Annual Report 2019

NEXT CAPITAL LIMITED

NEXT CAPITAL

Table of Contents

VISION

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

MISSION

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

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

COMPANY INFORMATION

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

Notice is hereby given that the **Tenth (10th) Annual General Meeting (AGM)** of Next Capital Limited **[the Company]** will be held on Friday, October 25, 2019 at 10:00 a.m. at the Registered Office of the Company, situated at 2nd Floor, Imperial Court, Dr. Ziauddin Ahmed Road, Karachi to transact the following businesses:

ORDINARY BUSINESS

1. To confirm the minutes of the Ninth (9th) Annual General Meeting (AGM) held on October 24, 2018.

2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2019 together with the Directors' and Auditors' Reports thereon.

3. To approve the appointment of the Auditor for the year ending June 30, 2020 and fix their remuneration. The retiring Auditor Messrs KPMG Taseer Hadi & Co., Chartered Accountants, being eligible, have offered themselves for re-appointment.

4. To elect seven (7) Directors of the company as fixed by the Board of Directors in accordance with the provisions of Section 159 of the Companies Act, 2017 for the term of (3) years. The following are the names of retiring Directors, who are eligible for re-election:

   i. Lt. Gen. Tariq Waseem Ghzai (Retd.)
   ii. Muhammad Najam Ali
   iii. Hanna Khan
   iv. Muhammad Zulqarnain Mahmood Khan
   v. Hassan Shahnawaz
   vi. Zubair Ellahi
   vii. Malik Khurram Shahzad

5. To transact any other business as may be placed before the meeting with the permission of the Chair.

Karachi.
Dated: October 04, 2019

By order of the Board

Muhammad Najam Ali
Chief Executive

NOTES

i. The Share Transfer Books of the Company will remain closed from 18th October, 2019 to 25th October, 2019 (both days inclusive).

ii. In terms of Section 159(3) of the Companies Act, 2017 any member who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen (14) days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself for election as a director.

iii. A member entitled to attend and vote at this meeting may appoint another member as his or her proxy to attend and vote. Procedure including the guidelines as laid down in Circular No. I- Reference No. 3(5-A) Misc/ARO/LES/96 dated 26th January 2000 issued by Securities & Exchange Commission of Pakistan:

   a. Members, proxies or nominees shall authenticate their identity by showing their original Computerized National Identity Card (CNIC) or original passport and bring their folio numbers at the time of attending the meeting.

   b. In the case of corporate entity, Board of Directors' resolution/Power of Attorney and attested copy of the CNIC or passport of the nominee shall also be produced (unless provided earlier) at the time of meeting.

   c. In order to be effective, the proxy forms must be received at the office of our registrar no later than 48 hours before the meeting, duly signed and stamped and witnessed by two persons with their names, addresses, CNICs' numbers and signatures.

   d. In the case of individuals, attested copies of CNIC or passport of the beneficial owners and the proxy shall be furnished with the proxy form.

   e. In the case of proxy by a corporate entity, Board of Directors resolution/Power of Attorney and attested copy of the CNIC or passport of the proxy shall be submitted along with proxy form.

   f. Beneficial owners of the physical shares and whose shares are deposited with Central Depository Company of Pakistan Limited (CDC) are requested to bring their original Computerized National Identity Card (CNIC) along with participant's I.D. number and their account/sub-account number in CDC to facilitate identification at the time of the meeting. In case of proxy, attested copies of proxy's CNIC or passport, account/subaccount and participant's I.D. numbers must be deposited along with the Form of Proxy at the registered office of the Company as per paragraph No. ii above, duly witnessed by two persons whose names, addresses and CNICs' numbers must be mentioned on the proxy form and attested photocopies of CNIC or the passport of the beneficial owner. In case of proxy for corporate members, the Board of Directors' Resolution/Power of Attorney with specimen signature of the nominee shall be produced at the time of meeting (unless it has been provided earlier to the Shares Registrar).

iv. Physical transfers and deposit request under Central Depository System received at the close of the business on October 17, 2019 by the Company's registrar will be treated as being in time for entitlement to attend, participate in and vote at the meeting.

v. Members are requested to submit copies of their CNICs and promptly notify any change in address by writing to the office of the registrar.

vi. **Consent for Video Link Facility**

Pursuant to SECP's Circular No 10 dated 21 May 2014, Members may participate in the meeting via video-link facility. if the Company receives consent from members holding in aggregate 10% or more shareholding residing at geographical location, to participate in the meeting through video conference at least 10 days prior to the date of meeting, the Company will arrange video conference facility in that city subject to availability of such facility in that city.

In this regard, Members who wish to participate through video-link facility should send a duly signed request as per the following format to the Registered Address of the Company at least 10 days before the date of AGM.

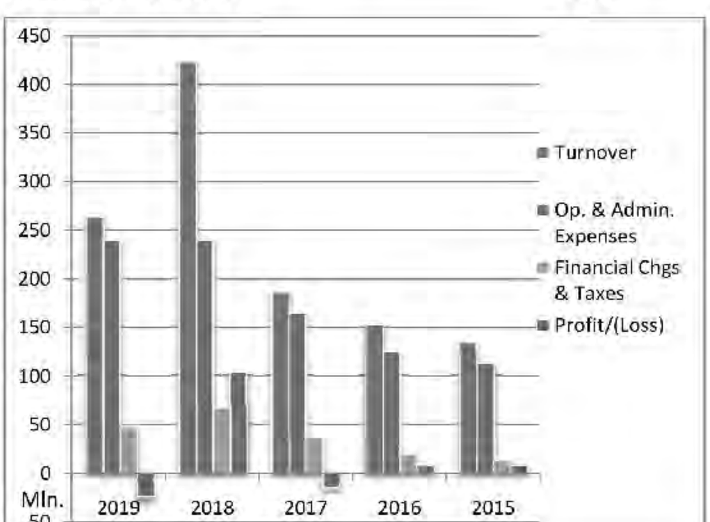
> I/We ______________________________ of ________________________________, being a member(s) of Next Capital Limited, holder of ____________ Ordinary share(s) as per registered folio/CDC Account No. _____________________ hereby opt for video conference facility at ______________________________________.

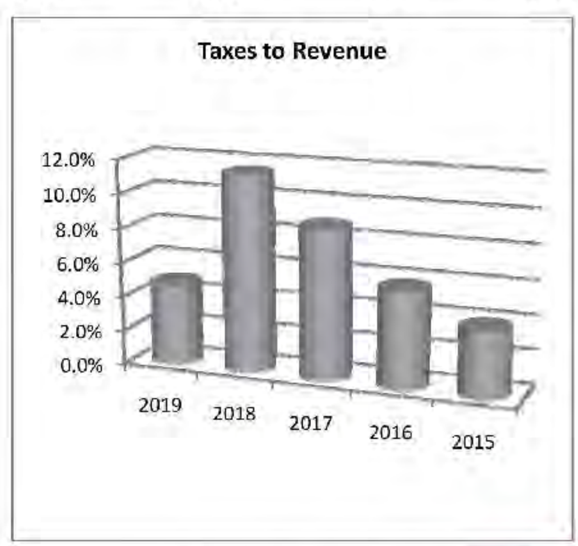
vii. Members are requested to immediately notify the change, if any, in their registered address/contacts numbers to Share Registrar on the following address:

M/s. FAMCO Associates (Pvt.) Limited, 8-F, Near Hotel Faran, Nursery, Block 6, P.E.C.H.S., Shahra-e-Faisal, Karachi Tel: +92 21 3438 0103-5, 3438 4621-3 Fax: 3438 0106

FINANCIAL HIGHLIGHTS

	2019	2018	2017	2016	2015
	---------- Rupees in Thousands ----------				
Profit and Loss Account					
Operating revenue	174,309	241,117	353,702	163,555	139,025
Investment gains - net	5,250	2,318	41,240	1,311	3,596
Other income	40,107	20,467	29,508	21,723	10,224
Total Turnover	***219,666***	***263,902***	***424,450***	***186,589***	***152,845***
Operating & administrative expenses	200,459	240,135	239,422	164,286	124,662
Financial cost	(6,319)	16,497	30,142	26,583	13,265
Profit/(loss) before taxation	12,888	4,769	139,960	(5,703)	14,704
Profit/(loss) after taxation	***2,904***	***(25,336)***	***102,961***	***(16,146)***	***8,863***
Balance Sheet					
Share capital	450,000	450,000	450,000	200,000	200,000
Reserves	(57,348)	(39,655)	40,186	(37,910)	(21,764)
Share holders equity	***392,652***	***410,345***	***490,186***	***162,090***	***178,236***
Long term liabilities	-	-	-	92,212	108,592
Current assets	732,559	635,536	1,053,184	562,005	334,371
Current liabilities	430,867	286,958	653,738	404,289	152,998
Total assets	***823,520***	***697,302***	***1,143,924***	***658,591***	***439,826***
Total liabilities	***430,867***	***286,958***	***653,738***	***496,501***	***261,590***
RATIOS					
Performance					
Net Profit/(loss) Margin (%)	1.7%	-10.5%	29.1%	-9.9%	6.4%
Profit/(loss) before tax (%)	7.4%	2.0%	39.6%	-3.5%	10.6%
Expense/income (%)	115.0%	99.6%	67.7%	100.4%	89.7%
Return on equity (%)	0.7%	-6.2%	21.0%	-10.0%	5.0%
Price Earning (%)	1.1%	-5.9%	12.1%	-6.4%	6.3%
Leverage					
Debt to equity (%)	50.9%	0.0%	0.0%	56.9%	60.9%
Interest cover (x)	2.95	2.21	5.64	0.79	2.11
Liquidity					
Current (x)	1.70	2.21	1.61	1.39	2.19
Earning Per Share (EPS)	**0.06**	(0.56)	2.78	(0.51)	0.44
Breakup Value/Net Assets per share	8.73	9.12	10.89	8.10	8.91
Market Value Per Share	**5.30**	9.50	23.01	8.00	7.02





I am pleased to present to you, the Annual Report for the year ended June 30, 2019.

