

BSL Bawany Securities (Pvt.) Limited

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, 2022.

Performance Overview

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

	Rupees
Operating revenue	(77,031,839)
Operating expenses	(24,169,180)
Operating loss	(101,201,019)
Other charges	-
Other income	4,637,264
Loss before taxation	(96,563,755)
Taxation	(988,119)
Loss after taxation	(97,551,874)

Loss per share

Loss per share for the year ended 30th June 2022 was Rs. (10.15)

Capital Market Review & Outlook

Pakistan's equities market performance remained extremely volatile during the year under review influenced by various domestic and exogenous factors which badly effected the profitability of the company and eventually PSX Index closed at 41,540 as at June 30, 2022. Moreover, higher inflation and interest rates are likely to keep the equities market under pressure during next year.

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: 01 SEP 2022



Director



Chief Executive



INDEPENDENT AUDITOR'S REPORT

To the members of Bawany Securities (Private) Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statements of **Bawany Securities (Private) Limited (the Company)**, which comprise the statement of financial position as at **June 30, 2022** 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, 2022** 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.

Offices also at:

LAHORE: 3RD FLOOR, PACE TOWER, PLOT NO. 27, BLOCK-H, GULBERG 2, LAHORE.
Tel: +92(0)42-35754821-22 E-mail: nasirgulzar@njmi.net

ISLAMABAD: OFFICE # 17, 2ND FLOOR, HILL VIEW PLAZA, ABOVE FRESCO SWEETS,
BLUE AREA JINNAH AVENUE, ISLAMABAD.
Tel: + 92 (51) 2228138 Fax: + 92 (51) 2228139 E-mail: islamabadoffice@njmi.net

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

Management is responsible for the other information. The other information comprises the directors' report but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material 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;

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- 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.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act, 2015, and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the financial statements were prepared.

The engagement partner on the audit resulting in this independent auditor's report is Mohammad Javaid Qasim.



NASIR JAVAID MAQSOOD IMRAN
Chartered Accountants

Dated: 01 SEP 2022
Karachi

UDIN: AR202210270WjoMOM3Ub

BAWANY SECURITIES (PRIVATE) LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2022

	Note	Rupees 2022	Rupees 2021
ASSETS			
NON-CURRENT ASSETS			
Property & equipment	4	10,201,190	11,212,511
Intangible assets	5	3,409,774	3,478,248
Long term advances & deposits	6	4,150,000	4,150,000
		17,760,963	18,840,759
CURRENT ASSETS			
Trade receivables	7	17,044,976	12,807,148
Receivables against margin financing	8	6,324,041	13,027,556
Advances, deposits, pre-payments & other receivables	9	13,365,283	26,279,812
Short term investment	10	66,814,523	161,077,182
Cash & bank balance	11	4,824,047	4,726,713
		108,372,870	217,918,410
TOTAL ASSETS		126,133,833	236,759,170
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized Capital			
10,000,000 (2021: 10,000,000) ordinary shares of Rs. 10/- each		100,000,000	100,000,000
Issued, subscribed and paid-up capital	12	96,150,000	96,150,000
Reserves		4,644,875	102,196,749
		100,794,875	198,346,749
LIABILITIES			
CURRENT LIABILITIES			
Trade payables		1,022,824	4,069,556
Short term running finance	13	-	2,150,597
Accrued expenses & other liabilities	14	24,316,135	30,515,547
Taxation - net		-	1,676,721
		25,338,958	38,412,420
CONTINGENCIES AND COMMITMENTS	15	-	-
TOTAL EQUITY AND LIABILITIES		126,133,833	236,759,169

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director

BAWANY SECURITIES (PRIVATE) LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED JUNE 30, 2022

