

# Annual Report 2021



NEXT CAPITAL LIMITED

## Table of Contents

1. COMPANY INFORMATION .....	03
2. NOTICE OF ANNUAL GENERAL MEETING .....	04
3. FINANCIAL HIGHLIGHTS .....	06
4. CHAIRMANS' REPORT .....	07
5. DIRECTORS' REPORT .....	08
6. REVIEW REPORT ON STATEMENT OF COMPLIANCE .....	13
7. STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE .....	14
8. AUDITORS' REPORT TO THE MEMBERS .....	16
9. STATEMENT OF FINANCIAL POSITION AS AT JUNE 30, 2021.....	22
10. STATEMENT OF PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2021 .....	23
11. STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2021 .....	24
12. CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2021 .....	25
13. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2021 .....	26
14. NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021 .....	27
15. PATTERN OF SHAREHOLDING FORM 34 SHAREHOLDERS' STATISTICS .....	58
16. PROXY FORM .....	60

## *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

<b>Board of Directors</b>	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Muhammad Najam Ali Mr. Hasan Shahnawaz Mrs. Hanna Khan Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi Mr. Malik Khurram Shahzad	Non-Executive Director, Independent Director, Chairman Executive Director, Chief Executive Officer Non-Executive Director, Independent Director Non-Executive Director Non-Executive Director Non-Executive Director Non-Executive Director
<b>Audit Committee</b>	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mr. Muhammad Zubair Ellahi	Chairman, Independent Director Member Member
<b>Human Resource &amp; Remuneration Committee</b>	Mr. Hasan Shahnawaz Mr. M. Zulqarnain Mahmood Khan Mrs. Hanna Khan	Chairman, Independent Director Member Member
<b>Chief Financial Officer</b>	Ms. Sana Quadri	
<b>Company Secretary</b>	Mr. Mohammad Omair Rashid	
<b>Head of Internal Audit</b>	M. Rizwan Yousuf	
<b>External Auditors</b>	KPMG Taseer Hadi & Co., Chartered Accountants Sheikh Sultan Trust Building No.2 Beaumont Road, Karachi	
<b>Bankers</b>	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 Bank Ltd Faysal Bank Ltd	
<b>Tax Advisors</b>	Junaaidy, Shoaib, Asad & Co. Chartered Accountants 1/6-P, Block 6, PECHS, Mohtarma Laeeq Begum Road Off Shahrah-e-Faisal, Karachi	
<b>Legal Advisors</b>	Mohsin Tayebaly & Co. Barristers & Advocates 2 <sup>nd</sup> Floor Dime Centre, BC-4 Block 9 KDA Scheme 5, Clifton, Karachi	
<b>Rating Company</b>	VIS Credit Rating Company	
<b>Share Registrar</b>	FAMCO Associates (Pvt.) Limited 8-F, P.E.C.H.S. Block 6 Shahrah-e-Faisal, Karachi	
<b>Registered Office</b>	2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi	



*NOTICE OF 12th ANNUAL GENERAL MEETING*

Notice is hereby given that the **Twelfth (12<sup>th</sup>) Annual General Meeting (AGM)** of Next Capital Limited (the "Company") will be held on Wednesday, September 22, 2021 at 09:00 a.m. at the Registered Office of the Company situated at 2<sup>nd</sup> Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi to transact the following businesses:

**ORDINARY BUSINESS**

1. To confirm the minutes of the Eleventh (11<sup>th</sup>) Annual General Meeting (AGM) held on October 28, 2020.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2021 together with the Directors' Report (English and Urdu Version) and Auditor's Report thereon.
3. To approve the appointment of the Auditor for the year ending June 30, 2022 and fix their remuneration. The retiring Auditor, Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.
4. To consider and approve transmission of Annual Audited Financial Statements, Auditor's Report and Directors' Report etc. ("Annual Audited Accounts") to members through electronic & digital means CD/DVD/USB or other permissible compatible medium at their registered or notified address as allowed by the Securities and Exchange Commission of Pakistan under SRO 470(I) 2016 dated 31 May 2016 instead of transmitting in hard copy.
5. To transact any other business as may be placed before the meeting with the permission of the Chair.

**Karachi.**

**Dated: September 01, 2021**

**By order of the Board**

**Muhammad Najam Ali**  
**Chief Executive**

**NOTES**

- i. The Share Transfer Books of the Company will remain closed from September 15, 2021 to September 22, 2021 (both days inclusive).
- ii. 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 January 26, 2000 issued by the Securities and 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, CNIC 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 CNIC 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).
- iii. Physical transfers and deposit request under Central Depository System received at the close of the business on September 14, 2021 by the Company's registrar will be treated as being in time for entitlement to attend, participate in and vote at the meeting.
  - iv. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.
  - v. In the view of prevailing pandemic COVID-19 situation and in line with the directions issued to listed companies by the Securities & Exchange Commission of Pakistan vide its circular No.4 dated February 15, 2021 and subsequent Circular No.6 of 2021 dated March 03, 2021 the company has decided to hold Annual General Meeting (AGM) through electronic means.

Special arrangements for attending the AGM through electronic means will be as under:

- a) AGM will be held through zoom application – video link facility.
- b) Shareholders interested in attending the AGM through Zoom application are hereby requested to get themselves registered with the Company Secretary office by sending an email with the subject: "Registration for Next AGM" at the earliest but not later than 05:00 pm on Monday, September 21, 2021 on email: [co.secretary@nextcapital.com.pk](mailto:co.secretary@nextcapital.com.pk) along with the valid copy of both sides of CNIC.
- c) Shareholders are advised to mention their Name, Folio/CDC Account Number, CNIC Number, valid email address and cell number.

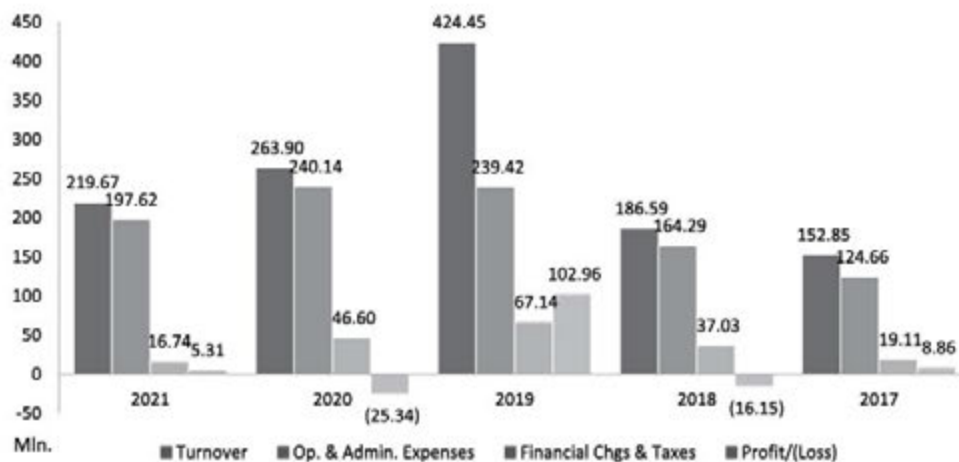
- d) Upon receipt of the above information from interested information, the company will send the login credentials at their email address. On the date AGM, shareholders will be able to login participate in the AGM proceedings through their smartphone/computer devices.
  - e) Shareholders can also provide their comments/suggestions for the proposed agenda items of the AGM on above email or WhatsApp: 0314-6398227
  - vi. 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](http://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.
- vii. 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 Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahrah-e-Faisal, Karachi Tel: + 92 21 34380103-5, 34384621-3 Fax: 3438 0106**



## FINANCIAL AND OPERATING HIGHLIGHTS YEAR ENDED 30 JUNE

	2021	2020	2019	2018	2017
----- Rupees in Thousands -----					
<b>Profit and Loss Account</b>					
Operating revenue	368,170	195,817	174,309	241,117	353,702
Investment gains - net	13,362	(1,676)	5,250	2,318	41,240
Other income	39,980	52,465	40,107	20,467	29,508
<b>Total Turnover</b>	<b>421,512</b>	<b>246,606</b>	<b>219,666</b>	<b>263,902</b>	<b>424,450</b>
<b>Operating &amp; administrative expenses</b>					
Financial cost	22,970	13,008	6,319	16,497	30,142
Profit/(loss) before taxation	111,054	36,477	15,725	4,769	139,960
<b>Profit/(loss) after taxation</b>	<b>81,998</b>	<b>17,794</b>	<b>5,307</b>	<b>(25,336)</b>	<b>102,961</b>
<b>Balance Sheet</b>					
Share capital	495,000	450,000	450,000	450,000	450,000
Reserves	49,482	(43,023)	(54,945)	(39,655)	40,186
Share holders equity - net of discount on issue of shares	<b>494,482</b>	<b>406,977</b>	<b>395,055</b>	<b>410,345</b>	<b>490,186</b>
Long term liabilities	31,322	32,614	-	-	-
Current assets	1,044,111	659,265	735,762	635,536	1,053,184
Current liabilities	673,698	344,509	430,867	286,958	653,738
<b>Total assets</b>	<b>1,199,501</b>	<b>784,099</b>	<b>825,922</b>	<b>697,302</b>	<b>1,143,924</b>
<b>Total liabilities</b>	<b>705,020</b>	<b>377,122</b>	<b>430,867</b>	<b>286,958</b>	<b>653,738</b>
<b>RATIOS</b>					
<b>Performance</b>					
Net Profit/(loss) Margin (%)	22.3%	9.1%	3.0%	-10.5%	29.1%
Profit/(loss) before tax (%)	30.2%	18.6%	9.0%	2.0%	39.6%
Expense/income (%)	78.1%	100.7%	113.4%	99.6%	67.7%
Return on equity (%)	16.6%	4.4%	1.3%	-6.2%	21.0%
Price Earning (%) - values before 2021 restated	11.3%	4.8%	2.0%	-5.4%	9.0%
<b>Leverage</b>					
Debt to equity (%)	38.8%	46.7%	50.6%	15%	21.9%
Interest cover (x)	5.11	1.35	(1.36)	(0.44)	4.85
<b>Liquidity</b>					
Current (x)	1.55	1.91	1.71	2.21	1.61
<b>Earning Per Share (EPS) - values before 2021 restated</b>	<b>1.66</b>	<b>0.36</b>	<b>0.11</b>	<b>(0.51)</b>	<b>2.08</b>
<b>Breakup Value/Net Assets per share - values before 2021 restated</b>	<b>9.99</b>	<b>8.22</b>	<b>7.98</b>	<b>8.29</b>	<b>9.90</b>
<b>Market Value Per Share</b>	<b>14.72</b>	<b>7.48</b>	<b>5.30</b>	<b>9.50</b>	<b>23.01</b>



## CHAIRMAN'S REPORT

It is my pleasure to present to you, the Annual Report for the year ended June 30, 2021.

Next Capital Limited (NCL) witnessed an immense growth in the year and was able to increase its profitability by 4.5 times as compared to the last year. The Board of Directors ("the Board") of NCL has performed its duties diligently and has managed the affairs of the Company effectively and efficiently keeping the best interest of all the stakeholders' in mind.

The Board and the management of the Company is working towards realignment of the Company's strategy with the global shift in the economic environment as well as the increased digitalization by offering real time investment decision making solution. NCL is making some re-structural changes to act proactively in these challenging times and increase its footprint both geographically and digitally.

NCL's Board of Directors comprises of people who are highly experienced professionals and bring expertise from various business disciplines. All directors are aware of their fiduciary responsibilities and fulfill these by playing an important role in providing strategic direction and necessary guidance to the management. The Board ensures utmost compliance to the Companies Act, 2017, the code of corporate governance, Rule book of PSX and other relevant laws and regulations.

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 the pandemic situation. We look forward to future success in the Company's endeavors.



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

August 20, 2021



## DIRECTORS' REPORT

### Economic Review & Outlook

During the year ended June 30, 2021, the global economy showed retaliation, with varying levels of success, against COVID-19, its subsequent variants and lockdown restrictions to bring some semblance of normality to economic activities and everyday lives. Vaccination proved to be humanity's biggest shield as suggested by lifting-off of strict lockdown restrictions in major advanced economies boasting higher vaccination outreach relative to emerging economies. According to the Economist's global normalcy index tracking return to pre-pandemic life, in July 2021 the current activity relative to pre-pandemic levels stood at 67 whereas in April 2020 this figure hovered near 35, indicating that we are halfway towards restoration to pre-pandemic life. IMF in its World Economic Outlook for July 2021 corroborates this stance by downgrading certain growth forecasts for emerging economies, whilst upgrading growth projections for developed ones relative to their projections in April 2021. The growth forecast for 2021 remains at 6%, which was expected at 5.4% during WEO June 2020. Moreover, the outlook for 2022 looks promising as well with IMF expectations of 4.9% growth, increased by 0.5% in latest review.

During this difficult time-period Pakistan's response in fighting-off COVID-19 and the subsequent resurgence of cases has been exemplary, receiving widespread acclaim. In the Economist's normalcy index (edition of 1<sup>st</sup> week of July 2021), Pakistan was judged as the third-best nation. On the growth front, Pakistan has once again managed to outperform all expectations that ranged between 1-3% by posting 2020-21 real GDP growth of 3.94%. This is extremely impressive considering 2019-20 closed-off with a recession of 0.5%, first time since FY52. Double-digit growth observed in index heavyweights of manufacturing sector have helped propel LSM growth to 14.6% during July-May of 2020-21. More importantly, inflationary expectations and current account pressures also remained anchored during this period, ushering a renewed level of optimism within the business community.

In this regard the performance of SBP could not be understated as multiple initiatives taken during 2019-20 were continued in the outgoing year to provide relief. TERF, LTFF, deferment and subsidized loans, Roshan Digital Accounts (RDA) and keeping the policy rate unchanged throughout the year, after bringing them down by 625 basis points March-June 2020, proved instrumental for stimulating the economy. There were multiple inflationary spikes during the year, especially during the second half of 2020-21 attributable to supply-side issues, global commodity super-cycle and hike in electricity tariffs. SBP in its latest MPC meeting has clearly suggested a gradual approach towards monetary tightening, which will be induced to combat demand-side pressures once they seep into CPI basket. It's important to highlight that full-year CPI was reported at 8.9%, within SBP expectations of 7-9%, relative to 10.8% during 2019-20. SBP expects inflation reading to remain anchored between 5-7% in the medium term.