The Board of Directors ("the Board") of Next Capital Limited (NCL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner which results in a profitable year for NCL and delivered profits to our shareholders in an environment where brokerage industry is under tremendous pressure due to declined trading volumes and weak economic outlook.

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

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

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

The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in term of their conduct as directors and exercising their powers and decision making.

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

Gen. Tariq Waseem Ghazi (Retd.)
Chairman

October 1, 2019

The Directors' of Next Capital Limited (the Company) are pleased to present their report along with the audited Financial Statements of the Company for the year ended June 30, 2019.

Economic Review & Outlook

The outgoing fiscal year started with burgeoning macroeconomic imbalances alongside being an election year. The current political setup came into power after the general elections held on July 25, 2018.While the initiatives of the new government seemed to serve a noble cause, the seemingly haphazard approach to policy making and implementation created a tense environment for all stakeholders of the economy and the economic indicators worsened further before showing signs of improvement. The external account deterioration was the immediate challenge before the new government where foreign exchange reserves depleted to as low as USD13.8 billion by December 2018 including USD7.2 billion held by the SBP that were enough to cover only 1.5 months of the country's imports. PKR that succumbed to external pressures, continued its weakness against the USD from December 2017 and depreciated further by 31.7% during the period under review. Current Account of Balance of Payments posted a deficit of USD13.5 billion compared to a deficit of USD19.9 billion during the previous year. Major improvements in Current Account were seen during the second half of the period under review.

Besides the fact that the government was not able to finalize a bailout package from the IMF during the year,which eventually took place in July 2019, it was able to get decent support from Saudi Arabia, UAE and China that helped shoring up the country's foreign exchange reserves that closed the year at USD14.5 billion. Exports in USD terms were unable to provide the required support to the balance of payments and dropped by 2.2% in USD terms while in terms of export quantities, marked improvements are visible across different categories of key exports sectors. However, with restrictive policies and lower machinery and transport segment imports, overall imports declined by 7.4% giving a relief to the overall balance of payments. Remittances provided the usual support, which grew by 9.7% over the previous year to USD21.8 billion.

On the monetary front, continuing with a hawkish monetary policy stance, SBP raised the Policy Rate by 575bps to 12.25% by the end of FY19 in order to counter inflationary expectations. Interest rates were raised further by 100bps in the subsequent Monetary Policy announcement taking the real interest rate at around 3.25%. In total interest rates have been increased by 750bps since January 2018.

Inflationary pressures further surged during the period under review with average annual inflation during the year increasing to 7.4% compared to 3.9% a year ago. Monthly inflation made a high of 9.4% in March 2019, which subsequent to year-end has entered the double-digit territory. Key culprits include higher food, energy and utilities' prices where gas and electricity prices have witnessed a major surge.

Such severe macroeconomic environment was successful in squeezing the country's aggregate demand and putting a check on Pakistan's real GDP growth, which shrunk to 3.3% during the period under review compared to 5.5% during the previous year. Slowdown in growth was witnessed across all the major sectors of the economy where Agriculture, Industrial and Services sectors recorded growth rates of 0.8%, 1.4%, and 4.7%, respectively during 2018-19 compared to those of 3.9%, 4.9%, and 6.2% respectively, during the previous year. Increasing cost of doing business with higher interest rates and weak currency along with low purchasing power of consumers are the key factors behind the slowdown in growth.

Fiscal side is the most challenging aspect for the economic managers of the country where the current government has presented two amendment bills to the Finance Act 2018 within a period of just six months. Fiscal deficit for 2018-19 stood at PKR3,445 billion (8.9% of GDP) compared to PKR2,260 billion (6.5% of GDP) during 2017-18. The deficit for 2018-19 overshot revised government estimates of 7.2% of GDP.

Subsequently Pakistan was able to finalize a USD6 billion 36-month bailout package with the IMF in July 2019, the first tranche of which has also been received. The deal with the IMF would open doors for foreign loans and investments by other multilateral agencies and friendly countries going forward. The performance criteria of the IMF mostly revolve around the fiscal side and structural reforms for achieving long-term, sustainable and all inclusive growth. For sustaining the IMF program and smooth sailing through the periodic reviews, revenue collection needs to be drastically enhanced for achieving an ambitious target of PKR5.5 trillion and that was the prime focus of the 2019-20 budget. Going ahead, the hard decisions that were taken are showing positive results with improvements in external account position, easing inflationary outlook, and interest rates that are expected to have peaked with a relatively stable currency. Fiscal performance holds the key in stimulating the medium to long term growth while materialization of planned inflows of foreign exchange including flows from international capital markets and partner countries in addition to the loans by the IMF are very critical for stability in exchange rate and balance of payments. Key risks include resurgence in inflationary pressures due to fiscal slippages, which would lead to continuation of a tight monetary policy stance hurting growth outlook, downgrade to black list by FATF, heightened political noise, and geo-political pressures.

Capital Market Review:

The benchmark KSE100 index during the outgoing fiscal year remained extremely volatile dictated by uncertain macroeconomic and political environment of the country and eventually closed the year on a negative note losing 8,009 points to close at 33,902 points, a decline of 19.1%. In USD terms, the KSE100 Index posted a negative return of 39.6%. The KSE100 index made a high of 43,557 as the PTI's victory was announced in the general elections held on July 25, 2018. However, the delays in policymaking, rising interest rates, and frequent devaluations put the index in a downward spiral with some bounce-backs on developments like foreign assistance, but those too remained short-lived. During the year, PSX managed to keep its place in the MSCI Emerging Market index despite the majority of the constituent stocks falling short of criteria. Foreigners remained net sellers with a net outflow of USD356 million. The selling of foreigners was mainly absorbed by individual investors followed by insurance companies. Apart from Textiles, all major sectors dragged the index performance. As far as trading activity is concerned, the average daily turnover of shares fell to 155 million during the period under review compared to 175 million of the previous year and the average traded value declined 21.9% to PKR6,359 million compared to PKR8, 141 million.

The future direction of Pakistan's equities market is largely dependent on the overall macroeconomic performance of the country and the decision by the FATF regarding placement of Pakistan in Grey or Black List. Although investors' sentiments have greatly improved subsequent to the period under review with expectations of peaking of interest rates and visible improvements in the external account position, going forward however, fiscal performance in terms of meeting the ambitious revenue collection target would be the key element in driving inflation, growth and interest rates. The Board sees long term growth potential in the domestic bourse as the economy heads on a path of long term growth with the stipulated structural reforms resulting in strengthened institutions and increased documentation of the economy. The Board does not however, underestimates the challenges in the near to medium term faced by the country across various fronts including economic and political.

Performance Overview:

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

	2018-2019	2017-2018
	PAK RUPEES	
Accumulated losses as at July 01	**(5,284,285)**	**65,051,403**
Cash Dividend paid during the year	**(11,250,000)**	**(45,000,000)**
Net (Loss)/profit for the year	**5,306,556**	**(25,335,688)**
(Accumulated losses)/unappropriated profit June 30	**(8,188,270)**	**(5,284,285)**
(Loss)/earnings Per Share- Rupees	**0.12**	**(0.56)**

Your Company posted a pre-tax profit of PKR 15.7 million during the year under review compared to a pre-tax profit of PKR 4.8 million last year. As a result of adoption of IFRS 9, your Company charged PKR 8.6 million against impairment of trade debts and PKR 0.98 million for unwinding of security deposits over the next three years. If those would not have been charged, pre-tax profit for the year under review would have been PKR 22.5 million compared to PKR 4.8 million of last year. Overall operating revenues of the company declined to PKR 174 million compared to PKR 241 million during the previous year, a decline of 27.7%. Brokerage income declined by 23.9% due to the reduced trading activity at the local bourse. Similarly Advisory & consultancy fees also declined by 38.6% due to the economic slowdown and uncertainties in the overall investment environment of the country. 96% higher other income was possible due to higher interest rates, higher profit on cash margin and dividend income. On the expenses side, your Company was able to reduce operating and administrative expenses by 28.9% and 1.6%, respectively, despite the charges booked as mentioned earlier. Finance cost was also lower by 61.7% over the previous year.

Going forward, your Company aims at achieving a long-term sustainable growth through optimization of business strategies across its business lines in equities brokerage, and advisory and consultancy while always open in entering new areas of business that would be commercially feasible. On the regulatory front, removal of section 233A and consequently brokerage income falling in section 233 of the Income Tax Ordinance, 2001 would raise effective tax rate during the ongoing year. With the macroeconomic indicators of the country expected to improve gradually going forward, slowdown and volatility may continue in the short-term. Your Company with a strong brand, both in brokerage and advisory, and with capable personnel, is poised to ride the up-cycle transpiring into a long-term sustainable growth and value addition for the shareholders.

Compliance Statement:

(a) The financial statements, prepared by the management of the Company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
(b) Proper books of account of the Company have been maintained;
(c) Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment, with which we concur;
(d) International Financial Reporting Standards, as applicable in Pakistan and the Companies Act, 2017, as also stated in note number 2 of the financial statements, have been followed in preparation of financial statements;
(e) The system of internal control is sound in design and has been effectively implemented and monitored by Audit Committee;
(f) The Company is financially sound and there are no significant doubts upon the Company's ability to continue as a going concern;
(g) There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations;
(h) Key operating and financial data of current year and preceding years is appearing after notice of AGM;
(i) There are no statutory payments on account of taxes, duties, levies and charges which are outstanding as on June 30, 2019 except for those disclosed in the financial statements;
(j) 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;
(k) Five directors have obtained training under the Director's Training Program;
(l) 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
(m) Pattern of shareholding is disclosed after financial statements.

Meetings of the Board of Directors:

Five Board meetings were held during the financial year 2018-2019 and were attended by the Directors as follows:

Name	Designation	Attendance
Gen. Tariq Waseem Ghazi (Retd.)	Director/ Chairman	5
Mr. Muhammad Najam Ali	Director/ Chief Executive Officer	5
Mrs. Hanna Khan	Director/	5
Mr. Muhammad Zulqarnain Mahmood Khan	Director	5
Mr. Muhammad Zubair Ellahi	Director	5
Mr. Hassan Shahnawaz	Director	5
Mr. Umer Habib	Director (Resigned)	4

The Board in its meeting held on September 24, 2018 appointed Mr. Muhammad Omair as Company Secretary.

