SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2023

SAKARWALA SECURITIES

Sakarwala Capital Securities (Pvt) Ltd.

TREC Holder - Pakistan Stock Exchange Limited
TREC Holder - Pakistan Mercantile Exchange Limited

Registered Office	: *Suite 114, 3rd Floor Stock Exchange Building, Off. I.I. Chundrigar Road, Karachi-74000 Pakistan.*
Office	: *Suite 605-606, 6th Floor Stock Exchange Building, Off. I.I. Chundrigar Road, Karachi-74000 Pakistan.*
Phone	: *+92 21-32428301,02,03, +92 2132460676*
E-mail	: *info@sakarwalasecurities.com, sakarwala_stockex@hotmail.com*
web	: *www.sakarwalasecurities.com*

DIRECTOR'S REPORT

On behalf of the Board of Directors, I am pleased to present the Annual report together with the company's Audited Financial Statement and Auditors Report for the Financial year ended 30th June 2023. The Summarized results for the year ended 30th June 2023 are as under:

Financial results	**2023**
Operating Revenue	23,149,692
Profit before Taxation	3,049,620
Taxation	(641,466)
Profit after Tax	2,408,154

AUDITORS:

The Auditors M/s Naveed Zafar Ashfaq Jaffery & Co. retire at the conclusion of the meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Directors appreciate assistance and co-operation extended by customers and employees of the company.

For and on behalf of the Board

Sakarwala Capital Securities (Pvt) Ltd. PSX # 010

G.M Sakarwala
Ghulam Mustafa
Director

Chief Executive
Date: October 05, 2023
Karachi

Sakarwala Capital Securities (Pvt) Ltd.

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web : www.sakarwalasecurities.com

COMPLIANCE OF CORPORATE AND FINANCIAL REPORTING FRAMEWORK
UNDERTAKING BY CHIEF EXECUTIVE
Clause 9(a)(iii) of Annex D & Reg 16(1)(f) of SBLOR 2016

In compliance of Clause 9(a)(iii) of Annex D read with Regulation 16(1)(f) of Securities Brokers (Licensing and Operations) Regulations, 2016, on behalf of the Company, I am pleased to certify that there were no transactions entered into by Sakarwala Capital Securities (Pvt.) Ltd. During the year ending June 30, 2023, which are fraudulent, illegal, or in violation of any securities market laws.

Sakarwala Capital Securities (Pvt) Ltd. PSX # 010

Ghulam Mujtaba Sakarwala
Chief Executive
Dated: October 5, 2023

G.M. Sakarwala
Ghulam Mustafa
Director

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

A Member firm of
PrimeGlobal | An Association of Independent Accounting Firms

1st Floor, Modern Motors House,
Beaumont Road, Karachi-Pakistan.
Ph: +92-21-35671909, 35673754
Fax: +92-21-35210626
E-mail: khi@nzaj.com.pk
Web: www.nzaj.com.pk

INDEPENDENT AUDITORS' 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 statements of **Sakarwala Capital Securities (Private) 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, 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 profit 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 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.

Information Other than the Financial Statements and Auditor's Report Thereon

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Sakarwala Capital Securities (Pvt) Ltd.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017(XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional 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.

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Sakarwala Capital Securities (Pvt) Ltd.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);

b) the statement of financial position, the statement of profit or loss, 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 the relevant requirements of Securities Brokers (Licencing and Operations) Regulations, 2016 as at the date on which the unconsolidated financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Azeem H. Siddiqui – FCA.**

Naveed Zafar Ashfaq Jaffery & Co.
Chartered Accountants

Karachi :
Dated : October 06, 2023
DUIN : AR202310232Od1vDRN6k

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2023

	Note	2023	2022
		---------Rupees---------	
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	23,341,045	26,530,618
Investment property	5	49,500,000	49,500,000
Intangible assets	6	3,250,000	3,250,000
Long term investment	7	14,081,852	19,467,209
Long term deposits	8	4,010,000	4,010,000
		94,182,897	102,757,827
CURRENT ASSETS			
Trade debts - unsecured	9	20,132,052	6,743,399
Short term investments	10	11,016,440	13,410,465
Investment in margin financing	11	3,299,240	5,847,905
Advances, deposits and other receivables	12	46,249,569	22,452,249
Bank balances	13	180,976,347	118,868,496
		261,673,649	167,322,514
TOTAL ASSETS		355,856,546	270,080,341
EQUITY AND LIABILITIES			
SHARE CAPITAL AND RESERVES			
Authorized share capital	14	100,000,000	100,000,000
Issued, subscribed and paid-up capital	14	100,000,000	50,000,000
Capital Reserve			
General reserve		2,720,820	2,720,820
Surplus on revaluation of property and equipment	15	18,373,253	20,414,726
		21,094,073	23,135,546
Revenue Reserve			
Unappropriated profit		72,454,181	118,004,554
Surplus on re-measurement of equity investment at FVOCI		(3,137,917)	2,247,440
		69,316,264	120,251,994
Total equity		190,410,337	193,387,540
NON-CURRENT LIABILITIES			
Long term loan	16	6,035,597	5,692,682
CURRENT LIABILITIES			
Trade and other payables	17	159,410,612	71,000,119
TOTAL EQUITY AND LIABILITIES		355,856,546	270,080,341
Contingencies and commitments	18	-	-

