

**KHANANI SECURITIES (PRIVATE) LIMITED
FINANCIAL STATEMENTS
FOR THE PERIOD ENDED DECEMBER 31, 2019**

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019

	Note	Rupees Dec 31, 2019	Rupees June 30, 2019
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	626,058	675,911
Intangible assets	5	2,750,000	2,750,000
Long term investment at fair value through other comprehensive income	6	-	14,055,522
Long term deposits	7	2,155,000	2,155,000
		5,531,058	19,636,433
CURRENT ASSETS			
Short term investment	8	32,425,618	16,316,591
Trade receivables	9	3,981,890	4,494,156
Advances, deposits, pre-payments & other receivables	10	9,313,415	9,277,489
Cash & bank balances	11	24,088,425	10,407,710
		69,809,348	40,495,946
TOTAL ASSETS		75,340,406	60,132,378
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
20,000,000 (2018: 20,000,000) ordinary shares of Rs. 10/- each		200,000,000	200,000,000
Issued, subscribed and paid-up capital			
Reserves	12	40,010,000	40,010,000
		16,738,001	14,692,875
		56,748,001	54,702,875
LIABILITIES			
NON-CURRENT LIABILITIES			
CURRENT LIABILITIES			
Trade payables		17,379,395	4,365,620
Accrued expenses & other liabilities	13	1,213,010	1,063,883
		18,592,405	5,429,503
CONTINGENCIES AND COMMITMENTS	14	-	-
TOTAL EQUITY AND LIABILITIES		75,340,406	60,132,378

The annexed notes from 1 to 20 form an integral part of these financial statements.


Chief Executive


Director

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE PERIOD ENDED DECEMBER 31, 2019

Note	Rupees Dec 31, 2019.	Rupees June 30, 2019
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REVENUE

Operating revenue	15	2,407,069	6,014,435
Capital (loss) / gain on sale of securities		-	(4,835,654)
Unrealised (loss) / gain on remeasurement of investment at fair value - through profit or loss		5,325,114	(4,227,445)
		7,732,183	(3,048,664)
Administrative expenses	16	(2,876,319)	(6,778,683)
Finance cost	17	(7,902)	(13,209)
		(2,884,220)	(6,791,893)
Operating profit / (loss)		4,847,963	(9,840,557)
Other income	18	440,744	517,830
Profit / (loss) before taxation		5,288,707	(9,322,727)
Taxation	19	-	(244,848)
Profit / (Loss) after taxation		5,288,707	(9,567,575)
Earnings / (Loss) per share - basic and diluted	20	0.81	(2.39)

The annexed notes from 1 to 20 form an integral part of these financial statements.


Chief Executive


Director

**KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED DECEMBER 31, 2019**

Note	Rupees Dec 31, 2019	Rupees June 30, 2019
Profit / (Loss) after taxation	5,288,707	(9,567,575)
<u>Other comprehensive income</u>		
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income	(3,243,581)	(7,298,060)
Total comprehensive loss for the year	2,045,126	(16,865,635)

The annexed notes from 1 to 20 form an integral part of these financial statements.


Chief Executive


Director

KHANANI SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED DECEMBER 31, 2019

	<i>Reserves</i>				
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	Total
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>
Balance as at June 30, 2018	90,010,000	21,016,869	10,541,641	31,558,510	121,568,510
Share capital reduction	(50,000,000)				
Loss for the year	-	(9,567,575)	-	(9,567,575)	(9,567,575)
Loss on remeasurement of investment - At fair value - through other comprehensive income	-	-	(7,298,060)	(7,298,060)	(7,298,060)
Balance as at June 30, 2019	40,010,000	11,449,294	3,243,581	14,692,875	54,702,875
Loss for the year	-	5,288,707	-	5,288,707	5,288,707
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(3,243,581)	(3,243,581)	(3,243,581)
Balance as at December 31, 2019	40,010,000	16,738,001	-	16,738,001	56,748,001

The annexed notes from 1 to 20 form an integral part of these financial statements.


Chief Executive


Director

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

4 PROPERTY AND EQUIPMENT

	Office premises (Rupees)	Furniture & fixtures (Rupees)	Computer & allied (Rupees)	Office equipment (Rupees)	Motor vehicles (Rupees)	Total (Rupees)
Net carrying value basis						
Year ended December 31, 2019						
Opening net book value (NBV)	308,531	52,008	91,651	56,752	166,970	675,912
Additions (at cost)	-	-	-	-	-	-
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(15,427)	(3,901)	(13,748)	(4,256)	(12,523)	(49,854)
Closing net book value (NBV)	293,104	48,107	77,903	52,496	154,447	626,058
Gross carrying value basis						
As at December 31, 2019						
Cost	577,500	230,678	749,948	109,000	1,435,500	3,102,626
Accumulated depreciation	(284,396)	(182,571)	(672,045)	(56,504)	(1,281,053)	(2,476,568)
Net book value (NBV)	293,104	48,107	77,903	52,496	154,447	626,058
Net carrying value basis						
Year ended June 30, 2019						
Opening net book value (NBV)	342,812	61,186	65,130	66,767	196,435	732,330
Additions (at cost)	-	-	65,800	-	-	65,800
Disposals (at NBV)	-	-	-	-	-	-
Depreciation charge	(34,281)	(9,178)	(39,279)	(10,015)	(29,465)	(122,218)
Closing net book value (NBV)	308,531	52,008	91,651	56,752	166,970	675,911
Gross carrying value basis						
As at June 30, 2019						
Cost	577,500	230,678	749,948	109,000	1,435,500	3,102,626
Accumulated depreciation	(268,969)	(178,670)	(658,297)	(52,248)	(1,268,530)	(2,426,714)
Net book value (NBV)	308,531	52,008	91,651	56,752	166,970	675,911
Depreciation rates (%)	10	15	30	15	15	

