820**	**25,235,111**	**195,902,008**

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

Chief Executive

GH Sakarwala

Director

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE PERIOD ENDED JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES			
Profit/(loss) before taxation		**56,648,106**	3,759,773
Adjustment for non-cash items:			
Depreciation		**3,071,537**	243,349
Gain/(loss) on Revaluation of Investment Property		**(49,163,611)**	-
Capital Gain/(loss) on Investment		**(6,032,535)**	-
Financial charges		**375,401**	349,535
Operating profit before working capital changes		**(51,749,208)**	592,884
Changes in working capital			
Decrease / (increase) in trade debts		**(6,672,394)**	8,561,157
Decrease / (increase) in advances, deposits and prepayments		**(2,185,201)**	(1,562,606)
Decrease / (increase) in Receivable in margin financing		**(2,022,687)**	
(Decrease) / increase in trade and other payable		**44,464,687**	28,849,026
Net changes in working capital		**33,584,405**	35,847,577
Taxes paid		**(2,214,706)**	(728,754)
Net cash (used in)/generated from operating activities		**36,268,597**	39,471,480
CASH FLOW FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment		**(6,284,625)**	-
Acquisition/Disposal of short term investments - net of sales		**1,874,283**	-
Net cash (used in)/generated from investing activities		**(4,410,342)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net cash (used in)/generated from financing activities		-	-
Net increase in cash and cash equivalent		**31,858,255**	39,471,480
Cash and cash equivalent at beginning of the year		**106,777,288**	67,305,808
Cash and cash equivalent at end of the year		**138,635,543**	106,777,288

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

Chief Executive

G.H. Sekarwala
Director

SAKARWALA SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2021

1 Legal Status and Nature of Business

Sakarwala Securities (Private) limited was incorporated under the Companies Ordinance, 1984 on June 26, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no.114, 3rd floor Pakistan Stock Exchange Building, I.I chundrigar Road, Karachi. The principal activities of the Company are investment and share brokerage.

2 Basis of Preparation

2.1 Statement of Compliance

These financial statements are prepared in accordance with the provisions of the Companies Act, 2017. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017, provisions of and directives issued under the Companies Act, 2017. In case requirements differ, the provisions or directives of the Companies Act, 2017 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention except Investments that are carried at fair value.

2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and have been rounded off to the nearest rupee.

2.4 Use of Estimates and Judgments

The preparation of financial statements is in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revision affects only that period, or in the period of the revision and future periods in the revision affects both current and future periods.

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

- Property and equipment (note 4)
- Taxation (note 20)
- Contingencies (note 15)

2.5 New Accounting pronouncements

The following revised standards, amendments and interpretations with respect to approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretation:

Description effective for periods		Effective for periods beginning on or after	
IAS 1	Presentation of financial statements (Amendments)	January 01, 2023	
IAS 8	Accounting policies changes in estimates and errors (Amendments)	January 01, 2023	
IFRS 09	Financial Instruments (Amendments)	January 01, 2022	
IFRS 16	Leases(Amendments)	January 01, 2021	
IAS 16	Property plant and equipment (Amendments)		January 01, 2022
IFRS 16	Provisions contingent liabilities an Contingent Assets (Amendments)	January 01, 2022	January 01, 2021

The Company expects that the adoption of the above revisions, amendments and interpretations of the standards will not have material effect on the Company's financial statements in the period of initial application.

Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

Description effective for periods		Effective for periods beginning on or after
IFRS 01	First time adoption of International Financial Reporting Standards	July 01, 2009
IFRS 14	Regulatory Deferral Accounts	January 01, 2016

3 Summary of Significant Accounting Policies

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

3.1 Taxation

Income tax expense comprises of current, deferred and prior year tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity

Current

Provision for current tax is based on taxable income at the enacted or substantially enacted rates of taxation after taking in to account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments/ developments made during the year, if any.

Deferred Tax

Deferred tax is recognized using balance sheet method, in respect of temporary differences between the carrying amounts of asset and liabilities for financial reporting purposes and the amounts used for taxation purpose. The amount of deferred tax provided is based on the expected manner of realization or settlement or the carrying amount of assets and liabilities, using the enacted or substantively enacted rates or taxation.

