GROWTH SECURITIES (PRIVATE) LIMITED

Unaudited Financial Statement

For the Ist Quarter ended September 30, 2020

GROWTH SECURITIES (PVT) LTD.
Room # 81, 82 & 83, Second Floor, Pakistan Stock Exchange Building, I.I. Chundrigar Road, Karachi-74000.
Ph: (+92-21) 32463001-04 http://www.growthsecurities.com.pk
E-mail: info@growthsecurities.com.pk, growthsecurities102@gmail.com
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, 2020

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, 2020. The working results of the company for the said financial year are given as under:

Total Income	Rs. 103,726,259
Operating expenses	Rs. (11,236,695)
Profit before taxation	Rs. 92,489,564
Taxation	Rs. (811,091)
Profit after taxation	Rs. **91,678,473**

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

Muhammad Shahid
Chief Executive Officer

Zeeshan
Director

Karachi
October 02, 2020

CamScanner

GROWTH SECURITIES (PRIVATE) LIMITED
BALANCE SHEET
AS AT September 30, 2020

	Note	2021 Rupees
EQUITY AND LIABILITIES		
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		92,800,000
Unappropriated profit		379,303,915
		572,103,915
Capital reserves		-
		572,103,915
Non - Current Liabilities		
		-
Current Liabilities		
Creditors, accrued and other liabilities	4	69,220,274
Bank overdraft	12.1	-
Shaort Term Loan		127,500,000
		768,824,189
ASSETS		
Non - Current Assets		
Property, plant and equipment		28,657,056
Intangible	5	2,500,000
Investment	6	42,543,973
Long term deposits	7	1,575,000
Long Term Investment PIBs		-
Current Assets		
Trade debts	8	130,321,678
Advances, deposits, prepayments and other receivables	9	181,437,649
Loans and advances	10	2,004,090
Investment	11	362,714,885
Cash and bank balances	12	17,069,858
		768,824,189

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, 2020

	Note	2021 Rupees
Commission income		6,836,226
Operating expenses	13	(10,620,041)
Operating (loss)		**(3,783,815)**
Financial and other charges	14	(616,654)
Other income	15	96,890,033
Profit before taxation		**92,489,564**
Taxation		
- Current		(811,091)
- Prior		-
		(811,091)
Profit for the year		**91,678,473**
Earnings per share	16	9.17

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. 82 to 83, 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 Rupee, 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 management to exercise its judgement in the process of applying the company's accounting policies. The estimates / judgments and associated assumptions used in the preparation are based on historical experience and other factors, including expectations 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 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 (IFRS) 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 shall prevail.

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 balances 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 recognized 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 accrued as and when due.

2.9 Investments

Investment at fair value through profit or loss
Investment 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 investment are measured at fair value with any resulting gains or losses recognized 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 recognized at the time when the company becomes a party to the contractual provisions of the instruments. All the financial assets are derecognized at the time when the company loses control of the contractual right that comprise the financial assets. All financial liabilities are derecognized 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 derecognizing of the financial assets and financial liabilities is taken to profit and loss account, currently.

3. SHARE CAPITAL

		2021
		Rupees

Authorized Share Capital

Number of Shares		
10-Jul-05		
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 Shares holders	Percentage	Number of Shares
- Muhamamd Shahid	51.00%	5,100,000
- Muhamamd Iqbal	48.99%	4,899,500
Zeeshan	0.01%	500
	100%	10,000,000

4. CREDITORS, ACCRUED AND OTHER LIABILITIES

Creditors	9,839,741
Accrued expenses and others payable	5,772,322
Clinet Future profit	30,769,040
Dividend Payable	-
Other Liabilities:	
CGT	2,328,351
- Sindh sales tax and withholding tax	283,923
Tax provision	20,226,897
	69,220,274

5. INTANGIBLE

	Note	2021 Rupees
Trading rights entitlement certificates	5	2,500,000
		2,500,000

5 Pakistan Stock Exchange Limited vide their letter dated 08 August 2017 has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs. 2.5 million.

