

23 TAXATION

Current tax expense / (income)

for the year
prior years

Note	30-Jun-20 Rupees	30-Jun-19 Rupees
	7,259,783	1,814,820
	(4,485,152)	-
	<u>2,774,631</u>	<u>1,814,820</u>

The tax provision made in the financial statements is considered sufficient.

24. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit after tax for the year by the weighted average number of shares outstanding during the period, as follows:

Profit / (loss) after taxation, attributable to ordinary shareholders	22,357,851	703,156
Weighted average number of ordinary shares in issue during the year	400,000	400,000
Earnings per share	55.89	1.76

No figure for diluted earnings per share has been presented as the Company has not issued any dilutive instruments carrying options which would have an impact on earnings per share when exercised.

25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES

The aggregate amounts charged in the financial statements for remuneration, including benefits, to the chief executive, directors and executives of the Company as per the terms of their employment are as follows:

	2020		2019	
	Remuneration	# of persons	Remuneration	# of persons
Chief Executive Officer	2,390,834	1	2,040,000	1
Directors	2,995,166	3	2,256,000	3



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ASSETS**Non-current assets**

Long term deposits

Long term investment

Current assets

Short-term investments

Trade debts - net

Loans and advances

Deposits, prepayments and other receivables

Cash and bank balances

LIABILITIES**Current liabilities**

Trade and other payables

Current portion of long term liabilities

2020			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

1,431,000 - - 1,431,000

- 46,884,619 - 46,884,619

- - 159,629 159,629

46,930,129 - - 46,930,129

2,030,803 - - 2,030,803

27,477,224 - - 27,477,224

41,209,090 - - 41,209,090

72,663,663 - - 72,663,663

- - - -

2019			
Amortized cost	FVOCI	FVTPL	Total
Rupees			

ASSETS**Non-current assets**

Long-term deposits

Long term investment

Current assets

Short-term investments

Trade debts - net

Loans and advances

Deposits, prepayments and other receivables

Cash and bank balances

LIABILITIES**Current liabilities**

Trade and other payables

Current portion of long term liabilities

1,431,000 - - 1,431,000

- 42,757,556 - 42,757,556

- - 145,228 145,228

23,632,755 - - 23,632,755

960,121 - - 960,121

16,256,498 - - 16,256,498

42,768,593 - - 42,768,593

61,361,184 - - 61,361,184

605,386 - - 605,386




27 FINANCIAL RISK MANAGEMENT

27.1 Risk management framework

The Director / Chief Executive has overall responsibility for the establishment and oversight of the Company's risk management framework. He is also responsible for developing and monitoring the Company's risk management policies, which are monitored and assessed for effectiveness throughout the year. The Company's risk management policies are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and to establish internal control over risk. Through its training and management standards and procedures, the Company aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's activities are exposed to a variety of financial risks: market risk, credit risk and liquidity risk. The Company has established adequate procedures to manage each of these risks as explained below.

27.2 Market risk

Market risk is the risk that the value of financial instruments may fluctuate as a result of changes in market interest rates, changes in the credit rating of the issuer of the instruments, change in market sentiments, speculative activities, supply and demand of securities and/or changes in liquidity in the market.

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

27.2.1 Currency risk

Currency risk mainly arises where receivables and payables exist due to transactions with foreign undertakings. The Company is not exposed to major foreign exchange risk in this respect.

27.2.2 Interest rate risk

Yield risk is the risk of decline in earnings due to adverse movements of the yield curve. Interest rate risk is the risk that the value of the financial instruments will fluctuate due to changes in market interest rates. Sensitivity to interest / mark-up rate risk arises from mismatches or gaps in the amounts of interest / mark-up based assets and liabilities that mature or reprice in a given period. The Company manages this risk by matching the maturity / repricing of financial assets and liabilities through appropriate policies.

27.2.3 Price risk

Price risk is the risk that the fair value of financial instruments will fluctuate as a result of changes in market prices, whether such changes are due to factors specific to individual financial instruments (including factors specific to issuers of such instruments) or due to macroeconomic or other factor affecting similar financial instruments being traded in the market.

The Company is exposed to price risk in respect of investments carried at fair value (whether as available-for-sale investments or as instruments at fair value through profit or loss). Such price risk comprises both the risk that price of individual equity investments will fluctuate and the risk that there will be an index-wide movement in prices. Measures taken by the Company to monitor, manage and mitigate price risk include daily monitoring of movements in stock indexes (such as the KSE 100 index) as well as of the correlation between the Company's investment portfolio with stock indexes.

27.3 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. Concentration of credit risk arises when a number of counterparties are engaged in similar business activities or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political, or other conditions. Concentrations of credit risk indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

Credit risk of the Company arises from deposits with banks and financial institutions, trade debts, loans and advances, investments and other receivables. The carrying amount of financial assets represents the maximum credit exposure, although this maximum is a theoretical formulation as the Company frequently holds collateral against potential credit losses.

