

Annual Report 2022



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VISION

To become the preferred Financial Services provider in Pakistan, assisting Individuals, Companies and Financial Institutions find optimal Capital Markets related solutions

MISSION

To offer a wide range of products and services in a transparent manner with an emphasis on integrity and client confidentiality

To provide customers with complete and innovative solutions by using the best minds and technology

COMPANY INFORMATION

Board of Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Muhammad Najam Ali Mrs. Hanna Khan Mr. M. Zulqarnain Mahmood Khan Mr. Ali Akhtar Ali Mr. Malik Khurram Shahzad	Non-Executive Director, Independent Director, Chairman Executive Director, Chief Executive Officer Non-Executive Director Non-Executive Director Executive Director Non-Executive Director
Audit Committee	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mr. Ali Akhtar Ali M. Rizwan Yousuf	Chairman, Independent Director Member Member Head of Internal Audit - Secretary
Human Resource & Remuneration Committee	Mr. Hasan Shah Nawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan	Chairman, Independent Director Member Member
Chief Financial Officer	Mr. Mohammad Omair Rashid	
Acting Company Secretary	M. Rizwan Yousuf	
Head of Internal Audit	M. Rizwan Yousuf	
External Auditors	KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
Bankers	Askari Bank Limited Bank Alfalah Limited Bank of Punjab Habib Metropolitan Bank Limited JS Bank Limited MCB Bank Limited Meezan Bank Limited MCB Islamic Bank Habib Bank Limited Sindh Bank Limited Bank Al Habib United Ban Limited Faysal Bank Limited	
Tax Advisors	Junaidy, Shoalb, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahr-e-Faisal, Karachi	
Legal Advisors	Mohsin Tayebaly & Co. Barristers & Advocates 2 nd Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
Rating Company	JCR-VIS Credit Rating Company Limited	
Share Registrar	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahr-e-Faisal, Karachi	
Registered Office	2 nd Floor, Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi	

NOTICE OF 13th ANNUAL GENERAL MEETING

Notice is hereby given that the **Thirteenth (13th) Annual General Meeting (AGM)** of Next Capital Limited [the Company] will be held on Friday, October 25, 2022 at 09:00 a.m. at the Registered Office of the Company, situated at 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Twelfth (12th) Annual General Meeting (AGM) held on September 22, 2021.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2022 together with the Directors' and Auditors' Reports thereon.
3. To consider and approve bonus by way of fully paid bonus shares @ 15% in the proportion of 1.5 shares for every 10 shares held by the members as recommended by the Board of Directors.
4. To approve the appointment of the Auditor for the period ending June 30th, 2023. The retiring Auditor Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, showed their inability to continue as Auditors for the period ending June 30th, 2023 as they are quitting equity brokerage industry. The Board of Directors recommended to appoint Messrs. Grant Thornton Anjum Rehman or Baker Tilly Mehmood Idrees Qamar, both have indicated their consent to act as Auditors.
5. To consider and approve transmission of Annual Financial Statements, Auditors' Report and Directors' Report etc. ("Annual Audited Accounts") to members through electronic and digital means CD/DVD/USB or other permissible compatible medium at their registered or notified address as allowed by the Securities & Exchange Commission of Pakistan under SRO 470(1) 2016 dated 31st, May 2016 instead of transmitting in hard copy.
6. To elect seven (7) Directors of the company as fixed by the Board of Directors in accordance with the provisions of Section 159 of the Companies Act, 2017 for the term of (3) years. The following are the names of retiring Directors, who are eligible for re-election:
 - i. Lt. Gen. Tariq Waseem Ghazi (Retd.)
 - ii. Muhammad Najam Ali
 - iii. Hanna Khan
 - iv. Muhammad Zulqarnain Mahmood Khan
 - v. Ali Akhtar Ali
 - vi. Malik Khurram Shahzad
 - vii. Mr. Hassan Shahnawaz
7. To transact any other business as may be placed before the meeting with the permission of the Chair.

Karachi.

Dated: October 04, 2022

By order of the Board

Muhammad Najam Ali
Chief Executive

NOTES

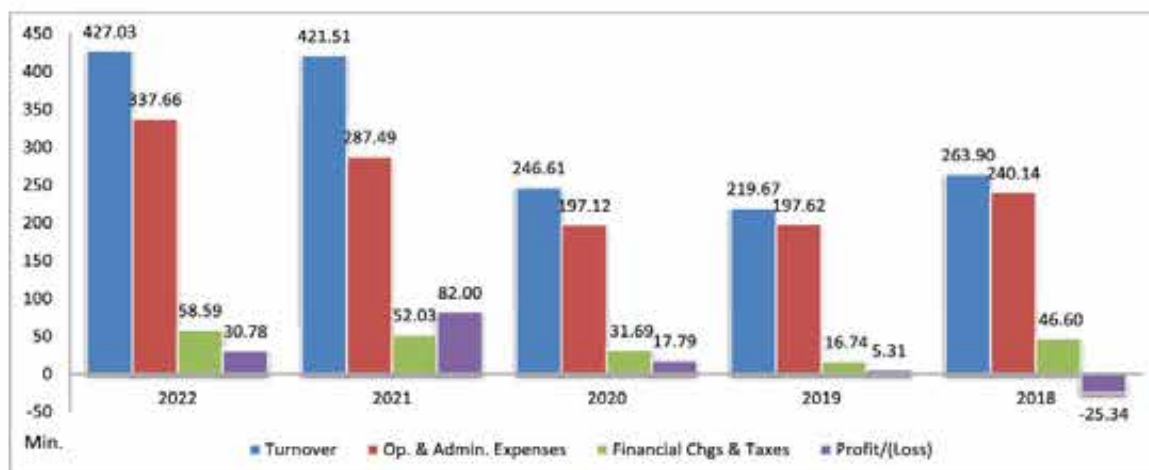
- i. The Share Transfer Books of the Company will remain closed from 18th October, 2022 to 25th October, 2022 (both days inclusive). Transfers received in order by the shares registrar of the Company M/s. FAMCO Associates (Private) Limited up to the close of business on October 17, 2022 will be treated in time for entitlement of the bonus issue.
- ii. In terms of Section 159(3) of the Companies Act, 2017 any member who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen (14) days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director.
- iii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:
 - a. Members, proxies or nominees shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport and bring their folio numbers at the time of attending the meeting.
 - b. In the case of corporate entity, Board of Directors' resolution/Power of Attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.
 - c. In order to be effective, the proxy forms must be received at the office of our registrar no later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, addresses, CNICs' numbers and signatures.
 - d. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.
 - e. In the case of proxy by a corporate entity, Board of Directors resolution/Power of Attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.
 - f. Beneficial owners of the physical shares and whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with participant's I.D. number and their account/sub-account number in CDC to facilitate identification at the time of the meeting. In case of proxy, attested copies of proxy's CNIC or passport, account/subaccount and participant's I.D. numbers must be deposited along with the Form of Proxy at the registered office of the Company as per paragraph No. ii above, duly witnessed by two persons whose names, addresses and CNICs' numbers must be mentioned on the proxy form and attested photocopies of CNIC or the passport of the beneficial owner. In case of proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of meeting (unless it has been provided earlier to the Shares Registrar).
- iv. Physical transfers and deposit request under Central Depository System received at the close of the business on October 17, 2022 by the Company's registrar will be treated as being in time for entitlement to attend, participate in and vote at the meeting.
- v. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

- vi. The Securities & Exchange Commission of Pakistan (SECP) vide its Notification # SMD/SE/2(20)/2021/117 dated December 15th, 2021 has instructed to hold the general meeting physically and virtually to ensure the maximum participation by the members. Therefore, the Company is holding the AGM meeting both physically at Head Office and through electronic means via Zoom.
- vii. To attend and participate in the 13th AGM of the Company through video link arrangement, members are requested to complete identification and verification formalities i.e. provide their names, CNICs scanned (both sides), folio numbers, cell phone numbers and email addresses on or before October 20th, 2022 by 5:00 p.m. at the following email address i.e. co.secretary@nextcapital.com.pk The video link of meeting will be sent to the members on their email addresses.
- viii. Upon receipt of the above information from interested information, the company will send the login credentials at their email address. On the date AGM, shareholders will be able to login participate in the AGM proceedings through their smartphone/computer devices.
- ix. Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on the email: co.secretary@nextcapital.com.pk
- x. Pursuant to Notification vide SRO.787 (1)/2014 of September 08, 2014, SECP has directed to facilitate the members of the company receiving Annual Financial Statements and Notices through electronic mail system (e-mail). We are pleased to offer this facility to our members who desire to receive Annual Financial Statements and Notices of the Company through e-mail in future. In this respect members are hereby requested to convey their consent via e-mail on a standard request form which is available at the Company website i.e. www.nextcapital.com.pk. Please ensure that your e-mail has sufficient rights and space available to receive such email which may be larger than 1 MB file in size. Further, it is the responsibility of the member to timely update the Share Registrar of any change in the registered email address.
- xi. Members are requested to immediately notify the change, if any, in their registered address/contacts numbers to Share Registrar on the following address:

M/s. FAMCO Associates (Pvt) Limited, 8-F, Near Hostel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi
Tel: +92 21 34380103-5, 34384621-3 Fax: 34380106

FINANCIAL AND OPERATING HIGHLIGHTS YEAR ENDED 30 JUNE

	2022	2021	2020	2019	2018
Rupees in Thousands					
Profit and Loss Account					
Operating revenue	417,290	368,170	195,817	174,309	241,117
Investment gains - net	(37,831)	13,362	(1,676)	5,250	2,318
Other income	47,568	39,980	52,465	40,107	20,467
Total Turnover	427,027	421,512	246,606	219,666	263,902
Operating & administrative expenses	337,663	287,488	197,121	197,622	240,135
Financial cost	26,069	22,970	13,008	6,319	16,497
Profit/(loss) before taxation	63,295	111,054	36,477	15,725	4,769
Profit/(loss) after taxation	30,779	81,998	17,794	5,307	(25,336)
Balance Sheet					
Share capital	495,000	495,000	450,000	450,000	450,000
Reserves	80,260	49,482	(6,977)	(54,945)	(39,655)
Share holders equity - net of discount on issue of shares	525,260	494,482	406,977	395,055	410,345
Long term liabilities	22,796	31,322	32,614	-	-
Current assets	965,156	1,044,111	656,194	735,762	635,536
Current liabilities	602,491	673,698	344,509	430,867	286,958
Total assets	1,150,547	1,199,501	784,099	825,922	697,302
Total liabilities	625,287	705,020	377,122	430,867	286,958
RATIOS					
Performance					
Net Profit/(loss) Margin (%)	7.4%	22.3%	9.1%	3.0%	-10.5%
Profit/(loss) before tax (%)	15.2%	30.2%	18.6%	9.0%	2.0%
Expense/income (%)	80.9%	78.1%	100.7%	113.4%	99.6%
Return on equity (%)	5.9%	16.6%	4.4%	1.3%	-6.2%
Price Earning (%)	8.0%	11.3%	4.8%	2.0%	-5.4%
Leverage					
Debt to equity (%)	28.6%	38.8%	46.7%	50.6%	15%
Interest cover (x)	3.43	5.11	1.35	(1.36)	(0.44)
Liquidity					
Current (x)	1.60	1.55	1.91	1.71	2.21
Earning Per Share (EPS) - values before 2021 restated	0.62	1.66	0.36	0.11	(0.51)
Breakup Value/Net Assets per share - values before 2021 restated	10.61	9.99	8.22	7.98	8.29
Market Value Per Share	7.77	14.72	7.48	5.30	9.50



I am pleased to present to you, the Annual Report for the year ended June 30, 2022.

The Board of Directors ("the Board") of Next Capital Limited (NCL) 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 which resulted in yet another profitable year for NCL despite dwindling market volumes and gloomy economic and political instability.

The Board of Directors of NCL comprises of highly professional and experienced persons. They bring expertise from various business disciplines including independent directors. All Board members are aware of their fiduciary responsibilities and fulfill these by playing an important role in providing strategic direction to the management and necessary guidance for compliance with policies and standards.

The Board of Directors' performance has been highly satisfactory and Board Members have exercised the required strategic oversight. The efforts of the Board's Audit Committee and the Human Resources & Remuneration Committee are particularly noteworthy for their valuable contributions in providing requisite leadership support.

The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval. All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process.

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 term of their conduct as directors and exercising their powers and decision making.

I would like to thank our shareholders, my fellow directors and stakeholders for all their support & again acknowledge with gratitude the sustained and ongoing dedication of the company's management and staff in very challenging operating conditions especially in the last quarter. We look forward to future success in the Company's endeavors.

A handwritten signature in blue ink, appearing to read 'Tariq Waseem Ghazi'.

Lt. Gen. Tariq Waseem Ghazi (Retd.)
Chairman

September 15th, 2022

On behalf of the Board of Directors of Next Capital Limited, we are pleased to present the Financial Statements for the year ended June 30, 2022.

Economic Review

The year under review that ended on June 30, 2022 remained a challenging year for not only Pakistan as it is faced with multiple challenges from economy and politics, but for the entire world with slowdown in growth and increasing inflationary pressures. The Russia- Ukraine war pushed commodity prices to sky-high levels, which negatively impacted global demand supply dynamics, inflation and growth outlook. The central banks around the globe turned increasingly hawkish to counter inflationary pressures, which has increased the threat of a global recession. In addition to the macroeconomic challenges, the political arena of Pakistan has been very active particularly during the latter part of the year under review, which finally unfolded in change in government through a vote of no confidence that initiated heightened political noise and unrest. The new setup was faced with severe macroeconomic imbalances and was forced to taking tough decisions of eliminating subsidies on petroleum products and electricity tariffs that led to increased inflationary pressures. These decisions were inevitable for resuming the long-stalled IMF program.

High commodities prices led to current account deficit of USD17.4 billion

Pakistan's external account situation has been vulnerable due to the sky-high commodities prices and the tailwinds of a strong economic growth of the previous year. Average monthly current account deficit for the year under review was USD1.5 billion, which went up to as high as USD2.5 billion in January of 2022. Total current account deficit for the outgoing year was recorded at USD17.4 billion (4.6% of GDP) compared to USD2.8 billion (0.8% of GDP) of the previous year. Significantly higher international commodities prices along with volumetric growth, import of goods registered a growth of 32.8% to USD72 billion during the year under review compared to USD54.3 billion of the previous year. Export of goods showed a healthy growth of 26.6% reaching USD32.5 billion. The overall balance of trade in goods expanded from USD28.6 billion of the previous year to USD39.6 billion during the year under review. Services deficit also widened from USD2.5 billion of the previous year to USD5.2 billion during the year under review. Remittances, despite the global slowdown and inflationary pressures, continued to lend a healthy support to the external account of Pakistan with inflows of USD31.2 billion increasing by 6.1% over the previous year. After the completion of the sixth review of the IMF program and receipt of USD1.1 billion in February 2022, the next reviews stalled due to the inconsistent policies of the

government with the IMF guidelines for fiscal consolidation. The overall balance of payment closed the year under review with a negative balance of USD6.3 billion compared to net inflow of USD5.6 billion during the previous year.

Reserves and exchange rate suffered due to delay in resumption of IMF program

Foreign exchange reserves of the country dropped from USD24.4 billion of the previous year to USD15.5 billion during the year under review. Reserves with the State Bank plunged to USD9.8 billion during the year under review from USD17.3 billion of the previous year. Total import cover of the SBP reserves stood at less than 1.4 months at the end of the year under review, which is very low. As a result of severe pressure on the external account, PKR against the USD depreciated by 30% to PKR204.85/USD during the year under review after touching a low of PKR211.93/USD on June 22, 2022. Other factors for the steep devaluation of the local currency include interest rate hikes by the USA and other developed economies amid inflationary pressures. Considering the significant vulnerabilities of the country, and risks on the government's ability to continue with the implementation of the IMF guided policy measures for long-term stability and sustainability, amid the political uncertainties, Moody's, subsequently followed by other international rating agencies, downgraded the outlook on Pakistan from stable to negative resulting in a significant increase in yields on Pakistan's international bonds.

High growth and high inflation led to aggressive policy measures

The growth momentum that was initiated as a sharp "V"-shaped recovery from the pandemic continued during the year under review as well. The provisional real GDP growth for the outgoing year is 6% compared to 5.7% registered during the previous year following 1% decline during 2019-20. Agriculture, manufacturing and services sectors are estimated to register growth of 4.4%, 7.2%, and 6.2%, respectively compared to 3.5%, 7.8%, and 6%, respectively, of the previous year. This was a result of the pro-growth fiscal and monetary policies of the government and the SBP during the previous years. During the year under review, however, the SBP shifted the focus of the monetary policy from stimulating growth to combating inflation. After remaining in single-digits during the initial few months of the year under review, inflationary pressures gradually built-up due to high food and energy prices leading inflation readings in the double-digit territory from November 2021 touching an over 13-year peak of 21.3% in June 2022 as the government decided to eliminate subsidies on petroleum products and electricity tariffs along with continued high food inflation. For the year under review, average inflation stood at 12.2% compared to 8.9% of the previous year. Policy rate was started to be raised from 7% September 2021 to 13.75% by the end of the year under review and subsequently to 15% in July 2022, where 6-month KIBOR was already hovering around 15.5% at the end of the year under review. Cash Reserves

Requirements, and rate on Export Finance Scheme and Long-Term Financing Facility were also increased by the SBP during the year under review.

Budget for FY 2022-23 – The much-needed fiscal consolidation aim

The much-needed fiscal consolidation is aimed in the budget for the fiscal year 2022-23, where overall fiscal deficit is targeted at 4.9% of GDP compared to an estimated deficit of 7.1% of GDP for the year under review, following 6.1% achieved during the fiscal year 2020-21. The government has also set an ambitious target of achieving a primary surplus of 0.2% for the upcoming year compared to a deficit of 2.4% estimated for the outgoing year and 1.2% deficit achieved in the fiscal year 2020-21. Major focus has been laid on enhancing FBR tax revenues, which is targeted to increase by 23% to PKR7.5 trillion (9.6% of GDP) compared to PKR6.1 trillion (9% of GDP) estimated for the year under review registering an increase of 27% over PKR4.8 trillion (8.5% of GDP) of the previous year. Reduction in subsidies and curtailment of other expenses coupled with estimated provincial surpluses, are estimated to help the government in achieving the target fiscal balance in the upcoming year.

Equities market performance review

During the year under review, benchmark KSE-100 plunged by 5,815 points, 12.3% and closed the year under review at 41,541 level. In USD terms the index plunged by 42.3%. With a tightening monetary policy since September 2021 the market was moving in a wide range. However, after the Russia-Ukraine war, unstable political landscape, uncertainty over IMF program, rapidly depleting foreign exchange reserves and steep devaluation of PKR that led to risks of Pakistan defaulting on its international obligations, and downgrade of Pakistan's outlook, things took a turn for the worse and the KSE100 Index took a dive from around 46,540 level on April 18, 2022 to 40,880 on June 13, 2022 after the announcement of the budget 2022-23 that have negative impacts for the market incorporating harsh but necessary measures for securing the IMF facility.

Macroeconomic and political uncertainties led to decline in activity

During the year, MSCI reclassified Pakistan from Emerging Markets to Frontier Markets. Foreign investors offloaded equities worth USD297.5mn worth of equities during FY22. Individuals were the major buyers followed by Banks/DFIs and companies. They bought equities worth USD157 million, USD115 million and USD111 million, respectively. Apart from foreign investors, mutual funds also offloaded equities worth USD128 million considering higher interest rates making equity funds unattractive compared to fixed income funds. Overall activity in the market reduced significantly with average daily traded volume and value plummeting by 44.7% and 49.7%, respectively to 291.8 million shares and PKR9.7 billion, respectively.

Defensive and high dividend yielding sectors out-performed the KSE100 Index

Amongst the major sectors, only Fertilizer, Chemical, and Oil and Gas Exploration and Production, were the out-performers during the year under review. Fertilizer performed well due to high dividend yields in offer with relatively stable business outlook, while higher international margins supported the Chemical sector. Expectations of partial resolution of circular debt along with higher international oil prices and weak PKR supported the Oil and Gas E&P sector. Major sectors under-performing the benchmark index were Cements, Technology, and Banks. Higher coal prices, and expected slow down in demand coupled with high interest rates put cement stocks under pressure. Decline in Technology was mainly contributed by TRG while the local Tech stocks also followed a worldwide de-rating. Banks lagged due to higher tax imposition in the budget.

Financial Performance:

Profit for the year showed reduction for two reasons. Brokerage volumes plummeted and correspondingly brokerage revenues took serious hit and decreased by 45%. We incurred a capital loss of PKR 38 million on our securities mainly on PSX shares which are used to fulfil our minimum capital requirements. We had posted a capital gain in these securities in the previous year. The management is hopeful that when market improves, this loss will reverse.

The loss in brokerage revenues was compensated by advisory income which showed an increase of 360%.

An area of concern is our effective corporate tax rate which has gone up to over 50% due to the incidence of minimum tax. The management will recommend to the Board to file a constitutional petition against this discriminatory taxation since this is not in the interest of our shareholders.

Company's financial performance:

	2021-22	2020-21
	RUPEES IN MILLION	
Accumulated profit as at July 01	49,482	7,085
Net Profit for the year	30,779	81,998
Bonus shares issued during the year	-	(45,000)
Net realized gain on investments held at FVOCI	-	5,398

(Accumulated losses)/ unappropriated profit June 30	80,260	49,482
Earnings Per Share - RUPEES	<u>0.62</u>	<u>1.66</u>

Future Outlook:

Going forward, the overall direction of Pakistan's macroeconomic indicators is largely dependent on the trends in the international commodities prices including food and energy prices, policy actions of the government and the SBP in order to continue with the IMF program, and the political landscape of the country. The recent declining trends in international commodities prices particularly crude oil, palm oil and cotton, in tandem with the import restricting policies of the government, are likely to impact positively on the external account of the country. However, the sustained pressure on the local currency is not expected to ease until the receipt of the tranche by the IMF and other sources including friendly countries, subsequent to the staff level agreement achieved between the IMF staff and local authorities in July 2022. Growth is expected to slow down during the year ahead owing to restraining policies, high interest rates, and high inflation that is estimated to remain in the range of 18-20%.

The outlook for the performance of the domestic equities market largely depends on a host of external and internal factors. Trend in international commodities prices and overall economic outlook of the world would have impacts on external account of Pakistan along with inflation, exchange rate and interest rate. While domestic political landscape including timeline for elections, policy actions of the sitting government for fiscal consolidation and resolution of long-pending issues including the circular debt, and consistency in support of the IMF and other friendly countries and donor agencies, are likely to help the country in sailing through the high tides. Considering historical low valuations of the market the Board is of the view that the equities market has largely priced in the negatives while the potential upsides of resumption of the IMF program and consolidation of all the political forces for a "Charter of Economy" that would pave the way for implementation of critical measures necessary for putting the house in order.