On the external side, Pakistan managed to abate any current account pressures by posting a deficit of USD1.9 billion during the year under review. The government was able to pull Current Account Deficit from -1.7% of GDP, USD4.4 billion in 2019-20, to -0.6% of GDP during the year under review. It's important to highlight that this is the best external-side performance in a decade and SBP projects this deficit to hover between manageable ranges of 2-3% of GDP for 2021-22. If not for June 2021, which posted a deficit of USD1.6 billion, the deficit could have been even lower. In terms of remittances, Pakistan managed to surpass their previous best and posted an all-time high figure of USD29.4 billion, jumping 27% over the previous year. Exports of goods amounting to USD25.6 billion also surpassed its previous high with a 14% growth over the previous year. Amidst the pandemic, Pakistan IT exports showed an impressive growth of 47% cumulating to USD2.1 billion. In spite of being in a comfortable position, TERF related imports, expensive commodity prices and increasing oil prices towards the latter part of the year under review, contributed towards a huge import bill of USD53.8 billion, translating into a ballooning trade deficit of USD28.2 billion jumping 33% over the previous year. Trade balance is expected to remain a point of concern throughout the year as prices have shown sustenance at these high levels with economic activity expected to further improve in 2021-22.

Forex reserves also managed to hit an all-time high of USD25 billion, helped by Eurobonds, RDA, IMF and multilateral inflows. These factors provided much-needed breathing space to local currency, which appreciated by 6% during the year under review.



On the fiscal side, FBR's performance seemed satisfactory as it managed to successfully collect its revised-down target of PKR4,691 billion by accumulating PKR4,725 billion showing a growth of 18% from previous year's tax collection. For 2021-22, FBR has a stiff tax collection target of PKR5,829 billion. Moreover, the government has projected fiscal deficit of 6.3% of GDP for current year and if achieved it would be an improvement of 80bps from revised 2020-21 figure of 7.1% of GDP. Achieving the budgeted fiscal deficit target whilst maintaining a pro-growth stance would be a very difficult task for the incumbent government.

Regarding the FATF Grey list, 26 out of 27 points have already been addressed by Pakistan and there are high chances of the country getting out of the grey list. However, negotiations with IMF could become complicated in the next review as measures regarding circular debt accumulation and energy tariff hikes have still not been agreed upon in order to continue with pro-growth and relief policies.

### **Capital Markets Review**

The benchmark index managed to recover from its low of 27,228 (on 25<sup>th</sup> March 2020) and has since then posted a V-shaped recovery by providing returns of almost 74%, even climbing above pre-pandemic levels. During the year under review, KSE-100 Index grew by 37.6% with volumes also expanding significantly. The average daily volume traded grew 2.7x relative to the previous year, with an average of 526 million shares traded. Moreover, the outgoing year also saw 12 trading days which recorded daily volume traded in excess of 1 billion shares, wherein also posting 2 billion shares traded on 27<sup>th</sup> May 2021. The average value traded also grew in-line with volume traded, posting average daily value of PKR19.2 billion versus 7.2 billion in previous year. Expansionary monetary policy, increased liquidity flowing in the market especially from retail investors and pro-growth policies to stimulate economy and construction activities uplifted investor sentiments, which resulted in extraordinary performance of our bourse. There have been jitters in the market regarding lockdown restrictions amidst COVID-19 waves, but the government's policy of imposing "smart lockdowns" has managed to keep investor confidence high that has not resulted in the bloodbath observed in first lockdown restrictions.

However, foreign investors continued their spelling spree in the market, selling equities worth USD387 million during the year under review. Banks and Oil & Gas were the preferred sectors of foreign selling with USD114 and USD104 million observed, respectively. Technology and Communication witnessed the highest foreign buying with USD6.3 million. Amongst major sectors, Technology & Communication, Refinery, Engineering, Glass & Ceramics, Textile, Automobiles, Cements outperformed the benchmark index whilst Vanaspati & Allied Industries, Oil & Gas, Fertilizer, Pharmaceuticals, IPPs, OMCs and Banks, were the biggest underperformers.

Going forward the market is expected to maintain a positive momentum considering strong corporate profitability across the board, especially from cyclical sectors, in a low interest rate environment. Moreover, the expectation of Pakistan being lifted out of the FATF Grey list, can help entice foreign investors. However, on the opposite side the chances of fiscal slippage remain high and the continued sustenance of global commodity prices, lifting-off of COVID induced restrictions after widespread vaccination could bring-forth demand-led inflation both in local and international markets, which would lead to contractionary monetary policy. The materialization of these developments could lead to increased pressures on external side, which could prove difficult to manage.

### **Performance Overview:**

The following table depicts the Company's performance in the current year:

	2020-21	2019-20
	PAK RUPEES	
Accumulated losses as at July 01	7,085,268	(8,188,270)
Net Profit for the year	81,998,328	17,794,313
Bonus shares issued during the year	(45,000,000)	-
Net realized gain on investments held at FVOCI	5,397,970	-
(Accumulated losses)/ unappropriated profit June 30	49,481,566	7,085,268
Earnings Per Share Rupees	1.66	*0.36

\*restated

The Company posted a pre-tax profit of PKR 111 million during the year under review compared to a pre-tax profit of PKR 36.5 million last year. Overall operating revenues of the company increased to PKR 368.2 million compared to PKR 195.8 million in the previous year, an increase of 88%. Brokerage income grew by 78% due to the increase in trading activity mainly pertaining to the improved economic situation in the country particularly in the third and fourth quarters of the year. Similarly Advisory & consultancy revenue also increased considerably by 35% to PKR 60 million from 44 million last year.

The Company's administrative expenses also grew by 22%, mainly as a consequence of increase in staff based on the Company's strategic decision to expand its Branch network. The operating expenses also increased by 65% consistent with the increased capital market trading activity in the third and fourth quarters leading to a 78% increase in revenues of the Company.

#### Compliance Statement:

- 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;
- Proper books of account of the Company have been maintained;
- 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;
- 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;
- The system of internal control is sound in design and has been effectively implemented and monitored by Audit Committee;
- The Company is financially sound and there are no significant doubts about the Company's ability to continue as a going concern;
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
- Key operating and financial data of current year and preceding years is appearing after notice of AGM;
- During the year, the Company issued Bonus shares at the rate of 10% i.e. 4.5 million shares of Rs. 10 each. Hence no dividend is announced for the year ended June 30, 2021.
- There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2021 except for those disclosed in the financial statements;
- 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;
- Five directors have obtained training under the Director's Training Program;
- 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 2020-2021 and were attended by the Directors as follows:

Name	Designation	Attendance
Lt. Gen. Tariq Waseem Ghazi (Retd.)	Director/ Chairman	4
Mr. Muhammad Najam Ali	Director/ Chief Executive Officer	4
Mrs. Hanna Khan	Director	3
Mr. Muhammad Zulqarnain Mahmood Khan	Director	3
Mr. Muhammad Zubair Ellahi	Director	4
Mr. Hassan Shahnawaz	Director	1
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
<b>Independent Directors</b>	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
<b>Other Non-executive Directors</b>	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi Mr. Malik Khurram Shahzad
<b>Executive Directors</b>	Mr. Muhammad Najam 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
Mr. Muhammad Zubair Ellahi	Member

#### **b) Human Resource & Remuneration Committee**

Mr. Hasan Shah Nawaz	Chairman, Independent Director
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member
Mr. Malik Khurram Shahzad	Member

#### **Director's Remuneration**

The Board of Directors has a formal policy and 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 TaseerHadi & Co., Chartered Accountants, being eligible, have offered themselves for reappointment. Accordingly, the Board of Directors endorses the recommendation of the Audit Committee for the appointment of Messrs KPMG TaseerHadi & Co., Chartered Accountants as the auditors for the Company for the financial year ending June 30, 2022.

#### **Appreciation and Acknowledgement**

The management of Next Capital Limited extends their deepest appreciation to all the stake holders of the Company, including its distinguished clients, hardworking employees, bankers, consultants and other business partners. We also thank the Securities and Exchange Commission of Pakistan (SECP), the State Bank of Pakistan (SBP), Pakistan Stock Exchange Limited (PSX) and Financial Market Association (FMA) for their cooperation and kind support.

For and on behalf of the Board of Directors

Date: August 20, 2021



**Muhammad Najam Ali**  
Chief Executive Officer



**Zubair Ellahi**  
Director

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

**To the members of Next Capital Limited**

**Review report on the Statement of compliance with the Listed Companies (Code of Corporate Governance) Regulations, 2019 for the year ended 30 June 2021**

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 2021 in accordance with the requirements 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.

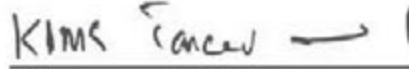
As a part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control 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. We have not carried out procedures to assess and determine the Company's process for identification of related parties and that whether the related party transactions were undertaken at arm's length price or not.

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

**Date: 27 August 2021**

**Karachi**

  
**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 ending:** 30<sup>th</sup> June 2021

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
<b>Independent Directors</b>	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
<b>Non-executive Directors</b>	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi Mr. Malik Khurram Shehzad
<b>Executive Directors</b>	Mr. Muhammad Najam Ali

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 date of approval or updating is maintained by the company.

6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/shareholders as empowered by the relevant provisions of the Act and these Regulations.

7. The meetings of the board were presided over by the Chairman and, in his absence, by a director elected by the board for this purpose. The board has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.

8. The board of directors has a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations.

9. The Board of Directors of the Company consists of Seven (7) eminent directors, out of which five (5) directors are already certified under the Directors Training Program as follows:

- 1. Mr. Muhammad Zulqarnain Mahmood Khan
- 2. Mr. Muhammad Zubair Ellahi
- 3. Mrs. Hanna Khan
- 4. Mr. Hasan Shahnawaz

10. The board has approved appointment of Chief Financial Officer, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.

11. Chief Financial Officer and Chief Executive Officer duly endorsed the financial statements before approval of the board.

12. The board has formed committees comprising of members given below:

**a) Audit Committee**

Mr. Hasan Shah Nawaz	Chairman, Member
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Muhammad Zubair Ellahi	Member
Mr. Mohammad Omair Rashid	Secretary

**b) Human Resource & Remuneration Committee**

Mr. Hasan Shah Nawaz	Chairman, Member
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member
Mr. Malik Khurram	Member

13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.

14. During the year the Head of Internal Audit resigned, the Company is in the process of appointing a new person in his place.

15. 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

16. 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.

17. 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.

18. 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.

19. We confirm that all requirements of regulations 3, 6, 7, 8, 27, 32, 33 and 36 of the Regulations have been complied with.



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

*INDEPENDENT AUDITORS' REPORT***To the members of Next Capital Limited****Report on the Audit of the Financial Statements**

We have audited the annexed financial statements of **Next Capital Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2021, and the statement of profit or loss, 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, 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 2021 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**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 matters	How the matter was addressed in our audit
1	<p><b>Valuation of Trade Debts</b></p> <p>Refer notes 3.4, 3.14 and 12 to the financial statements relating to valuation of trade debts.</p> <p>The Company has a significant balance of trade debts. Provision against doubtful trade debts is based on loss allowance for Expected Credit Loss (ECL).</p> <p>We identified recoverability of trade debts as a key audit matter as it involves significant management judgment in determining the recoverable amount of trade debts.</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of the management's basis for the determination of the provision required at the year end and the receivables collection process;</li> <li>• We assessed the method used by the company for the recognition of the impact of the application of IFRS 9 regarding provision for doubtful debts as allowable under IFRS 9 and assessing the reasonableness of assumptions of ECL; and</li> <li>• We tested the accuracy of the data on a sample basis extracted from the Company's accounting system which has been used to calculate the provision required including the subsequent recoveries.</li> </ul>
2	<p><b>Revenue recognition</b></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 86% and corporate finance and related services represents 14% 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</p>	<p>Our procedures included:</p> <ul style="list-style-type: none"> <li>• We obtained an understanding of, assessed and tested the design and operating effectiveness of key internal controls over the recording of revenue;</li> <li>• We assessed the appropriateness of the Company's accounting policies for revenue recognition and</li> <li>• We checked invoices and related</li> </ul>

S. No.	Key audit matters	How the matter was addressed in our audit
	potential risk that revenue transactions may not being recognized in the appropriate period.	<p>documents, on a sample basis for selected revenue transactions recorded during the current year to assess whether the related revenue was recognized in accordance with the requirement of applicable accounting standard; and</p> <ul style="list-style-type: none"> <li>• 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.</li> </ul>

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

Management is responsible for the other information. The other information comprises the information included in the 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.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

### **Report on Other Legal and Regulatory Requirements**

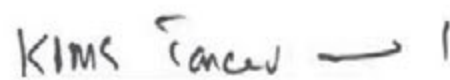
Based on our audit, we further report that in our opinions:

- 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, 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 and returns;
- c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

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

**Date: 27 August 2021**

**Karachi**

  
**KPMG Taseer Hadi & Co.**  
**Chartered Accountants**



STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE, 2021

	Note	30 June 2021	30 June 2020
		----- (Rupees) -----	
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property and equipment	4	78,028,115	56,801,427
Right of use assets	5.1	31,741,341	32,924,557
Intangible assets	6	3,482,361	3,536,112
Long term investment	7	-	10,703,821
Long term deposits	8	36,206,252	16,713,523
Deferred tax asset - net	9	5,932,242	7,226,193
		<u>155,390,311</u>	<u>127,905,633</u>
<b>Current assets</b>			
Short term investments	10	4,009,645	4,493,995
Investment in marginal financing system	11	70,326,739	2,430,138
Trade debts	12	382,451,422	107,805,166
Deposits and prepayments	13	208,502,668	316,160,288
Advances and other receivables	14	4,207,940	4,594,814
Income tax refundable		41,911,318	51,991,461
Cash and bank balances	15	332,701,076	168,718,288
		<u>1,044,110,808</u>	<u>656,194,150</u>
<b>Total assets</b>		<u><u>1,199,501,119</u></u>	<u><u>784,099,783</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share capital and reserve</b>			
Authorised capital			
100,000,000 (30 June 2020: 100,000,000) ordinary shares of Rs. 10 each		<u>1,000,000,000</u>	<u>1,000,000,000</u>
Issued, subscribed and paid-up capital	16	495,000,000	450,000,000
Discount on issue of shares		(50,000,000)	(50,000,000)
Revenue Reserves			
Unappropriated profits		49,481,566	7,085,268
Fair value reserves		-	(108,119)
		<u>494,481,566</u>	<u>406,977,149</u>
<b>Non-current liabilities</b>			
Lease Liabilities	5.3	31,321,593	32,614,065
<b>Current liabilities</b>			
Unclaimed dividend		3,055,446	3,055,446
Current portion of lease liabilities	5.3	10,634,256	7,524,763
Short term borrowing - secured	18	149,996,346	149,996,346
Trade and other payables	19	510,011,912	183,932,014
		<u>673,697,960</u>	<u>344,508,569</u>
<b>Total equity and liabilities</b>		<u><u>1,199,501,119</u></u>	<u><u>784,099,783</u></u>
Contingencies and commitments	20		