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

GH Sakarwala

Chief Executive | **Director**

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		----------Rupees----------	
Operating revenue	19	23,149,692	27,876,088
Capital gain on sale of investments - net		2,583,104	911,762
Net change in unrealised (loss)/gain on remeasurement of short term investments		(2,394,025)	561,760
Dividend income		1,500,345	711,136
		24,839,116	30,060,746
Administrative expenses	20	(43,561,612)	(43,067,264)
Financial charges	21	(477,925)	(355,603)
Other income	22	22,250,041	11,570,465
Profit/(loss) before taxation		3,049,620	(1,791,656)
Taxation	23	(641,466)	(418,141)
Profit/(loss) after taxation		2,408,154	(2,209,797)
Earnings/(loss) per share - Basic and Diluted	24	2.41	(4.42)

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

Chief Executive

G.H Sakarwala

Director

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2023

	2023	2022
	---------Rupees---------	
Profit/(loss) for the year	2,408,154	(2,209,797)
Other comprehensive income:		
Items that will not not be reclassified subsequently to profit or loss		
Unrealised loss on re-measurement of Investment at FVOCI	(5,385,357)	(22,987,671)
Total comprehensive (loss) for the year	(2,977,203)	(25,197,468)

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

Chief Executive

G M Sakarwala

Director

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2023

		CAPITAL RESERVE		REVENUE RESERVE		
	Issued, subscribed and paid-up capital	Capital Reserve	Surplus on revaluation of property and equipment	Unappropriated Profit	Surplus on re-measurement of equity Investment	Total
	Rupees					
Balance as at June 30, 2021	50,000,000	2,720,820	22,683,000	117,946,077	25,235,111	218,585,008
Total comprehensive income for the year ended June 30, 2022						
Loss after taxation	-	-	-	(2,209,797)	-	(2,209,797)
Unrealised loss on remeasurement of Investment at FVOCI	-	-		-	(22,987,671)	(22,987,671)
	-	-	-	(2,209,797)	(22,987,671)	(25,197,468)
Transfer of incremental depreciation on revaluation surplus	-	-	(2,268,274)	2,268,274	-	-
Balance as at June 30, 2022	50,000,000	2,720,820	20,414,726	118,004,554	2,247,440	193,387,540
Transaction with owners directly charged to equity						
Issue of bonus share @ 100%	50,000,000	-	-	(50,000,000)	-	-
Total comprehensive income for the year ended June 30, 2023						
Profit after taxation	-	-	-	2,408,154	-	2,408,154
Unrealised loss on remeasurement of Investment at FVOCI	-	-	-	-	(5,385,357)	(5,385,357)
	-	-	-	2,408,154	(5,385,357)	(2,977,203)
Transfer of incremental depreciation on revaluation surplus	-	-	(2,041,473)	2,041,473	-	-
Balance as at June 30, 2023	100,000,000	2,720,820	18,373,253	72,454,181	(3,137,917)	190,410,337

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

Chief Executive

G.M. Sakarwala
Director

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOW
FOR THE YEAR ENDED JUNE 30, 2023

	Note	2023	2022
		---------Rupees---------	
CASH FLOW FROM OPERATING ACTIVITIES			
Profit /(loss) before taxation		3,049,620	(1,791,656)
Adjustment for non-cash items:			
Depreciation		3,164,672	3,658,401
Financial charges		477,925	355,603
Reversal of provison for doubtful debts		(2,918,181)	-
Gain on sale of property and equipment		(1,180,099)	-
Capital gain on sale of investments - net		(2,583,104)	(911,762)
Unrealised loss/(gain) on remeasurement of short term investments		2,394,025	(561,760)
Operating (loss)/profit before working capital changes		(644,762)	2,540,482
Changes in working capital			
Trade debts		(10,470,472)	10,639,833
Advances, deposits and prepayments		(21,441,055)	1,664,981
Receivable against margin financing		2,548,665	6,746,358
Trade and other payable		88,410,493	(29,517,473)
Net changes in working capital		59,047,630	(10,466,301)
Financial charges paid		(135,010)	(48,669)
Taxes paid		(2,997,731)	(2,222,465)
Net cash generated from/(used in) operating activities		58,319,747	(11,988,609)
CASH FLOW FROM INVESTING ACTIVITIES			
Sale proceed on disposal of property and equipment		1,205,000	-
Short term investment-net		2,583,104	(7,778,437)
Net cash generated from /(used in) investing activities		3,788,104	(7,778,437)
Net increase(decrease) in cash and cash equivalent		62,107,851	(19,767,046)
Cash and cash equivalent at beginning of the year		118,868,496	138,635,542
Cash and cash equivalent at end of the year		180,976,347	118,868,496

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

Chief Executive

G.M. Sakarwala

Director

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Sakarwala Capital Securities (Pvt) Ltd.

SAKARWALA CAPITAL SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

1 Legal Status and Nature of Business

Sakarwala Capital Securities (Private) Limited was incorporated under the repealed Companies Ordinance, 1984 ('the Ordinance') which has now been replaced with Companies Act, 2017 ('the Act'). The Company is a corporate member of Pakistan Stock Exchange Limited (PSX).

The Company is a TREC (Trading Right Entitlement Certificate) holder of Pakistan Stock Exchange Limited (Formerly: Karachi Stock Exchange Limited) and a member of Pakistan Mercantile Exchange Limited (PMEX). The Company is principally engaged in brokerage of shares, stocks, securities, commodities and other financial instruments, securities research, financial consultancy and underwriting.

