

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

Dalal Securities (Private) Limited

TREC Holder of the Pakistan Stock Exchange Limited.

DIRECTOR'S REPORT

On Behalf of the Board of Director of M/s Dalal Securities (Private) Limited, I am pleased to present herewith the financial performance and Audited Accounts of the company for the year ended June 30, 2021.

FINANCIAL RESULTS	2021 (Rupees)	2020 (Rupees)
Operating Revenue	35,315,930	19,566,136
Profit/(Loss) before Taxation	56,726,530	(6,733,864)
Taxation	(4,250,816)	(893,679)
Profit/(Loss) after Taxation	52,475,714	5,840,184
Earnings per share (Rs.)	10.50	1.17

MARKET DYNAMIC & OUTLOOK

The business environment in the Fiscal year 2021 has been volatile for the capital Market due to disruptions in the economy following multiple waves of Covid-19 outbreak that were witnessed in the country. However, Pakistan Stock Exchange overcame these obstacles and performed well in the face of macroeconomic challenges and KSE-100 index saw a rise of 12,934 points generating a remarkable return of 38% with record average daily trade volume of 528 million shares during the year ending June 30th 2021.

COMPANY PERFORMANCE

In view of the overall positive outlook of Pakistan Stock Exchange, the performance of our company was excellent and made a Profit after tax of Rs.52.475 million resulting in EPS per shares Rs. 10.50.


AUDITORS:

The Auditors M/s UHY Hassan Naeem & Co. retire at the conclusion of the Annual General Meeting being eligible, they have offered themselves for re-appointment.

CONCLUSION:

The Board of Directors the co-operation extended by our banks and financial institutions and efforts, dedication and commitment demonstrated by our valued customers. The board appreciates and acknowledges the contribution and dedication of all the employees in performing their task diligence and with commitment.

For and on behalf of the Board
Dalal Securities (Private) Limited


Muhammad Siddique Dalal
Chief Executive
Karachi:
Dated: 04-10-2021


Muhammad Shoaib Dalal
Director

INDEPENDENT AUDITOR'S REPORT

To the members of DALAL SECURITIES (PRIVATE) LIMITED

Report on the Audit of the Financial Statements

Opinion

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

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss and other comprehensive income, the statement of changes in equity and statement of cash flow together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2021 and of the loss for the year then ended; and other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan / Institute of Cost and management Accountants (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirement of Companies Act, 2017 and for such internal control as management determines is necessary to 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 operation, or has no realistic alternative but to do so. Boards of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017;
- b) the statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

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

UHY Hassan Naeem & Co.

KARACHI

DATE: 4TH October 2021

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

	Note	2021 (Rupees)	2020 (Rupees)
<u>ASSETS</u>			
<u>NON CURRENT ASSETS</u>			
Property and equipment	4	10,545,631	12,348,506
Intangible assets	5	2,750,000	2,929,296
Investment at fair value through other comprehensive income	6	24,121,438	10,703,821
Long term deposits	7	8,770,000	8,770,000
		46,187,069	34,751,623
<u>CURRENT ASSETS</u>			
Trade debts	8	9,655,087	6,108,231
Investment at fair value through profit and loss	9	160,638,082	100,185,068
Advances, deposits, prepayments and other receivables	10	26,797,060	25,075,254
Cash and bank balances	11	85,043,280	70,110,209
		282,133,509	201,478,763
		<u>328,320,578</u>	<u>236,230,386</u>
<u>EQUITY AND LIABILITIES</u>			
<u>CAPITAL RESERVES</u>			
Authorized capital	12.1	75,000,000	75,000,000
Issued, subscribed and paid-up capital	12.2	50,000,000	50,000,000
Accumulated Profit/(Loss)		215,048,899	162,573,186
Surplus/(Deficit) - Investment at fair value through other comprehensive income		20,074,429	6,656,812
		285,123,328	219,229,997
<u>NON CURRENT LIABILITIES</u>			
Gratuity Payable		9,706,000	-
<u>CURRENT LIABILITIES</u>			
Trade and other payable	13	33,491,250	17,000,389
Short term running finance	14	-	-
		33,491,250	17,000,389
Contingencies and commitments	15	-	-
		<u>328,320,578</u>	<u>236,230,386</u>