The company recognizes deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

3.2 Property and Equipment

Office Building is stated at revalued amount and revaluation of Office Building will be conducted every 5 years ,Property and equipment other than Office Building are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, 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. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

Depreciation on all property and equipment is charged to the profit and loss account using Reducing Balance method over the asset's useful life at the rates stated Note no. 4. The depreciation on property and equipment is charged full in the month of acquisition and no depreciation is charged in the month of disposal. Gains or losses on disposal of an item of property and equipment are recognized in the profit and loss account. The assets' residual value and useful life are reviewed at each financial year end, and adjusted if appropriate.

3.3 Investment property

The company's accounting policy for valuation of investment properties is fair value model in accordance with IAS 40 Investment property.

Valuation of investment properties are carried out by qualified independent valuer. The fair value is determined on the basis of professional assessment of the current prices in an active market for similar properties in the same location and condition.

3.4 Intangible Assets

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

Trading Right Entitlement Certificate(TREC)

This is stated at cost less impairment if any, the carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and when the carrying amount exceeds its estimated recoverable amount, is it written down to its estimated recoverable amount.

Software

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortization and accumulated impairment losses, if any.

Amortization

Intangible assets with indefinite useful lives are not amortized, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortized at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

3.5 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measure at cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade debts and other receivables considered irrecoverable are written off.

3.6 Provisions

A provision is recognized **in** the financial statements when the company has a legal or constructive obligation as a result of past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognized as a provision reflects the best estimate of the expenditure required to settle the obligation at the end of the reporting period.

3.7 Trade and Other Payable

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

3.8 Revenue recognition

Brokerage Commission, corporate finance income and other income are recognized as and when services are rendered.

Dividend income is recognized when the right to receive the dividend is established

Income on continuous funding system transactions and bank deposits is recognized on a time proportionate basis that takes in to account the effective yield.

Mark-up income from investment in margin financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.

3.9 Cash and Cash Equivalents

Cash and cash equivalents comprise cash in hand, bank balances and highly liquid short term investments with original maturities of three months or less, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

3.10 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 obligation cannot be measured with sufficient liability.

3.11 Financial Instruments

Initial Measurement of financial asset

The company classifies its financial assets in to three categories:

fair value through other comprehensive income (FVOCI);

fair value through profit or loss (FVTPL);and
measured at amortized cost.

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

Subsequent measurement

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest /markup income calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.
Equity Investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never classified to the profit and loss account.
Financial asset at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest/markup or dividend income, are recognized in the statement of profit and loss account.
Financial assets measured at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ markup income, and impairment are recognized in the statement of profit and loss account.

Non Derivative financial assets

All non-derivative financial assets are initially recognized on trade date i.e date on which the company becomes party to the respective contractual provisions. Non-derivative financial asset comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The company derecognizes the financial asset. When the contractual rights to the cash flows from the asset expires or it transfer the right to receive the contractual cash flow in a transaction in which substantially all risk and rewards of ownership of the financial assets are transferred or it neither transferred nor retain substantially all the of the risk and rewards of ownership and does not retain control over the transferred asset.

Offsetting of financial assets and financial liabilities

Financial Assets and financial liabilities are offset and the net amount is reported in the financial statements only when the company has a legally enforceable right to offset and the company intends to either settle on a net basis, or to realize the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statement only when permitted by the accounting and reporting standards as applicable in Pakistan.

Financial Liabilities

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

Impairment

Financial assets

The company recognized loss allowances for Expected Credit Losses (ECLs) in respect of financial asset measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 month ECLs:

- debt securities that are determined to have low credit risk at reporting date; and
- Other debt securities and bank balances for which credit risk (i.e the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based in the company's historical experience and informed credit assessment and including forward- looking information.

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

The gross carrying amount of financial asset is written off when the company has no reasonable expectations of recovering of a financial asset in its entirety or a proportion thereof. The company individually makes an assessment with respect to the timing and amount of write-off based on whether there is reasonable expectation of recovery. The company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the company's procedures for the recovery of amounts due.

Non- financial assets

The carrying amounts of company's non- financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment, if such indication exists, the asset's recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together in to smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or group of assets. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognized in the statement of profit or loss.

