



**DAWOOD EQUITIES LIMITED**

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**2021**



**DAWOOD EQUITIES LIMITED**

<b>Contents</b>	<b>Page</b>
■ Corporate Objective	
○ Our Vision.....	2
○ Our Mission.....	2
■ Company information.....	3
■ Notice of 16th Annual General Meeting (AGM).....	4
■ Review Report By The Chairman.....	8
■ Directors' Report.....	10
■ ڈائریکٹرز کی رپورٹ .....	15
■ Pattern of Share Holding.....	20
■ Financial Highlights.....	22
■ Statement of Compliance With the Code Of Corporate Governance.....	23
■ Auditors' Report.....	25
■ Review Report To The Member On Statement Of Compliance With Best Practice Of Code Of Corporate Governance.....	29
■ Financial Statements	
○ Statement of Financial Position.....	31
○ Statement of Profit & Loss Account .....	32
○ Statement of Comprehensive Income .....	33
○ Statement of Cash Flow.....	34
○ Statement of Changes in Equity.....	35
○ Notes to the Financial Statement.....	36
■ Proxy Form .....	69



DAWOOD EQUITIES LIMITED

## **CORPORATE OBJECTIVE**

### **Our Vision**

Our vision is to be leader of “Brokerage industry” in Pakistan with a passion to endeavor maximum business opportunities. We strive to deliver results and perform to the highest standards

### **Our Mission**

Our mission is to become a competitive, dynamic and growing brokerage house that provides competitive services, identifies investment opportunities and develops research based data and information.



**DAWOOD EQUITIES LIMITED**

**Company Information**

<b>Board of Directors</b>	Mr. Junaid Dada (Chairman) Abdul Aziz Habib (Chief Executive) Mr. Khalid Yousuf (Non executive Director) Mr. Asim Iftekhhar Yakoob (Independent Director) Ms. Sobia Saif (Independent Director) Syed Muhammad Abbas ( (Non executive Director) Mr. Saifullah
<b>Chief Financial officer &amp; Company Secretary</b>	Mr. Salman Yaqoob
<b>Audit Committee</b>	Mr. Asim Iftekhhar Yakoob- Chairman Mr. Khalid Yousuf Ms. Sobia Saif
<b>HR &amp; R Committee</b>	Mr. Asim Iftekhhar Yakoob- Chairman Syed Muhammad Abbas Abdul Aziz Habib
<b>External Auditor</b>	Reanda Haroon Zakaria & Company Chartered Accountants
<b>Internal Auditor</b>	Sajid & Co. Chartered Accountants
<b>Legal Advisor</b>	Rauf & Ghaffar Law Associates
<b>Bankers</b>	Bank Al Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited United Bank Limited Albaraka Bank (Pakistan) Limited MCB Bank Limited The Bank of Khyber
<b>Website</b>	<a href="http://www.dawoodequities.com">www.dawoodequities.com</a>
<b>Registered Head Office</b>	17th Floor - Saima Trade Towers A, I.I. Chindrigar Road, Karachi. Phone No. 021-32271881-1883 Fax No. 021-32275086
<b>Registered Branch Office</b>	Room 409-410, 4th Floor, New Stock Exchange Building, Stock Exchange Road, Karachi. Phone No. 021-32418874, 32460744 Fax No. 021-32418873  Office no 07, Mezzanine Floor, Auto Bhan Tower Auto, Auto Bhan Road, Latifabad No. 3, Hyderabad. Tel: +92-22-3411027  Office address # Commercial Shop no :2, Plot no: C-10, Bantavanagar, Liguatabad, Karachi. Contact no: 021-34920630.
<b>Share Registrar</b>	F.D Registrar Services (Pvt) Ltd 1705 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Phone No. 021-35478192-93, 32271905 Fax. 021-32621233



**DAWOOD EQUITIES LIMITED**

## **NOTICE OF 16<sup>th</sup> ANNUAL GENERAL MEETING**

Notice is hereby given that 16<sup>TH</sup> Annual General Meeting of Dawood Equities Limited will be held at 1700-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi on October 25, 2021 at 8:45 am to transact the following business:

### **Ordinary Business**

1. To confirm the minutes of 15<sup>TH</sup> Annual General Meeting held on October 23, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with Directors' and Auditors' Reports there on.
3. To approve and declare the bonus on the ordinary shares of the company. It has been recommended by the Board of Directors to issue Bonus Shares in the proportion of 10 shares for every 100 shares held i.e. 10%. These Bonus Shares shall rank paripassu with the existing shares of the company.
4. Haroon Zakaria & Company, Chartered Accountants, have completed their assignment and retired. Based on the recommendation of the Audit Committee; the Board further recommends the appointment of Yousuf Adil & Company, Chartered Accountants as Dawood Equities Limited auditors for the financial year ending on June 30, 2022.
5. To elect seven directors, as fixed by the Board of directors in accordance with the provision of Section 159 of the Companies Act 2017, for a term of 3 (Three) years commencing from the date of holding AGM i.e. October 25, 2021. The names of retiring directors of the company, also eligible to offer themselves for re-election are as follows:
  - 1) Abdul Aziz Habib
  - 2) Junaid Dada
  - 3) Asim Iftekhara Yaqoob
  - 4) Sobia Saif
  - 5) Muhammad Abbas Rizvi
  - 6) Muhammad Khalid
  - 7) Saifullah
6. To transact any other Business with the permission of the Chair.

Statement under Section 166(3) of the Companies Act 2017 is annexed to the notice being sent to the members.

**By Order of the Board**

Date: October 04, 2021  
**Karachi**

**Salman Yaqoob**  
CFO & Company Secretary

Notes:

## **1. Book Closure Notice**

The Share Transfer Books of DEL will be closed from October 11, 2021 to October 25, 2021 (both days inclusive). Transfers received at our registrar office F.D.Registrar Services (SMC-Pvt) Ltd situated at office # 1705, 17th Floor, Saima Trade Tower, I.I.Chundrigar Road, Karachi at the close of business on October 15, 2021 will be treated in time for the purpose of above entitlement to the transferees.

## **2. Appointment of Proxy and Participation in the AGM**

- a) A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on apoll.
- b) The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notariially certified copy of the power or authority, mustbe deposited at the Registered Office of the Company situated 1700-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi, at least 48 hours before the time of themeeting.
- c) Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the ProxyForm.
- d) Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending themeeting.

## **3. Submission of Copies of ValidCNICs**

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

## **4. Changes in MembersAddresses**

Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

## **5. For Election ofDirectors**

Any person who seeks to contest the election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the above said meeting his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act, 2017 togetherwith:

- I. Consent to act as director under Section 167(1) of the Act on a duly filled and signed FORM-28.
- II. Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2017 andother relevant laws and regulations.
- III. Declaration of independence in terms of Section 166(2) of the Companies Act, 2017 as required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (applicable only for person filing consent to act as independent director of theCompany).
- IV. A detailed profile along with office address for placement on the Company's website.



**DAWOOD EQUITIES LIMITED**

Detail of other directorship and offices held. Copy of valid CNIC (in case of Pakistan national) / Passport (in case of foreign national), and NTN&Folio No. CDC Investors Account No. CDC Sub Account No (applicable for person filing consent for the first time).

**6. E-Dividend**

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar, at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

**7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001**

Pursuant to the Finance Act, 2021, effective July 01, 2021, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON- FILER of income tax return is prescribed as 30% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status Latest by October 10, 2021.

Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on `Filer/Non-Filer` status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar by the close of business (5:00 p.m.) on October 15, 2021 otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 25, 2021.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence as the case may be latest by October 15, 2021.

For any query/problem/information, the investors may contact the company at [info@dawoodequities.com](mailto:info@dawoodequities.com) and / or the Share Registrar at [fdregistrar@yahoo.com](mailto:fdregistrar@yahoo.com).

**8. Unclaimed Dividend/Shares**

Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares, if any. In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.



**DAWOOD EQUITIES LIMITED**

**9. Ballot/E-Voting**

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in them annex and subject to conditions contained in aforesaid regulations.

**10. Video-link Facility**

If the members holding ten percent of the total paid up capital or such other percentage of the paid up capital as may be specified by the Commission, are resident in any other city the company shall provide the facility of video-link to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

**11. Availability of Financial Statements and Reports on the Website:**

The Annual Report of the Company for the year ended June 30, 2021 has been placed on the Company's website at the given link: <http://www.dawoodequities.com/financials.php>

**12. Electronic Transmission of Financial Statements and Notice of Meeting**

Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2021 or onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.

**STATEMENT UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017**

This statement set out justification required concerning Agenda Item No. 5 (Election of Directors) to be transacted at the 16th Annual General Meeting.

**AGENDA ITEM NO.5 ELECTION OF DIRECTORS**

In terms of Section 153(1) of the Companies Act, 2017, the directors, through resolution by circulation dated September 15, 2021, have fixed the number of elected directors at Seven (7) to be elected at the Annual General Meeting ("AGM") for a period of three years.

Independent directors, required on the Board in terms of Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017, shall be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Articles of Association of the Company.

As regards the justification for choosing independent directors in terms of Section 166(3) of the Act, the candidates for independent director should be eligible for election as director of the listed company and meet the criteria of independence laid down under section 166(2) of the Companies Act, 2017.





**DAWOOD EQUITIES LIMITED**

## **REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES:**

The Board of Directors ("the Board") of Dawood Equities LTD ("DEL") has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the repealed Companies Act 2017 and the Code of Corporate Governance ("the Code") contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed. The Board during the year ended 30 June 2021 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner.

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company.
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently.
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically.
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program (DTP), remaining director will complete his DTP program during FY22.
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained.
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and has developed significant policies for smooth functioning.
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval.
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities.
- The Board has prepared and approved the director's report and has ensured that the directors report is published with the quarterly and annual financial statement of the Company and the content of the director's report are in accordance with the requirement of applicable laws and regulation.



**DAWOOD EQUITIES LIMITED**

- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit.
- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings. and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.
- The board continues to explore opportunities to deploy innovative technologies into the financial markets. Emerging Fintechs will allow us to reduce the cost/income ratios of our products and services - particularly in retail markets. Mirroring the innovation seen around the world. Pakistan can provide greater accessibility for retail investors - while the self-serve nature of these journeys provides attractive unit economics for the product and service providers.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process, key business drivers and performing milestones, the global economic environment and competitive context in which the Company operates. The risk faced by the Company's business, Board dynamics, capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of DEL has played a key role in ensuring that the Company objectives' are not only achieved, but exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

**Junaid Dada**

Chairman

September 24, 2021



**DAWOOD EQUITIES LIMITED**

## **DIRECTORS' REPORT TO THE MEMBERS**

### **Dear Shareholders of Dawood Equities Limited (DEL)**

On the behalf of Board of Directors of Dawood Equities Limited, it gives me immense pleasure to present the Annual Report of the company for the year ended June 30, 2021 together with Audited Financial Statements for the year and the Auditor's Report thereon in accordance with the accounting, regulatory and legal standards and requirements.

### **ECONOMIC & BUSINESS ENVIRONMENT**

Pakistan has seen a strong rebound in FY2021. The National Command Operation Centre's (NCO) efforts in imposing smart lockdowns in major population centers across Pakistan helped stage the recovery as acknowledged by the World Bank. Due to the collective efforts of the government and the State Bank of Pakistan (SBP), the economic recovery has been very robust in FY21 and achieved a GDP growth rate of 3.9%. Factories, especially those related to the textile sector, are running near full capacities and creating employment, businesses are thriving as we adapt to the new normal. A special mention has to go to the ingenuity of the SBP in taking charge of the monetary policy at the right time and restoring confidence among the business community along with the introduction of the Temporary Economic Relief Facility (TERF) which mobilized human and financial capital to push forward expansion plans

Public Sector Development Programme (PSDP) played a pivotal role with a historic 106% utilization level, which is further aided by the introduction of the Pakistan Housing Scheme which will be a tailwind for GDP growth. The introduction of Roshan Digital Accounts (RDA) enabled the Pakistani diaspora to stay connected with the nation and generate FX support. The SBP is playing a central role here in terms of facilitating both the RDA and Housing Scheme initiatives, where the latter is expected to set the foundations for a housing mortgage market that is currently non-existent in Pakistan (0.5% of GDP as compared to ~4% for South Asia).

Pakistan is setting new records in terms of historic high FX reserves (USD 24.4 billion), record remittances (USD 29.4 billion), record exports (USD 25.6 billion), lowest CAD in 10yrs (USD 1.9 billion), record LSMI output growth (+14.6% YoY), record auto loans (PKR 308 billion), record cement sales (57.4 million tons) as well as the highest ever electricity generation (130,223 GWh). This all solidifies a turnaround story of Pakistan and are the underpinnings for the KSE100 to be trading at multi-year highs in terms of performance, average daily traded value, and volumes.

### **STOCK MARKET REVIEW**

Unlike the performance witnessed in FY19 and FY20, the outgoing FY21 has been stellar with gains of +38%. The course of recovery was initially set by entering into an IMF program and a conscious decision by the SBP to slash interest rates. Besides monetary policy easing and declining inflation, stable PKR parity vis-à-vis USD played a crucial role in Pakistan's economic recovery and stock market performance.

KSE100 index added a total of 12,952pts during FY21. Due to improving business conditions, investor confidence was restored which resulted in average traded volumes at the bourse more than doubling from 196 mn shares in FY20 to 528 mn shares in FY21 (2.6x YoY). Similarly, average traded value both in PKR and USD tripled from PKR 10.3 trillion in FY20 to PKR 27.8 trillion in FY21, and USD 65.5 million to USD 173.3 million in FY21.

FY21 was no different, with foreigners net selling USD 387 million worth of equities. The selling was largely observed in E&P (USD 90 million), Banks (USD 114 million), and Other Sectors (USD 135 million). Besides the foreign selling, amongst local investors, Banks, Brokers, and Insurance Companies sold USD 95 million, USD 32 million, and 10 million respectively aggregating a sum of USD 137 million. The selling of USD 524 million was mainly absorbed by Individuals, Corporates, and Other Organizations (particularly government pension funds), who invested USD 332 million, USD 138 million, and USD 45 million respectively, aggregating to USD 515 million. 4QFY21 saw the Insurance Sector as the major seller amongst locals with an outflow of USD 63 million



## DAWOOD EQUITIES LIMITED

aided by foreigners who net sold USD 93 million worth of stocks. The emergence of individuals as the largest net buyers of Pakistan equities reflects the ample domestic liquidity and confidence in Pakistan's turnaround.

In terms of performance, in line with global markets Tech led with gains of +312%, followed by Refinery +214%, Synthetic +163%, Engineering +109%, and Glass & Ceramics +99%. This was markedly different from the top 5 sectors contributing to Index performance in FY20, which were Leather +110%, Textile +79%, Technology +66%, Pharmaceuticals +57%, and Cement +45%. Conventional plays such as E&P (+9%) and Banks (+32%) remained muted in FY21. During FY21, the ascent of 12,952pts in the benchmark Index was largely contributed by 5 sectors. These include Technology (+2489pts), Cement (+2064pts), Banks (+2059pts), Fertilizer (+822pts) and Textile (+745pts).