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


 Chief Executive


 Director

DALAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT AND LOSS
FOR THE YEAR ENDED JUNE 30, 2021

	Note	2021 (Rupees)	2020 (Rupees)
Revenue from contract with customers	16	35,315,930	19,566,136
Operating and administrative expenses	17	(47,055,711)	(25,792,103)
Financial charges	18	(53,196)	(23,740)
Operating (Loss)		<u>(11,792,977)</u>	<u>(6,249,707)</u>
Other income	19	68,519,507	12,983,570
NET PROFIT BEFORE TAXATION		<u>56,726,530</u>	<u>6,733,864</u>
Taxation	20	(4,250,816)	(893,679)
NET PROFIT AFTER TAXATION		<u><u>52,475,714</u></u>	<u><u>5,840,184</u></u>
Earning per share- basic and diluted		<u><u>10.50</u></u>	<u><u>1.17</u></u>

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


 Chief Executive


 Director

DALAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2021

	2021 <i>(Rupees)</i>	2020 <i>(Rupees)</i>
Profit for the year	52,475,714	5,840,184
Other comprehensive income:		
Unrealised gain/(loss) on revaluation of investments at fair value through other comprehensive income	13,417,617	(3,351,701)
TOTAL COMPREHENSIVE INCOME	<u><u>65,893,331</u></u>	<u><u>2,488,483</u></u>

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



Chief Executive



Director

DALAL SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2021

	Issued, subscribed and paid-up capital	Accumulated Profit/(Loss)	Surplus/ (Deficit) - Investment- (FVTOCI)	Total
-----Rupees-----				
Balance as at June 30, 2019	50,000,000	156,733,002	10,008,513	216,741,514
Surplus/(Deficit) - Investment at Fair value through other	-	-	(3,351,701)	(3,351,701)
Net profit/(loss) for the year	-	5,840,184		5,840,184
Balance as at June 30, 2020	50,000,000	162,573,186	6,656,811	219,229,997
Surplus/(Deficit) - Investment at Fair value through other comprehensive income	-	-	13,417,617	13,417,617
Net profit/(loss) for the year	-	52,475,714		52,475,714
Balance as at June 30, 2021	50,000,000	215,048,900	20,074,428	285,123,328

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

Chief Executive



Director

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

	2021 (Rupees)	2020 (Rupees)
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	56,726,530	6,733,864
<u>Adjustment for non-cash items:</u>		
Depreciation	1,027,897	1,424,683
Amortization	-	59,766
Gratuity Expense	9,706,000	-
Gain on disposal of fixed asset	(46,976)	-
Adjustment of computer software	179,296	-
Unrealized loss/(gain) on remeasurement of investments	(7,280,006)	32,910,225
Finance Cost	53,196	23,740
Realized (gain)/loss on investment at FVPL	(53,957,352)	(40,340,513)
Dividend income	(4,083,248)	(2,982,530)
Operating loss before working capital changes	(54,401,193)	(8,904,629)
<u>Changes in working capital</u>		
Decrease / (increase) in trade debts	(3,546,856)	4,931,835
Decrease / (increase) in advances, deposits and prepayments	(1,682,400)	5,316,556
Decrease/(Increase) in long term deposits	-	2,500,000
(Decrease) / increase in trade and other payable	16,490,861	(13,330,285)
Net changes in working capital	11,261,605	(581,894)
Finance cost paid	(53,196)	(23,740)
Taxes paid	(4,290,222)	(1,082,970)
Net cash (used in)/generated from operating activities	9,243,524	(3,859,369)
CASH FLOW FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(378,046)	(48,500)
Disposal of property and equipment	1,200,000	-
Proceeds from sale of investments	784,345	(3,603,958)
Dividend received	4,083,248	2,982,530
Net cash (used in)/generated from investing activities	5,689,547	(669,928)
CASH FLOWS FROM FINANCING ACTIVITIES	-	-
Net cash (used in)/generated from financing activities		
Net increase in cash and cash equivalent	14,933,071	(4,529,297)
Cash and cash equivalent at beginning of the year	70,110,209	74,639,506
Cash and cash equivalent at end of the year	<u>85,043,280</u>	<u>70,110,209</u>

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


 Chief Executive


 Director

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

1 Legal Status and Nature of Business

Dalal Securities (Private) limited was incorporated under the Companies Ordinance, 1984 on June 04, 2001 as a private limited company. The Company is a corporate member of Pakistan Stock Exchange Limited. The registered office of the company is located at room no. 103,1st floor, Business Finance Centre, I.I chundrigar Road, Karachi. The principal activities of the Company are investment and share brokerage.

