



DAWOOD EQUITIES LIMITED

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2020



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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

Board of Directors	Mr. Junaid Dada (Chairman) Abdul Aziz Habib (Chief Executive) Mr. Khalid Yousuf (Non executive Director) Mr. Asim Iftekhar Yakoob (Independent Director) Ms. Sobia Saif (Independent Director) Syed Muhammad Abbas (Non executive Director) Mr. Saifullah
Chief Financial officer & Company Secretary	Mr. Salman Yaqoob
Audit Committee	Mr. Asim Iftekhar Yakoob- Chairman Mr. Khalid Yousuf Ms. Sobia Saif
HR & R Committee	Mr. Asim Iftekhar Yakoob- Chairman Syed Muhammad Abbas Abdul Aziz Habib
External Auditor	Reanda Haroon Zakaria & Company Chartered Accountants
Internal Auditor	Sajid & Co. Chartered Accountants
Legal Advisor	Rauf & Ghaffar Law Associates
Bankers	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
Website	www.dawoodequities.com
Registered Head Office	17th Floor - Saima Trade Towers A, I.I. Chundrigar Road, Karachi. Phone No. 021-32271881-1883 Fax No. 021-32275086
Registered Branch Office	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
Share Registrar	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 15th ANNUAL GENERAL MEETING

Notice is hereby given that 15TH Annual General Meeting of Dawood Equities Limited will be held at 1700-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi on October 23, 2020 at 8:45 am to transact the following business:

Ordinary Business

1. To confirm the minutes of 14TH Annual General Meeting held on October 25, 2019.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2020 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year ending June 30, 2020/2021 and to fix their remuneration. The Board of Directors have recommended for reappointment of Reanda Haroon Zakaria & Company Chartered Accountants as external auditors.
4. To transact any other Business with the permission of the Chair.

By Order of the Board

Date: October 01, 2020
Karachi

Salman Yaqoob
CFO & Company Secretary

Notes:

1. Book Closure Notice

The Share Transfer Books of DEL will be closed from October 09, 2020 to October 23, 2020 (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 08, 2020 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 a poll.
- 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 notarially certified copy of the power or authority, must be 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 the meeting.
- 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 Proxy Form.



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- 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 the meeting.

3. 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.

4. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2020 has been placed on the Company's website at the given link: <http://www.dawoodequities.com/financials.php>



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 Limited (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 Companies Act 2017 (previously Companies Ordinance 1984) and the Code of Corporate Governance (the Code) contained in the Rule Book of the Pakistan Stock Exchange Limited (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2020 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

1. 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;
2. 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;
3. 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;
4. 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 and the remaining directors meet the qualification and experience criteria of the Code;
5. 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;
6. The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
7. The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
8. 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;
9. 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;
10. 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 directors' report are in accordance with the requirement of applicable laws and regulations;



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11. 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;
12. 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
13. 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 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 also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

Junaid Dada
Chairman
September 10, 2020



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, 2020 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

The unprecedented onset of pandemic Covid-19 taking over the world in FY20, the global economy slid into recession with overall economic growth shrinking 4.9 percent this year; a sharper contraction than the 3 percent predicted earlier by IMF. Pakistan was no exception, with GDP shrinking by 0.38% as compared to 3.3% growth recorded a year earlier. Only the agriculture sector showed positive growth of 2.7% during the year while manufacturing and services sector marked a negative growth of 5.6% and 0.6%, respectively. Large scale manufacturing contracted 10.2% in FY20 largely due to significant decline in textile, food, beverages and tobacco, coke and petroleum products, pharmaceuticals, automobiles, iron and steel products and electronics.

However, on the external front, despite global trade being affected by Covid-19, Pakistan was able to bring down the Current Account Deficit to 1.1% of GDP (USD 2.97 Billion) from previous year's 4.8% (USD 13.4 Billion). This significant relief was due to measures taken by the government to restrict import of certain commodities and dip in global oil prices, resulting in a 19.3% YoY decline in overall import bill (including goods and services). Furthermore, remittances also supported the external sector, registering a growth of 6.3% YoY to USD 23.1 billion, with highest inflows coming in from KSA followed by USA.

The overall reserve position of Pakistan was supported by USD 13.2 billion worth of gross loans from bilateral and multilateral lenders including the International Monetary Fund (IMF). As at June 2020, the overall reserves stood at USD 18.0 Billion, 24.1% up from USD 14.4 Billion recorded at June 2019 close. Moreover, post adoption of market determined exchange rate by the SBP, PKR witnessed a devaluation of 4.8% against the greenback, during the year FY20. The average inflation in the FY20 increased to 10.74% YoY against the target of 8.5% set by the government, primarily due to double digit food inflation and upward revision in utility prices. Despite higher inflation, SBP cut policy rates by 625bps in the latter half of the FY20 as Covid-19 called for special measures in order to provide relief to the overall economy

STOCK MARKET REVIEW

FY20 saw double dips of KSE100 towards 28K level, first being in August 2019 and the second time near the end of March 2020. The losses sustained by the Index were a combined result of Pakistan's macro-economic situation, which worsened gradually due to late entry in IMF Program, and also because of Covid-19 pandemic that brought World markets down. Nonetheless, the leading indicators that stand today are markedly different from where they stood at the start of the fiscal year.

Improving Balance of Payment position, low Interest rates, increasing foreign remittances and gradual recovery from Covid-19 have started turning the tide now and had helped the benchmark Index post a recovery of 7,193pts in 4Q-FY20. 4Q-FY20 saw an overall increase of 5,190pts in the Index.

Following the Policy rate, 6M Kibor has also come down from 14% at the beginning of FY20 to 7.2% by end FY20. This has relieved the already stressed corporate sector off the burdening financial charges at one hand and has also made Equities as the preferred asset class in comparison with fixed income instruments. Foreign remittances have also started improving in recent months, whereby June 2020 posted the highest ever monthly foreign remittances of US\$ 2.5mn taking the total for FY20 to US\$ 23.1mn (FY19: US\$21.7mn).



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Regardless of a highly volatile trading year, where the benchmark Index went up and down since the beginning, overall FY20 could add only 520pts over FY19 to close the fiscal at 34,421pts. Sectors that contributed positively during FY20 include Fertilizer (+1075pts), Cement (+952pts), Pharmaceuticals (+397pts), Technology (+295pts) and Textile (+121pts). On the other hand, Banking sector led the lagging sectors with (-1400pts), followed by Tobacco (-365pts), E&P (-360pts), Power (-359pts) and O&GMCs (-137pts). Volumes traded on the Exchange have also seen volatility from posting a low of 39.5mn shares in 1Q-FY20, to crossing 500mn volumes in the month of December 2019. During FY20, foreigners maintained selling stance from yesteryears and took out US\$ 284.8mn on net basis. Besides foreign investors, Banks, Mutual Funds and Brokers remained net sellers of US\$ 55.4mn, US\$ 50.2mn and US\$ 13.3mn respectively. These outflows have largely been absorbed by Individuals by investing US\$ 213.2mn, followed by Insurance Sector US\$ 127.6mn, Other Organizations US\$ 31.6mn, Companies US\$ 26.8mn and Non-Banking Finance Companies US\$ 4.5mn.

FINANCIAL PERFORMANCE

Total revenue of DEL for the FY2019-20 was recorded at Rs.39.47 million versus Rs.23.64 million in the comparative year. DEL recorded a pre-tax profit of Rs.14.61 million for the year ended June 30, 2020 vs. Rs.5.64 million for the year ended June 30, 2019. Increase in the revenue compared to last year was a result of higher income generated from the following revenue streams:

- Underwriting Commission
- Trading commission from Corporate clients

The equity of the Company as at the balance sheet date is PKR 227.91 million (June 2019: PKR 224 million) which translates into book value per share of PKR 9.12 (June 30, 2019: PKR 8.96).

Total operating expenses of DEL for the FY2019-20 was recorded at Rs.21.8 million versus Rs.18.6 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 fee paid to tax consultant and increased in regulatory charges due to increased trading activity.

The summary of Financial Results is as follows:

	June 30, 2020 Rupees	June 30, 2019 Rupees
Net Revenue	39,476,122	23,647,472
Profit before tax	14,613,237	5,646,764
Earnings per share basic and diluted	0.32	0.02

Brokerage Revenue Performance

Despite a significant uncertainty amid Covid-19 pandemic during the period, your company's brokerage revenue witnessed an increase of 59.7% to close at PKR 32.3 million, maintaining our overall market share at 1.1%. This performance in equity brokerage has been achieved through growth in retail and online trades and opening a large number of new individual and corporate accounts in the company.

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.



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POST BALANCE SHEET DATE EVENT / DIVIDEND

The directors recommended no cash dividend, whether interim or final, for the financial year ended June 30, 2020. No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements

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 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;



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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. 373,788 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.

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.

PATTERN OF SHARE HOLDING

The detailed pattern of shareholding and categories of shareholders of the Company as at June 30, 2020, 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.

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 Iftekhhar	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

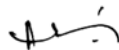
Haroon Zakaria & Company, Chartered Accountants, have completed their assignment and retired. Being eligible, they offered themselves for reappointment, based on the recommendation of the Audit Committee; the Board further recommends the reappointment of Haroon Zakaria & Company Chartered Accountants as Dawood Equities Limited auditors for the financial year ending on June 30, 2021.