6. INVESTMENT

	Note	2021 Rupees
Investment in Share of Pakistan Stock Exchange Limited	6.1	17,543,973
		25,000,000
		42,543,973

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 (TRECs) in lieu of it membership card of KSE. The Company's entitlement in respect of KSE's shares is determined on the basis of valuation of assets and liabilities of KSE as approved by SECP and the Company has been allotted 4,007,383 shares of the face value of Rs. 10/- each, out of which 2,404,430 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. 40.073 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. 24.07 million on conversion of membership card of KSE to 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 $85.6 million at offer price of Rs. 28 per share.

PSX vide their letter dated 29 December 2016 informed the Company that 40% shares (out of 60% of total shareholding in PSX), which were in held blocked form in terms of Stock Exchanges (Corporatization, 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 accounts 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	2021 Rupees
7.	**LONG TERM DEPOSITS**			
	CDC deposit			100,000
	NCCPL deposit			1,200,000
	PSX deposit			200,000
	Deposit PSO Card			75,000
				1,575,000
8.	**TRADE DEBTS**			
	Debtors Unsecured - considered good			130,321,678
				130,321,678
9.	**ADVANCES, DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES**			
	Advance tax			97,661,549
	Deposit into NCCPL against exposure			21,000,000
	Prepaid Insurance		6.1	
	PSX deposit BMC maintenance			-
	Other Receivable			
	Dividend receivable			55,887
	Receivable from PSX/NCCPL			62,720,213
	Advance against Book Building			-
				181,437,649
10.	**LOANS AND ADVANCES**			
	Staff loan			1,347,000
				657,090
				2,004,090
11.	**INVESTMENT - fair value through profit and loss**			
	Investment in listed securities			336,817,591
	Investment in Marging Financing			24,998,148
	PIB			899,146
				362,714,885
12.	**CASH AND BANK BALANCES**			
	Cash in hand			
	Cash at banks:			
	- Current accounts			
	- Saving accounts			
				17,069,858

12.1 This include Rs. 16,322,167/- kept in designated bank accounts maintained on behalf of clients

12.2 **Bank Overdraft**

13. OPERATING EXPENSES

	Note	2021 Rupees
Salaries, wages and benefits		8,354,650
Repair and maintenance		90,975
Travelling and conveyance		109,979
Utility charges		492,622
Entertainment		304,846
Printing and stationery		49,660
Professional and Legal Fee		50,025
Computer and software expenses		628,322
Miscellaneous expenses		498,299
LAGA, CDC, NCCPL Charges		40,663
		10,620,041

14. FINANCIAL AND OTHER CHARGES

Bank charges	7,186
Mark-up on bank overdraft	609,468
	616,654

15. OTHER INCOME

Realized gain on investment in shares	66,678,245
Unrealized (loss) / gain on revaluation of investment	28,519,354
Interest on bank deposits	216,794
Gain of funds	31,551
Gain on future exposure	177,709
Premium on MF	1,266,380
	96,890,033

16. EARNINGS PER SHARE

Profit after taxation	91,678,473
Number of ordinary shares	10,000,000
Earnings per share	9.17

17. CASH AND CASH EQUIVILENT

Cash and bank balances	17,069,858
Bank overdraft	-
	17,069,858

18. PLEDGE SECURITIES

	No.of Shahres	Value
Pledged to NCCPL on behalf of brokerage house		
Pledged to NCCPL on behalf of Clients/Directors	191000	1,123,800
Pledged to Bank on behalf of Directors		-
	-	1,123,800

20. LONG TERM LOAN FROM DIRECOTRS

Muhammad Shahid	46,400,000
Zeeshan	46,400,000
	92,800,000

The above loan taken unsecure and interest free loan.

[signature] ... ‹eutive Officer

[signature] Directo