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SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
AS AT JUNE 30, 2021

4. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2020	Additions/ Transfer from Investment Property	Revalution as per IAS 16	As at Jun 30, 2021		As at July 01, 2020	Transfer from Investment Property	For the year	As at Jun 30, 2021	As at Jun 30, 2021
	-Rupees-					-Rupees-				
Office Building	30,000,000	5,048,908	25,203,049	60,251,957	10%	30,000,000	3,926,957	2,520,305	36,447,262	23,804,695
Office Equipment	675,316	-	-	675,316	20%	589,728	-	17,118	606,846	68,470
Furniture and fixture	448,299	-	-	448,299	20%	423,701	-	4,920	428,621	19,678
Vehicles	3,209,830	6,284,625	-	9,494,455	20%	2,685,009	-	523,939	3,208,948	6,285,507
Computer Equipment	1,225,241	-	-	1,225,241	33%	1,209,318	-	5,255	1,214,573	10,668
June 30, 2021	35,558,686	6,284,625	-	72,095,268		34,907,756	3,926,957	3,071,537	41,906,250	30,189,018
June 30, 2020	35,558,686	-	-	35,558,686		34,741,163	-	166,594	34,907,757	650,929

4.1 Had there been no revaluation, the depreciation of office building would have been Rs. 504,891

5 INVESTMENT PROPERTY

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2020	Additions/ Transfer to Property and equipment	Gain/(Loss) as per IAS 40	As at Jun 30, 2021		As at July 01, 2020	Transfer to Property and equipment	For the year	As at Jun 30, 2021	As at Jun 30, 2021
Office # 605 & 606 Psx Building	5,048,908	(5,048,908)	-	-	5%	3,926,957	(3,926,957)		-	-
Shop # 1 Sulaiman Ar	682,673	-	49,163,611	49,846,284	5%	346,284			346,284	49,500,000
June 30, 2021	682,673	-	49,163,611	49,846,284		4,273,241	(3,926,957)	-	346,284	49,500,000
June 30, 2020	5,731,581	-	-	5,731,581		4,196,486	-	76,755	4,273,241	1,458,340

	Note	2021 (Rupees)	2020 (Rupees)
6. INTANGBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	6.1	2,500,000	2,500,000
PMEX Membership Card		750,000	750,000
		3,250,000	3,250,000
6.1 Trading Right Entitlement Certificate (TREC)	6.1.1	2,500,000	2,500,000
Impairment - TREC		-	-
		2,500,000	2,500,000

6.1.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.

		2021	2020
		(Rupees)	*(Rupees)*

7. INVESTMENT - FAIR VALUE THROUGH OCI

Investment in shares of Pakistan Stock Exchange	7.1	**42,454,881**	18,839,234

7.1 This represents 1,902,953 (2020: 1,902,953) shares of Pakistan Stock Exchange.

8. LONG-TERM DEPOSITS

Nccpl Basic Deposit	**200,000**	200,000
Nccpl Ready Market Deposit	**200,000**	200,000
Nccpl Future Market Deposit	**1,000,000**	1,000,000
PMEX Deposit	**2,500,000**	2,500,000
CDC Deposit	**100,000**	100,000
Other Deposits	**10,000**	10,000
	4,010,000	4,010,000

9. TRADE DEBTS

Trade debts	9.1 & 9.2	**20,301,413**	13,629,019
Less Loss Allowance		**(2,918,181)**	(2,918,181)
		17,383,232	10,710,838

9.1 This includes balances due from related parties amounting to Rs.1,296,914.

10. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS

Investment in quoted securities	10.1	**4,158,250**	-

10.1 Investment in various equity shares carried at market value.

11. RECEIVABLE IN MARGIN FINANCING

Receivable in margin financing for clients held in the name of the company.	**12,594,263**	10,571,576

12. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advance tax	-	239,423
Income tax refundable	**15,818,645**	14,083,965
Nccpl - Future Market Exposure	**5,000,000**	1,150,000
Nccpl - Future Market Profit/(loss)	**736,551**	511,418
PMEX - Clearing Deposit	-	500,000
Other Receivable	**757,708**	2,147,640
	22,312,904	18,632,446

	2021 (Rupees)	2020 (Rupees)

13. CASH AND BANK BALANCES

	2021	2020
Cash in hand	-	-
Cash at bank - Current account	26,228,541	15,779,674
Saving account	112,407,002	90,997,614
	138,635,543	106,777,288

13.1 This includes bank balances pertaining to client amounting to Rs. 97,304,192.

14. SHARE CAPITAL

14.1 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
Number of Shares				
1,000,000	1,000,000	ordinary shares of Rs. 100 each	100,000,000	100,000,000

14.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

500,000	500,000	ordinary shares of Rs. 100 each fully paid in cash	50,000,000	50,000,000

Pattern of Shareholding

		No of shares	Percentage of Holding
i	Ghulam Mustafa	90,000	18.0%
ii	Aziza Bano	32,500	6.5%
iii	Ghulam Mujtuba	170,500	34.1%
iv	Munir Sakarwala	90,000	18.0%
v	Ghulam Murtaza	58,500	11.7%
vi	Ghulam Mohammad	58,500	11.7%
		500,000	