Composition of Board

1. The total number of directors are seven as per the following;
   a. Male: Six
   b. Female: One
2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
Other Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi Mr. Malik Khurram Shahzad
Executive Directors	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 Shahnawaz	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 JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. Issuer rating scale defined by JCR-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 JCR-VIS Credit Rating Company Ltd. (JCR-VIS). The outlook on the assigned ratings is 'Stable'. Issuer rating rationale defined by JCR-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 citizen always conscious to discharge its obligations towards the people who work for it, people around its workplace and the society as a whole.

External Auditors

The retiring auditors, Messrs. KPMG Taseer Hadi & Co., Chartered Accountants, 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 Taseer Hadi & Co., Chartered Accountants as the auditors for the Company for the financial year ending June 30, 2020.

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: October 1, 2019

Muhammad Najam Ali
Chief Executive Officer

Zubair Ellahi
Director

To the members of Next Capital Limited
Report on the Audit of the Financial Statements

Opinion

We have audited the annexed financial statementsof **Next Capital Limited** ("the Company"), which comprise the statement of financial position as at 30 June 2019, 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 requiredby 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 2019 and of the profit, other comprehensive income, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

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

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	**Valuation of Trade Debts** As referred to in note 3.1 to the financial statements, the Company has adopted IFRS 9 with effect from 1 July 2018. The impact of adoption on the classification and carrying amount of the financial assets as at 1 July 2018 is disclosed in note 3.1.2 to the financial statements. Assessment of allowance for Expected Credit Loss(ECL) against trade debts requires significant judgment, estimates and assumptions applied by the management including historical credit loss experience adjusted with forward-looking macro-economic information. We identified recoverability of trade debts as a key audit matter as it involves significant management judgement in determining the recoverable amount of trade debts.	Our procedures included: • Obtaining an understanding of and testing the design and implementation of management's key internal controls relating to credit control, debt collection and provision required; • Considered and evaluated the assumptions used in applying the ECL model based on historical information and qualitative factors as relevant for such estimates; • testing 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;and • Checked the mathematical accuracy of the ECL model by performing recalculation on test basis.
2	**Revenue recognition** Refer notes 3.1.1, 3.8 and 21 to the financial statements relating to revenue recognition. The Company generates revenue from brokerage services as well as corporate finance and related services. Brokerage represent 78 %	Our procedures included: • We obtained an understanding of, assessed and tested the design and operating effectiveness of key internal controls over the recording of revenue; • We assessed the appropriateness

S. No.	Key audit matters	How the matter was addressed in our audit
	and corporate finance and related services represents 22% of the total revenue. We identified revenue recognition as key audit matter as it is one of the key performance indicators of the Company and because of the potential risk that revenue transactions may not being recognized in the appropriate period and risk of misapplication of the new accounting standard IFRS 15 Revenue from Contracts with Customers.	of the Company's accounting policies for revenuerecognition and compliance of those policies withapplicable accounting standards; • We reviewed management's IFRS 15 assessment to verify the reasonableness, accuracy and completeness of the impact on the financial statements of the Company; and • We compared, on a sample basis, specific revenue transactions recorded before and after the reporting date with underlying documentation to assess whether revenue has been recognized in the appropriate accounting period.

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;

c) investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and

d) zakat deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980), was deducted by the Company and deposited in the Central Zakat Fund established under section 7 of that Ordinance.

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

KPMG Taseer Hadi

Date: 2 October 2019

KPMG Taseer Hadi & Co.
Chartered Accountants

Karachi

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

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

2. The composition of board is as follows:

Categories	Names
Independent Directors	Lt. Gen. Tariq Waseem Ghazi (Retd.) Mr. Hasan Shahnawaz
Non-executive Directors	Mr. Muhammad Zulqarnain Mahmood Khan Mrs. Hanna Khan Mr. Muhammad Zubair Ellahi
Executive Directors	Mr. Muhammad Najam Ali Mr. Umer Habib (Resigned on April 26, 2019)

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).

4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.

5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.

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

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

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

9. The 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
   5. Mr. Umer Habib (Resigned)

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

11. CFO and CEO 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 Shahnawaz	Chairman, Member
Mr. M. Zulqarnain Mahmood Khan	Member
Mr. Muhammad Zubair Ellahi	Member
Mr. Parkash Kukreja	Secretary

b) Human Resource & Remuneration Committee

Mr. Hasan Shahnawaz	Chairman, Member
Mr. M. Zulqarnain Mahmood Khan	Member
Mrs. Hanna Khan	Member
Mr. Umer Habib (Resigned)	Member

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

14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:

a) Audit Committee:	Quarterly
b) HR and Remuneration Committee:	Yearly

15. 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.

16. 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 or any of the partners of the firm, their spouses and minor children do not hold shares of the company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the ICAP.

17. 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.

18. We confirm that all other requirements of the Regulations have been complied with.

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

BALANCE SHEET AS AT JUNE 30, 2019

	Note	30 June 2019	30 June 2018
ASSETS		------------- (Rupees)	-------------
Non-current assets			
Property and equipment	4	**61,848,864**	14,376,109
Intangible assets	5	**3,873,747**	4,268,746
Investment in shares of Pakistan Stock Exchange Limited	6	**14,055,522**	31,658,322
Long term deposits	7	**4,411,279**	10,061,200
Deferred tax asset - net	8	**5,970,357**	1,401,644
		90,159,769	61,766,021
Current assets			
Short term investments classified as 'at fair value through profit and loss'	9	**34,750,500**	12,094,500
Investment in marginal financing system	10	**21,864,752**	65,217,082
Trade debts	11	**130,746,852**	133,953,876
Deposits and prepayments	12	**240,384,133**	238,356,829
Advances and other receivables	13	**3,458,330**	4,416,225
Income tax refundable		**59,556,152**	54,513,767
Cash and bank balances	14	**245,002,260**	126,983,853
		735,762,979	635,536,132
Total assets		**825,922,748**	697,302,153
EQUITY AND LIABILITIES			
Share capital and reserve			
Authorised capital			
100,000,000 (30 June 2018: 100,000,000) ordinary shares of Rs. 10 each		**1,000,000,000**	1,000,000,000
Issued, subscribed and paid-up capital	15	**450,000,000**	450,000,000
Discount on issue of shares		**(50,000,000)**	(50,000,000)
Accumulated losses		**(8,188,270)**	(5,284,285)
Fair value reserves		**3,243,582**	15,628,792
		395,055,312	410,344,507
Current liabilities			
Short term loans from related parties - unsecured	29.1	**-**	41,256,011
Short term loan - unsecured	17	**-**	18,953,742
Unclaimed dividend		**5,117,003**	3,051,638
Short term borrowing - secured	18	**199,986,969**	-
Trade and other payables	19	**225,096,797**	223,696,255
Contract liabilites		**666,667**	-
		430,867,436	286,957,646
Total equity and liabilities		**825,922,748**	697,302,153
Contingencies and commitments	20		

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JUNE 30, 2019

	Note	30 June 2019	30 June 2018
		(Rupees)	
Operating revenue	21	**174,309,134**	241,116,691
Capital gain on sale of investments	22	**4,120,029**	2,945,952
Unrealised gain / (loss) on remeasurement of investment classified as 'at fair value through profit or loss'	9	**1,129,744**	(627,943)
Impairment loss on TREC	5.2	**-**	(2,500,000)
Operating expenses	23	**(100,635,131)**	(141,557,656)
Administrative expenses	24	**(96,987,320)**	(98,577,541)
Finance cost	25	**(6,319,000)**	(16,497,139)
		(24,382,544)	(15,697,636)
Other income	26	**40,107,072**	20,466,818
Profit before taxation		**15,724,528**	4,769,182
Taxation	27		
- Current		**(13,200,035)**	(32,654,019)
- Prior		**(1,269,938)**	2,331,984
- Deferred		**4,052,001**	217,165
		(10,417,972)	(30,104,870)
Profit / (loss) for the year		**5,306,556**	(25,335,688)
Earnings / (loss) per share - basic and diluted	28	**0.12**	(0.56)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2019

	Note	30 June 2019	30 June 2018
		------------- (Rupees)	-------------
Profit / (loss) for the year		**5,306,556**	(25,335,688)
Other comprehensive income for the year			
Items that will not be reclassified to profit and loss account			
Unrealised dimunition - FVOCI investment		**(8,080,698)**	(9,505,511)
Realised gain - FVOCI investment		**4,304,512**	-
Total comprehensive income for the year		**1,530,370**	(34,841,199)

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive **Chief Financial Officer** **Director**