2 Basis of Preparation

2.1 Statement of Compliance

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

2.2 Basis of Measurement

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

2.3 Functional and Presentation Currency

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

2.4 Use of Estimates and Judgments

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

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

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

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

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

2.5 New Accounting pronouncements

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

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

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

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

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

3 Summary of Significant Accounting Policies

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

3.1 Taxation

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

Current

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

Deferred Tax

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

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

3.2 Property and Equipment

Property and equipment are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and its cost can be measured reliably. Cost incurred to replace a component of an item of property and equipment is capitalized, the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account in the period in which they are incurred.

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

3.3 Intangible Assets

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

Trading Right Entitlement Certificate(TREC)

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

Software

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

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

Amortization

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

3.4 Trade debts and other receivables

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

3.5 Provisions

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

3.6 Trade and Other Payable

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

3.7 Revenue recognition

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

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

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

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

3.8 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.

3.9 Contingent Liabilities

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

3.10 Financial Instruments

Initial Measurement of financial asset

The company classifies its financial assets in to three categories:

fair value through other comprehensive income (FVOCI);

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

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

Subsequent measurement

Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest /markup income calculated using effective interest rate method, and impairment are recognized in the statement of profit and loss account. Other net gains and losses are recognized in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.

Equity Investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in statement of profit and loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in other comprehensive income and are never classified to the profit and loss account.

Financial asset at FVTPL

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

Financial assets measured at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest/ markup income, and impairment are recognized in the statement of profit and loss account.

Non Derivative financial assets

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

Offsetting of financial assets and financial liabilities

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

Financial Liabilities

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

Impairment

Financial assets

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

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

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

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

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

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

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

Non- financial assets

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

3.11 Post retirement benefits- Staff gratuity

The company operates an unfunded gratuity scheme for all of its eligible employees who have completed the minimum qualification period of service.

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

4. PROPERTY PLANT AND EQUIPMENT

Particulars	Cost				Rate %	Depreciation				W.D.V.
	As at July 01, 2020	Additions	Disposals/ write off	As at June 30, 2021		As at July 01, 2020	For the year	Disposals/ write off	As at June 30, 2021	As at June 30, 2021
	-----Rupees-----					-----Rupees-----				
Office premises	10,381,000	-	-	10,381,000	5%	2,750,011	381,549	-	3,131,560	7,249,440
Furniture and fixture	3,498,185	-	-	3,498,185	10%	2,691,232	80,695	-	2,771,927	726,258
Computer equipment	1,977,937	56,025	-	2,033,962	30%	1,872,745	48,365	-	1,921,110	112,852
Office equipment	1,851,803	322,021	-	2,173,824	10%	1,397,954	77,587	-	1,475,541	698,283
Vehicles	9,481,975	-	(2,815,000)	6,666,975	20%	6,130,452	439,700	(1,661,976)	4,908,176	1,758,799
Jun 30,2021	27,190,900	378,046	(2,815,000)	24,753,946		14,842,394	1,027,897	(1,661,976)	14,208,315	10,545,631
June 30, 2020	27,142,400	48,500	-	27,190,900		13,417,711	1,424,683	-	14,842,394	12,348,506