The address of the company's offices are as follows:

Registered address

- Room No: 114, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

Branch office

- Room No: 130, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Room No: 605, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.
- Room No: 606, 3rd Floor, Stock Exchange Building, Stock Exchange Road, Karachi.

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 for financial reporting. The accounting and reporting standards as applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards), issued by International Accounting Standard Board (IASB) as notified under Companies Act, 2017 (the "Act"); 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 standard, the provisions of and directives issued under the Companies Act, 2017 have been followed.

2.2 Basis of Measurement

These financial statements have been prepared under historical cost convention except, for office building in property and equipment, which have been carried at revalued amount , investment property which have been carried at fair value, long term and short term investment in quoted equity securities which have been carried at their fair values.

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgements

The preparation of financial statements in conformity with approved accounting standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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Sakarwala Capital Securities (Pvt) Ltd.

The estimates and associated assumptions are based on historical experience, industry trends, legal and technical pronouncements and various other factors that are believed to be reasonable under the circumstances, the result of which form the basis of making the judgments about carrying values of assets

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. Significant areas requiring the use of management estimates in these financial statements relate to the following:

- Property and equipment and depreciation (refer note 3.2)
- Intangible assets and amortization (refer note 3.4)
- Taxation (refer note 3.1)
- Provisions (refer note 3.6)

2.5 STANDARDS, INTERPRETATIONS AND AMENDMENTS TO THE APPROVED ACCOUNTING STANDARDS

2.5.1 There are certain amendments and interpretations to the accounting and reporting standards which are mandatory for the Company's annual accounting period which began on July 1, 2022. However, these do not have any significant impact on the Company's financial statements.

2.5.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the Company:

Description effective for the periods		Effective date (annual reporting periods beginning on or after)
IAS 1	Presentation of Financial Statements [Amendments]	January 1, 2023
IAS 8	Accounting Policies, Changes in Accounting Estimates and Errors [Amendments]	January 1, 2023
IAS 12	Income Taxes (Amendments)	January 1, 2023
IFRS 17	Insurance Contracts (Amendments)	January 1, 2023
IAS 7	Statement of Cash Flows (Amendments)	January 1, 2023
IFRS 7	Financial Instruments	January 1, 2023
IFRS 16	Leases [Amendments]	January 1, 2024

2.5.2 The above standards, amendments to approved accounting standards and interpretations are not likely to have any material impact on the Company's financial statements.

Other than the aforesaid standards, interpretations and amendments, IASB has also issued the following standards and interpretation, which have not been notified locally or declared exempt by the SECP as at June 30, 2022:

IFRS 1	First Time Adoption of International Financial Reporting Standards	
IFRS 17	Insurance Contracts	
IFRIC 12	Service concession arrangements	

3 Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies and methods of computation have been consistently applied to all the periods presented, unless otherwise stated.

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Sakarwala Capital Securities (Pvt) Ltd.

3.1 Taxation

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

Current

Provisions 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 change in prior yeas which arises from assesments/ developments made during the year, if any.

Deffered Tax

Deferred tax is recognised using the balance sheet liability method on all temporary differences betwee the carrying amount of assets and liabilities used for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the rates that are expected to be applied to the temporary differences when they arise, based on the laws that have been enacted or substantively enacted by the reporting date.

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

3.2 Property and Equipment

Property and equipment (except for office premises) are stated at cost less accumulated depreciation and impairment losses, if any. Office premises are stated at revalued amount less accumulated depreciation and impairment loss, if any. Office building is stated at revalued amount and revaluation of office building will be conducted every 5 years. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits as associated with the item will flow to the Company and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognised. Normal repairs and maintenance are charged to the statement of profit or loss during the period in which they are incurred.

Depreciation on all property and equipment is charged to statement of profit or loss using reducing balance method over the asset's useful life at the rates stated in 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 arising on disposal of item of property and equipment are recognized in the statement of profit or loss. The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each reporting date.

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 property is carried out by qualified independent valuer. The fair value is determined on the basis of professional assessment of 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 the economic benefits attributable to the assets will flow to the company and cost of the asset can be measured reliably.

Trading Rights Entititlment Certificate (TREC)

It is stated at cost less impairment, if any .The carrying amount is reviewed at each reporting date to assess wether it is in excess of its recoverable amount and where the carrying amount exceeed estimated recoverable amount ,it is written down to its 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 ammortized 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 recognised in the statement of financial position when the Company has a legal or constructive obligation as a result of past events, and it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate of the amount of obligation can be made. The amount recognized as provision reflects the best estimate of the expenditure required to settle the obligation at the end of reporting period.

3.7 **Trade and Other Payables**

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

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Sakarwala Capital Securities (Pvt) Ltd.

3.8 **Revenue Recognition**

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

Dividend income is recognized when right to receive 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 **Expenses**

All expenses are recognized in the profit and loss account on an accrual basis..

3.11 **Provisions**

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, 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. However, provisions are reviewed at each balance sheet date and adjusted to reflect current best estimate.

3.12 **Financial Instruments**

Initial Recognition of Financial Assets

The Company classifies its financial assets in the following three categories:

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

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

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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.

Financial assets at FVOCI

A financial asset is classified as at fair value through other comprehensive income when either:

(a) 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; or

(b) it is an investment in equity instrument which is designated as at fair value through other comprehensive income in accordance with the irrevocable election available to the Company to at initial recognition.

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.