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2019

	Note	30 June 2019	30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES		---------- (Rupees) ----------	
Profit before taxation		**15,724,528**	4,769,182
Adjustments for:			
Depreciation of property and equipment	*24*	**9,101,198**	5,783,058
Amortisation of intangible assets	*24*	**394,999**	753,165
Impairment expenses	*5.2*	**-**	2,500,000
Capital gain on sale of investments	*22*	**(4,120,029)**	(2,945,952)
Unrealised (gain) / loss in the value of investments at 'fair value through profit or loss'	*9.1*	**(1,129,744)**	627,943
Mark-up on bank balances	*26*	**(13,586,291)**	(11,069,776)
Mark-up on investment in margin financing system	*26*	**(4,475,311)**	(3,151,056)
Mark-up under margin trading system	*26*	**(2,491,939)**	-
Markup on Term finance certificates	*26*	**(250,113)**	
Profit on cash margin	*26*	**(12,833,316)**	(5,420,324)
Provision for impairment on trade debts	*24*	**8,664,425**	2,094,639
Receivables written-off	*24*	**1,005,594**	1,000,000
Dividend income	*26*	**(5,298,075)**	(506,803)
Gain on disposal of property and equipment	*26*	**(1,172,027)**	-
Unwinding of security deposit	*24*	**985,721**	-
Finance cost	*25*	**6,319,000**	16,497,139
		(18,885,908)	6,162,033
Cash flows before working capital changes		**(3,161,380)**	10,931,215
Changes in working capital			
Decrease in current assets			
Trade debts		**(5,457,401)**	291,760,503
Advances, deposits, prepayments and other receivables		**(1,069,409)**	43,297,748
		(6,526,810)	335,058,251
Increase / (decrease) in current liabilities			
Trade and other payables		**1,400,542**	(323,279,615)
Contarct liabilities		**666,667**	-
Cash generated from operating activities		**(7,620,981)**	22,709,851
Finance cost paid		**(6,319,000)**	(16,497,139)
Taxes paid		**(20,029,070)**	(34,042,906)
Net cash from / (used in) operating activities		**(33,969,051)**	(27,830,194)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property and equipments	*4*	**(61,412,836)**	(3,794,135)
Proceeds from sale of property and equipment		**6,010,910**	-
Payment for purchase of intangible assets	*5.3*	**-**	(165,000)
Payments against investment in margin financing system	*10*	**(116,422,538)**	(258,941,980)
Receipts from investment in margin financing system	*10*	**159,774,868**	197,999,309
Proceeds from sale of PSX shares		**9,522,102**	15,408,000
Investments - net		**(18,856,385)**	(9,776,491)
Mark-up received on bank balances and exposure margin		**26,419,607**	16,490,100
Mark-up received on investment in margin financing system		**2,669,101**	1,309,553
Mark-up received on investment in margin trading system		**2,491,939**	-
Markup on Term finance certificates		**250,113**	
Dividend received		**5,298,075**	506,803
Long term deposits		**5,649,921**	14,608,829
Net cash from / (used in) investing activities		**21,394,877**	(26,355,012)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short term loans		**72,625,507**	687,145,033
Repayment of short term loans		**(132,835,260)**	(734,196,008)
Dividends paid		**(9,184,635)**	(41,450,023)
Net cash outflow financing activities		**(69,394,388)**	(88,500,998)
Net increase / (decrease) in cash and cash equivalents		**(81,968,562)**	(142,686,204)
Cash and cash equivalents at beginning of the year		**126,983,853**	269,670,057
Cash and cash equivalents at end of the year		**45,015,291**	126,983,853
CASH AND CASH EQUIVALENTS COMPRISE OF:			
Cash and bank balances		**245,002,260**	126,983,853
Short term borrowing - secured		**(199,986,969)**	-
		45,015,291	126,983,853

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive	Chief Financial Officer	Director

NEXT CAPITAL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2019

	Issued, subscribed and paid-up capital	Discount on issue of shares	Unappropriated profit / (accumulated losses)	Fair value Reserves	Total
			(Rupees)		
Balance as at 1 July 2017	450,000,000	(50,000,000)	65,051,403	25,134,303	490,185,706
Total comprehensive income for the year					
Profit for the year	-	-	(25,335,688)	-	(25,335,688)
Other comprehensive income	-	-	-	(9,505,511)	(9,505,511)
	-	-	(25,335,688)	(9,505,511)	(34,841,199)
Transaction with owners of the company					
Cash dividend @ Rs. 1.00 per ordinary share of Rs. 10 each for the year ended 30 June 2017			(45,000,000)		(45,000,000)
Balance as at 30 June 2018	450,000,000	(50,000,000)	(5,284,285)	15,628,792	410,344,507
Adjustment on initial application of IFRS 9, net of tax - note 3.3.	-	-	(1,265,053)	-	(1,265,053)
Adjusted balance as at 1 July 2018	450,000,000	(50,000,000)	(6,549,338)	15,628,792	409,079,454
Total comprehensive income for the year					
Profit for the year	-	-	5,306,556	-	5,306,556
Transfer of fair value reserve of equity instruments designated at FVOCI	-	-	4,304,512	(4,304,512)	-
Other comprehensive income	-	-	-	(8,080,698)	(8,080,698)
	-	-	9,611,068	(12,385,210)	(2,774,142)
Transaction with owners of the company					
Cash dividend @ Rs. 0.25 per ordinary share of Rs. 10 each for the quarter ended 31 March 2019	-	-	(11,250,000)	-	(11,250,000)
Balance as at 30 June 2019	**450,000,000**	**(50,000,000)**	**(8,188,270)**	**3,243,582**	**395,055,312**

The annexed notes 1 to 37 form an integral part of these financial statements.

Chief Executive | **Chief Financial Officer** | **Director**

1. LEGAL STATUS AND OPERATIONS

Next Capital Limited ("the Company") was incorporated as a public limited company in Pakistan on 14 December 2009 under Companies Act, (previously Companies Ordinance, 1984). 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 branch office is situated at 63-A Agora Eden city, Phase 8, Lahore.

2. BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting 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.

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 approved 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 3.2 and 4);
- Useful lives, amortisation and impairment of intangible assets (note 3.3 and 5):
- Classification and valuation of investments (note 3.1.2, 6 and 9):
- Taxation (note 3.4 and 27);
- Provision against trade debts, investment in marginal financing and other receivables (note 3.1.1, 3.5, 3.6, 10, 11 and 31);

2.5 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 2019:

- IFRS 16 'Leases' (effective for annual period beginning on or after 1 January 2019). IFRS 16 replaces existing leasing guidance, including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases- Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognizes a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases. The management has completed an initial assesment of the potential impact of the standard on Company's lease arrangements. Based on the initial assesment, the Company is expected to recognize 'right of use assets' and 'lease liabilities' of Rs. 20.549 million as of 1 July 2019.

- IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019) clarifies the accounting for income tax when there is uncertainty over income tax treatments under IAS 12. The interpretation requires the uncertainty over tax treatment be reflected in the measurement of current and deferred tax. The application of interpretation is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 9 'Financial Instruments' – Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019). For a debt instrument to be eligible for measurement at amortised cost or FVOCI, IFRS 9 requires its contractual cash flows to meet the SPPI criterion – i.e. the cash flows are 'solely payments of principal and interest'. Some prepayment options could result in the party that triggers the early termination receiving compensation from the other party (negative compensation). The amendment allows that financial assets containing prepayment features with negative compensation can be measured at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9. The application of amendment is not likely to have an impact on Company's financial statements.

- Amendment to IAS 28 'Investments in Associates and Joint Ventures' - Long Term Interests in Associates and Joint Ventures (effective for annual period beginning on or after 1 January 2019). The amendment will affect companies that finance such entities with preference shares or with loans for which repayment is not expected in the foreseeable future (referred to as long-term interests or 'LTI'). The amendment and accompanying example state that LTI are in the scope of both IFRS 9 and IAS 28 and explain the annual sequence in which both standards are to be applied. The amendments are not likely to have an impact on Company's financial statements.

- Amendments to IAS 19 'Employee Benefits'- Plan Amendment, Curtailment or Settlement (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that on amendment, curtailment or settlement of a defined benefit plan, a company now uses updated actuarial assumptions to determine its current service cost and net interest for the period; and the effect of the asset ceiling is disregarded when calculating the gain or loss on any settlement of the plan and is dealt with separately in other comprehensive income. The application of amendments is not likely to have an impact on Company's financial statements.

- Amendment to IFRS 3 'Business Combinations' – Definition of a Business (effective for business combinations for which the acquisition date is on or after the beginning of annual period beginning on or after 1 January 2020). The IASB has issued amendments aiming to resolve the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. The amendments clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments include an election to use a concentration test. The standard is effective for transactions in the future and therefore would not have an impact on past financial statements.

- Amendments to IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (effective for annual periods beginning on or after 1 January 2020). The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. In addition, the IASB has also issued guidance on how to make materiality judgments when preparing their general purpose financial statements in accordance with IFRS Standards.

- On 29 March 2018, the International Accounting Standards Board (the IASB) has issued a revised Conceptual Framework for Financial Reporting which is applicable immediately contains changes that will set a new direction for IFRS in the future. The Conceptual Framework primarily serves as a tool for the IASB to develop standards and to assist the IFRS Interpretations Committee in interpreting them. It does not override the requirements of individual IFRSs and any inconsistencies with the revised Framework will be subject to the usual due process – this means that the overall impact on standard setting may take some time to crystallise. The companies may use the Framework as a reference for selecting their accounting policies in the absence of specific IFRS requirements. In these cases, companies should review those policies and apply the new guidance retrospectively as of 1 January 2020, unless the new guidance contains specific scope outs. Annual Improvements to IFRS Standards 2015–2017 Cycle - the improvements address amendments to following approved accounting standards:

  - IFRS 3 Business Combinations and IFRS 11 Joint Arrangement - the amendment aims to clarify the accounting treatment when a company increases its interest in a joint operation that meets the definition of a business. A company remeasures its previously held interest in a joint operation when it obtains control of the business. A company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

  - IAS 12 Income Taxes - the amendment clarifies that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transaction that generates the distributable profits.

  - IAS 23 Borrowing Costs - the amendment clarifies that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

  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 applied in the preparation of these financial statements are set out below:

Except as described below in note 3.1, the significant accounting policies are consistently applied in the preparation of these financial statements are the same as those applied in earlier periods presented.

3.1 Changes in significant accounting policies

The Company has adopted IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments' from 01 July 2018 which are effective from annual periods beginning on or after 01 July 2018 and for reporting period / year ending on or after 30 June 2019 respectively.

The details of new significant accounting policies adopted and the nature and effect of the changes to previous accounting policies are set out below:

3.1.1 IFRS 15 'Revenue from Contracts with Customers'

On 28 May 2014, the International Accounting Standards Board ("IASB") issued International Financial Reporting Standards ("IFRS") 15 "Revenue From Contracts with Customers" which provides a unified five-step model for determining the timing, measurement and recognition of revenue. The focus of the new standard is to recognize revenue as performance obligations are made rather than based on the transfer of risk and rewards. IFRS 15 includes a comprehensive set of disclosure requirements including qualitative and quantitative information about contracts with customers to understand the nature, amount, timing and uncertainty of revenue. The standard supersedes IAS 18 "Revenue", IAS 11 "Construction Contracts" and the number of revenue related interpretations.