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees Dec 31, 2019	Rupees June 30, 2019
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5 INTANGIBLE ASSETS

Trading Right Entitlement Certificate - Pakistan Stock Exchange Limited	5.1	2,500,000	2,500,000
Membership card - Pakistan Mercantile Exchange Limited		250,000	250,000
		2,750,000	2,750,000

- 5.1 This represents Trading Right Entitlement Certificate (TREC) received from Pakistan Stock Exchange Limited (PSX) in accordance with the requirements of the Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012 (The Act). The Company has also received shares of PSX after completion of the demutualization process.

6 LONG TERM INVESTMENT

Quoted

At fair value through other comprehensive income

Investment in shares of Pakistan Stock Exchange Limited		14,055,522	21,353,582
Transfer to short term investment		-	-
		14,055,522	21,353,582
Loss on remeasurement of investment at fair value - through other comprehensive income		(14,055,522)	(7,298,061)
	6.1	-	14,055,522

- 6.1 This represents the investment in ordinary shares of Pakistan Stock Exchange Limited (PSX) received by the Company in pursuance of the promulgation of Stock Exchanges (Corporatization, Demutualization and Integration) Act, 2012. Due to restriction on sale, 1,081,194 shares has been classified as long term investments.

7 LONG TERM ADVANCES & DEPOSITS

Central Depository Company of Pakistan Limited		5,000	5,000
National Clearing Company of Pakistan Limited		1,400,000	1,400,000
Pakistan Mercantile Exchange Limited		750,000	750,000
		2,155,000	2,155,000

8 SHORT TERM INVESTMENT

Investments at fair values through profit & loss

Listed equity securities

Listed equity securities		27,100,504	20,544,036
Unrealised loss on remeasurement of investment at fair value - through profit or loss	8.1	5,325,114	(4,227,445)
Market value		32,425,618	16,316,591

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

8.1		Dec 31, 2019	June 30, 2019			Dec 31, 2019	June 30, 2019
		<i>Number of shares</i>				<i>Market value in rupees</i>	
	20,050	20,050	ATRL	ATTOCK REFINERY LIMITED	2,239,385	1,549,264	
	90,000	90,000	DCL	DEWAN CEMENT LIMITED	693,000	702,900	
	24,684	20,570	GTYR	GENERAT TYRE & RUBBER CO	1,376,380	1,059,561	
	100,000	100,000	PAEL	PAK ELEKTRON LIMITED	2,707,000	2,002,000	
	500,000	500,000	PIBTL	PAKISTN INT BULK TERMINAL LIMITED	5,405,000	4,220,000	
	1,602,953	521,759	PSX	PAKISTAN STOCK EXCHANGE	20,004,853	6,782,867	
	2,337,687	1,252,379			32,425,618	16,316,591	

9 TRADE RECEIVABLES

Considered good	3,886,114	3,853,675
Considered doubtful	-	-
	3,886,114	3,853,675
Allowance for expected credit loss	(2,499)	(2,499)
	3,883,615	3,851,176
From clearing house	98,275	642,980
	3,981,890	4,494,156

9.1 Allowance for expected credit loss

Opening balance	2,499	-
Allowance for expected credit loss	-	2,499
Closing balance	2,499	2,499

9.1.1 Aging analysis

Upto 90 days	-	-
More than 90 but upto 180 days	-	1,000
More than 180 but upto 360 days	-	3,850,176
More than 360 days	2,499	2,499
	2,499	3,853,675

9.2 Total value of securities pertaining to clients held in the Central Depository Company

- 195,207,760

9.3 Value of pledge securities of clients with National Clearing Company of Pakistan Limited

- 4,713,325

9.4 Value of pledge securities of clients with Financial institutions

- 5,097,814

9.5 The securities are valued using market rate at the year end

10 ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

Exposure deposits	7,000,000	7,000,000
Advance payment of tax	2,276,415	2,230,489
Staff loan	37,000	47,000
	9,313,415	9,277,489

10.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 3.5% to 9.35% (30 June 2019: 2.75% to 3.6%) per annum.