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



Chief Executive



Chief Financial Officer



Director

STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 30 JUNE, 2021

	Note	30 June 2021 ----- (Rupees) -----	30 June 2020 -----
Operating revenue	21	368,169,747	195,817,680
Capital gain / (loss) on sale of investments	22	13,361,705	(1,524,315)
Unrealised loss on remeasurement of investment classified as 'at fair value through profit or loss'	10	-	(151,963)
Operating expenses	23	(188,044,270)	(113,646,716)
Administrative expenses	24	(103,232,871)	(84,537,819)
Impairment reversal on trade debts	12.1	3,789,628	1,063,397
Finance cost	25	(22,970,443) 71,073,496	(13,007,875) (15,987,611)
Other income	26	39,980,191	52,465,103
Profit before taxation		111,053,687	36,477,492
Taxation			
- Current		(31,121,582)	(22,907,486)
- Prior		3,360,174	3,998,084
- Deferred		(1,293,951)	226,223
	27	(29,055,359)	(18,683,179)
<b>Profit for the year</b>		<b>81,998,328</b>	<b>17,794,313</b>
			(Restated)
<b>Earnings per share - basic and diluted</b>	28	<b>1.66</b>	<b>0.36</b>

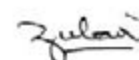
The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

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

	30 June 2021 ----- (Rupees) -----	30 June 2020 -----
<b>Profit for the year</b>	<b>81,998,328</b>	<b>17,794,313</b>
<b>Other comprehensive income for the year</b>		
<i>Items that will not be reclassified to profit and loss account</i>		
Unrealized loss on remeasurement of investment carried at FVTOCI	-	(3,351,701)
Realized gain on remeasurement of investment carried at FVTOCI	5,506,089	-
<b>Total comprehensive income for the year</b>	<b><u>87,504,417</u></b>	<b><u>14,442,612</u></b>

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



Chief Executive



Chief Financial Officer



Director

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

	Note	30 June 2021	30 June 2020
		(Rupees)	
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before taxation		111,053,687	36,477,492
<b>Adjustments for:</b>			
Depreciation of property and equipment	24	14,941,357	13,668,676
Depreciation on right of use asset	24	6,669,669	6,486,786
Amortisation of intangible assets	24	53,751	387,635
Capital (gain) / loss on sale of investments	22	(13,361,705)	1,524,315
Unrealised loss in the value of investments at 'fair value through profit or loss'	10.1	-	151,963
Mark-up on bank balances	26	(19,394,810)	(21,607,092)
Mark-up on investment in margin financing system	26	-	(2,708,027)
Mark-up under margin trading system	26	-	(1,226,611)
Markup on term finance certificates	26	(386,853)	(612,199)
Profit on cash margin	26	(11,363,850)	(23,000,130)
Return on Government securities	26	-	(3,108,800)
Impairment reversal on trade debts	12.1	(3,789,628)	(1,063,397)
Receivables written-off		1,570,371	93,918
Gain on disposal of property and equipment	26	(1,700,000)	-
Other income	26	(216,228)	(202,244)
Finance cost	25	22,970,443	13,007,875
		<u>(4,007,483)</u>	<u>(18,207,332)</u>
<b>Cash flows before working capital changes</b>		<b>107,046,204</b>	<b>18,270,160</b>
<b>Changes in working capital</b>			
<b>(Increase) / decrease in current assets</b>			
Trade debts		(272,426,999)	22,941,686
Advances, deposits, prepayments and other receivables		108,044,494	(79,989,161)
		<u>(164,382,505)</u>	<u>(57,047,475)</u>
<b>Increase / (decrease) in current liabilities</b>			
Trade and other payables		326,079,898	(41,164,783)
Contract liabilities		-	(666,667)
<b>Cash used in operating activities</b>		<b>268,743,597</b>	<b>(80,608,765)</b>
Finance cost paid		(16,590,461)	(6,549,258)
Taxes paid		<u>(17,681,265)</u>	<u>(11,344,711)</u>
<b>Net cash generated / (used) in operating activities</b>		<b>234,471,871</b>	<b>(98,502,734)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of property and equipments	4	(36,168,045)	(5,550,216)
Purchase in Intangible		-	(50,000)
Proceeds from sale of property and equipment		1,700,000	-
Payments against investment in margin financing system	11	(821,098,928)	(82,484,248)
Receipts from investment in margin financing system	11	760,793,745	103,760,364
Proceeds from sale of PSX shares		16,209,911	-
Investments - net		13,846,054	28,580,227
Mark-up received on bank balances and exposure margin		30,758,660	44,607,222
Mark-up received on investment in margin financing system		(7,591,418)	1,841,502
Mark-up received on investment in margin trading system		-	1,226,611
Markup on term finance certificates		386,853	612,199
Return on Government securities		-	3,108,800
Other income		216,228	202,244
Long term deposits		<u>(19,492,729)</u>	<u>(12,302,244)</u>
<b>Net cash (used) / generated from investing activities</b>		<b>(60,439,669)</b>	<b>83,552,461</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Lease rental paid		(10,049,414)	(9,281,519)
Dividends paid		-	(2,061,557)
<b>Net cash used in from financing activities</b>		<b>(10,049,414)</b>	<b>(11,343,076)</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>163,982,788</b>	<b>(26,293,349)</b>
Cash and cash equivalents at beginning of the year		18,721,942	45,015,291
<b>Cash and cash equivalents at end of the year</b>		<b>182,704,730</b>	<b>18,721,942</b>
<b>CASH AND CASH EQUIVALENTS COMPRISE OF:</b>			
Cash and bank balances		332,701,076	168,718,288
Short term borrowing - secured		<u>(149,996,346)</u>	<u>(149,996,346)</u>
		<b>182,704,730</b>	<b>18,721,942</b>

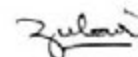
The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director

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

	Issued, subscribed and paid-up capital	Discount on issue of shares	Revenue Reserve		Total
			Unappropriated Profit / (loss)	Fair value Reserve	
			(Rupees)		
Balance as at 01 July 2019	450,000,000	(50,000,000)	(8,188,270)	3,243,582	395,055,312
Adjustment on initial application of IFRS 16, net of tax	-	-	(2,520,775)	-	(2,520,775)
Adjusted balance as at 1 July 2019	450,000,000	(50,000,000)	(10,709,045)	3,243,582	392,534,537
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	17,794,313	-	17,794,313
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	-	-	-
Other comprehensive income	-	-	-	(3,351,701)	(3,351,701)
	-	-	17,794,313	(3,351,701)	14,442,612
<b>Balance as at 30 June 2020</b>	<b>450,000,000</b>	<b>(50,000,000)</b>	<b>7,085,268</b>	<b>(108,119)</b>	<b>406,977,149</b>
<b>Total comprehensive income for the year</b>					
Profit for the year	-	-	81,998,328	-	81,998,328
Bonus shares issued during the year	45,000,000	-	(45,000,000)	-	(45,000,000)
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	42,504,417
<b>Balance as at 30 June 2021</b>	<b>495,000,000</b>	<b>(50,000,000)</b>	<b>49,481,566</b>	<b>-</b>	<b>449,481,566</b>

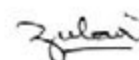
The annexed notes 1 to 41 form an integral part of these financial statements.



Chief Executive



Chief Financial Officer



Director



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

### 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 branches at the following locations:

- 63-A, Agora Eden city, DHA Phase 8, Lahore.
- 1st Floor, Plaza No. 88, Commercial Area, Main Cavalry Ground, Lahore Cantt.
- Office 1304, 13th Floor, DT Tower, Plot # 5, Jinnah Avenue, Bahria Town, Karachi

#### 1.1 Impact of COVID-19 on the financial statements

The Company has assessed, and continues to assess, the potential for disruption caused by the COVID-19 pandemic and has put in place plans and measures in order to enable the business to maintain normal operations, to the extent possible, against the backdrop of an evolving situation. The Company has implemented actions to mitigate the impact of COVID-19, including steps to protect the employees in line with guidance from government, and while there remains considerable uncertainty in relation to the COVID-19 pandemic (including its duration, extent and ultimate impact), management believes that the Company's operations will continue to experience only limited disruption due to the impact of the COVID-19 pandemic. The Company's operation has remained materially unaffected since the outbreak of the COVID-19 pandemic, due to robust Company-led incident management framework. However, the management based on its assessment considered that there would be no significant impact that will adversely affect its businesses, results of operations and financial condition in future period.

### 2. BASIS OF PREPARATION

#### 2.1 Statement of compliance

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

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

Wherever the provisions and directives issued under Companies Act, 2017 differ with the requirements of IFRS, 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 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 against trade debts (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 01 July 2021:

- Interest Rate Benchmark Reform – Phase 2 which amended IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 is applicable for annual financial periods beginning on or after 1 January 2021, with earlier application permitted. The amendments introduce a practical expedient to account for modifications of financial assets or financial liabilities if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate. A similar practical expedient will apply under IFRS 16 for lessees when accounting for lease modifications required by IBOR reform. The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting for hedging relationships directly affected by the interest rate benchmark reforms. The amendments apply retrospectively with earlier application permitted. Hedging relationships previously discontinued solely because of changes resulting from the reform will be reinstated if certain conditions are met.
- COVID-19-Related Rent Concessions (Amendment to IFRS 16) – the International Accounting Standards Board (the Board) has issued amendments to IFRS 16 (the amendments) to provide practical relief for lessees in accounting for rent concessions. The amendments are effective for periods beginning on or after 1 June 2020, with earlier application permitted. Under the standard's previous requirements, lessees assess whether rent concessions are lease modifications and, if so, apply the specific guidance on accounting for lease modifications. This generally involves remeasuring the lease liability using the revised lease payments and a revised discount rate. In light of the effects of the COVID-19 pandemic, and the fact that many lessees are applying the standard for the first time in their financial statements, the Board has provided an optional practical expedient for lessees. Under the practical expedient, lessees are not required to assess whether eligible rent concessions are lease modifications, and instead are permitted to account for them as if they were not lease modifications.

The practical expedient introduced in the 2020 amendments only applied to rent concessions for which any reduction in lease payments affected payments originally due on or before 30 June 2021. In light of persistence of economic challenges posed by the COVID-19 pandemic, the Board has extended the practical expedient for COVID-19 related rent concessions by one year i.e. permitting lessees to apply it to rent concessions for which any reduction in lease payments affects only payments originally due on or before 30 June 2022.

Rent concessions are eligible for the practical expedient if they occur as a direct consequence of the COVID-19 pandemic and if all the following criteria are met:

- the change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;



- any reduction in lease payments affects only payments originally due on or before 30 June 2022; and
- there is no substantive change to the other terms and conditions of the lease.
- **Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)** effective for the annual periods beginning on or after 1 January 2022 amends IAS 1 by mainly adding paragraphs which clarify what comprises the cost of fulfilling a contract. Cost of fulfilling a contract is relevant when determining whether a contract is onerous. 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.

- **Annual improvements to IFRS Standards 2018-2020 Cycle**

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.
- **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. Earlier application is permitted if at the same time or earlier an entity also applies all the amendments made by Amendments to References to the Conceptual Framework in IFRS Standards, issued in March 2018.
- **Classification of liabilities as current or non-current (Amendments to IAS 1)** amendments 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. 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 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 not all accounting policies that relate to material transactions, other events or conditions are themselves material to a company's financial statements.

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)** – The amendments 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 a company 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, 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)** – The amendments 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 recognise 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 recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised 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.

The above improvements to standards are not likely to have material / significant impact on Company's financial statements.

### **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).

### **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**

- Brokerage, commission, corporate finance income and other income are recognised as and when services are rendered.
- Dividend income is recognised when the right to receive the dividend is established.
- Income on continuous funding system transactions and bank deposits is recognised on a time proportionate basis that takes into account the effective yield.
- Mark-up income from investment in marginal financing system is calculated on outstanding balance at agreed rates and recorded in profit and loss account.
- Return on government securities is recognised as it accrues in the Statement of Profit or Loss, using the effective interest method.

### **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 and appropriations are recorded in the period in which the distributions and appropriations are approved.

### **3.11 Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and bank deposits. 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 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.

### 3.13 Financial instruments

#### 3.13.1 Initial measurement of financial asset

The Company classifies its financial assets into following three categories:

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

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

#### Subsequent measurement

<b>Debt Investments at FVOCI</b>	These assets are subsequently measured at fair value. Interest / markup income calculated using the effective interest method, and impairment are recognised in the statement of profit or loss account. Other net gains and losses are recognised in other comprehensive income. On de-recognition, gains and losses accumulated in other comprehensive income are reclassified to the statement of profit and loss account.
<b>Equity Investments at FVOCI</b>	These assets are subsequently measured at fair value. Dividends are recognised as income in the statement of 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 other comprehensive income and are never reclassified to the statement of profit and loss account.
<b>Financial assets at FVTPL</b>	These assets are subsequently measured at fair value. Net gains and losses, including any interest / markup or dividend income, are recognised in the statement of profit and loss account.
<b>Financial assets measured at amortised cost</b>	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss account.

#### 3.13.2 Non-derivative financial assets

All non-derivative financial assets are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Non-derivative financial assets comprise loans and receivables that are financial assets with fixed or determinable payments that are not quoted in active markets. The Company derecognises the financial assets when the contractual rights to the cash flows from the asset expires or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risk and rewards of ownership of the financial assets are transferred or it neither transfers nor retain substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.

#### 3.13.3 Offsetting of financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the financial statements only when the Company has a legally enforceable right to offset and the Company intends to either settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Income and expense items of such assets and liabilities are also offset and the net amount is reported in the financial statements only when permitted by the accounting and reporting standards as applicable in Pakistan.

#### **3.13.4 Financial liabilities**

Financial liabilities are initially recognised on trade date i.e. date on which the Company becomes party to the respective contractual provisions. Financial liabilities include mark-up bearing borrowings and trade and other payables. The Company derecognises the financial liabilities when contractual obligations are discharged, cancelled or expire. Financial liability other than at fair value through profit or loss are initially measured at fair value less any directly attributable transaction cost. Subsequent to initial recognition, these liabilities are measured at amortised cost using effective interest rate method.

#### **3.14 Impairment**

##### **3.14.1 Financial assets**

The Company recognises loss allowances for Expected Credit Losses (ECLs) in respect of financial assets measured at amortised cost.

The Company measures loss allowances at an amount equal to lifetime 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; and
- other debt securities and bank balance 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 past due for a reasonable period of time. Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. 12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

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

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

##### **3.14.2 Non-financial assets**

The carrying amounts of the Company's non-financial assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable amount, being higher of value in use and fair value less costs to sell, is estimated. 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 assessments of the time value of money and the risks specific to the asset. 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 groups of assets. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.



### 3.15 Leases

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 lease properties for its operations and recognizes a right-of-use asset and lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, and subsequently at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements 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 the right-of-use asset or end of 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 is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the incremental borrowing rate of the Company. 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.