### ROSHAN DIGITAL ACCOUNT

Roshan Digital Account has proven to be a successful solution for Pakistan's worker remittances. More than just attracting remittances for FX building, this initiative enables Pakistani expatriates to participate in various asset classes. The government has now offered new avenues such as Naya Pakistan Certificate and investment in the stock market besides traditional real estate investment vehicles. So far 182,000 RDAs were set up (till June end) contributed USD 1.6 billion in investment flows to Pakistan. The bulk of RDAs are focused on Naya Pakistan Certificates and 5,249 accounts for equity investments. DEL has set up a dedicated help desk to provide customer support to RDA clients and is increasing its headcount to enhance the RDA clientele.

### HIGH NETWORTH INDIVIDUAL ACCOUNTS

During the year more than 350 clients account were opened with the company contributed the increase in brokerage income of the company. During the year more than 945 clients active in trading as compared to 499 clients in last year. Average daily trading volume in the company exceed 8 million shares during the year as compared to 1.8 million in last year.

### FINANCIAL PERFORMANCE

We are pleased to share with you that the financial performance of the company for FY21 has been phenomenal. Your company has achieved the highest brokerage revenue during the period.

Total revenue of DEL for the FY2020-21 was recorded at Rs.139.33 million versus Rs.39.47 million in the comparative year. DEL recorded a pre-tax profit of Rs.59.32 million for the year ended June 30, 2021 vs. Rs.14.61 million for the year ended June 30, 2020.

Total operating expenses of DEL for the FY2020-21 was recorded at Rs.37.4 million versus Rs.21.8 million in the comparative year. The Management adopted a cost conscious approach by incurring expenses on need only basis which resulted in saving in the business routine expenses. However, the increase in operating expenses is mainly due to increased in regulatory charges due to increased trading activity.

The equity of the Company as at the balance sheet date is PKR 293 million (June 2020: PKR 227.9 million) which translates into book value per share of PKR 11.72 (June 30, 2020: PKR 9.12).

The summary of Financial Results is as follows:

	June 30, 2021 Rupees	June 30, 2020 Rupees
Net Revenue	139,331,028	39,476,122
Profit before tax	59,328,662	14,613,237
Earnings per share basic and diluted	1.66	0.32

### Brokerage Revenue Performance

Broking operations have posted total revenue of Rs. 129.35 million in FY21, which is +370% when compared



## **DAWOOD EQUITIES LIMITED**

with FY20. Healthy growth in our brokerage revenues is not only because of staggering growth in traded volumes but also due to our higher penetration in the growing retail and online market. We have added more traders in our team to service institutional and HNWI clients resulting in increasing our market share and continue to open more branches to achieve our objective of increasing awareness of Pakistan capital market opportunities amongst the masses. The Retail and Online teams have performed exceptionally well in this drive. We will also give credit to our compliance team who are diligently working on KYC/AML of our increasing number of account openings.

### **CREDIT RATING**

The Company has assigned the entity ratings of (A-) for Long Term and (A2) for Short Term basis by The Pakistan Credit Rating Agency Limited ("PACRA"). The outlook on the assigned ratings is 'Stable'. This certification has further underscore the management's vision for continuous growth and is expected to provide further confidence to the company's clientele with regards to the credibility and stability.

### **STATEMENT OF COMPLIANCE**

Your company has implemented provisions of the Code of Corporate Governance, since listing at Pakistan Stock Exchange Limited. The external auditors has reviewed our report on the statement of compliance with the Code of Corporate Governance, there review report is annexed with this report.

### **STATEMENT OF CODE OF CONDUCT**

The Board of Directors of Dawood Equities Limited has adopted the required Statement of Code of Conduct.

### **POST BALANCE SHEET DATE EVENT / DIVIDEND**

The director's recommended 10% bonus issue of shares for the financial year ended June 30, 2021 for the approval of the members at the annual general meeting to be held on October 25, 2021 in the proportion of 10 shares for every 100 shares held. These Bonus Shares shall rank paripassu with the existing shares of the company.

### **TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES**

In order to comply with the requirements of listing regulations, the Company has presented all related party transactions before the Audit Committee and Board for their review and approval. These transactions have been approved by the Audit Committee and Board in their respective meetings. The details of all related party transactions have been provided in note 34 of the audited financial statements. All transactions between your company and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

### **HUMAN RESOURCE & REMUNERATION COMMITTEE**

In compliance with the Code of Corporate Governance the Board of Directors has constituted a Human Resource & Remuneration Committee (HR&R Committee) whose members consist of three Directors appointed by the Board of Directors. The HR& R Committee comprises of three member including Independent Director holds Chairmanship of the committee.

### **AUDIT COMMITTEE**

The Audit Committee was constituted by the Board under the requirement of the Code of Corporate Governance. It comprises three members including one independent director being the chairman of the committee appointed by the Board of Directors.

### **INTERNAL CONTROL AND AUDIT FUNCTION**

The Board is responsible for effective implementation of a sound internal control system including compliance



## **DAWOOD EQUITIES LIMITED**

with control procedures. Audit Committee has outsourced Internal Audit Function, for wider functions and role identified as below:

- Review compliance with responsible for monitoring compliance with Relevant International Accounting Standards, as applicable in Pakistan and compliance of the policies and procedures framed by the Board.
- Review accounting and internal control system
- Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
- Examining financial and operational information.
- Assisting with the identification of significant risks.

Dedicated Internal Audit helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

### **COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:**

The Board and Management of the Company are committed to ensuring that requirements of the Code of Corporate Governance are fully met. The Company has adopted strong Corporate Governance practices with an aim to enhance the accuracy, comprehensiveness and transparency of financial and non-financial information.

The Directors are pleased to report that:

1. The financial statements prepared by the management of the Company present fairly its state of affairs, the results of its operations, cash flows and changes in equity;
2. Proper books of account of the Company have been maintained;
3. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
4. International Financial Reporting Standards, as applicable in Pakistan, have been followed in the preparation of financial statements;
5. The system of internal control is sound in design and has been effectively implemented and monitored;
6. There are no significant doubts upon the Company's ability to continue as a going concern;
7. There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
8. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding liability as at the balance sheet date;
9. There are no transactions entered into by the DEL during the year which are fraudulent, illegal or in violation of any securities market laws;
10. The Company has paid amount of RS. 499,079 in the Provident Fund of the employees of the Company and the Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

### **EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT**

We further draw attention of the users of the financial statements to the note 12.1 of the financial statements relating to deferred tax assets based on business projection for five years devised by the company. The plan involve certain key assumptions underlying the estimation of future taxable profits of the company which would then be utilized to sett-off the deferred tax assets. Deferred tax amounting to Rs. 3.77 million adjusted during the year and now stood at 34.7 million.

### **CORPORATE AND SECRETARIAL COMPLIANCE**

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.



**DAWOOD EQUITIES LIMITED**

**PATTERN OF SHARE HOLDING**

The detailed pattern of shareholding and categories of shareholders of the Company as at June 30, 2021, as required under the listing regulations, has been appended to the Annual Report.

**CHANGES IN THE BOARD / ELECTION OF DIRECTORS**

During the year under review, there was no change in structure of the Board.

**TRADING IN SHARES OF THE COMPANY BY DIRECTORS AND EXECUTIVES**

During the year no trades in the shares of the Company were carried out by the Directors, CEO, CFO & Company Secretary and their spouses and minor children except that the chairman of the company bought 1,800,000 shares of the company which was duly reported in accordance with Pakistan Stock Exchange Regulations.

**BOARD MEETING & AUDIT COMMITTEE MEETING**

During the year under review, four meetings of the Board of Directors and four meetings of the Audit Committee were held. The attendance of the Board and Audit Committee members was as follows:

Name of Directors	Board Meeting	Audit Committee Meeting
Mr. Abdul Aziz Habib	4/4	N/A
Mr. Junaid Zakaria Dada	4/4	N/A
Mr. Asim Iftekhar	4/4	4/4
Mr. Saifullah	4/4	N/A
Mr. Muhammad Abbas	4/4	N/A
Mr. Muhammad Khalid	4/4	4/4
Ms. Sobia Saif	4/4	4/4

**AUDITORS**

Haroon Zakaria & Company, Chartered Accountants, have completed their assignment and retired. Based on the recommendation of the Audit Committee; the Board further recommends the appointment of Yousuf Adil & Company Chartered Accountants as Dawood Equities Limited auditors for the financial year ending on June 30, 2022.

**FUTURE OUTLOOK**

Dawood Equities Limited ("Company") has submitted an application with Securities & Exchange Commission of Pakistan for obtaining license to undertake underwriting business under the Public Offering (Regulated Securities Activities Licensing) Regulation 2017 which substantially increases the revenue of the company in future.

The future prospects of your Company are exceedingly promising on account of the Management's efforts towards increasing the Company's market share and through wider participation in all its business segments. The Company is striving to yield better volumes from its existing clientele as well as prospective foreign and domestic clients, by expanding and growing relationships with them through the Company's premium suite of services. This includes offering novel products and services through augmenting the Company's high quality Research.

**Junaid Dada**  
Chairman

**Abdul Aziz Habib**  
Chief Executive Officer

Karachi: September 24, 2021



DAWOOD EQUITIES LIMITED

## ڈاؤم کیٹرز کی رپورٹ

### داؤم کیٹرز لیمنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ مع عمل کے لئے نظر ثانی شدہ مالیاتی تفصیلات اور ادا کا ڈھنگ، ریگولیشنز اور قانونی معیارات اور ضروریات کے مطابق اپنا پر ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے مجھے انتہائی خوشی ہو رہی ہے۔

داؤم کیٹرز لیمنڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2021 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ مع عمل کے لئے نظر ثانی شدہ مالیاتی تفصیلات اور ادا کا ڈھنگ، ریگولیشنز اور قانونی معیارات اور ضروریات کے مطابق اپنا پر ڈائریکٹرز کی رپورٹ پیش کرتے ہوئے مجھے انتہائی خوشی ہو رہی ہے۔

### اقتصادی اور کاروباری ماحول

پاکستان نے مالی سال 2021 میں مضبوط معاشی بحالی دیکھی ہے۔ نیشنل گمانڈ آپریشن سینٹر (این سی اوسی) کی پاکستان بھر کے بڑے بادی مراکز میں سارٹ الگ ڈاؤن لگانے کی کوششوں نے بحالی کے مرحلے میں مدد کی جس کو ورلڈ بینک نے بھی تسلیم کیا ہے۔ حکومت اور اسٹیٹ بینک آف پاکستان (ایس بی پی) کی اجتماعی کوششوں کی وجہ سے، مالی سال 21 میں معاشی بحالی بہت مضبوط رہی اور پی ڈی پی کی شرح نمو 3.9 فیصد حاصل ہو گئی۔ فیکٹریں، ماس ٹور پر جو کہ کینال سیکٹرز سے وابستہ ہیں، باقی پاپوری صلاحیتوں کے ساتھ کام کر رہے ہیں، کاروبار ترقی کر رہے ہیں اور اپنے آپ کو نئے ماحول کے مطابق ڈھال رہے ہیں۔ مالیاتی پالیسی کا صحیح وقت پر چارج سنبھالنے اور کاروباری برداری کے درمیان اعتدال بحال کرنے کے ساتھ ساتھ ماضی اقتصادی ریلیف سہولت (ای ای آر ایف) متعارف کرانے میں ایک خاص نگرہ اسٹیٹ بینک کی ذہانت کا ہے جس نے توسیع کے منصوبوں کو آگے بڑھانے کے لئے انسانی اور مالی سرائے کو متحرک کیا۔

بینک سیکٹرز ڈیولپمنٹ پروگرام (پی ایس ڈی پی) نے تاریخی 106 فیصد استعمال کی سطح کے ساتھ ایک اہم کردار ادا کیا، جو کہ پاکستان ہاؤسنگ سکیم کے متعارف کرانے سے مزید معاون ہوا ہے جو کہ پی ڈی پی کی نمو کے لیے ٹیل وڈ ہوگی۔ روڈ ڈیولپمنٹ (آر ڈی اے) کے تعارف نے پاکستانی باشندوں کو قوم کے ساتھ جڑ سے رہنے اور ایف۔ ایک سپورٹ پیچھا کرنے کے قابل بنایا۔ اسٹیٹ بینک پاکستان کا آر ڈی اے اور پاپوری سیکٹرز کی ترقی کو سہولت فراہم کرنے کے خواہ سے سرگرمی کر دیا اور کہا ہے، جہاں مالی خرابی کو تو قلع کی جاتی ہے کہ ہاؤسنگ مارکیٹ کی ترقی کو تیز کر دیا جائے جو اس وقت پاکستان میں موجود نہیں ہے (جنوبی ایشیا کے لیے 4% کے مقابلے میں پی ڈی پی 0.5% فیصد)۔

پاکستان تاریخی اعلیٰ FX ذخائر (24.4 بلین امریکی ڈالر)، ریکارڈ تزیلیات زر (29.4 بلین ڈالر)، ریکارڈ برآمدات (25.6 بلین ڈالر)، 10 سالوں میں سب سے کم CAD (1.9 بلین ڈالر)، ریکارڈ LSMI پیداواری نمو (+14.6 فیصد سالانہ)، ریکارڈ آؤٹ پورٹس (308 بلین روپے)، سیمینٹ کی ریکارڈ فروخت (57.4 بلین ٹن) نیز سب سے زیادہ بجلی کی پیداوار (130,223 GWh) کے لحاظ سے نئے ریکارڈ قائم کر رہا ہے۔ سبب پاکستان کی تبدیلی کی کہاں کو مستحکم کرنا ہے اور کے ایس ای 100 کی کارکردگی، اوسط پورٹریڈ ویلیو اور حجم کے لحاظ سے تیس سال کی بلند یوں پر تجارت کرنے بنا ہے۔

### اسٹاک مارکیٹ کا جائزہ

مالی سال 19 اور مالی سال 20 کی کارکردگی کے برعکس، رواں مالی سال 21 کی کارکردگی +38 فیصد کے ساتھ شاندار رہی ہے۔ ابتدائی طور پر آئی ایم اینف پروگرام میں شامل ہو کر اسٹیٹ بینک کی جانب سے شرح سود میں کمی کا شعوری فیصلہ کے بحالی کا طرہ پیکر بننے لگا گیا۔ مالیاتی پالیسی میں آسانی اور افراط زر میں کمی کے علاوہ، امریکی ڈالر کے مقابلے میں مستحکم پاکستانی روپے کی برابری نے پاکستان کی معاشی بحالی اور اسٹاک مارکیٹ کی کارکردگی میں اہم کردار ادا کیا۔