FUTURE OUTLOOK

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 10, 2020



ڈاؤڈ ایکویٹیز کی رپورٹ

ڈاؤڈ ایکویٹیز لمیٹڈ (DEL) کے معزز مخلصین

ڈاؤڈ ایکویٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2020 کو ختم ہونے والے سال کے لئے کہنی کی سالانہ رپورٹ مع سال کے لئے نظر ثانی شدہ مالیاتی گوشوارے اور اکاؤنٹنگ، ریگولیٹری اور قانونی معیارات اور ضروریات کے مطابق ان پراڈیکٹرز کی رپورٹ پیش کرتے ہوئے مجھے انتہائی خوشی ہو رہی ہے۔

اقتصادی اور کاروباری ماحول

مالی سال 2020 میں COVID-19، بائی بیجاری کے پوری دنیا میں پھیلنے کے بعد، عالمی معیشت اس سال کی مجموعی معاشی نمو 4.9 فیصد کم ہونے کے ساتھ کساد بازاری کی طرف مائل ہو گئی۔ آئی ایم ایف کی پیش گوئی کردہ 3 فیصد کے مقابلے میں تیزی سے کم ہو گئی۔ پاکستان بھی چینی نہیں رہا، جی ڈی پی میں 0.38 فیصد ہوئی جبکہ گزشتہ سال 3.3 فیصد شرح نمو کی گئی تھی۔ صرف ہی کے زراعت کے شعبے میں سال کے دوران 2.7 فیصد کی مثبت نمو آئی جبکہ مینوفیکچرنگ اور سروسز سیکٹرز میں بالترتیب 5.6 فیصد اور 0.6 فیصد کی منفی نمو ہوئی۔ مالی سال 2020 میں بڑے پیمانے پر مینوفیکچرنگ میں 10.2 فیصد کی کمی ہوئی جس کی وجہ ٹیکسٹائل، خوراک، مشروبات اور تباہی، لوک اور پیٹرولیم مصنوعات، دواسازی، آٹوموبائل، آئرن اور اسٹیل مصنوعات اور ایکٹریکس میں نمایاں کمی ہے۔

تاہم، برقی محاذ پر، عالمی سطح پر تجارت پر کووڈ 19 کے اثر انداز ہونے کے باوجود، پاکستان کرنٹ اکاؤنٹ خسارہ کو گندہ شہ سال کے 4.8 فیصد (13.4 بلین امریکی ڈالر) سے جی ڈی پی کے 1.1 فیصد (2.97 بلین امریکی ڈالر) تک کم کرنے میں کامیاب رہا۔ یہ اہم ریٹیفیکیشن کی جانب سے کچھ شہاد کی در آمد پر پابندی کے اقدامات اور عالمی سطح پر تیل کی قیمتوں میں کمی کے سبب ہوئی جس کے نتیجے میں مجموعی درآمدی بل (سامان اور خدمات سمیت) میں 19.3 فیصد سالانہ کمی واقع ہوئی۔ مزید برآں، ترسیلات زر نے بیرونی شعبے کی بھی مدد کی، جس میں امریکہ کے بعد سعودی عرب سے سب سے زیادہ آمدنی کا ہوا 23.1 بلین امریکی ڈالر تک جو 6.3 فیصد سالانہ شرح نمو ہوئی۔

پاکستان کی مجموعی ریزرو پوزیشن کو بین الاقوامی مالیاتی فنڈ (آئی ایم ایف) سمیت دو طرفہ اور کثیر الجہتی قرض دہندگان نے 13.2 بلین ڈالر کے مجموعی قرضوں کی حمایت حاصل تھی۔ جون 2020 تک، مجموعی ذخائر 18.0 بلین امریکی ڈالر رہے جو جون 2019 کے اختتام پر 14.4 بلین امریکی ڈالر سے 24.1 فیصد زیادہ ہیں۔ مزید یہ کہ اسٹیٹ بینک کی طرف سے مارکیٹ کے لئے طے شدہ شرح تبادلہ اپنانے کے بعد، پاکستانی روپیہ کی قدر مالی سال 20 کے دوران کریں بیک کے برعکس 4.8 فیصد کم ہوئی۔ مالی سال 20 میں، بنیادی طور پر ایشیائی خورد و خوراک اور یوٹیلیٹی کی قیمتوں میں اضافہ کی وجہ سے اوسط افراط زر میں اضافہ ہوا، جو حکومت کی طرف سے مقرر کردہ 5 فیصد ہدف سے بڑھ کر 10.74 فیصد ہو گیا۔ زیادہ افراط زر کے باوجود، کووڈ 19 میں مجموعی معیشت کو ریٹیف فرام کرنے کے لئے خصوصی اقدامات کے طور پر SBP نے مالی سال 20 کی آخری ششماہی میں پالیسی شرح 625bps تک کم کر دی۔

اسٹاک مارکیٹنگ کا جائزہ

مالی سال 20 میں، پہلی بار آگست 2019 میں اور دوسری بار مارچ 2020 کے اختتام کے قریب KSE-100 کی دگناتی سے 28K کی سطح تک پہنچ گیا۔ انڈیکس کی وجہ سے ہونے والے نقصانات پاکستان کی معاشی صورتحال کا مشترکہ نتیجہ تھے جو آئی ایم ایف پروگرام میں دیر سے داخل ہونے کی وجہ سے، اور کووڈ 19 دہائی بیجاری جس نے عالمی مالیاتوں میں مندی پیدا کر دی کی وجہ سے بھی بتدریج بڑھتے گئے۔ بہر حال، آج جو نمایاں اشارے موجود ہیں وہ واضح طور پر اس سے مختلف ہیں جہاں وہ مالی سال کے آغاز میں تھے۔

نیلنس ادا انگلی کی پوزیشن میں بہتری کم شرح سود، غیر ملکی ترسیلات زر میں اضافہ اور کووڈ 19 سے بتدریج بحالی نے اب سٹی کارخ موڈ نا شروع کر دیا ہے اور مالی سال 20 کی چوتھی سہ ماہی میں 7,193pts کی بحالی کے بعد سٹی مارک انڈیکس کی مدد کی ہے۔ مالی سال 20 کی چوتھی سہ ماہی میں انڈیکس میں مجموعی طور پر 5,190pts کا اضافہ دیکھا گیا۔

پالیسی شرح کے بعد، 6M کا تہرگی مالی سال 20 کے آغاز میں 14 فیصد سے کم ہو کر مالی سال 20 کے اختتام تک 7.2 فیصد رہ گیا ہے۔ اس نے ایک طرف تو پیلے ہی دباؤ کے شکار مالی معاوضوں سے کارپوریٹ سیکٹرز کو آزاد کیا ہے اور دوسری طرف متحرکہ آمدنی والے آلات کے موازنہ میں ایکٹیوٹی کو بھی توجہی کا نشان بنا دیا ہے۔ حالیہ مہینوں میں غیر ملکی ترسیلات زر میں بھی بہتری آنا شروع ہو گئی ہے، جس کے تحت جون 2020 میں اس بیک کی سب سے زیادہ ماہانہ غیر ملکی ترسیلات زر مالی سال 20 کی سب سے زیادہ ماہانہ غیر ملکی ترسیلات زر تک 2.5 بلین امریکی ڈالر سے 23.1 بلین ڈالر (مالی سال 19: 21.7 بلین ڈالر) تک پہنچ گئیں۔

ایک انتہائی غیر مستحکم تجارتی سال جہاں آغاز سے ہی سٹی مارک انڈیکس میں اتار چڑھاؤ وقوع پذیر ہوا ہے قطع نظر، مالی سال 1930 کے مقابلے میں مجموعی طور پر مالی سال 20 صرف 520 پوائنٹس کا اضافہ اور مالی سال کا اختتام 34,421 پوائنٹس پر ہو سکا ہے۔ مالی سال 20 کے دوران جن شعبوں نے مثبت کردار ادا کیا ان میں کھاد (1075pts+)، سینٹ (952pts+)، دواسازی (397pts+)، بینکوں (295pts+) اور ٹیکسٹائل (121pts+) شامل ہیں۔ دوسری طرف، بینکنگ سیکٹر (1400pts-) کے ساتھ پیچھے رہ جانے والے شعبوں میں سرفہرست رہا ہے، اس کے بعد تباہی (365pts-)، E&P (360pts-)، بجلی (359pts-) اور O&G (137pts-) کے ساتھ ہے۔ آپ بچھ میں حجم کے لحاظ سے تجارت میں دسمبر 2019 کے مہینے میں مالی سال 20 کی پہلی سہ ماہی میں 39.5 بلین حصص کی کم پوائنٹنگ سے بڑھ کر 500 بلین حجم کو عبور کرنے میں بھی اتار چڑھاؤ دیکھنے کو ملا۔ مالی سال 20 کے دوران، غیر ملکیوں نے گزشتہ سالوں سے فروخت کا موقوفہ برقرار رکھا اور نقد ڈینا پر 284.8 بلین امریکی ڈالر کی رقم حاصل کی۔ غیر ملکی سرمایہ کاروں کے علاوہ، بینک، باہمی فنڈز اور بروکرز باترتیب 55.4 بلین امریکی ڈالر، 50.2 بلین امریکی ڈالر اور 13.3 بلین امریکی ڈالر کے خاص



