

DIRECTORS' REPORT

On behalf of the Board of Directors of the Company, I am pleased to present our report together with the audited financial statement of the Company for the year June 30, 2020.

Performance Overview

The following depicts the Company's performance in the current year.

	Rupees
Operating revenue	10,594,612
Operating expenses	(13,732,005)
Operating loss	(3,137,393)
Other charges	-
Other income	3,299,412
Profit before taxation	162,020
Taxation	(349,675)
Loss after taxation	(187,655)

Loss per share

Loss per share for the year ended 30th June 2020 was Rs. (0.02)

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors. The year started with the KSE 100 Index nose diving to 28,765 level due to hike in interest rates and other macroeconomic challenges as the country came under the IMF EFF program with stiff fiscal targets. With expectations of interest rates having peaked-out and attractive valuations, the market regained momentum by January 2020, the KSE100 Index made a peak at 43,219. With the global pandemic spread and confirmation of first few cases of COVID-19 in Pakistan, the benchmark KSE100 Index nose-dived again but this time to a lower low of 27,229 level. Aggressive measures by the Government of Pakistan and the State Bank of Pakistan to counter negative economic impacts of the pandemic and the subsequent lockdown including reduction in interest rates and the construction package regained momentum and the KSE100 Index closed the year at 34,422. Average volumes during the year improved by 26% whereas average daily value traded also improved by 13% as a result of increased liquidity and relative attractiveness of the domestic equities market of Pakistan.

Moreover, lower inflation and interest rates are likely to keep the equities market in limelight with improved earnings growth outlook.

Dividend:

The Directors do not recommended any dividend during the year due to cash flow requirement during next financial year.

External Auditors

The retiring auditors, M/s. Nasir Javaid Maqsood Imran., Chartered Accountants, being eligible, have offered themselves for reappointment

Dated:

05 OCT 2020

Director

Chief Executive



INDEPENDENT AUDITOR'S REPORT

**To the members of Bawany Securities (Private) Limited
(Formerly Best Securities (Private) Limited)**

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bawany Securities (Private) Limited – (Formerly Best Securities (Private) Limited) (the Company)**, which comprise the statement of financial position as at **June 30, 2020** 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 explanation which, to the best of our knowledge and belief, were necessary for the purpose 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 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, 2020** and of the loss and other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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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 misstatements, 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 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 controls 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.

Report on Other Legal and Regulatory Requirements

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

- a) proper books of accounts 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 and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; 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 Mohammad Javaid Qasim.

Dated: **05 OCT 2020**
Karachi

NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

BAWANY SECURITIES (PRIVATE) LIMITED
(FORMERLY BEST SECURITIES (PRIVATE) LIMITED)
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	5,618,385	6,294,322
Intangible assets	5	3,343,173	3,383,104
Long term investment <i>at fair value through other comprehensive income</i>	6	-	113,997
Long term advances & deposits	7	4,150,000	7,650,000
		13,111,558	17,441,423
CURRENT ASSETS			
Trade receivables	8	27,249,225	22,441,416
Receivables against margin financing	9	14,467,630	6,496,726
Advances, deposits, pre-payments & other receivables	10	26,086,356	9,881,224
Short term investment	11	57,090,285	31,376,406
Cash & bank balance	12	2,348,505	12,006,010
		127,242,001	82,201,782
TOTAL ASSETS		140,353,559	99,643,205
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
10,000,000 (2019: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	13	76,150,000	76,150,000
Reserves		15,691,368	15,879,023
		91,841,368	92,029,023
LIABILITIES			
Long term loan	14	10,000,000	-
CURRENT LIABILITIES			
Trade payables		1,293,899	152,623
Accrued expenses & other liabilities	15	37,218,292	7,461,559
		38,512,192	7,614,182
CONTINGENCIES AND COMMITMENTS	16	-	-
TOTAL EQUITY AND LIABILITIES		140,353,559	99,643,205

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive



Director



BAWANY SECURITIES (PRIVATE) LIMITED
(FORMERLY BEST SECURITIES (PRIVATE) LIMITED)
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2020