### 3.16 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	30 June 2021	30 June 2020
		(Rupees)	
Operating assets	4.1	71,742,326	53,730,404
Capital work in progress	4.2	6,285,789	3,071,023
		<u>78,028,115</u>	<u>56,801,427</u>

#### 4.1 Operating assets

Description	30 June 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	

Description	30 June 2020				Total
	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	
(Rupees)					
As at 30 June 2019					
Cost	36,395,939	18,593,563	14,221,739	24,249,753	93,460,994
Accumulated depreciation	(3,086,923)	(1,386,032)	(11,933,957)	(15,205,218)	(31,612,130)
Net book value	33,309,016	17,207,531	2,287,782	9,044,535	61,848,864
Additions during the year	-	1,100,361	3,959,000	490,855	5,550,216
Disposal					
Cost	-	-	-	-	-
Depreciation	-	-	-	-	-
	-	-	-	-	-
Depreciation charge for the year	(7,400,508)	(1,932,200)	(1,341,911)	(2,994,057)	(13,668,676)
Net book value	25,908,508	16,375,692	4,904,871	6,541,333	53,730,404
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
Depreciation rates % per annum	20	10	20	20-33.33	

4.1.1 The cost of fully depreciated assets as at 30 June 2021 is Rs 26.902 million (2020: Rs 4.449 million).

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

#### 4.1.3 Disposal of property and equipment

	Cost	Accumulated Depreciation	Written down value	Sale Proceeds	Gain on Disposal
<b>30 June 2021</b>	<b>2,113,000</b>	<b>2,113,000</b>	<b>-</b>	<b>1,700,000</b>	<b>1,700,000</b>
<b>30 June 2020</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 4.2 Capital work in progress

	2021	2020
	----- (Rupees) -----	
<b>Leasehold improvements</b>		
Cost as at 1 July	3,071,023	1,787,391
Additions	3,214,766	1,283,632
As at 30 June	<u>6,285,789</u>	<u>3,071,023</u>

#### 5 LEASES

##### 5.1 Right-of-use assets

	30 June 2021 (Rupees)
As at July 1, 2020	32,924,557
Additions	5,486,453
Depreciation expense	(6,669,669)
As at June 30, 2021	<u>31,741,341</u>
As at June 30, 2020	<u>32,924,557</u>

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

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

##### 5.3 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:

	30 June 2021 (Rupees)
As at 01 July 2020	40,138,828
Additions	5,486,453
Interest expense	6,379,982
Payments	(10,049,414)
As at 30 June 2021	<u>41,955,849</u>
Current	10,634,256
Non - current	<u>31,321,593</u>
	<u>41,955,849</u>
As at 30 June 2020	<u>40,138,828</u>

Lease liabilities are payable as follows:

	Minimum lease payments	Interest	Present value of minimum lease payments
	-----	-----	-----
	(Rupees)		
Less than one year	11,338,702	704,446	10,634,256
Between one and five years	37,793,843	8,412,998	29,380,845
More than five years	4,546,656	2,605,908	1,940,748



**6. INTANGIBLE ASSETS**

	Note	30 June 2021	30 June 2020
		(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	32,361	86,112
		<u>3,482,361</u>	<u>3,536,112</u>

**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**

	30 June 2021	30 June 2020
	(Rupees)	
<i>Net carrying value basis</i>		
Opening net book value	86,112	423,747
Additions	-	50,000
Amortisation charge	(53,751)	(387,635)
Closing net book value	<u>32,361</u>	<u>86,112</u>
<i>Gross carrying value</i>		
Cost	5,153,660	5,153,660
Accumulated amortisation	(5,121,299)	(5,067,548)
Net book value	<u>32,361</u>	<u>86,112</u>
Amortisation rate	<u>33%</u>	<u>33%</u>

**7. LONG TERM INVESTMENT**

Investment in shares of Pakistan Stock Exchange Limited	-	10,703,821
---	---	------------

30 June 2021	30 June 2020		Note	30 June 2021	30 June 2020
		(Number of Shares)		(Rupees)	
1,081,194	1,081,194	Opening balance		10,819,940	10,819,940
		Realized gain during the period		5,506,089	-
(1,081,194)	-	Sold in market		(16,326,029)	-
-	1,081,994	Closing balance**	7.1	<u>-</u>	<u>10,819,940</u>

**\*\* Market value basis**

Book value	-	10,811,940
Unrealized loss - OCI	-	(108,119)
Market value	<u>-</u>	<u>10,703,821</u>

**8. LONG TERM DEPOSITS**

	Note	30 June 2021	30 June 2020
		(Rupees)	
Pakistan Stock Exchange Limited	8.1	31,500,000	12,200,000
Central Depository Company of Pakistan Limited		125,000	125,000
National Clearing Company of Pakistan Limited		1,425,000	1,625,000
Pakistan Mercantile Exchange	8.2	1,250,000	1,250,000
Security deposit against office premises		1,786,252	1,393,523
Security deposit against PSO card		120,000	120,000
		<u>36,206,252</u>	<u>16,713,523</u>



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 2021	30 June 2020
		----- (Rupees) -----	
Accelerated depreciation / amortisation		(581,005)	(261,733)
Unabsorbed depreciation / amortisation		-	1,037,720
Liability against asset subject to finance lease		13,186,412	12,669,873
Right of use asset		(9,205,615)	(9,548,122)
Provision for impairment on trade debts		2,532,450	3,328,455
	9.1	<u>5,932,242</u>	<u>7,226,193</u>

#### 9.1 Reconciliation of deferred tax

	Balance as at 01 July 2019	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2020	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2021
							(Rupees)
Deferred tax asset / (liability) arising due to:							
Accelerated tax depreciation / amortization	911,168	(1,172,901)	-	(261,733)	(319,272)	-	(581,005)
Right of use asset	-	(9,548,122)	-	(9,548,122)	342,507	-	(9,205,615)
Liability against asset subject to finance lease	-	11,640,260	1,029,613	12,669,873	516,539	-	13,186,412
Provision for impairment on trade debts	3,636,840	(308,385)	-	3,328,455	(796,005)	-	2,532,450
Unrealised loss / (gain) on investment	(169,462)	169,462	-	-	-	-	-
Unabsorbed depreciation / amortisation	1,591,811	(554,091)	-	1,037,720	(1,037,720)	-	-
	<u>5,970,357</u>	<u>226,223</u>	<u>1,029,613</u>	<u>7,226,193</u>	<u>(1,293,951)</u>	<u>-</u>	<u>5,932,242</u>

#### 10. SHORT TERM INVESTMENTS

	Note	Fair value through P/L 30 June 2021	30 June 2020
		----- (Rupees) -----	
Listed equity securities	10.1	-	484,350
Term Finance Certificates	10.2	4,009,645	4,009,645
		<u>4,009,645</u>	<u>4,493,995</u>

#### 10.1 Listed equity securities

30 June 2021	30 June 2020	Name of investee	30 June 2021	30 June 2020
(Number of shares)			Carrying amount	Market value
			----- (Rupees) -----	
-	5,000	Habib Bank Limited*	-	484,350
<u>-</u>	<u>5,000</u>		<u>-</u>	<u>484,350</u>

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

#### 10.2 Term Finance Certificates

30 June 2021	30 June 2020	Name of investee	30 June 2021	30 June 2020
(Number of certificates)			Carrying amount	Market value
				Market value
<u>802</u>	<u>802</u>	Soneri Bank Limited	<u>4,009,645</u>	<u>4,009,645</u>

10.2.1 Significant terms and conditions of the Term Finance Certificates outstanding at the year end are as follows:

Name of Security	Face Value	Unredeemed face value	Markup rate (per annum)	Maturity	Rating	
					Long term	Short Term
Listed debt securities - unsecured						
Soneri Bank Limited - III	4,009,645	4,009,645	6 months KIBOR + 2%	Perpetual	AA-	A1+

## 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 1 month KIBOR + 8%.

	Note	30 June 2021	30 June 2020
		(Rupees)	
Investment in MF at beginning of the year		2,430,138	21,864,752
Total placements during the year		821,098,928	82,484,248
Total release against MF during the year		(760,910,277)	(104,626,889)
Realised income on MF		7,591,418	1,841,502
Unrealised income on MF		116,532	866,525
		(753,202,327)	(101,918,862)
Balance at end of the year		70,326,739	2,430,138

## 12. TRADE DEBTS

Receivable from clients on account of:			
- Purchase of shares on behalf of clients	12.2	364,993,769	94,654,272
- Brokerage commission			
- Equity shares		11,114,436	10,947,818
- Money market and forex		1,026,445	2,088,345
- Consultancy fee		13,004,576	8,266,816
- Provision for impairment on trade debts	12.1	(7,687,804)	(11,477,432)
		382,451,422	104,479,819
Receivable from National Clearing Company of Pakistan Limited		-	3,325,347
		382,451,422	107,805,166

### 12.1 Provision for impairment on trade debts

Opening balance	11,477,432	12,540,829
(Reversal)/Impairment during the year - net	(3,789,628)	(1,063,397)
Closing balance	7,687,804	11,477,432

### 12.2 Aging analysis

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

	Note	Amount	Custody value
		(Rupees)	
Upto five days	12.3	356,205,609	2,023,272,298
More than five days	12.3	8,788,160	53,505,296
		364,993,769	2,076,777,594

### 12.3 These custody values are shown at market value after applying haircut of straight 15%.

## 13. DEPOSITS AND PREPAYMENTS

	Note	30 June 2021	30 June 2020
		(Rupees)	
Deposit against exposure margin	13.1	180,830,891	302,086,059
Deposit against Marginal Trading Services	13.2	21,932,976	10,339,530
Security deposits	13.3	347,250	347,250
Prepaid expenses		3,023,111	2,888,067
Sales tax receivables		2,368,440	499,382
		208,502,668	316,160,288

- 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.

<b>14. ADVANCES AND OTHER RECEIVABLES</b>	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
<i>Considered good</i>			
Advance against salary - secured		<b>2,451,273</b>	75,107
Other receivables and advances - unsecured		<b>1,756,667</b>	4,519,707
		<b>4,207,940</b>	<b>4,594,814</b>

**15. CASH AND BANK BALANCES**

Balances with banks:

Savings accounts - profit and loss account	<i>15.1</i>	<b>321,797,850</b>	135,146,837
Current accounts - Conventional		<b>9,018,099</b>	31,634,064
Current accounts - Shariah compliant		<b>1,848,672</b>	1,906,262
	<i>15.2</i>	<b>332,664,621</b>	168,687,163
Cash in hand		<b>36,455</b>	31,125
		<b>332,701,076</b>	<b>168,718,288</b>

- 15.1** Profit rate on savings accounts ranges from 5.50% to 6.61% per annum (30 June 2020: 6.61% to 11.74% per annum).
- 15.2** This include Rs. 315.726 million (30 June 2020: Rs. 136.126 million) kept in designated bank accounts maintained on behalf of clients.

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

**16.1 Authorised capital**

<b>30 June 2021</b>	<b>30 June 2020</b>		<b>30 June 2021</b>	<b>30 June 2020</b>
<b>(Number of shares)</b>			<b>----- (Rupees) -----</b>	
<b>100,000,000</b>	100,000,000	Ordinary shares of Rs. 10 each	<b>1,000,000,000</b>	1,000,000,000

**16.2 Issued, subscribed and paid-up capital**

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



18. **SHORT TERM BORROWING - SECURED**

**18.1** Running finance facility of Rs. 150 million (30 June 2020: Rs. 150) has been obtained by the Company from schedule bank having expiry on 31 August 2021 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% (30 June 2020: 3 month KIBOR + 3.5%).

**19. TRADE AND OTHER PAYABLES**

	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
Trade creditors	19.1 & 19.2	<b>276,688,181</b>	172,651,473
Payable to National Clearing Company of Pakistan Limited	19.2	<b>192,499,404</b>	-
Accrued commission to traders	19.3	<b>13,741,698</b>	1,849,820
Accrued salaries and other expenses		<b>11,619,068</b>	4,960,689
Payable to auditors		<b>1,062,856</b>	570,000
Tax deducted at source		<b>6,530,863</b>	1,337,291
Commission payable	19.4	<b>78,252</b>	78,252
Accrued expenses		<b>1,366,264</b>	530,950
Accrued markup		<b>3,894,250</b>	470,544
Other payables		<b>2,531,076</b>	1,482,995
		<b>510,011,912</b>	<b>183,932,014</b>

**19.1** This includes trade payable of Rs. 7.532 million (30 June 2020: Rs. 13.477 million) payable to related parties.

**19.2** This includes Rs. 192.499 (30 June 2020 Rs. NIL) trade payable in respect of two days trading with T+2 settlement.

**19.3** This includes commission payable of Rs. 6.652 million (30 June 2020: Rs. 0.395 million) to related parties.

**19.4** 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

The Sindh Revenue Board has passed an order on 11 October 2019 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 6,347,286/- 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. 6/2016 against the order to the Honourable High Court of Sindh ("The Court"). Appeal and petition both are pending for hearings with Commissioner Appeals and the Court.

The Sindh Revenue Board has passed an order on 30 June 2020 in respect of short declaration of revenue on which short paid sales tax amounting to Rs. 1,817,282/- 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 Honourable High Court of Sindh ("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 Sindh Sales Tax 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 Sindh Revenue Board 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 High Court. 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.

**20.2 Commitments**

	<b>30 June 2021</b>	<b>30 June 2020</b>
	<b>----- (Rupees) -----</b>	
For sale of quoted securities under future contracts against counter commitments	<b>1,752,192,095</b>	22,117,820
For purchase of quoted securities under future contracts against counter commitments	<b>1,597,187,080</b>	91,276,940

<b>21. OPERATING REVENUE</b>	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
Brokerage income	21.1 & 21.2	355,983,945	176,801,924
Advisory / consultancy fee		60,047,869	44,472,055
Revenue including sales tax on services	21.3	416,031,814	221,273,979
Less: Sales tax on services		47,862,067	25,456,299
Net revenue excluding sales tax on services		368,169,747	195,817,680
<b>21.1 Brokerage income - net of sales tax</b>			
Brokerage Income			
- Institutional customers		88,428,421	58,642,247
- Retail Clients		226,601,619	97,819,009
		315,030,040	156,461,256
<b>21.2</b>	This includes brokerage earned from related parties amounting to Rs. 3.192 million (30 June 2020: Rs. 0.822 million).		
<b>21.3</b>	This amount is inclusive of the sales tax.		
<b>22. CAPITAL GAIN / (LOSS) ON SALE OF INVESTMENTS</b>	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
Gain / (Loss) on sale of investments		13,361,705	(1,524,315)
		13,361,705	(1,524,315)
<b>23. OPERATING EXPENSES</b>			
Salaries, wages and other benefits		67,777,425	49,446,943
Consultancy fee	23.1	4,372,851	3,736,141
Sub-underwriting commission	23.2	-	1,589,113
Commission and referral fee	23.3	83,648,456	34,580,959
Service and transaction charges		23,428,919	14,302,369
Fees and subscription		8,816,619	9,991,191
		188,044,270	113,646,716
<b>23.1</b>	This includes consultancy fee to the Directors of the Company amounting to Rs. 6.369 million (30 June 2020: Rs. 0.5 million).		
<b>23.2</b>	This expense was paid as per underwriting agreement entered with several parties this includes transaction with Director of Rs. NIL (30 June 2020: 0.863 million).		
<b>23.3</b>	This includes commission to the Directors of the Company amounting to Rs. 39.395 million (30 June 2020: Rs. 17.480 million).		
<b>24. ADMINISTRATIVE EXPENSES</b>	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
Salaries, wages and other benefits	25.1	51,130,339	37,302,080
Telephone and communication charges		4,268,454	4,308,126
Utility charges		2,518,759	2,036,016
Vehicle running expenses		3,279,552	2,380,363
Depreciation	4	14,941,357	13,668,676
Depreciation on right of use asset	5	6,669,669	6,486,786
Amortisation	6.2	53,751	387,635
Legal and professional charges		1,078,560	1,497,700
Insurance		1,681,018	1,960,426
Printing, stationery and postage charges		1,496,119	995,096
Office supplies		805,099	637,074
Office repair and maintenance		2,812,442	1,298,395
Fees and subscription		1,805,814	2,046,388
Travelling and entertainment charges		793,914	2,811,497
Advertisement expenses		190,540	-
Auditor's remuneration	25.2	1,752,656	897,119
Security		3,454,029	3,464,474
Bad debts written off		1,570,371	93,918
Generator Fuel		210,970	92,014
Miscellaneous		2,719,458	2,174,036
		103,232,871	84,537,819



**24.1** This includes remuneration to Chief Executive Officer amounting to Rs. 22.215 million (30 June 2020: Rs. 20.175 million).