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فروخت کنندہ رہے۔ اس اخراج کو بڑے پیمانے پر افزائے 213.2 ملین امریکی ڈالر کی سرمایہ کاری کے ذریعے جذب کیا ہے، اس کے بعد انشورنس سیکٹر 127.6 ملین امریکی ڈالر، دیگر تنظیمیں 31.6 ملین امریکی ڈالر، سیکٹرز 26.8 ملین امریکی ڈالر اور نان بینکنگ فنانس کمپنیوں نے 4.5 ملین امریکی سرمایہ کاری کی ہے۔

مالیاتی کارکردگی

مالی سال 2019-20 کے لئے DEL کی کل آمدنی تقابلی سال میں 23.64 ملین روپے کے مقابلے میں 39.47 ملین روپے رہی کی گئی۔ DEL نے 30 جون 2020 کو ختم ہونے والے سال کے لئے 146.11 ملین روپے کا قفل از نیٹس منافع درج کیا جو 30 جون 2019 کو ختم ہونے والے سال کے لئے 5.64 ملین روپے تھا۔ گذشتہ سال کے مقابلے آمدنی میں اضافہ درج ذیل آمدنی کے بہاؤ سے حاصل ہونے والی زیادہ آمدنی کا نتیجہ تھا:

انڈر رائٹنگ کمیشن

کارپوریٹ کلائنٹ سے تجارتی کمیشن

ٹیلیس شیٹ کی تاریخ تک کمپنی کی ایکویٹی 227.91 ملین روپے (جون 2019: 224 ملین) ہے جس کے نتیجے میں بک ویلیو 9.12 روپے فی شیئر (30 جون، 2019: 8.96 روپے) حاصل ہوا ہے۔

مالی سال 2019-20 کے لئے DEL کے کل آپریٹنگ اخراجات تقابلی سال میں 18.6 ملین روپے کے مقابلے میں 21.8 ملین روپے ہو گئے۔ انتظامیہ نے انحصار ضرورت کی بنیاد پر اخراجات برداشت کر کے لاگت شعور بنایا جس کے نتیجے میں معمول کے کاروباری اخراجات میں بچت ہوئی۔ تاہم، آپریٹنگ اخراجات میں اضافہ بنیادی طور پر ٹیکس کنسلٹنٹ کو ادائیگیوں اور تجارتی سرگرمیوں میں اضافے کی وجہ سے ریگولیری چارجز میں اضافے کی وجہ سے ہوا ہے۔

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

30 جون 2019	30 جون 2020	
16,412,640	39,476,122	خالص آمدنی
5,646,764	14,613,237	منافع قفل از نیٹس
0.02	0.32	فی شیئر آمدنی بنیادی اور معتدل

اس عرصے کے دوران کوویڈ 19 وبائی بیماری کے مابین غیر یقینی صورتحال کے باوجود، آپ کی کمپنی کی بروکرینج آمدنی میں 59.7 فیصد کا اضافہ ہوا ہے جو کہ 32.3 ملین روپے پر بند ہوئی ہے، جس سے ہمارا مجموعی مارکیٹ شیئر 1.1 فیصد برقرار رہا ہے۔ ایکویٹی بروکرینج میں یہ کارکردگی خوردہ اور آن لائن تجارت میں اضافے اور کمپنی میں بڑی تعداد میں انفرادی اور کارپوریٹ اکاؤنٹ کھلنے کے ذریعے حاصل ہوئی ہے۔

تعمیل 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 تعمیل کے بیان پر ہماری رپورٹ کا جائزہ لیا ہے، جائزہ رپورٹ، رپورٹ ہڈا کے ہمراہ منسلک کی گئی ہے۔

ضابطہ اخلاق کا بیان

داؤد اویڈیٹرز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے مطلوبہ ضابطہ اخلاق پر عمل کیا ہے۔

بعد از ٹیلیس شیٹ واقعات اڈویٹیو بیڈ

بورڈ آف ڈائریکٹرز نے 30 جون 2020 کو ختم ہونے والے سال کے لئے کسی نقد عبوری یا حتمی منافع منقسمہ تجویز نہیں کیا ہے۔ ٹیلیس شیٹ کی تاریخ تک کے بعد کوئی واقعات رد نہیں ہوئے ہیں، جن کی مالی حسابات کے انکشافات میں ایڈجسٹمنٹ ضروری ہو۔

متعلقہ اشخاص / متعلقہ پارٹیوں کے ساتھ ملین دین

فہرستی ضوابط ایوانی تقاضوں کی تعمیل میں، کمپنی نے متعلقہ پارٹی سے تمام ملین دین کو آڈٹ کمپنی اور بورڈ کے سامنے ان کے جائزہ اور منظوری کے لئے پیش کیا ہے۔ ان ملین دین کو آڈٹ کمپنی اور بورڈ نے اپنے اعلامیوں میں منظور کیا ہے۔ آڈٹ شدہ مالی بیانات کے نوٹ 34 میں متعلقہ پارٹی سے تمام ملین دین کی تفصیلات فراہم کی گئی ہیں۔ آپ کی کمپنی اور متعلقہ اشخاص / متعلقہ پارٹیوں کے درمیان تمام ملین دین قابل رسائی بنیاد پر کئے گئے سوائے ان ملین دین کے جن کی جھٹکلیشن درج کی گئی ہے۔



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- سال کے دوران DEL کی طرف سے کوئی ٹرانزیکشن نہیں گئی جو دھوکہ دہی، غیر قانونی یا کسی سیکورٹیز مارکیٹ قوانین کی خلاف ورزی ہو۔
- کمپنی نے کمپنی کے ملازمین کے پراویڈنٹ فنڈ میں -/373,788 روپے کی رقم ادا کی ہے۔ سال کے اختتام پر کمپنی کے ذمہ کوئی بٹایا واجبات نہیں ہیں کیونکہ پراویڈنٹ فنڈ ایک الگ ٹرسٹ کے زیر انتظام ہے۔

آڈیٹر کی رپورٹ میں جس معاملہ کے پیرا گراف پر زور دیا گیا

ہم مزید مالیاتی حسابات کے صارفین کی توجہ کمپنی کی طرف سے وضع کردہ پانچ سالوں کے بزنس پروجیکشن پر مبنی تاخیری ٹیکس اثاثوں 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 ٹیکس منافع کا تخمینہ کرتے ہیں جو بعد میں تاخیری ٹیکس اثاثوں کی ادائیگی کے لئے استعمال کیا جائے گا۔

کارپوریٹ اور سیکریٹریل قیام

کمپنی سیکریٹری سیکریٹریز جنرل کے ہاں داخل کردہ سالانہ ریزروں کے ایک حصہ کے طور پر ایک سیکریٹریل کمپلائنس سٹوڈیو جمع کرایا ہے جو اس بات کی توثیق ہے کہ سیکریٹریز آڈیٹس، 1984ء، کمپنی کے میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن اور غیر متعلقہ قواعد و ضوابط کی سیکریٹریل اور کارپوریٹ ضروریات کے مطابق باقاعدہ عمل کیا گیا ہے۔

شیئر ہولڈنگ کا نمونہ

غیر متعلقہ قواعد و ضوابط کے تحت درکار 30 جون 2020ء کے مطابق کمپنی کے شیئر ہولڈنگ کا تفصیلی نمونہ اور شیئر ہولڈرز کی کٹنگ یز سالانہ رپورٹ سے منسلک کی گئی ہیں۔

بورڈ میں تبدیلیاں / ڈائریکٹرز کے انتخابات

سال کے دوران بورڈ کے ستر پچھتر میں کوئی تبدیلی نہیں ہوئی۔

ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے حصص میں تجارت

سال کے دوران کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، ایف او اور کمپنی سیکریٹری، ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔

بورڈ اور آڈٹ کمیٹی کے اجلاس

زیر جائزہ 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 صوبیہ سیف	4/4	4/4

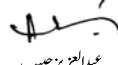


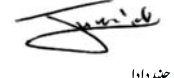
آڈیٹرز

موجودہ آڈیٹر، میسرز ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی اسائنمنٹ مکمل کر لی ہے اور ریٹائر ہو گئے ہیں۔ اہلیت کی بنیاد پر، وہ خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں، آڈٹ کمیٹی کی سفارشات پر، بورڈ نے مزید 30 جون 2020 کو ختم ہونے والے مالی سال کے لئے ڈاؤنڈا کیوٹیز لمیٹڈ کے آڈیٹر کی حیثیت سے ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی منظوری دے دی ہے۔

مستقبل کا نقطہ نظر

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 پرہیز مقامات کے ذریعہ، کمپنی اپنے موجودہ گاہکوں 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 پیش کش شامل ہے۔