	Note	Rupees 2020	Rupees 2019
REVENUE			
Operating revenue	17	9,430,865	8,560,249
Capital loss on sale of securities		(8,207,921)	(9,109,057)
Unrealised gain / (loss) on remeasurement of investment at fair value - through profit or loss		9,371,667	(21,738,819)
		<u>10,594,612</u>	<u>(22,287,627)</u>
Administrative expenses	18	(13,558,158)	(13,101,586)
Finance cost	19	(173,846)	-
		<u>(13,732,005)</u>	<u>(13,101,586)</u>
Operating loss		<u>(3,137,393)</u>	<u>(35,389,212)</u>
Other income	20	3,299,412	480,587
Profit / (loss) before taxation		<u>162,020</u>	<u>(34,908,626)</u>
Taxation	21	(349,675)	(599,682)
Loss after taxation		<u>(187,655)</u>	<u>(35,508,307)</u>
Loss per share - basic and diluted	22	<u>(0.02)</u>	<u>(4.66)</u>

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive

Director

BAWANY SECURITIES (PRIVATE) LIMITED
(FORMERLY BEST SECURITIES (PRIVATE) LIMITED)
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2020

Note	Rupees 2020	Rupees 2019
Loss after taxation	(187,655)	(35,508,307)
<u>Other comprehensive income</u>		
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income	-	(59,191)
Total comprehensive loss for the year	(187,655)	(35,567,498)

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive



Director



BAWANY SECURITIES (PRIVATE) LIMITED
(FORMERLY BEST SECURITIES (PRIVATE) LIMITED)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

Note	Rupees 2020	Rupees 2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	162,020	(34,908,626)
Add / (less) : Items not involved in movement of fund:		
Depreciation	696,787	797,319
Amortization of software	39,931	57,045
Capital loss on sale of securities	8,207,921	9,109,057
(Gain) / loss on remeasurement of investments	(9,371,667)	21,738,819
Finance cost	173,846	-
	(253,182)	31,702,240
Cash used in operating activities before working capital changes	(91,163)	(3,206,386)
Net change in working capital	(a) 2,008,157	1,951,073
Finance costs paid	(173,846)	-
Taxes paid	(443,667)	(1,112,206)
Net cash generated from / (used in) operating activities	1,299,481	(2,367,519)
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term advances & deposits	3,500,000	17,190,000
Payments for acquisition of property and equipment	(20,850)	(2,203,300)
Purchase of membership card PMEX	-	(750,000)
Investment in listed securities	(24,436,136)	(4,211,754)
Net cash (used in) / generated from investing activities	(20,956,986)	10,024,946
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term loan received	10,000,000	-
Net cash (used in) / generated from investing activities	10,000,000	-
Net (decrease) / increase in cash and cash equivalents	(9,657,505)	7,657,427
Cash and cash equivalent at beginning of the year	12,006,010	4,348,583
Cash and cash equivalent at end of the year	12 2,348,505	12,006,010
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	(4,807,809)	(3,584,114)
Receivables against margin financing	(7,970,904)	(4,017,564)
Advances, deposits, pre-payments & other receivables	(16,111,140)	4,371,380
	(28,889,853)	(3,230,298)
Increase / (decrease) in current liabilities		
Trade payables	1,141,276	(471,973)
Accrued expenses & other liabilities	29,756,733	5,653,344
	30,898,009	5,181,371
Net change in working capital	2,008,157	1,951,073

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive



Director



BAWANY SECURITIES (PRIVATE) LIMITED
(FORMERLY BEST SECURITIES (PRIVATE) LIMITED)
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2020

	<i>Reserves</i>			Sub Total	Total
	Issued, subscribed & paid up capital	Unappropriated profit / (loss)	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income		
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>		
Balance as at June 30, 2018	76,150,000	51,361,023	85,498	51,446,521	127,596,521
Loss for the year	-	(35,508,307)	-	(35,508,307)	(35,508,307)
Loss on remeasurement of investment at fair value - through other comprehensive income	-	-	(59,191)	(59,191)	(59,191)
Balance as at June 30, 2019	76,150,000	15,852,716	26,307	15,879,023	92,029,023
Loss for the year	-	(187,655)	-	(187,655)	(187,655)
Reclassification due to sale of investments	-	26,307	(26,307)	-	-
Balance as at June 30, 2020	76,150,000	15,691,368	-	15,691,368	91,841,368

The annexed notes from 1 to 33 form an integral part of these financial statements.

Chief Executive



Director