<b>24.2 Auditors' remuneration</b>	<i>Note</i>	<b>30 June 2021</b>	<b>30 June 2020</b>
		<b>----- (Rupees) -----</b>	
Audit fee		<b>900,000</b>	450,000
Half yearly review		<b>200,000</b>	150,000
Other services / certifications		<b>475,000</b>	240,000
Out of pocket expenses		<b>177,756</b>	57,119
		<b>1,752,756</b>	<b>897,119</b>

## **25. FINANCE COST**

Bank charges	25.1	<b>595,397</b>	595,515
Interest on lease liabilities		<b>6,379,982</b>	6,458,617
Mark up charges		<b>15,995,064</b>	5,953,743
		<b>22,970,443</b>	<b>13,007,875</b>

## **26. OTHER INCOME**

Mark-up / interest on:			
- Bank balances - profit and loss account		<b>19,394,810</b>	21,607,092
- Income Under Margin Financing System		<b>6,918,450</b>	2,708,027
- Income Under Margin Trading System		-	1,226,611
- Term Finance Certificates		<b>386,853</b>	612,199
- Return on Government securities		-	3,108,800
Profit on cash margin		<b>11,363,850</b>	23,000,130
Gain on disposal of property and equipment		<b>1,700,000</b>	-
Others		<b>216,228</b>	202,244
		<b>39,980,191</b>	<b>52,465,103</b>

## **27. TAXATION**

### **27.1 Relationship between income tax expense and accounting profit**

Profit before taxation	<b>111,053,687</b>	<b>36,477,492</b>
Tax at the applicable tax rate of 29% (30 June 2020: 29%)	<b>32,205,569</b>	10,578,473
Tax effect of income taxed at different tax rates	<b>209,964</b>	12,102,790
Tax effect of amount relating to prior year	<b>(3,360,174)</b>	(3,998,084)
	<b>29,055,359</b>	<b>18,683,179</b>

**27.1.1** The income tax returns of the Company have been filed up to tax year 2020 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	30 June 2021	30 June 2020
	----- (Rupees) -----	
Profit for the year	<b>81,998,328</b>	17,794,313
	----- (Number) -----	
Weighted average number of ordinary shares	<b>49,500,000</b>	49,500,000
	----- (Rupees) -----	
Earnings per share basic and diluted	<b>1.66</b>	Restated 0.36

**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, key management personnel and close family members of the directors. Remuneration and benefits to executives of the Company are in accordance with the terms of their employment.

Transactions with related parties are entered into at rates negotiated with them. Details of transactions and balances with related parties have been disclosed in the relevant notes of these financial statements.

**30. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

The aggregate amount charged in the financial statements for remuneration, including certain benefits to the chief executive, directors and executives of the Company is as follows:

	Chief Executive		Directors		Executives	
	30 June 2021	30 June 2020	30 June 2021	30 June 2020	30 June 2021	30 June 2020
	----- (Rupees) -----					
Managerial remuneration	<b>12,000,000</b>	11,000,000	-	-	<b>25,392,652</b>	28,568,363
House rent allowance	<b>4,800,000</b>	4,400,000	-	-	<b>10,157,061</b>	10,192,688
Medical	<b>1,200,000</b>	1,100,000	-	-	<b>2,539,265</b>	2,548,172
Bonus	<b>9,581,817</b>	3,675,581	-	-	<b>9,360,543</b>	2,736,642
Commission	-	-	<b>39,394,932</b>	17,480,137	<b>14,021,977</b>	4,194,039
Consultancy fee	-	-	<b>636,979</b>	500,000	-	-
Sub-underwriting commission	-	-	-	863,016	-	103,728
Directors' fees	-	-	-	-	-	-
	<b>30,015,973</b>	20,175,581	<b>40,031,911</b>	18,843,153	<b>61,471,498</b>	48,343,632
Number of Persons	<b>1</b>	1	<b>3</b>	4	<b>13</b>	12

**30.1** The chief executive and certain executives of the Company has been provided with free use of the Company's maintained cars as per their terms of employment.

**30.2** Commission and consultancy fees includes amount paid to non-executive directors of the Company, amounting Rs. 39.394 million (30 June 2020 : Rs.17.480 million) and Rs. 0.636 million (2020 : Rs.0.500 million), respectively.

**30.3** No fees is paid to directors for attending meetings.

**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 2021	30 June 2020
		----- (Rupees) -----	
Long term deposits	8	36,206,252	16,713,523
Investment in marginal financing system	11	70,326,739	2,430,138
Trade debts	12	382,451,422	104,479,819
Advances	14	2,451,273	75,107
Deposits	13.1, 13.2 & 13.3	203,111,117	312,772,839
Other receivables	14	1,756,667	4,519,707
Cash and Bank balances	15	332,701,076	168,718,288
		<b>1,029,004,546</b>	<b>609,709,421</b>
Secured		72,778,012	2,505,245
Unsecured		956,226,534	607,204,176
		<b>1,029,004,546</b>	<b>609,709,421</b>

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

	2021		2020	
	Gross	Impairment	Gross	Impairment
	----- (Rupees) -----		----- (Rupees) -----	
Not past due	372,538,563	-	75,897,859	-
Past due 15 - 30 days	5,704,297	29	3,697,211	8
Past due 31 days - 180 days	3,749,006	13,111	24,061,771	108,404
Past due 180 days - 365 days	439,430	86,764	1,170,571	239,183
More than 365 days	8,050,125	7,587,900	11,129,839	11,129,837
	<b>390,481,421</b>	<b>7,687,804</b>	<b>115,957,251</b>	<b>11,477,432</b>

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.





### 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	
	2021	2020	2021	2020
	(Percentage)		(Rupees)	
<b>Variable rate instruments</b>				
<i>Financial assets</i>				
Bank balances	5.5% to 6.61%	6.61% to 11.74%	321,797,850	135,148,837
<b>Fixed rate instruments</b>				
Deposits with National Clearing Company of Pakistan Limited	4.00% to 5.61%	5.61% to 10.74%	202,763,867	312,425,589

#### 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)	
<b>As at 30 June 2021</b>				
Variable rate instruments	3,217,979	(3,217,979)	3,217,979	(3,217,979)
<b>As at 30 June 2020</b>				
Variable rate instruments	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 2021 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)		
<b>30 June 2021</b>	-	10% increase	-	-	-	-
		10% decrease	-	-	-	-
<b>30 June 2020</b>	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	30 June 2021				Fair value		
	Carrying value				Level 1	Level 2	Level 3
	Mandatorily at FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities			
	(Rupees)						
<b>Financial assets measured at fair value</b>							
Investment in shares of Pakistan Stock Exchange Limited	-	-	-	-	-		
Listed equity securities	-	-	-	-	-		
Term finance certificates	4,009,645					4,009,645	
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	36,206,252	-			
Trade debts - considered good	-	-	382,451,422	-			
Investment in marginal financing	-	-	70,326,739	-			
Deposits and prepayments	-	-	208,502,668	-			
Advances and other receivables	-	-	4,207,940	-			
Cash and bank balances	-	-	332,701,076	-			
	4,009,645	-	1,034,396,097	-			
<b>Financial liabilities not measured at fair value</b>							
Unclaimed dividend	-	-	-	3,055,446			
Trade and other payables	-	-	-	510,011,912			
Short term borrowing	-	-	-	149,996,346			
	-	-	-	663,063,704			
<b>On balance sheet financial instruments</b>							
	30 June 2020				Fair value		
	Carrying value				Level 1	Level 2	Level 3
	Mandatorily at FVTPL	FVTOCI - equity instrument	Financial asset at amortised cost	Other financial liabilities			
	(Rupees)						
<b>Financial assets measured at fair value</b>							
Investment in shares of Pakistan Stock Exchange Limited		10,703,821	-	-	10,703,821		
Listed equity securities	484,350	-	-	-	484,350		
Term finance certificates	4,009,645					4,009,645	
<b>Financial assets not measured at fair value</b>							
Long term deposits	-	-	16,713,523	-			
Trade debts - considered good	-	-	104,479,819	-			
Investment in marginal financing	-	-	2,430,138	-			
Deposits and prepayments	-	-	319,231,311	-			
Advances and other receivables	-	-	4,594,814	-			
Cash and bank balances	-	-	168,718,288	-			
	4,493,995	10,703,821	616,167,893	-			
<b>Financial liabilities not measured at fair value</b>							
Unclaimed dividend	-	-	-	3,055,446			
Trade and other payables	-	-	-	183,832,014			
Short term borrowing	-	-	-	149,996,346			
	-	-	-	336,983,806			



### 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 PSX. 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

	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)	(287,487,513)
Depreciation	(13,614,946)	(3,025,544)	(4,970,536)	(21,611,026)
Amortisation of intangible assets	(33,863)	(7,525)	(12,363)	(53,751)
Net Impairment reversal on Trade Debts	3,789,628	-	-	3,789,628
Capital Gain or loss on sale of investments	-	-	13,361,705	13,361,705
Finance cost	(20,389,553)	(976,553)	(1,604,337)	(22,970,443)
Finance Income	37,677,109	-	2,086,853	39,763,962
Taxation	(23,305,065)	(4,251,177)	(1,499,117)	(29,055,359)
Segment assets	988,333,038	13,004,576	211,168,081	1,199,501,119
Segment liabilities	650,024,507	-	54,995,046	705,019,553
Capital expenditure	27,720,406	-	8,447,639	36,168,045

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, 2021 and June 30, 2020 are located and operating in Pakistan

	2020			Total
	Equity Brokerage	Investment Banking	Other Operations	
Segment revenues	149,824,185	39,355,801	6,637,694	195,817,680
Administrative and operating expenses (other than depreciation and amortization)	(93,520,146)	(17,590,754)	(63,994,722)	(177,641,438)
Depreciation	(15,519,706)	(4,031,092)	(604,664)	(20,155,462)
Amortisation of intangible assets	(298,479)	(77,527)	(11,629)	(387,635)
Capital Gain or (loss) on sale of investments	-	-	(1,524,315)	(1,524,315)
Unrealized gain/ loss	-	-	(151,963)	(151,963)
Net Impairment on Trade Debts	1,063,397	-	-	1,063,397
Finance cost	(11,385,425)	(1,410,826)	(211,624)	(13,007,875)
Finance Income	48,541,860	-	3,923,243	52,465,103
Taxation	(18,962,499)	(3,148,464)	(796,523)	(22,907,486)
Segment assets	560,116,169	-	223,983,614	784,099,783
Segment liabilities	333,928,360	-	43,194,274	377,122,634
Capital expenditure	5,550,216	-	-	5,550,216

### 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 2021, the Company is required to maintain BMC of Rs. 33.391 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 2021 (Rupees)
Cash	31,500,000
Trading Right Entitlement Certificates	2,500,000
	<u>34,000,000</u>

### 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	
<b>Current Assets</b>			
Cash in hand, bank balances	As per book value	36.2	332,701,076
Cash deposited as margin with Pakistan Stock Exchange Limited (PSX) and National Clearing Company of Pakistan Limited NCCPL	As per book value	36.3	202,763,867
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	- - -	-
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	4,009,646 (400,965) 3,608,681
Trade debts	As per book value Less: Overdue for more than 14 days	36.5.1	446,434,944 (31,568,331) 414,866,613
			<u>953,940,237</u>
<b>Current Liabilities</b>			
Trade payables	As per book value Less: Overdue for more than 30 days	36.6	276,888,181 (74,634,325) 202,053,856
Other liabilities	As per book value - Trade payables overdue for more than 30 days - Short term borrowing - Accrued expenses and others	36.7	74,634,325 149,996,346 247,013,433 471,644,104
			<u>673,697,960</u>
<b>Net Capital Balance as at 30 June 2021</b>			<u><b>280,242,277</b></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 fourteen days.
Investment in listed securities in the name of broker	Securities on the exposure list marked to market less 15% 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

<b>36.2 Cash in hand, bank balances and cash deposit- stated at book value</b>		<b>Amount</b>
Cash in hand		36,455
Bank balances pertaining to:		
Next Capital Limited		
- Current account		8,806,328
- Profit and loss sharing account		7,899,259
- Excess balance in Clients' bank account		-
Clients - current account and profit and loss sharing account		315,959,034
		<u>332,701,076</u>
<b>36.2.1</b> 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.		
<b>36.3 Cash deposited as margin with PSX and NCCPL</b>	<b>Note</b>	<b>Amount</b>
Deposit against exposure margin	36.3.1	180,830,891
Deposit against Marginal Trading Services	36.3.2	21,932,976
		<u>202,763,867</u>
<b>36.3.1</b> This represents margin deposit with NCCPL consist of amounting Rs. 16.59 million against Futures Market, Rs.164.240 million against Regular T+2 market and Rs. Nil million against Bonds Automated Trading System(BATS) market		
<b>36.3.2</b> This represents deposit with National Clearing Company of Pakistan Limited against Marginal Trading System and Margin Financing.		
<b>36.3.3</b> 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).		
<b>36.4 Listed TFCs</b>	<b>Quantity</b>	<b>Rate</b>
Soneri bank limited - Term Finance Certificates	802	5,000
less: Listed TFCs marked to market less 10% discount		
		<u>4,009,646</u>
		<u>(400,965)</u>
		<u>3,608,681</u>
<b>36.5 Trade Debts</b>		
These are valued at cost less bad and doubtful debts (if any) and debts outstanding for more than 14 days.		
	<b>Note</b>	<b>Amount</b>
Total receivable	36.5.1	446,434,944
Less: Receivables other than brokerage business	36.5.2	-
Total trade receivables		446,434,944
Less: Over due for more than 14 days		(31,568,331)
Balance generated within 14 days and/or not yet due		<u>414,866,613</u>
<b>36.5.1</b> The break up of total receivable is as follows:		
Purchases of shares on behalf of clients	36.5.3	376,108,205
Investments in Marginal Financing	36.5.4	70,326,739
		<u>446,434,944</u>
<b>36.5.2</b> Amount receivable other than brokerage business is not included for the purpose of Net Capital Balance in accordance with clause 2.7 of clarification / guidelines issued by SECP dated 03 July 2013.		
<b>36.5.3</b> 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.		
<b>36.5.4 Investment in Marginal Financing</b>		
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%.		
<b>36.6 Trade payables</b>		
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.		
<b>36.7 Other liabilities</b>		
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.		
		<b>Amount</b>
Unclaimed Dividend		3,055,446
Accrued commission to traders		13,741,698
Accrued salaries and other expenses		11,619,068
Payable to National Clearing Company of Pakistan		192,499,404
Auditor's remuneration		1,062,856
Tax deducted at source		6,530,863
Commission payable		78,252
Markup payable		3,894,250
Other payables		2,531,076
Accrued expenses		1,366,264
Current portion of lease liabilities		10,634,256
		<u>247,013,433</u>