Measures taken by management to manage and mitigate credit risk include:

- Development of and compliance with risk management, investment and operational policies / guidelines (including guidelines in respect of entering into financial contracts);
- Assignment of trading limits to clients in accordance with their net worth;
- Collection / maintenance of sufficient and proper margins from clients;
- Initial and ongoing client due diligence procedures, where clients' financial position, past experience and other factors are considered;
- Collection and maintenance of collateral if, as and when deemed necessary and appropriate;
- Diversification of client and investments portfolios; and
- Engagement with creditworthy / high credit rating parties such as banks, clearing houses and stock exchanges.

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The Company continually monitors the quality of its debtor portfolio, both on an individual and portfolio basis, and provides against credit losses after considering the age of receivables, nature / quantum of collateral and debtor-specific factors (such as creditworthiness and repayment capacity).

The carrying amount of financial assets, which represents the maximum credit exposure before consideration of collateral and counterparty creditworthiness, is as specified below:

	2020	2019
Long-term investments	46,884,619	42,757,556
Short-term investments	159,629	145,228
Long-term deposits	1,431,000	1,431,000
Loans and advances	2,030,803	960,121
Prepayments & Advances	27,477,224	16,256,498
Trade debts (net)	46,930,129	23,632,755
	124,913,404	85,183,158

27.4 Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations, settled by delivering cash or another financial asset, as they fall due. Prudent liquidity risk management requires the maintenance of sufficient cash and marketable securities, the availability of adequate funds through committed credit facilities and the ability to close out market positions due to the dynamic nature of the business and the industry it operates in. The Company finances its operations through equity and, as and when necessary, borrowings, with a view to maintaining an appropriate mix between various sources of financing.

The table below classifies the Company's financial liabilities into relevant maturity groupings based on the time to contractual maturity date, as at the balance sheet date. The amounts in the table are contractual undiscounted cash flows.

Financial liabilities	As at June 30, 2020		
	Carrying amount	Within one year	More than one year
Current portion of finance lease liability	-	-	-
Trade and other payables	72,663,663	72,663,663	-
Total	72,663,663	72,663,663	-

Financial liabilities	As at June 30, 2019		
	Carrying amount	Within one year	More than one year
Current portion of finance lease liability	605,386	605,386	-
Trade and other payables	61,361,184	61,361,184	-
Total	61,966,570	61,966,570	-

The Company does not expect that the timing or quantum of cash flows outlined in the table above will change significantly, and as a result expects to be able to fulfill its obligations as they come due.

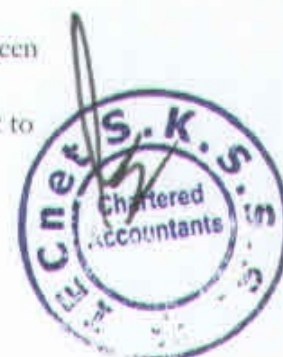
28 CAPITAL RISK MANAGEMENT

The Company's objective in managing capital is to ensure that the Company is able to continue as a going concern so that it can continue to provide adequate returns to shareholders and benefits to other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital. As well, the Company has to comply with capital requirements as specified under the Securities Brokers (Licensing and Operations) Regulations, 2016 (as well as other relevant directives from regulating bodies issued from time to time).

Consistent with industry practice, the Company manages its capital risk by monitoring its debt levels and liquid assets, keeping in view future investment requirements.

29 FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount that would be received on the sale of an asset or paid on transfer of a liability in an orderly transaction between market participants at the measurement date. Consequently, differences can arise between carrying values and fair value estimates. Underlying the definition of fair value is the presumption that the Company is a going concern without any intention or requirement to materially curtail the scale of its operations or to undertake a transaction on adverse terms.



Various judgments and estimates are made in determining the fair value of financial instruments that are recognized and measured at fair value in the Company's financial statements. To provide an indication about the reliability of inputs used in determining fair value, financial instruments have been classified into three levels, as prescribed under accounting standards. An explanation of each level follows the table.

Recurring FV Measurement - June 30, 2020	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	46,884,619	-	46,884,619
Short-term investments - at FVTPL	159,629	-	-	159,629
Recurring FV Measurement as at June 30, 2019	Level I	Level II	Level III	Total
Long-term investment - at FVOCI	-	42,757,556	-	42,757,556
Short-term investments - at FVTPL	145,228	-	-	145,228

In the fair value hierarchy in the preceding table, inputs and valuation techniques are as follows:

- Level 1: Quoted market price (unadjusted) in an active market
- Level 2: Valuation techniques based on observable inputs
- Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data.

There were no transfers into or out of Level 1 measurements.



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