GROWTH SECURITIES (PVT) LTD.

Room # 81, 82 & 83, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.
Ph: (+92-21) 32463001-04 http://www.growthsecurities.com.pk
E-mail: info@growthsecurities.com.pk, growthsecurities102@gmail.com
Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

Statement of Compliance

Statement of Compliance (Code of Corporate Governance) under Regulation 16(1)(f) of the Securities Brokers (Licensing & Operations) Regulations, 2016

The directors confirm compliance with the Corporate & Financial Reporting Frameworks of the Securities and Exchange Commission of Pakistan (SECP's) Code of Corporate Governance in respect of the following:

- Proper books of account of the company have been maintained:
- The financial statements prepared by the management of the Company, present fairly its state of affairs, the result of its operations, cash flows and the changes in equity;
- Appropriate accounting policies have been consistently applied in the preparation of the financial statements and accounting estimates are based on reasonable and prudent judgment;
- Approved Accounting Standards, as applicable in Pakistan, Companies Act, 2017 and the directives issued by the Commission have been followed in the preparation of the financial statements;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
- The system of internal control is sound in design and has been effectively implemented and monitored;
- The Company is financially sound and is a going concern and that there are no doubts about Its ability to continue as a going concern;
- There has not been any material departure from the best practices of Corporate Governance, as detailed in the listing regulations;
- The composition of Board of Directors is as per the best practices of Code of corporate Governance. Details of the composition of the Board of Directors have been provided below;

Name	Designation
Muhammad Shahid	Chief Executive Officer/ Director
Muhammad Iqbal	Director
Zeeshan	Director

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- The Board of Directors has ensured that all regulations concerning responsibilities, powers and functions of the Directors have been careful considered and acted upon. In addition, company Secretary, CFO and Head of Internal Audit who meet the requirements laid out in the Code hove been appointed;

- Key operating and financial data of the preceding years is disclosed in the financial statements.

- There are no transaction entered into by the Broker during the year which are fraudulent illegal or In violation of any securities market law;

- No material changes and commitments affecting the financial position of your Company have occurred between the balance sheet dote and the date of the Directors' Report.

- The Board comprises three directors. The positions of the Chairman and the Chief Executive Officer are kept separate in line with the best governance practices.

- The Board has established a separate Audit committee, Human Resource Development committee and Business Management Committee to assist the Board in the performance of its functions. Further, none of the Directors Is elected or nominated in more than seven listed companies.

- The board has ensured that significant policies have been formulated on the following issues, among others:

i) governance, risk management and compliance issues;

ii) customer relations including customer awareness and a mechanism and timeline for handling/resolving their complaints/grievances; and

iii) Segregation of customer assets from securities brokers' assets.

- The board formulated and ensured adoption of a code of conduct/code of ethics to promote integrity of its business, its board, its employees and its accredited representatives, with special emphasis on measures for curbing any market manipulative activities such as front running, insider trading and other market abuse.

- The board devised an effective whistle-blower mechanism enabling all stakeholders, including employees, to freely communicate their concerns about any illegal or unethical practices. The board would ensure that the interest of a whistle-blower is not prejudicially affected.

- The board appointed a Chief Executive Officer (CEO) to lead the management team, and exercise executive authority over operations of the company.

Muhammad Shahid
Chief Executive Officer

Date: 07-10-2024

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DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE YEAR ENDED JUEN 30, 2024.

Your Directors are pleased to place before you Annual Report along with the audited accounts of the company for the year ended June 30, 2024. The working results of the company for the said financial year are given as under:

Total Income	Rs. 160,733,020
Operating expenses	Rs (88,949,986)
Profit before taxation	Rs. 71,783,034
Taxation	Rs. (2,620,835)
Profit after taxation	Rs. 69,162,199

The Board of Directors has declared Nil dividend for the year ended June 30, 2024.

On behalf of the board
For: Growth Securities (Pvt.) Ltd.

Muhammad Shahid
Chief Executive Officer

Muhammad Iqbal
Director

Karachi
October 7,2024

GROWTH SECURITIES (PRIVATE) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

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Baker Tilly Mehmood Idrees Qamar
Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF GROWTH SECURITIES (PRIVATE) LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the annexed financial statements of **GROWTH SECURITIES (PRIVATE) LIMITED** (the Company), which comprise of the statement of financial position as at **June 30, 2024**, and the statement of profit or loss and other 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, the statement of profit or loss and other comprehensive income, the statement of changes in equity, 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, 2024 and of the profit and no 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 the International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the other information. The other information obtained at the date of this auditor's report is information included in the Director's report, but does not include the financial statements of the company 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.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

- 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 in adequate, 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.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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Report On Other Legal And Regulatory Requirements

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

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

b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity, 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; and

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

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

f) The Company was in compliance with the relevant requirements of Futures Brokers (Licensing and Operations Regulations), 2018 as at the date on which the statement of financial position was prepared.