The Company has applied the modified retrospective method upon adoption of IFRS 15 as allowed under the Standard. This method requires the recognition of the cumulative effect (without practical expedients) of initially applying IFRS 15 to retained earnings. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard under IAS 18 and related interpretations.

Apart from providing more extensive disclosures, the application of IFRS 15 has not had a significant impact on the financial position and / or financial performance of the Company. Accordingly there was no adjustment to retained earnings on application of IFRS 15 at 1 July 2018.

3.1.2 IFRS 9 'Financial Instruments'

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

i Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

The accounting policies that apply to financial instruments are stated in note 4.5 to the financial statements.

The following table explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 30 June 2018:

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 July 2018.

	Note	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
				(Rupees)	
Financial assets					
Long term investments	(a)	Available-for-sale	FVOCI	31,658,322	31,658,322
Investment in Marginal Financing System	(b)	Loans and receivables	Amortised cost	65,217,082	65,217,082
Advances and other receivables	(b)	Loans and receivables	Amortised cost	4,416,225	4,416,225
Short term investments	(c)	Held for trading	Mandatorily at FVTPL	12,094,500	12,094,500
Trade debts	(b)	Loans and receivables	Amortised cost	133,953,876	132,172,111
Deposits and prepayments	(b)	Loans and receivables	Amortised cost	238,356,829	238,356,829
Cash and bank balances	(b)	Loans and receivables	Amortised cost	126,983,853	126,983,853

(a) Long term investments classified as 'available-for-sale' have been measured at fair value through other comprehensive income.
(b) These financial assets classified as 'loans and receivables' have been measured at amortised cost.
(c) Short term investments classified as 'held for trading' have been measured at fair value through other profit or loss.

ii Impairment

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

The Company has applied the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade and other receivables. Impairment losses related to trade and other receivables, are presented separately in the statement of profit or loss. Trade and other receivables are written off when there is no reasonable expectation of recovery. Management has used actual credit loss experience over past years to base the calculation of ECL on the adoption of IFRS 9.

As explained above, the management has applied the modified retrospective method upon the adoption of IFRS 9 as allowed under the Standard. The cumulative effect representing the difference between the carrying amount before the adoption of IFRS 9 and the new carrying amount calculated in accordance with the standard at the beginning of the current year (i.e as of 1 July 2018), has been recognised in reserves (accumulated loss). The financial impact due to the adoption of the ECL model as explained above under IFRS 9 is as follows:

	(Rupees)
Accumulated loss as of 1 July 2018	(5,284,285)
Affect of the change due to the application of ECL model under IFRS 9	(1,265,053)
Adjusted accumulated loss as of 1 July 2018	(6,549,338)

Similar adjustment has been recorded in trade debts also (refer note 11.1)

3.2 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. The cost of self-constructed assets includes the cost of materials and direct labour, any other cost directly attributable to bringing the assets to a working condition for their intended use, the cost of dismantling and removing the items and restoring the site on which they are located, and capitalized borrowing costs.

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.

3.3 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 balance sheet 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 5 to these financial statements).

3.4 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.

3.5 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.

3.6 Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of 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.

3.7 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.

3.8 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.

3.9 Foreign currency translation

Monetary assets and liabilities in foreign currencies are translated into Pak Rupees at the rates of exchange prevailing at the balance sheet 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.

3.10 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.

3.11 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

3.12 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.

3.13 Contingent liabilities

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

3.14 Financial instruments

3.14.1 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

Debt Investments at FVOCI	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.
Equity Investments at FVOCI	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.
Financial assets at FVTPL	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.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest / markup income, and impairment are recognised in the statement of profit and loss account.

3.14.2 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.

3.14.3 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.

3.14.3 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 or 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.

3.15 Impairment

3.15.1 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 occuring 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 quanlitative 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 of a financial asset in its entirety or a portion thereof. The Company individually makes an assessment with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. 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.

3.15.2 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.

4. PROPERTY AND EQUIPMENT

Description	30 June 2019				
	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	Total
	(Rupees)				
As at 30 June 2019					
Cost	7,417,348	7,716,318	16,889,239	20,247,067	52,269,972
Accumulated depreciation	(5,767,161)	(4,504,095)	(10,995,209)	(16,627,398)	(37,893,863)
Net book value	1,650,187	3,212,223	5,894,030	3,619,669	14,376,109
Additions during the year	36,329,939	16,619,364	-	8,463,533	61,412,836
Disposal					
Cost	7,351,348	5,742,119	2,667,500	4,460,847	20,221,814
Depreciation	(6,173,313)	(4,321,466)	(755,792)	(4,132,360)	(15,382,931)
	1,178,035	1,420,653	1,911,708	328,487	4,838,883
Depreciation charge for the year	(3,493,075)	(1,203,403)	(1,694,540)	(2,710,180)	(9,101,198)
Net book value	33,309,016	17,207,531	2,287,782	9,044,535	61,848,864
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
Depreciation rates % per annum	20	10	20	20-33.33	

Description	30 June 2018				
	Leasehold improvements	Furniture and fixtures	Vehicles	Computers and related accessories	Total
	(Rupees)				
As at 30 June 2018					
Cost	7,417,348	7,716,318	14,049,600	19,292,571	48,475,837
Accumulated depreciation	(4,893,576)	(3,709,774)	(9,023,906)	(14,483,549)	(32,110,805)
Net book value	2,523,772	4,006,544	5,025,694	4,809,022	16,365,032
Additions during the year	-	-	2,839,639	954,496	3,794,135
Depreciation charge for the year	(873,585)	(794,321)	(1,971,303)	(2,143,849)	(5,783,058)
Net book value	1,650,187	3,212,223	5,894,030	3,619,669	14,376,109
As at 30 June 2018					
Cost	7,417,348	7,716,318	16,889,239	20,247,067	52,269,972
Accumulated depreciation	(5,767,161)	(4,504,095)	(10,995,209)	(16,627,398)	(37,893,863)
Net book value	1,650,187	3,212,223	5,894,030	3,619,669	14,376,109
Depreciation rates % per annum	20	10	20	20-33.33	

4.1 The cost of fully depreciated assets as at 30 June 2019 is Rs 5.949 million (2018: Rs 18.02 million).

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

5. INTANGIBLE ASSETS

	Note	**30 June 2019**	30 June 2018
		(Rupees)	
Pakistan Mercantile Exchange - membership card		**950,000**	950,000
Trading Right Entitlement Certificate (TREC)	*5.1 & 5.2*	**2,500,000**	2,500,000
Software	*5.3*	**423,747**	818,746
		3,873,747	4,268,746

5.1 This represents TREC acquired on surrender of Stock Exchange Membership Card.

PSX vide notice no. PSX/N- 7178, dated 10 November 2017, has revised the notional value of TRE Certificate from Rs. 5 million to Rs. 2.5 million. According to the Stock Exchange (Corporatisation, Demutualization and Integration) Act 2012, the TRE Certificate may only be transferred once to a company intending to carry out shares brokerage business in the manner to be prescribed. Upto 31 December 2019, the Stock Exchange shall offer for issuance, 15 TRE Certificates each year in the manner prescribed. After 2019, no restriction shall be placed on issuance of TRE Certificate. The Company has marked lien on TRE Certificate in favour of the Pakistan Stock Exchange Limited (PSX) to fulfil the requirement of Base Minimum Capital.

5.2 **Movement in Trading Right Entitlement Certificate (TREC)**	*Note*	**30 June 2019**	30 June 2018
		(Rupees)	
Opening Carrying value		**2,500,000**	5,000,000
Impairment recognised during the year		**-**	(2,500,000)
Closing carrying value		**2,500,000**	2,500,000

5.3 Software

Net carrying value basis			
Opening net book value		**818,746**	1,406,911
Additions		**-**	165,000
Amortisation charge		**(394,999)**	(753,165)
Closing net book value		**423,747**	818,746
Gross carrying value			
Cost		**5,103,660**	5,103,660
Accumulated amortisation		**(4,679,913)**	(4,284,914)
Net book value		**423,747**	818,746
Amortisation rate		**33%**	33%

6. **INVESTMENT IN SHARES OF PAKISTAN STOCK EXCHANGE LIMITED**				**14,055,522**	31,658,322
30 June 2019	30 June 2018				
(Number of Shares)					
1,602,953	1,602,953	Opening balance		**16,029,530**	16,029,530
(521,759)	-	Sold in market (32.55% shares)	*6.1*	**(5,217,590)**	-
1,081,194	1,602,953	Closing balance represents 67.45% shares**	*6.2*	**10,811,940**	16,029,530

** ***Market value basis***

Book value as of 30 June 2019	**10,811,940**
Unrealized gain as of 30 June 2019 - OCI	**3,243,582**
Market value as of 30 June 2019	**14,055,522**

6.1 During the year, the Company sold 521,759 shares to meet its working capital requirements. The fair value on the date of sale was Rs. 9.522 million and the accumulated gain recognised in the OCI of Rs. 4.304 million was transferred to the retained earnings.

6.2 These shares were listed on PSX in the month of June 2017. Therefore, the same were carried at the market value. At 30 June 2019, the outstanding shares are classified as "Freeze" in the CDC report of the Company.

7.	LONG TERM DEPOSITS	Note	30 June 2019	30 June 2018
			--------- (Rupees) ---------	
	Pakistan Stock Exchange Limited	7.1	**425,000**	5,425,000
	Central Depository Company of Pakistan Limited		**125,000**	125,000
	National Clearing Company of Pakistan Limited		**1,300,000**	1,300,000
	Pakistan Mercantile Exchange	7.2	**1,250,000**	1,250,000
	Security deposit against office premises		**1,191,279**	1,841,200
	Security deposit against PSO card		**120,000**	120,000
			4,411,279	10,061,200

7.1 This includes deposits placed with Pakistan Stock Exchange Limited for taking exposures in regular, future market and cash deposited against BMC requirement.