During the year, the company decided to incubate an online financial services product for which a highly competent team has been hired. Next also acquired a trading software as part of the initiative.

As our brokerage income remains continuously under pressure, Next will continue to explore revenues from other sources especially in investment banking. We have good mandates on hand and in case of successful completion these will contribute significantly to our bottom line.

Compliance Statement:

- (a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- (b) Proper books of account of the Company have been maintained;
- (c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, with which we concur;
- (d) International Financial Reporting Standards, as applicable in Pakistan and the Companies Act, 2017, as also stated in note number 2 of the financial statements, have been followed in preparation of financial statements;
- (e) The system of internal control is sound in design and has been effectively implemented and monitored by Audit Committee;
- (f) The Company is financially sound and there are no significant doubts upon the Company's ability to continue as a going concern;
- (g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- (h) Key operating and financial data of current year and preceding years is appearing after notice of AGM;
- (i) No dividend is announced for the year ended June 30, 2022.
- (j) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2022 except for those disclosed in the financial statements;
- (k) All the material changes and commitments affecting the financial position of the Company occurred between the balance sheet date and the date of the directors' report have been disclosed in the report;
- (l) Three directors have obtained training under the Director's Training Program;
- (m) The Directors, CFO, CEO, Company Secretary, Head of Internal Audit and their spouses and minor children did not carry out any transaction in the shares of the Company during the year; and
- (n) Pattern of shareholding is disclosed after financial statements.

Meetings of the Board of Directors:

Four Board meetings were held during the financial year 2021-2022 and were attended by the Directors as follows:

Name	Designation	Attendance
Lt. Gen. Tariq Waseem Ghazi (Retd.)	Director/ Chairman	3
Mr. Najam Ali	Director/ Chief Executive Officer	4

Mrs. Hanna Khan	Director	3
Mr. M. Zulqarnain Mahmood Khan	Director	3
Mr. M. Zubair Ellahi (resigned)	Director	3
Mr. Hassan Shahnawaz	Director	3
Mr. Khurram Shahzad	Director	3

Composition of Board

1. The total number of directors are seven as per the following:

- a. Male: Six
- b. Female: One

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz Mr. Malik Khurram Shahzad
Other Non-executive Directors	Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan
Executive Directors	Mr. Najam Ali Dr. Ali Akhtar Ali

Committees of Board

The board has formed committees comprising of members given below:

a) Audit Committee

Mr. Hasan Shahnawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Dr. Ali Akhtar Ali	Member

b) Human Resource & Remuneration Committee

Mr. Hasan Shahnawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member

Director's Remuneration

The Board of Directors has transparent procedures for remuneration of directors in accordance with the Companies Act, 2017 and the Listed Companies (Code of Corporate Governance) Regulations 2017.

Credit Rating

The Company has been re-assigned entity ratings of 'A-/A-2' (A Minus/A-Two) by VIS Credit Rating Company Ltd. The outlook on the assigned ratings is 'Stable'. Issuer rating scale defined by VIS as good credit quality; protection factors are adequate. Risk factors may vary with possible changes in the economy.

Management Rating

The Company has been assigned management rating of 'BMR2++' (BMR Two Plus Plus) by VIS Credit Rating Company Ltd. The outlook on the assigned ratings is 'Stable'. Issuer rating rationale defined by VIS as strong regulatory compliance levels; sound external controls, HR & IT services, risk management and financial management along with adequate initial control framework client relationship.

Corporate and Social Responsibility

Company being a responsible corporate entity is always conscious of its obligations towards the people who work for it, people around its workplace and the society as a whole.

External Auditors

The retiring auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, have shown their inability to continue as Auditors for the period ending June 30, 2023. Accordingly, the Board of Directors upon recommendation of the Audit Committee and approval of members in AGM will appoint the Auditors for the period ending June 30th, 2023.

Appreciation and Acknowledgement

Next Capital, on behalf of its Board and management would like to place on record our appreciation for the efforts and continued support of the regulators including the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP), Pakistan Stock Exchange Limited (PSX) and the Government of Pakistan. We thank all our clients and

shareholders who have placed their trust in our services in these troubled times and our staff for always putting their best efforts forward.

Date: August 23, 2022

A handwritten signature in blue ink, appearing to read 'Muhammad Najam Ali'.

Muhammad Najam Ali
Chief Executive Officer

A handwritten signature in blue ink, appearing to read 'Ali Akhtar Ali'.

Ali Akhtar Ali
Director



KPMG Taseer Hadi & Co.
Chartered Accountants
Sheikh Sultan Trust Building No. 2, Beaumont Road
Karachi 75530 Pakistan
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INDEPENDENT AUDITOR'S REVIEW REPORT

To the members of Next Capital Limited

Review report on the Statement of compliance contained the Listed Companies (Code of Corporate Governance) Regulations, 2019

We have reviewed the enclosed Statement of Compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 ('the Regulations') prepared by the Board of Directors of **Next Capital Limited** ('the Company') for the year ended 30 June 2022 in accordance with the requirements of Regulation No. 36 of the Regulations.

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

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

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

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the requirements contained in the Regulations as applicable to the Company for the year ended 30 June 2022.

Karachi

Date: 19 September 2022

UDIN # CR202210188FpjaeK0Ak

KPMG Taseer Hadi & Co.
Chartered Accountants

Statement of Compliance with Listed Companies (Code of Corporate Governance) Regulations, 2019

Name of company: NEXT CAPITAL LIMITED

Year ended: 30th June 2022

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

1. The total number of directors are Seven as per the following:
 - a. Male: Six
 - b. Female: One

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Malik Khurram Shehzad
Executive Directors	Mr. Muhammad Najam Ali Dr. Ali Akhtar Ali*

**Dr. Ali Akhtar Ali was appointed on 24th June 2022*

3. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.
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 do not have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.
9. The Board of Directors of the Company consists of Seven (7) eminent directors, out of which three (3) directors are already certified under the Directors Training Program as follows:
 1. Mr. Muhammad Zulqarnain Mahmood Khan
 2. Mrs. Hanna Khan
 3. Mr. Hasan Shahnawaz
10. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.
11. The board has formed committees comprising of members given below:

a) Audit Committee

Name	Designation
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Zubair Ellahi (Resigned w.e.f: 25 th March 2022)	Member
Mr. Rizwan Yousuf	Secretary

b) Human Resource & Remuneration Committee

Name	Designation
Mr. Hasan Shahnawaz	Chairman
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member

12. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
13. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
 - a) Audit Committee: Quarterly
 - b) HR and Remuneration Committee: Yearly
14. The board has set up an effective internal audit function to persons who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
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 Board of Pakistan, that they and all their partners are in compliance with International

Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan and that they and the partners of the firm involved in the audit are not a close relative (spouse, parent, dependent and non-dependent children) of the chief executive officer, chief financial officer, head of internal audit, company secretary or director of the company.

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 requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with except the requirement mentioned below:

S.no	Mandatory Requirement	Reg. No.	Explanation
1.	<p>Independent Director</p> <p>The independent directors of each listed company shall not be less than two members or one third of the total members of the board, whichever is higher.</p> <p>When there are seven directors on the board of the company the fraction of independent director share comes at 2.33. The company may round up or provide reason for contrary.</p>	6	The two independent directors have requisite education and extensive and suitable experience to carry out their responsibilities, therefore the Board has not appointed the third independent director.

18. Explanation for non-compliance with requirements, other than regulations 3, 6, 7, 8, 27, 32, 33 and 36 is mentioned below:

S.no	Non-Mandatory Requirement	Reg. No.	Explanation
1.	<p>Responsibility of the Board to its member:</p> <p>The Chairman of the Board shall, at the beginning of term of each director, issue letter to directors setting out their role, obligations, powers and responsibilities in accordance with the Act and the company's Articles of Association, their remuneration and entitlement.</p>	10(5)	The company shall ensure compliance with these regulation from next elections.
2.	<p>Formal Policy:</p> <p>The Board shall have in place a formal policy and transparent procedure for fixing the remuneration packages of individual directors for</p>	16	Company do not offer any remuneration to the members of the BOD to attend the meetings. However, formulation of formal policy is in process.

	attending meetings of the Board and its committees.		
3.	Directors' Orientation: All companies shall make appropriate arrangements to carry out orientation for their directors to acquaint them with these Regulations, applicable laws, their duties and responsibilities to enable them to effectively govern the affairs of the listed company for and on behalf of shareholders.	18	All the directors are highly qualified and well acquainted with the applicable laws, regulations and affairs of the industry and company.
4.	Directors' Training: It is encouraged that by June 30, 2022 all the directors on their Boards have acquired the prescribed certification under any director training program offered by institutions, local or foreign, that meet the criteria specified by the Commission and approved by it.	19	All the directors are in compliance with the directors training program (DTP) except for the director appointed during the year who have a year to comply with this regulation, for other two directors the Company is of the view that one of the director is highly qualified and well conversant with the applicable laws and regulations and for the other one the Company has planned to arrange DTP over the next year.
5.	Nomination Committee The board may constitute a separate committee, designated as the nomination committee, of such number and class of directors, as it may deem appropriate in its circumstances.	29	Presently, the BOD has not constituted the Nomination Committee, however, the functions are performed by the audit committee.
6.	Risk Management Committee: The Board may constitute the risk management committee, of such number and class of directors, as it may deem appropriate in its circumstances, to carry out a review of effectiveness of risk management procedures and present a report to the Board.	30	Currently, the board has not constituted a separate Risk management committee and the functions are being performed by the Board.



Lt. Gen. Tariq Waseem Ghazi (Retd.)
Chairman



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Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT

To the members of Next Capital Limited

Report on the Audit of the Financial Statements Opinion

We have audited the annexed financial statements of **Next Capital Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2022, and the statement of profit or loss account, the statement of 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, the statement of profit or loss account, the statement of 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 30 June 2022 and of the profit, total 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.

Key Audit Matters

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.

Following are the Key audit matters:

S. No.	Key audit matter	How the matter was addressed in our audit
1	<p>Revenue recognition</p> <p>Refer notes 3.7 and 21 to the financial statements relating to revenue recognition.</p> <p>The Company generates revenue from brokerage services as well as corporate finance and related services. Brokerage represent 41% and corporate finance and related services represents 59% of the total revenue.</p> <p>We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> • We obtained an understanding of, assessed and tested the design and implementation of key internal controls over the recording of revenue; • We assessed the appropriateness of the Company's accounting policies for revenue recognition and compliance of those policies with applicable accounting standards; • We independently obtained brokerage equity transaction information (KATS report) from the Pakistan Stock Exchange and recalculated the brokerage income; • We checked invoices and related documents, on a sample basis for brokerage money market transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirement of applicable accounting standard; • We checked agreements and related documents for corporate finance services transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirement of applicable accounting standard; and • We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.

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

Management is responsible for the other information. The other information comprises of the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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

Responsibilities of Management and Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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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

KPMG Taseer Hadi & Co.

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 opinions:

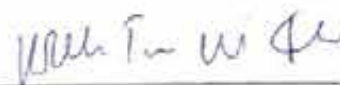
- a) proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) the statement of financial position, the statement of profit or loss account, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows 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;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business;
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980); and
- e) the Company was in compliance with the requirements of section 78 of the Securities Act, 2015 and section 62 of the Future Market Act, 2016 and the relevant requirements of Securities Brokers (Licensing and Operations) Regulations, 2016 as at the date on which the statements of financial position was prepared.

The engagement partner on the audit resulting in this independent auditor's report is Zeeshan Rashid.

Date: 15 September 2022

Karachi

UDIN: AR202210188ocVK8n4LB


KPMG Taseer Hadi & Co.
Chartered Accountants

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2022

	Note	2022 ----- (Rupees) -----	2021
ASSETS			
Non-current assets			
Property and equipment	4	60,860,329	78,028,115
Right of use assets	5	19,827,340	31,741,341
Intangible assets	6	75,793,873	3,482,361
Investments in term finance certificates	7	4,019,064	4,009,845
Long term deposits	8	17,664,761	36,206,252
Deferred tax asset - net	9	7,225,752	5,932,242
		185,391,119	159,399,956
Current assets			
Short term investments	10	60,400,032	-
Investment in marginal financing system	11	9,300,902	70,326,739
Trade debts	12	296,102,104	382,451,422
Deposits and prepayments	13	131,093,928	208,502,668
Advances and other receivables	14	206,459,463	4,207,940
Advance tax		40,125,889	41,911,318
Cash and bank balances	15	221,673,403	332,701,076
		965,155,721	1,040,101,163
Total assets		1,150,546,840	1,199,501,119
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2021: 100,000,000) ordinary shares of Rs. 10 each		1,000,000,000	1,000,000,000
Issued, subscribed and paid-up capital	16	495,000,000	495,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Revenue Reserves			
Unappropriated profits		80,260,281	49,481,566
Fair value reserves		-	-
		525,260,281	494,481,566
Non-current liabilities			
Lease Liabilities	5	22,796,032	31,321,593
Current liabilities			
Unclaimed dividend		3,004,827	3,055,446
Current portion of lease liabilities	5	7,575,077	10,634,256
Short term borrowing - secured	18	149,997,195	149,996,346
Trade and other payables	19	440,746,770	510,011,912
Contract liability		1,166,658	-
		602,490,527	673,697,960
Total equity and liabilities		1,150,546,840	1,199,501,119
Contingencies and commitments	20		

The annexed notes 1 to 41 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE, 2022

	Note	2022 ----- (Rupees) -----	2021
Operating revenue	21	417,289,673	368,169,747
Capital gain / (loss) on sale of investments	22	(5,297,102)	13,361,705
Unrealised loss on remeasurement of investment classified as 'at fair value through profit or loss'	10	(32,534,222)	-
Operating expenses	23	(173,132,695)	(188,044,270)
Administrative expenses	24	(159,793,843)	(103,232,871)
Impairment (expense) / reversal on trade debts	12.1	(4,735,838)	3,789,628
Finance cost	25	(26,069,398)	(22,970,443)
		15,726,575	71,073,496
Other income	26	47,568,152	39,980,191
Profit before taxation		63,294,727	111,053,687
Taxation			
- Current		(35,757,055)	(31,121,582)
- Prior		1,947,533	3,360,174
- Deferred		1,293,510	(1,293,951)
	27	(32,516,012)	(29,055,359)
Profit for the year		30,778,715	81,998,328
Earnings per share - basic and diluted	28	0.62	1.66

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE, 2022

	2022	2021
	(Rupees)	
Profit for the year	30,778,715	81,998,328
Other comprehensive income for the year		
<i>Items that will not be reclassified to profit or loss account</i>		
Realized gain on remeasurement of investment carried at FVTOCI	-	5,506,089
Total comprehensive income for the year	30,778,715	87,504,417

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

STATEMENT OF CASH FLOW FOR THE YEAR ENDED 30 JUNE, 2022

	Note	2022 (Rupees)	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before taxation		63,294,727	111,053,687
Adjustments for:			
Depreciation of property and equipment	24	20,616,202	14,941,357
Depreciation on right of use asset	24	6,427,548	6,669,669
Amortisation of intangible assets	24	133,543	53,751
Capital (gain) / loss on sale of investments	22	5,297,102	(13,361,705)
Unrealised loss in the value of investments at 'fair value through profit or loss'	10.1	32,534,222	-
Mark-up on bank balances	26	(22,648,829)	(19,394,810)
Mark-up on investment in margin financing system	26	(8,344,598)	-
Mark-up under margin trading system	26	-	-
Markup on term finance certificates	26	(465,625)	(386,853)
Profit on cash margin	26	(13,532,834)	(11,363,850)
Return on Government securities	26	-	-
Impairment (expense) / reversal on trade debts	12.1	4,735,838	(3,789,628)
Receivables written-off		-	1,570,371
Gain on disposal of property and equipment	26	(319,359)	(1,700,000)
Other income	26	(1,781,557)	(216,228)
Finance cost	25	26,069,398	22,970,443
		46,245,701	(4,007,483)
Cash flows before working capital changes		111,540,428	107,046,204
Changes in working capital			
(Increase) / decrease in current assets			
Trade debts		86,349,318	(272,426,999)
Advances, deposits, prepayments and other receivables		(124,842,783)	108,044,494
		(38,493,465)	(164,382,505)
Increase / (decrease) in current liabilities			
Trade and other payables		(69,265,142)	326,079,898
Contract liabilities		-	-
Cash used in operating activities		3,781,821	268,743,597
Finance cost paid		(22,367,965)	(16,590,461)
Taxes paid		(32,237,335)	(17,681,265)
Net cash generated / (used) in operating activities		(50,823,479)	234,471,871
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	4	(9,427,679)	(36,168,045)
Purchase in Intangible	6	(72,445,055)	-
Proceeds from sale of property and equipment		-	1,700,000
Payments against investment in margin financing system	11	(629,972,412)	(821,098,928)
Receipts from investment in margin financing system	11	699,295,485	760,793,745
Proceeds from sale of PSX shares		-	16,209,911
Investments - net		(98,231,356)	13,846,054
Mark-up received on bank balances and exposure margin		34,643,046	30,758,660
Mark-up received on investment in margin financing system		8,297,236	(7,591,418)
Mark-up received on investment in margin trading system		-	-
Markup on term finance certificates		-	386,853
Return on Government securities		-	-
Other income		-	216,228
Long term deposits		18,541,491	(19,492,729)
Net cash (used) / generated from investing activities		(49,314,894)	(60,439,669)
CASH FLOWS FROM FINANCING ACTIVITIES			
Lease rentals paid	17	(10,839,530)	(10,049,414)
Dividends paid	5.3	(50,619)	-
Net cash used in from financing activities		(10,890,149)	(10,049,414)
Net increase / (decrease) in cash and cash equivalents		(111,028,522)	163,982,788
Cash and cash equivalents at beginning of the year		182,704,730	18,721,942
Cash and cash equivalents at end of the year		71,676,208	182,704,730
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		221,673,403	332,701,076
Short term borrowing - secured		(149,997,195)	(149,996,346)
		71,676,208	182,704,730

The annexed notes 1 to 41 form an integral part of these financial statements.


Chief Executive Officer


Chief Financial Officer


Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE, 2022

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve		Total
			Unappropriated Profit	Fair value Reserves	
			(Rupees)		
Adjusted balance as at 1 July 2020	450,000,000	(50,000,000)	7,085,268	(108,119)	406,977,149
Total comprehensive income for the year					
Profit for the year	-	-	81,998,328	-	81,998,328
Bonus shares issued during the year	45,000,000	-	(45,000,000)	-	-
Other comprehensive income	-	-	-	-	-
Gain on sale of FVOCI investment during the year	-	-	-	5,506,089	5,506,089
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment	-	-	5,397,970	(5,397,970)	-
Other comprehensive income	-	-	-	-	-
	45,000,000	-	42,396,298	108,119	87,504,417
Balance as at 30 June 2021	495,000,000	(50,000,000)	49,481,566	-	494,481,566
Total comprehensive income for the year					
Profit for the year	-	-	30,778,715	-	30,778,715
Bonus shares issued during the year	-	-	-	-	-
Other comprehensive income	-	-	-	-	-
Gain on sale of FVOCI investment during the year	-	-	-	-	-
Transfer of realized gain from fair value reserve to unappropriated profit on disposal of investment	-	-	-	-	-
	-	-	30,778,715	-	30,778,715
Balance as at 30 June 2022	495,000,000	(50,000,000)	80,260,281	-	525,260,281

The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive Officer



Chief Financial Officer



Director

1. LEGAL STATUS AND OPERATIONS

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under repealed Companies Ordinance, 1984 (now Companies Act, 2017). The Company has obtained corporate membership from Pakistan Stock Exchange Limited ("the Exchange") on 2 February 2010 and was listed on the said Exchange on 27 April 2012.

The Company is a TREC holder of Pakistan Stock Exchange Limited and a member of Pakistan Mercantile Exchange Limited and is accredited broker by Financial Market Association of Pakistan. The Company is principally engaged in brokerage of shares, stocks, equity and debt securities, commodities, forex and other financial instruments and corporate finance services. Further, the Company is engaged in trading in equity and debt securities on its own account through ready, spot and forward counters of the stock exchange. The registered office of the Company is situated at 2nd Floor, Imperial court, Dr. Ziauddin Ahmed Road, Karachi.

The Company has a branch office at the following location:

- 63-A, Agora Eden city, DHA Phase 8, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

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

- International Financial Reporting Standards (IFRS standards) issued by the International Accounting Standard Board (IASB) as notified under the Companies Act, 2017; and
- Provisions of and directives issued under the Companies Act, 2017.

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

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except for equity investments which are carried at fair values and lease liability valued at present value.

2.3 Functional currency and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and have been rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with accounting 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. 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 in the revision affects both current and future periods.

The estimates and judgments that have a significant effect on the financial statements are in respect of the following:

- Property and equipment (note 3.1 and 4);
- Right of use asset (note 3.14 & 5)
- Taxation (note 3.3 and 27);
- Provision for impairment of trade debtors (note 3.4, 3.5 and 12);
- Contingencies (note 3.12, 20 & 27)

2.5 New or amendments / interpretations to existing standards, interpretation and forthcoming requirements

- **Standards, interpretations and amendments to published approved accounting standards that are not yet effective**

The following International Financial Reporting Standards (IFRS Standards) as notified under the Companies Act, 2017 and the amendments and interpretations thereto will be effective for accounting periods beginning on or after 1 July 2022:

- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after 1 January 2022 clarifies that the 'cost of fulfilling a contract' for the purposes of the onerous contract assessment comprises the costs that relate directly to the contract, including both the incremental costs and an allocation of other direct costs to fulfill the contract. An entity is required to apply the amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments (the date of initial application). Restatement of comparative information is not required, instead the amendments require an entity to recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.
- The following annual improvements to IFRS Standards 2018-2020 are effective for annual reporting periods beginning on or after 1 January 2022:
 - **IFRS 9 – The amendment** clarifies that an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf, when it applies the '10 per cent' test in paragraph B3.3.6 of IFRS 9 in assessing whether to derecognize a financial liability.
 - **IFRS 16 – The amendment** partially amends Illustrative Example 13 accompanying IFRS 16 by excluding the illustration of reimbursement of leasehold improvements by the lessor. The objective of the amendment is to resolve any potential confusion that might arise in lease incentives.
 - **IAS 41 – The amendment** removes the requirement in paragraph 22 of IAS 41 for entities to exclude taxation cash flows when measuring the fair value of a biological asset using a present value technique. This amendment enables the fair value measurement of biological assets on a post-tax basis.
- **Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)** effective for annual periods beginning on or after 1 January 2022 clarifies that sales proceeds and costs of items produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management e.g. when testing etc., are recognized in profit or loss in accordance with applicable Standards. The entity measures the cost of those items applying the measurement requirements of IAS 2. The standard also removes the requirement of deducting the net sales proceeds from cost of testing. An entity shall apply those amendments retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments. The entity shall recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.
- **Reference to the Conceptual Framework (Amendments to IFRS 3) - Reference to the Conceptual Framework**, issued in May 2020, amended paragraphs 11, 14, 21, 22 and 23 of and added paragraphs 21A, 21B, 21C and 23A to IFRS 3. An entity shall apply those amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after 1 January 2022.