Subsequent Measurement

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 or loss.
Equity Investments at FVOCI	These are subsequently measured at fair value. Dividends are recognised as income in statement of profit or loss. Other net gains and losses are recognised in other comprehensive income and are never reclassified to profit or loss. On derecognition, gain and losses accumulated in capital reserves are reclassified to unappropriated profit.
Debt Investments at FVOCI	These are subsequently measured at fair value. Interest/markup income is calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. Other net gains and losses are recognised in other comprehensive income. On derecognition, gain and losses accumulated in other comprehensive income /capital reserves are reclassified to statement of profit or loss.

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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 statement of profit or loss.

Non Derivative Financial Assets

Al non derivative financial assets are initially recognized on trade date i.e the date on which the company becomes party to respective contractual provisions. Non derivative financial assets comprise of 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 contactual 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 niether transferred nor retain substantially all of the risk and rewards of ownership amd does not retain control over the transferred assets.

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 and loss account.Other financial liabilities are carried at amortized cost using effective interest method.

Financial liabilities are initially recognized on the date on which the company becomes party to respective contaractual provisions. Financial liabilities include markup bearing loans and trade and other payables.

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.

Offsetting of financial assets and financial liabilities

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

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Impairment

Financial Assets

The Company recognizes loss allowance for Expected Credit Loss (ECL) on financial assets measured at amortized cost and FVTOCI at an amount equal to lifetime ECLs except for the financial assets in which there is no significant increase in credit risk since initial recognition or financial assets which are determined to have low credit risk at the reporting date, in which case 12 months' ECL is recorded. The following were either determined to have low or there was no increase in credit risk since initial recognition as at the reporting date:

- bank balances;
- employee receivables
- other short term receivables; and
- receivables from PMEX and NCCPL

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

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

Life time ECLs are the ECLs that results from all possible default events over the expected life of a financial instrument. 12 months ECLs are portion of ECL that result from default events that are possible within 12 months after the reporting date.

ECLs are a probability weighted estimate of credit losses. Credit losses are measured at the present value of all cash shortfalls (i.e. the difference between cash flows due to the entity in accordance with the contract and cash flows that the Company expects to receive).

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectation of recovering a financial asset in its entirety or a portion thereof.

De-recognition

Financial assets

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity. On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to statement of changes in equity.

Financial liabilities

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any noncash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

4. PROPERTY PLANT AND EQUIPMENT

	Note	2023 Rupees	2022 Rupees
Property and equipment	4.1	23,341,045	26,530,618

4.1

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2022	Additions	Disposals	As at June 30, 2023		As at July 01, 2022	For the year	Disposals	As at June 30, 2023	As at June 30, 2023
	------Rupees------					------Rupees------				
Office Building	60,251,957	-		60,251,957	10%	38,827,731	2,142,423	-	40,970,154	19,281,803
Office Equipment	675,316	-	-	675,316	20%	620,540	10,955	-	631,495	43,821
Furniture and fixture	448,299	-	-	448,299	20%	432,557	3,148	-	435,705	12,594
Vehicles	9,494,455	-	1,105,835	8,388,620	20%	4,466,049	1,005,681	(1,080,934)	4,390,796	3,997,824
Computer Equipment	1,225,241	-	-	1,225,241	33%	1,217,773	2,464	-	1,220,237	5,004
June 30, 2023	72,095,268	-	1,105,835	70,989,433		45,564,650	3,164,672	(1,080,934)	47,648,388	23,341,045

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2021	Additions	Disposals	As at June 30, 2022		As at July 01, 2021	For the year	Disposals	As at June 30, 2022	As at June 30, 2022
	------Rupees------					------Rupees------				
Office Building	60,251,957	-	-	60,251,957	10%	36,447,262	2,380,470	-	38,827,732	21,424,226
Office Equipment	675,316	-	-	675,316	20%	606,846	13,694	-	620,540	54,776
Furniture and fixture	448,299	-	-	448,299	20%	428,621	3,936	-	432,557	15,742
Vehicles	9,494,455	-	-	9,494,455	20%	3,208,948	1,257,101	-	4,466,049	5,028,406
Computer Equipment	1,225,241		-	1,225,241	33%	1,214,573	3,200	-	1,217,773	7,468
June 30, 2022	72,095,268	-	-	72,095,268		41,906,250	3,658,401	-	45,564,650	26,530,618

4.1 Had there been no revaluation, the net carrying value of office building would have been Rs. 908,550 (2022 :Rs. 1,009,500).

4.2 Revaluation was performed by Anjum Adil and Associate, an independent valuer on 21 April, 2021 resulting in surplus amounting Rs. 25,203,049.

4.3 The forced Sale Value (FSV) of the revalued office building at the date of revaluation was Rs. 21.060 million.

5 INVESTMENT PROPERTY

	Note	2023 Rupees	2022 Rupees
	5.1	49,500,000	49,500,000

5.1

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2022	Additions	Gain as per IAS 40	As at June 30, 2023		As at July 01, 2022	For the year	Disposals	As at June 30, 2023	As at June 30, 2023
Shop # 1 Sulaiman Ar	682,673	-	49,163,611	49,846,284	5%	346,284	-	-	346,284	49,500,000
June 30, 2023	682,673	-	49,163,611	49,846,284		346,284	-	-	346,284	49,500,000

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Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2021	Additions	Gain as per IAS 40	As at June 30, 2022		As at July 01, 2021	For the year	Disposals	As at June 30, 2022	As at June 30, 2022
Shop # 1 Sulaiman Ar	682,673	-	49,163,611	49,846,284	5%	346,284	-	-	346,284	49,500,000
June 30, 2022	682,673	-	49,163,611	49,846,284		346,284	-	-	346,284	49,500,000

5.1 The investment property consist of Shop No-S-1, Ground Floor, Sulaiman Arcade, Plot No#11, sub plot S-1, Block No#3, Bihar Muslim Co-operative Housing Society, Sharfabad, Jamal ud din Afghani Road Karachi. The investment property consist of 450 Square feet.