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

8. DEFERRED TAX ASSET -net

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

	Note	30 June 2019	30 June 2018
Accelerated depreciation / amortisation		**911,168**	(339,248)
Unabsorbed depreciation / amortisation		**1,591,811**	1,646,701
Unrealised loss on investment		**(169,462)**	94,191
Provision for impairment on trade debts		**3,636,840**	-
	8.1	**5,970,357**	1,401,644

8.1 Reconciliation of deferred tax

	Balance as at 01 July 2017	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2018	Recognised in profit and loss account	Recognised in equity	Balance as at 30 June 2019
	----------	----------	----------	(Rupees)	----------	----------	----------
Deferred tax asset / (liability) arising due to:							
Accelerated tax depreciation / amortization	(1,503,919)	1,164,671	-	(339,248)	1,250,416	-	911,168
Liability against asset subject to finance lease	14,427	(14,427)	-	-	-	-	-
Provision for impairment on trade debts	-	-	-	-	3,120,128	516,712	3,636,840
Unrealised loss / (gain) on investment	417,600	(323,409)	-	94,191	(263,653)	-	(169,462)
Unabsorbed depreciation / amortisation	2,256,371	(609,670)	-	1,646,701	(54,890)		1,591,811
	1,184,479	**217,165**	**-**	**1,401,644**	**4,052,001**	**516,712**	**5,970,357**

9.	SHORT TERM INVESTMENTS CLASSIFIED AS 'AT FAIR VALUE THROUGH PROFIT AND LOSS'	Note	30 June 2019	30 June 2018
			----------- (Rupees) -----------	
	Listed equity securities	9.1	**30,750,500**	12,094,500
	Term Finance Certificates	9.2	**4,000,000**	-
			34,750,500	12,094,500

9.1 Listed equity securities

30 June 2019	30 June 2018	Name of investee	30 June 2019 Carrying amount	30 June 2019 Market value	30 June 2018 Market value
(Number of shares)			------------	(Rupees)	------------
-	600,000	Pakistan Stock Exchange Limited	-	-	11,850,000
-	3,000	Meezan Bank Limited	-	-	244,500
50,000	-	Lucky Cement*	**17,877,215**	**19,023,500**	-
200,000	-	Maple Leaf Cement Factory Limited*	**5,102,512**	**4,778,000**	-
100,000	-	Sui Northern Gas Pipeline Company*	**6,641,029**	**6,949,000**	-
		Unrealised gain on re-measurement of investment classified as fair value through profit and loss account	**1,129,744**		-
			30,750,500	**30,750,500**	12,094,500

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

9.2 Term Finance Certificates

30 June 2019	30 June 2018	Name of investee	30 June 2019 Carrying amount	30 June 2019 Market value	30 June 2018 Market value
(Number of certificates)					
800	-	Soneri Bank Limited	**4,000,000**	**4,000,000**	-

9.2.1 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	Rating Short Term
Listed debt securitires - unsecured						
Soneri Bank Limited - III	4,000,000	4,000,000	6 months KIBOR + 2%	Perpetual	AA-	A1+

10. 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 2019**	30 June 2018
		----------- (Rupees) -----------	
Investment in MF at beginning of the year		**65,217,082**	4,274,411
Total placements during the year		**116,422,538**	258,941,980
Total release against MF during the year		**(164,250,179)**	(201,150,365)
Realised income on MF		**2,669,101**	1,309,553
Unrealised income on MF		**1,806,210**	1,841,503
		(159,774,868)	(197,999,309)
Balance at end of the year		**21,864,752**	65,217,082

11. TRADE DEBTS

	Note	**30 June 2019**	30 June 2018
Receivable from clients on account of:			
- Purchase of shares on behalf of clients	*11.2 & 11.3*	**123,971,107**	113,685,650
- Brokerage commission			
- Equity shares		**8,842,141**	11,082,634
- Money market and forex		**384,597**	2,825,438
- Consultancy fee		**10,089,836**	8,454,793
Provision for impairment on trade debts	*11.1*	**(12,540,829)**	(2,094,639)
		130,746,852	133,953,876

11.1 Provision for impairment on trade debts

	30 June 2019	30 June 2018
Opening balance	**2,094,639**	-
Additional impairment on initial application of IFRS 9	**1,781,765**	2,094,639
	3,876,404	2,094,639
Impairment during the year - net	**8,664,425**	-
Closing balance	**12,540,829**	2,094,639

11.2 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	*11.3*	**121,501,673**	**853,609,157**
More than five days	*11.3*	**2,469,434**	**800,223,267**
		123,971,107	**1,653,832,424**

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

12. DEPOSITS AND PREPAYMENTS

	Note	30 June 2019	30 June 2018
		(Rupees)	
Deposit against exposure margin	12.1	**223,264,250**	218,053,064
Deposit against Marginal Trading Services	12.2	**8,893,398**	8,677,046
Security deposits	12.3	**1,128,679**	1,128,679
Prepaid expenses		**2,976,929**	3,338,916
Sales tax receivables		**366,827**	714,004
Interest receivable against bank deposits		**1,966,659**	1,045,120
Mobilization advance	12.4	**1,787,391**	5,400,000
		240,384,133	238,356,829

12.1 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 3.5% to 9.35% (30 June 2018: 2.75% to 3.6%) per annum.

12.2 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 3.5% to 9.35% (30 June 2018: 2.75% to 3.6%) per annum.

12.3 This includes security deposit against leased asset of Rs. 0.347 million and against IPO of a client Rs. 0.718 million.

12.4 This amount is paid to supplier against renovation of office premises.

13. ADVANCES AND OTHER RECEIVABLES

	Note	30 June 2019	30 June 2018
		----------- (Rupees)	-----------
Considered good			
Advance against salary - secured		**215,027**	176,061
Other receivables and advances - unsecured		**3,243,303**	4,240,164
		3,458,330	4,416,225

14. CASH AND BANK BALANCES

	Note	30 June 2019	30 June 2018
Balances with banks:			
Savings accounts - profit and loss account	14.1	**198,273,222**	114,824,807
Current accounts - Conventional		**36,475,310**	12,081,935
Current accounts - Shariah compliant		**10,215,968**	74,111
	14.2	**244,964,500**	126,980,853
Cash in hand		**37,760**	3,000
		245,002,260	126,983,853

14.1 Profit rate on savings accounts ranges from 4.5% to 10.35% per annum (30 June 2018: 3.75% to 4.60% per annum).

14.2 This include Rs. 204.004 million (30 June 2018 : Rs. 112.899 million) kept in designated bank accounts maintained on behalf of clients.

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

Issued, subscribed and paid-up capital

	30 June 2019	30 June 2018
Ordinary shares of Rs. 10 each fully paid in cash	**450,000,000**	450,000,000
	450,000,000	450,000,000

15.1 **Pattern of shareholding**

Categories of Shareholders	Number of shares held as at 1 July, 2018	% of shares	Number of shares purchased / Right shares issued during the period	Number of shares sold during the period	Number of shares held as on 30 June, 2019	% of shares
Companies						
- MCB Bank Limited - Treasury	4,360,500	9.69%	-	-	**4,360,500**	**9.69%**
- Maple Leaf Cement Factory Limited	3,375,000	7.50%	-	-	**3,375,000**	**7.50%**
- Abbas Corporation (Pvt) Limited	500,000	1.11%	-	-	**500,000**	**1.11%**
Individuals						
- Mr. Muhammad Najam Ali	12,368,250	27.49%	-	-	**12,368,250**	**27.49%**
- Mr. Arif Habib	2,895,000	6.43%	-	-	**2,895,000**	**6.43%**
- Mr. Srosh Tahir	4,325,000	9.61%	-	-	**4,325,000**	**9.61%**
- Mr. Muhammad Ahmad Khan Malik	1,834,500	4.08%	-	-	**1,834,500**	**4.08%**
- Mr. Adnan Afridi	4,936,000	10.97%	-	-	**4,936,000**	**10.97%**
-Other Individuals	10,405,750	23.12%	-	-	**10,405,750**	**23.12%**
	45,000,000	**100%**			**45,000,000**	**100.00%**

16. RECONCILIATION OF MOVEMENT OF LIABILITIES TO CASH FLOWS ARISING FROM FINANCING ACTIVITIES

	Liabilities				Equity				
	Short term loans from related parties - unsecured	**Short term loan - unsecured**	**Unclaimed dividend**	**Trade and other payables**	**Issued, subscribed and paid-up capital**	**Discount on issue of shares**	**Accumulated losses**	**Fair value reserve**	**Total**
	(Rupees)								
Balance as at 01 July 2018	41,256,011	18,953,742	3,051,638	223,696,255	450,000,000	(50,000,000)	(5,284,285)	15,628,792	697,302,153
Changes from financing cash flows									
Dividend paid	-	-	-	-	-	-	(11,250,000)	-	(11,250,000)
Total changes from financing cash flows	-	-	-	-	-	-	(11,250,000)	-	(11,250,000)
Liability - related									
Proceeds from Short term loan	71,576,118	880,679	-	-	-	-	-	-	72,456,797
Payment of Short term loan	(112,832,129)	(19,834,421)	-	-	-	-	-	-	(132,666,550)
Changes in Unclaimed Dividend	-	-	2,065,365	-	-	-	-	-	2,065,365
Payment of liabilities against assets subject to finance lease	-	-	-	-	-	-	-	-	(48,090)
Changes in Trade and other payables	-	-	-	1,300,542	-	-	-	-	1,300,542
Profit for the year	-	-	-	-	-	-	5,306,556	-	5,306,556
Other comprehensive income	-	-	-	-	-	-	-	(8,080,698)	(8,080,698)
	(41,256,011)	(18,953,742)	2,065,365	1,300,542	-	-	5,306,556	(8,080,698)	(59,666,078)
Balance as at 30 June 2019	**-**	**-**	**5,117,003**	**224,996,797**	**450,000,000**	**(50,000,000)**	**(11,227,729)**	**7,548,094**	**626,386,075**

17. SHORT TERM LOAN - unsecured

	Note	30 June 2019	30 June 2018
		(Rupees)	
Movement in short term loan			
Loan at beginning of the year		**18,953,742**	60,074,988
Received during the year	*17.1*	**880,679**	146,081,674
Repayments of the loan during the year		**(19,834,421)**	(187,202,920)
Balance at end of the year		**-**	18,953,742

17.1 These loans carry mark-up rate 12.0% to 13.5% (30 June 2018: 11.26% to 11.92%) per annum.

18.	SHORT TERM BORROWING - SECURED	Note	30 June 2019	30 June 2018
			---------- (Rupees) ----------	
	Short term running finance - secured	18.1	**199,986,969**	-

18.1 Running finance facility of Rs. 250 million (30 June 2018: Rs. Nil) has been obtained by the Company from Sindh Bank Limited having expiry on 30 June 2019 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 average KIBOR + 3.5% (30 June 2018: Nil).