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

Baker Tilly Mehmood Idrees Qamar
Chartered Accountants

Karachi

Date: *October 07, 2024*

UDIN: *AR202410151KwoiCHzWZ*

GROWTH SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2024

EQUITY AND LIABILITIES	**Note**	**2024 Rupees**	**2023 Rupees**
SHARE CAPITAL AND RESERVES			
Authorized Share Capital			
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, Subscribed and Paid-up Share Capital			
10,000,000 (2023: 10,000,000) Ordinary shares of Rs. 10/- each	4	100,000,000	100,000,000
Subordinated loan		217,250,000	255,800,000
Unappropriated profit		274,452,766	205,290,567
		591,702,766	561,090,567
Current Liabilities			
Creditors, accrued and other liabilities	5	30,272,636	15,735,388
Bank overdraft	6	47,834,924	-
		78,107,560	15,735,388
		669,810,326	**576,825,955**
ASSETS			
Non - Current Assets			
Property and equipment	7	55,227,596	65,414,745
Intangible assets	8	2,500,000	2,500,000
Long term investment	9	19,776,690	19,279,839
Long term deposits	10	1,656,750	1,656,750
		79,161,036	88,851,334
Current Assets			
Trade debts	11	74,194,939	64,455,746
Loan, advances, deposits, prepayments and other receivables	12	145,011,478	111,584,145
Short term investment	13	340,944,104	291,139,299
Cash and bank balances	14	30,498,769	20,795,431
		590,649,290	487,974,621
		669,810,326	**576,825,955**
Contingencies and commitments	15		

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2024

		Note	2024 Rupees	2023 Rupees
Commission income		16	41,056,280	24,114,402
Operating expenses		17	(84,346,693)	(77,076,157)
Operating loss			**(43,290,413)**	**(52,961,755)**
Financial and other charges		18	(4,603,293)	(2,492,308)
Other income / loss		19	119,676,740	(73,509,394)
Profit / (loss) before income tax and levy (final & minimum tax)			**71,783,034**	**(128,963,457)**
Final taxes		20.2	(1,725,451)	(557,175)
Minimum tax		20.3	(897,191)	(919,095)
Profit / (loss) before income tax			**69,160,392**	**(130,439,727)**
Income tax				
- Current	For the year		-	-
	For prior year		1,807	-
			1,807	-
- Deferred			-	-
Profit / (loss) after income tax			**69,162,199**	**(130,439,727)**
Other comprehensive income			-	-
Total comprehensive income / (loss)			**69,162,199**	**(130,439,727)**
Earnings / (loss) per share		21	6.92	(13.04)

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2024

	Issued, subscribed and paid up share capital	Subordinated loan	Unappropriated profit	Total
	------------------------------- Rupees -------------------------------			
Balance as at July 01, 2022	**100,000,000**	**139,900,000**	**335,730,294**	**575,630,294**
Subordinated loan	-	115,900,000	-	115,900,000
Loss for the year	-	-	(130,439,727)	(130,439,727)
Other comprehensive income	-	-	-	-
Total comprehensive loss	-	-	(130,439,727)	(130,439,727)
Balance as at June 30, 2023	**100,000,000**	**255,800,000**	**205,290,567**	**561,090,567**
Subordinated loan	-	(38,550,000)	-	(38,550,000)
Profit for the year	-	-	69,162,199	69,162,199
Other comprehensive income	-	-	-	-
Total comprehensive income	-	-	69,162,199	69,162,199
Balance as at June 30, 2024	**100,000,000**	**217,250,000**	**274,452,766**	**591,702,766**

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024

	Note	2024 Rupees	2023 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit / (loss) before income tax and levy (final & minimum tax)		71,783,034	(128,963,457)
Adjustments for non cash items and other charges :			
Depreciation		12,722,950	15,492,293
Unrealized (gain) / loss on revaluation of investment		(2,610,602)	6,289,836
Operating profit / (loss) before working capital changes		**81,895,382**	**(107,181,328)**
Increase in current assets:			
Trade debts		(9,739,194)	(26,720,043)
Loan, advances, deposits, prepayments and other receivables		(31,415,446)	(54,950,967)
		(41,154,640)	(81,671,010)
Increase / (decrease) in current liabilities:			
Creditors, accrued and other liabilities		14,537,248	(7,490,697)
Taxes paid		(4,632,722)	(2,767,790)
Net cash inflow from / (used in) operating activities		**50,645,268**	**(199,110,825)**
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure incurred		(3,011,800)	(1,316,620)
Investment in PIBs		(496,851)	(19,279,839)
Proceeds from disposal of motor vehicle		476,000	-
Investment		(47,194,203)	198,985,561
Net cash (used in) / inflow from investing activities		**(50,226,854)**	**178,389,102**
CASH FLOWS FROM FINANCING ACTIVITIES			
Subordinated loan		(38,550,000)	115,900,000
Net cash (used in) / inflow from financing activities		**(38,550,000)**	**115,900,000**
Net (decrease) / increase in cash and cash equivalents		**(38,131,586)**	**95,178,277**
Cash and cash equivalents at beginning of the year		20,795,431	(74,382,846)
Cash and cash equivalents at end of the year	22	**(17,336,155)**	**20,795,431**

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

Chief Executive Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

1. NATURE OF BUSINESS AND OPERATIONS

1.1 The Company was incorporated in Pakistan on February 24, 2005 as a Private Company limited by shares under the Companies Ordinance, 1984 (repealed by Companies Act, 2017). The company is geographically located in the province of Sindh, and registered office of the Company is situated at Room No. 81 to 83, 2nd Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the company is to carry on the business of stock, brokerage, underwriting and investment etc.