5.2 Revaluation was performed by Anjum Adil and Associate, an independent valuer on 21 April, 2021.

		Note	2023	2022
			---------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 received by the company in according with the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, as ammended by Stock Exchange (Corporatisation, Demutualization and Integration)(Ammedment) Act, 2015. The TRE Certificate is stated cost less accumulated impairment loss.

PSX Vide notice no. PSX/N-225 Dated February 16, 2021 the notional value of Trading Right Entitlement Certificate which amounting to Rs 2.5 millions.

		Note	2023	2022
7.	**LONG TERM INVESTMENT**			
	At fair value through Other comprehensive income			
	Investment in shares of Pakistan Stock Exchange	7.1	14,081,852	19,467,209

7.1 This represents 1,902,953 (2022: **1,902,953**) shares of Pakistan Stock Exchange.

		Note	2023	2022
8.	**LONG-TERM DEPOSITS**			
	Trading deposit			
	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
	Deposit against office		2,500,000	2,500,000
	CDC deposit		100,000	100,000
	Security deposit			
	Other deposits		10,000	10,000
			4,010,000	4,010,000
9.	**TRADE DEBTS - CONSIDERED GOODS**			
	Trade debts	9.1 & 9.2	20,132,052	9,661,580
	Less: Loss allowance		-	(2,918,181)
			20,132,052	6,743,399

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	Note	2023	2022
		----------Rupees---------	

9.1 Aging analysis of related parties balances

Not yet due		-	-
Upto 3 months		400	1,949
		400	1,949

This includes balances due from related parties amounting to Rs. 400 (2022 Rs. 1,949)

9.2 The maximum outstanding balances at the end of any month from related parties is amount to Rs. 400 in the month of june 2023.

9.3 Aging Analysis

Upto five days		7,449,078	7,493,584
More than five days		12,682,575	2,167,996
		20,131,652	9,661,580

10. SHORT TERM INVESTMENT

At fair value through profit or loss			
Investment in quoted securities	10.1	11,016,440	13,410,465

10.1 Investment in various equity shares carried at market value.

10.2 The details of Securities pledged with PSX and NCCPL are

	Number of Securities	Fair Value Rupees
Client & Directors	1,246,500	114,769,225
Brokerage House	-	-
	1,246,500	114,769,225

10.3 The details of Securities pledged with financial institution are

	Number of Securities	Fair Value Rupees
Client & Directors	471,500	23,019,780
Brokerage House	-	-
	471,500	23,019,780

10.4 Customer assets held in the central depositary system consist of 78,075,304 number of shares valued at Rs. 1,800.64 Million.

11. RECEIVABLE IN MARGIN FINANCING

Receivable in margin financing from clients		3,299,240	5,847,905

11.1 Margin financing facility is provided to client on 0% markup basis per annum. For the year average MF rate has been 0% (2022: 0% per annum).

12. ADVANCES, DEPOSITS AND OTHER RECEIVABLES

Income tax refundable-net of provision		19,979,236	17,622,971
NCCPL - Future Market Exposure		10,000,000	2,000,000
NCCPL - Future Market Profit/(loss)		14,560,687	1,290,748
Other Receivable		1,709,646	1,538,530
		46,249,569	22,452,249

13. BANK BALANCES

Cash at bank			
- Current account		383,699	560,676
- Saving account	13.1	180,592,647	118,307,820
		180,976,347	118,868,496

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13.1 The interest rate on saving accounts ranges from 13% to 18% per annum.

13.2 This includeS Rs. 142,071,365.6 million (2022: 63,373,094) kept in designated bank accounts maintained on behalf of clients.

14. SHARE CAPITAL

14.1 AUTHORIZED SHARE CAPITAL

2023	2022		2023	2022
Number of Shares			----------Rupees---------	
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

2023	2022		2023	2022
Number of Shares			---------Rupees---------	
1,000,000	500,000	Ordinary shares of Rs. 100 each fully paid in cash	100,000,000	50,000,000

14.2.1 During the year, the company has issued 100% bonus dividend to its shareholder resulting in increase of share capital.

14.2.2 Pattern of Shareholding

	Name of Shareholder	No of Shares	Percentage of Holding	No of Shares	Percentage of Holding
		JUNE 30, 2023		June 30, 2022	
i	Ghulam Mustafa Sakarwala	180,000	18.00%	90,000	18.00%
ii	Ghulam Mujtaba Sakarwala	341,000	34.10%	170,500	34.10%
iii	Munira Sakarwala	180,000	18.00%	90,000	18.00%
iv	Ghulam Murtaza Sakarwala	149,500	14.95%	58,500	11.70%
v	Ghulam Muhammad Sakarwala	149,500	14.95%	58,500	11.70%
vi	Aziza Bano	-	0.00%	32,500	6.50%
		1,000,000	100%	500,000	100%

14.2.3 The changes in shareholding above 5 % is disclosed in above schedule.

14.3 All ordinary shares rank equally with regards to the company's residual assets. Holders of the shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the company. There is no agreement among shareholder in respect of voting rights, board selection, right of refusal and block voting.