19. TRADE AND OTHER PAYABLES

	Note	30 June 2019	30 June 2018
Trade creditors	19.1 & 19.2	**197,364,754**	110,177,587
Payable to National Clearing Company of Pakistan Limited		**8,307,611**	96,487,559
Accrued commission to traders	19.3	**1,333,897**	2,290,544
Accrued salaries and other expenses		**1,432,202**	268,803
Payable to auditors		**900,000**	800,000
Tax deducted at source		**1,601,691**	2,503,163
Commission payable	19.4	**8,424,968**	7,717,309
Accrued expenses		**576,767**	1,195,479
Accrued markup		**1,940,496**	1,216,451
Other payables		**3,214,411**	1,039,360
		225,096,797	223,696,255

19.1 This includes trade payable of Rs. 2.834 million (30 June 2018: Rs. 0.151 million) payable to related parties.

19.2 This includes Rs. 0.059 million trade payable in respect of two days trading with T+2 settlement.

19.3 This includes commission payable of Rs. 0.537 million (30 June 2018: Rs. 0.213 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 Court. The Court via its order dated 28 August 2015 disposed off the said petition and directed the Company to pursue the appeal before the SRB-Tribunal.

The management is of the view that such services were not taxable under the Sindh Sales Tax Act, 2011 and 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 of the same, 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 The Sindh Revenue Board has issued showcause notice in respect of short declaration of revenue on which short paid sales sale tax amounting to Rs. 790,501 was computed in the tax period from July 2012 to June 2013. All the relevant details along with explanation have been submitted to the department. However, no further notice has been received from SRB.

20.1.4 The Sindh Revenue Board has issued showcause notice in respect of short declaration of revenue on which short paid sales sale tax amounting to Rs. 6,370,818 was computed in the tax period from July 2013 to June 2014. All the relevant details along with explanation have been submitted to the department. However, no further notice has been received from SRB.

20.2 Commitments

	30 June 2019	30 June 2018
For sale of quoted securities under future contracts against counter commitments	**13,520,412,425**	320,177,215
For purchase of quoted securities under future contracts against counter commitments	**13,914,016,050**	200,844,325

		Note	30 June 2019	30 June 2018
21.	**OPERATING REVENUE**		----------- (Rupees)	-----------
	Brokerage income	21.1 & 21.2	**153,203,781**	201,388,112
	Advisory / consultancy fee		**41,875,658**	68,248,749
	Debt capital market services		**1,889,883**	2,825,000
	Revenue including sales tax on services	21.3	**196,969,321**	272,461,861
	Less: Sales tax on services		**22,660,188**	31,345,170
	Net revenue excluding sales tax on services		**174,309,133**	241,116,691
21.1	**Brokerage income - net of sales tax**			
	Equity brokerage			
	- Institutional customers		**58,343,446**	107,731,224
	- Retail Clients		**77,235,121**	70,488,344
			135,578,567	178,219,568

21.2 This includes brokerage earned from related parties amounting to Rs. 1.985 million (30 June 2018: Rs. 3.225 million).

21.3 This amount is inclusive of the sales tax.

		Note	30 June 2019	30 June 2018
22.	**CAPITAL GAIN ON SALE OF INVESTMENTS**			
	Gain on sale of investments		**4,120,029**	2,945,952
			4,120,029	2,945,952
23.	**OPERATING EXPENSES**			
	Salaries, wages and other benefits		**45,642,668**	52,783,934
	Consultancy fee	23.1	**1,595,992**	16,033,314
	Sub-underwriting commission	23.2	**-**	13,297,982
	Commission and referral fee	22.3	**28,730,340**	32,688,087
	Service and transaction charges		**14,003,890**	17,569,695
	Fees and subscription		**10,662,241**	9,184,644
			100,635,130	141,557,656

23.1 This includes consultancy fee to the Directors of the Company amounting to Rs. 0.761 million (30 June 2018: Rs. 6.083 million).

23.2 This expense was paid as per underwriting agreement entered with several parties for the underwriting of shares.

23.3 This includes commission to the Directors of the Company amounting to Rs. 18.597 million (30 June 2018: Rs. 20.703 million).

		Note	30 June 2019	30 June 2018
24.	**ADMINISTRATIVE EXPENSES**			
	Salaries, wages and other benefits	24.1	**34,432,188**	40,388,029
	Telephone and communication charges		**4,643,418**	4,418,016
	Rent rates and taxes		**13,331,587**	17,451,056
	Utility charges		**1,924,624**	2,321,543
	Vehicle running expenses		**2,661,524**	2,521,551
	Depreciation	4	**9,101,198**	5,783,058
	Amortisation	5.3	**394,999**	753,165
	Legal and professional charges		**670,971**	1,339,560
	Insurance		**1,950,494**	1,558,444
	Printing, stationery and postage charges		**1,382,085**	1,212,485
	Office supplies		**754,623**	830,194
	Office repair and maintenance		**2,037,168**	2,432,611
	Fees and subscription		**2,183,832**	1,881,192
	Travelling and entertainment charges		**4,006,366**	5,577,693
	Advertisement expenses		**123,738**	444,266
	Auditor's remuneration	24.2	**1,099,876**	1,613,825
	Security		**3,757,136**	2,482,835
	Provision for impairment on trade debts		**8,664,425**	2,094,639
	Receivables written-off		**1,005,594**	1,000,000
	Generator Fuel		**56,924**	-
	Unwinding of security deposit		**985,721**	-
	Miscellaneous		**1,818,829**	2,473,379
			96,987,320	98,577,541

24.1 This includes remuneration to Chief Executive Officer amounting to Rs. 12.979 million (30 June 2018: Rs. 9 million).

24.2 Auditors' remuneration	Note	30 June 2019	30 June 2018
		----------- (Rupees) -----------	
Audit fee		**450,000**	300,000
Half yearly review		**150,000**	150,000
Other services / certifications		**400,000**	965,000
Out of pocket expenses		**99,876**	198,825
		1,099,876	1,613,825

25. FINANCE COST

Mark up charges	25.1	**4,886,958**	11,024,309
Bank charges		**1,432,042**	5,472,830
		6,319,000	16,497,139

25.1 This includes Rs. 1.593 million (30 June 2018: Rs.5.022 million) paid to related parties.

26. OTHER INCOME

Mark-up / interest on:		
- Bank balances - profit and loss account	**13,586,291**	11,069,776
- Income Under Margin Financing System	**4,475,311**	3,151,056
- Income Under Margin Trading System	**2,491,939**	-
- Term Finance Certificates	**250,113**	
Profit on cash margin	**12,833,316**	5,420,324
Dividend income	**5,298,075**	506,803
Gain on disposal of property and equipment	**1,172,027**	-
Others	**-**	318,859
	40,107,072	20,466,818

27. TAXATION

27.1 Relationship between income tax expense and accounting profit

Profit before taxation	**15,724,528**	4,769,182
Tax at the applicable tax rate of 29% (30 June 2018: 30%)	**4,560,113**	1,430,755
Tax effect of income taxed at different tax rates	**2,068,673**	23,673,185
Tax effect of amount relating to prior year	**1,269,938**	(2,331,984)
Tax effect of minimum tax and Alternate Corporate Tax (ACT)	**2,908,215**	7,332,914
	10,806,939	30,104,870

27.1.1 The income tax returns of the Company have been filed up to tax year 2018 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.

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 Commisioner Inland Revenue (Appeals) under section 127 of Income Tax Ordinance, 2001, where hearing in appeal is pending.

The Company has been 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 2019	30 June 2018
		(Rupees)	
Profit / (loss) for the year		**5,306,556**	(25,335,688)
		(Number)	
Weighted average number of ordinary shares in issue during the year	27.1	**45,000,000**	45,000,000
		(Rupees)	
Earnings / (loss) per share basic and diluted		**0.12**	(0.56)

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, other than those which have been specifically disclosed elsewhere in this financial information are as follows:

29.1 Directors

	30 June 2019	30 June 2018
	(Rupees)	
Short term loan from related parties		
Opening balance	**41,256,011**	47,185,739
Received during the year	**71,744,828**	541,063,359
Repayments during the year	**(113,000,839)**	(546,993,087)
Closing balance	**-**	41,256,011
Interest on short term loan		
Interest accrued during the year	**1,592,848**	5,021,760
Interest paid during the year	**(1,592,848)**	(5,021,760)

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 2019	30 June 2018	30 June 2019	30 June 2018	30 June 2019	30 June 2018
	(Rupees)					
Managerial remuneration	**8,979,000**	6,000,000	**6,457,106**	4,066,667	**19,930,991**	28,337,609
House rent allowance	**3,200,000**	2,400,000	**1,256,444**	1,626,667	**7,208,396**	11,335,044
Medical	**800,000**	600,000	**314,111**	406,667	**1,802,099**	2,833,761
Commission	**-**	-	**18,597,309**	23,867,783	**2,645,963**	8,274,276
Consultancy fee	**-**	-	**760,992**	6,083,214	**-**	-
Directors' fees	**-**	-	**-**	-	**-**	-
	12,979,000	9,000,000	**27,385,963**	36,050,998	**31,587,450**	50,780,690
Number of Persons	**1**	1	**3**	3	**10**	20

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 Compnay, amounting Rs. 18.330 million (30 June 2018 : Rs.20.195 million) and Rs. 0.761 million (2018 : Rs.6.083 million), respectively.