- Classification of liabilities as current or non-current (Amendments to IAS 1) apply retrospectively for the annual periods beginning on or after 1 January 2023. These amendments in the standards have been added to further clarify when a liability is classified as current. Convertible debt may need to be reclassified as 'current'. The standard also amends the aspect of classification of liability as non-current by requiring the assessment of the entity's right at the end of the reporting period to defer the settlement of liability for at least twelve months after the reporting period. An entity's expectation and discretion at the reporting date to refinance or to reschedule payments on a long-term basis are no longer relevant for the classification of a liability as current or non-current. An entity shall apply those amendments retrospectively in accordance with IAS 8.
- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) – the Board has issued amendments on the application of materiality to disclosure of accounting policies and to help companies provide useful accounting policy disclosures. The key amendments to IAS 1 include:
 - requiring companies to disclose their material accounting policies rather than their significant accounting policies;
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and
 - clarifying that accounting policies related to immaterial transactions, other events or conditions are themselves immaterial and as such need not be disclosed; and

The Board also amended IFRS Practice Statement 2 to include guidance and two additional examples on the application of materiality to accounting policy disclosures. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.

- Definition of Accounting Estimates (Amendments to IAS 8) introduce a new definition for accounting estimates clarifying that they are monetary amounts in the financial statements that are subject to measurement uncertainty. The amendments also clarify the relationship between accounting policies and accounting estimates by specifying that an entity develops an accounting estimate to achieve the objective set out by an accounting policy. The amendments are effective for periods beginning on or after 1 January 2023, with earlier application permitted, and will apply prospectively to changes in accounting estimates and changes in accounting policies occurring on or after the beginning of the first annual reporting period in which the company applies the amendments.
- Deferred Tax related to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) narrow the scope of the initial recognition exemption (IRE) so that it does not apply to transactions that give rise to equal and offsetting temporary differences. As a result, companies will need to recognize a deferred tax asset and a deferred tax liability for temporary differences arising on initial recognition of a lease and a decommissioning provision. For leases and decommissioning liabilities, the associated deferred tax asset and liabilities will need to be recognized from the beginning of the earliest comparative period presented, with any cumulative effect recognized as an adjustment to retained earnings or other components of equity at that date. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 with earlier application permitted.
- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28) - The amendment amends accounting treatment on loss of control of business or assets. The amendments also introduce new accounting for less frequent transaction that involves neither cost nor full step-up of certain retained interests in assets that are not businesses. The effective date for these changes has been deferred indefinitely until the completion of a broader review.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented in these financial statements:

3.1 Property and equipment

Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

If significant parts of an item of property and equipment have different useful lives, then they are accounted for as separate items (major components) of property and equipment.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the company. The carrying amount of the part so replaced is derecognized. The costs relating to day-to-day servicing of property and equipment are recognized in profit and loss account as incurred.

Depreciation

Depreciation is calculated on cost of property and equipment less their estimated residual values using the straight-line method over their useful lives and is recognised in profit and loss account. Depreciation on additions to property and equipment is charged from the date asset is available for use, till the date of its disposal. The estimated useful lives of property and equipment for current and comparative periods are disclosed in note 4 to these financial statements.

Depreciation methods, residual values and useful lives are reviewed at each reporting date and adjusted if appropriate.

Gains and losses on disposal

Any gain or loss on disposal of an item of property and equipment is recognised in the profit and loss account.

3.2 Intangible assets

An intangible asset is recognised as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Right Entitlement Certificate (TREC)

This is stated at cost less impairment, if any. The carrying amount is reviewed at each balance sheet date to assess whether it is in excess of its recoverable amount, and where the carrying value exceeds estimated recoverable amount, it is written down to its estimated recoverable amount.

Software

Costs directly associated with identifiable software that will have probable economic benefits exceeding costs beyond one year, are recognised as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

Computer software is measured initially at cost and subsequently stated at cost less accumulated amortisation and accumulated impairment losses, if any.

Amortisation

Intangible assets with indefinite useful lives are not amortised, instead they are systematically tested for impairment at each reporting date. Intangible assets with finite useful lives are amortised at straight line basis over the useful life of the asset (at the rate specified in note 6 to these financial statements).

Capital work-in-progress

It is stated at cost less impairment losses, if any. It includes expenditure incurred and advances made in respect of software in the course of its development. These cost are transferred to relevant assets category as and when assets are available for intended use.

3.3 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit and loss account except to the extent that it relates to item recognized directly in other comprehensive income in which case it is recognized in other comprehensive income.

Current tax

Provision for current taxation is based on taxable income at the enacted or substantively enacted rates of taxation after taking into account available tax credits and rebates, if any. The charge for current tax includes adjustments to charge for prior years which arises from assessments / developments made during the year, if any.

Deferred tax

Deferred tax is recognised using balance sheet method, in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement or the carrying amount of assets and Liabilities, using the enacted or substantively enacted rates or taxation.

The Company recognises deferred tax asset to the extent that it is probable that taxable profits for the foreseeable future will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.4 Trade debts and other receivables

Trade debts and other receivables are recognised at fair value and subsequently measured at amortised cost less impairment losses, if any. Actual credit loss experience over past years is used to base the calculation of expected credit loss. Trade debts and other receivables considered irrecoverable are written off.

3.5 Provisions

A provision is recognised in the financial statement when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The amount recognised as a provision reflects the best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

3.6 Trade and other payables

Trade and other payables are recognised initially at fair value plus directly attributable cost, if any, and subsequently measured at amortised cost.

3.7 Revenue recognition

Performance obligations and revenue recognition policies

The company recognises revenue when it satisfies the performance obligations.

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of service	Nature and timing of satisfaction of performance obligations including significant payment terms	Revenue recognition policies
Brokerage income	Performance obligation is satisfied when the services are rendered	Revenue is recognised at a point in time when the provision of service is completed.
Advisory and consultancy income	Performance obligation is satisfied over the period of contract. Customer is invoiced at the time of satisfaction of each performance obligation under the contract.	Revenue is recognised over the period when the customer utilizes advisory and consultancy services.
Dividend income	Performance obligation is satisfied when the right to receive the dividend is established.	Revenue is recognised at a point in time when the right to receive dividend is established.
Income on continuous funding system transactions and bank deposits	Performance obligation is satisfied on a time proportionate basis that takes into account the effective yield.	Revenue is recognised at a point in time as it accrues.
Mark-up income from investment in marginal financing system	Performance obligation is satisfied when it accrues using the effective interest method.	Revenue is recognised over the period when the customer utilizes exposure provided under marginal financing system.
Return on term finance certificates	Performance obligation is satisfied when it accrues using the effective interest method.	Revenue is recognised at a point in time as it accrues.

3.8 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the reporting date. Transactions in foreign currencies are converted into rupees at the rates of exchange prevailing at the transaction date. Exchange gains or losses are taken to profit and loss account.

3.9 Basic and diluted earnings / (loss) per share

The Company presents basic and diluted earnings / (loss) per share (EPS) for its shareholders. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the company by the weighted average number of ordinary shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, if any.

3.10 Dividend distributions and appropriations

Dividend distributions to the Company's shareholders and appropriations to reserves are recognised and recorded in the period in which these are approved.

3.11 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits held with banks. Running finance under mark-up arrangements that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalent for the purpose of the statement of cash flows.

3.12 Borrowings

All interest bearing borrowings are initially recognized at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest bearing borrowings are subsequently measured at amortized cost using the effective interest rate method.

3.13 Contingent liabilities

A contingent liability is disclosed when the Company has a possible obligation as a result of past events, whose existence will be confirmed only by the occurrence or non-occurrence, of one or more uncertain future events not wholly within the control of the Company; or the Company has a present legal or constructive obligation that arises from past events, but it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

3.14 Financial instruments

3.14.1 Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at Fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

3.14.2 Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost, Fair value through other comprehensive income (FVOCI) - debt investment, FVOCI -equity investment, or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a 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 the 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:

- 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.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in statement of other comprehensive income. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised 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 amortised cost or at FVOCI or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets- Business model assessment:

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest:

For the purposes of this assessment, 'Principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets- Subsequent measurement and gains and losses:

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in statement of profit or loss account.
Financial assets at Amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in statement profit or loss account. Any gain or loss on derecognition is recognised in statement profit or loss account.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in statement of profit or loss account. Other net gains and losses are recognised in statement of other comprehensive income. On derecognition, gains and losses accumulated in statement in other comprehensive income are reclassified to statement of profit or loss account.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss account unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in statement of other comprehensive income and are never reclassified to statement of profit or loss account.

Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss account. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in statement of profit or loss account. Any gain or loss on derecognition is also recognised in statement of profit or loss account.

3.14.3 Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Company enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in statement of profit or loss account.

3.14.4 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.14.5 Impairment

(i) Financial assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt instruments measured at FVOCI; and
- contracts assets.

The Company measures loss allowances at an amount equal to lifetime Expected Credit Losses (ECLs), except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date;
- other debt securities 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 receivables are always measured at an amount equal to lifetime ECLs.

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

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 365 days past due;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

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

Write-off

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. Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

(II) Non-financial assets

The carrying amounts of non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Company's corporate assets do not generate separate cash inflows. If there is an indication that a corporate asset may be impaired, then the recoverable amount is determined for the CGU to which the corporate asset belongs. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset or CGU. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Company's of assets (the "cash-generating unit, or CGU").

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in statement of profit or loss account.

3.14.6 Right-of-use assets and related liability

A contract is, or contains a lease if the contract conveys a right to control the use of an identified asset for a period of time in exchange for consideration. The Company mainly leases properties for its operations. The Company recognises a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, however in accordance with para 16.35 of IFRS 16 which states "if the right-of-use assets relates to a class of property, plant and equipment to which lessee applies the revaluation model in IAS 16, a lessee may elect to apply the revaluation model to all the right-of-use assets that relate to that class of property, plant and equipment" the management of the Company has decided to adopt revaluation model for subsequent measurement of

right-of-use assets. Therefore, subsequently the right-of-use assets are measured on revalued amount less any accumulated depreciation and impairment losses, and adjusted for certain remeasurement of the lease liability. The right-of-use asset is depreciated using the straight line method from the commencement date to the earlier of end of the useful life of right-of-use asset or end of the lease term. The estimated useful lives of assets are determined on the same basis as that for owned assets. In addition, the right-of-use asset is periodically reduced by impairment losses, if any.

The lease liability against right of use asset is initially measured at the present value of the lease payment that are not paid at the commencement date discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payments made. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, a change in assessment of whether extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The Company has elected not to recognise right-of-use assets and lease liabilities for short term and low value assets. The lease payments associated with these leases are recognised as an expense on a straight line basis over the lease term. The right-of-use assets are presented in the same line item as it presents underlying assets for the same nature it owns.

3.15 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. An operating segment's operating results are reviewed regularly by the Board of Directors and Chief Executive Officer to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The operating segments of the Company are as follows:

Brokerage

The brokerage activities include services provided in respect of share brokerage.

Advisory

It consists of advisory and consultancy function.

Other operations

The other operations include services provided in respect of money market brokerage, forex brokerage, commodity brokerage and share subscription commission.

4. PROPERTY AND EQUIPMENT

	Note	2022 (Rupees)	2021
Operating assets	4.1	60,860,329	71,742,326
Capital work in progress	4.2	-	6,285,789
		<u>60,860,329</u>	<u>78,028,115</u>

4.1 Operating assets

Description	2022				Total
	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	
	(Rupees)				
As at 30 June 2021					
Cost	36,395,939	19,693,924	41,192,239	32,569,387	129,851,489
Accumulated depreciation	(17,770,301)	(5,311,346)	(13,559,695)	(21,467,821)	(58,109,163)
Net book value	18,625,638	14,382,578	27,632,544	11,101,566	71,742,326
Additions during the year	4,341,702	1,634,935	83,280	3,367,762	9,427,679
Disposal					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
Depreciation charge for the year	(7,170,963)	(1,935,105)	(6,474,326)	(4,729,282)	(20,309,676)
Net book value	15,796,377	14,082,408	21,241,498	9,740,046	60,860,329
As at 30 June 2022					
Cost	40,737,641	21,328,859	41,275,519	35,937,149	139,279,168
Accumulated depreciation	(24,941,264)	(7,246,451)	(20,034,021)	(26,197,103)	(78,418,839)
Net book value	15,796,377	14,082,408	21,241,498	9,740,046	60,860,329
Depreciation rates % per annum	20	10	20	20-33.33	

Description	2021				Total
	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	
	(Rupees)				
As at 30 June 2020					
Cost	36,395,939	19,693,924	18,180,739	24,740,608	99,011,210
Accumulated depreciation	(10,487,431)	(3,318,232)	(13,275,868)	(18,199,275)	(45,280,806)
Net book value	25,908,508	16,375,692	4,904,871	6,541,333	53,730,404
Additions during the year	-	-	25,124,500	7,828,779	32,953,279
Disposal					
Cost	-	-	2,113,000	-	2,113,000
Depreciation	-	-	(2,113,000)	-	(2,113,000)
Depreciation charge for the year	(7,282,870)	(1,993,114)	(2,396,827)	(3,268,546)	(14,941,357)
Net book value	18,625,638	14,382,578	27,632,544	11,101,566	71,742,326
As at 30 June 2021					
Cost	36,395,939	19,693,924	41,192,239	32,569,387	129,851,489
Accumulated depreciation	(17,770,301)	(5,311,346)	(13,559,695)	(21,467,821)	(58,109,163)
Net book value	18,625,638	14,382,578	27,632,544	11,101,566	71,742,326
Depreciation rates % per annum	20	10	20	20-33.33	

4.1.1 The cost of fully depreciated assets as at 30 June 2022 is Rs. 47.567 million (2021: Rs. 26.902 million).

4.1.2 All immovable assets are situated at Head office in Karachi and branch office in Lahore.

4.1.3 Disposal of property and equipment

	Cost	Accumulated Depreciation	Written down value (Rupees)	Sale Proceeds	Gain on Disposal
30 June 2022	-	-	-	-	-
30 June 2021	2,113,000	2,113,000	-	1,700,000	1,700,000

4.2 Capital work in progress

	2022 (Rupees)	2021
Leasehold improvements		
Cost as at 1 July	6,285,789	3,071,023
Additions	443,409	3,214,766
Transfer	(6,729,198)	-
As at 30 June	-	6,285,789

5 LEASES

5.1 Right-of-use assets

	2022 (Rupees)
As at 1 July 2021	31,741,341
Additions	-
Disposals	(5,486,453)
Depreciation expense	(6,427,548)
As at 30 June 2022	19,827,340
As at 30 June	31,741,341

5.2.1 The depreciation charge on right of use assets for the year has been allocated to administrative expenses.

5.2.2 The lessor of the leased property of Lahore is a Director.

5.2 Lease Liabilities

Rental contracts are made for a fixed period subject to renewal upon mutual consent of Company and lessor. Wherever practicable the Company seeks to include extension option to provide operational flexibility. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Management exercises significant judgement in determining whether these extension and termination options are reasonably certain to be exercised. The future lease payments have been discounted using incremental borrowing rate at the time of the inception of the lease.

Set out below the carrying amount of lease liabilities and the movements during the year:

	2022 (Rupees)
As at 01 July	41,955,849
Additions	-
Disposals	(5,560,847)
Interest expense	4,815,637
Payments	(10,839,530)
As at 30 June	30,371,109
Current	7,575,077
Non - current	22,796,032
	30,371,109
As at 30 June 2021	41,955,849

Lease liabilities are payable as follows:

	2022		2021	
	Lease payments	Present value of lease payment	Lease payments	Present value of lease payment
	(Rupees)		(Rupees)	
Not later than one year	11,540,197	7,575,077	11,338,702	6,129,332
Later than one year but not later than five years	29,096,554	22,796,032	45,024,296	32,089,827
Later than five years	-	-	4,564,656	3,736,690
	40,636,751	30,371,109	60,927,654	41,955,849
Financial charges allocated to future periods	(10,265,642)	-	(18,971,805)	-
	30,371,109	30,371,109	41,955,849	41,955,849
Less: Current maturity	(7,575,077)	(7,575,077)	(10,634,256)	(10,634,256)
	22,796,032	22,796,032	31,321,593	31,321,593

6. INTANGIBLE ASSETS

	Note	2022	2021
		(Rupees)	
Pakistan Mercantile Exchange - membership card		950,000	950,000
Trading Right Entitlement Certificate (TREC)	6.1	2,500,000	2,500,000
Software	6.2	389,818	32,361
Capital work in progress	6.3	71,954,055	-
		75,793,873	3,482,361

6.1 This represents TREC received from Pakistan Stock Exchange in accordance with the requirements of the Stock Exchanges (Corporatisation, Demutualization and Integration) Act, 2012.

6.2 Software

	Note	2022	2021
		(Rupees)	
Net carrying value basis			
Opening net book value		32,361	86,112
Additions		491,000	-
Amortisation charge		(133,543)	(53,751)
Closing net book value		389,818	32,361
Gross carrying value			
Cost		5,644,660	5,153,660
Accumulated amortisation		(5,254,842)	(5,121,299)
Net book value		389,818	32,361
Amortisation rate		33%	33%

6.3 Capital work in progress

	Note	2022	2021
Opening		-	-
Capital expenditure incurred during the period / year	6.3.1	71,954,055	-
Transferred to intangible assets		-	-
Closing		71,954,055	-

6.3.1 This represents the cost capitalised for the development of a software.

7. INVESTMENT IN TERM FINANCE CERTIFICATES

	2022	2021		2022	2021
	(Number of certificates)		Name of Investee	Carrying Amount	Market Value
				(Rupees)	
	804	802	Soneri Bank Limited	4,019,064	4,015,578
				4,009,645	4,020,025

7.1	Name of Security	Mark-up rate (per annum)	Face Value	Unredeemed Face Value	Maturity	Long term rating
	Soneri Bank Limited - Tier 1 TFC	6 month KIBOR + 2%	4,020,000	4,020,000	Perpetual	A

8. LONG TERM DEPOSITS

	Note	2022	2021
		(Rupees)	
Pakistan Stock Exchange Limited	8.1	12,900,000	31,500,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,400,000	1,425,000
Pakistan Mercantile Exchange	8.2	1,250,000	1,250,000
Security deposit against office premises		1,868,761	1,786,252
Security deposit against PSO card		120,000	120,000
		17,664,761	36,206,252

8.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against Base Minimum Capital requirement.

8.2 This represent deposits placed with Pakistan Mercantile Exchange for taking exposures in commodity market.

9. DEFERRED TAX ASSET - net

Deductible / (taxable) temporary difference arising in respect of:

	Note	30 June 2022	30 June 2021
		----- (Rupees) -----	
Accelerated depreciation / amortisation		(464,410)	(581,005)
Unabsorbed depreciation / amortisation		-	-
Liability against asset subject to finance lease		9,837,235	13,186,412
Right of use asset		(5,749,929)	(9,205,615)
Provision for impairment on trade debts		3,602,856	2,532,450
	9.1	<u>7,225,752</u>	<u>5,932,242</u>

9.1 Reconciliation of deferred tax

	Balance as at 01 July 2020	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2021	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2022
	(Rupees)						
Deferred tax asset / (liability) arising due to:							
Accelerated tax depreciation / amortisation	(261,733)	(319,272)	-	(581,005)	116,595	-	(464,410)
Right of use asset	(9,548,122)	342,507	-	(9,205,615)	3,455,686	-	(5,749,929)
Liability against asset subject to finance lease	12,669,873	516,539	-	13,186,412	(3,349,177)	-	9,837,235
Provision for impairment on trade debts	3,328,455	(796,005)	-	2,532,450	1,070,406	-	3,602,856
Unrealised loss / (gain) on investment	-	-	-	-	-	-	-
Unabsorbed depreciation / amortisation	1,037,720	(1,037,720)	-	-	-	-	-
	<u>7,226,193</u>	<u>(1,293,951)</u>	<u>-</u>	<u>5,932,242</u>	<u>1,293,510</u>	<u>-</u>	<u>7,225,752</u>

10. SHORT TERM INVESTMENTS

	Note	2022	2021
		----- (Rupees) -----	
Fair value through Profit or Loss			
Listed equity securities	10.1	<u>60,400,032</u>	<u>-</u>

10.1 Listed equity securities

30 June 2022	30 June 2021		2022	2021
(Number of shares)		Name of investee	Carrying amount	Market value
			----- (Rupees) -----	----- (Rupees) -----
205,369	-	Attock Refinery Limited *	40,945,351	36,099,763
100	-	Habib Bank Limited	12,818	9,134
2,374,500	-	Pakistan Stock Exchange Limited	51,976,085	24,291,135
		Unrealised gain on re-measurement of investment classified as fair value through profit and loss account	(32,534,222)	-
<u>2,579,969</u>	<u>-</u>		<u>60,400,032</u>	<u>60,400,032</u>

* These were held as collateral with the NCCPL on account of market exposure in accordance with the provisions of the Securities Act, 2015.

11. INVESTMENT IN MARGINAL FINANCING SYSTEM

This amount is given as a Margin Financing (MF) to our clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup upto the rate of 3 month KIBOR + 8%.

	Note	2022 ----- (Rupees) -----	2021 -----
Investment in MF at beginning of the year		70,326,739	2,430,138
Total placements during the year		629,972,412	821,098,928
Total release against MF during the year		(699,295,485)	(760,910,277)
Realised income on MF		8,297,236	7,591,418
Unrealised income on MF		-	116,532
		(690,998,249)	(753,202,327)
Balance at end of the year		<u>9,300,902</u>	<u>70,326,739</u>

12. TRADE DEBTS

Receivable from clients on account of:			
- Purchase of shares on behalf of clients	12.2	293,259,815	364,993,769
- Brokerage commission			
- Equity shares		5,158,039	11,114,436
- Money market and forex		1,753,317	1,026,445
- Consultancy fee		8,354,575	13,004,576
- Provision for impairment on trade debts	12.1	(12,423,642)	(7,687,804)
		<u>296,102,104</u>	<u>382,451,422</u>

12.1 Provision for impairment on trade debts

Opening balance		7,687,804	11,477,432
(Reversal)/Impairment during the year - net		4,735,838	(3,789,628)
Closing balance		<u>12,423,642</u>	<u>7,687,804</u>

12.2 Aging analysis

The aging analysis of the trade debts relating to purchase of shares is as follows:

	Amount (Rupees)
Upto five days	272,279,607
More than five days	20,980,208
	<u>293,259,815</u>

12.3 The total custody value held for customers as at 30 June 2022 after applying haircut of straight 15% is Rs. 5,357 million.