KSE100 انڈیکس نے مالی سال 21 کے دوران مجموعی طور پر 12,952 پوائنٹس کا اضافہ کیا۔ کاروباری حالات میں بہتری کی وجہ سے، سرمایہ کاروں کا اعتماد بحال ہوا جس کے نتیجے میں یوں میں اوسط تجارتی حجم مالی سال 20 میں 196 بلین حصص سے دو گنا بڑھ کر مالی سال 21 میں 528 بلین حصص تک پہنچ گیا (سالانہ 2.6x)۔ اسی طرح، پاکستانی روپیہ اور امریکی ڈالر دونوں میں اوسط تجارتی قیمت مالی سال 20 میں 10.3 ٹریلین پاکستانی روپے سے بڑھ کر FY21 میں 27.8 ٹریلین پاکستانی روپے اور FY21 میں 65.5 ٹریلین امریکی ڈالر سے بڑھ کر 173.3 ٹریلین امریکی ڈالر تک تین گنا ہو گئی۔

مالی سال 21 گزشتہ سے مختلف نہیں تھا، ایک تیز رفتاری کیٹوریٹک فیصلے 387 بلین ڈالر بائٹ کی ایکویٹی کے خالص فروخت کنندہ رہے۔ فروخت زیادہ تری ایجنڈی (90 بلین امریکی ڈالر) بیٹیکو (114 بلین امریکی ڈالر)، اور دیگر شعبوں (135 بلین ڈالر) میں یکجہی گئی۔ غیر ملکی فروخت کے علاوہ، مقامی سرمایہ کاروں، بیٹیکو، بروکرز اور انشورنس کمپنیوں کے درمیان بائرتیز 95 بلین امریکی ڈالر، 32 بلین ڈالر اور 10 بلین ڈالر مجموعی طور پر 137 بلین ڈالر کی فروخت ہوئی ہے۔ 524 بلین امریکی ڈالر کی فروخت بنیادی طور پر افراد، کارپوریشن اور دیگر تنظیموں (خاص طور پر سرمایہ کاری پیش فنڈز) میں جذب ہو گئی، جنہوں نے بائرتیز 332 بلین امریکی ڈالر، 138 بلین ڈالر اور 45 بلین ڈالر مجموعی طور پر 515 بلین ڈالر سرمایہ کاری کی ہے۔ QFY21 4 انشورنس سیکٹرز کو مقامی لوگوں میں ایک اہم فروخت کنندہ کے طور پر دیکھا جس میں غیر ملکیوں کی مدد سے 63 بلین امریکی ڈالر کا اخراج ہوا، جنہوں نے 93 بلین ڈالر بائٹ کے اسٹاک فروخت کیے۔ پاکستان ایکویٹی کے بڑے خالص خریدار کے طور پر افراڈ آگے پاکستان کی تبدیلی کے لیے کافی مالی بیلوڈیٹی اور اعتماد کی عکاسی کرتا ہے۔

کارکردگی کے لحاظ سے، عالمی منڈیوں کے مطابق سب سے زیادہ ٹیک نے +312%، ریفرنسری +214%، سیکھٹیک +163%، ٹیٹیک +109%، اور گلاس اور سیر ایکس +99% منافع حاصل کیا۔ یہ مالی سال 20 میں انڈیکس کی کارکردگی میں حصہ لینے والے ناپے 5 شعبوں سے نمایاں طور پر مختلف تھے، جو کہ لیور +110%، کینال +79%، پینا لوٹی +66%، دو ساری +57% اور سیمینٹ +45% تھے۔ رواں تجارتی کرڈر جیسے E&P (+9%) اور بینک (+32%) مالی سال 21 میں سائن رہے۔ مالی سال 21 کے دوران، بیٹیکو مارک انڈیکس میں 12,952 پوائنٹس کے اضافہ میں بڑے پیمانے پر 5 شعبوں نے حصہ لیا۔ ان میں ٹیٹیکو (+2489pts)، سیمینٹ (+2064pts)، بینک (+2059pts)، کینا، (+822pts) اور ٹیکسٹائل (+745pts) شامل ہیں۔





DAWOOD EQUITIES LIMITED

### روشن ڈیجیٹل اکاؤنٹ

روشن ڈیجیٹل اکاؤنٹ ہیرون ملک پاکستانی کارکنوں کی ترسیلات زر کے لیے ایک کامیاب حل ثابت ہوا ہے۔ ایف ایکس بلڈنگ کے لیے ترسیلات زر کو راغب کرنے سے زیادہ، اس اقدام نے پاکستانی تاجرین کو ملٹی نیشنل کمپنیوں کی مختلف کلاسوں میں حصہ لینے کے قابل بنایا ہے۔ حکومت نے اب نئے مواقع کی پیشکش کی ہے جسے کہہ سکتے ہیں کہ روایتی ریکل اینٹ انویسٹمنٹ ڈیپنڈنٹ علاوہ نیا پاکستان تحریک اور اسٹاک مارکیٹ میں سرمایہ کاری۔ اب تک (جون کے اختتام تک) قائم کیے گئے 182,000 آرڈریز نے پاکستان میں سرمایہ کاری کے بہانے میں 1.6 بلین امریکی ڈالر کا اضافہ کیا۔ آرڈریز کا بڑا حصہ نیا پاکستان سرٹیفکیٹس اور ایکویٹی سرمایہ کاری کے 5249 اکاؤنٹس پر مرکوز ہے۔ DEL نے آرڈریز کے اکاؤنٹس کو کمپیوٹر فراہم کرنے کے لیے ایک سرشار ہیلپ ڈیسک قائم کیا ہے اور آرڈریز کے کلائنٹ کو بڑھانے کے لیے اپنے ہیڈ اکاؤنٹ میں اضافہ کر رہا ہے۔

### ہائی نیٹ ورکھانہ آزادی اکاؤنٹ

سال کے دوران کمپنی کے ہاں 350 سے زائد کلائنٹس اکاؤنٹس کو ملے گئے جس سے کمپنی کی بروکرینج آمدنی میں اضافہ ہوا۔ گذشتہ سال میں 499 کلائنٹس کے مقابلے میں موجودہ سال ایکویٹی اکاؤنٹس 945 سے زائد ہیں۔ گذشتہ سال میں 1.8 ملین روپے کے مقابلے میں موجودہ سال اوسط پویہ تیار دینی حجم 8 ملین روپے سے تجاوز کر گیا۔

### مالیاتی کارکردگی

ہمیں آپ کو بتاتے ہوئے خوشی ہو رہی ہے کہ مالی سال 21 کے لیے کمپنی کی مالی کارکردگی غیر معمولی رہی ہے۔ آپ کی کمپنی نے اس مدت کے دوران سب سے زیادہ بروکرینج آمدنی حاصل کی ہے۔

مالی سال 2020-21 کے لئے DEL کی کل آمدنی تقابلی سال میں 39.47 ملین روپے کے مقابلے میں 139.33 ملین روپے ریکارڈ کی گئی۔ DEL نے 30 جون 2021 کو ختم ہونے والے سال کے لئے 59.32 ملین روپے کا قلیل ازگیس منافع درج کیا جو 30 جون 2020 کو ختم ہونے والے سال کے لئے 14.61 ملین روپے تھا۔

مالی سال 2020-21 کے لئے DEL کے کل آپریٹنگ اخراجات تقابلی سال میں 21.8 ملین روپے کے مقابلے میں 37.4 ملین روپے ریکارڈ کئے گئے۔ انتظامیہ نے محض ضرورت کی بنیاد پر اخراجات برداشت کر کے اگست شعور یا ریٹائرس کے نتیجے میں معمول کے کاروباری اخراجات میں بچت ہوئی۔ تاہم، آپریٹنگ اخراجات میں اضافہ بنیادی طور پر تجارتی سرگرمیوں میں اضافے کی وجہ سے ریکویزری چارجز میں اضافی وجہ سے ہوا ہے۔

نیٹس شیٹ کی تاریخ تک کمپنی کی ایکویٹی 293 ملین روپے (جون 2020: 227.9 ملین روپے) ہے جس کے نتیجے میں بک ویلیو 11.72 روپے فی شیئر (جون 2020: 9.12 روپے) حاصل ہوا ہے۔

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

	30 جون 2021	30 جون 2020
خالص آمدنی	139,331,028	39,476,122
منافع قبل از ٹیکس	59,328,662	14,613,237
نیٹ شیئر آمدنی بنیادی اور معتدل	1.66	0.32

### بروکرینج ریونیو کی کارکردگی

مالی سال 21 میں آپ کی کمپنی کے بروکرینج نے کل آمدنی 129.35 ملین روپے درج کی، جو کہ مالی سال 20 کے مقابلے میں 37+ فیصد کا اضافہ ہے۔ ہماری بروکرینج آمدنی میں صحت مند مصنوعی تجارتی حجم میں جبران کی نمونہ کی وجہ سے بلکہ بڑھتی ہوئی ڈیٹیل اور آن لائن مارکیٹ میں ہماری زیادہ شمولیت کی وجہ سے ہوئی ہے۔ ہم نے اپنی ٹیم میں مزید تازہ کاریوں اور جاری سروس اور HNWI کلائنٹس میں شامل کیا ہے جس کے نتیجے میں ہمارا مارکیٹ شیئر زیادہ ہوا ہے اور عوام میں پاکستان کیپٹل مارکیٹ کے مواقع کے بارے میں شعور بڑھانے کے اپنے مقصد کو حاصل کرنے کے لیے مزید یاتھیں کھول رہے ہیں۔ ڈیٹیل اور آن لائن ٹیبلوں نے اس میں غیر معمولی کارکردگی کا مظاہرہ کیا ہے۔ ہم اپنی ٹیبلوں کرنے والی ٹیم کو ریٹرنس بھی دیں گے جو کہ ہماری اکاؤنٹس کی تعداد بڑھانے کے لئے KYC / AML پر توجہ سے کام کر رہی ہے۔

### کرپٹ ریٹنگ

کمپنی کو پاکستان کرپٹ ریٹنگ ایجنسی لمیٹڈ ("PACRA") کی طرف سے (A-) کی طویل مدتی اور (A2) کی قلیل مدتی سطح کی درجہ بندی تفویض کی ہے۔ تفویض کردہ درجہ بندی کا نقطہ نظر "مستحکم" ہے۔ یہ سرٹیفکیٹس مسلسل ترقی کے لیے جھنڈے کے ذریعہ وضوح کرنا ہے اور توقع ہے کہ کمپنی کے کلائنٹس کو اس کا اور استحکام کے حوالے سے مزید اعتماد فراہم کرے گی۔

### قیل کا بیان

آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج لمیٹڈ میں اندراج سے کوڈ آف کارپوریٹ گورننس کی دفعات پر عمل کیا ہے۔ ایکسچینج آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کی قیل کے بیان پر ہماری رپورٹ کا جائزہ لیا ہے، جانچ رپورٹ، رپورٹ ہر رپورٹ کے ہمراہ منسلک کی گئی ہے۔



### ضابطہء اخلاق کا بیان

داؤد ایکویٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے مطلوبہ ضابطہء اخلاق پر عمل کیا ہے۔

### بورڈز ملٹلس شیٹ واقعات اڈیویٹیویٹڈ

30 جون 2021 کو ختم ہونے والے مالی سال کے لئے ڈائریکٹرز کا سفارش کردہ شیئرز کا 10% بونس اجراء ملگتی ہر ایک 100 شیئرز کے لئے 10 شیئرز کے تناسب میں 25 اکتوبر 2021 کو منعقدہ سالانہ اجلاس عام میں ارکان کی منظوری دی گئی۔ یہ بونس کمپنی کے موجودہ شیئرز کے مساوی درجہ کے ہو گئے۔

### متعلقہ اشخاص / متعلقہ پارٹیوں کے ساتھ لین دین

فہرست ضوابط کے تقاضوں کی تعمیل میں، کمپنی نے متعلقہ پارٹی سے تمام لین دین کو آڈٹ کمپنی اور بورڈ کے سامنے ان کے جائزہ اور منظوری کے لئے پیش کیا ہے۔ ان لین دین کو آڈٹ کمپنی اور بورڈ نے اپنے اجلاسوں میں منظور کیا ہے۔ آڈٹ شدہ مالی بیانات کے نوٹ 3.4 میں متعلقہ پارٹی سے تمام لین دین کی تفصیلات فراہم کی گئی ہیں۔ آپ کی کمپنی اور متعلقہ اشخاص / متعلقہ پارٹیوں کے درمیان تمام لین دین قابل رسائی بنیاد پر کئے گئے سوائے ان لین دین کے جن کی حتمی توثیق درج کی گئی ہے۔

### ہیومن ریسورس اینڈ ریمنڈیشن کمپنی

کوڈ آف کارپورٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ہیومن ریسورس اینڈ ریمنڈیشن کمپنی (ایچ آراینڈ آر کمپنی) تشکیل دی ہے جس کے ارکان تین ڈائریکٹرز پر مشتمل ہیں جنہیں بورڈ آف ڈائریکٹرز نے مقرر کیا ہے۔ ایچ آراینڈ آر کمپنی میں کمپنی کی چیئر مین شپ کے حامل آزاد ڈائریکٹرز سمیت تین ارکان شامل ہیں۔

### آڈٹ کمپنی

کوڈ آف کارپورٹ گورننس کی ضروریات کے تحت بورڈ کی طرف سے آڈٹ کمپنی تشکیل دی گئی۔ یہ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ کمپنی کے چیئر مین کی حیثیت سے ایک آزاد ڈائریکٹرز سمیت تین ارکان پر مشتمل ہے۔

### داخلی کنٹرول اور آڈٹ فنکشن

بورڈ مستحکم داخلی کنٹرول سسٹم بنیاد کے طریقوں کی تعمیل سمیت مؤثر عملدرآمد کا ذمہ دار ہے۔ آڈٹ کمپنی نے بیچ تر افحان اور کرداری شناخت کے لئے بیرونی ذرائع سے داخلی آڈٹ فنکشن حاصل کیا ہے جس کے کام چیل ہیں:

- پاکستان میں لاگو اور بورڈ کی طرف سے تیار کردہ پالیسیوں اور طریقوں کے مطابق متعلقہ بین الاقوامی انکوائری کا ڈھنگ و معیار کی مطابقت میں نگرانی کے لئے ذمہ داری کے ساتھ تھیل کا جائزہ۔
- اکاؤنٹنگ اور داخلی کنٹرول سسٹم کا جائزہ۔
- معیشت، آپریشنز (مٹی آڈٹ کی ویلیو / VFM آڈٹ) کی صلاحیت اور تاثرات کا جائزہ
- مالی اور آپریشنل معلومات کی جانچ پڑتال۔
- اہم خطرات کی شناخت میں معاونت۔

دفتر داخلی آڈٹ رسک مینجمنٹ، کنٹرول، اور نگرانی کے طریقوں کی تشخیص اور تاثرات کو بہتر بنانے کے لئے ایک منظم، مضبوط نقطہ نظر اپنانے کے ذریعے اپنے مقاصد کو پورا کرنے میں مدد کرتا ہے۔ یہ ایک ایسا کنٹرول ہے جو دوسرے کنٹرولز کی مناسب اور مؤثر انداز کی جانچ اور توثیق کرتا ہے۔