No changes in shareholding above 5 %

	2021 (Rupees)	2020 (Rupees)

15. LONG TERM LOAN

	2021	2020
Long term loan	5,385,748	5,010,347

15.1 This reprsents loan from director amounting to Rs. 6,850,000 repayable in october 2024 @ 0% markup.

7

16. TRADE AND OTHER PAYABLE

	Note		
Credit balances of clients	16.1.	**97,212,161**	54,759,177
Accrued Expenses		**1,967,097**	320,013
Auditor remuneration		**125,000**	-
Other Liabilities		**1,213,333**	973,714
		100,517,591	56,052,904

16.1 Credit balances of clients held by the company	**97,212,161**	**54,759,177**

16.2 No Securities of clients is pledged with Financial Institution.

16.3 No Securities of the company is pledged with Financial Institution.

17. CONTINGENCIES AND COMMITMENTS

17.1. There were no contingencies and commitments as at June 30, 2020.	-	-

18. REVENUE FROM CONTRACT WITH CUSTOMERS

Brokerage Revenue	**47,963,249**	14,383,943

18.1 The brokerage revenue includes accounting adjustment to the tune of Rs.30,967,975

19. OPERATING AND OTHER EXPENSES

	2021 *(Rupees)*	*2020* *(Rupees)*
Salaries and allowances	**33,952,674**	11,085,588
Printing, stationary and periodicals	**44,843**	27,047
Utilities	**497,772**	388,357
Communication Expense	**225,326**	165,030
Rent, rates and taxes	**624,000**	470,400
Transaction charges	**4,174,773**	2,219,106
Repair and maintenance	**6,923,021**	356,770
Fee & Subscription	**175,900**	253,247
Commission expense	**1,569,232**	207,279
Insurance	**136,000**	-
Depreciation	**3,071,537**	243,349
Entertainment	**500,000**	-
Provision against doubtful receivables	-	143
Auditor's remuneration	**231,400**	75,600
Legal and Professional Fee	**391,305**	-
IT services	**988,444**	681,474
Miscellaneous	**580,821**	35,380
	54,087,048	16,208,770

20. FINANCE COST

Unwinding of long term loan from director	**375,401**	349,535
Bank charges	**34,410**	13,237
	409,811	362,772

21. OTHER INCOME

Profit on bank deposits	**7,985,192**	5,924,269
Capital Gain on Investment	**6,032,535**	-
Gain on Revaluation of investment property	**49,163,611**	-
Profit on cash margin	-	20,647
Other	**378**	2,456
	63,181,716	5,947,372

	2021	*2020*
	(Rupees)	*(Rupees)*

22. TAXATION

The Company has filed return for the tax year 2020. According to Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

Provision for taxation			
- Current year		**719,449**	639,161
- Prior year		-	-
- Deferred	19.1	-	-
Net tax charge		**719,449**	639,161

22.1 The Company has tax losses in the previous years, on which deferred tax asset will arise. However, the company did not expect stable profits in the future therefore deffered tax asset is not recognised.

22.2 Relationship between tax expense and accounting profit

Profit before taxation	**56,648,106**	3,759,773
Tax at the applicable rate 29% (2020:29%)	**16,427,951**	1,090,334
Tax effect of income taxed under reduced rate	**(1,749,435)**	-
Deferred tax asset not recognized	**(13,959,067)**	(451,173)
	719,449	639,161

23 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

23.1 Financial instrument by category

23.1.1 Financial assets

Financial instrument by category

	2021			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	4,010,000	4,010,000
Investment at fair value -OCI		42,454,881	-	42,454,881
Investment at fair value -P&L	4,158,250			4,158,250
Trade debts		-	17,383,232	17,383,232
Advances, deposits and prepayments	-	-	6,494,259	6,494,259
Bank balances	-	-	138,635,543	138,635,543
	4,158,250	42,454,881	166,523,035	213,136,165

	2020			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	4,010,000	4,010,000
Investment at fair value -OCI	-	18,839,234	-	18,839,234
Investment at fair value -P&L	-	-	-	-
Trade debts	-	-	10,710,838	10,710,838
Advances, deposits and prepayments	-	-	4,309,058	4,309,058
Bank balances	-	-	106,777,288	106,777,288
	-	18,839,234	125,807,184	144,646,418

23.1.2 Financial Liabilities at amortized cost

	2021	
	Amount	Total
Trade and other Payables	100,517,591	100,517,591
Long term Loan	5,385,748	5,385,748
	100,517,591	100,517,591

	2020	
	Amount	Total
Trade and other Payables	56,052,904	56,052,904
Long term Loan	5,010,347	5,010,347
	56,052,904	56,052,904

23.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degress of risk.