12.4 As per regulation 34(2)(b) of Securities Brokers (Licensing and Operations) Regulations, 2016, 5,370,000 (2021: 14,890,000) shares of Sally Textile Limited belonging to customers, having market value of Rs. 16.11 million (2021: 313.712 million) were pledged by the customers with the financial institutions through the Company. As at 30 June 2022, there were nil (2021: nil) securities belonging to the Company were pledged with financial institutions.

12.5 Customer assets held in the central depository system consists of 316,654,900 shares valued at Rs. 6,126 million.

13. DEPOSITS AND PREPAYMENTS

	Note	30 June 2022 ----- (Rupees) -----	30 June 2021 -----
Deposit against exposure margin	13.1	108,173,367	180,830,891
Deposit against Marginal Trading Services	13.2	10,100,759	21,932,976
Security deposits	13.3	-	347,250
Prepaid expenses		3,159,994	3,023,111
Sales tax receivables		9,659,808	2,368,440
		<u>131,093,928</u>	<u>208,502,668</u>

13.1 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin in respect of trade in future and ready market. These deposits carry profit at rates ranging from 4.00% to 5.61% (30 June 2020: 5.61% to 10.74%) per annum.

13.2 This represents deposit with National Clearing Company of Pakistan Limited against the exposure margin against trade and sustained losses to date on Marginal Trading Services. These deposits carry profit at rates ranging from 4.00% to 5.61% (30 June 2020: 5.61% to 9.35%) per annum.

13.3 This includes security deposit against leased assets.

14. ADVANCES AND OTHER RECEIVABLES

Note

	2022	2021
	(Rupees)	(Rupees)
<i>Considered good</i>		
Advance against salary - secured	341,013	2,451,273
Other receivables and advances - unsecured	6,118,450	1,756,667
Receivable against sale of shares	200,000,000	-
	<u>206,459,463</u>	<u>4,207,940</u>

15. CASH AND BANK BALANCES

Balances with banks:

Savings accounts - profit and loss account	15.1	181,147,772	321,797,850
Current accounts - Conventional		38,839,309	9,018,099
Current accounts - Shariah compliant		1,679,259	1,848,672
	15.2	<u>221,666,340</u>	<u>332,664,621</u>
Cash in hand		7,063	36,455
		<u>221,673,403</u>	<u>332,701,076</u>

15.1 Profit rate on savings accounts ranges from 5.5% to 12.3% per annum (30 June 2021: 5.50% to 6.61% per annum).

15.2 This include Rs. 182.199 million (30 June 2021: Rs. 315.728 million) kept in designated bank accounts maintained on behalf of clients.

16. AUTHORISED, ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

16.1 Authorised capital

30 June 2022 (Number of shares)	30 June 2021 (Number of shares)		2022 (Rupees)	2021 (Rupees)
100,000,000	100,000,000	Ordinary shares of Rs. 10 each	1,000,000,000	1,000,000,000

16.2 Issued, subscribed and paid-up capital

45,000,000	45,000,000	Ordinary shares		
4,500,000	4,500,000	Fully paid in cash	450,000,000	450,000,000
49,500,000	49,500,000	Issued as bonus shares	45,000,000	45,000,000
			<u>495,000,000</u>	<u>495,000,000</u>

16.2.2 Subsequent to year ended 30 June 2022, the Board of Directors has recommended to issue 7,425,000 bonus shares for shareholders of the Company in proportion of 1.5 shares for every 10 shares held i.e. at the rate of 15% at its meeting held on 23 August 2022 for the approval of the members at the Annual General Meeting.

16.3 PATTERN OF SHAREHOLDING

Directors and their spouse(s) and minor children

	Shares held	Percentage
Mr. Muhammad Najam Ali	13,605,075	27.485%
Mrs. Hanna Khan	3,832,775	7.743%
MR. Muhammad Zulqarnain Mehmood Khan	7,828,750	15.816%
Dr. Ali Akhtar Ali	-	0.000%
Lieutenant General(Retd) Tariq Waseem Ghazi	26,537	0.054%
Mr. Hassan Shahnawaz	2,475	0.005%
Mr. Malik Khurram Shahzad	1,100	0.002%

Associated companies, undertakings and related parties

<i>Executives</i>	4,500	0.009%
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Public Sector Companies and Corporations

	-	0.000%
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Banks, development finance institutions, non-banking finance companies, insurance companies, takaful, modarabas and pension funds

	4,796,550	9.690%
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Others

	19,402,238	39.196%
	<u>49,500,000</u>	<u>100.00%</u>

16.4 As per regulation 34(2)(e)(f) of the Securities Brokers (Licensing and Operations) Regulations, 2016, below are the names of shareholders having more than 5% of the shares and all changes in shareholding above 5%.

Name of shareholders	2022	2021	2022	2021
	shares held	shares held	% of holding	% of holding
Muhammad Najam Ali	13,605,075	13,605,075	27.485%	27.485%
Muhammad Zulqarnain Mehmood Khan	7,828,750	2,475	15.816%	0.005%
Adnan Afridi	4,949,450	4,949,450	9.999%	9.999%
MCB Bank Limited - Treasury	4,796,550	4,796,550	9.690%	9.690%
Hanna Khan	3,832,775	1,210,275	7.743%	2.445%
Maple Leaf Cement Factory Limited	3,712,500	3,712,500	7.500%	7.500%
Srosh Tahir	-	4,757,500	0.000%	9.611%

17 RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

Liabilities	Equity				Total
	Lease Liabilities	Issued, subscribed and paid-up capital	Discount on issue of shares	Accumulated profit / (losses)	Fair value reserve
Balance as at 01 July 2021	41,955,849	495,000,000	(50,000,000)	49,481,566	-
Liability - related					
Lease rentals paid	(10,839,530)	-	-	-	-
Disposal	(5,560,847)	-	-	-	-
Finance cost lease liabilities	4,815,637	-	-	-	-
Profit for the year	-	-	-	30,778,715	-
	(11,584,740)	-	-	30,778,715	-
Balance as at 30 June 2022	30,371,109	495,000,000	(50,000,000)	80,260,281	-

18. SHORT TERM BORROWING - SECURED

	Note	2022		2021	
		(Rupees)		(Rupees)	
Short term running finance - secured	18.1	149,997,195	149,996,346		

18.1 Running finance facility of Rs. 150 million (2021: Rs. 150 million) has been obtained by the Company from Sindh bank having expiry on 31 August 2022 and is secured against charge over present and future current assets of the Company. The mark-up on the facility is payable quarterly at 3 month KIBOR + 3.5% (2021: 3 month KIBOR + 3.5%).

19. TRADE AND OTHER PAYABLES

	Note	2022 ----- (Rupees) -----	2021
Trade creditors	19.1	204,248,069	276,688,181
Payable to National Clearing Company of Pakistan Limited	19.1	156,991,390	192,499,404
Accrued commission to traders	19.2	3,344,261	13,741,698
Accrued salaries and other expenses		4,174,979	11,619,068
Payable to auditors		1,438,426	1,062,856
Tax deducted at source		54,469,725	6,530,863
Commission payable	19.3	78,252	78,252
Accrued expenses		291,085	1,366,264
Accrued markup		2,780,046	3,894,250
IPS Accounts		128,436	-
Other payables		12,802,101	2,531,078
		440,746,770	510,011,912

19.1 This includes Rs. 156,991 (2021 Rs. 192,499) trade payable in respect of two days trading with T+2 settlement.

19.2 This includes commission payable of Rs. 2,498 (2021: Rs. 6,652 million) to related parties.

19.3 This represents commission payable to a foreign brokerage house.

20. CONTINGENCIES AND COMMITMENTS

20.1 Contingencies

20.1.1 The Sindh Revenue Board (SRB) passed an order for recovery of Sindh sales tax on advisory services amounting to Rs. 871,581 for the tax period July 2011 to June 2012. The Company filed appeal before the Commissioner Appeals (SRB) against the said order. The Commissioner Appeals (SRB) passed the final order dated 21 November 2014 for recovery of assessed amount Rs. 871,581 and default surcharge to be calculated at the time of payment.

The Company filed the petition against the order to the Honourable High Court of Sindh ("the Court") and the Court granted an interim order dated 28 November 2014 and restrained the SRB from demanding any payment till further orders by the Court.

The SRB has passed an order on 11 October 2019 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,347,287/- was computed for the tax period from July 2013 to June 2014. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition S.T.R.A. No. 6/2018 against the order to the Court. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The SRB has passed an order on 30 June 2020 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 1,730,745 including penalty of Rs. 86,537 was computed for the tax period from July 2012 to June 2013. The Company filed appeal before the Commissioner Appeals (SRB) against the said order and also filed the petition against the order to the Court to add this case in earlier petition due to similar grounds of both orders. Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The management based on the advice of its advisor is confident that the above such services were not taxable under the Sindh Sales Tax Act, 2011 till 1st July 2014, wherefrom amendment in the Act introduced. The department erroneously charged Sales Tax on such services retrospectively. The Company was duly paying Sindh Sales Tax on brokerage services and filing SST return accordingly. The Company is confident of a favourable outcome against all orders passed by SRB, therefore, no provision has been made in this regard.

20.1.2 The SRB issued notice to the Company in respect of short payment of sales tax for the tax periods from July 2011 to June 2018 amounting to Rs. 22,382 million. The Company provided all the relevant details and explanation to the SRB and also paid tax amounting to Rs. 6,509 million along with penalty and default surcharge amounting to Rs. 0.375 million under the amnesty scheme provided through notification no. SRB-3-4/11/2018 dated May 18, 2018.

After the compliance and payment no further notice has been received.

20.1.3 During the year 2019-20, one of the client filed a case before the civil court of Lahore against; the Company, Pakistan Stock Exchange Limited, Securities and Exchange Commission of Pakistan and Central Depository Company, seeking rendition of accounts and permanent injunction from the Company. The hearing of the case is pending before the Civil Court Lahore. The Company based on its lawyer's assessment and its legal standing is confident of a favourable outcome of the same, therefore, no provision has been made in this regard. The possibility of materialisation of this case against the Company is remote.

20.2 Commitments	2022 ----- (Rupees) -----	2021
For sale of quoted securities under future contracts against counter commitments	91,004,555	1,752,192,095
For purchase of quoted securities under future contracts against counter commitments	29,860,475	1,597,187,080

21. OPERATING REVENUE	<i>Note</i>	2022	2021
		----- (Rupees) -----	
Brokerage income	21.1 & 21.2	194,280,119	355,983,945
Advisory / consultancy fee		277,257,212	80,047,869
Revenue including sales tax on services	21.3	471,537,331	416,031,814
Less: Sales tax on services		54,247,658	47,862,067
Net revenue excluding sales tax on services		417,289,673	368,169,747
21.1 Brokerage income - net of sales tax			
Brokerage income		58,223,964	88,428,421
- Institutional customers		113,705,345	226,601,619
- Retail Clients		171,929,309	315,030,040
21.2 Disaggregation of revenue by timing of revenue recognition			
Timing of revenue recognition			
Services transferred at a point in time		171,929,309	315,030,040
Services transferred over time		245,360,364	53,139,707
		417,289,673	368,169,747
21.3 This includes brokerage earned from related parties amounting to Rs. 5.368 million (2021: Rs. 3.192 million).			
21.4 This amount is inclusive of the sales tax.			
22. CAPITAL GAIN / (LOSS) ON SALE OF INVESTMENTS	<i>Note</i>	2022	2021
		----- (Rupees) -----	
Gain / (Loss) on sale of short term investments in listed equity securities		(5,297,102)	13,361,705
		(5,297,102)	13,361,705
23. OPERATING EXPENSES			
Salaries, wages and other benefits		113,804,141	67,777,425
Consultancy fee	23.1	762,770	4,372,851
Sub-underwriting commission	23.2	1,083,374	-
Commission and referral fee	23.3	29,005,765	83,648,456
Service and transaction charges		14,149,997	23,428,919
Fees and subscription		14,326,648	8,816,619
		173,132,695	188,044,270
23.1 This includes consultancy fee to the Directors of the Company amounting to Rs. 0.639 million (2021: Rs. 0.639 million).			
23.2 This expense was paid as per underwriting agreement entered with several parties this includes transaction with Director of the Company amounting to Rs. 1.083 (2021: "Nil" million).			
23.3 This includes commission to the Directors of the Company amounting to Rs. 19.059 million (2021: Rs. 39.395 million).			
24. ADMINISTRATIVE EXPENSES	<i>Note</i>	2022	2021
		----- (Rupees) -----	
Salaries, wages and other benefits	25.1	85,852,246	51,130,339
Telephone and communication charges		6,304,288	4,268,454
Utility charges		3,875,853	2,518,759
Vehicle running expenses		4,272,531	3,279,552
Depreciation	4	20,616,202	14,941,357
Depreciation on right of use asset	5	6,427,548	6,669,669
Amortisation	6.2	133,543	53,751
Legal and professional charges		3,763,797	1,078,560
Insurance		2,671,140	1,681,018
Printing, stationery and postage charges		1,619,544	1,496,119
Office supplies		1,329,038	805,099
Office repair and maintenance		3,975,133	2,812,442
Fees and subscription		2,934,374	1,805,814
Travelling and entertainment charges		2,454,622	793,914
Advertisement expenses		740,394	190,540
Auditor's remuneration	25.2	2,010,292	1,752,656
Security		4,564,183	3,454,029
Bad debts written off		-	1,570,371
Generator Fuel		339,024	210,970
Miscellaneous		8,641,272	2,719,458
		159,793,643	103,232,871

24.1 This includes remuneration to Chief Executive Officer amounting to Rs. 69,432 million (2021: Rs. 22,215 million).

24.2 Auditors' remuneration

Note

	2022	2021
	(Rupees)	
Audit fee	900,000	900,000
Half yearly review	250,000	200,000
Other services / certifications	475,000	475,000
Out of pocket expenses	250,000	177,756
Sindh Sales Tax	150,000	227,858
	2,025,000	1,980,614

25. FINANCE COST

Bank charges	25.1	624,422	595,397
Interest on lease liabilities		4,815,637	6,379,982
Mark up charges		20,629,339	15,995,064
		26,069,398	22,970,443

26. OTHER INCOME

Mark-up / interest on:			
- Bank balances - profit and loss account		22,648,829	19,394,810
- Income Under Margin Financing System		8,344,598	6,918,450
- Income Under Margin Trading System		-	-
- Term Finance Certificates		465,625	386,853
- Return on Government securities		-	-
Profit on cash margin		13,532,834	11,363,850
Dividend income		475,350	-
Gain on lease termination		319,359	1,700,000
Others		1,781,557	216,228
		47,568,152	39,980,191

27. TAXATION

27.1 Relationship between income tax expense and accounting profit

Profit before taxation	63,294,727	111,053,687
Tax at the applicable tax rate of 29% (30 June 2021: 29%)	18,355,471	32,205,569
Tax effect of amount relating to prior year	(1,947,533)	(3,360,174)
Tax effect of income taxed at idfferent tax rates	16,108,074	209,984
	32,516,012	29,055,359

27.1.1 The income tax returns of the Company have been filed up to tax year 2021 under the Universal Self Assessment Scheme. This scheme provides that the return filed is deemed to be an assessment order. The returns may be selected for audit within five years. The Income Tax Commissioner may amend assessment if any objection is raised during audit.

27.1.2 Order under section 161 and 205 of the Income Tax Ordinance 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2016 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.10 million.

Order under section 161 and 205 of the Income Tax Ordinance 2001 has been passed by the Assistant Commissioner Inland Revenue in respect of monitoring of withholding of taxes for the tax year 2011 on account of short deduction of tax on payments made by the Company amounting to Rs. 0.876 million. Against the said order the company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance 2001. The case has been heard, however, the decision in appeal is still pending. The management based on the advice of its advisor is confident regarding the outcome of the case. Thereby no provision is made within the financial statements.

Order for amendment in assessment under section 122 (5A) of the Income Tax Ordinance 2001 has been passed by the tax authorities for the tax year 2011 on the basis that the tax deduction under section 153(1)(b) of the Ordinance was minimum tax, therefore, no refund is allowable to the Company creating tax demand of Rs. 26,698. The Company has preferred an appeal before the Commissioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance, 2001, where hearing in appeal is pending. The management based on the advice of its advisor is confident regarding the outcome of the case. Thereby no provision is made within the financial statements.

The Company was selected for audit in respect of tax year 2016 through Random Computer Balloting in accordance with section 214C of the ordinance. The notice for submission of details was issued by Zone-V, Corporate Regional Tax Office, Karachi whereas jurisdiction of the company falls with Zone-I Corporate Regional Tax office, Karachi. The same was responded and no further notice has been received yet.

28. EARNINGS PER SHARE - BASIC AND DILUTED

	Note	2022 (Rupees)	2021 (Rupees)
Profit for the year, attributable to ordinary shareholders of the Company		30,778,715	81,998,328
		(Number)	(Number)
Weighted average number of ordinary shares	16	49,500,000	49,500,000
		(Rupees)	(Rupees)
Earnings per share basic and diluted		0.62	1.66

28.1 There is no dilutive impact on earnings per share.

28.2 The Company issued bonus shares during the year and accordingly the earnings per share for the comparative year has been restated.

29. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

Related parties comprise of associated companies, directors and key management personnel. Transactions with related parties are at terms determined in accordance with the agreed rates. Transactions and balances with related parties other than those disclosed elsewhere are as follows:

	2022 (Rupees)	2021 (Rupees)
29.1 Transactions during the year		
Directors and their relatives		
Commission To Traders	7,844,001	39,394,932
Consultancy Fee	636,979	636,979
Brokerage income	2,229,905	1,202,125
Sub-underwriting commission	1,083,374	-
Key Management Personnel of the Company		
Commission To Traders	783,824	3,650,264
Brokerage income	3,138,313	1,989,875
Salaries and Consultancy fee paid for the development of i-invest software	13,606,603	-
29.2 Amounts outstanding as at year end		
Directors and their relatives		
Receivable from clients on account of:		
- Purchase of shares on behalf of clients	302,302	-
Trade creditors	13,607,311	7,407,448
Accrued commission to traders	70,434	6,651,656
Commission Receivable from Traders	951,899	-
Key Management Personnel of the Company		
Receivable from clients on account of:		
- Purchase of shares on behalf of clients	4,210,968	954,878
Trade creditors	368,917	124,831
Accrued commission to traders	2,428,369	-

29.3 REMUNERATION OF CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVE

The aggregate amounts charged in the financial statements for the year in respect of remuneration, including benefits to directors and executives of the Company are as follows:

	Chief Executive		Directors		Executives	
	2022	2021	2022	2021	2022	2021
	(Rupees)					
Managerial remuneration	12,000,000	12,000,000	6,400,000	-	37,607,778	25,392,652
House rent allowance	4,800,000	4,800,000	2,560,000	-	15,043,111	10,157,061
Medical	1,200,000	1,200,000	640,000	-	3,760,778	2,539,265
Bonus	51,432,783	12,015,973	-	-	19,200,000	9,360,543
Commission	-	-	7,844,001	39,394,932	783,824	14,021,977
Consultancy fee	-	-	636,979	636,979	2,751,310	-
Sub-underwriting commission	-	-	1,083,374	-	-	-
Bonus	-	-	-	-	-	-
Contribution to voluntary pension fund	-	-	533,333	-	-	-
	69,432,783	30,015,973	19,697,687	40,031,911	79,146,801	61,471,498
Number	1	1	6	3	15	13

29.3.1 The CEO and executives are provided with the Company maintained cars. In addition, the CEO and executives are also entitled for other benefits in accordance with the terms of employment.

29.3.2 The Chairman of the Board has been provided with the Company maintained car along with fuel and chauffeur.

29.3.3 No fees is paid to directors for attending meetings.

30. FINANCIAL INSTRUMENTS BY CATEGORY

FINANCIAL ASSETS	Note	2022	2021
		----- (Rupees) -----	
At amortised cost			
Term Finance certificates		4,019,064	4,009,645
Investment in marginal financing system		9,300,902	70,326,739
Trade debts		296,102,104	382,451,422
Deposits and prepayments		121,434,120	206,134,228
Advances and other receivables		206,459,463	4,207,940
Cash and bank balances		221,673,403	332,701,076
At fair value through profit or loss			
Listed equity securities		60,400,032	-
		<u>919,389,088</u>	<u>999,831,050</u>
FINANCIAL LIABILITIES			
Financial liabilities at amortised cost			
Unclaimed dividend		3,004,827	3,055,446
Current portion of lease liabilities		7,575,077	41,955,849
Short term borrowing - secured		149,997,195	149,996,346
Trade and other payables		440,746,770	510,011,912
Contract liability		1,166,658	-
		<u>602,490,527</u>	<u>705,019,553</u>

31. FINANCIAL RISK MANAGEMENT

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

Risk management framework

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

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

31.1 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 fulfil 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 its trade debts, long term deposits, advances, deposits and other receivables and bank balances. The carrying amount of these financial assets represents the maximum credit exposure.

Credit risk management

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 from and maintained by the clients. The Management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful for recovery.

The Company's policy is to enter into financial contracts in accordance with the internal risk management policies and investment and operational guidelines.

All transactions in listed securities are settled using National Clearing Company of Pakistan Limited, being the central clearing company of the country. The risk of default in such transactions is considered minimal, as delivery of securities is guaranteed by the stock exchange.

The maximum exposure to credit risk before any credit enhancements at 30 June 2021 is the carrying amount of the financial assets as set out below:

	Note	30 June 2022	30 June 2021
		----- (Rupees) -----	
Long term deposits	8	17,664,761	36,206,252
Investment in marginal financing system	11	9,300,902	70,326,739
Trade debts	12	296,102,104	382,451,422
Advances	14	341,013	2,451,273
Deposits	13.1, 13.2 & 13.3	118,274,126	203,111,117
Other receivables	14	6,118,450	1,756,667
Cash and Bank balances	15	221,673,403	332,701,076
		669,474,759	1,029,004,546
Secured		9,641,915	72,778,012
Unsecured		659,832,844	956,226,534
		669,474,759	1,029,004,546

The aging for trade debtors at the balance sheet date is as follows:

	2022		2021	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Past due 0 - 90 days	291,500,952	689,018	374,627,654	-
Past due 91 - 180 days	2,321,010	524,577	687,768	29
Past due 181 days - 270 days	1,149,243	513,047	300,803	86,764
Past due 271 days - 365 days	973,098	868,874	138,626	-
More than 365 days	2,473,551	2,473,551	353,354	353,354
	298,417,854	5,069,067	376,108,205	440,147

Except for the impairment disclosed above, no impairment has been recognized in respect of these receivables as the security against the same is adequate.