	Note	Rupees 2022	Rupees 2021
REVENUE			
Operating revenue	16	17,622,263	50,171,054
Capital (loss) / gain on sale of securities		(58,380,661)	77,799,213
Unrealised loss on remeasurement of investment at fair value - through profit or loss		(36,273,442)	(6,193,043)
		(77,031,839)	121,777,224
Administrative expenses	17	(23,194,762)	(32,079,943)
Finance cost	18	(974,418)	(439,879)
		(24,169,180)	(32,519,823)
Operating (loss) / profit		<u>(101,201,019)</u>	<u>89,257,401</u>
Other income	19	4,637,264	3,683,765
(Loss) / profit before taxation		<u>(96,563,755)</u>	<u>92,941,166</u>
Taxation	20	(988,119)	(6,435,785)
(Loss) / profit after taxation		<u>(97,551,874)</u>	<u>86,505,381</u>
(Loss) / earnings per share - basic and diluted	21	<u>(10.15)</u>	<u>9.00</u>

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director

BAWANY SECURITIES (PRIVATE) LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2022

Note	Rupees 2022	Rupees 2021
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(Loss) / profit after taxation	(97,551,874)	86,505,381
<u>Other comprehensive income</u>		
Unrealised loss on remeasurement of investment - At fair value - through other comprehensive income	-	-
Total comprehensive (loss) / income for the year	(97,551,874)	86,505,381

The annexed notes from 1 to 32 form an integral part of these financial statements.



Chief Executive



Director

BAWANY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2022

Note	Rupees 2022	Rupees 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	(96,563,755)	92,941,166
Add / (less) : Items not involved in movement of fund:		
Depreciation	1,654,821	1,741,874
Amortization of software	68,474	97,821
Capital (gain) / loss on sale of securities	58,380,661	(77,799,213)
Loss / (gain) on remeasurement of investments	36,273,442	6,193,043
Finance cost	974,418	439,879
	<u>97,351,817</u>	<u>(69,326,596)</u>
Cash generated from / (used in) operating activities before working capital changes	788,062	23,614,570
Net change in working capital	(a) 7,898,582	(2,343,931)
Finance costs paid	(974,418)	(439,879)
Taxes paid	(988,119)	(653,525)
Net cash generated from operating activities	6,724,106	20,177,234
CASH FLOWS FROM INVESTING ACTIVITIES		
Long term advances & deposits	-	-
Acquisition of property and equipment	(643,500)	(7,336,000)
Capitalization of intangibles	-	(232,896)
Investment in listed securities	(3,832,675)	(32,380,727)
Net cash used in investing activities	(4,476,175)	(39,949,623)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	20,000,000
Long term loan received	-	-
Net cash generated from investing activities	-	20,000,000
Net (decrease) / increase in cash and cash equivalents	2,247,931	227,611
Cash and cash equivalent at beginning of the year	2,576,116	2,348,505
Cash and cash equivalent at end of the year	23 4,824,047	2,576,116
(a) Statement of change in working capital		
(Increase) / decrease in current assets		
Trade receivables	(4,237,828)	14,442,077
Receivables against margin financing	6,703,515	1,440,074
Advances, deposits, pre-payments & other receivables	14,679,040	(4,298,994)
	<u>17,144,726</u>	<u>11,583,157</u>
Increase / (decrease) in current liabilities		
Trade payables	(3,046,732)	2,775,656
Accrued expenses & other liabilities	(6,199,412)	(16,702,746)
	<u>(9,246,144)</u>	<u>(13,927,090)</u>
Net change in working capital	7,898,582	(2,343,931)

The annexed notes from 1 to 32 form an integral part of these financial statements.

Chief Executive



Director



BAWANY SECURITIES (PRIVATE) LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2022

	<i>Reserves</i>				<i>Total</i>
	Issued, subscribed & paid up capital	Unappropriated profit	Unrealised gain on remeasurement of investment at fair value-through other comprehensive income	Sub Total	
	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	<i>Rupees</i>	
Balance as at June 30, 2020	76,150,000	15,691,368	-	15,691,368	91,841,368
Issuance of share capital	20,000,000		-	-	20,000,000
Profit for the year	-	86,505,381	(26,307)	86,479,074	86,479,074
Balance as at June 30, 2021	96,150,000	102,196,749	(26,307)	102,170,442	198,320,442
Profit for the year	-	(97,551,874)	-	(97,551,874)	(97,551,874)
Balance as at June 30, 2022	96,150,000	4,644,875	(26,307)	4,618,568	100,768,568

The annexed notes from 1 to 32 form an integral part of these financial statements.


Chief Executive


Director