	Note	2023	2022
		----------Rupees---------	
15. SURPLUS ON REVALUATION OF PROPERTY AND EQUIPMENT			
Surplus as on July 1		20,414,726	22,682,744
Revaluation surplus on office building		-	-
Transferred to Unappropriated profit on account of:			
- Incremental depreciation - net of tax		(2,041,473)	(2,268,274)
Surplus as on June 30		18,373,253	20,414,470

15.1 This represents surplus on revaluation of office building including in property and equipment adjusted by incremental depreciation on revluation surplus which is presented at revalued amount. Last valuation was performed by Anjum Adil and Associate, an independent valuer on 21 April, 2021 resulting in surplus of Rs. 25,203,049. The company has a policy to carry valuation of office building after every 5 years.

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		Note	2023	2022
			---------Rupees---------	
16.	**LONG TERM LOAN**			
	Long term loan		6,035,597	5,692,682

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

17. **TRADE AND OTHER PAYABLE**

	Note	2023	2022
Trade payable	17.1.	152,014,405	63,337,070
Accrued expenses		972,576	3,166,648
Auditors' remuneration		321,400	135,000
Other liabilities		6,102,232	4,361,401
		159,410,612	71,000,119

17.1 This include trade payable amounting to of Rs. Nil (2022 : Rs. 2,904) payable to related party.

18. **CONTINGENCIES AND COMMITMENTS**

18.1. There were no contingencies and commitments as at June 30, 2023 (June 30, 2022 : Nil)

19. **REVENUE FROM CONTRACT WITH CUSTOMERS**

	Note	2023	2022
Brokerage Revenue	19.1	23,149,692	27,876,088

19.1 **Breakup of brokerage revenue**

	2023	2022
- Institutional clients	300,855	612,426
- Retail clients	22,848,837	27,263,662
	23,149,692	27,876,088

19.2 This include brokerage revenue earned from related parties amounting Rs. 3,000 (2022: Rs. 15,690)

20. **ADMINISTRATIVE EXPENSES**

	2023	2022
Salaries and allowances	33,389,985	33,537,366
Printing, stationary and periodicals	39,574	36,497
Utilities	619,537	586,405
Communication expense	488,695	257,191
Rent, rates and taxes	835,952	758,400
Transaction charges	2,555,559	2,381,912
Repair and maintenance	1,094,249	31,300
Fees and subscription	242,925	195,000
Commission expense	-	153,969
Depreciation	3,164,672	3,658,401
Auditors' remuneration	186,400	135,000
Legal and professional Fee	196,875	263,855
IT services	688,580	1,005,166
Miscellaneous	58,610	66,802
	43,561,612	43,067,264

21. **FINANCE COST**

	2023	2022
Unwinding of long term loan from director	342,915	306,934
Bank charges	135,010	48,669
	477,925	355,603

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	Note	2023	2022
		----------Rupees---------	

22. OTHER INCOME

	2023	2022
Profit on bank deposits	17,812,520	11,127,834
Gain on dispoal of property and equipment	1,180,099	-
Profit on cash margin	339,241	397,249
Reversal of provison for doubtful debts	2,918,181	-
Other	-	45,382
	22,250,041	11,570,465

23. TAXATION

The Company has filed return for the tax year 2022. According to Section 120 of the Income Tax Ordinance 2001, the return filed is deemed to be an assessment order unless modified by Commissioner of Income Tax.

	2023	2022
Provision for taxation		
- Current year	862,744	418,141
- Prior year	(221,278)	-
- Deferred	-	-
Net tax charge	641,466	418,141

24 EARNINGS/(LOSS) PER SHARE - BASIC AND DILUTED

	2023	2022
Profit/(loss) for the year (Rupees)	2,408,154	(2,209,797)
Weighted average number of ordinary shares (numbers)	1,000,000	500,000
Earnings/(Loss) per share - basic and diluted (Rupees)	2.41	(4.42)

25 REMUNERATION TO CHIEF EXECUTIVE AND DIRECTOR

The aggregate amounts charged in these financial statements for remuneration , including benefits to Chief Executive and Directors are as follows.

	Chief Executive		Directors	
	-----------Rupees-----------			
	2023	2022	2023	2022
Managerial Remuneration	1,200,000	1,200,000	900,000	900,000
Bonus	400,000	225,000	600,000	225,000
Commission	-	-	-	-
	1,600,000	1,425,000	1,500,000	1,350,000
Number of persons	1	1	1	1

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26 FINANCIAL INSTRUMENT AND RELATED DISCLOSURES

26.1 Financial instrument by category

26.1.1 Financial assets

	2023			
	At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Financial assets measured at fair value				
Investment at fair value - OCI	-	14,081,852	-	14,081,852
Investment at fair value - P&L	11,016,440	-	-	11,016,440
	11,016,440	14,081,852	-	25,098,292
Financial assets not measured at fair value				
Long term deposits	-	-	4,010,000	4,010,000
Trade debts - unsecured	-	-	20,132,052	20,132,052
Investment in margin financing	-	-	3,299,240	3,299,240
Deposits and prepayments	-	-	26,270,333	26,270,333
Bank balances	-	-	180,976,346	180,976,346
	-	-	234,687,972	234,687,972
	11,016,440	14,081,852	234,687,972	259,786,264