The credit quality of the Company's cash and cash equivalents, held with various commercial banks and financial institutions is assessed with reference to external credit ratings thereof, ranging from AAA to A+ assigned by reputable credit rating agencies.

Credit rating and collaterals

Bank balances are only held with reputable banks having sound credit ratings. The credit quality of the Company's bank balances can be assessed with reference of external credit ratings as follows:

	Rating Agency	Short term rating	Long term rating	30 June 2022	
				(Rupees)	(%)
Askari Bank Limited	PACRA	A1+	AA+	3,814	0.002
Bank Al Habib Limited	PACRA	A1+	AAA	127,339	0.057
Bank Alfalah Limited	PACRA	A1+	AA+	681,608	0.307
Faysal Bank Limited	PACRA	A1+	AA	7,293	0.003
Habib Bank Limited	VIS	A1+	AAA	17,228,496	7.772
Habib Metropolitan Bank Limited	PACRA	A1+	AA+	3,029,493	1.367
JS Bank Limited	PACRA	A1+	AA-	92,555	0.042
MCB Bank Limited	PACRA	A1+	AAA	197,716,333	89.195
MCB Islamic Bank Limited	PACRA	A1	A	359,157	0.162
Meezan Bank Limited	VIS	A1+	AAA	1,679,259	0.758
The Bank of Punjab	PACRA	A1+	AA+	740,852	0.334
United Bank Limited	VIS	A1+	AAA	141	0.0001
				221,666,340	100.00

	Rating Agency	Short term rating	Long term rating	30 June 2021	
				(Rupees)	(%)
MCB Bank Limited	PACRA	A-1+	AAA	181,942,769	96.00%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,175,512	2.00%
Bank Alfalah Limited	PACRA	A-1+	AA+	102,145	0.06%
The Bank of Punjab	PACRA	A-1+	AA	203,792	0.12%
Meezan Bank Limited	JCR-VIS	A-1+	AA+	1,906,262	1.13%
Habib Bank Limited	JCR-VIS	A-1+	AAA	391,212	0.23%
JS Bank Limited	PACRA	A-1+	AA-	59,435	0.04%
Askari Bank	PACRA	A-1+	AA+	3,814	0.00%
Sindh Bank	JCR-VIS	A-1	A+	-	0.00%
Bank Al Habib Limited	PACRA	A-1+	AA+	823,222	0.49%
United Bank Limited	VIS	A-1+	AAA	79,000	0.05%
				168,687,163	100%

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 diversified and transactions are entered into with credit-worthy counterparties of diverse natures thereby mitigating any significant concentrations of credit risk.

31.2 Liquidity risk

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.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability 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 interest payments:

	30 June 2022				
	Maturities				
Carrying amount	Contractual cash flows	Less than six months	Upto one year	One to two years	Two to five years
(Rupees)					
Unclaimed dividend	3,004,827	(3,004,827)	-	-	-
Trade and other payables	441,913,428	(441,913,428)	-	-	-
Short term borrowing	149,997,195	(149,997,195)	-	-	-
	594,915,450	(594,915,450)	-	-	-

	30 June 2021				
	Maturities				
Carrying amount	Contractual cash flows	Less than six months	Upto one year	One to two years	Two to five years
(Rupees)					
Unclaimed dividend	3,055,446	(3,055,446)	-	-	-
Short term loans-unsecured	149,996,348	(149,996,348)	-	-	-
Trade and other payables	510,011,912	(510,011,912)	-	-	-
	663,063,704	(663,063,704)	-	-	-

On the balance sheet date, the Company has cash and bank balances of Rs. 221.673 million (2021: Rs. 332.701 million).

31.3 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.

Market risk comprises of three types of risk: currency risk, interest rate risk and price risk.

Market risk management

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines.

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. The Company, at present, is not exposed to currency risk as all transactions are carried out in Pak Rupees.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in the market yield.

At the reporting date the interest rate profile of Company's interest bearing financial instruments is as follows:

	Effective Interest Rate		Carrying Amount	
	2022	2021	2022	2021
	(Percentage)		(Rupees)	
Variable rate instruments				
<i>Financial assets</i>				
Bank balances	5.5% to 6.61%	5.5% to 6.61%	221,673,403	332,701,076
Term finance certificates	6 months KIBOR + 2%	6 months KIBOR + 2%	4,019,064	4,009,645
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	4.00% to 5.61%	4.00% to 5.61%	118,274,126	202,763,867

Fair Value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore, a change in interest rate at the reporting date would not have affected the after tax profit of the Company.

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) equity and profit and loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 30 June 2020.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2022				
<i>Variable rate instruments</i>				
Cash and bank balances	2,216,734	(2,216,734)	2,216,734	(2,216,734)
As at 30 June 2021				
Cash and bank balances	1,351,468	(1,351,468)	1,351,468	(1,351,468)

Price risk

Price risk includes equity price risk which is the risk of changes in the fair value of equity securities as a result of changes in the levels of PSX-Index and the value of individual shares.

The table below summarises the Company's equity price risk as of 30 June 2022 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in profit / (loss) after tax	Hypothetical increase / (decrease) in OCI	Hypothetical increase / (decrease) in shareholders' equity
				(Rupees)		
30 June 2022	60,400,032	10% increase	66,440,035	6,040,003	-	6,040,003
		10% decrease	54,360,029	(6,040,003)	-	(6,040,003)
30 June 2021	11,188,171	10% increase	12,306,988	48,435	1,070,382	1,118,817
		10% decrease	10,069,354	(48,435)	(1,070,382)	(1,118,817)

The selected hypothetical change does not reflect what could be considered to be the best or worst case scenarios.

31.4 Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the processes, technology and infrastructure supporting the Company's operations either internally within the Company or externally at the Company's service providers, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behavior. Operational risks arise from all of the Company's activities.

The Company's objective is to manage operational risk so as to balance limiting of financial losses and damage to its reputation with achieving its objective of generating returns for stakeholders.

Senior management ensures that the Company's staff have adequate training and experience and fosters effective communication related to operational risk management.

32. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is an amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in arm's length transaction. The table below analysis financial instruments carried at fair value, by valuation method. The different levels (methods) have been defined as follows:

Level 1: Fair value measurements using quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measurements using 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: Fair value measurements using inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

Fair value of the financial assets that are traded in active markets are based on quoted market prices. The following table shows fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. These financial assets and financial liabilities, except investment in shares of PSX, are short term and their fair value approximates their carrying value.

On balance sheet financial instruments

On balance sheet	30 June 2022						
Financial instruments	Carrying value				Fair value		
	Mandatorily at FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
Financial assets measured at fair value							
Investment in shares of Pakistan Stock Exchange Limited	-	-	-	-	-	-	-
Listed equity securities	60,400,032	-	-	-	60,400,032	-	-
Financial assets not measured at fair value							
Term finance certificates	-	-	4,019,064	-			
Long term deposits	-	-	17,664,761	-			
Trade debts - considered good	-	-	296,102,104	-			
Investment in marginal financing	-	-	9,300,902	-			
Deposits and prepayments	-	-	121,434,120	-			
Advances and other receivables	-	-	206,459,463	-			
Cash and bank balances	-	-	221,673,403	-			
	60,400,032	-	876,653,817	-			
Financial liabilities not measured at fair value							
Unclaimed dividend	-	-	-	3,004,827			
Trade and other payables	-	-	-	441,813,428			
Short term borrowing	-	-	-	149,997,195			
	-	-	-	594,815,450			

On balance sheet financial instruments

On balance sheet		30 June 2021					
financial instruments		Carrying value				Fair value	
	Mandatorily at FVTPL	FVTOCI equity instrument	Financial asset at amortised cost	Other financial liabilities	Level 1	Level 2	Level 3
(Rupees)							
Financial assets measured at fair value							
Investment in shares of Pakistan Stock Exchange Limited	-	-	-	-	-	-	-
Listed equity securities	-	-	-	-	-	-	-
Term finance certificates	4,019,064	-	-	-	-	4,009,645	-
Financial assets not measured at fair value							
Long term deposits	-	-	36,206,252	-	-	-	-
Trade debts - considered good	-	-	382,451,422	-	-	-	-
Investment in marginal financing	-	-	70,326,739	-	-	-	-
Deposits and prepayments	-	-	206,502,666	-	-	-	-
Advances and other receivables	-	-	4,207,940	-	-	-	-
Cash and bank balances	-	-	332,701,076	-	-	-	-
	4,019,064	-	1,034,396,097	-	-	-	-
Financial liabilities not measured at fair value							
Unclaimed dividend	-	-	-	3,055,448	-	-	-
Trade and other payables	-	-	-	510,011,912	-	-	-
Short term borrowing	-	-	-	149,996,346	-	-	-
	-	-	-	863,063,704	-	-	-

33. CAPITAL RISK MANAGEMENT

The primary objective of the Company's capital management is to maintain healthy capital ratios and optimal capital structure in order to ensure ample availability of finance for its existing operations, for maximizing shareholder's value, for tapping potential investment opportunities and to reduce cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. Furthermore, the Company finances its operations through equity, borrowing and management of its working capital with a view to maintain an appropriate mix between various sources of finance to minimise risk.

Net capital requirements of the Company are set and regulated by Pakistan Stock Exchange. These requirements are put in place to ensure sufficient solvency margins and are based on excess of current assets over current liabilities. The Company manages its net capital requirements by assessing its capital structure against required capital level on a regular basis.

34. OPERATING SEGMENTS

	2022			Total
	Equity Brokerage	Investment Banking	Other Operations	
Segment revenues	159,256,572	245,527,032	12,672,737	417,456,341
Administrative and operating expenses (other than depreciation and amortization)	118,395,366	40,468,134	148,500,286	307,363,786
Depreciation	10,342,296	3,535,049	12,972,078	26,849,423
Amortisation of intangible assets	51,440	17,583	64,520	133,543
Net Impairment reversal on Trade Debts	(4,735,838)	-	-	(4,735,838)
Capital Gain or loss on sale of investments	-	-	(5,297,102)	(5,297,102)
Unrealized gain/ loss	-	-	(32,534,222)	(32,534,222)
Finance cost	(23,433,894)	(3,361,127)	(173,483)	(26,968,504)
Finance Income	44,484,033	-	2,891,566	47,375,599
Taxation	(13,311,572)	(19,063,007)	(141,433)	(32,516,012)
Segment assets	630,949,209	111,273,336	408,324,295	1,150,546,840
Segment liabilities	556,774,917	15,588,781	52,922,861	625,286,559
Capital expenditure	76,076,561	1,241,267	4,554,906	81,872,734

There were no major customer of the Company which derived 10 percent or more of the Company's revenue. All non-current assets of the Company as at June 30, 2022 and June 30, 2021 are located and operating in Pakistan.

	2021			Total
	Equity Brokerage	Investment Banking	Other Operations	
Segment revenues	302,537,401	53,139,707	12,492,639	368,169,747
Administrative and operating expenses (other than depreciation and amortization)	(181,117,133)	(40,248,252)	(66,122,128)	(177,641,438)
Depreciation	(13,614,946)	(3,025,544)	(4,970,536)	(20,155,462)
Amortisation of intangible assets	(33,863)	(7,525)	(12,363)	(387,635)
Capital Gain or (loss) on sale of investments	-	-	13,361,705	(1,524,315)
Unrealized gain/ loss	-	-	-	-
Net Impairment on Trade Debts	(2,735,838)	-	-	1,063,397
Finance cost	(20,389,553)	(976,553)	(1,604,337)	(22,970,443)
Finance Income	37,677,109	-	2,086,853	52,465,103
Taxation	(23,305,065)	(4,251,177)	(1,499,117)	(22,907,486)
Segment assets	988,333,038	13,004,576	211,168,081	784,099,783
Segment liabilities	650,024,507	-	54,995,046	377,122,634
Capital expenditure	27,720,406	-	8,447,639	36,168,045

35. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.2 of the Rule Book of Pakistan Stock Exchange Limited, every Trading Right Entitlement Certificate (TREC) holder registered as a broker under Brokers and Agents Registration Rules, 2001, is required to maintain a Base Minimum Capital (BMC) in the amount and form as prescribed in the Rule on the basis of Assets Under Custody (AUC). As per the said regulation, as at 30 June 2022, the Company is required to maintain BMC of Rs. 30,938 million.

The notional value of the TREC and the break-up value of the shares for the purpose of BMC is determined by the PSX as under:

	30 June 2022 (Rupees)
Cash	12,900,000
Trading Right Entitlement Certificates	2,500,000
	<u>15,400,000</u>

The Company has pledged shares of Pakistan Stock Exchange for taking exposures in regular and future market against Base Minimum Capital (BMC) requirement.

36. NET CAPITAL BALANCE

(Excess of Current Assets over Current Liabilities determined in accordance with the requirements of the second Schedule of Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2 (d) of the Securities Exchange Commission (SEC) Rules, 1971 (SEC Rules, 1971) issued by the Securities & Exchange Commission of Pakistan (SECP)).

Description	Valuation Basis	Note	(Rupees)
Current Assets			
Cash in hand, bank balances	As per book value	36.2	221,673,403
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited NCCPL	As per book value	36.3	118,274,126
Investment in listed securities in the name of broker	At market value Less: Securities not in exposure Less: Securities in exposure list marked to market less 15% discount		60,400,032 - (9,080,005) 51,340,027
Listed TFCs / Corporate Bonds of not less than BBB grade assigned by credit rating company in Pakistan	At market value Less: Marked to market less 10% discount	36.4	4,015,578 (401,558) 3,614,020
Trade debts	As per book value Less: Overdue for more than 14 days	36.5.1	302,560,717 (17,695,000) 284,865,717
			679,767,293
Current Liabilities			
Trade payables	As per book value Less: Overdue for more than 30 days	36.6	204,248,069 (116,900,564) 87,347,505
Other liabilities	As per book value - Trade payables overdue for more than 30 days - Short term borrowing - Accrued expenses and others	36.7	116,900,564 140,997,195 248,245,263 515,143,022
			602,490,527
Net Capital Balance as at 30 June 2022			<u>77,276,766</u>

36.1 Basis of accounting

36.1.1 The statement of net capital balance ("the Statement") has been prepared in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with rule 2 (d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities and Exchange Commission of Pakistan (SECP).

36.1.2 Basis of accounting

The valuation of current assets and current liabilities for the purpose of net capital balance has been determined on the basis of the following:

Description	Valuation Basis
Bank balances and cash deposit	As per book value
Trade debts	Book value less those overdue for more than 14 days.
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% discount.
Securities purchased for customers	Securities purchased for the customer and held by the broker where the payment has not been received within fourteen days
Listed TFCs/ Corporate Bonds of not less than BBB grade assigned by a credit rating company in Pakistan	Marked to Market less 10% discount
Any other assets as specified by the Commission	As per the valuation basis determined by the Commission.
Trade payables	Book value less those overdue for more than 30 days.
Other liabilities	As classified under the generally accepted accounting

36.2	Cash in hand, bank balances and cash deposit- stated at book value			Amount
	Cash in hand			7,083
	Bank balances pertaining to:			
	Next Capital Limited			
	- Current account			38,834,761
	- Profit and loss sharing account			632,183
	- Excess balance in Clients' bank account			-
	Clients - current account and profit and loss sharing account			182,199,396
				221,673,403
36.2.1	Trade liability balance is more than the client's current account balance as the transactions under T+2 basis were settled subsequent to the year end on the due date.			
36.3	Cash deposited as margin with PSX and NCCPL	Note		Amount
	Deposit against exposure margin	36.3.1		108,173,367
	Deposit against Marginal Trading Services	36.3.2		10,100,759
				118,274,126
36.3.1	This represents margin deposit with NCCPL consist of amounting Rs. 18.429 million against Futures Market, Rs.90.633 million against Regular T+2 market and Rs. 0.533 million against Bonds Automated Trading System(BATS) market			
36.3.2	This represents deposit with National Clearing Company of Pakistan Limited against Marginal Trading System and Margin Financing.			
36.3.3	Deposits held with PSX and NCCPL as basic deposits have not been included as per the clarifications issued by Securities and Exchange Commission of Pakistan (SECP).			
36.4	Listed TFCs	Quantity	Rate	Amount
	Sonari Bank Limited - Term Finance Certificates	802	5,007	4,015,578
	Less: Listed TFCs marked to market less 10% discount			(401,558)
				3,614,020
36.5	Trade Debts			
	These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.			
		Note		Amount
	Total receivable	36.5.1		302,560,717
	Less: Receivables other than brokerage business	36.5.2		-
	Total trade receivables			302,560,717
	Less: Over due for more than 14 days			(17,695,000)
	Balance generated within 14 days and/or not yet due			284,865,717
36.5.1	The break up of total receivable is as follows:			
	Purchases of shares on behalf of clients	36.5.2		293,259,815
	Investments in Marginal Financing	36.5.3		9,300,902
				302,560,717
36.5.2	These represent value of shares appearing in clients respective sub account to the extent of overdue balances for more than 14 days or value of securities, whichever is less in accordance with the clarifications / guidelines issued by SECP.			
36.5.3	Investment in Marginal Financing			
	This amount is given as a Margin Financing System (MFS) to clients through National Clearing Company of Pakistan Limited. This amount is secured against securities of clients held in House accounts under pledged status. The Company is financing on Financing Participation Ratio (FPR) of maximum 75% and charging markup at the rate of 1 month KIBOR + 8%.			
36.6	Trade payables			
	These represents balances due to customers in respect of trading of shares less trade payable balances overdue for more than 30 days and loan account balance which have been included in other liabilities.			
36.7	Other liabilities			
	These represents current liabilities, other than trade payable which are due with in 30 days and the amount classified as loan account. Other liabilities are stated at book value.			
				Amount
				(Rupees)
	Unclaimed Dividend			3,004,827
	Accrued commission to traders			3,344,261
	Accrued salaries and other expenses			4,174,979
	Payable to National Clearing Company of Pakistan			156,991,390
	Auditor's remuneration			1,438,426
	Tax deducted at source			54,469,725
	Commission payable			76,252
	Markup payable			2,780,046
	Other payables			12,802,101
	IPS account			128,436
	Accrued expenses			291,085
	Current portion of lease liabilities			7,575,077
	Contract Liability			1,166,658
				248,245,263

37. LIQUID CAPITAL BALANCE

The below statement has been prepared in accordance with regulation 6(3) and schedule III of the Securities Brokers (Licensing and Operations) Regulations, 2016.

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
1. Assets				
1.1	Property & Equipment	80,887,669	100%	-
1.2	Intangible Assets	75,793,673	100%	-
1.3	Investment in Government Securities: (Haircut applied on the basis of Difference between book value and sale value on the date on the basis of PKRV published by NIFT)	-	-	-
Investment in Debt Securities				
If listed then:				
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		4,019,064	10%	3,617,155
If unlisted then:				
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.				
1.5		60,400,032	9,786,739	50,611,293
ii. If unlisted, 100% of carrying value.				
1.6	Investment in subsidiaries	-	100%	-
Investment in associated companies/undertaking				
i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.				
1.7		-	-	-
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	15,675,000	100%	-
1.9	Margin deposits with exchange and clearing house.	118,274,126	0%	118,274,126
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-	0%	-
1.11	Other deposits and prepayments	28,494,778	100%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc.	-	0%	-
100% haircut to be applied in respect of markup accrued on loans to directors, subsidiaries and other related parties				
1.13	Dividends receivable.	-	-	-
Amounts receivable against Repo financing.				
Amount paid as purchaser under the REPO agreement. (Securities purchased under repo arrangement shall not be included in the investments.)				
1.14		-	-	-
Advances and Receivables other than trade receivables				
i. No Haircut may be applied on the short term loan to employees provided these loans are secured and due for repayment within 12 months.				
1.15		-	0%	-
ii. No Haircut may be applied to the advance tax to the extent it is settled with provision of taxation				
iii. In all other cases, 100% of net value				
1.16		40,125,889	0%	40,125,889
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 MMT gains.				
1.17		-	-	-
Receivables from customers				
i. In case receivables are against margin financing, the aggregate of (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.				
ii. Lower of net balance sheet value or value determined through adjustments.				
iii. In case receivables are against margin trading, 5% of the net balance sheet value.				
iv. Net amount after deducting haircut				
v. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract.				
vi. Net amount after deducting haircut				
vii. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value.				
1.18		270,462,638	0%	270,462,638
Balance sheet value				
viii. 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.				
ix. Lower of net balance sheet value or value determined through adjustments				
x. 100% haircut in the case of amount receivable from related parties.				
1.19		21,126,196	21,046,194	21,046,194
Cash and Bank balances				
i. Bank Balance-proprietary accounts				
1.20		39,466,944	0%	39,466,944
ii. Bank balance-customer accounts				
1.21		182,199,396	0%	182,199,396
iii. Cash in hand				
1.22		7,063	0%	7,063
Subscription money against investment in IPO/ offer for sale (asset)				
1.23		-	0%	-
1.24	Total Assets	1,150,546,640		732,658,288
2. Liabilities				
Trade Payables				
i. Payable to exchanges and clearing house				
2.1		156,991,390	0%	156,991,390
ii. Payable against leveraged market products				
2.2		-	0%	-
iii. Payable to customers				
2.3		204,248,069	0%	204,248,069
Current Liabilities				
i. Statutory and regulatory dues				
2.4		54,469,725	0%	54,469,725
ii. Accruals and other payables				
2.5		25,037,586	0%	25,037,586
iii. Short-term borrowings				
2.6		149,997,195	0%	149,997,195
iv. Current portion of subordinated loans				
2.7		-	0%	-
v. Current portion of long term liabilities				
2.8		7,575,077	0%	7,575,077
vi. Deferred Liabilities				
2.9		-	0%	-
vii. Provision for taxation				
2.10		-	0%	-
viii. Other liabilities as per accounting principles and included in the financial statements				
2.11		4,171,485	0%	4,171,485

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	Non-Current Liabilities			
2.3	i. Long-Term financing	-	100%	-
	ii. Staff retirement benefits	-	0%	-
	iii. Other liabilities as per accounting principles and included in the financial statements	22,796,032	100%	-
2.4	Subordinated Loans			
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	100%	-
	Advance against shares for increase in capital of securities broker			
2.5	100% Haircut may be allowed in respect of advance against shares if: (i) The existing authorized share capital allows the proposed enhanced share capital (ii) Board of Directors of the company has approved the increase in capital (iii) Relevant Regulatory approvals have been obtained (iv) 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 (v) Auditor is satisfied that such advance is against the increase of capital.	-	100%	-
2.6	Total Liabilities	625,286,559		602,490,527

3. Ranking Liabilities Relating to :

3.1	Concentration in Margin Financing			
	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.	-	-	7,618,677
	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	(a) <u>In the case of right issues</u> : If the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments; and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issue where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting (b) <u>In any other case</u> : 12.5% of the net underwriting commitments	-	-	-
3.4	Negative equity of subsidiary			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	Foreign exchange agreements and foreign currency positions			
	5% of the net position in foreign currency net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	Amount Payable under REPO			
	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 securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-
3.8	Concentrated proprietary positions			
	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	-	-	4,824,533
3.9	Opening Positions in futures and options			
	I. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral / pledged with securities exchange after applying VaR haircuts II. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	Short sell positions			
	I. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VaR based Haircuts II. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VaR based haircut less the value of securities pledged as collateral after applying haircuts	-	-	-
3.11	Total Ranking Liabilities	-	-	12,443,410
		525,260,281	Liquid Capital	117,724,351

Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.20)	732,658,288
(ii) Less: Adjusted value of liabilities (serial number 2.6)	(602,490,527)
(iii) Less: Total ranking liabilities (serial number 3.11)	(12,443,410)
	117,724,351

37.1 CAPITAL ADEQUACY LEVEL

	30 June 2022	30 June 2021
	(Rupees)	
Total Assets	1,150,546,840	1,199,501,119
Less: Total Liabilities	(625,286,559)	(705,019,553)
Less: Revaluation Reserves	-	-
Capital Adequacy Level	525,260,281	494,481,566

38. RESEARCH ANALYST

At present, the Company employs six members in its research department (including head of research, two senior analysts, one junior analyst, a librarian and a data administrator). All members report to Head of Research who in turn reports to the Chief Executive Officer.