عبدالعزیز حبیب
چیف ایگزیکٹو آفیسر


چندو دادا
چیف مین
کراچی، 10 ستمبر 2020ء



DAWOOD EQUITIES LIMITED

**Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2020**

Number Of Share Holders	Share Holding From	Share Holding To	Total Shares Held
86	1	- 100	1363
2061	101	- 500	1027041
277	501	- 1000	272503
329	1001	- 5000	851181
86	5001	- 10000	663224
19	10001	- 15000	256526
11	15001	- 20000	204491
13	20001	- 25000	306304
6	25001	- 30000	166100
4	30001	- 35000	134500
8	35001	- 40000	297278
1	40001	- 45000	44501
5	45001	- 50000	235151
2	50001	- 55000	105500
1	55001	- 60000	57500
1	60001	- 65000	61000
1	65001	- 70000	66000
3	70001	- 75000	223500
2	75001	- 80000	156500
3	80001	- 85000	249000
2	85001	- 90000	176330
1	90001	- 95000	91090
3	95001	- 100000	300000
1	105001	- 110000	105500
1	115001	- 120000	119846
1	120001	- 125000	123500
1	155001	- 160000	158350
1	170001	- 175000	174500
1	195001	- 200000	200000
2	220001	- 225000	445933
2	225001	- 230000	460000
1	235001	- 240000	237600
1	245001	- 250000	250000
1	250001	- 255000	252000
1	350001	- 355000	350300
1	365001	- 370000	369000
1	485001	- 490000	490000
1	595001	- 600000	600000
1	880001	- 885000	884256
1	1125001	- 1130000	1129700
1	1545001	- 1550000	1547500
1	1800001	- 1805000	1800001
1	2510001	- 2515000	2513000
1	3145001	3150000	3150000
1	3690001	3695000	3692431
2,948			25,000,000



DAWOOD EQUITIES LIMITED

**Details of Pattern of Share holding as Per requirements of
Code of Corporate Governance as on June 30, 2020**

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	18		6,742,530	26.97
7	Individuals	2,922		16,454,121	65.82
		2,948		25,000,000	100.00

Shareholders holding Shares 10% or more

Total Paid up Capital	25,000,000	Shares Holding	%
Ayaz Dawood		4,822,131	19.29
The Bank Of Khyber		3,750,000	15.00
Asim Abdul Ghani		2,513,000	10.05



DAWOOD EQUITIES LIMITED

FINANCIAL HIGHLIGHTS

Financial Year ending June30,	2020	2019	2018	2017	2016	2015
Operating Results						
Operating Revenue	39,476,122	16,412,640	33,178,199	32,293,531	20,677,611	17,716,575
Capital Gain/(Loss) on disposal investment-net	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.	902,955	(1,414,967)	260,764	(1,553,406)	176,344	(568,478)
Administrative Expenses	(21,804,090)	(18,611,851)	(16,850,446)	(15,690,135)	(12,559,714)	(10,367,520)
Financial Charges	(69,152)	(114,563)	(776,373)	(102,712)	(57,897)	(64,227)
Other Operating Income	3,087,063	8,221,388	1,487,032	2,609,555	1,504,079	4,210,716
Other Operating Charges	(781,934)	(960,273)	(3,495,130)	(73,382,574)	(9,830,310)	(563,850)
Profit/(Loss) before taxation	14,613,237	5,646,764	16,980,812	(4,478,209)	(498,075)	13,299,873
Taxation	(6,509,168)	(5,167,204)	(8,637,059)	15,448,129	1,502,948	33,319,263
Profit/(Loss) after taxation	8,104,069	479,560	8,343,753	10,969,920	1,004,873	46,619,136
EPS	0.32	0.02	0.33	0.44	0.04	1.87
Pay outs						
Dividend						
Bonus%						
Capital & Reserve						
Authorised Share Capital	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	249,965,000
Reserves	(22,050,092)	(25,924,530)	3,564,484	7,277,424	(26,415,915)	(27,228,434)
Share Application Money						
Assets & Liabilities						
Total Assets	245,969,236	237,045,163	303,795,450	294,089,300	240,300,861	258,749,308
Current Assets	168,222,035	152,737,865	102,384,349	177,086,635	156,356,670	168,231,221
Current Liabilities	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, 2020

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:

Category	Names
Independent Director	Mr. Asim iftkhar Yakoob
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-conversant 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

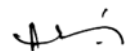
Mr. Asim Iftekhar Yakoob - Chairman
Mr. Abdul Aziz Habib - Member
Mr. Syed Muhammad Abbas - Member

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 10, 2020



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, 2020, and the statement of profit or loss, 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, 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, 2019 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.	<p>Long Term and ShortTerm Investment (Note 10 and 14)</p> <p>The value of longand short term investment in ordinary shares is Rs 18.83 and 40.71millionsas at June 30, 2019 (2019: Rs 24.738 and 28.976millions respectively.</p>	<p>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.</p>
2.	<p>Trade Debts (Note 14)</p> <p>Provision on various trade debts which involves use of judgement by the management.</p>	<p>We have assessed the adequacy of provision by evaluating extent of provisions and extent of securities pertaining to that customers as well as obtained legal status of receivable from such parties.</p>

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 material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



DAWOOD EQUITIES LIMITED

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, 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 financials 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 10, 2020



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, 2017

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, 2020 in accordance with the requirement of regulation 40 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 Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

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, 2020.

Further, we highlight below instance of non-compliance with the requirements of the Regulations as reflected in the note reference where it is stated in the Statement of Compliance:

Note Reference	Description
10	Chief Financial Officer of the Company also holds the office of the Company Secretary.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: September 10, 2020



**Audited Financial Statements
For The Year Ended
June 30 2020**





DAWOOD EQUITIES LIMITED

STATEMENT OF FINANCIAL POSITION
As At June 30, 2020

<i>ASSETS</i>	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Non-Current Assets			
Property and equipment	7	6,618,593	7,463,573
Investment Property	8	5,861,625	6,218,500
Intangible assets	9	6,000,000	2,500,000
Long term investment	10	18,839,226	24,738,389
Long term deposits	11	1,887,500	1,887,500
Deferred taxation	12	38,540,258	41,499,336
		<u>77,747,201</u>	<u>84,307,298</u>
Current Assets			
Short term investments	13	40,715,753	28,976,668
Trade debts	14	80,525,673	77,789,488
Receivable against margin finance		1,178,273	1,513,424
Trade deposits and short term prepayments	15	11,843,484	9,623,616
Other receivable	16	11,602,883	11,284,135
Tax refunds due from government	17	19,700,909	20,727,692
Cash and bank balances	18	2,655,060	2,822,842
		<u>168,222,035</u>	<u>152,737,865</u>
Total Assets		<u><u>245,969,236</u></u>	<u><u>237,045,163</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized Share Capital			
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	(22,050,092)	(25,924,530)
		<u>227,914,908</u>	<u>224,040,470</u>
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables	21	18,029,328	12,979,693
Contingencies and Commitments			
	22		
Total Equity and Liabilities		<u><u>245,969,236</u></u>	<u><u>237,045,163</u></u>

The annexed notes from 1 to 44 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, 2020**

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Operating revenue	23	39,476,122	23,647,472
Less: Commission to agents and dealers		<u>(10,120,620)</u>	<u>(7,234,833)</u>
		29,355,501	16,412,640
Capital gain on disposal of investments - net	24	3,922,893	2,114,390
(Loss) / gain on remeasurement of investments carried at fair value through profit and loss	25	902,955	<u>(1,414,967)</u>
		34,181,350	17,112,063
Administrative expenses	26	(21,804,090)	<u>(18,611,851)</u>
		12,377,260	(1,499,788)
Financial charges	27	(69,152)	<u>(114,563)</u>
		12,308,108	(1,614,351)
Other operating income	28	3,087,063	8,221,388
Other operating charges	29	(781,934)	<u>(960,273)</u>
Profit before taxation		14,613,237	5,646,764
Taxation	30	(6,509,168)	(5,167,204)
Profit after taxation		<u>8,104,069</u>	<u>479,560</u>
Earning per share - Basic and diluted	31	<u>0.32</u>	<u>0.02</u>

The annexed notes from 1 to 44 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, 2020

	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
Profit for the year	8,104,069	479,560
Other comprehensive income / (loss)	(4,229,631)	(27,468,924)
Total comprehensive income / (loss) for the year	<u>3,874,438</u>	<u>(26,989,364)</u>

The annexed notes from 1 to 44 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, 2020**

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	14,613,237	5,646,764
Adjustment for non cash items:		
Depreciation	939,479	1,119,122
(Gain) / loss on remeasurement of investment	(902,955)	1,414,967
Capital gain on disposal of investment	(3,922,893)	(2,114,390)
Dividend income	(171,949)	(259,846)
Bank profit	(897,780)	(623,885)
Reversal for doubtful debts	-	(6,652,576)
Provision for bad debt	-	-
Financial charges	69,152	114,563
	<u>9,726,291</u>	<u>(1,355,281)</u>
(Increase) / decrease in current assets		
Trade debts	2,736,185	(22,610,560)
Other receivables	318,749	(56,649)
Receivable against MF	(1,178,273)	2,210,261
Trade deposits and short term prepayments	2,219,868	2,312,787
	<u>4,096,528</u>	<u>(18,144,161)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	5,049,635	(37,261,273)
	<u>18,872,455</u>	<u>(56,760,715)</u>
Taxes paid	(1,600,000)	(1,921,948)
Financial charges paid	(69,152)	(114,563)
	<u>(1,669,152)</u>	<u>(2,036,511)</u>
Net cash generated from / (used in) operating activities	<u>17,203,302</u>	<u>(58,797,226)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(94,500)	(270,400)
Disposal of investments - net	(17,448,534)	43,497,556
Long term deposit	-	(750,000)
Dividend received	171,949	259,846
Net cash (used in) / generated from investing activities	<u>(17,371,085)</u>	<u>42,737,002</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	(167,783)	(16,060,223)
Cash and cash equivalents at the beginning of the period	2,822,842	18,883,066
Cash and cash equivalents at the end of the period	2,655,060	2,822,842

