GROWTH SECURITIES (PRIVATE) LIMITED
Unaudited Financial Statement
For the Ist Quarter ended September 30, 2019

GROWTH SECURITIES (PVT) LTD.

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Trading Right Entitlement Certificate Holder of Pakistan Stock Exchange Limited
(Formerly: Karachi Stock Exchange Limited)

DIRECTORS REPORT TO THE SHAREHOLDERS
FOR THE 1st QUARTER ENDED SEPTEMBER 30, 2019

Your Directors are pleased to place before you 1st Quarterly Report along with the un-audited accounts of the company for the 1st quarter ended September 30, 2019. The working results of the company for the said financial year are given as under:

Total Income	Rs.	16,828,882
Operating expenses	Rs.	(11,646,562)
Profit before taxation	Rs.	5,182,320
Taxation	Rs.	(680,000)
Profit after taxation	Rs.	**4,502,320**

On behalf of the board
For: Growth Securities (Pvt.) Ltd.

Muhammad Shahid
Chief Executive Officer

Zeeshan
Director

Karachi
October 07, 2019

GROWTH SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT September 30, 2019

		2020
EQUITY AND LIABILITIES	Note	Rupees
SHARE CAPITAL AND RESERVE		
Authorized Share Capital		
10,000,000 Ordinary shares of Rs. 10/- each		100,000,000
Issued, Subscribed and Paid up Share Capital		
10,000,000 (2016: 10,000,000) Ordinary shares of Rs. 10/- each	3	100,000,000
Subordinated Loan		115,400,000
Unappropriated profit		196,425,937
		411,825,937
Capital reserves		-
		411,825,937
Non - Current Liabilities		
Current Liabilities		
Creditors, accrued and other liabilities	4	96,139,868
Bank overdraft	12.1	659,623
Short Term Loan		86,000,000
		594,625,429
ASSETS		
Non - Current Assets		
Property, plant and equipment		9,479,900
Intangible	5	2,500,000
Investment	6	17,543,973
Long term deposits	7	1,575,000
Long Term Investment PIBs		
Current Assets		
Trade debts	8	74,194,940
Advances, deposits, prepayments and other receivables	9	274,984,034
Loans and advances	10	912,500
Investment	11	206,148,429
Cash and bank balances	12	7,286,652
		594,625,429

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

Chief Exective Officer

Director

GROWTH SECURITIES (PRIVATE) LIMITED
PROFIT AND LOSS ACCOUNT
AS AT September 30, 2019

	Note	2020 Rupees
Commission income		997,630
Operating expenses	13	(11,642,787)
Operating (loss)		**(10,645,157)**
Financial and other charges	14	(3,775)
Other income	15	15,831,252
Profit before taxation		**5,182,321**
Taxation		
- Current		(680,000)
- Prior		-
		(680,000)
Profit for the year		4,502,321
Earnings per share	16	0.45

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

Chief Executive Officer

Director

1. NATURE OF BUSINESS AND OPERATIONS

1.1 The Company was incorporated in Pakistan on February 24, 2005 as a Private Company limited by shares under the Companies Ordinance, 1984. The registered office of the Company is situated at Room No. 52 to 53, 2nd Floor, Stock Exchange Building, Stock Exchange Road, Karachi. The principal activities of the company is to carry on the business of stock brokerage, underwriting and investment etc.

1.2 The financial statements are presented in Pak Rupees which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Accounting Convention

These financial statements have been prepared under the historical cost convention.

The preparation of these financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgement in the process of applying the Company's accounting policies. The estimates / judgements and associated assumptions used in the preparation are based on historical experience and other factors, including expectation of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates / judgements / assumptions will, by definition, seldom equal the related actual results. The estimates / judgements and associated assumptions are reviewed on an ongoing basis. Revision to the accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of the Company Ordinance, 1984. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) as are notified under the provisions of the Company Ordinance, 1984. Wherever the requirements of the Company Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Company Ordinance, 1984 or the requirements of the said directives are followed.