Compensation structure of research analysts is flat and is subject to qualification, experience and skill set of the person. However, the compensation of anyone employed in the research department does not in any way depend on the contents / outcome of research report.

During the year, the personnel employed in the Research Department have drawn an aggregate salary and benefits amounting to Rs. 5.4 million which comprise basic salary, medical allowance and other benefits as per the Company's policy.

39. NUMBER OF EMPLOYEES

The total employees at year end were 74 (30 June 2020: 46) and the average number of employees during the year was 65 (30 June 2020: 49).

40. GENERAL

40.1 Corresponding figures

The corresponding figures have been rearranged and reclassified, wherever considered necessary, to comply with the requirements of Companies Act, 2017.

41. DATE OF AUTHORISATION FOR ISSUE


These financial statements have been authorised for issue on **23 August 2022** by the Board of Directors of the Company.

A handwritten signature in blue ink, likely belonging to the Chief Executive Officer.

Chief Executive Officer

A handwritten signature in blue ink, likely belonging to the Chief Financial Officer.

Chief Financial Officer

A handwritten signature in blue ink, likely belonging to a Director.

Director

NEXT CAPITAL LIMITED
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2022

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
140	1	100	2,519
39	101	500	12,921
223	501	1,000	134,334
144	1,001	5,000	340,601
56	5,001	10,000	428,637
21	10,001	15,000	269,000
17	15,001	20,000	299,800
15	20,001	25,000	352,500
14	25,001	30,000	401,437
5	30,001	35,000	157,000
5	35,001	40,000	189,400
1	40,001	45,000	41,000
4	45,001	50,000	195,000
4	50,001	55,000	215,000
4	55,001	60,000	227,375
3	60,001	65,000	190,700
2	65,001	70,000	131,500
4	70,001	75,000	295,500
2	75,001	80,000	152,000
1	85,001	90,000	89,000
2	90,001	95,000	186,100
2	95,001	100,000	196,000
1	100,001	105,000	104,500
1	105,001	110,000	106,000
1	110,001	115,000	115,000
1	120,001	125,000	123,100
1	125,001	130,000	128,000
1	195,001	200,000	198,000
4	200,001	205,000	804,600
1	215,001	220,000	220,000
1	270,001	275,000	275,000
1	275,001	280,000	280,000
1	295,001	300,000	300,000
1	320,001	325,000	320,050
1	380,001	385,000	380,050
1	410,001	415,000	412,775
1	470,001	475,000	471,500
1	545,001	550,000	550,000
1	650,001	655,000	654,500
1	820,001	825,000	824,501
1	3,710,001	3,715,000	3,712,500
1	3,830,001	3,835,000	3,832,775
1	4,795,001	4,800,000	4,796,550
1	4,945,001	4,950,000	4,949,450
1	7,825,001	7,830,000	7,828,750
1	13,605,001	13,610,000	13,605,075
735			49,500,000

PATTERN OF SHAREHOLDING

As at June 30, 2022

CATEGORIES OF SHAREHOLDERS	SHAREHOLDERS	SHARES HELD	PERCENTAGE
Directors and their spouse(s) and minor children Name: 1.Muhammad Najam Ali 2.Mrs. Hanna Khan 3.Muhammad Zulqarnain Mehmood Khan 4.Liutenant General(Retd) Tariq Waseem Ghazi 5.Hassan Shahnawaz 6.Malik Khurram Shahzad 7.Ali Akhtar Ali	1 2 1 1 1 1 0	13,605,075 3,833,393 7,831,225 26,537 2,475 1,100 0	27.485 7.744 15.821 0.054 0.005 0.002 0
Associated companies, undertakings and related parties	—	—	—
Executives	—	—	—
Public Sector Companies and Corporations	—	—	—
Banks, development finance institutions, non- banking finance companies, insurance companies, takaful, modarabas and pension funds		6,138,825	12.402
Others		18,061,370	36.488
Total		49,500,000	100

Shareholders holding 5% or more

Name	Shares held	Percentage
Muhammad Najam Ali	13,605,075	27.485
Muhammad Zulqarnain Mehmood Khan	7,831,225	15.821
Adnan Afridi	4,949,450	9.99889
Maple Leaf Cement Factory Ltd	3,712,500	7.50
MCB Bank Limited - Treasury	4,796,550	9.69
Mrs. Hanna Khan	3,833,393	7.744

PROXY FORM

I/We _____ being a member of M/s. Next Capital Limited and holder of _____ shares as per Folio No. _____ CDC Participant ID# _____ and Sub Account # _____ / CDC Investors Account # _____ hereby appoint Mr. _____ of _____ (Folio No. _____ CDC Participant ID# _____ and Sub Account # _____ CDC Investors Account # _____ or failing him Mr. _____ of _____ (Folio No. _____ CDC Participant ID# _____ and Sub Account # _____ / CDC Investors Account # _____) as my/our Proxy to attend, speak and vote for me/us and on my/our behalf at the Extra Ordinary General Meeting of the Company to be held on October 25, 2022 at 09:00 am at the Head Office 2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi and any adjournment thereof/
Signed this _____ day of _____ 2022

WITNESSES:

- 1- Signature
Name
Address.....
.....
NIC No.
- 2- Signature
Name
Address.....
.....
NIC No.

**Rupees Five
Revenue Stamp**

Specimen Signature
Holder of Ordinary Shares
Share Register Folio No.
"CDC" Participant's ID No. A/c. No.

Notes:

- i. If a member is unable to attend the meeting, he/she may appoint another member as his/her proxy and send this form to Next Capital Limited, 2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi to reach not less than 48 hours before the time appointed for holding the meeting.
- ii. Attested copies if CNIC or the passport of the beneficial owners and the proxy holder shall be furnished with the proxy form.
- iii. The Proxy holder shall produce his/her original CNIC or original passport at the time of meeting.
- iv. In case of corporate entity. The Board of Directors Resolution. Power of Attorney with specimen signature shall be submitted along with the proxy form of the Company.

Affix
postage
stamp

The Company Secretary
Next Capital Limited

2nd Floor Imperial Court Building
Dr. Ziauddin Ahmed Road, Karachi

پراکسی فارم

میں/ہم _____ بطور ممبر میسرز ٹیکسٹ کیپٹل لیمنڈ اور حامل شیئرز _____، فلیو نمبر _____
 سی ڈی سی شراکت آئی ڈی نمبر _____ اور سب اکاؤنٹ نمبر _____ / سی ڈی سی انویسٹرز
 اکاؤنٹ نمبر _____ جناب _____ (فلیو نمبر _____)
 سی ڈی سی نمبر _____، سب اکاؤنٹ نمبر _____ / سی ڈی سی انویسٹرز اکاؤنٹ نمبر _____)
 کامیری/ ہماری جانب سے بطور پراکسی تقرر کرتا/ کرتے ہیں کہ یہ میری/ ہماری جانب سے 25 اکتوبر 2022ء کو بوقت 09:00 بجے ہیڈ آفس، سیکنڈ
 فلور، امپیریل کورٹ بلڈنگ، ڈاکٹر ضیاء الدین احمد روڈ پر منعقد ہونے والی کمپنی کی ایکسٹرا آرڈنری جنرل میٹنگ میں میری/ ہماری جانب سے شرکت
 کر کے ووٹ دے سکتے ہیں۔
 بطور گواہ میں اپنے دستخط/ مہر تاریخ _____ ثبت کرتا ہوں۔


ریونیو اسٹیمپ مبلغ پانچ روپے	گواہ:	1-	نام:	_____	
			دستخط:	_____	
دستخط نمونہ: حامل _____ عام شیئرز شیئرز جنرل فلیو نمبر _____ سی ڈی سی شراکت آئی ڈی نمبر _____ اکاؤنٹ نمبر: _____			پتہ:	_____	

				شناختی کارڈ/ پاسپورٹ نمبر:	_____
				نام:	_____
			دستخط:	_____	
			پتہ:	_____	

				شناختی کارڈ/ پاسپورٹ نمبر:	_____

- نوٹ:
- اگر کوئی ممبر میٹنگ میں شرکت کرنے سے قاصر ہو تو وہ کسی دوسرے ممبر کو اپنا پراکسی مقرر کر سکتا ہے اور یہ فارم ٹیکسٹ کیپٹل لیمنڈ، دوسری منزل
 امپیریل کورٹ بلڈنگ، ڈاکٹر ضیاء الدین احمد روڈ، کراچی کو روانہ کر سکتا/ کر سکتی ہے تاکہ میٹنگ کے انعقاد سے کم از کم 48 گھنٹے قبل موصول
 ہو جائے۔
 - پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کی CNIC کی تصدیق شدہ نقول جمع کی جائیں گی۔
 - اجلاس کے وقت پراکسی کا حامل شخص اپنا اصل شناختی کارڈ یا اصل پاسپورٹ فراہم کرے گا۔
 - کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی منظور شدہ دستخط کے ساتھ کمپنی کے پراکسی فارم کے ہمراہ
 جمع کرائی جائے گی۔

۲۔	رہی پالیسی: بورڈ کے پاس بورڈ اور اس کی کمیٹیوں کے اجلاسوں میں شرکت کے لیے انفرادی ڈائریکٹرز کے معاوضے کے ٹیکس کو طے کرنے کے لیے ایک باضابطہ پالیسی اور شفاف طریقہ کار ہوگا۔	16	کمپنی اجلاسوں میں شرکت کے لیے بورڈ آف ڈائریکٹرز کے ممبران کو کوئی معاوضہ پیش نہیں کرتی ہے۔ تاہم باضابطہ پالیسی کی تشکیل کا عمل جاری ہے۔
۳۔	ڈائریکٹرز کی واقعیت: تمام کمپنیاں اپنے ڈائریکٹرز کو ان ضوابط، قابل اطلاق قوانین، ان کے فرائض اور ذمہ داریوں سے واقف کرانے کے لیے مناسب انتظامات کریں گی تاکہ وہ شیئر ہولڈرز کے لیے اور ان کی جانب سے لسٹ کمپنی کے معاملات کو مؤثر طریقے سے چلا سکیں۔	18	تمام ڈائریکٹرز انتہائی قابل اور قابل اطلاق قوانین، ضوابط اور صنعت اور کمپنی کے معاملات سے بخوبی واقف ہیں۔
۴۔	ڈائریکٹرز کی تربیت: یہ حوصلہ افزائی کی جاتی ہے کہ 30 جون، 2022 تک بورڈز کے تمام ڈائریکٹرز نے مقامی یا غیر ملکی اداروں کی طرف سے پیش کردہ کسی بھی ڈائریکٹر ٹریننگ پروگرام کے تحت مقررہ سرٹیفیکیشن حاصل کر لیا ہے، جو کمیشن کے بیان کردہ اور اس کے منظور کردہ معیار پر پورا اترتا ہے۔	19	تمام ڈائریکٹرز ڈائریکٹر ٹریننگ پروگرام (DTP) کی تکمیل کر رہے ہیں سوائے ان ڈائریکٹرز کے جن کا تقرر دوران سال کیا گیا، جن کے پاس اس ضابطے کی تکمیل کرنے کے لیے ایک سال ہے، دیگر دو ڈائریکٹرز کے لیے کمپنی کا خیال ہے کہ ڈائریکٹر میں سے ایک اعلیٰ تعلیم یافتہ ہے اور قابل اطلاق قوانین اور ضوابط سے اچھی طرح واقف اور دوسرے کے لیے کمپنی نے اگلے سال DTP کا بندوبست کرنے کا منصوبہ بنایا ہے۔
۵۔	نامزدگی کمیٹی: بورڈ علیحدہ سے ڈائریکٹرز کی کلاس اور تعداد، جیسا کہ وہ مناسب سمجھے نامزدگی کمیٹی کے طور پر ایک کمیٹی تشکیل دے سکتا ہے،	29	فی الحال، بورڈ آف ڈائریکٹرز نے نامزدگی کمیٹی تشکیل نہیں دی ہے، تاہم، امور آڈٹ کمیٹی انجام دیتی ہے۔
۶۔	رہسٹ منجمنٹ کمیٹی: بورڈ خطرے کے انتظام کے طریقہ کار کی تاثیر کا جائزہ لینے اور بورڈ کو ایک رپورٹ پیش کرنے کے لیے، جیسا کہ مناسب سمجھے، ڈائریکٹرز کی اتنی تعداد اور کلاس کے مطابق رہسٹ منجمنٹ کمیٹی تشکیل دے سکتا ہے۔	30	فی الحال، بورڈ نے ایک الگ رہسٹ منجمنٹ کمیٹی تشکیل نہیں دی ہے اور یہ کام بورڈ انجام دے رہا ہے۔


 لیفٹیننٹ جنرل طارق وسیم غازی (ریٹائرڈ)
 چیئرمین

۱۴۔ بورڈ نے ان افراد کے لیے ایک موثر اندرونی آڈٹ فنکشن قائم کیا ہے جو اس مقصد کے لیے موزوں اور تجربہ کار سمجھے جاتے ہیں اور کمپنی کی پالیسیوں اور طریقہ کار سے واقف ہیں۔

۱۵۔ کمپنی کے قانونی آڈیٹرز نے تصدیق کی ہے کہ انہیں ICAP کے کوالٹی کنٹرول جائزہ پروگرام کے تحت تسلیمی بخش درجہ بندی دی گئی ہے اور وہ آڈٹ اور سائٹ بورڈ آف پاکستان کے ساتھ رجسٹرڈ ہیں کہ وہ اور ان کے تمام شرکاء دار بین الاقوامی قوانین کی تعمیل کرتے ہیں۔
فیڈریشن آف اکاؤنٹنٹس (IFAC) کے ضابطہ اخلاق کی گائیڈ لائنز جیسا کہ انسٹی ٹیوٹ آف چارٹرڈ اکاؤنٹنٹس آف پاکستان نے اپنایا ہے اور یہ کہ وہ اور فرم کے شرکاء دار آڈٹ میں شامل ہیں اور چیف ایگزیکٹو آفیسر، چیف فنانس آفیسر، ہیڈ آف انٹرنل آڈٹ، کمپنی سیکرٹری یا کمپنی ڈائریکٹر کے قریبی رشتہ دار (شریک حیات، والدین، انحصار اور غیر انحصار کنندہ بچے) شامل نہیں ہیں۔

۱۶۔ قانونی آڈیٹرز یا ان سے وابستہ افراد کو ایکٹ، ان ضوابط یا کسی دوسری ریگولیٹری ضرورت کے علاوہ دیگر خدمات فراہم کرنے کے لیے مقرر نہیں کیا گیا ہے اور آڈیٹرز نے تصدیق کی ہے کہ انھوں نے اس سلسلے میں IFAC کے رہنما اصولوں کا مشاہدہ کیا ہے۔

۱۷۔ ہم تصدیق کرتے ہیں کہ ریگولیشنز 33، 32، 27، 8، 7، 6 اور 36 کے تمام تقاضوں کی تعمیل کی گئی ہے ماسوائے درج ذیل کے:

نمبر شمار	لازمی ضروریات	رجسٹریشن نمبر	وضاحت
۱۔	آزاد ڈائریکٹر ہر سید کمپنی کے آزاد ڈائریکٹرز دو ممبران یا بورڈ کے کل ممبران کے ایک تہائی سے کم نہیں ہوں گے، جو بھی زیادہ ہو۔ جب کمپنی کے بورڈ میں سات ڈائریکٹرز ہوتے ہیں تو آزاد ڈائریکٹر کا شیئر 2.33 پر آتا ہے۔ کمپنی رائٹڈ اپ کر سکتی ہے یا اس کے برعکس وجہ فراہم کر سکتی ہے۔	6	دو آزاد ڈائریکٹرز کے پاس اپنی ذمہ داریاں نبھانے کے لیے مطلوبہ تعلیم اور وسیع اور موزوں تجربہ ہے، اس لیے بورڈ نے تیسرے آزاد ڈائریکٹر کا تقرر نہیں کیا ہے۔

۱۸۔ ضوابط 33، 32، 27، 8، 7، 6 اور 3 کے علاوہ تقاضوں کی عدم تعمیل کی وضاحت ذیل میں بیان کی گئی ہے:

نمبر شمار	غیر لازمی ضروریات	رجسٹریشن نمبر	وضاحت
۱۔	بورڈ کی اپنے ممبر کیلئے ذمہ داری: بورڈ کا چیئرمین، ہر ڈائریکٹر کی میعاد کے آغاز پر، ایکٹ اور کمپنی کے آرٹیکلز آف ایسوسی ایشن، ان کے معاوضے اور استحقاق کے مطابق ڈائریکٹرز کو ان کے کردار، ذمہ داریوں، اختیارات اور ذمہ داریوں کا تعین کرتے ہوئے لیٹر جاری کرے گا۔	10(5)	کمپنی اگلے انتخابات سے ان ضابطوں کی تعمیل کو یقینی بنائے گی۔

- ۷۔ بورڈ کی مینٹنز کی صدارت چیئرمین اور ان کی غیر موجودگی میں اس مقصد کے لیے بورڈ کے ذریعے منتخب کردہ ایک ڈائریکٹر کے ذریعے کی جاتی ہے۔ بورڈ نے بورڈ کی مینٹنگ کی فریکوئنسی، ریکارڈنگ اور منٹس کے حوالے سے ایکٹ اور ضوابط کے تقاضوں کی تعمیل کی ہے۔
- ۸۔ بورڈ آف ڈائریکٹرز کے پاس ایکٹ اور ان ضوابط کے مطابق ڈائریکٹرز کے معاوضے کے لیے کوئی باقاعدہ پالیسی اور شفاف طریقہ کار نہیں ہے۔
- ۹۔ کمپنی کا بورڈ آف ڈائریکٹرز سات (7) ڈائریکٹرز پر مشتمل ہے، جن میں سے پہلے ہی ڈائریکٹرز ٹریننگ پروگرام کے تحت درج ذیل تین (3) ڈائریکٹرز سند یافتہ ہیں:
- ۱۔ جناب محمد ذوالقرنین محمود خان
 - ۲۔ محترمہ حنا خان
 - ۳۔ جناب حسن شاہنواز
- ۱۰۔ چیف فنانشل آفیسر اور چیف ایگزیکٹو آفیسر نے بورڈ کی منظوری سے قبل مالیاتی گوشواروں کی باضابطہ توثیق کی ہے۔
- ۱۱۔ بورڈ نے درج ذیل ممبران پر مشتمل کمیٹیاں تشکیل دی ہیں:

(a) آڈٹ کمیٹی:

نام	عہدہ
جناب حسن شاہنواز	چیئرمین
جناب ایم ذوالقرنین محمود خان	ممبر
جناب زبیر الہی (25 مارچ 2022 کو مستعفی ہوئے)	ممبر
جناب رشوان یوسف	نیکریٹری

(b) ہیومن ریسورس اور ریجو نریشن کمیٹی:

نام	عہدہ
جناب حسن شاہنواز	چیئرمین
جناب ایم ذوالقرنین محمود خان	ممبر
محترمہ حنا خان	ممبر

- ۱۲۔ مذکورہ کمیٹیوں کے ٹرمز آف ریفرنس تشکیل دیے گئے ہیں، دستاویزی شکل دی گئی ہے اور ان کی تعمیل کے لیے کمیٹی کو مشورہ دیا گیا ہے۔
- ۱۳۔ کمیٹی کی مینٹنز کی فریکوئنسی (سہ ماہی/ششماہی/سالانہ) حسب ذیل تھی:

(a) آڈٹ کمیٹی ششماہی

(b) HR اور ریجو نریشن کمیٹی سالانہ

لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2019 کے تحت تعمیل کا بیان

کمپنی کا نام: نیسٹ کپیتال لمیٹڈ
اختتامی سال: 30 جون 2022

کمپنی نے مندرجہ ذیل طریقے سے ریگولیشنز کی ضروریات کی تعمیل کی ہے:
۱۔ درج ذیل کے مطابق ڈائریکٹرز کی کل تعداد سات ہے۔

(a) مرد: چھ

(b) خواتین: ایک

۲۔ بورڈ کی تشکیل درج ذیل ہے:

درجہ بندی	نام
آزاد ڈائریکٹرز	لیفٹنٹ جنرل طارق وسیم غازی (ریٹائرڈ) جناب حسن شاہ نواز
نان ایگزیکٹو ڈائریکٹرز	جناب محمد ذوالقرنین محمود خان محترمہ حنا خان جناب ملک خرم شہزاد
ایگزیکٹو ڈائریکٹرز	جناب محمد نجم علی ڈاکٹر علی اختر علی *