The annexed notes from 1 to 44 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, 2020**

	Reserves				Sub-Total	Total Equity
	Issued, subscribed and paid up capital	Capital		Revenue		
		(Loss) / gain on remeasurement of investment At- Fair value through OCI	Share premium	Accumulated (Loss) / profit		
----- Rupees -----						
Balance as at June 30, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484
Profit for the year	-	-	-	479,560	479,560	479,560
Loss on re-measurement of investment at fair value through OCI	-	(27,468,924)	-	-	(27,468,924)	(27,468,924)
Total comprehensive loss for the year	-	(27,468,924)	-	479,560	(26,989,364)	(26,989,364)
Transactions with owners						
Final Dividend for the year ended June 30, 2018 @ Rs. 0.1 per share	-	-	-	(2,499,650)	(2,499,650)	(2,499,650)
Balance as at June 30, 2019	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)
Total comprehensive profit / loss for the year	-	(4,229,631)	-	8,104,069	3,874,438	3,874,438
Balance as at June 30, 2020	249,965,000	(17,125,870)	74,973,750	(79,897,972)	(22,050,092)	227,914,908

The annexed notes from 1 to 44 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, 2020**

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 a 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 assesment 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 stadards 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 preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.



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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.

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 Standards, interpretations and improvements to approved accounting standards that are not yet effective.

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.

Standards or interpretation	Effective date (annual periods beginning on or after)
Amendments to IFRS 3 'Business Combinations': Amendments to clarify the definition of a business	1st January 2020
Amendments to IFRS 4 'Insurance Contracts': Amendments regarding the expiry date of the deferral approach	1st January 2023
Amendments to IFRS 7 'Financial Instruments - Disclosures', IFRS 9 'Financial Instruments' and IAS 39 'Financial Instruments - Recognition and Measurement': Amendments regarding pre-replacement issues in the context of the IBOR reform	1st January 2020
Amendments to IFRS 10 'Consolidated Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures': Sale or contribution of assets between an investor and its associate or joint venture	Effective from accounting period beginning on or after a date to be determined. Earlier application is permitted.
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
	Effective date (annual periods beginning on or after)
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	January 1, 2020
Amendments to IAS 1 'Presentation of Financial Statements': Amendments regarding the classification of liabilities	January 1, 2022
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



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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.

January 1, 2020

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



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- 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.



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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.

An item of fixed asset is derecognised 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

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount, being higher of value in use and fair value less cost to sell, is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to profit and loss account.

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.



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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 determinig whether the credit risk of financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and suportable information that is relevant and available wihou undue cost or effort. This includes both quantitative and qualitative informatio n and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking informaion.



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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.

The Gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering 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.



DAWOOD EQUITIES LIMITED

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.



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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.

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.



DAWOOD EQUITIES LIMITED

7 PROPERTY AND EQUIPMENT

Particulars	Owned Assets					Total
	Building	Furniture & Fixtures	Vehicles	Office equipment	Computers	
----- Rupees -----						
Year ended June 30, 2020						
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)
Closing net book value	5,861,625	278,567	241,796	236,605	-	6,618,593
As at June 30, 2020						
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)
Closing net book value	5,861,625	278,567	241,796	236,605	-	6,618,593
Year ended June 30, 2019						
Opening net book value	6,575,375	417,733	177,261	355,499	429,551	7,955,420
Additions	-	-	235,400	35,000	-	270,400
Depreciation charge	(356,875)	(68,600)	(339,751)	(61,713)	(202,149)	(1,029,088)
Closing net book value	6,218,500	349,133	72,910	328,786	227,402	7,196,732
As at June 30, 2019						
Cost	7,137,500	549,500	721,400	460,900	2,041,733	10,911,033
Accumulated depreciation	(919,000)	(200,367)	381,649	(132,115)	(1,814,330)	(3,714,301)
Closing net book value	6,218,500	349,133	339,751	328,785	227,403	7,196,732
Rates %	5%	20%	20%	20%	33%	

			2020	2019
	Note		Rupees	Rupees
8 INVESTMENT PROPERTY- OFFICE PREMISES				
Cost	8.1		6,218,500	7,137,500
Less:			(356,875)	(919,000)
			5,861,625	6,218,500

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

8.2 The above mentioned office is rented to M/s Diyanah Islamic Financial Services (Pvt) Limited.

		2020	2019
		Rupees	Rupees
9 INTANGIBLE ASSETS			
Universal membership right PMEX		3,500,000	-
TREC		2,500,000	2,500,000
		6,000,000	2,500,000



DAWOOD EQUITIES LIMITED

10 LONG TERM INVESTMENTS

2020	2019		2020	2019
<i>Number of Shares</i>			<i>Rupees</i>	
1,902,953	1,902,953	Investment in shares of PSX		
		- At fair value through OCI	24,738,389	37,583,322
		Loss on remeasurment of investment	(5,899,163)	(12,844,933)
1,902,953	1,902,953		18,839,226	24,738,389

10.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs.10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member.

	<i>Note</i>	2020	2019
		<i>Rupees</i>	
10.2 Break up of shares received and transacted is as follows:			
Shares transferred to Chinese consortium		1,602,953	1,602,953
Shares sold to general public		501,477	501,477
Shares in hand	10.3	<u>1,902,953</u>	<u>1,902,953</u>
		4,007,383	4,007,383
10.3 Shares in hand			
At fair value through OCI-freeze		-	1,081,194
At fair value through OCI when unfreezed		-	821,759
At fair value through OCI-Pledge		1,902,694	-
At fair value through OCI- Available		259	-
		<u>1,902,953</u>	<u>1,902,953</u>

11 LONG TERM DEPOSITS

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

12 DEFERRED TAXATION

Relating to deductible temporary difference

Accelerated tax depreciation	3,320,323	3,630,471
Alternate corporate tax	-	112,282
Unrealized gain on remeasurement of investments	135,443	212,245
	<u>3,455,766</u>	<u>3,954,998</u>

Relating to taxable temporary difference

Minimum tax	-	27,584
Trade debts-provision for doubtful debts	(41,231,101)	(41,231,101)
Tax losses	(130,478)	(130,478)
Loss on re-measurement of investment-At fair value through OCI	(634,445)	(4,120,339)
	<u>(41,996,024)</u>	<u>(45,454,334)</u>

Deferred tax asset

Deferred tax asset not recognized	-	-
	<u>(38,540,258)</u>	<u>(41,499,336)</u>



DAWOOD EQUITIES LIMITED

12.1 Deferred tax asset recognised aggregating to Rs. 38.540 (2019 : Rs.41.499) 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.

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
13 SHORT TERM INVESTMENTS			
At fair value - through profit & loss - Related Party	13.1	16,787,890	14,649,690
Others - at fair value through profit & loss	13.2	23,927,863	14,326,978
		<u>40,715,753</u>	<u>28,976,668</u>

13.1 At fair value - through profit & loss - Related Party

<i>2020</i>	<i>2019</i>		<i>2020</i>	<i>2019</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
1,678,789	1,293,000	Dawood Family Takaful Ltd.	<u>16,787,890</u>	<u>14,649,690</u>

13.1.1 The embedded value of these shares based on actuarial valuation of the investee Company is Rs. 13.02 (2019 : Rs.11.33) per share.