		2021 (Rupees)	2020 (Rupees)
5. INTANGIBLE ASSETS			
Trading Right Entitlement Certificate (TREC)	5.1	2,500,000	2,500,000
Pakistan Mercantile Exchange Limited		250,000	250,000
Software	5.2	-	179,296
		<u>2,750,000</u>	<u>2,929,296</u>
5.1 Trading Right Entitlement Certificate (TREC)	5.1.1	5,000,000	5,000,000
Impairment- TREC		(2,500,000)	(2,500,000)
		<u>2,500,000</u>	<u>2,500,000</u>
5.2 Computer Software		179,296	239,062
Amortization		-	(59,766)
Adjustment		(179,296)	-
		<u>-</u>	<u>179,296</u>
5.2.1 This represents TREC acquired on surrender of Stock Exchange membership Card. According to the Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed.			
6. INVESTMENT AT FAIR VALUE THROUGH OCI			
Investment in quoted Securities	6.1	<u>24,121,438</u>	<u>10,703,821</u>

6.1 This Represents 1,081,194 shares of Pakistan Stock Exchange.(2020: 1,081,194), these shares are pledge with PSX against Base minimum capital requirement.

	2021 (Rupees)	2020 (Rupees)
7. LONG-TERM DEPOSITS		
Deposit with PSX	10,000	10,000
Deposit with CDC	100,000	100,000
Deposit with NCCPL	400,000	400,000
Deposit with National Commodity Building(NCEL)	7,500,000	7,500,000
Deposit with PMEX	750,000	750,000
Deposit with Pakistan Mobile Communication	10,000	10,000
	<u>8,770,000</u>	<u>8,770,000</u>

8. TRADE DEBTS

Trade debts	8.1	9,655,087	6,108,231
less Loss Allowance	8.1.1	-	-
		<u>9,655,087</u>	<u>6,108,231</u>

8.1.1 The company is expected to received all the amount due within 1 year, based on historic loss experience. Therefore no loss allowance is recognized as per IFRS - 09

9. SHORT TERM INVESTMENT - FAIR VALUE THROUGH PROFIT AND LOSS ACCOUNT

Investment in quoted securities	9.1.	<u>160,638,082</u>	<u>100,185,068</u>
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9.1 Investment in various equity shares carried at market value.

This includes securities amounting to Rs.58,119,860 pledge with PSX against Base minimum Capital and

9.2 Short term running finance.

10. ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Advances to employees		720,000	175,000
Advance against plot	10.1	7,650,000	7,650,000
Advance tax		39,406	189,291
Income tax refund		7,247,654	7,058,363
NCCPL Exposure		10,000,000	10,000,000
Advance against shares		1,140,000	-
Other receivable		-	2,600
		<u>26,797,060</u>	<u>25,075,254</u>

10.1 This asser is acquired in the name of Chief Executive Officer.

11. CASH AND BANK BALANCES

Cash in hand		22,952	30,742
Cash at bank current		43,169,264	17,252,027
- saving		41,851,064	52,827,440
		<u>85,043,280</u>	<u>70,110,209</u>

11.1 This include balances amounting to Rs. 30,182,151 pertaining to clients.

12. SHARE CAPITAL

12.1 AUTHORIZED SHARE CAPITAL

2021	2020		2021	2020
Number of Shares				
<u>7,500,000</u>	<u>7,500,000</u>	ordinary shares of Rs. 10 each	<u>75,000,000</u>	<u>75,000,000</u>

12.2 ISSUED SUBSCRIBED AND PAID-UP CAPITAL

<u>5,000,000</u>	<u>5,000,000</u>	ordinary shares of Rs. 10 each fully paid in cash	<u>50,000,000</u>	<u>50,000,000</u>
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Pattern of Shareholding		No of shares	Percentage of Holding
i	Muhammad Siddique Dalal (Chief executive)	2,985,000	59.7%
ii	Muhammad Shoaib Dalal (Director)	2,000,000	40.0%
iii	Adil Siddique Dalal	15,000	0.3%
		<u>5,000,000</u>	

all changes in shareholding above 5 %

No Changes in shareholding during the year of more than 5%.

		2021 (Rupees)	2020 (Rupees)
13. TRADE AND OTHER PAYABLE			
Credit balances of clients	13.1.	29,560,869	16,451,052
Accrued Expenses		3,755,381	404,338
Auditor remuneration		175,000	145,000
		<u>33,491,250</u>	<u>17,000,390</u>
13.1 Credit balances of clients held by the company		<u>29,560,869</u>	<u>16,451,052</u>
13.2 Number of Securities of clients is pledged with Financial Institution.		<u>4,952,930</u>	<u>4,952,930</u>
13.3 No Securities of company is pledged with Financial Institution.		<u>-</u>	<u>-</u>
14. SHORT TERM RUNNING FINANCE		<u>-</u>	<u>-</u>

Running finance facilities of Rs 100 Million have been arranged from commercial banks under markup arrangement. The aggregate finance are secured against pledged of shares of listed companies. The markup charged on this facility is 3 months KIBOR+1.5 % per annum on daily outstanding balances payable.