1.2 The financial statements are presented in Pak Rupee, which is the Company's functional and presentation currency.

2. BASIS OF PREPARATION

2.1 Accounting Convention

These financial statements have been prepared under the ' **historical cost convention**'.

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The estimates / judgments and associated assumptions used in the preparation are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates / judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in period of revision and future periods if the revision affects both current and future periods.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of such International Financial Reporting Standards (IFRS Standards) issued by the International Accounting Standards Board (IASB) as are notified under the Companies Act, 2017 (the Act), provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016. Where provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 differ from the IFRS Standards, the provisions of and directives issued under the Companies Act, 2017 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 shall prevail.

2.3 New accounting standards, amendments and IFRS interpretations that are effective for the year ended June 30, 2024

During the year the Institute of Chartered Accountants of Pakistan (ICAP) have withdrawn the Technical Release 27 "IAS 12, Income Taxes (Revised 2012)" and issued guidance – "IAS 12 Application Guidance on Accounting for Minimum Taxes and Final Taxes". The said guidance requires taxes paid under final tax regime to be shown separately as a levy instead of showing it in current tax. Further the treatment of minimum taxes has been presented differently in this guidance.

Accordingly, the impact has been incorporated in these financial statements retrospectively in accordance with the requirement of International Accounting Standard (IAS 8) – 'Accounting Policies, Change in Accounting Estimates and Errors'. There has been no effect on the Statement of Financial Position, Earnings per share and Statement of Changes in Equity as a result of this change.

Effect on statement of profit or loss and other comprehensive income

	Had there been no Change in accounting policy	Impact of Change in accounting policy	After incorporating effects of change in accounting policy
		Rupees	
For the year ended June 30, 2024			
Taxation - final taxes	-	(1,725,451)	(1,725,451)
Taxation - minimum taxes	-	(897,191)	(897,191)
Profit before taxation	71,783,034	-	71,783,034
Taxation - income tax	(2,620,835)	2,622,642	1,807
	69,162,199	-	69,162,199
For the year ended June 30, 2023			
Taxation - final taxes	-	(557,175)	(557,175)
Taxation - minimum taxes	-	(919,095)	(919,095)
Loss before taxation	(128,963,457)	-	(128,963,457)
Taxation - income tax	(1,476,270)	1,476,270	-
	(130,439,727)	-	(130,439,727)

The following standards, amendments and interpretations are effective for the year ended June 30, 2024. These standards, amendments and interpretations are either not relevant to the Company's operations or did not have significant impact on the financial statements other than certain additional disclosures.

	Effective date (annual periods beginning on or after)
Amendments to IAS 1 'Presentation of Financial Statements' and IFRS Practice	January 01, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' - Definition of Accounting Estimates	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Deferred Tax related to Assets and Liabilities arising from a single transaction	January 01, 2023
Amendments to IAS 12 'Income Taxes' - Temporary exception to the requirements regarding deferred tax assets and liabilities related to pillar two income taxes	January 01, 2023

The Company adopted the narrow-scope amendments to the International Accounting Standard (IAS) 1, Presentation of Financial Statements which have been effective for annual reporting periods beginning on or after 1 January 2023. Although the amendments did not result in any changes to accounting policy themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting the Company to provide useful entity-specific accounting policy information that users need to understand other information in the financial statements.

Management reviewed the accounting policies and updates to the information disclosed in Note 3 Material accounting policies (2023: Summary of significant accounting policies) in certain instances in line with the amendments and concluded that all its accounting policies are material for disclosure.

2.4 New accounting standards, amendments and interpretations that are either not yet effective or relevant to the Company

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

	Effective date (annual periods beginning on or after)
Amendments to IFRS 7 'Financial Instruments: Disclosures' - Supplier finance arrangements	January 01, 2024
Amendments to IFRS 7 'Financial Instruments: Disclosures'- Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 9 'Financial Instruments' - Amendments regarding the classification and measurement of financial instruments	January 01, 2026
Amendments to IFRS 16 'Leases' - Amendments to clarify how a seller-lessee subsequently measures sale and leaseback transactions	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements Classification of liabilities as current or non-current	January 01, 2024
Amendments to IAS 1 'Presentation of Financial Statements' - Non-current liabilities with covenants	January 01, 2024
Amendments to IAS 7 'Statement of Cash Flows' - Supplier finance arrangements	January 01, 2024
Amendments to IAS 21 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability	January 01, 2025
IFRS 17 Insurance Contracts	January 01, 2026

IFRS 1 'First-time Adoption of International Financial Reporting Standards' has been issued by IASB effective from July 01, 2009. However, it has not been adopted yet locally by Securities and Exchange Commission of Pakistan (SECP).