2.3 Taxation

Current
Provision for current taxation is based on taxable income at the current rates of taxation after taking into account tax credits and tax rebates available, if any, in accordance with the provisions of the Income Tax Ordinance, 2001.

2.4 Trade and other debts

Trade and other debts are carried at original invoice amount. Debts considered irrecoverable are written off and provision is made against those considered doubtful of recovery.

2.5 Trade and Other Payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

2.6 Provisions

Provisions are recognised in the balance sheet when the company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

2.7 Cash and Cash Equivalents

Cash and cash equivalents comprises cash in hand and bank deposits. Cash and cash equivalents are carried in the balance sheet at cost.

2.8 Revenue Recognition

Sales and purchases of securities are recognised on the date of contract. Capital gain or loss on sale of marketable securities is taken to income in the period in which it arises.

Brokerage and other income is accounted as and when due.

2.9 Investments

Investment at fair value through profit or loss
Investments classified as investments at fair value through profit or loss are initially measured at cost being fair value of consideration given. At subsequent dates these investments are measured at fair value with any resulting gains or losses recognised directly in the profit and loss account. The fair value of such investment is determined on the basis of prevailing market prices.

Available for sale
Investments intended to be held for an indefinite period of time, which may be sold in response to need for liquidity, or changes to interest rates or equity prices are classified as available-for-sale.

2.10 Financial Instruments

All the financial assets and liabilities are recognised at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognised at the time when the company loses control of the contractual rights that comprise the financial assets. All financial liabilities are derecognised at the time when they are extinguished that is, when the obligation specified in the contract is discharged, cancelled or expires. Any gain or loss on derecognition of the financial assets and financial liabilities is taken to profit and loss account currently.

3 SHARE CAPITAL

Authorized Share Capital

Number of Shares		2020
2020		Rupees
10,000,000	Ordinary shares of Rs 10/- each	100,000,000

Issued, Subscribed and Paid-up Share Capital

3.1 Pattern of shareholding

Name of Shareholders	Percentage	Number of Shares
Muhammad Shahid	51.00%	5,100,000
Muhammad Iqbal	48.99%	4,899,500
Zeeshan	0.01%	500
	100%	10,000,000

4. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	76,058,915
Accrued expenses and other payables	270,120
[illegible]	84,576,000
[illegible]	[illegible]
Dividend Payable	[illegible]
Other Liabilities:	
[illegible]	
[illegible]	124,665
[illegible]	10,271,222
	96,235,868

5. INTANGIBLE	Note	2020 Rupees
Trading rights entitlement certificate	5	2,500,000
		2,500,000

5 Pakistan Stock Exchange Limited vide their letter dated 18 August 2017 has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for minimum capital purpose amounting to Rs. 2.5 million.

6. INVESTMENT	Note	2020 Rupees
Investment in shares of Pakistan Stock Exchange Limited	6.1	17,545,373
		17,545,373

6.1 Pursuant to the promulgation of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012 (the Act) the ownership in a stock exchange has been segregated from the right to trade on the Exchange. Accordingly, the Company has received equity shares of KSE and a Trading Right Entitlement (TREC) in lieu of its membership card of KSE. The Company's entitlement in respect of KSE's shares was determined on the basis of valuation of assets and liabilities of KSE as approved by SECP and the Company has been allotted [illegible] shares of the face value of Rs. 10/- each, out of which [illegible] shares are kept in the blocked account and the divestment of the same will be made in accordance with the requirements of the Act within two years from the date of Demutualization.

In the absence of an active market of the shares of KSE and TREC, the Company has taken the cost of the shares and TREC at Rs. [illegible] million and Rs. 15 million respectively, which is the value approved by the Board of Directors of KSE and endorsed by the SECP. Consequently the Company has recorded surplus of Rs. [illegible] million on conversion of membership card of KSE in shares and TREC in the equity.

In the current period, the Securities and Exchange Commission of Pakistan accorded its approval to Pakistan Stock Exchange Limited for issuing letter of acceptance to a Chinese Consortium for the strategic sale of 40% of shares against a consideration of [illegible] at offer price of Rs. 28 per share.