**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
<b>1. Assets</b>				
1.1	Property & Equipment	109,769,456	100.00%	-
1.2	Intangible Assets	3,482,361	100.00%	-
1.3	Investment in Govt. Securities	-		-
1.4	<b>Investment in Debt. Securities</b>			
	<b>If listed then:</b>			
	i. 5% of the balance sheet value in the case of tenure upto 1 year	-	5.00%	-
	ii. 7.5% of the balance sheet value, in the case of tenure from 1-3 years	-	7.50%	-
	iii. 10% of the balance sheet value, in the case of tenure of more than 3 years	4,009,645	10.00%	3,608,681
	<b>If unlisted then:</b>			
	i. 10% of the balance sheet value in the case of tenure upto 1 year	-	10.00%	-
	ii. 12.5% of the balance sheet value, in the case of tenure from 1-3 years	-	12.50%	-
	iii. 15% of the balance sheet value, in the case of tenure of more than 3 years	-	15.00%	-
1.5	<b>Investment in Equity Securities</b>			
	i. If listed 15% or VaR of each securities on the cutoff date as computed by the Securities Exchange for respective securities whichever is higher.	-	-	-
	ii. If unlisted, 100% of carrying value.	-	100.00%	-
	iii. Subscription money against Investment in IPO/offer for Sale: Amount paid as subscription money provided that shares have not been allotted or are not included in the investments of securities broker.	-		
	iv. 100% Haircut shall be applied to Value of Investment in any asset including shares of listed securities that are in Block, Freeze or Pledge status as on reporting date. (July 19, 2017) Provided that 100% haircut shall not be applied in case of investment in those securities which are Pledged in favor of Stock Exchange / Clearing House against Margin Financing requirements or pledged in favor of Banks against Short Term financing arrangements. In such cases, the haircut as provided in schedule III of the Regulations in respect of investment in securities shall be applicable (August 25, 2017)	-	100.00%	-
1.6	Investment in subsidiaries	-	100.00%	-
1.7	<b>Investment in associated companies/undertaking</b>			
	i. If listed 20% or VaR of each securities as computed by the Securities Exchange for respective securities whichever is higher.	-		-
	ii. If unlisted, 100% of net value.	-	100.00%	-
1.8	Statutory or regulatory deposits/basic deposits with the exchanges, clearing house or central depository or any other entity.	36,206,252	100.00%	-
1.9	Margin deposits with exchange and clearing house.	202,763,867		202,763,867
1.10	Deposit with authorized intermediary against borrowed securities under SLB.	-		-
1.11	Other deposits and prepayments	5,738,801	100.00%	-
1.12	Accrued interest, profit or mark-up on amounts placed with financial institutions or debt securities etc. (Nil)	-		-
	100% in respect of markup accrued on loans to directors, subsidiaries and other related parties	-	100.00%	-
1.13	Dividends receivables.	-		-
1.14	Amounts receivable against Repo financing. Amount paid as purchaser under the REPO agreement. ( <i>Securities purchased under repo arrangement shall not be included in the investments.</i> )	-		-
1.15	Receivables other than trade receivables	52,051,500	100.00%	-
1.16	<b>Receivables from clearing house or securities exchange(s)</b>			
	100% value of claims other than those on account of entitlements against trading of securities in all markets including Mtm gains.	-		-
1.17	<b>Receivables from customers</b>			
	i. In case receivables are against margin financing, the aggregate if (i) value of securities held in the blocked account after applying VAR based Haircut, (ii) cash deposited as collateral by the finance (iii) market value of any securities deposited as collateral after applying VaR based haircut. <i>i. Lower of net balance sheet value or value determined through adjustments.</i>	70,326,739	39,077,132	39,077,132
	ii. In case receivables are against margin trading, 5% of the net balance sheet value. <i>ii. Net amount after deducting haircut</i>	-	5.00%	-
<b>S. No.</b>	<b>Head of Account</b>	<b>Value in Pak Rupees</b>	<b>Hair Cut / Adjustments</b>	<b>Net Adjusted Value</b>
	iii. In case receivables are against securities borrowings under SLB, the amount paid to NCCPL as collateral upon entering into contract. <i>iii. Net amount after deducting haircut</i>	-		-
	iv. In case of other trade receivables not more than 5 days overdue, 0% of the net balance sheet value. <i>iv. Balance sheet value</i>	382,451,422	359,135,145	359,135,145

S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	v. In case of other trade receivables are overdue, or 5 days or more, the aggregate of (i) the market value of securities purchased for customers and held in sub-accounts after applying VAR based haircuts, (ii) cash deposited as collateral by the respective customer and (iii) the market value of securities held as collateral after applying VaR based haircuts. <b>v. Lower of net balance sheet value or value determined through adjustments</b>	-		-
	<b>vi. 100% haircut in the case of amount receivable from related parties.</b>	-	100.00%	-
1.18	<b>Cash and Bank balances</b>	-		-
	i. Bank Balance-proprietary accounts	16,705,587		16,705,587
	ii. Bank balance-customer accounts	315,959,034		315,959,034
	iii. Cash in hand	36,455		36,455
1.19	<b>Total Assets</b>	<b>1,199,501,119</b>		<b>937,285,901</b>
<b>2. Liabilities</b>				
2.1	<b>Trade Payables</b>			
	i. Payable to exchanges and clearing house	-	-	-
	ii. Payable against leveraged market products	-	-	-
	iii. Payable to customers	276,688,181	-	276,688,181
2.2	<b>Current Liabilities</b>			
	i. Statutory and regulatory dues	-	-	-
	ii. Accruals and other payables	233,323,731	-	233,323,731
	iii. Short-term borrowings	149,996,346	-	149,996,346
	iv. Current portion of subordinated loans	-	-	-
	v. Current portion of long term liabilities	10,634,256	-	10,634,256
	vi. Deferred Liabilities	-	-	-
	vii. Provision for bad debts	-	-	-
	viii. Provision for taxation	-	-	-
	ix. Other liabilities as per accounting principles and included in the financial statements	3,055,446	-	3,055,446
2.3	<b>Non-Current Liabilities</b>			
	i. Long-Term financing	-	-	-
	ii. Staff retirement benefits	-	-	-
	iii. Other liabilities as per accounting principles and included in the financial statements	31,321,593	-	31,321,593
2.4	<b>Subordinated Loans</b>	-	-	-
	100% of Subordinated loans which fulfill the conditions specified by SECP are allowed to be deducted	-	-	-
2.5	<b>Total Liabilities</b>	<b>705,019,553</b>		<b>705,019,553</b>
<b>3. Ranking Liabilities Relating to :</b>				
3.1	<b>Concentration in Margin Financing</b>			
	The amount calculated client-to-client basis by which any amount receivable from any of the finances exceed 10% of the aggregate of amounts receivable from total finances.	70,326,739		52,578,187
3.2	<b>Concentration in securities lending and borrowing</b>			
	The amount by which the aggregate of: (i) Amount deposited by the borrower with NCCPL (ii) Cash margins paid and (iii) The market value of securities pledged as margins exceed the 110% of the market value of shares borrowed	-	-	-
3.3	<b>Net underwriting Commitments</b>			
	<b>(a) in the case of right issues :</b> if the market value of securities is less than or equal to the subscription price; the aggregate of: (i) the 50% of Haircut multiplied by the underwriting commitments and (ii) the value by which the underwriting commitments exceeds the market price of the securities. In the case of rights issues where the market price of securities is greater than the subscription price, 5% of the Haircut multiplied by the net underwriting	-	-	-
	<b>(b) in any other case :</b> 12.5% of the net underwriting commitments	-	-	-
3.4	<b>Negative equity of subsidiary</b>			
	The amount by which the total assets of the subsidiary (excluding any amount due from the subsidiary) exceed the total liabilities of the subsidiary	-	-	-
3.5	<b>Foreign exchange agreements and foreign currency positions</b>			
	5% of the net position in foreign currency. Net position in foreign currency means the difference of total assets denominated in foreign currency less total liabilities denominated in foreign currency	-	-	-
3.6	<b>Amount Payable under REPO</b>	-	-	-
3.7	<b>Repo adjustment</b>			
S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
	<b>In the case of financier/purchaser</b> the total amount receivable under Repo less the 110% of the market value of underlying securities. <b>In the case of finance/seller</b> the market value of underlying securities after applying haircut less the total amount received, less value of any securities deposited as collateral by the purchaser after applying haircut less any cash deposited by the purchaser.	-	-	-



S. No.	Head of Account	Value in Pak Rupees	Hair Cut / Adjustments	Net Adjusted Value
3.8	<b>Concentrated proprietary positions</b> If the market value of any security is between 25% and 51% of the total proprietary positions then 5% of the value of such security .If the market of a security exceeds 51% of the proprietary position, then 10% of the value of such security	4,009,650	-	400,965
3.9	<b>Opening Positions in futures and options</b> i. In case of customer positions, the total margin requirements in respect of open positions less the amount of cash deposited by the customer and the value of securities held as collateral/ pledged with securities exchange after applying VaR haircuts ii. In case of proprietary positions, the total margin requirements in respect of open positions to the extent not already met	-	-	-
3.10	<b>Short sell positions</b> i. In case of customer positions, the market value of shares sold short in ready market on behalf of customers after increasing the same with the VaR based haircuts less the cash deposited by the customer as collateral and the value of securities held as collateral after applying VAR based Haircuts ii. In case of proprietary positions, the market value of shares sold short in ready market and not yet settled increased by the amount of VAR based haircut less the value of securities pledged as collateral after applying haircuts.	-	-	-
3.11	<b>Total Ranking Liabilities</b>	74,336,389	-	52,979,152
		<b>420,145,177</b>	<b>Liquid Capital</b>	<b>179,287,196</b>

#### Summary of Liquid Capital

(i) Adjusted value of Assets (serial number 1.19)	937,285,901
(ii) Less: Adjusted value of liabilities (serial number 2.5)	(705,019,553)
(iii) Less: Total ranking liabilities (series number 3.11)	(52,979,152)
	<b>179,287,196</b>

#### 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. CORRESPONDING FIGURES

Comparative figures have been re-arranged and reclassified wherever necessary for the purpose of comparison and better presentation.

The following reclassification has been made for the purpose of better presentation:

Description	Reclassified from	Reclassified to	2020 (Rupees)
Mobilization Advance	Deposits and prepayments	Property and equipment	3,071,023

#### 40. 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).

#### 41. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 20th August 2021 by the Board of Directors of the Company.



Chief Executive



Chief Financial Officer



Director



**NEXT CAPITAL LIMITED**  
**PATTERN OF SHAREHOLDING**  
**AS AT JUNE 30, 2021**

NO OF SHAREHOLDERS	NO. OF SHAREHOLDINGS		Total Shares
	FROM	TO	
144	1	100	2,633
40	101	500	15,195
229	501	1,000	137,501
141	1,001	5,000	329,728
63	5,001	10,000	488,946
34	10,001	15,000	426,300
17	15,001	20,000	313,900
18	20,001	25,000	414,000
4	25,001	30,000	112,037
6	30,001	35,000	193,150
4	35,001	40,000	147,500
6	40,001	45,000	258,900
7	45,001	50,000	343,610
4	50,001	55,000	212,600
3	55,001	60,000	166,875
1	60,001	65,000	64,200
3	65,001	70,000	200,000
1	70,001	75,000	74,500
1	75,001	80,000	78,000
1	85,001	90,000	90,000
1	90,001	95,000	91,000
3	95,001	100,000	300,000
1	100,001	105,000	104,500
3	105,001	110,000	330,000
1	120,001	125,000	125,000
1	125,001	130,000	128,400
1	135,001	140,000	137,500
1	145,001	150,000	149,600
1	155,001	160,000	160,000
1	165,001	170,000	165,800
2	200,001	205,000	404,100
1	210,001	215,000	211,750
1	215,001	220,000	220,000
2	235,001	240,000	478,500
1	275,001	280,000	280,000
1	300,001	305,000	302,500
1	325,001	330,000	325,050
1	380,001	385,000	380,050
1	410,001	415,000	412,775
1	485,001	490,000	486,200
2	545,001	550,000	1,100,000
1	595,001	600,000	600,000
1	600,001	605,000	600,500
1	650,001	655,000	654,500
1	965,001	970,000	967,000
1	1,210,001	1,215,000	1,210,275
1	1,265,001	1,270,000	1,266,400
1	2,015,001	2,020,000	2,017,950
1	3,710,001	3,715,000	3,712,500
1	4,755,001	4,760,000	4,757,500
1	4,795,001	4,800,000	4,796,550
1	4,945,001	4,950,000	4,949,450
1	13,605,001	13,610,000	13,605,075
<b>767</b>			<b>49,500,000</b>