IFRS 18 'Presentation and Disclosures in Financial Statements' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 19 'Subsidiaries without Public Accountability: Disclosures' has been issued by IASB effective from January 01, 2027. However, it has not been adopted yet locally by SECP.

IFRS 17 - 'Insurance contracts' has been notified by the IASB to be effective for annual periods beginning on or after January 1, 2023. However SECP has notified the timeframe for the adoption.

3. MATERIAL ACCOUNTING POLICIES INFORMATION

The preparation of financial statements in conformity with the accounting and reporting standards as applicable in Pakistan requires the use of certain critical accounting estimates. In addition, it requires management to exercise judgement in the process of applying the Company's accounting policies. The areas involving a high degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are documented in the following accounting policies and notes, and relate primarily to:

- Useful life, residual values and depreciation method of property and equipment – Note 3.1 & 6
- Useful life, residual values and amortization method of intangible assets – Note 3.2 & 7
- Provision for doubtful trade receivables – Note 3.6 & 9
- Current income tax expense and provision for current tax - Note 3.3

3.1 Property and Equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditure that is directly attributable to the acquisition of the items. 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 associated with the items will flow to the company and the cost of the item can be measured reliably. Normal repairs and maintenance are charged to the statement of profit or loss as and when incurred.

Depreciation is charged to income applying the reducing balance method whereby the cost of an asset is written off over its estimated useful life. Depreciation on additions is charged from the month in which the asset is put to use and on disposals upto the month the asset is in use.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount of the relevant assets. These are included in the statement of profit or loss.

3.2 Intangible assets

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

3.3 Taxation and levy

3.3.1 Levy - final and minimum tax

Computation of minimum tax chargeable under various sections of ITO 2001, provisions of such sections require its comparison with amount of tax attributable to income streams taxable at general rate of taxation, such minimum taxes are not fully outside the scope of IAS-12 and a certain portion of them falls in scope of IAS - 12. Based on this, the minimum taxes under ITO 2001 are hybrid taxes which comprise of a component within the scope of IAS - 12 and a component within the scope of IFRIC - 21 / IAS - 37.

As regards final taxes, its computation is based on revenue or other bases other than taxable income, therefore, final taxes fall under levy within the scope of IFRIC – 21 / IAS – 37, hence treated and classified accordingly, as per the requirements of / and guidelines issued by ICAP.

In identifying and classifying each component of minimum tax being hybrid in nature, company designate the amount calculated on taxable income using the notified tax rate as an income tax within the scope of IAS – 12 "Income taxes" and recognize it as current income tax expense. Any excess over the amount designed as income tax, is recognized as a levy falling under the scope of IFRIC – 21 / IAS – 37.

3.3.2 **Taxation**

Income tax expense comprises current, prior and deferred tax. Income tax expense is recognized in the statement of profit or loss except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current tax
Provision for current tax is based on the taxable income for the year determined in accordance with the prevailing law for taxation of income. The charge for current tax is calculated using prevailing tax rates or tax rates expected to apply to the profit for the year if enacted.

Prior tax
The charge for prior tax includes adjustments where considered necessary, to provision for tax made in previous years arising from assessments framed during the year for such years.

Deferred tax
Deferred tax is recognized using statement of financial position liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using the enacted or substantively enacted rates of taxation.

Deferred tax asset is recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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.

3.4 **Trade and other Debts**

Trade and other debts are carried at original invoice amount. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

3.5 **Trade and Other Payables**

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

3.6 **Provisions**

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

3.7 **Cash and Cash Equivalents**

Cash and cash equivalents comprises cash balances and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

3.8 **Revenue Recognition**

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

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

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

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

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

3.9 Financial assets

Initial Measurement

The Company classifies its financial assets into following three categories:
- measured at amortised cost.
- fair value through profit or loss (FVTPL); and
- fair value through other comprehensive income (FVOCI);

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

Subsequent measurement

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

Impairment of financial assets

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

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

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3.10 Financial liabilities

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

3.11 Impairment

(i) Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contracts assets.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- 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 allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a 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 on the Company's historical experience and informed credit assessment and inducing forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

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

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired ' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

3.12 Off setting

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

3.13 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include holding company, associated companies with or without common directors, directors and major shareholders and their close family members, key management personnel and staff and retirement benefit funds.