	2022			
	At fair value through profit or loss	At fair value through OCI	At Amortized Cost	Total
Financial assets measured at fair value				
Investment at fair value -OCI	-	19,467,209	-	19,467,209
Investment at fair value -P&L	13,410,465	-	-	13,410,465
	13,410,465	19,467,209	-	32,877,674
Financial assets not measured at fair value				
Long term deposits	-	-	4,010,000	4,010,000
Trade debts - unsecured	-	-	6,743,399	6,743,399
Investment in margin financing	-	-	5,847,905	5,847,905
Deposits and prepayments	-	-	4,829,278	4,829,278
Bank balances	-	-	118,868,496	118,868,496
	-	-	140,299,078	140,299,078
Bank balances	13,410,465	19,467,209	140,299,078	173,176,752

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26.1.2 Financial Liabilities at amortized cost

	2023	
	Amount	Total
Long term Loan	6,035,597	6,035,597
Trade and other payables	159,410,612	159,410,612
	165,446,209	165,446,209

	2022	
	Amount	Total
Long term Loan	5,692,682	5,692,682
Trade and other payables	71,000,119	71,000,119
	5,692,682	5,692,682

26.2 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 the company's risk management framework. The company has exposure to the following risks from its use of financial instruments:

Credit risk
Liquidity risk
Market risk
Operational risk

26.2.1 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 future 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 does not expect to incur material credit losses on its financial assets. The maximum exposure to credit risk at the reporting date is as follows:

	2023	2022
	---------Rupees---------	
Long term investment	14,081,852	19,467,209
Long term deposits	4,010,000	4,010,000
Trade debts - unsecured	20,132,052	6,743,399
Short term investments	11,016,440	13,410,465
Investment in margin financing	3,299,240	5,847,905
Advances, deposits and other receivables	46,249,569	22,452,249
Bank Balances	180,976,347	118,868,496
	279,765,501	190,799,723

26.2.1.2 Bank Balances

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

AAA	310,000	532,119
AA	408,063	118,133,027
A+	180,258,283	203,350
	180,976,346	118,868,496

The credit rating agency are PACRA and JCR-VIS.

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26.2.2. 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 availability of funding to an adequate amount of committed credit facillities and the ability to close out market positions due to dynamic nature of business.

	2023				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Long term Loan	6,035,597	6,035,597	-	6,035,596.95	-
Trade and other payables	159,410,612	159,410,612	159,410,612	-	-
	165,446,209	165,446,209	159,410,612	6,035,597	-

	2022				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Long term Loan	5,692,682	5,692,682	-	-	5,692,682
Trade and other payables	71,000,119	71,000,119	71,000,119	-	-
	76,692,801	76,692,801	71,000,119	-	5,692,682

26.2.3 Market risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest 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.

	2023	2022
	----------*Rupees*----------	
Assets Subject to Variable Rates of Interest		
Bank Balances in Profit & Loss Sharing Accounts	180,592,647	118,307,820

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 through surplus funds.

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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 2023	27,608,121	22,588,463
As at 30th June 2022	36,165,441	29,589,907

26.3 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 25.098 million (2022: 32.877 million) that are recorded at quoted price.

26.4 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.

26.4.1 CAPITAL ADEQUACY LEVEL

	2023 RUPEES	2022 RUPEES
Total Assets	355,856,546	270,080,341
Less: Total Liabilities	(165,446,209)	(76,692,801)
Less: Revaluation Reserves	(18,373,253)	(20,414,726)
Capital Adequacy Level	172,037,084	172,972,814

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 2023 determined by Pakistan Stock Exchange has been considered.

27 LIQUID CAPITAL BALANCE

27.1 Liquid Capital Balance as at 30th June, 2023

The below statement has been prepared in accordance with the regulation 6(3) and schedule 3 of the securties broker (Licensing and Operations) Regulation, 2016.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	72,841,045	72,841,045	-
1.2	Intangible Assets	3,250,000	3,250,000	-
1.3	Investment in Govt Securities		-	-
1.4	Investment in Debt Securities			
	If listed then:			
	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 then:	-	-	-
	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 security on the cutoff date as computed by the Clearing House for respective security whichever is higher.	25,098,292	3,835,153	21,263,139
	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			
	ii. If unlisted, 100% of carrying value.	-	-	-
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	4,000,000		
	(i) 100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital, may be taken in the calculation of LC		-	-
1.9	Margin deposits with exchange and clearing house.	10,000,000	-	10,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	10,000	10,000	-
[illegible]	[illegible]	[illegible]		[illegible]