15. CONTINGENCIES AND COMMITMENTS

15.1. There were no contingencies and commitments as at June 30, 2021.

		2021 (Rupees)	2020 (Rupees)
16. Revenue from contract with customers			
Brokerage income	16.1	<u>35,315,930</u>	<u>19,566,136</u>
16.1 Brokerage Income- gross		<u>40,593,023</u>	<u>22,489,811</u>
Sales tax		<u>(5,277,093)</u>	<u>(2,923,675)</u>
		<u>35,315,930</u>	<u>19,566,136</u>
17. OPERATING AND OTHER EXPENSES			
Salaries Allowances, and other benefit		20,408,300	8,262,800
Directors Remuneration		5,100,000	4,200,000
Travelling & Conveyance Expense		390,990	380,005
Rent, rates and taxes		71,108	65,623
Utility expense		235,330	195,796
Commission paid		5,733,158	2,408,436
Printing and stationary expense		324,769	301,097
Computer software expense		806,495	417,068
Communication expense		286,929	269,935
Repair and Mainainance		2,570,562	1,652,352
Audit fee		175,000	145,000
Legal professional charges		125,000	15,000
Insurance expense		362,696	313,442
Entertainment expense		566,818	589,167
Depreciation expense		1,027,897	1,424,683
General expenses		1,032,447	240,710
Charity donation		5,275,000	3,250,000
Transaction Charges		2,193,207	1,131,893
Amortization Expense		-	59,766
Fees and subscription		370,005	469,330
		<u>47,055,711</u>	<u>25,792,103</u>
18. FINANCE COST			
Bank Charges		<u>53,196</u>	<u>23,740</u>
		<u>53,196</u>	<u>23,740</u>
19. OTHER INCOME			
Realized Gain/(loss) on Investment held for trading		53,957,352	40,340,513
Unrealized Gain/(loss) on Investment held for trading		7,280,006	(32,910,225)
Dividend Income		4,083,248	2,982,530
Profit on bank deposit		2,860,620	2,187,121
Profit for cash exposure margin		438,365	1,383,632
Loss on Computer Software		(179,296)	-
Gain on sales of Fixed Assests		46,976	-
Share application commission		32,236	-
Other income/(loss)		-	(1,000,000)
		<u>68,519,507</u>	<u>12,983,570</u>

20. TAXATION

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

Provision for taxation

	2021 (Rupees)	2020 (Rupees)
- Current year	4,250,816	761,924
- Prior year	-	131,755
- Deferred Tax	-	-
Net tax charge	<u>4,250,816</u>	<u>893,679</u>

20.1

- 20.1 The company has tax losses in the previous years, on which deferred tax asset will arise. However, as there is continuous losses on account of operating income therefore deferred tax asset has not been recorded.

20.2 Relationship between tax expense and accounting profit

Profit before taxation	<u>56,726,530</u>	<u>6,733,864</u>
Tax at the applicable rate 29% (2020:29%)	16,450,694	1,952,820
Tax effect of income taxed under FTR	(14,483,531)	(2,602,164)
Deffered tax asset not recognized	2,283,653	1,515,222
	<u>4,250,816</u>	<u>865,879</u>

21. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

21.1 Financial instrument by category

21.1.1 Financial assets

	2021			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposits	-	-	8,770,000	8,770,000
Investment at fair value through OCI	-	24,121,438	-	24,121,438
Investment at fair value through P&L	160,638,082	-	-	160,638,082
Trade debts	-	-	9,655,087	9,655,087
Advances, deposits and prepayments	-	-	19,510,000	19,510,000
Bank balances	-	-	85,043,280	85,043,280
	<u>160,638,082</u>	<u>24,121,438</u>	<u>122,978,367</u>	<u>307,737,887</u>