	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
13.2 Other investments - at fair value through profit and loss			
Ordinary Shares	13.2.1	<u>23,024,908</u>	<u>14,326,978</u>

13.2.1 At fair value through profit and loss - Ordinary shares

<i>2020</i>	<i>2019</i>		<i>2020</i>	<i>2019</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
301	1,301	786 Investment	10,339	33,865
32,000	32,000	First Dawood Investment Bank Ltd.	46,720	63,665
5,384	16,884	Allied Rental Modaraba	59,493	219,492
949,871	999,871	Ansari Sugar Mills	5,518,751	7,499,032
32,500	-	Amreli Steels Limited	1,060,800	-
6,050	-	Avanceon Limited	213,928	-
2,000	2,000	Brr Guardian Modaraba	17,380	14,940
-	4,500	Cherat Cement Company Limited	-	228,521
5,000	5,000	Crescent Star Insurance	9,400	9,400
11,000	31,000	Dost Steels Limited	33,550	158,720
5,000	-	Engro Fertilizers Limited	301,400	-
1,000	-	Engro Corporation Limited	292,920	-
10,000	-	Engro Polymer & Chemicals Limited	249,800	-
52,000	18,000	Fauji Fertilizer Bin Qasim Limited	829,920	616,320
-	7,000	Fauji Fertilizer Company Limited	-	732,041
70,500	-	Fauji Foods Limited	666,225	-
4,000	-	Frieslandcampina Engro Pakistan Ltd.	294,040	-
63,500	63,500	First Prudential Modaraba	50,800	76,200
10,000	-	Gul Ahmed Textile Mills Limited	286,300	-



DAWOOD EQUITIES LIMITED

2020	2019		2020	2019
Number of Shares			Rupees	Rupees
25,000	-	Ghani Global Glass Limited	299,000	-
641	3,000	Hascol Petroleum Limited	8,718	235,495
100	100	Ici Pakistan Limited	69,471	66,424
1	-	Igi Life Insurance Limited	28	-
15	15	Interloop Limited	659	668
3,500	1,000	International Industries Ltd	321,055	124,100
500	-	Indus Motor Company Limited	497,495	-
7,000	-	International Steels Limited	361,550	-
1,000	-	Johnson & Phillips (Pakistan) Limited	38,800	-
10,000	-	Jahangir Siddiqui & Company Limited	118,000	-
427,000	304,500	K-Electric Limited	1,285,270	1,701,486
300	2,800	Kohinoor Textile Mills	10,653	125,636
2,000	1,500	Kot Addu Power Company Limited	40,300	67,905
6,500	2,500	Loads Limited	90,350	48,275
10,000	10,000	Lotte Chemical Pakistan Limited	99,500	142,200
15,500	-	Merit Packaging Limited	184,295	-
6,500	-	Netsol Technologies Limited	323,115	-
15,000	5,000	National Bank Of Pakistan	414,750	200,300
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	-
6,900	-	Pakistan State Oil Company Limited	1,091,304	-
10,000	-	Pakistan Telecommunication Company Ltd.	88,800	-
-	100	Pakistan Cables Limited	-	14,275
129,037	110,037	Pakistan International Bulk Terminal Ltd.	1,135,526	1,103,381
1,500	1,500	Power Cement Limited	9,300	11,865
37,679	-	Sazgar Engineering Works Limited	4,694,427	-
-	500	Service Industries Limited	-	266,000
-	9,500	Sui Northern Gas Pipe Line Ltd	-	716,553
38,000	43,000	Sui Southern Gas Co	506,920	939,550
-	2,000	Systems Limited	-	192,387
5,071	14,071	The Hub Power Company Limited	367,648	957,540
16,500	16,500	Treet Corporation Limited	294,690	338,415
-	1,000	Trg Pakistan Limited - Class 'A'	-	20,721
30,000	25,000	Tristar Polyester Limited	210,300	277,555
-	5,000	United Bank Limited	-	697,650
-	27,000	Unity Foods Limited	-	315,992
			23,024,908	18,216,570
		(Loss)/Gain on remeasurement of investments	902,955	(3,889,591)
			23,927,863	14,326,978

13.2.2 Shares worth Rs 74.76 Millions appears in the record of the company which are held on behalf of client. It is not part of short term investment of the company.



DAWOOD EQUITIES LIMITED

13.2.3 The market value of each listed security is as follows:	2020 Rupees
786 Investment Limited - Freeze	34.35
Allied Rental Modaraba	11.05
Ansari Sugar Mills Limited	5.81
Amreli Steels Limited	32.64
Avanceon Limited	35.36
BRR Guardian Modaraba	8.69
Crescent Star Insurance Limited	1.88
Dost Steels Limited	3.05
Engro Fertilizers Limited	60.28
Engro Corporation Limited	292.92
Engro Polymer & Chemicals Limited	24.98
Frieslandcampina Engro Pakistan Limited	73.51
Fauji Foods Limited	9.45
Fauji Fertilizer Bin Qasim Limited	15.96
First Dawood Investment Bank	1.46
Gul Ahmed Textile Mills Limited	28.63
Ghani Global Glass Limited	11.96
Hascol Petroleum Limited	13.60
The Hub Power Company Limited	72.50
Interloop Limited	43.92
Ici Pakistan Limited	694.71
Igi Life Insurance Limited	28.01
International Industries Limited	91.73
Indus Motor Company Limited	994.99
International Steels Limited	51.65
Johnson & Phillips (Pakistan) Limited	38.80
Jahangir Siddiqui & Company Limited	11.80
K-Electric Limited	3.01
Kohinoor Textile Mills Limited	35.51
Kot Addu Power Company Limited	20.15
Loads Limited	13.90
Lotte Chemical Pakistan Limited	9.95
Merit Packaging Limited	11.89
Netsol Technologies Limited	49.71
National Bank Of Pakistan	27.65
Pakistan Oxygen Limited	166.16
Pakistan International Airlines	4.27
Pakistan Refinery Limited - Lor	0.17
Pak Suzuki Motor Company Limited	161.83
Pakistan State Oil Company Limited	158.16
Pakistan Telecommunication Company Limited	8.88
Pakistan International Bulk	8.80
First Prudential Modarba	0.80
Power Cement Limited	6.20
Sazgar Engineering Works Limited	124.59
Sui Southern Gas Company Limited	13.34
Pakistan Stock Exchange	9.90
Treet Corporation Limited	17.86
Tri-Star Polyester Limited	7.01



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
14 TRADE DEBTS			
Considered good	14.1	80,525,673	66,756,974
Considered doubtful		142,176,210	153,208,724
		222,701,883	219,965,698
Provision for Impairment of doubtful debts	14.4	(142,176,210)	(142,176,210)
	14.2	80,525,673	77,789,488

14.1 This includes amount of Rs. 2,559,834 (2019 : Rs. 10,985,138) receivable from related parties of the Company.

	<i>S. No.</i>	<i>Name of Related Party</i>	<i>Maximum aggregate amount outstanding with reference to Month end Balance</i>
14.1.1	1	BRR Guardian Modaraba	40,529
	2	Key Management Personal	2,519,304
			2,559,833

14.2 The total value of securities pertaining to clients are Rs. held in sub-accounts of the company. No security is pledged by client to the financial institutions.

14.3 Provision relates to Receivable's has been made for overdue by more than 5 days to comply with regulation 34(2)(h) of the Securities Brokers (Licensing and Operations) Regulation 2016. However, those provision that are recovered before the date of authorization of issue of financial statements are treated as adjusting event and such provision are reversed.

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
14.4 Provision for trade debts considered doubtful			
Opening balance		142,176,210	148,828,786
Provision reverse during the year	28	-	(6,652,576)
		142,176,210	142,176,210

15 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	15.1	11,458,584	9,430,616
Advance to employees		184,900	193,000
Prepayments		200,000	-
		11,843,484	9,623,616

15.1 This includes amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.



DAWOOD EQUITIES LIMITED

		2020	2019
	Note	Rupees	Rupees
16 OTHER RECEIVABLES			
- <i>Considered good</i>			
Receivable from NCCPL		8,679,459	8,860,711
Other receivables	16.1	<u>2,923,424</u>	<u>2,423,424</u>
		<u>11,602,883</u>	<u>11,284,135</u>

16.1 This amount includes Rs. 2.09 million recovered by tax authorities relating to Tax Year 2013 for which tax advisor is of the view that these are refundable to the company based on appellate order No. 37 / 2017.

		2020	2019
	Note	Rupees	Rupees
17 TAX REFUNDS DUE FROM GOVERNMENT			
Opening balance		20,727,692	18,839,552
Add: Paid during the period		<u>2,523,307</u>	<u>1,930,435</u>
		23,250,999	20,769,987
Adjusted against provision for taxation		<u>(3,550,090)</u>	<u>(42,295)</u>
		<u>19,700,909</u>	<u>20,727,692</u>

18 CASH AND BANK BALANCES

<i>Cash in hand</i>		-	15,000
<i>Cash at bank</i>			
Current accounts		4,083,594	2,534,812
Saving accounts	18.1	<u>1,428,535</u>	<u>273,030</u>
		<u>2,655,060</u>	<u>2,822,842</u>
<i>Balance pertaining to:</i>			
- clients		1,525,328	1,018,372
- brokerage house		<u>1,129,732</u>	<u>743,471</u>
		<u>2,655,060</u>	<u>1,761,843</u>

18.1 Saving accounts carries mark-up at the rate from 4% to 6% (2019 : 4.75% to 5.75%) per annum.

18.2 Short term running finance facility from Habib Metropolitan Bank amounting to Rs 100 millions with markup of 3 months kibor plus 3% per annum remained unavailed at the end of the year.

19 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

2020	2019		2020	2019
Number of shares	Number of shares		Rupees	Rupees
		Ordinary shares of Rs.10 each		
<u>24,996,500</u>	<u>24,996,500</u>	fully paid in cash	<u>249,965,000</u>	<u>249,965,000</u>



DAWOOD EQUITIES LIMITED

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.

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
21 TRADE AND OTHER PAYABLES			
Trade creditors	21.1	11,266,344	9,495,597
Accrued expenses		5,752,222	3,074,793
Withholding tax payable		1,010,763	409,304
		18,029,328	12,979,693

21.1 This includes amount of Rs. (2019 : Rs.207,586) 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 Compromise decree has been passed by the Honorable High Court of Sindh regarding fully provided balance of Mr. Abbas Qurban of Rs. 30.33 million, currently company is recovering the amount by monthly installment of Rs. 15,000 per month and reversing the provision in similar pattern.