4. SHARE CAPITAL

			Note	2024 Rupees	2023 Rupees

Authorized Share Capital

Number of Shares 2024	Number of Shares 2023		Note	2024 Rupees	2023 Rupees
10,000,000	10,000,000	Ordinary shares of Rs.10/- each		100,000,000	100,000,000

Issued, Subscribed and Paid-up Share Capital

Number of Shares 2024	Number of Shares 2023		Note	2024 Rupees	2023 Rupees
10,000,000	10,000,000		*4.1*	100,000,000	100,000,000

4.1 Ordinary shares of Rs.10/- each fully paid in cash.

4.2 Pattern of shareholding

Name of shares holder	2024 Percentage	2023 Percentage	2024 Number of Shares	2023 Number of Shares
Muhammad Shahid	51%	51%	5,100,000	5,100,000
Muhammad Iqbal	48.995%	48.995%	4,899,500	4,899,500
Zeeshan	0.005%	0.005%	500	500
	100%	**100%**	**10,000,000**	**10,000,000**

5. CREDITORS, ACCRUED AND OTHER LIABILITIES

	Note	2024 Rupees	2023 Rupees
Trade creditors		26,058,315	13,736,527
Accrued expenses		3,543,861	1,899,531
Other liabilities		670,460	99,330
		30,272,636	**15,735,388**

6. BANK OVERDRAFT

	Note	2024 Rupees	2023 Rupees
BANK OVERDRAFT	*6.1*	**47,834,924**	-

6.1 The company has obtained short term running finance facilities under mark-up arrangements with an aggregate limit of Rs. 650 million (2023: Rs. 650 million) from various commercial banks with variable mark-up rate of KIBOR + 2% (2023: KIBOR + 2%). These are secured against pledge of marketable securities and personal guarantees of all the directors.

7. PROPERTY AND EQUIPMENT

	Furniture	Office equipment	Office	Computer	Vehicle	Total
	Rupees					
Year ended June 30, 2023						
Opening net book value	481,127	1,757,575	4,781,676	1,108,263	71,461,778	79,590,418
Additions (at cost)	15,000	181,500	-	420,120	700,000	1,316,620
Depreciation charge for the year	(49,612)	(188,819)	(478,168)	(390,006)	(14,385,688)	(15,492,293)
	446,515	1,750,256	4,303,508	1,138,377	57,776,090	65,414,745
Net Book Value						
At June 30, 2023						
Cost	1,069,363	3,199,525	6,608,468	4,588,215	90,367,145	105,832,716
Accumulated depreciation	(622,848)	(1,449,269)	(2,304,960)	(3,449,838)	(32,591,055)	(40,417,971)
Net Book Value	446,515	1,750,256	4,303,508	1,138,377	57,776,090	65,414,745
Year ended June 30, 2024						
Opening net book value	446,515	1,750,256	4,303,508	1,138,377	57,776,090	65,414,745
Additions (at cost)	-	209,500	-	511,300	2,291,000	3,011,800
Disposal						
Cost	-	-	-	-	700,000	700,000
Accumulated depreciation	-	-	-	-	(224,000)	(224,000)
	-	-	-	-	(476,000)	(476,000)
Depreciation charge for the year	(44,652)	(194,333)	(430,351)	(453,745)	(11,599,869)	(12,722,950)
Net Book Value	401,864	1,765,423	3,873,157	1,195,932	47,991,221	55,227,596
At June 30, 2024						
Cost	1,069,363	3,409,025	6,608,468	5,099,515	91,958,145	108,144,516
Accumulated depreciation	(667,500)	(1,643,602)	(2,735,311)	(3,903,583)	(43,966,924)	(52,916,921)
Net Book Value	401,864	1,765,423	3,873,157	1,195,932	47,991,221	55,227,596
Depreciation rate	10%	10%	10%	30%	20%	

8. INTANGIBLE ASSETS

	Note	2024 Rupees	2023 Rupees
Trading rights entitlement certificate	*8.1*	2,500,000	2,500,000
		2,500,000	2,500,000

8.1 Pakistan Stock Exchange Limited vide their letter dated August 8, 2017 has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs. 2.5 million.

9. LONG TERM INVESTMENT

	2024 Rupees	2023 Rupees
Investment in PIBs	19,776,690	19,279,839
	19,776,690	19,279,839

		2024 Rupees	2023 Rupees
10.	**LONG TERM DEPOSITS**		
	CDC deposit	100,000	100,000
	NCCPL deposit	1,200,000	1,200,000
	PSX deposit	200,000	200,000
	Fuel card deposits	156,750	156,750
		1,656,750	1,656,750
11.	**TRADE DEBTS**		
	Debtors - considered good	74,194,939	64,455,746
		74,194,939	64,455,746
	11.1 Aging of trade debts		
	Outstanding 0 to 14 days	70,568,327	59,752,687
	Outstanding more than 14 days	3,626,612	4,703,059
		74,194,939	64,455,746
12.	**LOANS, ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**		
	Staff loan	1,254,410	1,227,500
	Advance tax - net	29,256,635	27,244,748
	Advance against motor vehicle	23,950,980	-
	Deposit into PSX against exposure	10,000,000	23,957,317
	Prepayments	-	333,333
	Receivable from PSX/NCCPL	80,549,453	58,821,247
		145,011,478	111,584,145
13.	**SHORT TERM INVESTMENT**		
	Investment in listed securities - FVTPL	314,271,878	260,454,238
	Investment in margin finance	26,672,226	30,685,061
		340,944,104	291,139,299
14.	**CASH AND BANK BALANCES**		
	Cash in hand	6,140	7,790
	Cash at banks:		
	- Current accounts	2,214,400	5,711,626
	- Saving accounts	28,278,229	15,076,015
		30,498,769	20,795,431
	14.1 Customer and proprietor wise balances		
	Proprietary account balances including cash in hand	1,286,643	3,783,513
	Client account balances	29,212,126	17,011,918
		30,498,769	20,795,431