	2020			
	At fair value through profit or loss account	At fair value through OCI	At Amortized Cost	Total
Long term loan, advances and deposit	-	-	8,770,000	8,770,000
Investment at fair value through OCI	-	10,703,821	-	10,703,821
Investment at fair value through P&L	100,185,068	-	-	100,185,068
Trade debts	-	-	-	-
Advances, deposits and prepayments	-	-	17,827,600	17,827,600
Bank balances	-	-	70,110,209	70,110,209
	<u>100,185,068</u>	<u>10,703,821</u>	<u>96,707,809</u>	<u>207,596,698</u>

21.1.2 Financial Liabilities at Amortized Cost

	2021	
	Amount	Amount
Trade and other Payables	<u>33,491,250</u>	<u>33,491,250</u>
	<u>33,491,250</u>	<u>33,491,250</u>

	2020	
	Amount	Amount
Trade and other Payables	<u>17,000,389</u>	<u>17,000,389</u>
	<u>17,000,389</u>	<u>17,000,389</u>

21.2 Financial risk management

The company primarily invests in marketable securities and are subject to varying degrees 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

21.2.1 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 into 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, investments, loans and advances, deposits and other receivables. The carrying amount of financial assets represents the maximum credit exposure. The company did not allow credits to its customers and trade are executed on 100% margin.

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:

	2021	2020
	Rupees	
Long term deposits	8,770,000	8,770,000
Investment at fair value through OCI	24,121,438	10,703,821
Investment at fair value through P&L	160,638,082	100,185,068
Trade debts	9,655,087	6,108,231
Bank Balances	85,043,280	70,110,209
	<u>288,227,887</u>	<u>252,970,708</u>

21.2.2 Bank Balances

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

	2021	2020
	Rupees	
AAA	84,841,355	67,990
AA+	133,331	69,928,877
AA-	30,387	80,686
BBB-	15,255	1,914
	<u>85,020,328</u>	<u>70,079,467</u>

The credit rating agency are PACRA and JCR-VIS.

21.2.3 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 sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to dynamic nature of business.

	2021				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	33,491,250	33,491,250	33,491,250	-	-
	<u>33,491,250</u>	<u>33,491,250</u>	<u>33,491,250</u>	-	-

	2020				
	carrying amount	contractual cash flows	up to one year	one to two years	Two to five years
Financial Liabilities					
Trade and other payables	17,000,389	17,000,389	17,000,389	-	-
	<u>17,000,389</u>	<u>17,000,389</u>	<u>17,000,389</u>	<u>-</u>	<u>-</u>

On the balance sheet date, the company has cash and bank balances of Rs.85.04 million (2020: 70 million) and Investments of Rs 160.63 million (2020: 110 million) for repayment of liabilities

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

Other price risk

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

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

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

	Before Tax	
	10% Increase	10% Decrease
as at 30th June 2021	<u>16,063,808</u>	<u>(16,063,808)</u>
as at 30th June 2020	<u>10,018,507</u>	<u>(10,018,507)</u>

21.4 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 hold listed assets amounting to Rs 184 million (2020: 110 million) that are recorded at quoted price.

23. 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.

	2021	2020
	Rupees	
23.1 CAPITAL ADEQUACY LEVEL		
Total Assets	328,320,578	236,230,386
Less: Total Liabilities	(43,172,250)	(17,000,389)
Less: Revaluation Reserves	-	-
Capital Adequacy Level.	285,148,328	219,229,997

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

23.2 Net Capital Balance As At 30th June 2021

DESCRIPTION	VALUATION BASIS	VALUE
<u>CURRENT ASSETS</u>		
Cash in hand	As per book value	22,952
Cash at bank	Bank balances pertaining to house	54,838,177
	Bank balances pertaining to client	30,182,151
		85,020,328
Deposits against exposure and losses	As per book value	10,000,000
Trade Receivable	Book Value	9,655,087
	Less: overdue for more than 14 days	(53,186)
		9,601,901
Investment in Listed Securities in the name of broker	Market value	138,350,392
	Less: 15% discount	(20,752,559)
		117,597,833
Securities purchased for client	Securities purchased for the client and held by the member where the payment has not been received within 14 days.	26,989
		<u>222,270,003</u>