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees Dec 31, 2019	Rupees June 30, 2019
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11 CASH AND BANK BALANCES

Cash in hand	51,992	33,165
Cash at bank - in current accounts	24,036,433	10,374,545
	24,088,425	10,407,710

11.1 Bank balance pertains to:

Clients	-	4,365,620
Brokerage House	-	6,008,924
	-	10,374,545

12 ISSUED, SUBSCRIBED AND PAID UP CAPITAL

Ordinary Shares of Rs. 10 /- each

Dec 31, 2019	June 30, 2019		Dec 31, 2019	June 30, 2019
4,001,000	9,001,000	Ordinary shares of Rs. 10 each issued for consideration other than cash.	40,010,000	90,010,000
-	(5,000,000)	Less: Share capital reduction	-	(50,000,000)
4,001,000	4,001,000		40,010,000	40,010,000

12.1 The shareholders are entitled to receive all distributions to them including dividend and other entitlements in the form of bonus and right shares as and when declared by the Company. All shares carry "one vote" per share without restriction.

12.2 During the year, the Company got approval from Honourable High Court of Sindh to reduce capital from Rs. 90.010 million to 40.010 million, u/s 89, 92 and 93 of the Companies Act 2017.

13 ACCRUED EXPENSES & OTHER LIABILITIES

Accrued expenses	47,809	62,423
Payable to related party	1,000,000	1,001,460
Other liabilities	165,201	-
	1,213,010	1,063,883

14 CONTINGENCIES AND COMMITMENTS

There are no contingencies and commitments as on June 30, 2019. (2018: Nil)

15 OPERATING REVENUE

Brokerage Commission including sales tax on services	2,394,727	6,683,144
Less: Sales tax on services	-	(755,861)
Net brokerage commission excluding sales tax on services	2,394,727	5,814,335
Dividend income	12,342	200,100
	2,407,069	6,014,435

15.1 Brokerage Income - net of sales tax

Equity brokerage		
- Institutional customers	-	-
- Retail clients	-	5,814,335
	-	5,814,335

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees Dec 31, 2019	Rupees June 30, 2019
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16 ADMINISTRATIVE EXPENSES

	16.1	Rupees Dec 31, 2019	Rupees June 30, 2019
Directors' remuneration		600,000	1,400,000
Salaries, wages and other benefits		915,000	2,100,000
Utility and communication charges		84,778	141,442
Fees and subscriptions		107,870	259,684
Service and transaction charges		278,701	615,906
Auditors' remuneration		125,200	220,000
Legal and professional charges		65,440	104,550
Printing and stationery		9,055	13,780
Repairs and maintenance		5,800	31,700
Computer software		96,000	192,000
Travelling and conveyance		-	319,000
Entertainment		226,600	451,660
Allowance for expected credit loss		-	2,499
Postage and courier		2,635	6,690
Vehicle running expenses		242,350	444,245
Depreciation		49,854	122,218
Other expenses		67,036	353,310
		<u>2,876,319</u>	<u>6,778,683</u>

16.1 Remuneration of Chief Executive and Director

	Dec 31, 2019		June 30, 2019	
	Chief Executive	Directors	Chief Executive	Directors
Managerial remuneration	300,000	300,000	600,000	600,000
Company's contribution to the Provident Fund	-	-	-	-
Fees	-	-	-	-
Bonus	-	-	100,000	100,000
Housing and utilities	-	-	-	-
	<u>300,000</u>	<u>300,000</u>	<u>700,000</u>	<u>700,000</u>
Number of persons (including those who worked part of the year)	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16.2 Auditors' remuneration

Audit services			
Annual audit fee		-	100,000
Certifications		-	45,000
		-	<u>145,000</u>
Non-audit services			
Other services		-	75,000
		-	<u>75,000</u>
		-	<u>220,000</u>

KHANANI SECURITIES (PRIVATE) LIMITED
NOTES TO THE ACCOUNTS

Note	Rupees Dec 31, 2019	Rupees June 30, 2019
17 FINANCE COST		
Bank charges	7,902	13,209
	<u>7,902</u>	<u>13,209</u>
18 OTHER INCOME		
IPO commission	-	691
Profit on exposure deposit	440,744	517,139
Profit on PSX retention money	-	-
	<u>440,744</u>	<u>517,830</u>
19 TAXATION		
Current	-	(459,336)
	<u>-</u>	<u>(459,336)</u>
19.1 Relationship between income tax expense and accounting profit		
(Loss) / profit before taxation	<u>5,288,707</u>	<u>(9,322,727)</u>
Tax at the applicable tax rate of 29% (2018: 30%)	-	(2,703,591)
Tax effect of income taxed at lower tax rates	-	1,159,758
Tax effect of exempt income	-	-
Tax effect of minimum tax	-	121,250
Tax effect of non deductible expenses	-	441,472
Others	(1,544,283)	1,225,959
	<u>(1,544,283)</u>	<u>244,848</u>
19.2 The income tax returns of the Company have been filed up to tax year 2018 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 EARNINGS PER SHARE - BASIC & DILUTED		
20.1 Basic (loss) / earnings per share		
(Loss) / profit after taxation	5,288,707	(9,567,575)
Weighted average number of shares at the end of the year	6,501,000	4,001,000
	<u>0.81</u>	<u>(2.39)</u>
20.2 Diluted earnings per share		

There is no dilutive effect on the basic earnings per share of the Company, since there are no convertible instruments in issue as at June 30, 2019 which would have any effect on the earnings per share if the option to convert is exercised.