PSX vide their letter dated 22 December 2016 informed the company that 40% shares (out of 60% of total shares held in blocked account) of PSX, which were held in blocked account in terms of Stock Exchanges (Corporatisation, Demutualization and Integration) Act 2012 have been sold to Chinese consortium by the Divestment Committee at an offer price of Rs. 28 per share. Formal signing ceremony was held on 20 January 2017 to mark the signing of the Share Purchase Agreement between the Chinese Consortium and the divestment committee of PSX.

As per the above mentioned letter, 10% of the consideration amount will be retained for a period of one year to settle any outstanding liabilities of PSX and as such the portion of sale after deduction, if any, will be remitted to the designated bank account maintained by the Company after the expiry of the specified time period.

On March 2017, PSX informed the brokerage house that 90% of sale proceeds of 40% PSX shares has been disbursed into the designated bank account of the shareholders and the remaining 10% of the amount is held for a period of one year to settle any outstanding liabilities of PSX which will be released after the specified time.

		Note	2020 Rupees
7.	LONG TERM DEPOSITS		
	[illegible] deposit		100,000
	NCCPL deposit		1,200,000
	PSX deposit		200,000
	Deposit [illegible]		75,000
			1,575,000
8.	TRADE DEBTS		
	Debts [illegible] unsecured - considered good		79,354,342
			79,354,340
9.	ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES		
	Advance tax		
	Deposit [illegible] against exposure		144,753,234
	Prepaid [illegible]		20,000,000
	[illegible] deposit [illegible]	9.1	
	Other Receivable		
	[illegible] receivable		9,155
	Receivable from [illegible]		
	Advance against [illegible] building		51,033,615
			214,854,234
10.	LOANS AND ADVANCES		
	Staff loan		912,500
			912,500
11.	INVESTMENT - Fair value through profit and loss		
	Investment in [illegible]		197,242,150
	Investment in Margin [illegible]		8,007,133
	[illegible]		899,140
			206,148,423
12.	CASH AND BANK BALANCES		
	Cash in hand		
	Cash at banks:		
	- Current accounts		
	- Saving accounts		
			1,288,852
12.1	This include Rs [illegible] kept in [illegible] bank accounts maintained on behalf of clients		
12.2	Bank Overdraft		699,523

13. OPERATING EXPENSES

	Note	2016 Rupees
Salaries, wages and benefits		4,908,000
Repair and maintenance		56,865
Travelling and conveyance		4,964,329
Utility charges		403,506
Communication		144,654
Printing and stationery		48,305
Professional and Legal fee		27,500
Computer and software expenses		450,341
Miscellaneous expenses		605,771
KASB / CDC / NCCPL Charges		4,805
		11,642,787

14 FINANCIAL AND OTHER CHARGES

Bank charges	
Mark-up on bank overdraft	3,775
	3,775

15 OTHER INCOME

Dividend gain on investment in shares	34,193,???
Unrealized (loss) / gain on revaluation of investment	(11,896,259)
Interest on bank deposits	467,403
Sale of funds	
Gain on future exposure	1,203,130
CVT	1,440,200
Premium on MF	[illegible]
	25,831,752

16 EARNINGS PER SHARE

Profit after taxation	4,502,321
Number of ordinary shares	10,000,000
Earnings per share	0.45

17 CASH AND CASH EQUIVALENT

Cash and bank balances	7,2??,???
Bank overdraft	([illegible])
	6,627,???

18 PLEDGE SECURITIES

	No of Shares	Value
Pledged to NCCPL on behalf of brokerage house		
Pledged to NCCPL on behalf of Clients/Directors	150000	1,128,500
Pledged to Bank on behalf of Directors		-
		1,128,500

21 LONG TERM LOAN FROM DIRECTORS

Muhammad Shahid	41,500,000
Zeeshan	10,700,000
	52,200,000

The above loan taken unsecure and interest free loan.

Chief Officer

Director