CURRENT LIABILITIES

Trade Payable	Book value	29,560,869	
	Less: Overdue for more than 30 days	(5,374,329)	24,186,540
Other liabilities	Overdue for more than 30 days	5,374,329	
	As classified under the generally accepted accounting principles.	3,930,381	9,304,710
			<u>33,491,250</u>
	Net Capital Balance As At 30th June 2021		<u>188,778,753</u>

23.2 Liquid Capital Balance As At 30th June 2021

S.No.	Head of Account	Value in Pak Rupee	Hair Cut/ Adjustments	Net Adjusted Value
1	Assets			
1.1	Property & Equipment	10,545,631	100%	-
1.2	Intangible Assets	2,750,000	100%	-
1.3	Investment in Govt. Securities			
1.4	Investment in Debt Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
1.5	Investment in Equity Securities			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	138,350,392	22,144,512	116,205,879
	ii. If unlisted, 100% of carrying value.			
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	1,140,000		1,140,000
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)			
1.6	Investment in subsidiaries			
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.	1,260,000	100%	
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	7,510,000	100%	
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing.			
	Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)			

1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	19,907,876	100%	-
	ii. Receivables other than trade receivables			
1.16	Receivables from clearing house or securities exchange(s)			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.			
	ii. Receivable on entitlements against trading of securities in all markets including MtM gains.	-	-	-
1.17	Receivables from customers			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut.			
	i. Lower of net balance sheet value or value determined through adjustments.			
	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 haircut			
	iv. Incase of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.	7,279,174	-	7,279,174
	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.	2,375,913	2,349,716	2,349,716
	vi. 100% haircut in the case of amount receivable form related parties.	-	-	-
1.18	Cash and Bank balances			
	i. Bank Balance-proprietary accounts	54,838,177	-	54,838,177
	ii. Bank balance-customer accounts	30,182,151	-	30,182,151
	iii. Cash in hand	22,952	-	22,952
1.19	Total Assets	286,162,266		221,995,097
2	Liabilities			
2.1	Trade Payables			
	i. Payable to exchanges and clearing house			
	ii. Payable against leveraged market products			
	iii. Payable to customers	29,560,869	-	29,560,869
2.2	Current Liabilities			
	i. Statutory and regulatory dues		-	-
	ii. Accruals and other payables	3,930,381	-	3,930,381
	iii. Short-term borrowings			
	iv. Current portion of subordinated loans			
	v. Current portion of long term liabilities			
	vi. Deferred Liabilities	9,706,000		9,706,000
	vii. Provision for bad debts			
	viii. Provision for taxation			
	ix. Other liabilities as per accounting principles and included in the financial statements			
2.3	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution: Long term portion of financing obtained from a financial institution including amount due against finance lease			
	b. Other long-term financing			
	ii. Staff retirement benefits		-	-
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Boad of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			

	e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements			
2.4	Subordinated Loans			
	i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified: a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period b. No haircut will be allowed against short term portion which is repayable within next 12 months. c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	Total Liabilities	43,197,250	-	43,197,250
3	Ranking Liabilities Relating to :			
3.1	Concentration in Margin Financing			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.			
3.2	Concentration in securities lending and borrowing			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed			
3.3	Net underwriting Commitments			
	(a) in the case of right issue : if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 3% 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	2,349,459	2,349,459	2,349,459
3.9	Opening Positions in futures and options			
	i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts			
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met			
3.10	Short sell positions			
	i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts			
	ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.			
3.11	Total Ranking Liabilities	2,349,459	2,349,459	2,349,459
3.12	Liquid Capital	240,615,357	-	176,448,388

24. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

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

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

	2021	2020
Remuneration to Directors	5,100,000	4,200,000
	<u>5,100,000</u>	<u>3,900,000</u>

25. NUMBER OF EMPLOYEES

As at year end	<u>11</u>	<u>13</u>
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26. DATE OF AUTHORIZATION

These financial statements have been authorized for issue on 04 OCT 2021 by the Board of Directors of the company.

27. GENERAL

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

Handwritten mark

Sanjay
Chief Executive

Sanjay
Director