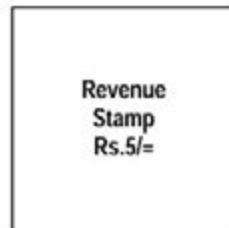
### CATEGORY DETAILS OF SHAREHOLDING AS AT JUNE 30, 2021

Directors, Chief Executive Officer, and their spouse and minor children (to be confirm by Company)			
SNO.	NAME	HOLDING	PERCENT
1	MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN	2,475	0.01%
2	MRS. HANNA KHAN	1,210,893	2.45%
3	MR. MUHAMMAD ZUBAIR ELLAHI	618	0.00%
4	MR. HASAN SHAHNAWAZ	2,475	0.01%
5	MUHAMMAD NAJAM ALI	13,605,075	27.49%
7	MALIK KHURRAM SHAHZAD	1,100	0.00%
8	TARIQ WASEEM GHAZI	26,537	0.05%
		<b>TOTAL &gt;&gt;</b>	<b>14,849,173</b>
Banks, Development Financial Institutions, Non Banking Financial Institutions			
SNO.	NAME	HOLDING	PERCENT
1	MCB BANK LIMITED - TREASURY	4,796,550	9.69%
		<b>TOTAL &gt;&gt;</b>	<b>4,796,550</b>
Modarabas and Mutual Funds			
SNO.	NAME	HOLDING	PERCENT
1	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	412,775	0.83%
2	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	654,500	1.32%
		<b>TOTAL &gt;&gt;</b>	<b>1,067,275</b>
Others			
SNO.	NAME	HOLDING	PERCENT
1	BONUS FRACTION B-3	40	0.00%
2	MIDDLE EAST NORTH AFRICA FINANCIAL INVESTMENTS W.L.L.	600,500	1.21%
3	ICON CONSULTANTS (PRIVATE) LIMITED	110,000	0.22%
4	VORSON (PRIVATE) LIMITED	15,000	0.03%
5	TAG CONSULTING (PVT.) LIMITED	55,500	0.11%
6	SARFAZ MAHMOOD (PRIVATE) LTD	550	0.00%
7	MAPLE LEAF CEMENT FACTORY LTD	3,712,500	7.50%
8	MAPLE LEAF CAPITAL LIMITED	1	0.00%
9	ABBAS CORPORATION (PVT) LIMITED	550,000	1.11%
10	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	3,000	0.01%
11	TAG CONSULTING (PVT.) LIMITED	967,000	1.95%
12	BROADAXIS TECHNOLOGIES (PRIVATE) LIMITED	23,100	0.05%
13	UNIFIED SHIPPING AGENCIES (PRIVATE) LIMITED	74,500	0.15%
14	ABA ALI HABIB SECURITIES (PVT) LIMITED	6,187	0.01%
15	MRA SECURITIES LIMITED - MF	47,000	0.09%
16	MOHAMMAD MUNIR MOHAMMAD AHMED KHANANI SECURITIES LTD. - MF	20,000	0.04%
17	DAWOOD EQUITIES LIMITED - MF	10,000	0.02%
18	BAWANY SECURITIES (PRIVATE) LIMITED - MF	239,000	0.48%
19	KHADIM ALI SHAH BUKHARI SECURITIES (PVT.) LIMITED - MF	100,000	0.20%
		<b>TOTAL &gt;&gt;</b>	<b>6,533,878</b>
Individual			
		HOLDING	PERCENT
Individuals		22,253,124	44.96%
<b>Grand Total</b>		<b>49,500,000</b>	<b>100%</b>

# PROXY FORM

I/We \_\_\_\_\_ being a member of Next Capital Limited hereby appoint Mr./Mrs./Miss. \_\_\_\_\_ of Next Capital Ltd failing whom Mr./Mrs./Miss. \_\_\_\_\_ of \_\_\_\_\_ as my/ our proxy to attend and act for me/ us, and on my/ our behalf, at the Annual General Meeting of the Company to be held on Tuesday September 22, 2021 at 9:00 am at the registered office of the Next Capital (Pvt) Limited, 2nd Floor Imperial Court Building, Dr. Ziauddin Ahmed Road, Karachi, and any adjournment thereof.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 2021



Specimen Signature of

Proxy

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

Signature of Shareholder

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

Signature of Alternate Proxy

Folio No. \_\_\_\_\_

Participant I.D. No. \_\_\_\_\_

Sub Account No. \_\_\_\_\_

## Note:

1. 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.
2. Attested copies of CNIC or the passport of the beneficial owners and the proxy holder shall be furnished with the proxy form.
3. The proxy holder shall produce his / her original CNIC or original passport at the time of meeting.
4. In case of corporate entity, the Board of Directors' Resolution / Power of Attorney with specimen signature shall be submitted along with proxy form to the Company



Affix  
postage  
stamp

The Company Secretary  
**Next Capital Limited**

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

میں / ہم۔ ساکن۔ حامل کمپیوٹرائزڈ شناختی کارڈ نمبر۔  
اور بطور رکن Next Capital Limited۔ حامل کمپیوٹرائزڈ شناختی کارڈ نمبر۔ کو  
مورخہ منگل ۲۳ ستمبر 2021 کو منعقد ہونے والے اجلاس عام اور اس کے کسی ملتوہ شدہ اجلاس کے لیے میرا / ہماری جانب سے ووٹ ڈالنے  
کے لیے بطور نمائندہ (پراکسی) تقرر کرتا ہوں / کرتے ہیں۔

گواہان کی موجودگی میں میرے / ہمارے / ہماری دستخط / ممبر روز۔ 2021 کو ثبت کئے گئے / کی گئی۔

گواہان

نام \_\_\_\_\_

-----<sup>22</sup><sub>9</sub>

\_\_\_\_\_كمپيوٽراىزۇشناختى كارۇنمىبر\_\_\_\_\_

۲- دستخط \_\_\_\_\_

نام \_\_\_\_\_

-----

سی ڈی سی اکاؤنٹ نمبر \_\_\_\_\_ نامزد حصص یافتہ کے دستخط \_\_\_\_\_

کمپیوٹرائزڈ شناختی کارڈ نمبر -----

نوٹ:

۱۔ یہ پراکسی فارم، مکمل اور دستخط شدہ، کمپنی کے رجسٹرڈ دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے پہلے موصول ہونا ضروری ہے۔

۲۔ پراکسی فارم کے ساتھ تقرر کرنے والے اور پراکسی کے حامل فرد کی CNIC کی تصدیق شدہ نقول جمع کی جائیں گی۔

۳۔ اجلاس کے وقت پر کسی کا حامل شخص اپنا اصل شناختی کارڈ فراہم کرے گا۔

۴۔ کارپوریٹ ادارے کی صورت میں بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی (مختار نامہ) منظور شدہ دستخط کے ساتھ پراسی فارم کے ہمراہ جمع کی جائے گی۔

### 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 لیے اپنی ذمہ داریوں سے آگاہ ہے۔

### ایکسٹرنل آڈیٹرز:

ریٹائر ہونے والے آڈیٹرز 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 2022ء کے لئے بطور آڈیٹرز تقرر کیلئے آڈٹ کمیٹی کو سفارش کی ہے۔

### اظہار تشکر:

نیسٹ کمپنیل 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۔

بوسطہ بورڈ آف ڈائریکٹرز

محصولہ

زیر الہی

ڈائریکٹر

محمد نجم علی

چیف ایگزیکٹو آفیسر

مورخہ: 20 اگست 2021ء



### بورڈ کی کمیٹیاں:

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

(الف) آڈٹ کمیٹی:

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

### (ب) ہیومن ریسورس اینڈ ریمو نریشن کمیٹی

جناب حسن شاہنواز	چیئر مین، آزاد ڈائریکٹر
جناب ایم ذوالقرنین محمود خان	ممبر
مسز حیدر خان	ممبر
جناب ملک خرم شہزاد	ممبر

### ڈائریکٹرز کے معاوضے:

بورڈ آف ڈائریکٹرز کمپنیز ایکٹ، 2017 اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشنز 2017 کے مطابق ڈائریکٹرز کے معاوضے کے لیے باقاعدہ پالیسی اور شفاف طریقہ کار رکھتے ہیں۔

### 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۔

### بورڈ آف ڈائریکٹرز کی میٹنگ:

مالیاتی سال 2020-21 کے دوران بورڈ کی چار میٹنگز منعقد ہوئیں جن میں ڈائریکٹرز کی حاضری درج ذیل ہے:

نام	عہدہ	حاضری
جنرل (ریٹائرڈ) طارق وسیم غازی	ڈائریکٹر/چیئر مین	4
جناب محمد نجم علی	ڈائریکٹر/چیف ایگزیکٹو آفیسر	4
مسز حیدر خان	ڈائریکٹر	3
جناب محمد ذوالقرنین محمود خان	ڈائریکٹر	3
جناب محمد زبیر الہی	ڈائریکٹر	4
جناب حسن شاہنواز	ڈائریکٹر	1
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 بندیاں	نام
آزاد ڈائریکٹرز	لیفٹنٹ جنرل (ریٹائرڈ) طارق وسیم غازی جناب حسن شاہنواز
دیگر غیر ایگزیکٹو ڈائریکٹرز	جناب محمد ذوالقرنین محمود خان مسز حیدر خان جناب محمد زبیر الہی جناب ملک خرم شہزاد
ایگزیکٹو ڈائریکٹر	جناب محمد نجم علی

## تعمیل کا بیان:

- (الف) کمپنی کی انتظامیہ کی جانب سے تیار کردہ مالیاتی گوشوارے کمپنی کے حالات، اس کے آپریشنز کے نتائج، کیش فلو اور ایکویٹی میں تبدیلی کی شفاف عکاسی کرتے ہیں۔
- (ب) کمپنی کے کھاتے مناسب طریقہ سے رکھے جا رہے ہیں۔
- (ج) 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۔
- (د) مالیاتی گوشوارے کی تیاری میں بین الاقوامی مالیاتی رپورٹنگ معیارات، جو کہ پاکستان میں نافذ العمل ہیں، اور کمپنیز ایکٹ 2017 اور جیسا کہ مالی بیانات کے نوٹ نمبر 2 میں بھی بیان کیا گیا ہے، کے تحت ان کی پیروی کی گئی ہے۔
- (ه) انٹرئل کنٹرول کے نظام مضبوط ہیں اور اس کی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- (و) آنے والے سالوں میں کمپنی کے کاروباری تسلسل پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- (ز) 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۔
- (س) موجودہ سال اور گزشتہ سالوں کے اہم آپرینٹنگ اور مالیاتی ڈیٹا سالانہ جنرل میٹنگ کے نوٹس میں واضح ہیں۔
- (ش) کمپنی نے 10 فیصد کی شرح سے بونس شیئرز جاری کیے یعنی 4.5 ملین شیئرز فی شیئر 10 روپے۔ لہذا 30 جون 2021 کو ختم ہونے والے سال کے لیے کسی بھی ڈویڈنڈ کا اعلان نہیں کیا گیا۔
- (ص) ٹیکسز، ڈیوٹیز، لیویز اور دیگر چارجز کے اکاؤنٹ پر کوئی ادائیگی واجب الادا نہیں ہے جو کہ 30 جون 2021 سے متعلق ہے، سوائے ان کے جو مالیاتی بیانات میں ظاہر کئے گئے ہیں۔
- (ض) تمام مواد میں تبدیلی اور ارادے جس کی وجہ سے کمپنی کی مالیاتی پوزیشن، بیلن شیٹ کی تاریخ اور ڈائریکٹرز رپورٹ کی تاریخ پر اثر پڑا ہے جس کا ذکر رپورٹ میں درج ہے۔
- (ط) پانچ ڈائریکٹرز نے ڈائریکٹر ٹریننگ پروگرام کے تحت تربیت حاصل کی ہے۔
- (ظ) ڈائریکٹرز، سی ایف او، سی ای او، کمپنی سیکرٹری، 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
- (ع) شیئر ہولڈنگ کا طریقہ کار مالی بیانات کے بعد ظاہر کیا جائے گا۔



بڑھا سکتا ہے، جو تخفیفی مانیٹری پالیسی کا باعث بنے گا۔ ان پیش رفتوں کو عملی جامہ پہنانے سے بیرونی طرف دباؤ بڑھ سکتا ہے، جس کا انتظام کرنا مشکل ثابت ہو سکتا ہے۔

### کارکردگی کا جائزہ:

موجودہ مدت میں کمپنی کی کارکردگی پر درج ذیل ٹیبل کے تحت روشنی ڈالی ہے:

2019-20 پاکستانی روپے	2020-21 پاکستانی روپے	
(8,188,270)	7,085,268	یکم جولائی کو مجموعی خسارہ
17,794,313	81,998,328	سال کا خالص منافع
-	(45,000,000)	دوران سال جاری کردہ بونس شیئرز
-	5,397,970	ایف ڈی اوسی آئی میں ہونے والی سرمایہ کاری پر خالص آمدنی
7,085,268	49,481,566	30 جون کو (مجموعی خسارہ) / غیر مختص منافع
0.36	1.66	فی شیئر آمدنی روپے میں

کمپنی نے گزشتہ سال کے 36.5 ملین روپے کے قبل از ٹیکس منافع کے مقابلے میں زیر جائزہ سال کے دوران 111 ملین روپے کا قبل از ٹیکس منافع حاصل کیا۔ کمپنی کی مجموعی آپریٹنگ آمدنی میں 368.2 ملین روپے کا اضافہ ہوا جو کہ گزشتہ سال 195.8 ملین روپے تھی جو کہ 88 فیصد کا اضافہ ہے۔ تجارتی سرگرمیوں میں اضافے کی وجہ سے بروکریج آمدنی میں 78 فیصد اضافہ ہوا جو کہ خاص طور پر سال کی تیسری اور چوتھی سہ ماہی میں ملک میں بہتر معاشی صورتحال سے متعلق ہے۔ اسی طرح ایڈوائزری اور کنسلٹنسی کی آمدنی بھی 35 فیصد اضافے کے ساتھ 60 ملین روپے تک پہنچ گئی جو گزشتہ سال 44 ملین تھی۔

بنیادی طور پر کمپنی کے براؤنچ نیٹ ورک کو بڑھانے کے اسٹریٹجک فیصلے کی بنیاد پر عملے میں اضافے کے نتیجے میں کمپنی کے انتظامی اخراجات میں بھی 22 فیصد اضافہ ہوا۔ آپریٹنگ اخراجات میں بھی تیسری اور چوتھی سہ ماہی میں بڑھتی ہوئی کیپٹل مارکیٹ کی تجارتی سرگرمیوں کے مطابق 65 فیصد اضافہ ہوا جس سے کمپنی کی آمدنی میں 78 فیصد اضافہ ہوا۔

ایف اے ٹی ایف گریڈ لسٹ کے حوالے سے، پاکستان سے 27 میں سے 26 پوائنٹس پہلے ہی حل ہو چکے ہیں اور ملک کے گریڈ لسٹ سے نکلنے کے بہت زیادہ امکانات ہیں۔ تاہم، آئی ایم ایف کے ساتھ مذاکرات اگلے جائزے میں پیچیدہ ہو سکتے ہیں کیونکہ سرکر ڈیٹ جمع کرنے اور بجلی کے نرخوں میں اضافے کے حوالے سے اقدامات پر ابھی تک اتفاق نہیں ہوا کہ شرح نمو اور آمدنی پالیسیوں کو جاری رکھا جاسکے۔