15. **CONTINGENCIES AND COMMITMENTS**

There are no contingencies and commitments as at June 30, 2024 (2023: nil).

16. **COMMISSION INCOME**	Note	2024 Rupees	2023 Rupees
Gross brokerage commission		46,393,596	27,249,274
Less: Sales tax and FED		(5,337,316)	(3,134,872)
		41,056,280	**24,114,402**

17. **OPERATING EXPENSES**

Salaries, wages and benefits		52,073,315	49,766,942
Repair and maintenance		1,244,004	656,917
Travelling and conveyance		1,770,342	1,654,832
Utility charges		2,253,698	1,604,951
Depreciation	*7*	12,722,950	15,492,293
Entertainment		1,740,174	808,286
KSE charges		630,002	598,500
SECP charges		964,680	1,188,944
IT and software charges		3,287,065	2,196,751
Printing and stationery		125,030	300,492
Legal and professional charges		1,599,277	1,392,756
Auditors' remuneration	*17.1*	401,760	361,800
Membership fee		3,120,025	65,025
Insurance charges		1,269,733	116,617
Advertisement		500,000	-
Medical expense		100,000	-
Car registration charges		-	157,200
Donation		-	500,000
Motor vehicle expense		-	10,600
Miscellaneous expenses		544,637	203,251
		84,346,693	**77,076,157**

17.1 **Auditors' Remuneration**

Audit services		
Audit fee	352,000	320,000
Out of pocket expenses	20,000	15,000
Sindh revenue tax (SRB)	29,760	26,800
	401,760	**361,800**

18. **FINANCIAL AND OTHER CHARGES**

Bank charges	401,632	548,097
Mark-up on bank overdraft	4,201,661	1,944,211
	4,603,293	**2,492,308**

19. OTHER INCOME / LOSS	**2024 Rupees**	**2023 Rupees**
Realized gain / (loss) on investment in shares	89,321,280	(80,484,076)
Unrealized gain / (loss) on revaluation of investment	2,610,602	(6,289,836)
Interest on bank deposits	7,076,825	3,190,309
Dividend income	11,504,131	6,127,989
Gain on future exposure	6,667,051	2,914,844
Premium on Margin finance	-	577,744
Profit / (loss) on PIBS - net	2,496,851	453,632
	119,676,740	(73,509,394)

20. TAXATION

20.1 The income tax returns of the Company have been filed up to tax year 2023 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

20.2 This represents final taxes paid under section 37A, 150 of Income Tax Ordinance (ITO, 2001) representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

20.3 This represents portion of minimum tax paid under section 113 & 233 of Income Tax Ordinance (ITO, 2001), representing levy in terms of requirements of IFRIC - 21 / IAS - 37.

20.4 This represents current tax as specified under IAS-12 guidance issued by ICAP, after classifying portion of minimum tax as levy.

21. EARNING / (LOSS) PER SHARE	**2024**	**2023**
	---- Rupees ----	
Profit / (loss) after income tax	69,162,199	(130,439,727)
	---- Number ----	
Number of ordinary shares	10,000,000	10,000,000
	---- Rupees ----	
Earnings / (loss) per share	**6.92**	**(13.04)**

22. CASH AND CASH EQUIVILENT	**Note**	**2024 Rupees**	**2023 Rupees**
Cash and bank balances	*14*	30,498,769	20,795,431
Bank overdraft	*6*	(47,834,924)	-
		(17,336,155)	20,795,431

23. PLEDGE SECURITIES WITH FINANCIAL INSTITUTIONS

There are no securities of the House or any one of its sub accounts pledged to any financial institution as at June 30, 2024.