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1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each security on the cutoff date as computed by the Clearing House for respective security whichever is higher.	25,098,292	3,835,153	21,263,139
	Provided that if any of those 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			
	ii. If unlisted, 100% of carrying value.	-	-	-
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	4,000,000		
	(i) 100% of net value, however, any excess amount of cash deposited with securities exchange to comply with requirements of base minimum capital, may be taken in the calculation of LC		-	-
1.9	Margin deposits with exchange and clearing house.	10,000,000	-	10,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	10,000	10,000	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	1,709,646	-	1,709,646
	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	Advances and receivables other than trade Receivables;		-	-
	(i) No haircut may be applied on the short term loan to employees provided these loans are secured and due for repayments within 12 months.	-	-	-
	(ii) No haircut may be applied to the advance tax to the extent it is netted with provision of taxation .	19,979,236	19,979,236	-
	(iii) In all other cases 100% of net value	-	-	-
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.	14,560,687	14,560,687	-
1.17	Receivables from customers			
	i. Incase 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.*	3,299,240	1,160,753	1,160,753
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. *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, *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. *Balance sheet value*	7,449,078	-	7,449,078
	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. *v. Lower of net balance sheet value or value determined through adjustments*	12,682,575	10,159,353	10,159,353
	vi. In the case of amount of receivables 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;	400	400	-
	(a) Up to 30 days, values determined after applying var based haircuts;	-	-	-
	(b) Above 30 days but upto 90 days, values determined after applying 50% or var based haircuts whichever is higher;	-	-	-
	(c) above 90 days, 100% haircut shall be applicable.	-	-	-
	vi. Lower of net balance sheet value or value determined through adjustments			
1.18	Cash and Bank balances			
	i. Bank Balance - proprietory accounts	38,904,982	-	38,904,982
	ii. Bank Balance - customer / client accounts	142,071,366	-	142,071,366
	iii. Cash in hand		-	-
1.19	Subscription money against investment in IPO/ offer for sale (asset)			
	(i)No haircut may be applied in respect of amount paid as subscription money provided that shares have not been alloted or are not included in the investments of securities broker.	-	-	-
	(ii) In case of Investment in IPO where shares have been alloted but not yet credited in CDS Account, 25% haircuts will be applicable on the value of such securities.	-	-	-
	(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. Balance sheet value or Net value after deducting haircuts	-	-	-
1.20	Total Assets	355,856,546	125,796,627	232,718,316
2	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	152,014,405	-	152,014,405
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	7,396,208	-	7,396,208
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements		-	-
	Non Current Liabilities			

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2.1	Trade Payables			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products		-	-
	iii. Payable to customers	152,014,405	-	152,014,405
2.2	Current Liabilities			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	7,396,208	-	7,396,208
	iii. Short-term borrowings	-	-	-
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	-	-	-
	vi. Deferred Liabilities	-	-	-
	vii. Provision for taxation	-	-	-
	viii. Other liabilities as per accounting principles and included in the financial statements		-	-
2.3	Non-Current Liabilities			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	-	-	-
	Note: 1. 100% haircut may be allowed against long term portion of financing obtained from a financial institution including amount due against finance leases. 2. Nil in all other cases			
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted:	6,035,597	6,035,597	-
2.5	Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:	2,720,820	2,720,820	-
	a. The existing authorized share capital allows the proposed enhanced share capital	-	-	-
	b. Board of Directors of the company has approved the increase in capital	-	-	-
	c. Relevant Regulatory approvals have been obtained	-	-	-
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.		-	-
	e. Auditor is satisfied that such advance is against the increase of capital.	-	-	-
2.6	Total Liabilites	168,167,030	8,756,417	159,410,613
3	Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing			
	The amount calculated on 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. (Provided that above prescribed adjustments shall not be applicable where the aggregate amount of receivable against margin financing does not exceed Rs 5 million) *Note: Only amount exceeding by 10% of each financee from aggregate amount shall be included in the ranking liabilities*	-	-	-
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 (Note only amount exceeding by 110% of each borrower from market value of shares borrowed shall be included in the ranking liabilities)	-	-	-
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 commitment	-	-	-
	(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 Carrying value	-	-	-
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.	-	398,682	398,682
	If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	1,408,185	1,408,185
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements 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 applying VaR haircuts		132,013	132,013
	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 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	-	1,938,880	1,938,880

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	232,718,316
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(159,410,613)
(iii) Less: Total ranking liabilities (series number 3.11)	(1,938,880)

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3.9	i. In case of customer positions, the total margin requirements 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 applying VaR haircuts		132,013	132,013
	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 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**	-	1,938,880	1,938,880

Calculations Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	232,718,316
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(159,410,613)
(iii) Less: Total ranking liabilities (series number 3.11)	(1,938,880)
Net Liquid Capital as on 30-06-2023	71,368,823

28 BASE MINIMUM CAPITAL

In compliance with the Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Broker and Agent Registration Rule, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June, 2023, the company is required to maintain BMC of Rs. 23,270,968.

	2023	2022
	(Rupees)	(Rupees)
Eligible securities volue	24,346,207	27,109,101
BMC Requirement	(23,270,968)	(23,363,042)
Excess	1,075,239	3,746,059

29 RESEARCH ANALYST

The company has neither any research department nor any person employed for research.

30. 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:

		2023	2022
Transaction with related party		Rupees	
Name of related party	Nature of transaction		
Munira Ghulam Mujtaba	Brokerage commission	-	15,690
Ghulam Mujtaba Sakarwala	Brokerage commission	3,000	
Ghulam Mustafa	Markup on loan	342,915	
Balances of related party			
Name of related party	Nature of balances		
Aziza Bano	Trade debtors	-	195
Munira Ghulam Mujtaba	Trade debtors	-	391
Ghulam Mujtaba Sakarwala	Trade debtors	-	995
Ghulam Mustafa	Trade debtors	-	332
Ghulam Murtaza	Trade debtors	-	12
Ghulam Muhammad	Trade debtors	-	23
Ghulam Mustafa	Trade Creditors	200	-
Ghulam Muhammad	Trade Creditors	200	2,903
Ghulam Mustafa	Loan payable	6,035,597	5,692,682

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31. NUMBER OF EMPLOYEES

	2023	2022
	Number of employees	
Total number of employees at year end	23	17
Average number of employees during the year	20	19

32. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 05 OCT 2023 by the Board of Directors of the company.

33. 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 M Sekarwala

Director

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Sakarwala Capital Securities (Pvt) Ltd.