### کمپیوٹل مارکیٹ کا جائزہ:

شیئنگ مارک انڈیکس اپنی 27,228 کی کم سطح (25 مارچ 2020 کو) پر کامیاب رہا اور اس کے بعد سے تقریباً 74 فیصد ریٹرن فراہم کرتے ہوئے V-shaped کی ریکوری پوسٹ کی، یہاں تک کہ وبائی مرض سے پہلے کی سطح سے بھی اوپر ہو گیا۔ زیر جائزہ سال کے دوران، KSE-100 انڈیکس میں 37.6 فیصد اضافہ ہوا جس کے حجم میں بھی نمایاں اضافہ ہوا۔ کاروبار کے اوسط حجم میں گزشتہ سال کے مقابلے میں 2.7 گنا اضافہ ہوا، جس میں اوسطاً 526 ملین حصص کا کاروبار ہوا۔ مزید برآں، گزشتہ سال میں 12 کاروباری ایام ایسے بھی تھے جن میں روزانہ کا حجم 1 بلین سے زائد حصص میں ریکارڈ کیا گیا، جس میں 27 مئی 2021 کو 2 بلین حصص کی تجارت بھی کی گئی۔ تجارتی اوسط قیمت بھی حجم ٹریڈ کے ساتھ بڑھتی گئی، جس کی اوسط یومیہ قیمت 19.2 بلین پاکستانی روپے ہے جو گزشتہ سال 7.2 بلین تھی۔ توسیعی مانیٹری پالیسی، مارکیٹ میں بڑھتی ہوئی لیکویڈیٹی خاص طور پر ریٹیل سرمایہ کاران کی طرف سے اور معیشت اور تعمیراتی سرگرمیوں کی حوصلہ افزائی کے لیے شرح نمو کی پالیسیوں نے سرمایہ کاروں کے جذبات کو بلند کیا، جس کے نتیجے میں ہمارے bourse کارکردگی غیر معمولی رہی۔ کوویڈ 19 کی لہروں کے درمیان لاک ڈاؤن پابندیوں کے حوالے سے مارکیٹ میں ہلچل مچ گئی، لیکن حکومت کی ”سمارٹ لاک ڈاؤن“ لگانے کی پالیسی سرمایہ کاروں کے اعتماد کو بلند رکھنے میں کامیاب رہی جس کی وجہ سے پہلے لاک ڈاؤن کی پابندیوں میں خون خرابہ نہیں دیکھا گیا۔

تاہم، غیر ملکی سرمایہ کاران نے مارکیٹ میں اپنی اجارہ داری قائم رکھی، اور زیر جائزہ سال کے دوران 387 ملین امریکی ڈالر مالیت کی ایکویٹی فروخت کی۔ بینک اور آئل اینڈ گیس غیر ملکی فروخت کے ترجیحی شعبے تھے جن میں بالترتیب 114 امریکی ڈالر اور 104 ملین امریکی ڈالر کی فروخت کی گئی۔ ٹیکنالوجی اور کمیونیکیشن کے شعبے میں 6.3 ملین امریکی ڈالر کے ساتھ سب سے زیادہ غیر ملکی خریداری کی گئی۔ بڑے شعبوں میں، ٹیکنالوجی اور کمیونیکیشن، ریفرنسری، انجینئرنگ، گلاس اور سیرامکس، ٹیکسٹائل، آٹوموبائل، سینٹ نے شیئنگ مارک انڈیکس کو پیچھے چھوڑ دیا جبکہ وانا پتی اینڈ الائیڈ اینڈ سٹریز، آئل اینڈ گیس، فریٹ لائزر، دو سازی، آئی پی پی، او ایم سی اور بینک سب سے کم کارکردگی والے شعبے رہے۔

آئندہ سالوں میں توقع کی جاتی ہے کہ کم شرح سود والے ماحول میں، پورے بورڈ، خاص طور پر سائیکلکل سیکٹرز سے مضبوط کارپوریٹ منافع پر غور کرتے ہوئے ایک مثبت رفتار برقرار رہے گی۔ مزید یہ کہ پاکستان کی ایف اے ٹی ایف گریڈ لسٹ سے نکالے جانے کی توقع غیر ملکی سرمایہ کاران کو راغب کرنے میں مدد دے سکتی ہے۔ تاہم، اس کے برعکس مالیاتی تخفیف کے امکانات زیادہ رہتے ہیں اور اشیاء کی عالمی قیمتوں کا مسلسل برقرار رہنا، وسیع پیمانے پر ویکسینیشن کے بعد کورونا کی پابندیوں کو ختم کرنا مقامی اور بین الاقوامی مارکیٹ میں مانگ کی وجہ سے افراط زر کو

2019-20 کے 8.10 کے مقابلے میں 8.9 رپورٹ کیا گیا تھا۔ اسٹیٹ بینک توقع کرتا ہے کہ افراط زر کی شرح درمیانی مدت میں 5-7 فیصد کے درمیان رہے گی۔

بیرونی طور پر، زیر جائزہ سال کے دوران پاکستان 1.9 بلین امریکی ڈالر کے خسارہ کے ساتھ کرنٹ اکاؤنٹ کے کسی بھی دباؤ کو کم کرنے میں کامیاب رہا۔ حکومت کرنٹ اکاؤنٹ خسارے کی 1.7- فیصد جی ڈی پی کو 2019-20 میں 4.4 بلین امریکی ڈالر سے کم کر کے 0.6- فیصد جی ڈی پی پر لے آئی۔ یہ بات واضح ہے کہ یہ ایک دہائی میں بہترین بیرونی سائیڈ پر فارمنس ہے اور اسٹیٹ بینک اس خسارے کو 2021-22 کے لیے جی ڈی پی کو 3-2 فیصد کی قابل انتظام رینج کے درمیان لانے کا منصوبہ رکھتا ہے۔ مگر جون 2021 کے لیے نہیں، جو کہ 1.6 بلین امریکی ڈالر کا خسارہ تھا، اور یہ خسارہ اور بھی کم ہو سکتا تھا۔ ترسیلات زر کے لحاظ سے، پاکستان اپنے سابقہ بہترین کو پیچھے چھوڑنے میں کامیاب رہا اور 29.4 بلین ڈالر کا اب تک کا سب سے زیادہ اعداد و شمار پوسٹ کیا، جو کہ گذشتہ سال کے مقابلے میں 27 فیصد زیادہ ہے۔ 25.6 بلین امریکی ڈالر کی برآمدات بھی گذشتہ سال کے مقابلے میں 14 فیصد اضافے کے ساتھ اپنی سابقہ بلند یوں کو عبور کر گئی ہیں۔ وبائی امراض کے درمیان، پاکستان کی آئی ٹی برآمدات نے 47 فیصد کی شاندار شرح نمو، ظاہر کی ہے جو کہ 2.1 بلین امریکی ڈالر ہے۔ مستحکم پوزیشن میں ہونے کے باوجود، TERF سے متعلقہ درآمدات، اشیاء کی مہنگی قیمتیں اور سال کے آخری حصے میں تیل کی بڑھتی ہوئی قیمتوں نے 53.8 بلین امریکی ڈالر کے بڑے درآمدی بل میں حصہ ڈالا جس سے گذشتہ سال کے مقابلے میں 28.2 بلین امریکی ڈالر کا تجارتی خسارہ 33 فیصد بڑھ گیا۔ اس سال تجارتی توازن تشریش کا باعث بنے رہنے کی توقع ہے کیونکہ قیمتوں نے ان اعلی سطحوں پر روزگار دکھایا ہے جس کے ساتھ 2021-22 میں معاشی سرگرمیوں میں مزید بہتری متوقع ہے۔

غیر ملکی کرنسی کے ذخائر یورو بانڈز، آر ڈی اے، آئی ایم ایف اور کثیر الجہتی آمد کی مدد سے 25 بلین امریکی ڈالر کی بلند ترین سطح پر پہنچنے میں بھی کامیاب رہے۔ ان عوامل نے مقامی کرنسی کو مستحکم جگہ فراہم کی، جس میں زیر جائزہ سال کے دوران 6 فیصد اضافہ ہوا۔

مالیاتی پہلو پر، ایف بی آر کی کارکردگی اطمینان بخش رہی کیونکہ وہ 4,725 بلین پاکستانی روپے کے اپنے نظر ثانی شدہ ہدف کو مالیاتی کے ساتھ جمع کرنے میں کامیاب رہی جس میں 4,725 بلین پاکستانی روپے جمع ہوئے جو کہ گذشتہ سال کی ٹیکس وصولی سے 18 فیصد اضافہ ظاہر کرتی ہے۔ 2021-22 کے لیے ایف بی آر کے پاس ٹیکس وصولی کا ہدف 5,829 بلین پاکستانی روپے ہے۔ مزید برآں، حکومت نے مالیاتی سال کی جی ڈی پی کے خسارہ کا تخمینہ 6.3 فیصد لگایا ہے اور اگر اسے حاصل کیا گیا تو یہ 2020-21 کے نظر ثانی شدہ جی ڈی پی کے 7.1 فیصد سے 80bps کی بہتری ہوگی۔ بجٹ کے مالیاتی خسارے کے ہدف کو حاصل کرنا جبکہ شرح نمو کو برقرار رکھنا موجودہ حکومت کے لیے بہت مشکل کام ہوگا۔



## ڈائریکٹر رپورٹ:

اقتصادی جائزہ اور آؤٹ لک:

30 جون 2021 کے اختتامی سال کے دوران، عالمی معیشت نے معاشی سرگرمیوں اور معمولات زندگی کی بحالی کیلئے COVID-19، اس کے اثرات اور لاک ڈاؤن کی پابندیوں کے خلاف مختلف سطح پر کامیابی کے ساتھ اہم اقدامات کئے۔ ویکسینیشن انسانیت کی سب سے بڑی ڈھال ثابت ہوئی جیسا کہ بڑی ترقی یافتہ معیشتوں میں سخت لاک ڈاؤن کی پابندیوں کو ختم کرنے کی تجویز دی گئی جو کہ ابھرتی ہوئی معیشتوں کے مقابلے میں زیادہ ویکسینیشن آؤٹ ریچ پر فخر کرتی ہے۔ ماہر معاشیات کے عالمی نارل انڈیکس کے مطابق وباء سے پہلے کی زندگی میں واپسی کیلئے، جولائی 2021 میں وبائی مرض سے پہلے موجودہ سرگرمی 67 کی سطح پر تھی جبکہ اپریل 2020 میں یہ اعداد و شمار 35 کے قریب رہے، اس سے یہ ظاہر ہوتا ہے کہ ہم وباء سے پہلے کی زندگی کی بحالی کی طرف گامزن ہیں۔ آئی ایم ایف نے جولائی 2021 کے لیے اپنے عالمی اقتصادی آؤٹ لک میں اس موقف کی تصدیق کرتے ہوئے ابھرتی ہوئی معیشتوں کے لیے ترقی کی بعض پیش گوئیوں کو کم کر دیا ہے، جبکہ ترقی یافتہ افراد کے لیے اپریل 2021 میں ان کے تخمینوں کے مقابلے میں شرح نمو کے تخمینے کو اپ گریڈ کیا ہے۔ سال 2021 کی شرح نمو کی پیش گوئی 6 فیصد رہ گئی ہے، جو کہ WEO جون 2020 کے دوران 5.4 فیصد متوقع تھی۔ مزید یہ کہ 2022 میں بہتر مستقبل کی امید ہے اس کے ساتھ ساتھ آئی ایم ایف کی شرح نمو 4.9 فیصد میں، تازہ ترین جائزے کے مطابق 0.5 فیصد اضافہ ہوا۔

اس مشکل وقت میں COVID-19 اور اس کے نتیجے میں کمیوں کے دوبارہ بڑھنے کے خلاف پاکستان کے اقدامات مثال کن رہے، جس نے وسیع پیمانے پر پذیرائی حاصل کی۔ ماہر معاشیات کے نارل انڈیکس (جولائی 2021 کے پہلے ہفتے کا انڈیکس) میں پاکستان کو تیسری بہترین قوم قرار دیا گیا۔ شرح نمو پر، پاکستان نے ایک بار پھر 2020-21 کی حقیقی جی ڈی پی 3.94 فیصد کی شرح نمو کے ذریعے 1-3 فیصد کے درمیان ہونے والی تمام توقعات پر قابو پایا ہے۔ مالیاتی سال 1952 کے بعد پہلی بار 0.5 فیصد کی کساد بازاری کے ساتھ 2019-20 پر بند ہونا انتہائی متاثر کن ہے۔ مینوفیکچرنگ سیکٹر کے انڈیکس ہیوی ویش میں دو ہندسوں کی شرح نمو نے جولائی تا مئی 2020-21 کے دوران LSM کی شرح نمو 14.6 فیصد تک پہنچانے میں مدد کی۔ اس سے بھی اہم بات یہ ہے کہ افراط زر کی توقعات اور کرنٹ اکاؤنٹ کا دباؤ بھی اس عرصے کے دوران اونچی سطح پر رہا، جس سے کاروباری برادری میں ایک نئی امید پیدا ہوئی۔

اس سلسلے میں اسٹیٹ بینک کی کارکردگی کو نظر انداز نہیں کیا جاسکتا کیونکہ ریلیف فراہم کرنے کے لیے 2019-20 کے دوران کئی اقدامات کیے گئے۔ ٹی ای آر ایف، ایل ٹی ایف ایف، زیر التواء اور سبسڈی والے قرض، روشن ڈیجیٹل اکاؤنٹس (آر ڈی اے) اور پالیسی شرح کو سال بھر میں بغیر کسی تبدیلی کے رکھنا، مارچ، جون 2020 میں ان کو 625 بیس پوائنٹس تک کم کرنے کے بعد، معیشت کو متحرک کرنے میں اہم ثابت ہوا۔ دوران سال افراط زر میں کئی گنا اضافہ ہوا جو کہ خاص طور پر 2020-21 کی دوسری ششماہی کے دوران سپلائی سائیز کے مسائل، گلوبل کموڈٹی سپر سائیکل اور بجلی کے نرخوں میں اضافے کی وجہ سے ہوا۔ اسٹیٹ بینک نے اپنی تازہ ترین ایم پی سی مینٹنگ میں واضح طور پر مانیٹری ٹائٹنگ کے لیے بتدریج نقطہ نظر کی تجویز دی ہے، جو سی پی آئی باسکٹ میں داخل ہونے کے بعد ڈیمانڈ سائیز پر یشرز سے نمٹنے کے لیے تیاری جائے گی۔ اس بات کو اجاگر کرنا ضروری ہے کہ پورے سال کا سی پی آئی اسٹیٹ بینک آف پاکستان کی توقعات کے مطابق 7-9 کے ساتھ



**Head Office:**

2nd Floor, Imperial Court Building,  
Dr. Ziauddin Ahmed Road,  
Karachi-75530, Pakistan.

UAN: +(92-21) 111-639-825  
Fax: +(92-21) 35632321

**Lahore Branch Office:**

63-A, Agora Eden City,  
DHA Phase-VIII, Lahore.

Tel: +(92-42) 37135843-48  
Fax: +(92-42) 37135840