### کوڈ آف کارپورٹ گورننس کے بہترین طریقوں کی تعمیل

کمپنی کا بورڈ اور انتظامیہ اس بات کو یقینی بناتی ہے کہ کوڈ آف کارپورٹ گورننس کی ضروریات پر عمل کیا گیا ہے۔ کمپنی مالی اور نان مالی معلومات کی درستگی، کبھی کبھی ہینڈ بکس اور ٹرانسپیرینسی کو بڑھانے کے مقصد کے ساتھ مضبوط کارپورٹ گورننس عوامل اختیار کئے ہیں۔



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### ڈاؤنریٹیز جیان کرتے ہوئے خوشی محسوس کرتے ہیں کہ:

- 01 کمپنی کی انتظامیہ کی طرف سے تیار کردہ مالیاتی حسابات، اس کے امور، آپریشنز کے نتائج، نقدی بہاؤ اور اکاؤنٹنگ میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- 02 کمپنی کے کھاتہ جات بالکل صحیح طور سے بنائے گئے ہیں۔
- 03 مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی تبدیلیوں کا مالیاتی حسابات میں انکشاف کیا گیا ہے۔ اکاؤنٹنگ کے تغیرات جات مناسب اور آئندہ نفاذ فیصلوں پر مبنی ہیں۔
- 04 مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے۔
- 05 اندرونی کنٹرول کے نظام کاڈ براؤن مستحکم ہے اور اسکی مؤثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- 06 کمپنی کے ٹولنگ کنٹرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- 07 کارپوریٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- 08 بیلنس شیٹ کی تاریخ تک کمپنی کے ذمہ دیکسٹریو، لیویز اور چارجز کی مد میں کوئی قانونی ادائیگی ناپیدا اجابت نہیں ہے۔
- 09 سال کے دوران DEL کی طرف سے کوئی ٹرانزیکشن نہیں گئی جو دھوکہ دہی، غیر قانونی یا کسی بیوروکریٹ کو امین کی خلاف ورزی ہو۔
- 10 کمپنی نے کمپنی کے ملازمین کے پراویڈنٹ فنڈ میں - (499,079 روپے) رقم ادا کی ہے۔ سال کے اختتام پر کمپنی کے ذمہ کوئی ناپیدا اجابت نہیں ہیں کیونکہ پراویڈنٹ فنڈ ایک الگ ٹرسٹ کے زیر انتظام ہے۔

### آڈیٹر کی رپورٹ میں جس معاملہ کے لیے گراف پر ذورود کیا

ہم مزید مالیاتی حسابات کے ساتھ کمپنی کی طرف سے وضع کردہ پانچ سالوں کے بزنس پریذیکشن پر مبنی تاخیری نگینس اکاؤنٹس سے متعلقہ مالی حسابات کے نوٹ 12.1 پر دلاتے ہیں۔ اس منصوبے میں کچھ کلیدی مفادات شامل ہیں جو کمپنی کے مستقبل کے قابل نگینس منافع کا تخمینہ کرتے ہیں جو بعد میں تاخیری نگینس اکاؤنٹس کی ادائیگی کے لئے استعمال کیا جائے گا۔ سال کے دوران ایڈجسٹ شدہ مؤخر نگینس کی رقم 3,777 ملین روپے تھی اور 34.7 ملین روپے ہوگی۔

### کارپوریٹ اور سیکریٹریل نیشنل

کمپنی سیکریٹری ٹیکنیز جیٹار کے ہاں داخل کردہ سالانہ ریزن کے ایک حصہ کے طور پر ایک سیکریٹریل کھپاؤ نیشنل عینیت جمع کرایا ہے جو اس بات کی توثیق ہے کہ کمپنی آرڈیننس، 1984، کمپنی کے میورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن اور فریق قواعد و ضوابط کی سیکریٹریل اور کارپوریٹ ضروریات کے مطابق باقاعدہ عمل کیا گیا ہے۔

### شیئر ہولڈنگ کا نمونہ

فریق قواعد و ضوابط کے تحت درکار 30 جون 2021 کے مطابق کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور شیئر ہولڈرز کی کٹنگ پر سالانہ رپورٹ سے منسلک کی گئی ہیں۔

### بورڈ میں تبدیلیاں / ڈاؤنریٹیز کے اہتمامات

سال کے دوران بورڈ کے سرپر میں کوئی تبدیلی نہیں ہوئی۔

### ڈاؤنریٹیز اور ایکریڈیٹرز کی طرف سے کمپنی کے حصص میں تجارت

سال کے دوران کسی ڈاؤنریٹیز، چیف ایگزیکٹو آفیسر، ایف او اور کمپنی سیکریٹری، ان کے ذریعہ اور تابعانہ بیچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔ سالانہ کمپنی کے ریزولوشن جنہوں نے کمپنی کے 1,800,000 شیئرز ذریعہ سے جس کی پاکستان اسٹاک ایکسچینج رگولیشنز کے مطابق باقاعدہ اطلاع دی گئی۔



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### بورڈ اور آڈٹ کمیٹی کے اجلاس

زیر جانچہ سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس اور آڈٹ کمیٹی کے بھی چار اجلاس منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے ارکان کی حاضری حسب ذیل ہے:

نام ڈائریکٹر	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب عبدالعزیز حبیب	4/4	کوئی نہیں
جناب جنید زکریا دادا	4/4	کوئی نہیں
جناب عاصم افتخار	4/4	4/4
جناب سیف اللہ	4/4	کوئی نہیں
جناب محمد عباس	4/4	کوئی نہیں
جناب محمد خالد	4/4	4/4
محترمہ مصویبہ سیف	4/4	4/4

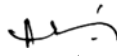
### آڈیٹرز

موجودہ آڈیٹرز بھمبرز ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی اساتذت مکمل کر لی ہے اور رہنما ہو گئے ہیں۔ آڈٹ کمیٹی کی سفارشات پر، بورڈ نے مزید 30 جون 2022 کو ختم ہونے والے مالی سال کے لئے داؤدا ٹیکونیز لمیٹڈ کے آڈیٹرز کی حیثیت سے یوسف عادل اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی تقرری کی منظوری دے دی ہے۔

### مستقبل کا انتظام

داؤدا ٹیکونیز لمیٹڈ نے پبلک آفرنگ (ریگولید سیکورٹیز ایکویٹی رائٹنگ) ریگولیشنز 2017 کے تحت انڈر رائٹنگ کا لائسنس حاصل کرنے کے لئے سیکورٹیز اینڈ ایکسچینج کمیشن کے ہاں درخواست جمع کرائی ہے۔ جس سے مستقبل میں کمپنی کی آمدنی میں خاطر خواہ اضافہ ہو جائے گا۔

آپ کے کمپنی کے مستقبل کے امکانات کمپنی کے مارکیٹ شیئر کو بڑھانے اور تمام کاروباری شعبوں میں وسیع شرکت کے ذریعہ انتظامیہ کی کوششوں کی وجہ سے بہت بہتر دکھائی دے رہے ہیں۔ کمپنی خدمات کے پریکٹس مقامات کے ذریعہ کمپنی اپنے موجودہ کاروبار کے ساتھ تعلقات کو وسیع اور بہتر بنا کر متوقع غیر ملکی اور مقامی صارفین سے بھی بہتر مقدار کی پیداوار حاصل کرنے کی کوشش کر رہی ہے۔ اس میں کمپنی کی اعلیٰ معیاری ریسرچ کو بڑھا کر نول پروڈکٹس اور خدمات کی پیشکش شامل ہے۔

  
عبدالعزیز حبیب  
چیف ایگزیکٹو آفیسر



جنید دادا  
چیرمین

کراچی، 24 ستمبر 2021ء



DAWOOD EQUITIES LIMITED

**Pattern Of Share Holding - Form "34"**  
**Shareholders Statistics As At June 30, 2021**

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
86	1	100	1543
1968	101	500	977638
251	501	1000	248241
295	1001	5000	787007
67	5001	10000	511432
23	10001	15000	303026
8	15001	20000	149491
9	20001	25000	209000
5	25001	30000	144000
8	30001	35000	264400
6	35001	40000	227278
3	40001	45000	128500
5	45001	50000	241150
5	50001	55000	268000
2	55001	60000	118500
1	60001	65000	61000
1	70001	75000	75000
3	80001	85000	249500
2	85001	90000	175830
1	90001	95000	91090
6	95001	100000	600000
1	105001	110000	105500
1	120001	125000	123500
1	130001	135000	132500
1	140001	145000	144000
1	150001	155000	153500
3	155001	160000	474350
1	170001	175000	174500
3	195001	200000	600000
1	220001	225000	220933
2	225001	230000	460000
1	245001	250000	250000
1	275001	280000	276100
1	335001	340000	340000
2	350001	355000	701800
1	365001	370000	369000
1	420001	425000	424114
1	485001	490000	490000
1	500001	505000	501500
1	510001	515000	511500
1	995001	1000000	1000000
1	1125001	1130000	1129700
1	1800001	1805000	1800001
1	2510001	2515000	2513000
1	2580001	2585000	2580445
1	3690001	3695000	3692431
<b>2,786</b>			<b>25,000,000</b>



**DAWOOD EQUITIES LIMITED**

**Details of Pattern of Share holding as Per requirements of  
Code of Corporate Governance as on June 30, 2021**

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Category wise No. of Shares	%
1	Associated Companies		Nil		
2	NIT / ICP		Nil		
3	Names of Directors, CEO their Spouses and Minor Children	7		1,801,702	7.21
	Mr. Asim Ifkikhar		500		
	Mr. Aziz Habib		1		
	Mr. Junaid Zakaria Dada		1,800,001		
	Mr. Khalid Yousuf		599		
	Mr. Muhammad Abbas		500		
	Mrs. Sobia Saif		100		
	Mr. Saifullah		1		
4	Executive		Nil		
5	Public Sector Companies & Corporations	1		1,647	0.01
6	Banks, DFIs, NBFIs, Modarabas, Insurance Companies, Mutual Funds & Others	23		5,014,575	20.06
7	Individuals	2,755		18,182,076	72.73
			<b>2,786</b>	<b>25,000,000</b>	<b>100.00</b>

**Shareholders holding Shares 10% or more**

Total Paid up Capital	25,000,000	Shares Holding	%
Ayaz Dawood		4,822,131	19.29
Asim Abdul Ghani		2,513,000	10.05
Equity International (Pvt.) Ltd.		2,830,445	11.32



**DAWOOD EQUITIES LIMITED**

**FINANCIAL HIGHLIGHTS**

Financial Year ending June30,	2021	2020	2019	2018	2017	2016	2015
<b>Operating Results</b>							
Operating Revenue	139,331,028	39,476,322	16,412,640	33,378,199	32,293,531	29,677,611	17,716,575
Capital Gain/(Loss) on disposal investment-net	11,885,816	3,922,893	2,114,390	3,176,766	51,347,532	(408,188)	2,936,657
Gain/(Loss) on remeasurement of investments carried at fair value of through profit and loss.	2,215,681	902,955	(1,414,967)	260,761	(1,553,406)	176,344	(568,478)
Administrative Expenses	(37,496,458)	(21,804,990)	(1,011,851)	(16,850,446)	(15,690,135)	(12,559,714)	(10,367,520)
Financial Charges	(77,951)	(69,152)	(114,563)	(776,373)	(102,712)	(57,897)	(64,227)
Other Operating Income	3,205,235	3,081,063	8,221,388	1,487,032	2,609,555	1,504,079	4,210,716
Other Operating Charges	(867,454)	(781,934)	(960,273)	(3,495,130)	(73,382,574)	(9,830,310)	(563,850)
Profit/(Loss) before taxation	59,328,662	14,613,237	5,646,764	16,980,812	(4,478,209)	(498,075)	13,299,873
Taxation	(17,794,695)	(6,509,168)	(5,167,204)	(8,637,954)	15,448,129	1,502,948	33,339,263
Profit/(Loss) after taxation	41,533,967	8,104,069	479,560	8,343,753	10,969,920	1,004,673	46,619,136
EPS	1.66	0.32	0.02	0.33	0.44	0.04	1.87
Pay outs							
Dividend							
Bonus%	10%						
Capital & Reserve							
Authorised Share Capital	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up Capital	249,965,000	249,965,000	249,965,000	249,965,000	249,965,000	249,965,090	249,965,000
Reserves	43,099,526	(22,924,530)	(25,924,530)	3,564,484	7,277,424	(26,415,915)	(27,228,434)
Share Application Money							
Assets & Liabilities							
Total Assets	349,876,765	245,969,236	237,045,163	303,795,450	294,089,38	240,300,861	258,749,308
Current Assets	292,659,958	168,222,035	152,737,865	102,384,349	177,087	156,356,670	168,231,221
Current Liabilities	56,787,239	18,029,328	12,979,693	50,240,966	36,821,876	16,751,776	36,012,742



**DAWOOD EQUITIES LIMITED**

**Statement of Compliance with the Code of Corporate Governance**

**Name of Company: Dawood Equities Limited**

**Year Ended: June 30, 2021**

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:
  - a. Male: 06 members
  - b. Female: 01 member
2. The composition of board is as follows:

<b>Category</b>	<b>Names</b>
Independent Director	Mr. Asim iftkhar Yakooob
Chief Executive Officer	Mr. Abdul Aziz Habib
Non - Executive Directors	Mr. Junaid Dada
	Mr. Khalid Yousuf
	Mr. Sobia Saif
	Mr. Syed Muhammad Abbas
	Mr. Saifullah

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The directors of the Company are experienced and seasoned corporate professionals and are well-versed with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chief Executive Officer as a Director in the Board is exempted from the Directors Training Program in accordance with the criteria specified in Clause (xi) of the Code. The remaining directors will acquire the required director's training certification subsequent to renewal of business license.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations. The Chief Financial Officer has also been assigned the responsibilities of Company Secretary.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed following mandatory committees comprising of members given below:





**DAWOOD EQUITIES LIMITED**

**AUDIT COMMITTEE**


Mr. Asim Iftekhar Yakoob - Chairman  
Mr. Khalid Yousuf - Member  
Mrs. Sobia Saif - Member

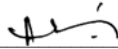
**HUMAN RESOURCE AND REMUNERATION COMMITTEE**

Mr. Asim Iftekhar Yakoob - Chairman  
Mr. Abdul Aziz Habib - Member  
Mr. Syed Muhammad Abbas - Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of the meetings (quarterly/half yearly/yearly) of the committee were as per following:
  - a) Audit Committee - Quarterly meeting
  - b) HR and Remuneration Committee - Yearly meeting
15. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight BOD of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.
16. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
17. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of Directors

  
\_\_\_\_\_  
**Junaid Dada**  
Chairman

  
\_\_\_\_\_  
**Abdul Aziz Habib**  
Chief Executive Officer

Karachi  
Dated: September 24, 2021



**DAWOOD EQUITIES LIMITED**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF DAWOOD EQUITIES LIMITED  
REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

**Opinion**

We have audited the annexed financial statements of Dawood Equities Limited which comprise the statement of financial position as at June 30, 2021, and the statement of profit or loss, the statement of 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 explanations which, to the best of our knowledge and belief, were necessary for the purposes 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, the statement of 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, 2021 and of the profit, other comprehensive income, 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.