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

	<i>Note</i>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
For purchase of shares		86,057,446	49,611,250
For sale of shares		79,886,720	42,878,527

23 OPERATING REVENUE

Brokerage commission	23.1	27,494,810	17,912,310
Custody / Laga / NCSS Fees		2,413,151	1,842,623
Underwriting commission		8,978,781	3,268,618
Dividend income		171,949	259,846
Income from Margin Finance		417,430	364,076
		39,476,122	23,647,472



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	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
23.1 Brokerage commission			
Gross commission		32,283,449	20,214,228
Sales tax/ Federal excise duty		<u>(4,788,639)</u>	<u>(2,301,918)</u>
		<u>27,494,810</u>	17,912,310
23.2 Brokerage commission pertains to			
Institutional clients		6,470,183	4,215,193
Retail customers/Individual		<u>21,024,627</u>	<u>13,697,117</u>
		<u>27,494,810</u>	<u>17,912,310</u>
24 CAPITAL GAIN / (LOSS) ON INVESTMENTS - NET			
Capital (loss) / gain in ready market		3,922,893	1,991,149
Capital gain in future market		-	123,241
		<u>3,922,893</u>	<u>2,114,390</u>
25 GAIN ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Others - at fair value through profit and loss		<u>902,955</u>	<u>1,414,967</u>
26 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		9,786,174	9,037,499
Rent, rates & taxes		274,166	293,500
Repairs and maintenance		2,032,064	1,321,927
Utilities		1,066,197	746,559
Fees and subscription		1,945,281	3,279,441
Regulatory charges		2,807,114	1,583,474
Brokerage expenses		82,500	126,403
Printing and stationery		308,667	369,054
Legal and professional fees		535,878	285,576
Traveling and conveyance		445,875	148,340
Entertainment		993,562	213,311
Depreciation	7	939,479	1,119,122
Sales tax expense		322,416	-
Miscellaneous expenses		264,717	87,645
		<u>21,804,090</u>	<u>18,611,851</u>



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	<i>Note</i>	<i>2020</i> <i>Rupees</i>	<i>2019</i> <i>Rupees</i>
27 FINANCIAL CHARGES			
Bank charges		64,875	114,563
Mark up on short term loans		4,277	-
		<u>69,152</u>	<u>114,563</u>
28 OTHER OPERATING INCOME			
<i>From financial assets</i>			
Profit on bank accounts		897,780	623,885
Profit on cash exposure		1,059,843	576,630
Reversal of provision for bad debts		-	6,652,576
		<u>1,957,623</u>	<u>7,853,091</u>
<i>From non financial assets</i>			
Rental Income		125,000	300,000
CDC Account opening income		-	13,419
Miscellaneous income		1,004,440	54,878
		<u>1,129,440</u>	<u>368,297</u>
		<u>3,087,063</u>	<u>8,221,388</u>
29 OTHER OPERATING CHARGES			
Auditors' remuneration	29.1	<u>781,934</u>	<u>960,273</u>
29.1 Auditors' remuneration			
Statutory audit		496,934	482,460
Half yearly review		100,000	99,440
Certifications and other services		185,000	318,373
Internal audit		-	60,000
		<u>781,934</u>	<u>960,273</u>
30 TAXATION			
Current	30.1	(3,550,090)	(74,938)
Capital gain tax		-	(122,404)
Deferred		(2,959,078)	(4,969,862)
		<u>(6,509,168)</u>	<u>(5,167,204)</u>
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>
Tax year 2019	<u>5,167,204</u>	<u>-</u>
Tax year 2018	<u>2,045,611</u>	<u>-</u>
Tax year 2017	<u>309,196</u>	<u>315,963</u>
31 EARNING PER SHARE	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Profit after taxation	Rs. 8,104,069	<u>479,560</u>
Weighted average number of ordinary shares	<u>24,996,500</u>	<u>24,996,500</u>
Income per share - basic	Rs. 0.32	<u>0.02</u>
Diluted earning per share has not been presented as the company did not have any convertible instruments.		
32 FINANCIAL INSTRUMENTS BY CATEGORY	<i>2020 Rupees</i>	<i>2019 Rupees</i>
<i>Financial Assets</i>		
<i>Investment at fair value through profit or loss</i>		
Long term investment	18,839,226	24,738,389
Short term investments	40,715,753	14,326,978
	<u>59,554,979</u>	<u>53,715,057</u>
<i>At fair value through OCI- investments</i>		
Short term investment	-	14,649,690
<i>Loans and receivables</i>		
Long term deposits	1,887,500	1,887,500
Trade debts	80,525,673	77,789,488
Receivable against Margin Finance	1,178,273	1,513,424
Trade deposits	11,843,484	9,430,616
Other receivable	11,602,883	11,284,135
Cash and bank balances	2,655,060	2,822,842
	<u>109,692,873</u>	<u>104,728,005</u>
	<u>169,247,852</u>	<u>173,092,752</u>
<i>Financial Liabilities</i>		
<i>Long term deposits</i>		
Rental deposits	125,000	25,000
<i>At fair value through profit or loss</i>		
Trade and other payables	18,029,328	12,979,693
	<u>18,154,328</u>	<u>13,004,693</u>



DAWOOD EQUITIES LIMITED

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. 164.247 million (2019 : Rs.172.046 million) the financial assets which are subject to credit risk amounted to Rs. 164.247 million (2019 : Rs.153.798 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.

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



DAWOOD EQUITIES LIMITED

	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Long term deposits	1,887,500	1,887,500
Investments- long term and short term	59,554,979	53,701,425
Trade debts	80,525,673	77,789,488
Deposits	11,843,484	9,430,616
Receivable against Margin Finance	1,178,273	1,513,424
Other receivables	11,602,883	2,423,424
Bank balances	2,655,060	2,822,842
	<u>169,247,852</u>	<u>149,568,719</u>

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs. 80.52 million (2019 : Rs.77.78) million.

Provision for impairment losses

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

	<i>2020</i>		<i>2019</i>	
	<i>Gross</i>	<i>Impairment</i>	<i>Gross</i>	<i>Impairment</i>
	<i>----- Rupees -----</i>			
Past due 1-30 days	10,278,406	-	9,472,177	-
Past due 31 days -90 days	3,409,255	-	16,406,700	-
Past due 90 days -1 year	22,659,124	-	44,026,601	-
More than one year	186,355,098	-	150,060,221	-
Total	<u>222,701,883</u>	<u>-</u>	<u>219,965,698</u>	<u>-</u>

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>2020 Rupees</i>	<i>2019 Rupees</i>
Bank Al-Habib Limited	PACRA	June 30, 2020	A1+	AA+	248,983	10,475
Habib Metropolitan Bank Limited	PACRA	June 30, 2020	A1+	AA+	35,490	645,033
MCB Bank Limited	PACRA	June 30, 2020	A1+	AAA	268,144	328,773
Albaraka Bank (Pakistan) Limited	JCR-VIS	June 30, 2020	A1	A	3,177,592	459,960
Bank Al-Falah Limited	PACRA	June 30, 2020	A1+	AA-	1,449,184	1,449,184
The Bank of Khyber	PACRA	June 30, 2020	A1	A	15,000	15,000
United Bank Limited	JCR-VIS	June 30, 2020	-	AA+	31,180	63,180
					5,225,574	2,971,605

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>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	-
	<i>2019</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	12,979,693	12,979,693	12,979,693	-



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>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Financial Assets</i>		
<i>Variable Rate Instruments</i>		
Bank balance - PLS account	<u>(1,428,535)</u>	<u>273,030</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.

	<u><i>Effect on profit and loss</i></u>	
	<i>100 bp</i>	<i>100 bp</i>
	<i>increase</i>	<i>decrease</i>
	<u><i>Rupees</i></u>	<u><i>Rupees</i></u>
<i>As at June 30, 2020</i>		
Cash flow Sensitivity - variable rate instruments	<u>14,285</u>	<u>(14,285)</u>
<i>As at June 30, 2019</i>		
Cash flow Sensitivity - variable rate instruments	<u>2,730</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.

	2020	2019
	Rupees	Rupees
<i>Effect on profit</i>		
Increase / Decrease	<u>40,715,753</u>	<u>28,976,668</u>

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).