24. CUSTOMER ASSETS HELD IN CDC

The household approx. 49.87 million securities of his client in the clients CDC sub accounts having approx. fair value Rs. 412.2 million.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTOR AND EXECUTIVES

	CHIEF EXECUTIVE		DIRECTOR		EXECUTIVES	
	2024	2023	2024	2023	2024	2023
	Rupees					
Managerial remuneration	2,400,000	2,400,000	2,400,000	2,400,000	30,550,000	36,700,000
	2,400,000	**2,400,000**	**2,400,000**	**2,400,000**	**30,550,000**	**36,700,000**
Number of person	1	1	1	1	20	28

26. RELATED PARTY TRANSATIONS

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

Name and relation with the related Party	Percentage Shareholding	Transactions during the year and year end balances	2024 Rupees	2023 Rupees
		Subordinated Loan		
Muhammad Shahid	51%	Loan due at the year end	46,400,000	60,400,000
Chief Executive Officer		Net loan provided and (repaid) during the year	(14,000,000)	14,000,000
Zeeshan	0.005%	**Subordinated Loan**		
Director		Loan due at the year end	121,350,000	195,400,000
		Net loan provided and (repaid) during the year	(74,050,000)	101,900,000
Muhammad Iqbal	48.995%	**Subordinated Loan**		
Director		Loan due at the year end	49,500,000	-
		Net loan provided and (repaid) during the year	49,500,000	-

27. FINANCIAL INSTRUMENTS AND RELATED DISCLOSURES

	2024			
	Assets at cost	Assets at fair value through profit & loss	Amortized cost	Total
	Rupees			
Financial instruments by category				
Long term deposits	-	-	1,656,750	1,656,750
Trade debts	-	-	74,194,939	74,194,939
Short term investment	-	340,944,104	-	340,944,104
Cash and bank balances	-	-	30,498,769	30,498,769
	-	**340,944,104**	**106,350,458**	**447,294,562**

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	2023			
	Assets at cost	Assets at fair value through profit & loss	Amortized cost	Total
	---------------- Rupees ----------------			
Financial instruments by category				
Long term deposits	-	-	1,656,750	1,656,750
Trade debts	-	-	64,455,746	64,455,746
Short term investment	-	291,139,299	-	291,139,299
Cash and bank balances	-	-	20,795,431	20,795,431
	-	291,139,299	86,907,927	378,047,226

	2024	2023
	---- Rupees ----	
At amortised cost		
Financial liabilities		
Subordinated Loan	217,250,000	255,800,000
Creditors, accrued and other liabilities	29,602,176	15,636,058
Bank overdraft	47,834,924	-
	294,687,100	271,436,058

28. FINANCIAL RISK MANAGEMENT

The Company is exposed to a variety of financial risks: market risk (comprising interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

28.1 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 a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company 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.

28.1.1 Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates.

The Company has financial instruments with both fixed and floating interest rates as specifically disclosed in the respective notes. The Company while dealing in financial instruments negotiates attractive interest rates, which reduces the interest rate price risk.

28.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's net investments in foreign subsidiaries and to foreign exchange bank accounts. During the year the Company does not have any exposure to foreign currency risk.

28.1.3 Equity price risk

Equity price risk is the risk that the fair value of future cash flows of financial instruments 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 instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company maintains a portfolio of equity securities and any change in the price of securities upto 10% would increase / decrease the value of equity by Rs. 31,427,188.

28.2 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 assets. 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 comments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market options due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities.

	2024					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Subordinated loan	217,250,000	217,250,000	124,450,000	-	92,800,000	-
Creditors, accrued and other liabilities	30,272,636	30,272,636	-	30,272,636	-	-
	247,522,636	**247,522,636**	**124,450,000**	**30,272,636**	**92,800,000**	**-**

	2023					
	Carrying amount	Contractual cash flows	Six month or less	Six to twelve months	One to two years	Two to five years
	Rupees					
Financial liabilities						
Subordinated loan	255,800,000	255,800,000	163,000,000	-	92,800,000	-
Creditors, accrued and other liabilities	15,735,388	15,735,388	-	15,735,388	-	-
	271,535,388	**271,535,388**	**-**	**15,735,388**	**255,800,000**	**-**

28.3 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. The Company attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of the same.

28.4 Fair value of financial assets

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

Level 1 : Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 : Fair value measurements using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 : Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices or dealer prices quotations.

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

	2024			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Short term investment	314,271,878	-	26,672,226	340,944,104
	314,271,878	**-**	**26,672,226**	**340,944,104**

	2023			
	Level 1	Level 2	Level 3	Total
	---------- Rupees ----------			
Short term investment	260,454,238	-	30,685,061	291,139,299
	260,454,238	**-**	**30,685,061**	**291,139,299**

29. CAPITAL ADEQUACY LEVEL

	2024 Rupees	2023 Rupees
Total assets	669,810,326	576,825,955
Less: Total liabilities	(295,357,560)	(271,535,388)
Revaluation reserves (created upon revaluation of fixed assets)	-	-
Capital adequacy level	**374,452,766**	**305,290,567**

29.1 While determining the value of the total assets of the TREC Holder, Notional value of the TRE certificate held by the Company as at year ended June 30, 2024 as determined by Pakistan Stock Exchange has been considered.