* ڈاکٹر علی اختر علی کا تقرر 24 جون 2022 کو کیا گیا۔

۳۔ ڈائریکٹرز اس بات کی تصدیق کرتے ہیں کہ ان میں سے کوئی بھی اس کمپنی سمیت سات سے زائد لسٹڈ کمپنیوں میں بطور ڈائریکٹر خدمات انجام نہیں دے رہے ہیں۔

۴۔ کمپنی نے ایک ضابطہ اخلاق تیار کیا ہے اور اس بات کو یقینی بنایا ہے کہ اس کی معاون پالیسیوں اور طریقہ کار کے مطابق عملدرآمد کے لئے مناسب اقدامات کیے گئے ہیں۔

۵۔ بورڈ نے ایک / مشن / ویژن / مجموعی کارپوریٹ حکمت عملی، اور کمپنی کی اہم پالیسیاں مرتب کی ہیں۔ اہم پالیسیوں کی تفصیلات کے ساتھ ان تاریخوں کا مکمل ریکارڈ رکھا گیا ہے جن کی منظوری یا ترمیم کی گئی تھی۔

۶۔ بورڈ کے تمام اختیارات کا صحیح طور پر استعمال کیا گیا ہے اور متعلقہ معاملات پر فیصلے بورڈ / شیئر ہولڈرز کے ذریعہ لئے گئے ہیں جیسا کہ ایکٹ اور ان ضوابط کی متعلقہ دفعات کے ذریعہ اختیار کیا گیا ہے۔

- ۵۔ ممبرز کے درخواست کی جاتی ہے کہ وہ اپنے شناختی کارڈ کی کاپیاں اور اگر پتے میں کوئی تبدیلی ہوئی ہو تو فوراً تحریری طور پر رجسٹرار آفس کو مطلع کریں۔
 - ۶۔ سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (SECP) نے اپنے نوٹیفکیشن SME/SE/2(20)/2021/117 مورخہ 15 دسمبر 2021 کے ذریعے اراکین کی زیادہ سے زیادہ شرکت کو یقینی بنانے کے لیے فزیکل اور عملی طور پر میٹنگ منعقد کرنے کی ہدایت کی ہے۔ لہذا، کمپنی سالانہ جنرل میٹنگ کا انعقاد ہیڈ آفس میں فزیکل طور پر اور زوم کے ذریعے الیکٹرانک ذرائع سے کر رہی ہے۔
 - ۷۔ ویڈیولنک کے ذریعے کمپنی کی 13 ویں سالانہ جنرل میٹنگ میں شرکت کے لیے، ممبران سے درخواست کی جاتی ہے کہ وہ شناخت اور تصدیق کی رسی کارروائیوں کو مکمل کریں یعنی اپنے نام، اسکیں شدہ شناختی کارڈ (دونوں طرف)، فوٹیو نمبرز، سیل فون نمبرز اور ای میل ایڈریس 20 اکتوبر 2022 کو یا اس سے قبل شام 00:5 بجے تک فراہم کریں۔ میٹنگ کا ویڈیولنک مندرجہ ذیل ای میل ایڈریس یعنی co.secretary@nextcapital.com.pk پر ممبران کو ان کے ای میل ایڈریس پر بھیجا جائے گا۔
 - ۸۔ دلچسپی رکھنے والوں سے مذکورہ بالا معلومات موصول ہونے پر کمپنی ان کے ای میل ایڈریس پر لاگ ان کی معلومات فراہم کرے گی۔ سالانہ جنرل میٹنگ کی تاریخ پر، شیئرز ہولڈرز اپنے اسمارٹ فون/کمپیوٹرڈیوائسز کے ذریعے سالانہ جنرل میٹنگ کی کارروائی میں حصہ لینے کے لیے لاگ ان ہو سکیں گے۔
 - ۹۔ شیئرز ہولڈرز سالانہ جنرل میٹنگ کے مجوزہ ایجنڈا آئٹمز کے لیے اپنے تبصرے/مشورے ای میل پر بھی فراہم کر سکتے ہیں: co.secretary@nextcapital.com.pk
 - ۱۰۔ ایس ای سی پی نے نوٹیفکیشن نمبر 2014/1(787) مورخہ 08 ستمبر 2014 کے ذریعے اطلاع کمپنی کے ممبران کو الیکٹرانک میل سسٹم (ای میل) کے ذریعے سالانہ مالیاتی گوشوارے اور نوٹس وصول کرنے کی سہولت فراہم کرنے کی ہدایت کی ہے۔ ہمیں یہ سہولت اپنے ممبران کو پیش کرتے ہوئے خوشی ہو رہی ہے جو مستقبل میں کمپنی کے سالانہ مالیاتی گوشواروں اور نوٹس کو ای میل کے ذریعے وصول کرنا چاہتے ہیں۔ اس سلسلے میں اراکین سے درخواست کی جاتی ہے کہ وہ ایک معیاری درخواست فارم پر ای میل کے ذریعے اپنی رضامندی ظاہر کریں جو کمپنی کی ویب سائٹ www.nextcapital.com.pk پر دستیاب ہے۔ براہ کرم یقینی بنائیں کہ آپ کے ای میل میں ایسی ای میل موصول کرنے کے لیے حقوق اور جگہ دستیاب ہے جو کہ سائز میں 1MB فائل سے بڑی ہو سکتی ہے۔ مزید یہ کہ ممبر کی ذمہ داری ہے کہ وہ رجسٹرڈ ای میل ایڈریس میں کسی بھی تبدیلی کے بارے میں شیئرز رجسٹرار کو بروقت مطلع کرے۔
 - ۱۱۔ ممبران سے درخواست کی جاتی ہے کہ وہ اپنے رجسٹرڈ ایڈریس/رابطہ نمبروں میں تبدیلی سے فوری طور پر مطلع کریں تاکہ رجسٹرار کو درج ذیل پتے پر شیئرز کیا جاسکے۔
- ایم ایس فیکو ایسوسی ایٹس پرائیویٹ لمیٹڈ، 8-F، نزد ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شارع فیصل، کراچی،
ٹیلی فون نمبر: 3438 4621-3، 3438 0103-5، 92 21 3438 0106، فیکس نمبر: 34380106

نوٹس:

- ۱۔ کمپنی کی شیئرز انسفر بکس مورخہ 18 اکتوبر 2022 سے 25 اکتوبر 2022 تک بند رہیں گی (بشمول دونوں دن)۔
ہمارے شیئرز رجسٹرار مسسز فمکو ایسو سی اٹس (پرائیویٹ) لمیٹڈ پر 17 اکتوبر 2022 کو
شام 5 بجے کاروبار کے اختتام تک موصول ہونے والے ٹرانسفرز کو حصص یافتگان کیلئے بونس
شیئرز کا اہل ہونے کے لئے ہر وقت تصور کیا جائے گا
- ۲۔ کمپنیز ایکٹ، 2017 کے سیکشن (3) 159 کے تحت کوئی بھی ممبر جو ڈائریکٹر کے عہدے کے لیے انتخابات میں حصہ لینا چاہتا ہے،
چاہے وہ ریٹائر ہونے والا ڈائریکٹر ہو یا دوسری صورت میں، مینٹگ کی تاریخ سے چند دن قبل جس میں انتخابات ہونے ہیں، چودہ
دن سے زیادہ نہیں، اپنے آپ کو بطور ڈائریکٹر انکیشن کیلئے پیش کرنے کے ارادے سے کمپنی کو نوٹس ارسال کرے۔
- ۳۔ ہر ممبر کو اختیار ہے کہ وہ مینٹگ میں شرکت کرے اور ووٹ دے یا اپنی جگہ کسی پر کسی کو مقرر کرے جو ممبر کی طرف سے مینٹگ میں
شرکت کرے اور ووٹ دے۔ طریقہ کار اور مجوزہ ہدایات سیکورٹیز اینڈ ایکس چینج کمیشن کی جانب سے جاری کردہ سرکلر نمبر ایف ٹی
نمبر 96/ARO/Misc/(5-A) 3 بتاریخ 26 جنوری 2000 کے مطابق ہیں۔
- (a) ممبران، پر کسی یا نامزد کردہ مینٹگ میں شرکت کے لئے اپنا اور بجٹل شناختی کارڈ یا پاسپورٹ لائیں گے اور اپنا فوٹو نمبر اپنے ہمراہ
لائیں گے۔
- (b) کارپوریٹ ادارہ ہونے کی صورت میں مینٹگ کے وقت بورڈ آف ڈائریکٹرز کی قرارداد / پاور آف اٹارنی اور نامزدگی کی تصدیق
شدہ شناختی کارڈ کی کاپیاں یا پاسپورٹ کی کاپی ساتھ لائیں۔
- (c) عمل درآمد یقینی بنانے کے لئے پر کسی فارم کو ہمارے دفتر سے رجسٹرار کے پاس جمع کروائیں جو ہر صورت مینٹگ سے 48 گھنٹے پہلے
جمع ہو جانا چاہیے جس پر باقاعدہ دستخط ہوں، اسٹیپ گئی ہو اور دو گواہان کے نام پتے اور شناختی کارڈ نمبر اور دستخط ہوں۔
- (d) ایک شخص کے ہونے کی صورت میں بینیفیشل مالک کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں ساتھ لائیں اور پر کسی اپنے
ساتھ پر کسی کا پر شدہ فارم بھی لائے۔
- (e) کارپوریٹ ادارے کی جانب سے نامزد پر کسی کی صورت میں، بورڈ آف ڈائریکٹرز کی منظوری / پاور آف اٹارنی اور پر کسی کی
تصدیق شدہ شناختی کارڈ یا پاسپورٹ کی کاپی پر کسی فارم کے ساتھ جمع کروانی ہے۔
- (f) شیئرز کے بینیفیشل مالک اور وہ جن کے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ میں ہیں ان سے درخواست کی جاتی ہے کہ وہ
اپنی کمپیوٹرائزڈ شناختی کارڈ اپنے ساتھ لائیں اور اپنے سی ڈی سی اکاؤنٹ یا سب اکاؤنٹ نمبر بھی لائیں تاکہ شناخت میں کوئی مسئلہ نہ
ہو۔ پر کسی کی صورت میں پر کسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپیاں، اکاؤنٹ یا سب اکاؤنٹ نمبر اور شریک کا آئی
ڈی نمبر پر کسی فارم کے ساتھ کمپنی کے رجسٹرار آفس میں جمع کروانا ہے۔ پھر اگر آف 11 کے مطابق دو گواہان جن کے نام، پتے، اور
شناختی کارڈ نمبر پر کسی فارم پر واضح درج ہوں اور بینیفیشل مالک کے شناختی کارڈ کی کاپیاں تصدیق شدہ یا پاسپورٹ کی تصدیق شدہ
کاپی لازم ہو۔ کارپوریٹ ممبران کی پر کسی کے حوالے سے، بورڈ آف ڈائریکٹرز کی منظوری۔ پاور آف اٹارنی جس پر نامزد کردہ کے
دستخط ہوں، ملاقات سے پہلے سامنے لانے ہیں (بصورت دیگر کہ یہ پہلے ہی شیئرز رجسٹرار کے پاس جمع کروادیئے گئے ہوں)۔
- ۴۔ 17 اکتوبر 2022 کو کاروبار کے اختتام پر کمپنی کے رجسٹرار کو موصول ہونے والی سینٹرل ڈپازٹری سسٹم کے تحت شیئرز کی فزیکل منتقلی
اور جمع کرنے کی درخواست کو مینٹگ میں شرکت اور ووٹ دینے کی اجازت سمجھا جائے گا۔

نوٹس برائے سالانہ جنرل میٹنگ

ٹیکسٹ کیپیٹل لمیٹڈ کی تیرہویں سالانہ جنرل میٹنگ کا نوٹس دیا جا رہا ہے جس کا انعقاد کمپنی کے رجسٹرڈ آفس، بمقام سیکنڈ فلور، امپیریل کورٹ، ڈاکٹر ضیاء الدین احمد روڈ، کراچی میں بروز جمعہ 25 اکتوبر بوقت صبح 09:00 بجے ہوگا جس میں درج ذیل امور زیر بحث لائے جائیں گے۔

عارضی کاروبار

- ۱۔ 22 ستمبر 2021ء کو منعقدہ بارہویں سالانہ جنرل میٹنگ کی روئیداد کی تصدیق کرنا۔
- ۲۔ 30 جون 2022ء کو ختم ہونے والے مالی سال کے لئے کمپنی کے آڈٹ شدہ مالیاتی حسابات کی وصولی اور منظوری کے علاوہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ بھی شامل ہے۔
- ۳۔ بورڈ آف ڈائریکٹرز کی طرف سے تجویز کردہ ممبران کے پاس رکھے گئے ہر 10 حصص کے لئے 1.5 حصص کے تناسب سے @ 15% مکمل ادا شدہ بونس شیڈرز بونس پر غور کرنا اور اسے منظور کرنا
- ۴۔ 30 جون 2023 کو ختم ہونے والی مدت کے لئے آڈیٹرز کی تقرری کو منظور کرنا ریٹائرڈ ہونے والے آڈیٹر میسرز KPMG ٹاٹیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس نے 30 جون 2023 کو ختم ہونے والی مدت کے لئے آڈیٹر کے طور پر کام جاری رکھنے میں اپنی معزرت ظاہر کی ہے کہ وہ الیکٹرونک بریکنگ انڈسٹری چھوڑ رہے ہیں۔
- ۵۔ بورڈ آف ڈائریکٹرز نے گرانٹ تھورنٹن انجمن رحمان یا بیکر ٹیلی مود اور ایس قمر کی تقرری کی سفارش کی دونوں نے آڈیٹر کے طور پر کام کرنے پر رضامندی ظاہر کی ہے
- سیکورٹی اینڈ اینکپیجیشن آف پاکستان کے SRO نمبر 4701 مورخہ 31 مئی 2016 کے مطابق آڈٹ شدہ مالیاتی اسٹیٹمنٹس
- آڈیٹر کی رپورٹ اور ڈائریکٹرز کی رپورٹ وغیرہ (سالانہ آڈٹ شدہ اکاؤنٹس) ممبران کو ہارڈ کاپی کے بجائے الیکٹرونک اور ڈیجیٹل ذرائع CD/DVD/USB یا دیگر قابل قبول اور اس کے مطابق ذرائع سے ان کے رجسٹرڈ یا فراہم کیے گئے پتے پر ارسال کرنے پر غور کرنا اور منظوری دینا۔
- ۶۔ کمپنیز ایکٹ 2017 کے سیکشن 159 کے تحت تین سال کی مدت کیلئے کمپنی کے سات ڈائریکٹرز کا انتخاب کرنا۔ ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں، جو دوبارہ انتخاب کے اہل ہیں:

- ۱۔ یغینینٹ جنرل طارق وسیم غازی (ریٹائرڈ)
- ۲۔ محمد نجم علی
- ۳۔ حنا خان
- ۴۔ محمد ذوالقرنین محمود خان
- ۵۔ علی اختر علی
- ۶۔ ملک خرم شہزاد
- ۷۔ حسن شاہد نواز

۷۔ چیئر کی اجازت سے سالانہ عام اجلاس میں پیش کئے جانے والے دیگر امور کی منظوری لینا

بنگم بورڈ
محمد نجم علی
چیف ایگزیکٹو

کراچی
4 اکتوبر 2022

ایکسٹرنل آڈیٹرز:

ریٹائر ہونے والے آڈیٹرز میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس جنہوں نے دوبارہ تقرر کیلئے پیشکش کی ہے، لہذا بورڈ آف ڈائریکٹرز نے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کو کمپنی کیلئے ختم ہونے والے مالیاتی سال 30 جون 2023 کیلئے بطور آڈیٹرز تقرر کیلئے آڈٹ کمیٹی کو سفارش کی ہے۔

اظہار تشکر:

نیکسٹ کیپیٹل لمیٹڈ کی انتظامیہ نے کمپنی کے تمام اسٹیک ہولڈرز کو دل کی گہرائیوں سے تحسین پیش کیا ہے جس میں معزز کلائنٹس، محنتی ملازمین، بینکرز، کنسلٹنٹس اور دیگر کاروباری شرکاء شامل ہیں، ہم سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان (ایس ای سی پی)، اسٹیٹ بینک آف پاکستان (ایس بی پی)، پاکستان اسٹاک ایکسچینج لمیٹڈ (پی ایس ایکس) اور فنانشل مارکیٹ ایسوسی ایشن (ایف ایم اے) کا ان کے بہترین تعاون اور سپورٹ پر شکریہ ادا کرتے ہیں۔

بتوسط بورڈ آف ڈائریکٹرز



علی اختر علی
ڈائریکٹر



محمد نجم علی
چیف ایگزیکٹو آفیسر

مورخہ 23 اگست 2022ء

بورڈ کی کمیٹیاں:

بورڈ نے ممبران پر مشتمل درج ذیل کمیٹیاں تشکیل دی ہیں:

(a) آڈٹ کمیٹی:

جناب حسن شاہنواز	چیئر مین، آزاد ڈائریکٹر
جناب ایم ذوالقرنین محمود خان	ممبر

(b) ہیومن ریسورس اور ریٹرنیشن کمیٹی:

جناب حسن شاہنواز	چیئر مین، آزاد ڈائریکٹر
جناب ایم ذوالقرنین محمود خان	ممبر
محترمہ حہ خان	ممبر

کریڈٹ ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے کمپنی کو 'A-/A-2' (اے مائنس / اے مائنس ٹو) کی درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کا آؤٹ لک "مستحکم" ہے۔ اجراء کنندہ کار ریٹنگ اسکیل جسے وی آئی ایس نے بہتر کریڈٹ کوالٹی، حفاظتی عوامل کے طور پر بیان کیا ہے۔ معیشت میں ممکنہ تبدیلیوں کے ساتھ خطرے کے عوامل مختلف ہو سکتے ہیں۔

انتظامی ریٹنگ:

وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے انتظامیہ کو "BMR2++" (بی ایم آر ٹو پلس پلس) کی درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کا آؤٹ لک "مستحکم" ہے۔ اجراء کنندہ کی درجہ بندی VIS کی طرف سے مضبوط ریگولیٹری تعمیل کی سطح، مناسب انٹرل کنٹرول، ایچ آر اینڈ آئی ٹی سروسز، رسک مینجمنٹ اور فنانشل مینجمنٹ کے ساتھ مناسب ابتدائی کنٹرول فریم ورک کلائنٹ ریلیشن شپ کے طور پر بیان کی گئی ہے۔

کارپوریٹ اور سماجی ذمہ داریاں:

کمپنی ایک ذمہ دار کارپوریٹ ادارہ ہونے کے ناطے ہمیشہ کمپنی کیلئے کام کرنے والے افراد، کمپنی کے کام کی جگہ کے ارد گرد کے لوگوں اور مجموعی طور پر معاشرے کے لئے اپنی ذمہ داریوں سے آگاہ ہے۔

بورڈ آف ڈائریکٹرز کی میٹنگ:

ماہیتی سال 2021-2022 کے دوران بورڈ کی چار میٹنگز منعقد ہوئیں جن میں ڈائریکٹرز کی حاضری درج ذیل ہے:

نام	عہدہ	حاضری
لیفٹنٹ جنرل طارق وسیم غازی (ریٹائرڈ)	ڈائریکٹر/چیئر مین	3
جناب نجم علی	ڈائریکٹر/چیف ایگزیکٹو آفیسر	4
محترمہ حید خان	ڈائریکٹر	3
جناب ایم ذوالقرنین محمود خان	ڈائریکٹر	3
جناب ایم زبیر الہی (مستعفی)	ڈائریکٹر	3
جناب حسن شاہنواز	ڈائریکٹر	3
جناب خرم شہزاد	ڈائریکٹر	3

بورڈ کی تشکیل:

۱۔ ڈائریکٹرز کی کل تعداد 7 ہے جو کہ درج ذیل ہے:

(الف) مرد: چھ

(ب) عورت: ایک

۲۔ بورڈ کی تشکیل درج ذیل ہے:

درجہ بندی	نام
آزاد ڈائریکٹرز	لیفٹنٹ جنرل طارق وسیم غازی (ریٹائرڈ) جناب حسن شاہنواز
نان ایگزیکٹو ڈائریکٹرز	جناب محمد ذوالقرنین محمود خان محترمہ حید خان جناب ملک خرم شہزاد
ایگزیکٹو ڈائریکٹرز	جناب محمد نجم علی ڈاکٹر علی اختر علی

تفصیل کا بیان:

- (اے) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کمیشن فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- (بی) کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- (سی) مناسب اکاؤنٹنگ پالیسیوں کے تسلسل کو مالیاتی گوشوارے کی تیاری میں لاگو کیا گیا ہے۔ اکاؤنٹنگ کے اندازے ماہرانہ اور محتاط فیصلوں پر مبنی ہوتے ہیں۔
- (ڈی) مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، اوپنیز ایکٹ 2017 اور جیسا کہ مالی بیانات کے نوٹ نمبر 2 میں بھی بیان کیا گیا ہے، کے تحت ان کی بیرونی کی گئی ہے۔
- (ای) انٹرئل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- (ایف) آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- (جی) کارپوریٹ گورننس کے بہترین طریقوں میں سے کسی بھی مواد سے انحراف نہیں کیا گیا، جیسا کہ لسٹنگ ریگولیشنز میں تفصیل سے بیان کیا گیا ہے۔
- (ایچ) موجودہ سال اور گزشتہ سالوں کے اہم آپریشننگ اور مالیاتی ڈیٹا سالانہ جنرل میٹنگ کے نوٹس میں واضح ہیں۔
- (آئی) 30 جون 2022ء کو ختم ہونے والے سال کیلئے کسی بھی ڈیویڈنڈ کا اعلان نہیں کیا گیا۔
- (جے) مینیسٹر، ڈیویڈنڈ، لیونز اور دیگر چار بڑے اکاؤنٹ پر کوئی ادائیگی واجب الادا نہیں ہے جو کہ 30 جون 2022 سے متعلق ہے، سوائے ان کے جو مالیاتی بیانات میں ظاہر کئے گئے ہیں۔
- (کے) تمام مواد میں تبدیلی اور ارادے جس کی وجہ سے کمپنی کی مالیاتی پوزیشن، بیلنس شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کی تاریخ پر اثر پڑا ہے جس کا ذکر رپورٹ میں درج ہے۔
- (ایل) تین ڈائریکٹرز نے ڈائریکٹر ٹینگ پروگرام کے تحت تربیت حاصل کی ہے۔
- (ایم) ڈائریکٹرز، ایف، ای، ای او، کمپنی سیکریٹری، ہیڈ آف انٹرئل آڈٹ اور ان کے شریک حیات اور نابالغ بچوں نے دوران سال کمپنی کے شیئرز میں کوئی لین دین نہیں کیا اور
- (این) شیئر ہولڈنگ کا طریقہ کار مالی بیانات کے بعد ظاہر کیا جائے گا۔