	Level 1	Level 2	Level 3
	----- Rupees -----		
<i>June 30, 2020</i>			
<i>Investments at fair value through Profit and loss</i>			
- related parties	16,787,890	-	-
- others	23,927,863	-	-
At fair value through OCI- investments-related party	18,839,226	-	-
Investments in shares of PSX	-	-	-
<i>June 30, 2019</i>			
<i>Investments at fair value through Profit and loss</i>			
- related parties	(13,573)	-	-
- others	14,326,978	-	-
At fair value through OCI- investments - related party	-	-	-
Investments in shares of PSX	24,738,389	-	-



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>	<i>2020 Rupees</i>	<i>2019 Rupees</i>
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<u>7,399,740</u>	<u>4,181,628</u>
Expenses paid / payable to member companies		<u>180,000</u>	<u>241,800</u>
<i>FDIBL and others Employee Provident Fund</i>			
Employer's contribution paid	34.1	<u>373,788</u>	<u>364,788</u>

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

	<i>Note</i>	<u>2020</u>	
		<i>Chief Executive Officer</i>	<i>Director</i>
		<u>----- Rupees -----</u>	
Managerial remuneration	35.1	<u>1,200,000</u>	<u>-</u>

35.1 Managerial remuneration is Rs 0.1 million.

35.2 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	<i>Note</i>	<i>2020</i> <i>Rupees</i>
	<u>CURRENT ASSETS</u>		
	Cash in hand		-
	Cash at bank		
	- Pertaining to brokerage house		1,129,733
	- Pertaining to clients		1,525,327
	Total bank balances	37.1	2,655,060
	Margin Deposit		
	- with NCCPL	37.2	11,458,584
	Trade Receivables		
	Book value		222,701,883
	Less: Outstanding for more than 14 days		(215,580,090)
		37.3	7,121,793
	Investment in listed securities in the name of brokerage house		23,927,863
	Less: 15% discount		(3,589,179)
		37.4	20,338,684
	Securities purchased for client where payment has not been received in 14 days	37.5	21,206,840
	Total Current Assets	A	62,780,960
	<u>CURRENT LIABILITIES</u>		
	Trade Payables		
	Book value		11,266,344
	Less: Overdue for more than 30 days		(5,030,183)
		37.6	6,236,161
	Other liabilities	37.7	11,793,167
	Total Current Liabilities	B	18,029,328
	NET CAPITAL BALANCE	A minus B	44,751,632



DAWOOD EQUITIES LIMITED

2020
Rupees**37.1 Cash At Bank***- Pertaining to brokerage house*

Current Accounts	906,002
Saving Accounts	223,731
	<u>1,129,733</u>

- Pertaining to clients

Current Accounts	3,177,592
Saving Accounts	(1,652,265)
	<u>1,525,327</u>

37.2 Margin Deposit

Exposure Deposit (Ready)	3,680,000
Exposure Deposit (Future)	5,741,679
MTS Exposure	2,036,905
	<u>11,458,584</u>

37.3 Trade Receivables

Aging of trade receivables	<u>7,121,793</u>
----------------------------	------------------

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

37.4 Investment in Listed Securities

Others - ordinary shares	23,927,863
Less: 15% discount	(3,589,179)
	<u>20,338,684</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

Trade payable over due for more than 30 days	5,030,183
Accrued expenses	5,752,222
Withholding tax payable	1,010,763
	<u>11,793,167</u>



DAWOOD EQUITIES LIMITED

38 COMPUTATION OF LIQUID CAPITAL

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
I. Assets				
1.1	Property & Equipment	6,618,593	100.00%	-
1.2	Intangible Assets	6,000,000	100.00%	-
1.3	Investment in Govt. Securities (150,000*99)			
	Investment in Debt. Securities			
	If listed than:			
	i. 5% of the balance sheet value in the case of tenure upto 1 year.			
	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.			
1.4	If unlisted than:			
	i. 10% of the balance sheet value in the case of tenure upto 1 year.			
	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.			
	Investment in Equity Securities			
	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.	23,927,863	4,989,021	18,938,842
	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.	-	-	-
1.5	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			
	Investment in associated companies/undertaking			
1.7	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.			
	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 other entity.	1,887,500	100%	-
1.9	Margin deposits with exchange and clearing house.	11,602,883	-	11,602,883
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	184,900	-	-
	ii. Receivables other than trade receivables	-	-	-
1.16	Receivables from clearing house or securities exchange(s) 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.			
	Receivables from customers 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>	1,178,274	1,581,035	1,178,274
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>			
1.17	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>	3,667,919	-	3,667,919
	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>	217,855,690	22,652,612	22,652,612
	<i>vi. 100% haircut in the case of amount receivable form related parties.</i>			
	Cash and Bank balances			
1.18	i. Bank Balance-proprietary accounts	1,129,733	-	1,129,733
	ii. Bank balance-customer accounts	1,525,327	-	1,525,327
	iii. Cash in hand	-	-	-
1.19	Total Assets	275,578,682		60,695,590



DAWOOD EQUITIES LIMITED

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
2. Liabilities				
	Trade Payables			
2.1	i. Payable to exchanges and clearing house		-	-
	ii. Payable against leveraged market products			
	iii. Payable to customers	11,266,344	-	11,266,344
	Current Liabilities			
	i. Statutory and regulatory dues			
	ii. Accruals and other payables	6,762,984	-	6,762,984
	iii. Short-term borrowings		-	-
	iv. Current portion of subordinated loans	-		
2.2	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	-		
	Non-Current Liabilities			
	i. Long-Term financing			
	a. Long-Term financing obtained from financial instituion: 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			
	iii. Advance against shares for Increase in Capital of Securities broker: 100% haircut may be allowed in respect of advance against shares if:			
2.3	a. The existing authorized share capital allows the proposed enhanced share capital			
	b. Boad 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
	Subordinated Loans			
2.4	<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> <p>ii. Subordinated loans which do not fulfill the conditions specified by SECP</p>			
2.5	Total Liabilities	18,054,328	18,054,328	

3. Ranking Liabilities Relating to:

	Concentration in Margin Financing			
3.1	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.	1,581,035	79,051.75	1,501,983
	Concentration in securities lending and borrowing			
3.2	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	-	-	-
	Net underwriting Commitments			
3.3	<p>(a) in the case of right issue : 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</p> <p>(b) in any other case : 12.5% of the net underwriting commitments</p>			
	Negative equity of subsidiary			
3.4	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
Foreign exchange agreements and foreign currency positions				
3.5	5% of the net position in foreign currency.Net position in foreign currency means the difference of total assets denominated in foreign cuurrency less total liabilities denominated in foreign currency			
3.6	Amount Payable under REPO			
Repo adjustment				
3.7	In the case of financier/purchaser the total amount receivable under Repo less the 110% of the market value of underlying securities. In the case of financee/seller the market value of underlying securities after applying haircut less the total amount received ,less value of any securites deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.			
Concentrated proprietary positions				
3.8	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	-	-	-
Opening Positions in futures and options				
3.9	i. In case of customer positions, the total margin requiremnets in respect of open postions less the amount of cash deposited by the customer and the value of securites held as collateral/pledged with securities exchange after applyiong VaR haircuts	-	-	-
	ii. In case of proprietary positions , the total margin requirements in respect of open positions to the extent not already met	-	-	-
Short sell positions				
3.10	i. Incase 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. Incase 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	Total Ranking Liabilites	1,581,035	79,052	1,501,983
		<u>255,943,319</u>	Liquid Capital	<u>41,139,279</u>

Calculations Summary of Liquid Capital

(i)	Adjusted value of Assets (serial number 1.19)	60,695,590
(ii)	Less: Adjusted value of liabilities (serial number 2.5)	(18,054,328)
(iii)	Less: Total ranking liabilities (series number 3.11)	<u>(1,501,983)</u>
		<u>41,139,279</u>



DAWOOD EQUITIES LIMITED

39 LIMIT ON ASSET UNDER CUSTODY	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Total assets	245,969,236	-
Less: Total Liabilities	(18,029,328)	-
Less: Revaluatuon Reserves (created upon revaluation of fixed assets)	-	-
Capital Adequacy Level	<u>227,939,908</u>	<u>-</u>

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, 2020 as determined by Pakistan Stock Exchange Limited has been considered.

40 CDC NOMINEE HOLDING IN MEMBER'S / CERTIFICATE HOLDERS REGISTER	<i>2020</i>	<i>2019</i>
	<i>Rupees</i>	<i>Rupees</i>
Balance at the end of period /year in the CDC's nominee holding in members /certificate holders register	16,306,150	-
Balance of book entry security in the central depository register at the end of the period /year	<u>16,306,150</u>	<u>-</u>
Difference, if any	<u>-</u>	<u>-</u>

41 NUMBER OF EMPLOYEES	<i>2020</i>	<i>2019</i>
Number of employees as at year end and average for the year	<u>12</u>	<u>11</u>

42 NON - ADJUSTING EVENT

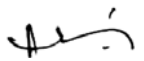
The Board of directors has recommend dividend of nil per share i.e. ___ amounting to Rs. ___ (2019 : nil) subject to approval by the members in the Annual General Meeting of the Company. The event being non - adjusting event does not requires adjustment in the financial statements

43 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on **September 10, 2020.**

44 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 23th day of October, 2020 at 8:45 a.m. and at any adjournment thereof.

As witnessed under my/our hands this _____ day of _____ 2020 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Signature of member

Please affix
revenue
stamp



Affix
Correct
Postage

The Company Secretary
Dawood EQUITIES LIMITED
17th Floor, Saima Trade Tower A
I.I Chundriger Road Karachi.



DAWOOD EQUITIES LIMITED

BOOK POST
Printed Matter

UNDER CERTIFICATE OF POSTING

if undelivered, please return to:
Dawood EQUITIES LIMITED
17th Floor, Saima Trade Tower A
I.I Chundriger Road Karachi