**Emphasis of Matter(s)**

- (i) We draw attention towards note 12.1 of the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years mainly relating to provision for trade debts and investment at fair value through profit and loss. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of above matter.

**Key Audit Matter(s)**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



**DAWOOD EQUITIES LIMITED**

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<b>Long Term and ShortTerm Investment (Note 10 and 14)</b>  The value of long and short term investment in ordinary shares is Rs. Nil and 87.697 million as at June 30, 2021 (2020 : Rs. 18.83 and 40.71 million respectively as long term investment is classified as short term investment, owing to change in status and such long term investment are no longer held for base minimum capital.	Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable and further impairment testing is performed on un-quoted investments.
2.	<b>Trade Debts (Note 14)</b>  Provision on various trade debts which involves use of judgement by the management.	We have assessed the adequacy of provision by evaluating extent of provisions and extent of securities pertaining to those customers as well as obtained legal status of receivable from such parties.

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

Management is responsible for the other information. The Other Information comprises the information included in the Company's Annual Report 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



**DAWOOD EQUITIES LIMITED**

material misstatement, 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 the 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 control 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.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on Other Legal and Regulatory Requirements

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

- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);



**DAWOOD EQUITIES LIMITED**

- b) the statement of financial position, the statement of profit or loss, the statement of 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.
- e) the Company was in compliance with the requirement of section 78 of the Securities Act 2015, section 62 of the Futures Market Act 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations 2016 as at the date on which the statement of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is **Farhan Ahmed Memon**

**Reanda Haroon Zakaria & Company**

Chartered Accountants

Place: Karachi

Dated: September 24, 2021



**DAWOOD EQUITIES LIMITED**

## **INDEPENDENT AUDITOR'S REVIEW REPORT**

**To the members of Dawood Equities Limited**

### **Review Report on the Statement of Compliance contained in listed companies (Code of Corporate Governance) Regulations, 2019**

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2019 (the Regulations) prepared by the Board of Directors of Dawood Equities Limited (the company) for the year ended June 30, 2021 in accordance with the requirement of regulation 36 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulations require the Company to place before the Audit Committee, and upon the recommendations of the Audit Committee, place before the Board of Directors for their review and approval, its related party related party transactions. We are only required and have ensured compliance of this requirement to the extent of approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee.

Based on our review, nothing has come to our attention which causes us to believe that the 'Statement of Compliance' does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2021.

**Reanda Haroon Zakaria & Company**  
**Chartered Accountants**

**Place: Karachi**  
**Date: September 24, 2021**



DAWOOD EQUITIES LIMITED

**Audited Financial Statements  
For The Year Ended  
June 30 2021**





DAWOOD EQUITIES LIMITED

STATEMENT OF FINANCIAL POSITION  
As At June 30, 2021

<u>ASSETS</u>	Note	2021 Rupees	2020 Rupees
<b>Non-Current Assets</b>			
Property and equipment	7	9,056,968	6,618,593
Investment Property	8	5,504,750	5,861,625
Intangible assets	9	6,000,000	6,000,000
Long term investment	10	-	18,839,226
Long term deposits	11	1,887,500	1,887,500
Deferred taxation	12	34,767,589	38,540,257
		<u>57,216,807</u>	<u>77,747,201</u>
<b>Current Assets</b>			
Short term investments	13	87,697,874	40,715,753
Trade debts	14	136,511,319	80,525,673
Receivable against margin finance		2,697,834	1,178,273
Trade deposits and short term prepayments	15	33,200,635	11,843,484
Other receivable	16	12,256,825	11,602,883
Tax refunds due from government	17	6,720,105	19,700,909
Cash and bank balances	18	13,575,366	2,655,060
		<u>292,659,958</u>	<u>168,222,036</u>
<b>Total Assets</b>		<u><u>349,876,765</u></u>	<u><u>245,969,237</u></u>
<b><u>EQUITY AND LIABILITIES</u></b>			
<b>Capital and Reserves</b>			
<b>Authorized Share Capital</b>			
30,000,000 Ordinary shares of Rs.10 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital	19	249,965,000	249,965,000
Reserves	20	43,099,526	(22,050,092)
		<u>293,064,526</u>	<u>227,914,908</u>
<b>Non Current Liabilities</b>			
Rental deposits		25,000	25,000
<b>Current Liabilities</b>			
Trade and other payables	21	56,787,239	18,029,329
<b>Contingencies and Commitments</b>			
	22		
<b>Total Equity and Liabilities</b>		<u><u>349,876,765</u></u>	<u><u>245,969,237</u></u>

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer





DAWOOD EQUITIES LIMITED

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2021**

	<i>Note</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Operating revenue	23	<b>139,331,028</b>	39,476,122
Less: Commission to agents and dealers		<b>(58,867,236)</b>	(10,120,620)
		<b>80,463,792</b>	29,355,501
Capital gain on disposal of investments - net	24	<b>11,885,816</b>	3,922,893
Gain on remeasurement of investments carried at fair value through profit and loss	25	<b>2,215,681</b>	902,955
		<b>94,565,289</b>	34,181,350
Administrative expenses	26	<b>(37,496,458)</b>	(21,804,090)
		<b>57,068,831</b>	12,377,260
Financial charges	27	<b>(77,951)</b>	(69,152)
		<b>56,990,880</b>	12,308,109
Other operating income	28	<b>3,205,235</b>	3,087,063
Other operating charges	29	<b>(867,454)</b>	(781,934)
<b>Profit before taxation</b>		<b>59,328,662</b>	14,613,237
Taxation	30	<b>(17,794,695)</b>	(6,509,168)
<b>Profit after taxation</b>		<b>41,533,967</b>	8,104,069
<b>Earning per share - Basic and diluted</b>	31	<b>1.66</b>	0.32

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2021

	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit for the year	41,533,967	8,104,069
Other comprehensive Gain / (Loss)	23,615,651	(4,229,631)
<b>Total comprehensive income for the year</b>	<b><u>65,149,618</u></b>	<b><u>3,874,438</u></b>

The annexed notes from 1 to 43 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer




DAWOOD EQUITIES LIMITED

STATEMENT OF CASH FLOW.  
FOR THE YEAR ENDED JUNE 30, 2021

	2021 Rupees	2020 Rupees
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	59,328,662	14,613,237
Adjustment for non cash items:		
Depreciation	1,422,558	939,479
Gain on remeasurement of investment	(2,215,681)	(902,955)
Capital gain on disposal of investment	(11,885,816)	(3,922,893)
Dividend income	(119,541)	(171,949)
Bank profit	(38,706)	(897,780)
Financial charges	77,951	69,152
	<u>46,569,427</u>	<u>9,726,291</u>
(Increase) / decrease in current assets		
Trade debts	(55,985,646)	2,736,185
Other receivables	(653,942)	318,749
Receivable against MF	(1,519,561)	(1,178,273)
Trade deposits and short term prepayments	(21,357,151)	2,219,868
	<u>(79,516,300)</u>	<u>4,096,528</u>
(Decrease) / increase in current liabilities		
Trade and other payables	39,430,710	5,049,636
	<u>6,483,837</u>	<u>18,872,455</u>
Taxes paid	(13,704,857)	(1,600,000)
Financial charges paid	(77,951)	(69,152)
	<u>(13,782,808)</u>	<u>(1,669,152)</u>
Net cash (used in) / generated from operating activities	<u>(7,298,971)</u>	<u>17,203,304</u>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(3,504,059)	(94,500)
Investments - net	21,603,794	(17,448,535)
Dividend received	119,541	171,949
Net cash generated / (used in) from investing activities	<u>18,219,276</u>	<u>(17,371,086)</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	10,920,306	(167,782)
Cash and cash equivalents at the beginning of the period	2,655,060	2,822,842
Cash and cash equivalents at the end of the period	<u>13,575,366</u>	<u>2,655,060</u>

The annexed notes from 1 to 43 form an integral part of these financial statements

  
Chief Executive

  
Director

  
Chief Financial Officer

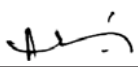


DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2021

	Reserves				Sub-Total	Total Equity
	Issued, subscribed and paid up capital	Capital		Revenue		
		(Loss) / gain on re-measurement of investment At-Fair value through OCI	Share premium	Accumulated (Loss) / profit		
----- Rupees -----						
<b>Balance as at June 30, 2019</b>	249,965,000	(12,896,239)	74,973,750	(88,002,040)	(25,924,530)	224,040,470
Profit for the year	-	-	-	8,104,069	8,104,069	8,104,069
Loss on re-measurement of investment at fair value through OCI	-	(4,229,631)	-	-	(4,229,631)	(4,229,631)
<b>Total comprehensive income for the year</b>	-	(4,229,631)	-	8,104,069	3,874,438	3,874,438
<b>Balance as at June 30, 2020</b>	249,965,000	(17,125,870)	74,973,750	(79,897,972)	(22,050,092)	227,914,908
Profit for the year	-	-	-	41,533,967	41,533,967	41,533,967
Gain on re-measurement of investment at fair value through OCI	-	23,615,651	-	-	23,615,651	23,615,651
<b>Total comprehensive income for the year</b>	-	23,615,651	-	41,533,967	65,149,618	65,149,618
<b>Balance as at June 30, 2021</b>	<b>249,965,000</b>	<b>6,489,781</b>	<b>74,973,750</b>	<b>(38,364,005)</b>	<b>43,099,526</b>	<b>293,064,526</b>

The annexed notes from 1 to 43 form an integral part of these financial statements

  
Chief Executive

  
Director

  
Chief Financial Officer



**DAWOOD EQUITIES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2021**

### **1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS**

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the repealed Companies Ordinance 1984 (now Companies Act 2017). The Company commenced commercial operations from October 03, 2006. Subsequently the Company obtained listing on the Pakistan Stock Exchange Limited formerly Karachi Stock Exchange Limited on April 14, 2008. The registered office of the Company is situated at 1700-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Company's principal business is trading and brokerage of listed equities, underwriting and other investments.

- 2 A novel strain of coronavirus (COVID - 19) that first surfaced in China was classified as pandemic by the World Health Organization (WHO) on March 11, 2020 impacting countries globally. Government of Pakistan has taken certain measures to reduce the spread of the COVID-19 including lockdown of business, travel bans, quarantines, social distancing, and closure of non - essential services etc. These measures have resulted in an overall economic slowdown, disruptions to businesses and significant volatility in Pakistan Stock Exchange (PSX). However, currently, the potential impact of COVID-19 remain uncertain, including among other things on economic conditions, businesses and consumers. The company is conducting business with some modifications to employees working and cancellation of certain events, among other modifications while following all necessary Standard Operating Procedures (SOP's). The company will continue to actively monitor the situation and may take further action that alter its business operations as may be required by federal, provisional and local authorities or that are in the best interest of the employees, customers and stock holders. However management based on its assessment considered that there would be no significant impact that will adversely affect its business, results of operations and financial conditions in future periods.

### **3 BASIS OF PREPARATION**

#### **3.1 Statement of compliance**

These financial statements have been prepared in accordance with the accounting and reporting standards as applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards ( IFRS Standards) issued by the international Accounting Standard Boards (IASB) as notified under the Companies Act , 2017.
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

#### **3.2 Basis of Measurement**

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information

#### **3.3 Functional and presentation currency**

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

#### **3.4 Use of estimates and judgments**

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



**DAWOOD EQUITIES LIMITED**

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

**4 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE**

**4.1** The following standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective for the accounting periods beginning on or after 1st July 2020.

<b>Standards or interpretation</b>	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	1st January 2020
Amendments to IFRS 16 'Leases': Amendment to provide lessees with an exemption from assessing whether a COVID-19-related rent concession is a lease modification	1st January 2020
Amendments to IAS 1 'Presentation of Financial Statements' and IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of material.	1st January 2020
Amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32 to update those pronouncements with regard to references to and quotes from the framework or to indicate where they refer to a different version of the Conceptual Framework.	1st January 2020

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

**4.2 Amendments to standards and IFRS interpretations that are not yet effective**

The following amendments to accounting standards and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

	<b>Effective date (annual periods beginning on or after)</b>
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	January 1, 2023
Amendments to IFRS 4 'Insurance Contracts', IFRS 7 'Financial Instruments: Disclosures', IFRS 9 'Financial Instruments', IFRS 16 'Leases', IAS 39 'Financial Instruments: Recognition and Measurement': Amendments regarding replacement issues in the context of the IBOR reform	January 1, 2021
Amendments to IFRS 16 'Leases': Amendment to extend the exemption from assessing whether a COVID-19-related rent concession is a lease modification	April 1, 2021
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities and disclosure of accounting policies	January 1, 2023
Amendments to IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors': Amendments regarding the definition of accounting estimates	January 1, 2023



**DAWOOD EQUITIES LIMITED**

Amendments to IAS 16 'Property, Plant and Equipment': Amendments prohibiting a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use

January 1, 2022

Amendments to IAS 37 'Provisions, Contingent Liabilities and Contingent Assets': Amendments regarding the costs to include when assessing whether a contract is onerous

January 1, 2022

Certain annual improvements have also been made to a number of standards, which have not been enumerated here for brevity.

Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

IFRS 1 'First Time Adoption of International Financial Reporting Standards'  
IFRS 17 'Insurance Contracts'

## **5 SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **5.1 IFRS 9 'Financial Instruments'**

IFRS 9 replaced the provisions of IAS 39 'Financial Instruments: Recognition and Measurement' that relates to the recognition, classification and measurement of financial assets and financial liabilities, derecognition of financial instruments, impairment of financial assets and hedge accounting. Changes in accounting policies if any, resulting from adoption of IFRS 9 have been applied retrospectively. The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

(i) Classification and measurement of financial assets and financial liabilities

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables, held for trading and available for sale. IFRS 9, classifies financial assets in the following three categories:

- fair value through other comprehensive income (FVOCI);
- fair value through profit or loss (FVTPL); and
- measured at amortized cost

The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application:

- The determination of business model within which a financial asset is held; and
- The designation and revocation of previous designation of certain financial assets as measured at FVTPL.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at fair value through profit or loss:

- it is held within business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL.



**DAWOOD EQUITIES LIMITED**

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For assets measured at fair value, gains and losses will either be recorded in the statement of profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

**(ii) Classification and measurement of financial assets and financial liabilities**

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. IFRS 9 introduces a forward looking expected credit losses model, rather than the current incurred loss model, when assessing the impairment of financial assets in the scope of IFRS 9. The new impairment model applies to financial assets measured at amortized cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management used actual credit loss experience over past years to base the calculation of ECL on adoption of IFRS 9. Given the Company's experience of collection history and no historical loss rates / bad debts and normal receivable aging, the move from an incurred loss model to an expected loss model has not had an impact on the financial position and / or financial performance of the Company.

Loss allowance on debt securities are measured at 12 months expected credit losses as those are determined to have low credit risk at the reporting date. Since there is no loss given default, therefore no credit loss is expected on these securities. Loss allowance on other securities and bank balances is also measured at 12 months expected credit losses. Since these assets are short term in nature, therefore no credit loss is expected on these balances.

**5.2 Property and equipment**

**5.2.1 Owned**

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.