The Board of Directors of the company has overall responsibility for the establishment and oversight of

Credit risk
Liquidty risk
Market risk
Operational risk

23.2.1 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 in to account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfil their obligations.

Exposure to Credit risk

Credit risk of the company arises principally from the trade debts, short term investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure.The company allow to trade in fututre contracts after taking appropriate margins.

Credit risk is minimised due to the fact that the company invest only in high quality financial assets, all transactions are settled/paid for upon delivery. The company doesnot expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2021	2020
	Rupees	
Long Term deposit	**4,010,000**	4,010,000
Investment at fair value through other comprehensive income	**42,454,881**	18,839,234
Advances, deposits,prepayments and other receivable	**6,494,259**	4,309,058
Trade debts	**17,383,232**	10,710,838
Bank Balances	**138,635,543**	106,777,288
	208,977,915	144,646,418

23.2.1.2 Bank Balances

The Analysis below summarizes the credit quality of the company's bank balance:

	2021	2020
	Rupees	*Rupees*
AAA	1,328,321	-
AA	123,687,554	91,624,484
A+	13,619,668	15,152,804
	138,635,542	106,777,288

The credit rating agency are PACRA and JCR-VIS.

23.2.2. Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting its financial obligations associated with its 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. prudent liquidity risk management implies maintaining sufficent cash and marketable securities, the availablity of funding to an adequate amount of committed credit facililities and the ability to close out market positions due to dynamic nature of business.

	2021				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	100,517,591	100,517,591	100,517,591	-	-
Long term Loan	5,385,748	5,385,748	-	5,385,748	-
	100,517,591	100,517,591	100,517,591	5,385,748	

	2020				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	56,052,904	56,052,904	56,052,904	-	-
Long term loan	5,010,347	5,010,347	-	5,010,347	
	56,052,904	56,052,904	56,052,904	5,010,347	

On the balance sheet date, the company has cash and bank balances of Rs.138.63 million (2020: 106.77 million) for repayment of liabilities

23.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market intrest rates or the market price due to change in credit rating of the issuer or the instrument, management manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. Currently there is no currency risk as all financial assets and liabilities are in PKR.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market risk. The company is not exposed to interest rate risk as there is no interest based liability or asset.

Other price risk

Other price risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices(other than those arising from interest rate risk or currency risk) whether those changes are caused by factors specific to the individual financial insturment or its issuer, or factor affecting all or similar financial instrument traded in the market.

The company's listed securities are susceptible to market price risk arising from uncertainities about the future value of investment securities. The company manages the equity price through diversification and all instruments are made thorugh surplus funds.

The company is exposed to other price risk on investment in listed shares. The company manages the risk through portfolio diversification, as per recommendation of Investment committee of the company. The committee regularly monitors the performance of investees and assess the financial performance on on-going basis.

The 10 percent increase/(decrease) in market value of these instruments with all other variables held constant impact on profit and loss account of the company is as follows:

	Before Tax	
	10% Increase	**10% Decrease**
as at 30th June 2021	415,825	(415,825)
as at 30th June 2020	-	-

23.3 Fair value of Financial instruments

The Carrying values of all financial assets and liabilities reflected in these financial statements approximate to their fair value. The company measures fair value using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

The company only hold listed assets amounting to Rs 46.61 million (2020: 18.8 million) that are recorded at quoted price.

23.4 Capital risk management

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.

24. CAPITAL ADEQUACY LEVEL

Total Assets	**324,488,091**	174,900,651
Less: Total Liabilities	**(105,903,339)**	(61,063,251)
Less: Revaluation Reserves	**-**	-
Capital Adequacy Level	**218,584,752**	113,837,400

While determining the value of total assets of TREC holder, the Notional value of the TREC held by Sakarwala Capital Securities (Private) Limited as at year ended 30th June 2021 determined by Pakistan Stock Exchange has been considered.

25. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related Parties Comprise of associated companies , directors, key management personnel and close family members of the directors. Transactions with related parties may be carried out at negotiated rates.Remuneration and benefits to executives of the company are in accordance with the terms of their employment.