مستقبل کا نظریہ:

آگے بڑھتے ہوئے، پاکستان کے میکرو اکنامک اشاروں کی مجموعی سمت کا زیادہ تر انحصار بین الاقوامی اشیاء کی قیمتوں بشمول خوراک اور توانائی کی قیمتوں، آئی ایم ایف پروگرام کو جاری رکھنے کے لیے حکومت اور اسٹیٹ بینک کے پالیسی اقدامات اور ملک کے سیاسی منظر نامے پر ہے۔ بین الاقوامی اجناس کی قیمتوں میں حالیہ گراؤٹ کے رجحانات بالخصوص خام تیل، پام آئل اور کپاس، حکومت کی درآمدات کو محدود کرنے والی پالیسیوں کے ساتھ مل کر، ملک کے بیرونی کھاتے پر مثبت اثرات مرتب کرنے کا امکان ہے۔ تاہم، جولائی 2022 میں آئی ایم ایف اسٹاف اور مقامی حکام کے درمیان اسٹاف لیول معاہدے کے بعد آئی ایم ایف اور دوست ممالک سمیت دیگر ذرائع سے قسط کی وصولی تک مقامی کرنسی پر مسلسل دباؤ کم ہونے کی توقع نہیں ہے۔ پالیسیوں، بلند شرح سود، اور بلند افراط زر جس کا تخمینہ 18-20% کی حد میں رہنے کا تخمینہ ہے، کی وجہ سے اگلے سال کے دوران ترقی کی رفتار کم ہونے کی توقع ہے۔

گھریلو ایکویٹی مارکیٹ کی کارکردگی کا نقطہ نظر بڑی حد تک بیرونی اور اندرونی عوامل پر منحصر ہے۔ بین الاقوامی اشیاء کی قیمتوں میں رجحان اور دنیا کے مجموعی اقتصادی نقطہ نظر کے اثرات پاکستان کے بیرونی کھاتے کے ساتھ ساتھ افراط زر، شرح مبادلہ اور شرح سود پر پڑیں گے۔ جبکہ ملکی سیاسی منظر نامے بشمول انتخابات کے لیے ناٹم لائن، مالیاتی استحکام کے لیے موجودہ حکومت کے پالیسی اقدامات اور گردش قرضے سمیت طویل عرصے سے زیر التوا مسائل کے حل، اور آئی ایم ایف اور دیگر دوست ممالک اور ڈونر ایجنسیوں کی حمایت میں مستقل مزاجی سے ممکنہ طور پر مدد ملے گی۔ مارکیٹ کی تاریخی کم قیمتوں کو مد نظر رکھتے ہوئے بورڈ کا خیال ہے کہ ایکویٹی مارکیٹ کی قیمتیں بڑی حد تک منفی رہی ہیں جب کہ آئی ایم ایف پروگرام کے دوبارہ شروع ہونے اور "چارٹر آف اکانومی" کے لیے تمام سیاسی قوتوں کو اکٹھا کرنا ضروری اقدامات کے نفاذ کی راہ ہموار کرے گا۔

دوران سال کمپنی نے ایک آن لائن مالیاتی خدمات کی مصنوعات تیار کرنے کا فیصلہ کیا جس کے لیے ایک انتہائی قابل ٹیم کی خدمات حاصل کی گئی ہیں۔ نیکیٹ نے پہل کے حصے کے طور پر ایک تجارتی سافٹ ویئر بھی حاصل کیا۔

چونکہ ہماری بروکرینج کی آمدنی مسلسل دباؤ میں رہتی ہے، نیکیٹ دیگر ذرائع سے خاص طور پر سرمایہ کاری بینکنگ میں آمدنی تلاش کرنا جاری رکھے گا۔ ہمارے پاس اچھے مینڈیٹ ہیں اور کامیابی سے مکمل ہونے کی صورت میں یہ ہماری باٹم لائن میں اہم کردار ادا کریں گے۔

کی بلند بین الاقوامی قیمتوں اور کمزور پاکستانی روپے نے آئل اینڈ گیس ای اینڈ پی سیکٹر کو سہارا دیا۔ شیخ مارک انڈیکس سے کم کارکردگی دکھانے والے بڑے شعبے سیمنٹ، میکینالوجی اور بینک تھے۔ کوئلے کی زیادہ قیمتیں، اور طلب میں متوقع سست رومی کے ساتھ ساتھ بلند شرح سود نے سیمنٹ کے ذخائر کو دباؤ میں رکھا۔ میکینالوجی میں کی بنیادی طور پر TRG کی وجہ سے تھی جبکہ مقامی ٹیک اسٹاک نے بھی دنیا بھر میں ڈی ریٹنگ کی پیروی کی۔ بجٹ میں زیادہ ٹیکس لگانے کی وجہ سے بینک پیچھے رہ گئے۔

مالیاتی کارکردگی:

سال کے منافع میں دو وجوہات کی بنا پر کمی دکھائی گئی۔ بروکریج کے حجم میں کمی آئی اور اسی طرح بروکریج کی آمدنی کو شدید نقصان پہنچا اور 45% کی کمی واقع ہوئی۔ ہمیں بنیادی طور پر PSX کے شیئرز پر اپنی سکیورٹیز پر 38 ملین روپے کا کیپیٹل خسارہ نقصان ہوا جو ہماری کم از کم سرمائے کی ضروریات کو پورا کرنے کے لیے استعمال ہوتے ہیں۔ ہم نے گزشتہ سال ان سکیورٹیز میں کیپیٹل گین پوسٹ کیا تھا۔ انتظامیہ کو امید ہے کہ جب مارکیٹ میں بہتری آئے گی تو یہ خسارہ منافع میں تبدیل ہو جائے گا۔

بروکریج آمدنی میں ہونے والے نقصان کی تلافی ایڈوائزری آمدنی سے ہوئی جس میں 360% کا اضافہ ہوا۔

تشویش کا باعث ہمارے کارپوریٹ ٹیکس کی موثر شرح ہے جو کم از کم ٹیکس کے واقعات کی وجہ سے 50% سے زیادہ ہو گئی ہے۔ انتظامیہ بورڈ کو اس امتیازی ٹیکس کے خلاف آئینی پیشینداز کرنے کی سفارش کرے گی کیونکہ یہ ہمارے شیئرز ہولڈرز کے مفاد میں نہیں ہے۔

کمپنی کی مالیاتی کارکردگی:

2020-21	2021-22	
(روپے ملین میں)	(روپے ملین میں)	
7,085	49,482	یکم جولائی کو مجموعی منافع
81,998	30,779	سال کا خالص منافع
(45,000)		دوران سال جاری کردہ پولس شیئرز
5,398		FVOCI میں ہونے والی سرمایہ کاری پر خالص منافع
49,482	80,260	30 جون کو (مجموعی خسارہ) / غیر مختص منافع
1.66	0.62	فی شیئر آمدنی روپے میں

حکومت نے آنے والے سال کے لیے 0.2% کے بنیادی سرپلس کو حاصل کرنے کا ایک جرات مندانہ ہدف بھی مقرر کیا ہے جس کا موازنہ گزشتہ سال کے تخمینہ 2.4% کے خسارے اور مالی سال 2020-21 میں حاصل کردہ 1.2% خسارے سے کیا جاسکتا ہے۔ FBR کے ٹیکس ریویو کو بڑھانے پر سب سے زیادہ توجہ مرکوز کی گئی جس کا ہدف 23% بڑھا کر 7.5 ٹریلین روپے (GDP کا 9.6%) سے زیر جائزہ سال کے دوران تخمینہ شدہ 6.1 ٹریلین روپے (GDP کا 9%) کر دیا گیا جس کا موازنہ گزشتہ سال کے 4.8 ٹریلین روپے (GDP کا 8.5%) سے کیا جاسکتا ہے۔ آئندہ سال مالی توازن کا ہدف حاصل کرنے میں حکومت کی مدد کیلئے سبسڈی میں کمی اور دیگر اخراجات میں کٹوتی کے ساتھ ساتھ تخمینہ شدہ پروڈیوسر پرائس انڈیکس کا تخمینہ لگایا گیا ہے۔

ایکویٹیز مارکیٹ کی کارکردگی کا جائزہ:

زیر جائزہ سال کے دوران، بینچ مارک KSE-100 میں 5,815 پوائنٹس یعنی 12.3 فیصد کمی ہوئی اور 41,541 کی سطح پر بند ہوا۔ امریکی ڈالر کے لحاظ سے انڈیکس میں 42.3% کمی ہوئی۔ ستمبر 2021 سے سخت مانیٹری پالیسی کے ساتھ مارکیٹ ایک وسیع رینج سے آگے بڑھ رہی تھی۔ تاہم، روز اور یوکرین جنگ کے بعد، غیر مستحکم سیاسی منظر نامہ، آئی ایم ایف پروگرام پر غیر یقینی صورتحال، غیر ملکی زرمبادلہ کے ذخائر میں تیزی سے کمی اور پاکستانی روپے کی قدر میں کمی کی وجہ سے پاکستان کا بین الاقوامی سطح پر ڈیفالٹر ہونے کا خطرہ پیدا ہوا اور پاکستان کے آؤٹ لک میں کمی نے حالات کو مزید خراب کر دیا اور 18 اپریل 2022 کو KSE100 انڈیکس نے تقریباً 46,540 کی سطح سے 13 جون 2022 کو 40,880 کی سطح پر 2022-23 کے بجٹ کے اعلان کے بعد ایک نیا موڑ لیا جس کے مارکیٹ پر منفی اثرات مرتب ہوئے جس میں آئی ایم ایف کی سہولت کے حصول کے لیے سخت لیکن ضروری اقدامات شامل ہیں۔

میکرو اکنامک اور سیاسی بے یقینی کی صورتحال کے باعث سرگرمیوں میں کمی آئی:

دوران سال، MSCI نے پاکستان کو ابھرتی ہوئی مارکیٹوں سے فرنیچر مارکیٹس میں دوبارہ درجہ بندی دی۔ غیر ملکی سرمایہ کاروں نے مالی سال 2022 کے دوران 297.5 ملین امریکی ڈالر مالیت کی ایکویٹیز آف لوڈ کیں۔ انفرادی اہم خریدار ہے جس کے بعد بینک/DFIs اور کمپنیاں تھیں۔ انہوں نے بالترتیب 157 ملین امریکی ڈالر، 115 ملین امریکی ڈالر اور 111 ملین امریکی ڈالر کی ایکویٹی خریدی۔ غیر ملکی سرمایہ کاروں کے علاوہ، میوچل فنڈز نے بھی 128 ملین امریکی ڈالر مالیت کی ایکویٹی آف لوڈ کی جس کی وجہ سے مقررہ آمدنی والے فنڈز کے مقابلے میں ایکویٹی فنڈز کو غیر پرکشش بناتی ہے۔ مارکیٹ میں مجموعی سرگرمی نمایاں طور پر کم ہو گئی جس میں اوسط یومیہ تجارت کا حجم اور قدر میں بالترتیب 44.7% اور 49.7% کی کمی واقع ہوئی، جو کہ بالترتیب 291.8 ملین شیئرز اور 9.7 ملین روپے ہو گئے۔

دقائی اور زیادہ منافع بخش شعبوں نے KSE100 انڈیکس سے بہتر کارکردگی کا مظاہرہ کیا:

زیر جائزہ سال کے دوران بڑے شعبوں میں سے، صرف فریٹلائزر، کیمیکل، اور تیل اور گیس کی تلاش اور پیداوار سب سے زیادہ کارکردگی کا مظاہرہ کرنے والے شعبے تھے۔ فریٹلائزر نے نسبتاً مستحکم کاروباری نقطہ نظر کے ساتھ پیش کش میں زیادہ منافع بخش پیداوار کی وجہ سے اچھی کارکردگی کا مظاہرہ کیا، جبکہ اعلیٰ بین الاقوامی مارجن نے کیمیکل کے شعبے کو سپورٹ کیا۔ سرکلر ڈیٹ کے جزوی حل کی توقعات کے ساتھ ساتھ تیل

آئی ایم ایف پروگرام کے دوبارہ تاخیر سے شروع ہونے کے باعث ذخائر اور شرح مبادلہ کو نقصان پہنچا:

ملک کے زرمبادلہ کے ذخائر گزشتہ سال کے 24.4 بلین امریکی ڈالر سے کم ہو کر زیر جائزہ سال کے دوران 15.5 بلین امریکی ڈالر رہ گئے۔ اسٹیٹ بینک کے پاس ذخائر گزشتہ سال کے 17.3 بلین امریکی ڈالر سے کم ہو کر دوران سال 9.8 بلین امریکی ڈالر رہ گئے۔ زیر جائزہ سال کے اختتام پر اسٹیٹ بینک کے ذخائر کا کل درآمدی احاطہ 1.4 ماہ سے بھی کم رہا جو کہ بہت کم ہے۔ بیرونی اکاؤنٹ پر شدید دباؤ کے نتیجے میں، 22 جون 2022 کو پاکستانی روپیہ امریکی ڈالر 211.93 کی کم ترین سطح کو چھونے کے بعد زیر جائزہ سال کے دوران امریکی ڈالر کے مقابلے میں پاکستانی روپے میں 30 فیصد کمی ہوئی اور امریکی ڈالر 204.85 روپے ہو گیا۔ ملکی کرنسی کی قدر میں زبردستی کمی کے دیگر عوامل میں افراط زر کے دباؤ کے درمیان امریکہ اور دیگر ترقی یافتہ معیشتوں کی جانب سے شرح سود میں اضافہ شامل ہے۔ ملک کی اہم کمزوریوں اور طویل مدتی استحکام اور پائیداری کے لیے آئی ایم ایف کے پالیسی اقدامات پر عمل درآمد جاری رکھنے کی حکومت کی صلاحیت پر خطرات کو مد نظر رکھتے ہوئے، سیاسی غیر یقینی صورتحال کے درمیان، موڈیز نے، بعد ازاں دیگر بین الاقوامی ریٹنگ ایجنسیوں نے، پاکستان کے نقطہ نظر کو مستحکم سے منفی کر دیا جس کے نتیجے میں پاکستان کے بین الاقوامی بائزر کی پیداوار میں نمایاں اضافہ ہوا۔

زیادہ شرح سود اور بلند افراط زر جارحانہ پالیسی اقدامات کا باعث بنے:

ترقی کی رفتار جو وبائی مرض سے تیزی سے "V" کی شکل میں بحالی کے طور پر شروع کی گئی تھی، زیر جائزہ سال کے دوران بھی جاری رہی۔ 2019-20 کے دوران 1% کمی کے بعد گزشتہ سال کے دوران رجسٹرڈ 5.7% کے مقابلے میں گزشتہ سال پر ویڈیو ریل GDP شرح نمو 6% ہے۔ زراعت، مینوفیکچرنگ اور خدمات کے شعبوں میں بالترتیب 4.4%، 7.2%، اور 6.2% کی شرح نمو کا تخمینہ لگایا گیا ہے، جو گزشتہ سال بالترتیب 3.5%، 7.8%، اور 6% تھا۔ یہ گزشتہ سالوں کے دوران حکومت اور اسٹیٹ بینک کی مالی اور مالیاتی پالیسیوں کا نتیجہ تھا۔ تاہم، زیر جائزہ سال کے دوران، اسٹیٹ بینک آف پاکستان نے مائیکرو پالیسی کی توجہ ترقی کی حوصلہ افزائی سے مہنگائی کا مقابلہ کرنے پر مرکوز کر دی۔ زیر جائزہ سال کے ابتدائی چند مہینے سنگل ہندسوں میں رہنے کے بعد، خوراک اور توانائی کی بلند قیمتوں کی وجہ سے مہنگائی میں بتدریج اضافہ ہوا جس کے باعث نومبر 2021 سے دوہرے ہندسے والی اشیاء میں مہنگائی کی شرح 21.3 فیصد کی 13 سال سے زیادہ کی بلند سطح کو چھونے لگی۔ جون 2022 میں حکومت نے پٹرولیم مصنوعات اور بجلی کے نرخوں پر سبسڈی ختم کرنے کے ساتھ ساتھ خوراک کی مسلسل بلند افراط زر کو ختم کرنے کا فیصلہ کیا۔ زیر جائزہ سال کے دوران اوسط افراط زر گزشتہ سال کے 8.9 فیصد کے مقابلے میں 12.2 فیصد رہی۔ ستمبر 2021 میں پالیسی کی شرح کو 7% سے بڑھا کر سال کے آخر تک 13.75% اور اس کے بعد جولائی 2022 میں 15% کرنا شروع کیا گیا تھا جہاں 6 ماہ کا KIBOR پہلے ہی زیر جائزہ سال کے اختتام پر 15.5% کے قریب منڈلا رہا تھا۔ زیر جائزہ سال کے دوران اسٹیٹ بینک کی جانب سے نقد ذخائر کی ضروریات، اور ایکسپورٹ فننس اسکیم اور طویل مدتی مالیاتی سہولت پر شرح میں بھی اضافہ کیا گیا۔

مالی سال 2022-23 کا بجٹ۔ انتہائی ضروری مالی استحکام کا مقصد:

انتہائی ضروری مالیاتی استحکام کا مقصد مالی سال 2022-23 کے بجٹ ہے، جہاں مجموعی مالیاتی خسارے کا ہدف GDP کا 4.9% ہے جبکہ اس سال کے لیے GDP کے 7.1% کا تخمینہ مالی سال 2020-21 کے دوران خسارے کے مقابلے میں 6.1% حاصل کیا گیا ہے۔

ڈائریکٹرز رپورٹ برائے سال 2022ء

ہم نیکسٹ کیپٹل لمیٹڈ کے بورڈ آف ڈائریکٹرز کے توسط سے اختتامی سال 30 جون 2022ء کے مالیاتی گوشوارے پیش کرتے ہوئے مسرت کا اظہار کرتے ہیں۔

اقتصادی جائزہ:

30 جون 2022 کو ختم ہونے والا زیر جائزہ سال نہ صرف پاکستان کیلئے کیونکہ اسے معیشت اور سیاست کے متعدد چیلنجز کا سامنا ہے بلکہ شرح نمو میں کمی اور مہنگائی کے بڑھتے ہوئے دباؤ کے ساتھ پوری دنیا کے لیے ایک چیلنجنگ سال رہا۔ روس اور یوکرین جنگ کے باعث اجناس کی قیمتیں آسمان کی بلندی تک پہنچ گئیں جس نے عالمی طلب کی فراہمی کی حرکیات، افراط زر اور ترقی کے نقطہ نظر کو منفی طور پر متاثر کیا۔ دنیا بھر کے مرکزی بینک افراط زر کے دباؤ کا مقابلہ کرنے کے لیے تیزی سخت پالیسیاں اختیار کر رہے ہیں، جس سے عالمی کساد بازاری کا خطرہ بڑھ گیا ہے۔ میکرو اکنامک چیلنجز کے علاوہ، پاکستان کا سیاسی میدان خاص طور پر زیر جائزہ سال کے آخری حصے میں کردار کا فی فعال رہا، جو بالآخر عدم اعتماد کے ووٹ کے ذریعے حکومت میں تبدیلی کی صورت میں سامنے آیا جس نے سیاسی افراط تفری اور بد امنی کو بڑھا دیا۔ نئے سیٹ اپ کو شدید معاشی عدم توازن کا سامنا تھا اور اسے پیٹرولیم مصنوعات اور بجلی کے نرخوں پر سبسڈی ختم کرنے کے سخت فیصلے لینے پر مجبور کیا گیا جس کی وجہ سے افراط زر کے دباؤ میں اضافہ ہوا۔ طویل عرصے سے تعطل کا شکار آئی ایم ایف پروگرام کو دوبارہ شروع کرنے کے لیے یہ فیصلے ناگزیر تھے۔

اشیاء کی زیادہ قیمتوں کے باعث 17.4 بلین امریکی ڈالر کا کرنٹ اکاؤنٹ خسارہ ہوا:

اجناس کی زیادہ قیمتوں اور گزشتہ سال کی مضبوط اقتصادی ترقی کے ٹیل ونڈز کے باعث پاکستان کے بیرونی کھاتوں کی صورتحال کمزور رہی۔ زیر جائزہ سال کے دوران اوسط ماہانہ کرنٹ اکاؤنٹ خسارہ 1.5 بلین امریکی ڈالر تھا، جو جنوری 2022 میں 2.5 بلین امریکی ڈالر تک پہنچ گیا۔ گزشتہ سال کے 2.8 بلین امریکی ڈالر (GDP کا 0.8%) کے مقابلے میں آنے والے سال کا کل کرنٹ اکاؤنٹ خسارہ 17.4 بلین امریکی ڈالر (GDP کا 4.6%) ریکارڈ کیا گیا۔ نمایاں طور پر بین الاقوامی اشیاء کی زیادہ قیمتوں کے ساتھ شرح نمو کے حجم، درآمدات میں گزشتہ سال کے 54.3 بلین امریکی ڈالر کے مقابلے میں زیر جائزہ سال کے دوران 32.8 فیصد اضافے کے ساتھ 72 بلین امریکی ڈالر کا اضافہ ہوا۔ اشیاء کی درآمدات میں شرح نمو 26.6 فیصد رہی جو 32.5 بلین امریکی ڈالر تک پہنچ گئی۔ گڈز میں تجارت کا مجموعی توازن گزشتہ سال کے 28.6 بلین امریکی ڈالر سے بڑھ کر زیر جائزہ سال کے دوران 39.6 بلین امریکی ڈالر ہو گیا۔ زیر جائزہ سال کے دوران سروسز کا خسارہ بھی گزشتہ سال کے 2.5 بلین امریکی ڈالر سے بڑھ کر 5.2 بلین امریکی ڈالر ہو گیا۔ ترسیلات زر، عالمی سست روی اور افراط زر کے دباؤ کے باوجود، پاکستان کے بیرونی کھاتے کو مدد فراہم کرتی رہیں اور گزشتہ سال کے مقابلے میں 31.2 بلین امریکی ڈالر کی درآمدات میں 6.1 فیصد اضافہ ہوا۔ آئی ایم ایف پروگرام کے چھٹے جائزے کی تکمیل اور فروری 2022 میں 1.1 بلین امریکی ڈالر کی وصولی کے بعد، مالی استحکام کے لیے آئی ایم ایف گائیڈ لائنز کے ساتھ حکومت کی متضاد پالیسیوں کی وجہ سے اگلے جائزے رک گئے۔ گزشتہ سال کے دوران ادائیگی کا مجموعی توازن 5.6 بلین امریکی ڈالر کی خالص درآمدات کے مقابلے میں زیر جائزہ سال 6.3 بلین امریکی ڈالر کے منفی توازن کے ساتھ بند ہوا۔



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