**DAWOOD EQUITIES LIMITED**

An item of fixed asset is derecognized upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

**5.3 Impairment of non-financial asset**

**5.4 Financial assets and liabilities**

**5.4.1 Initial Recognition**

All financial assets and liabilities are initially measured at cost which is the fair value of the consideration given or received plus or minus transaction costs (except financial asset at FVTPL where transaction costs are charged to profit or loss). These are subsequently measured at fair value or amortized cost as the case may be.

**5.4.2 Classification of financial assets**

The Company classifies its financial instruments in the following categories:

- at amortized cost.
- at fair value through other comprehensive income (“FVTOCI”), or
- at fair value through profit or loss (“FVTPL”).

The Company determines the classification of financial assets at initial recognition. The classification of instruments (other than equity instruments) is driven by the Company’s business model for managing the financial assets and their contractual cash flow characteristics.

***Financial assets at amortized cost***

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**Financial assets at fair value through OCI**

Financial assets that meet the following conditions are subsequently measured at FVTOCI:

- a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

However, Company may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through profit or loss to present subsequent changes in fair value in other comprehensive income provided that the investment is neither held for trading nor its a contingent consideration in a business combination.

**Financial assets at fair value through profit or loss**

A financial asset is measured at fair value through profit or loss unless it is measured at amortized or at fair value through OCI.



### 5.4.3 Classification of Financial liabilities

*The Company classifies its financial liabilities in the following categories:*

- at fair value through profit or loss (“FVTPL”), or
- at amortized cost.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has opted to measure them at FVTPL.

### 5.4.4 Subsequent measurement

#### *Financial assets at FVTOCI*

These are measured at fair value, with gains or losses arising from changes in fair value recognized in OCI.

#### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are subsequently carried at amortized cost, and in the case of financial assets, less any impairment.

#### *Financial assets and liabilities at FVTPL*

Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the statement of profit or loss and other comprehensive income in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company’s own credit risk will be recognized in other comprehensive income / (loss). Currently, there are no financial liabilities designated at FVTPL.

### 5.4.5 Impairment of financial assets at amortized cost

The Company recognizes a loss allowance for expected credit losses (ECLs) on financial assets that are measured at amortized cost.

The company measures loss allowance at an amount equal to life time ECLs, except for the following, which are measured at 12 months ECL:

- Debt security that are determined to have low credit risk at the reporting date.
- Other debt security and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivable are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company’s historical experience and informed credit assessment and including forward-looking information.

The company assumes that the credit risk on a financial asset has increased significantly if it is more than past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Loss allowances for financial assets measured at amortised cost are deducted from the Gross carrying amount of the assets.



**DAWOOD EQUITIES LIMITED**

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery.

**5.4.6 Derecognition**

*Financial assets*

The Company derecognizes financial assets only when the contractual rights to cash flows from the financial assets expire or when it transfers the financial assets and substantially all the associated risks and rewards of ownership to another entity.

On derecognition of a financial asset measured at amortized cost, the difference between the asset's carrying value and the sum of the consideration received and receivable is recognized in profit or loss.

In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.

In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investments revaluation reserve is not reclassified to profit or loss, but is transferred to revenue reserve.

*Financial liabilities*

The Company derecognizes financial liabilities only when its obligations under the financial liabilities are discharged, cancelled or expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable, including any non-cash assets transferred or liabilities assumed, is recognized in the statement of profit or loss and other comprehensive income.

**5.5 Settlement date accounting**

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

**5.6 Financial instruments**

**5.6.1 Financial assets and liabilities**

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

**5.6.2 Offsetting of financial assets and financial liabilities**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.



### **5.6.3 Related party transactions and transfer pricing**

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act, 2017.

### **5.7 Employee retirement benefits-defined contribution plan**

The Company operates recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

### **5.8 Cash and cash equivalents**

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.

### **5.9 Trade debts and other receivables**

Trade debts and other receivables are recognized and carried at original invoiced amount. When a trade debt is uncollectible, it is written off and charge to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.

### **5.10 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.

### **5.11 Proposed dividend and transfer between reserves**

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

### **5.12 Revenue recognition**

Commission income is recognised on accrual basis.

Gains and losses on sale of marketable securities are recognised on the date of sale.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognised on accrual basis.

Return on bank deposits are recognised on accrual basis. Other income is recognised as and when earned.

### **5.13 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

### **5.14 Segment reporting**

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.



**DAWOOD EQUITIES LIMITED**

**5.15 Taxation**

**Current**

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

**Deferred**

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

**6 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS**

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.

**7 PROPERTY AND EQUIPMENT**

Particulars	Owned Assets					Total
	Building	Furniture & Fixtures	Vehicles	Office equipment	Computers	
----- Rupees -----						
<b>Year ended June 30, 2021</b>						
Opening net book value	5,861,625	278,567	241,796	236,605	-	6,618,593
Additions		2,560,200	173,500	76,970	693,389	3,504,059
Depreciation charge	(356,875)	(267,493)	(183,255)	(98,594)	(159,466)	(1,065,684)
<b>Closing net book value</b>	<b>5,504,750</b>	<b>2,571,274</b>	<b>232,041</b>	<b>214,981</b>	<b>533,923</b>	<b>9,056,968</b>
<b>As at June 30, 2021</b>						
Cost	7,137,500	3,149,700	949,400	537,870	2,735,121	14,509,591
Accumulated depreciation	(1,632,750)	(578,426)	(717,359)	(322,889)	(2,201,199)	(5,452,623)
<b>Closing net book value</b>	<b>5,504,750</b>	<b>2,571,274</b>	<b>232,041</b>	<b>214,981</b>	<b>533,923</b>	<b>9,056,968</b>



DAWOOD EQUITIES LIMITED

Particulars	Owned Assets					Total
	Building	Furniture & Fixtures	Vehicles	Office equipment	Computers	
----- Rupees -----						
<i>Year ended June 30, 2020</i>						
Opening net book value	6,218,500	349,133	339,751	328,785	227,403	7,463,572
Additions	-	40,000	54,500	-	-	94,500
Depreciation charge	(356,875)	(110,567)	(152,455)	(92,180)	(227,403)	(939,479)
<b>Closing net book value</b>	<b>5,861,625</b>	<b>278,567</b>	<b>241,796</b>	<b>236,605</b>	<b>-</b>	<b>6,618,593</b>
<i>As at June 30, 2020</i>						
Cost	7,137,500	589,500	775,900	460,900	2,041,733	11,005,533
Accumulated depreciation	(1,275,875)	(310,933)	(534,104)	(224,295)	(2,041,733)	(4,386,940)
<b>Closing net book value</b>	<b>5,861,625</b>	<b>278,567</b>	<b>241,796</b>	<b>236,605</b>	<b>-</b>	<b>6,618,593</b>
<b>Rates %</b>	<b>5%</b>	<b>20%</b>	<b>20%</b>	<b>20%</b>	<b>33%</b>	

	Note	2021 Rupees	2020 Rupees
<b>8 INVESTMENT PROPERTY- OFFICE PREMISES</b>			
Cost	8.1	7,137,500	7,137,500
Less: Accumulated Depreciation		(1,632,750)	(1,275,875)
		<b>5,504,750</b>	<b>5,861,625</b>
<b>Accumulated depreciation</b>			
Opening at July 01		1,275,875	919,000
Charge for the year		356,875	356,875
Closing		<b>1,632,750</b>	<b>1,275,875</b>
<b>Rate of depreciation</b>		<b>5%</b>	<b>5%</b>

8.1 Investment property includes office # 409 in Pakistan Stock Exchange, area of the office is 240 Sq ft.

	Note	2021 Rupees	2020 Rupees
<b>9 INTANGIBLE ASSETS</b>			
Universal membership right PMEX		3,500,000	3,500,000
TREC		2,500,000	2,500,000
		<b>6,000,000</b>	<b>6,000,000</b>



**DAWOOD EQUITIES LIMITED**

**10 LONG TERM INVESTMENTS**

2021	2020		2021	2020
<i>Number of Shares</i>			<b>Rupees</b>	Rupees
-	1,902,953	Investment in shares of PSX - At fair value through OCI	-	24,738,389
-	-	Gain on remeasurement of investment	-	(5,899,163)
<u>-</u>	<u>1,902,953</u>		<u>-</u>	<u>18,839,226</u>

**11 LONG TERM DEPOSITS**

Pakistan Stock Exchange Limited		-	700,000
Central Depository Company Limited		-	137,500
National Clearing Company Pakistan Limited	11.1	<b>1,137,500</b>	300,000
Pakistan Mercantile Exchange		<b>750,000</b>	750,000
		<u><b>1,887,500</b></u>	<u>1,887,500</u>

11.1 This includes amount transferred from PSX and CDC.

**12 DEFERRED TAXATION**

*Relating to taxable temporary difference*

Accelerated depreciation	<b>2,644,204</b>	3,320,323
Unrealized gain on remeasurement of investments	<b>3,819,308</b>	135,443
	<u><b>6,463,512</b></u>	<u>3,455,766</u>

*Relating to deductible temporary difference*

Trade debts-provision for doubtful debts	<b>(41,231,101)</b>	(41,231,101)
Tax losses	-	(130,478)
(Loss)/gain on re-measurement of investment-At fair value through OCI	-	(634,445)
	<u><b>(41,231,101)</b></u>	<u>(41,996,024)</u>
<b>Deferred tax asset</b>	<u><b>(34,767,589)</b></u>	<u>(38,540,257)</u>

12.1 Deferred tax asset recognised aggregating to Rs. 34.768 (2020 : Rs. 38.540 ) million. The management of the Company believes that based on the projections of future taxable profits, it would be able to realise the deferred tax asset pertaining to alternate corporate tax provision for bad debts. These projections are however, subject to uncertainty.

**13 SHORT TERM INVESTMENTS**

	Note	2021 Rupees	2020 Rupees
At fair value - through profit & loss - Related Party	13.1	<b>6,056,944</b>	16,787,890
Others - at fair value through profit & loss	13.2	<b>81,640,930</b>	23,927,863
		<u><b>87,697,874</b></u>	<u>40,715,753</u>



DAWOOD EQUITIES LIMITED

13.1 At fair value - through profit & loss - Related Party		Note	2021 Rupees	2020 Rupees
2021	2020			
<b>Number of Shares</b>				
<u>340,469</u>	<u>1,678,789</u>	Dawood Family Takaful Ltd. 13.1.1	<u>6,056,944</u>	<u>16,787,890</u>

13.1.1 The embedded value of these shares based on actuarial valuation of the investee Company is Rs. 17.79 (2020 : Rs.10) per share.

13.2 Other investments - at fair value through profit and loss		Note	2021 Rupees	2020 Rupees
Ordinary Shares		13.2.1	<u>81,640,930</u>	<u>23,024,908</u>

13.2.1 At fair value through profit and loss - Ordinary shares

2021	2020		2021 Rupees	2020 Rupees
<b>Number of Shares</b>				
301	301	786 Investment	3,136	10,339
-	32,000	First Dawood Investment Bank Ltd.	-	46,720
384	5,384	Allied Rental Modaraba	4,047	59,493
949,871	949,871	Ansari Sugar Miils	5,518,758	5,518,751
-	32,500	Amreli Steels Limited	-	1,060,800
-	6,050	Avanceon Limited	-	213,928
2,100	2,000	Brr Guardian Modaraba	27,783	17,380
-	5,000	Crescent Star Insurance	-	9,400
55,000	-	Byco petroleum Pakistan limited	638,550	-
14,000	-	Descon oxychem limited	375,760	-
11,000	11,000	Dost Steels Limited	54,780	33,550
5,000	-	Ecopack limited	226,700	-
-	5,000	Engro Fertilizers Limited	-	301,400
-	1,000	Engro Corporation Limited	-	292,920
-	10,000	Engro Polymer & Chemicals Limited	-	249,800
80,082	52,000	Fauji Fertilizer Bin Qasim Limited	2,114,966	829,920
-	70,500	Fauji Foods Limited	-	666,225
-	4,000	Frieslandcampina Engro Pakistan Ltd.	-	294,040
9,500	63,500	First Prudential Modaraba	24,700	50,800
-	10,000	Gul Ahmed Textile Mills Limited	-	286,300
-	25,000	Ghani Global Glass Limited	-	299,000
25,641	641	Hascol Petroleum Limited	228,974	8,718
-	100	Ici Pakistan Limited	-	69,471
1	1	Igi Life Insurance Limited	47	28
10	15	Interloop Limited	700	659
-	3,500	International Industries Ltd	-	321,055
-	500	Indus Motor Company Limited	-	497,495





**DAWOOD EQUITIES LIMITED**

<i>2021</i>	<i>2020</i>		<i>2021</i>	<i>2020</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
-	7,000	International Steels Limited	-	361,550
<b>1,000</b>	1,000	Johnson & Phillips (Pakistan) Limited	<b>53,990</b>	38,800
<b>25,000</b>	10,000	Jahangir Siddiqui & Company Limited	<b>29,750</b>	118,000
<b>675,500</b>	427,000	K-Electric Limited	<b>2,823,590</b>	1,285,270
-	300	Kohinoor Textile Mills	-	10,653
<b>2,000</b>	2,000	Kot Addu Power Company Limited	<b>88,700</b>	40,300
<b>4,150</b>	6,500	Loads Limited	<b>89,682</b>	90,350
-	10,000	Lotte Chemical Pakistan Limited	-	99,500
-	15,500	Merit Packaging Limited	-	184,295
-	6,500	Netsol Technologies Limited	-	323,115
<b>15,000</b>	15,000	National Bank Of Pakistan	<b>548,550</b>	414,750
<b>16,500</b>	-	Nishat mills limited	<b>1,539,450</b>	-
<b>325,000</b>	-	Nimir resins limited	<b>6,548,750</b>	-
-	1,500	Pakistan Oxygen Limited	-	249,240
-	25,000	Pakistan International Airlines	-	106,750
-	20,000	Pakistan Refinery Limited - Lor	-	3,400
-	1,000	Pak Suzuki Motor Company Limited	-	161,830
<b>5,000</b>	6,900	Pakistan State Oil Company Limited	<b>1,121,250</b>	1,091,304
<b>28,500</b>	-	Pak elektron limited	<b>999,210</b>	-
<b>1,902,953</b>	-	Pakistan Stock Exchange	<b>42,454,881</b>	-
-	10,000	Pakistan Telecommunication Company Ltd.	-	88,800
<b>50,000</b>	129,037	Pakistan International Bulk Terminal Ltd.	<b>569,000</b>	1,135,526
<b>836</b>	-	Power Cement Limited Preference shares	<b>9,739</b>	-
-	1,500	Power Cement Limited	-	9,300
<b>3,000</b>	-	Pakistan Oil Field limited	<b>1,181,580</b>	-
<b>51,330</b>	37,679	Sazgar Engineering Works Limited	<b>8,634,219</b>	4,694,427
<b>1,501</b>	-	The searle company limited	<b>364,173</b>	-
<b>38,000</b>	38,000	Sui Southern Gas Co	<b>505,400</b>	506,920
<b>1,000</b>	-	Service Global Footwear limited	<b>57,830</b>	-
-	5,071	The Hub Power Company Limited	-	367,648
<b>10,000</b>	-	The Organic Meat limited	<b>367,400</b>	-
<b>16,500</b>	16,500	Treet Corporation Limited	<b>816,585</b>	294,690
<b>10,000</b>	-	Trg Pakistan Limited - Class 'A'	<b>1,663,300</b>	-
<b>100,000</b>	-	TPL Corp limited	<b>1,955,000</b>	-
-	30,000	Tristar Polyester Limited	-	210,300
			<b>81,640,930</b>	<b>23,024,908</b>