Details of transactions and balances with related parties, other than those which have been specifically disclosed elsewhere in the financial statements are as follows:

	2021	2020
	Rupees	
Remuneration to Directors	**750,000**	1,200,000
Remuneration to Chief Executive officers	**1,200,000**	1,029,461
	1,950,000	2,229,461

26. NUMBER OF EMPLOYEES

	Number of employees	
Total number of employees at 30 June	**17**	21

27 NET CAPITAL BALANCE AND LIQUID CAPITAL BALANCE

27.1 Net Capital Balance As At 30th June 2021

DESCRIPTION	VALUATION BASIS		VALUE
CURRENT ASSETS			
Cash in hand	As per book value		-
Cash at bank	Bank balances pertaining to house	41,331,351	
	Bank balances pertaining to client	97,304,192	138,635,543
Deposits against exposure and losses	As per book value		5,000,000
Trade Receivable	Book Value	20,301,413	
	Less: overdue for more than 14 days	(8,684,438)	11,616,975
Receivable under Margin financing	Book Value		12,594,263
Investment in Listed Securities in the name of broker	Market value	46,613,131	
	Less: 15% discount	(6,991,970)	39,621,162
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.		6,137,028
			213,604,970
CURRENT LIABILITIES			
Trade Payable	Book value	97,212,161	
	Less: Overdue for more than 30 days	(37,540,144)	59,672,017
Other liabilities	Overdue for more than 30 days	37,540,144	
	As classified under the generally accepted accounting principles.	3,305,430	40,845,574
Net Capital Balance As At 30th June 2021			113,087,379

27.2

Liquid Capital Balance As At 30th June 2021

S.No.	Head of Account	Value in Pak Rupee	Hair Cut/ Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	79,689,018	79,689,018	-
1.2	Intangible Assets	3,250,000	3,250,000	-
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.	46,613,131	7,075,135	39,537,996
	ii. If unlisted, 100% of carrying value.			
	iii.Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.			
	iv.100% Haircut shall be applied to Value of Investment in any asset including shares of listed securitiesthat are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	-	
1.6	Investment in subsidiaries			
1.7	Investment in associated companies/undertaking			
	i. If listed 20% or VaR of each securities as computed by the Securites 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.	4,010,000	4,010,000	-
1.9	Margin deposits with exchange and clearing house.	5,000,000	-	5,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.			
1.11	Other deposits and prepayments			
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			
	ii. Receivables other than trade receivables	17,312,904	17,312,904	
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.			
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
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. i. Lower of net balance sheet value or value determined through adjustments.	12,594,263	-	12,594,263
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value.			
	ii. Net amount after deducting haircut			
	iii. Incase receivalbes are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract,			
	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.	8,716,977	-	8,716,977
	iv. Balance sheet value			

	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.	11,584,436	2,549,532	9,034,904
	vi. 100% haircut in the case of amount receivable form related parties.	464,975	464,975	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietory accounts	41,331,351	-	41,331,351
	ii. Bank balance-customer accounts	97,304,192	-	97,304,192
	iii. Cash in hand	-	-	-
1.19	**Total Assets**	**327,871,247**	**114,351,564**	**213,519,683**
2	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	97,212,161	-	97,212,161
2.2	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	3,305,430	-	3,305,430
	iii. Short-term borrowings			
	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			
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:			
	a. The existing authorized share capital allows the proposed enhanced share capital b. Boad of Directors of the company has approved the increase in capital c. Relevant Regulatory approvals have been obtained d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed. e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
2.4	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.	5,385,748	5,385,748	-
	ii. Subordinated loans which do not fulfill the conditions specified by SECP		-	
2.5	**Total Liabilites**	**105,903,339**	**5,385,748**	**100,517,591**
3	Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	8,790,925		8,790,925
3.2	Concentration in securites lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	Net underwriting Commitments			
	(a) in the case of right issuse : if the market value of securites is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issuse 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 cuurency 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 securites. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites 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	4,245,488	4,245,488	4,245,488
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/ pledged with securities exchange after applyiong VaR haircuts	47,985	-	47,985
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short selll 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 proprietory 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 Liabilites	13,084,398	4,245,488	13,084,398
3.12	**Liquid Capital**	**208,883,509**	-	**99,917,694**

28. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 01 OCT 2021 by the Board of Directors of the company.

29. GENERAL

Figures have been rearranged and reclassified wherever necessary, for the purpose of comparison and have been rounded off to the nearest Rupee.

Chief Executive

G.H. Sakalwale

Director

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