30. LIQUID CAPITAL BALANCE

The below statement has been prepared in accordance with regulation 6(3) and schedule III of the Securities Brokers (Licensing and Operations) Regulations, 2016.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	55,227,596	100%	-
1.2	Intangible Assets	2,500,000	100%	-
1.3	Investment in Government Securities: (Haircut applied on the basis of Difference between book value and sale value on the date on the basis of PKRV published by NIFT)	-	-	-
1.4	**Investment in Debt Securities**			
	If listed then:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.	-	5%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	7.5%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.		10%	-
	If unlisted then:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.	-	10%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.	-	12.5%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.	19,776,690	15%	16,810,187
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.	314,271,878	51,729,773	262,542,104
	ii. If unlisted, 100% of carrying value.	-	100%	-
1.6	Investment in subsidiaries	-	100%	-
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.	-	100%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	1,500,000	100%	-
1.9	Margin deposits with exchange and clearing house.	10,000,000	0%	10,000,000
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	0%	-
1.11	Other deposits and prepayments	24,107,730	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	0%	-
	100% haircut to be applied in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100%	-
1.13	Dividends receivable.	-	-	-
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 repayment within 12 months	1,254,410	100%	-
	ii. No Haircut may be applied to the advance tax to the extent it is netted with provision of taxation	29,256,635	100%	-
	iii. In all other cases, 100% of net value	-	100%	-
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.	80,549,453	0%	80,549,453

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate of (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. *i. Lower of net balance sheet value or value determined through adjustments.*	26,672,226	27,572,281	26,672,226
	ii. Incase receivables are against margin trading, 5% of the net balance sheet value. *ii. Net amount after deducting haircut*	-	5%	-
	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 haircut*	-	-	-
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. *iv. Balance sheet value*	47,326,064	0%	47,326,064
	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*	3,696,243	707,372	707,372
	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; (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*	23,172,633	23,172,633	23,172,633
	vi. 100% haircut in the case of amount receivable form related parties.		100%	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	1,280,503	0%	1,280,503
	ii. Bank balance-customer accounts	29,212,126	0%	29,212,126
	iii. Cash in hand	6,140	0%	6,140
1.19	Subscription money against investment in IPO/ offer for sale (asset)		0%	-
1.20	**Total Assets**	**669,810,326**		**498,278,808**

2. Liabilities

2.1	**Trade Payables**			
	i. Payable to exchanges and clearing house	-	0%	-
	ii. Payable against leveraged market products	-	0%	-
	iii. Payable to customers	26,058,315	0%	26,058,315
2.2	**Current Liabilities**			
	i. Statutory and regulatory dues	670,460	0%	670,460
	ii. Accruals and other payables	3,543,861	0%	3,543,861
	iii. Short-term borrowings	47,834,924	0%	47,834,924
	iv. Current portion of subordinated loans	124,450,000	0%	124,450,000
	v. Current portion of long term liabilities		0%	-
	vi. Deferred Liabilities		0%	-
	vii. Provision for taxation		0%	-
	viii. Other liabilities as per accounting principles and included in the financial statements		0%	-
2.3	**Non-Current Liabilities**			
	i. Long-Term financing		100%	-
	ii. Staff retirement benefits		0%	-
	iii. Other liabilities as per accounting principles and included in the financial statements		0%	-
2.4	**Subordinated Loans**			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	92,800,000	100%	-
2.5	**Advance against shares for increase in capital of securities broker**		-	-
	100% Haircut may be allowed in respect of advance against shares if: (i) The existing authorized share capital allows the proposed enhanced share capital (ii) Board of Directors of the company has approved the increase in capital (iii) Relevant Regulatory approvals have been obtained (iv) 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		100%	-
2.6	**Total Liabilities**	**295,357,560**		**202,557,560**

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S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
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.	-	20,298,534	20,298,534
3.2	**Concentration in securities lending and borrowing**			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (Ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	**Net underwriting Commitments**			
	(a) in the case of right issues : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	(b) in any other case : 12.5% of the net underwriting commitments	-	-	-
3.4	**Negative equity of subsidiary**			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	**Foreign exchange agreements and foreign currency positions**			
	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO	-	-	-
3.7	**Repo adjustment**			
	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. **In the case of financee/seller** the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	**Concentrated proprietary positions**			
	If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
3.9	**Opening Positions in futures and options**			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with securities exchange after applying VaR haircuts	-	24,025,654	24,025,654
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	**Short sell positions**			
	i. Incase of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts	-	-	-
	ii. Incase of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	**Total Ranking Liabilities**	-	**44,324,188**	**44,324,188**
		374,452,766	**Liquid Capital**	**251,397,060**

Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	498,278,808
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(202,557,560)
(iii) Less: Total ranking liabilities (serial number 3.11)	(44,324,188)
	251,397,060

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31. NUMBER OF EMPLOYEES

	2024	2023
	---------------- Numbers -------------	
Total number of employees at the end of the year	34	40
Average number of employees during the year	35	39

32. DATE OF AUTHORIZATION

These Financial statements were authorized on 07 OCT 2024 by the Board of Directors of the Company.

33. CORRESPONDING FIGURES

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

34. GENERAL

Figures have been rounded off to the nearest rupee.