**DAWOOD EQUITIES LIMITED**

**13.2.3 The market value of each listed security is as follows:**

786 Investment Limited - Freeze	10.42
Allied Rental Modaraba	10.54
Brr Guardian Modaraba	13.23
Byco petroleum Pakistan limited	11.61
Descon oxychem limited	26.84
Dost Steels Limited	4.98
Eco Pack limited	45.34
Fauji Fertilizer Bin Qasim Limited	26.41
Hascol Petroleum Limited	8.93
Interloop Limited	70.03
Igi Life Insurance Limited	47.13
Johnson & Phillips (Pakistan) Limited	53.99
Jahangir Siddiqui & Company Limited	1.19
K-Electric Limited	4.18
Kot Addu Power Company Limited	44.35
Loads Limited	21.61
National Bank Of Pakistan	36.57
Nishat mills limited	93.30
Nimirs Resins limited	20.15
Pak Electron limited	35.06
Pakistan State Oil Company Limited	224.25
Pakistan International Bulk	11.38
First Prudential Modarba	2.60
Pakistan Oil Field Limited	393.86
Power Cement Limited	11.65
Sazgar Engineering Works Limited	168.21
The Searle Company limited	242.62
Service Global footwear limited	57.83
Sui Southern Gas Company Limited	13.30
Pakistan Stock Exchange	22.31
The organic Meat company limited	36.74
Treet Corporation Limited	49.49
Trg Pakistan Limited - Class 'A'	166.33

<b>14 TRADE DEBTS</b>	<i>Note</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Considered good	14.1	<b>136,511,319</b>	80,525,673
Considered doubtful		<b>142,176,210</b>	142,176,210
		<b>278,687,529</b>	222,701,883
Provision for Impairment of doubtful debts	14.2	<b>(142,176,210)</b>	(142,176,210)
		<b>136,511,319</b>	80,525,673

**14.1** This includes amount of Rs. 16,018,616 (2020 : Rs.2,559,834) receivable from related parties of the Company.



**DAWOOD EQUITIES LIMITED**

14.1.1 S. No.	Name of Related Party		<i>Maximum aggregate amount outstanding with reference to Month end Balance</i>	
1	Ayaz Dawood		<u>9,337,224</u>	
			<u>9,337,224</u>	
			<i>2021</i>	<i>2020</i>
<b>14.2</b>	<b>Provision for trade debts considered doubtful</b>	<i>Note</i>	<b><i>Rupees</i></b>	<b><i>Rupees</i></b>
	Opening balance		<b>142,176,210</b>	142,176,210
	Provision reverse during the year	28	-	-
			<u>142,176,210</u>	<u>142,176,210</u>
<b>15</b>	<b>TRADE DEPOSITS AND SHORT TERM PREPAYMENTS</b>			
	Trade deposits	15.1	<b>33,000,635</b>	11,458,584
	Advance to employees		<b>200,000</b>	184,900
	Prepayments		-	200,000
			<u>33,200,635</u>	<u>11,843,484</u>
<b>15.1</b>	This includes amounts of deposits held at the year end against trading exposure with NCCPL.			
			<i>2021</i>	<i>2020</i>
<b>16</b>	<b>OTHER RECEIVABLES</b>	<i>Note</i>	<b><i>Rupees</i></b>	<b><i>Rupees</i></b>
	<i>- Considered good</i>			
	Receivable from NCCPL		<b>8,988,401</b>	8,679,459
	Other receivables		<b>3,268,424</b>	2,923,424
			<u>12,256,825</u>	<u>11,602,883</u>
<b>17</b>	<b>TAX REFUNDS DUE FROM GOVERNMENT</b>			
	Opening balance		<b>19,700,909</b>	20,727,692
	Add: Paid during the period		<b>1,041,222</b>	2,523,307
			<u>20,742,131</u>	23,250,999
	Adjusted against provision for taxation		<b>(14,022,026)</b>	(3,550,090)
			<u>6,720,105</u>	<u>19,700,909</u>
<b>18</b>	<b>CASH AND BANK BALANCES</b>			
	<i>Cash in hand</i>		<b>37,380</b>	-
	<i>Cash at bank</i>			
	Current accounts		<b>8,760,923</b>	4,083,594
	Saving accounts	18.1	<b>4,777,063</b>	1,428,535
			<u>13,575,366</u>	<u>2,655,060</u>
	<i>Balance pertaining to:</i>			
	- clients		<b>9,115,090</b>	1,525,328
	- brokerage house		<b>4,422,897</b>	1,129,732
			<u>13,537,986</u>	<u>2,655,060</u>



**DAWOOD EQUITIES LIMITED**

- 18.1 Saving accounts carries mark-up at the rate from 4% to 6% (2020 : 4% to 6%) per annum.
- 18.2 Short term running finance facility from Habib Metropolitan Bank amounting to Rs 100 millions with markup of 3 months kibar plus 3% per annum remained unavailed at the end of the year.
- 18.3 Short term running finance facility from Bank Alfalah against pledge of shares amounting to Rs. 50 million with markup of 3 months kibar plus 3% per annum remained unavailed at the end of the year.

**19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL**

2021	2020		2021	2020
Number of shares			Rupees	
		Ordinary shares of Rs.10 each		
		fully paid in cash		
<b>24,996,500</b>	<b>24,996,500</b>		<b>249,965,000</b>	<b>249,965,000</b>

**20 RESERVES**

- Capital reserve

Share premium is capital reserve and is held for utilization of purposes as stated in section 81 of the Companies Act, 2017.

21	TRADE AND OTHER PAYABLES	Note	2021 Rupees	2020 Rupees
	Trade creditors	21.1	<b>45,617,050</b>	11,266,344
	Accrued expenses		<b>3,722,602</b>	5,752,222
	Payable to dealers		<b>7,109,624</b>	-
	Withholding tax payable		<b>337,963</b>	1,010,764
			<b>56,787,239</b>	<b>18,029,329</b>

21.1 This includes amount of Rs. 220,472 payable to related parties of the Company.

**22 CONTINGENCIES AND COMMITMENTS**

22.1 The Company has filed a suit in the Honorable High Court of Sindh against one of its corporate client against recovery of Rs. 75.436 million and proceedings are in process. Honorable High Court has appointed Commissioner for determination of amount. Currently 100% provision of Rs. 75.436 million has been made as ultimate outcome is uncertain.

22.2 Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end :-

	2021 Rupees	2020 Rupees
For purchase of shares	<b>273,378,480</b>	<b>86,057,446</b>
For sale of shares	<b>278,494,322</b>	<b>79,886,720</b>



**DAWOOD EQUITIES LIMITED**

	Note	2021 Rupees	2020 Rupees
<b>23 OPERATING REVENUE</b>			
Brokerage commission	23.1	<b>129,351,810</b>	27,494,810
Custody / Laga / NCSS Fees		<b>8,844,251</b>	2,413,151
Underwriting commission		-	8,978,781
Dividend income		<b>119,541</b>	171,949
Income from Margin Finance		<b>1,015,426</b>	417,430
		<b>139,331,028</b>	<b>39,476,122</b>
<b>23.1 Brokerage commission</b>			
Gross commission		<b>145,877,131</b>	32,283,449
Sales tax / Federal excise duty		<b>(16,525,321)</b>	(4,788,639)
		<b>129,351,810</b>	<b>27,494,810</b>
<b>23.2 Brokerage commission pertains to</b>			
Institutional clients		<b>53,034,242</b>	6,470,183
Retail customers / Individual		<b>76,317,568</b>	21,024,627
		<b>129,351,810</b>	<b>27,494,810</b>
<b>24 CAPITAL GAIN / (LOSS) ON INVESTMENTS - NET</b>			
Capital gain in ready market		<b>11,885,816</b>	3,922,893
<b>25 GAIN ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS</b>			
Others - at fair value through profit and loss		<b>2,215,681</b>	902,955
<b>26 ADMINISTRATIVE EXPENSES</b>		<b>2021 Rupees</b>	<b>2020 Rupees</b>
Salaries and other benefits		<b>13,543,816</b>	9,786,174
Rent, rates & taxes		<b>504,666</b>	274,166
Repairs and maintenance		<b>3,335,698</b>	2,032,064
Utilities		<b>1,254,842</b>	1,066,197
Fees and subscription		<b>2,454,683</b>	1,945,281
Regulatory charges		<b>10,555,925</b>	2,807,114



**DAWOOD EQUITIES LIMITED**

	<i>Note</i>	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
Brokerage expenses		-	82,500
Printing and stationery		<b>423,939</b>	308,667
Legal and professional fees		<b>733,336</b>	535,878
Traveling and conveyance		<b>1,341,413</b>	445,875
Entertainment		<b>1,103,976</b>	993,562
Depreciation		<b>1,422,558</b>	939,479
Sales tax expense		<b>623,604</b>	322,416
Miscellaneous expenses		<b>198,002</b>	264,717
		<b>37,496,458</b>	21,804,090
<b>27 FINANCIAL CHARGES</b>			
Bank charges		<b>77,951</b>	64,875
Mark up on short term loans		-	4,277
		<b>77,951</b>	69,152
<b>28 OTHER OPERATING INCOME</b>			
<i>From financial assets</i>			
Profit on bank accounts		<b>38,706</b>	897,780
Profit on cash exposure		<b>2,659,143</b>	1,059,843
		<b>2,697,849</b>	1,957,623
<i>From non financial assets</i>			
Rental Income		<b>474,999</b>	125,000
Miscellaneous income		<b>32,387</b>	1,004,440
		<b>507,386</b>	1,129,440
		<b>3,205,235</b>	3,087,063
<b>29 OTHER OPERATING CHARGES</b>			
Brokerage Expense on Subscription		<b>230,686</b>	-
Auditors' remuneration	29.1	<b>636,768</b>	781,934
		<b>867,454</b>	781,934
<b>29.1 Auditors' remuneration</b>			
Statutory audit		<b>496,934</b>	496,934
Half yearly review		<b>100,000</b>	100,000
Certifications and other services		<b>40,000</b>	185,000
		<b>636,934</b>	781,934
<b>30 TAXATION</b>			
Current	30.1	<b>(14,022,026)</b>	(3,550,090)
Deferred		<b>(3,772,668)</b>	(2,959,078)
		<b>(17,794,695)</b>	(6,509,168)



**DAWOOD EQUITIES LIMITED**

**30.1** Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i>Deemed Assessment Rupees</i>	<i>Provision Rupees</i>
<i>Tax year 2020</i>	<u>2,553,225</u>	<u>6,509,168</u>
<i>Tax year 2019</i>	<u>1,869,289</u>	<u>5,167,204</u>
<i>Tax year 2018</i>	<u>2,045,611</u>	<u>8,637,058</u>

	<i>2021 Rupees</i>	<i>2020 Rupees</i>
<b>31 EARNING PER SHARE</b>		
Profit after taxation	<b>Rs. 41,533,967</b>	<u>8,104,069</u>
Weighted average number of ordinary shares	<b>24,996,500</b>	<u>24,996,500</u>
Income per share - basic	<b>Rs. 1.66</b>	<u>0.32</u>

Diluted earning per share has not been presented as the company did not have any convertible instruments.

	<i>2021 Rupees</i>	<i>2020 Rupees</i>
<b>32 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<i>Financial Assets</i>		
<i>Investment at fair value through profit or loss</i>		
Short term investments	<b>87,697,874</b>	40,715,753
<i>At fair value through OCI- investments</i>		
Short term investment	-	18,839,226
<i>Loans and receivables</i>		
Long term deposits	<b>1,887,500</b>	1,887,500
Trade debts	<b>136,511,319</b>	80,525,673
Receivable against Margin Finance	<b>2,697,834</b>	1,178,273
Trade deposits	<b>33,200,635</b>	11,843,484
Other receivable	<b>12,256,825</b>	11,602,883
Cash and bank balances	<b>2,655,060</b>	2,655,060
	<b>189,209,173</b>	109,692,873
	<b>276,907,047</b>	169,247,852



DAWOOD EQUITIES LIMITED

	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Financial Liabilities</i></b>		
<b><i>Long term deposits</i></b>		
Rental deposits	474,999	125,000
<b><i>At fair value through profit or loss</i></b>		
Trade and other payables	<u>56,787,239</u>	<u>18,029,329</u>
	<u>57,262,238</u>	<u>18,154,329</u>

### 33 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks potential adverse effects on the Company's financial performance.

**Risk managed and measured by the Company are explained below: -**

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

#### **a) 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, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.

#### **Exposure to credit risk**

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Out of the total financial assets of Rs. 351.97 million (2020 : Rs. 164.247 million) the financial assets which are subject to credit risk amounted to Rs. 351.97 million (2020 : Rs. 164.247 million).

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The company's policy is to enter into financial instrument contract by following internal guidelines such as approving counter parties and approving credits.





**DAWOOD EQUITIES LIMITED**

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date is: -

	<b>2021</b>	<b>2020</b>
	<i>Rupees</i>	<i>Rupees</i>
Long term deposits	<b>1,887,500</b>	1,887,500
Investments- long term and short term	<b>87,697,874</b>	59,554,979
Trade debts	<b>136,511,319</b>	80,525,673
Deposits	<b>33,200,635</b>	11,843,484
Receivable against Margin Finance	<b>2,697,834</b>	1,178,273
Other receivables	<b>12,256,825</b>	11,602,883
Bank balances	<b>13,575,366</b>	2,655,060
	<b><u>287,827,353</u></b>	<u>169,247,852</u>

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs. 136.511 million (2020 : Rs. 80.52) million.

**Provision for impairment losses**

The aging of trade debts as at balance sheet is summarized below: -

	<b>2021</b>		<b>2020</b>	
	<i>Gross</i>	<i>Impairment</i>	<i>Gross</i>	<i>Impairment</i>
	<i>----- Rupees -----</i>			
Past due 1-30 days	<b>91,066,271</b>	-	10,278,406	-
Past due 31 days -90 days	<b>2,757,935</b>	-	3,409,255	-
Past due 90 days -1 year	<b>7,034,031</b>	-	22,659,124	-
More than one year	<b>177,829,293</b>	<b>(142,176,210)</b>	186,355,098	(142,176,210)
<b>Total</b>	<b>278,687,529</b>	<b>(142,176,210)</b>	222,701,883	(142,176,210)

Out of Rs 177.82 (2020: 186.35) millions provision has been made for Rs 142.17 (2020: 147.17) millions and balance of Rs 35.65 (2020:44.18) millions relate to parties from which recovery is under process.

**Concentration of credit risk**

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

**b) Bank balances**

Credit quality of bank balances can be assessed with reference to external credit ratings as follows:



**DAWOOD EQUITIES LIMITED**

**c) Liquidity Risk**

<i>Bank</i>	<i>Agency</i>	<i>Date</i>	<i>Short term rating</i>	<i>Long term rating</i>	<i>2021 Rupees</i>	<i>2020 Rupees</i>
Bank Al-Habib Limited	PACRA	June 30, 2021	A1+	AA+	<b>106,491</b>	248,983
Habib Metropolitan Bank Limited	PACRA	June 30, 2021	A1+	AA+	<b>2,443,971</b>	35,490
MCB Bank Limited	PACRA	June 30, 2021	A1+	AAA	<b>600,595</b>	268,144
Albaraka Bank (Pakistan) Limited	JCR-VIS	June 30, 2021	A1	A	<b>4,562,509</b>	3,177,592
Bank Al-Falah Limited	PACRA	June 30, 2021	A1+	AA-	<b>602,100</b>	1,449,184
The Bank of Khyber	PACRA	June 30, 2021	A1	A	<b>15,000</b>	15,000
United Bank Limited	JCR-VIS	June 30, 2021	-	AA+	<b>116,639</b>	31,180
					<b>8,447,304</b>	5,225,574

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:-

	<i>2021</i>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	<i>----- Rupees -----</i>			
<i>Financial Liabilities</i>				
Trade and other payables	<b>56,787,239</b>	<b>56,787,239</b>	-	56,787,239
	<i>2020</i>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	<i>----- Rupees -----</i>			
<i>Financial Liabilities</i>				
Trade and other payables	18,029,328	18,029,328	-	18,029,328



**DAWOOD EQUITIES LIMITED**

**d) Market Risk**

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

**Currency Risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

**Interest Rate Risk**

As reporting date the interest rate profile of the company's interest bearing financial instruments was as follows:

	<i>2021</i> <i>Rupees</i>	<i>2020</i> <i>Rupees</i>
<b><i>Financial Assets</i></b>		
<b><i>Variable Rate Instruments</i></b>		
Bank balance - PLS account	<u>(4,777,063)</u>	<u>(1,428,535)</u>

**Cash flow Sensitivity analysis for variable rate instruments**

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<i>Effect on profit and loss</i> <i>100 bp</i> <i>increase</i> <i>Rupees</i>	<i>100 bp</i> <i>decrease</i> <i>Rupees</i>
<b><i>As at June 30, 2021</i></b>		
Cash flow Sensitivity - variable rate instruments	<u>47,771</u>	<u>14,285</u>
<b><i>As at June 30, 2020</i></b>		
Cash flow Sensitivity - variable rate instruments	<u>14,285</u>	<u>2,730</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

**Price Risk**

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.



**DAWOOD EQUITIES LIMITED**

**- Sensitivity analysis**

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below. The analysis is performed on same basis for 2017.

	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
<b><i>Effect on profit</i></b>		
Increase / Decrease	<b>87,697,874</b>	<b>40,715,753</b>

**Capital risk management**

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity and by managing working capital.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

**e) Fair Value of Financial Instruments**

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

**Fair value hierarchy**

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

**Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

**Level 3:** Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>----- Rupees -----</i>		

***June 30, 2021***

***Investments at fair value through Profit and loss***

- related parties	-	-	<b>6,056,944</b>
- others	<b>81,640,930</b>	-	-
At fair value through OCI	-	-	-

***June 30, 2020***

***Investments at fair value through Profit and loss***

- related parties	-	-	<b>16,787,890</b>
- others	<b>23,927,863</b>	-	-
At fair value through OCI	<b>18,839,226</b>	-	-



**DAWOOD EQUITIES LIMITED**

**34 RELATED PARTY TRANSACTIONS**

Related parties comprises member companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions with related parties during the year are as follows:-

	<i>Note</i>	<b>2021</b> <i>Rupees</i>	<b>2020</b> <i>Rupees</i>
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<b>16,385,379</b>	4,181,628
Expenses paid / payable to member companies		<b>384,000</b>	241,800
<b><i>FDIBL and others Employee Provident Fund</i></b>			
Employer's contribution paid	34.1	<b>499,079</b>	364,788

34.1 The company is part of provident fund of the group as whole according to trust deed.

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

**35 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES**

		<b>2021</b>	
		<i>Chief Executive Officer</i>	<i>Director</i>
<i>Note</i>		<i>----- Rupees -----</i>	
Managerial remuneration	35.1	<b>1,300,000</b>	-

35.1 None of the employees fall under the category of executives as defined in Companies Act, 2017.

**36 OPERATING SEGMENT**

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company are located in Pakistan.



DAWOOD EQUITIES LIMITED

37 NET CAPITAL BALANCE	Note	2021 Rupees
<b><u>CURRENT ASSETS</u></b>		
Cash in hand		37,380
<b>Cash at bank</b>		
- Pertaining to brokerage house		4,422,897
- Pertaining to clients		9,115,090
<b>Total bank balances</b>	37.1	13,537,986
<b>Margin Deposit</b>		
- with NCCPL	37.2	33,000,635
<b>Receivables From:</b>		
- NCCPL		8,988,401
<b>Trade Receivables</b>		
Book value		278,687,529
Less: Outstanding for more than 14 days		(196,265,109)
	37.3	82,422,420
Investment in listed securities in the name of brokerage house		81,640,930
Less: 15% discount		(12,246,140)
	37.4	69,394,791
Securities purchased for client where payment has not been received in 14 days	37.5	20,294,574
<b>Total Current Assets</b>	A	227,676,187
<b><u>CURRENT LIABILITIES</u></b>		
<b>Trade Payables</b>		
Book value		45,617,050
Less: Overdue for more than 30 days		(9,262,557)
	37.6	36,354,493
Other liabilities	37.7	20,432,746
<b>Total Current Liabilities</b>	B	56,787,239
<b>NET CAPITAL BALANCE</b>	A minus B	170,888,948



**DAWOOD EQUITIES LIMITED**

**2021**  
**Rupees**

**37.1 Cash At Bank**

**- Pertaining to brokerage house**

Current Accounts	4,198,414
Saving Accounts	224,483
	<u>4,422,897</u>

**- Pertaining to clients**

Current Accounts	4,562,509
Saving Accounts	4,552,581
	<u>9,115,090</u>

**37.2 Margin Deposit**

Exposure Deposit (Ready)	14,529,597
Exposure Deposit (Future)	15,137,877
MTS Exposure	3,333,161
	<u>33,000,635</u>

**37.3 Trade Receivables**

Aging of trade receivables	<u>82,422,420</u>
----------------------------	-------------------

This amount is based on 14 days Net capital aging of trade receivables

**37.4 Investment in Listed Securities**

Others - ordinary shares	81,640,930
Less: 15% discount	(12,246,140)
	<u>69,394,791</u>

**37.5 Securities Held on Behalf of Client Where Payment Has Not Been Received in 14 Days**

The amount represents lower of securities held and receivable above 14 days from clients.

**37.6 Investment in Listed Securities**

This amount is based on 30 days Net capital aging of trade payables

**37.7 Other Liabilities**

**2021**  
**Rupees**

Trade payable over due for more than 30 days	9,262,557
Accrued expenses	3,722,602
Payable to dealers	7,109,624
Withholding tax payable	337,963
	<u>20,432,746</u>



DAWOOD EQUITIES LIMITED

38 COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
<b>1. Assets</b>				
1.1	Property & Equipment	9,056,968	100.00%	-
1.2	Intangible Assets	6,000,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
1.4	<b>Investment in Debt. Securities</b>			
	<b>If listed than:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1			
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years.			
	<b>If unlisted than:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1			
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years.			
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years.			
1.5	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	81,640,930	12,246,140	69,394,791
	ii. If unlisted, 100% of carrying value.	-	-	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-	-	-
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable.	-	100%	-
1.6	Investment in subsidiaries			
1.7	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is			
	ii. If unlisted, 100% of net value.			
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any higher other	1,887,500	100%	-
1.9	Margin deposits with exchange and clearing house.	33,200,635	-	33,200,635
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	-	-
1.11	Other deposits and prepayments	-	100%	-





DAWOOD EQUITIES LIMITED

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.(Nil)			
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties			
1.13	Dividends receivables.			
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. <i>(Securities purchased under repo arrangement shall not be included in the investments.)</i>			
1.15	i. Short Term Loan To Employees: Loans are Secured and Due for repayment within 12 months	200,000	-	-
	ii. Receivables other than trade receivables		-	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including MtM gains.		-	-
	claims on account of entitlements against trading of securities in all markets including MtM gains.	12,256,825		
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the financee (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	2,697,834	1,278,105	2,697,834
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract, <i>iii. Net amount after deducting haircut</i>			
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	67,553,429	-	67,553,429
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <i>v. Lower of net balance sheet value or value determined through adjustments</i>	197,813,319	34,256,942	34,256,942
	<i>vi. 100% haircut in the case of amount receivable from related parties.</i>	16,018,616	16,018,616	-
1.18	<b>Cash and Bank balances</b>			
	i. Bank Balance-proprietary accounts	4,422,897	-	4,422,897
	ii. Bank balance-customer accounts	9,115,090	-	9,115,090
	iii. Cash in hand	-	-	-
1.19	<b>Total Assets</b>	<b>441,864,042</b>		<b>220,641,617</b>



DAWOOD EQUITIES LIMITED

<i>S. No.</i>	<i>Head of Account</i>	<i>Value in Pak Rupees</i>	<i>Hair Cut / Adjustments</i>	<i>Net Adjusted Value</i>
<b>2. Liabilities</b>				
2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	45,617,050	-	45,617,050
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	11,170,189	-	11,170,189
	iii. Short-term borrowings		-	-
	iv. Current portion of subordinated loans	-		
	v. Current portion of long term liabilities	-		
	vi. Deferred Liabilities	-		
	vii. Provision for bad debts	-		-
	viii. Provision for taxation	-		
	ix. Other liabilities as per accounting principles and included in the financial statements	-		
2.3	<b>Non-Current Liabilities</b>			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial institution; Long term portion of financing obtained from a financial institution including amount due against finance lease	-		
	b. Other long-term financing			
	ii. Staff retirement benefits			
	<b>iii. Advance against shares for Increase in Capital of Securities broker:</b> 100% haircut may be allowed in respect of advance against shares if:			
	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Board of Directors of the company has approved the increase in capital			
	c. Relevant Regulatory approvals have been obtained			
	d. There is no unreasonable delay in issue of shares against advance and all regulatory requirements relating to the increase in paid up capital have been completed.			
	e. Auditor is satisfied that such advance is against the increase of capital.			
	iv. Other liabilities as per accounting principles and included in the financial statements	25,000		25,000



DAWOOD EQUITIES LIMITED

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2.4	<b>Subordinated Loans</b>			
	<p>i. 100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted: The Schedule III provides that 100% haircut will be allowed against subordinated Loans which fulfill the conditions specified by SECP. In this regard, following conditions are specified:</p> <p>a. Loan agreement must be executed on stamp paper and must clearly reflect the amount to be repaid after 12 months of reporting period</p> <p>b. No haircut will be allowed against short term portion which is repayable within next 12 months.</p> <p>c. In case of early repayment of loan, adjustment shall be made to the Liquid Capital and revised Liquid Capital statement must be submitted to exchange.</p>			
	ii. Subordinated loans which do not fulfill the conditions specified by SECP			
2.5	<b>Total Liabilities</b>	<b>56,812,239</b>		<b>56,812,239</b>

**3. Ranking Liabilities Relating to:**

3.1	<b>Concentration in Margin Financing</b>			
	The amount calculated client-to- client basis by which any amount receivable from any of the financees exceed 10% of the aggregate of amounts receivable from total financees.	2,697,834	827,673.00	1,870,161
3.2	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed.	-	-	-
3.3	<b>Net underwriting Commitments</b>			
	<b>(a) in the case of right issue :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting			
	<b>(b) in any other case :</b> 12.5% of the net underwriting commitments			
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary			



DAWOOD EQUITIES LIMITED

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.5	<b>Foreign exchange agreements and foreign currency positions</b> 5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
3.7	<b>Repo adjustment</b> <b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of financee/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	-	-	-
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	<b>Short sell positions</b> i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	<b>2,697,834</b>	<b>827,673</b>	<b>1,870,161</b>
		<u>382,353,969</u>	Liquid Capital	<u>161,959,217</u>

**Calculations Summary of Liquid Capital**

(i) Adjusted value of Assets (serial number 1.19)	220,641,617
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(56,812,239)
(iii) Less: Total ranking liabilities (series number 3.11)	(1,870,161)
	<u>161,959,217</u>



**DAWOOD EQUITIES LIMITED**

	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>39 LIMIT ON ASSET UNDER CUSTODY</b>		
Total assets	<b>349,876,765</b>	245,969,236
Less: Total Liabilities	<b>(56,787,239)</b>	(18,029,328)
Less: Revaluation Reserves (created upon revaluation of fixed assets)	-	-
<b>Capital Adequacy Level</b>	<b><u>293,089,526</u></b>	<b><u>227,939,908</u></b>

While determining the value of the total assets of the TREC Holder, Notional value of TREC held by such participant as at year ended June 30, 2021 as determined by Pakistan Stock Exchange Limited has been considered.

<b>40 NUMBER OF EMPLOYEES</b>	<i>2021</i>	<i>2020</i>
Number of employees as at year end and average for the year	<b><u>16</u></b>	<b><u>12</u></b>

**41 NON - ADJUSTING EVENT**

The Board of Directors in its annual general meeting held on October 25, 2021 has proposed a final cash dividend of Rs. Nil per share (2020: Nil) and 10% bonus shares (2020: Nil) in respect of the year ended June 30, 2021. The appropriation will be approved by the members in the forthcoming Annual General Meeting.

**42 DATE OF AUTHORIZATION FOR ISSUE**

These financial statements have been authorized for issue by the Board of Directors of the Company on September 24, 2021.

**43 GENERAL**

Figures have been rounded off to the nearest rupee.

  
Chief Executive

  
Director

  
Chief Financial Officer



**DAWOOD EQUITIES LIMITED**

**Proxy Form**

I/We, \_\_\_\_\_

of \_\_\_\_\_

Dawood Equities Limited appoint Mr./ Mrs./Ms. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

as my proxy to vote for me/us and on my / our behalf at the Annual General Meeting to be held on 25th day of October, 2021 at 8:45 a.m. and at any adjournment thereof.

As witnessed under my/our hands this \_\_\_\_\_ day of \_\_\_\_\_ 2021 \_\_\_\_\_

Signed by \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature and address of the witness

Signature and address of the witness

\_\_\_\_\_  
Signature of member

Please affix  
revenue  
stamp



DAWOOD EQUITIES LIMITED

Affix  
Correct  
Postage

The Company Secretary  
**Dawood EQUITIES LIMITED**  
17<sup>th</sup> Floor, Saima Trade Tower A  
I.I Chundriger Road Karachi.



DAWOOD EQUITIES LIMITED

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