30.3 No fees is paid to directors for meetings attended by them.

31. FINANCIAL INSTRUMENTS

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 2019 is the carrying amount of the financial assets as set out below:

	Note	**30 June 2019**	30 June 2018
		----------- **(Rupees)**	-----------
Long term deposits	7	**4,411,279**	10,061,200
Investment in marginal financing system	10	**21,864,752**	65,217,082
Trade debts	11	**130,746,852**	133,953,876
Advances	13	**215,027**	176,061
Deposits	12.1, 12.2 & 12.3	**233,286,327**	227,858,789
Other receivables	13	**3,243,303**	4,240,164
Cash and Bank balances	14	**245,002,260**	126,980,853
		638,769,800	568,488,025
Secured		**22,079,779**	65,393,143
Unsecured		**616,690,021**	503,094,882
		638,769,800	568,488,025

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

	2019		2018	
	Gross	**Impairment**	Gross	Impairment
	--------------- **(Rupees)**	---------------	--------------- (Rupees)	---------------
Not past due	**129,135,767**	**1,335,156**	121,362,866	1,065
Past due 15 - 30 days	**874,171**	**262,295**	3,227,710	43,171
Past due 31 days - 180 days	**2,446,793**	**1,199,927**	4,624,486	768,029
Past due 180 days - 365 days	**1,369,499**	**689,626**	4,050,814	281,500
More than 365 days	**9,461,451**	**9,053,825**	2,782,639	2,782,639
	143,287,681	**12,540,829**	136,048,515	3,876,404

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

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

Credit rating and collaterals

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

	Rating Agency	**Short term rating**	**Long term rating**	**30 June 2019**	
				(Rupees)	**(%)**
MCB Bank Limited	PACRA	A-1+	AAA	**228,934,371**	**96%**
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	**3,262,601**	**3%**
Bank Alfalah Limited	PACRA	A-1+	AA+	**2,175,920**	**1%**
The Bank of Punjab	PACRA	A-1+	AA	**203,792**	**0%**
Meezan Bank Limited	JCR-VIS	A-1+	AA+	**10,215,968**	**0%**
Habib Bank Limited	JCR-VIS	A-1+	AAA	**39,466**	**0%**
JS Bank Limited	PACRA	A-1+	AA-	**56,002**	**0%**
Askari Bank	PACRA	A-1+	AA+	**3,814**	**0%**
Sindh Bank	JCR-VIS	A-1	A+	**-**	**0%**
Bank Al Habib Limited	PACRA	A-1+	AA+	**72,566**	**0%**
				244,964,500	**100%**

	Rating Agency	Short term rating	Long term rating	30 June 2018	
				(Rupees)	(%)
MCB Bank Limited	PACRA	A-1+	AAA	121,824,134	96%
Habib Metropolitan Bank Limited	PACRA	A-1+	AA+	3,627,116	3%
Bank Alfalah Limited	PACRA	A-1+	AA+	1,132,356	1%
The Bank of Punjab	PACRA	A-1+	AA	203,792	0%
Meezan Bank Limited	JCR-VIS	A-1+	AA	74,111	0%
Habib Bank Limited	JCR-VIS	A-1+	AAA	60,064	0%
JS Bank Limited	PACRA	A-1+	AA-	53,444	0%
Askari Bank	PACRA	A-1+	AA+	3,814	0%
Sindh Bank	JCR-VIS	A-1+	AA	1,919	0%
Faysal Bank Limited	PACRA	A-1+	AA	103	0%
				126,980,853	100%

Concentration of credit risk

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

31.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due.

Liquidity risk management

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available. The following are the contractual maturities of financial liabilities, including interest payments:

	30 June 2019					
			Maturities			
	Carrying amount	**Contractual cash flows**	**Less than six months**	**Upto one year**	**One to two years**	**Two to five years**
	(Rupees)					
Unclaimed dividend	**5,117,003**	**(5,117,003)**	(5,117,003)	-	-	-
Short term loans from related parties-unsecured	-	-	-	-	-	-
Short term loans	-	-	-	-	-	-
Trade and other payables	**225,763,464**	**(225,763,464)**	**(225,763,464)**	-	-	-
Short term borrowing	**199,986,969**	**(199,986,969)**	**(199,986,969)**	-	-	-
	430,867,436	**(430,867,436)**	**(430,867,436)**	-	-	-

	30 June 2018					
	Maturities					
	Carrying amount	Contractual cash flows	Less than six months	Upto one year	One to two years	Two to five years
	(Rupees)					
Unclaimed dividend	3,051,638	(3,051,638)	(3,051,638)			
Short term loans from	-	-	-		-	-
related parties-unsecured	41,256,011	(41,256,011)	-	(41,256,011)	-	-
Short term loans-unsecured	18,953,742	(18,953,742)		(18,953,742)		
Trade and other payables	223,696,255	(223,696,255)	(223,696,255)	-	-	-
	286,957,646	(286,957,646)	(226,747,893)	(60,209,753)	-	-

On the balance sheet date, the Company has cash and bank balances of Rs. 245.002 million (2018: Rs. 126.984 million) as mentioned in note 14.

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	
	2019	2018	**2019**	2018
Variable rate instruments	(Percentage)		(Rupees)	
Financial assets				
Bank balances	**4.5 to 10.35%**	3.75% to 4.6%	**198,273,222**	114,824,807
Financial liabilities				
Short term loan from related parties - unsecured	**12.0% to 13.5%**	11.26% to	-	41,256,011
Short term loan- -unsecured	**12.0% to 13.5%**	11.26% to	-	18,953,742
Short term borrowing	**16.75%**	-	**199,986,969**	-
Fixed rate instruments				
Deposits with National Clearing Company of Pakistan Limited	**3.5% to 9.35%**	2.75% to 3.60%	**232,157,648**	226,730,110

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 June 2018.

	Profit and loss		Equity	
	100 bps increase	100 bps decrease	100 bps increase	100 bps decrease
	(Rupees)		(Rupees)	
As at 30 June 2019				
Variable rate instruments	**1,982,732**	**(1,982,732)**	**1,982,732**	**(1,982,732)**
As at 30 June 2018				
Variable rate instruments	1,148,248	(1,148,248)	1,148,248	(1,148,248)

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 KSE-Index and the value of individual shares.

The table below summarises the Company's equity price risk as of 30 June 2019 and shows the effects of a hypothetical 10% increase and a 10% decrease in market prices as at the year end.

	Fair value	Hypothetical price change	Estimated fair value after hypothetical change in price	Hypothetical increase / (decrease) in profit / (loss) after tax	Hypothetical increase / (decrease) in OCI	Hypothetical increase / (decrease) in shareholders' equity
			(Rupees)			
30 June 2019	44,806,022	10% increase	49,286,624	3,075,050	1,405,552	4,480,602
		10% decrease	40,325,420	(3,075,050)	(1,405,552)	(4,480,602)
30 June 2018	43,752,822	10% increase	48,128,104	1,209,450	3,165,832	4,375,282
		10% decrease	39,377,540	(1,209,450)	(3,165,832)	(4,375,282)

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 2019**						
	Carrying value				**Fair value**		
	Mandatorily at FVTPL	**FVTOCI - equity instrument**	**Financial asset at amotised cost**	**Other financial liabilities**	**Level 1**	**Level 2**	**Level 3**
	(Rupees)						
Financial assets measured at fair value							
Investment in shares of Pakistan Stock Exchange Limited	-	14,055,522	-	-	14,055,522		
Listed equity securities	34,750,500	-	-	-	34,750,500		
Term finance certificates	4,000,000					4,000,000	
Financial assets not measured at fair value							
Long term deposits	-	-	4,411,279	-			
Trade debts - considered good	-	-	130,746,852	-			
Investment in marginal financing			21,864,752				
Deposits and prepayments	-	-	240,384,133	-			
Advances and other receivables	-	-	3,458,330	-			
Cash and bank balances	-	-	245,002,260	-			
	38,750,500	14,055,522	645,867,606	-			
Financial liabilities not measured at fair value							
Short term loan from related from related parties - unsecured	-	-	-	-			
Short term loan - unsecured	-	-	-	-			
Unclaimed dividend				5,117,003			
Trade and other payables	-	-	-	225,763,464			
Short term borrowing	-	-	-	199,986,969			
	-	-	-	230,880,467			

On balance sheet financial instruments	30 June 2018						
	Carrying value				Fair value		
	Held for trading	Available for sale	Loans and receivables	Other financial liabilities	Level 1	Level 2	Level 3
	(Rupees)						
Financial assets measured at fair value							
Investment in listed equity shares	12,094,500	31,658,322	-	-	43,752,822		
Financial assets not measured at fair value							
Investment in marginal financing	-	-	65,217,082	-			
Long term deposits	-	-	10,061,200	-			
Trade debts	-	-	133,953,876	-			
Deposits	-	-	229,617,913	-			
Advances and other receivables	-	-	4,416,225	-			
Cash and bank balances	-	-	126,983,853	-			
	12,094,500	31,658,322	570,250,149	-			
Financial liabilities not measured at fair value							
Short term loans from related parties - unsecured	-	-	-	41,256,011			
Short term loan - unsecured	-	-	-	18,953,742			
Unclaimed dividend	-	-	-	3,051,638			
Trade and other payables	-	-	-	223,696,255			
	-	-	-	286,957,646			

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

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

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

There were no change in the reportable segments during the year.

All non-current assets of the Company as at 30 June 2019 are located in Pakistan.

34. BASE MINIMUM CAPITAL

In compliance with the Regulation 19.3.1 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 2019, the Company is required to maintain BMC of Rs. 26 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:

	Note	**30 June 2019 (Rupees)**
Trading Right Entitlement Certificates		**2,500,000**
Margin eligible securities	*34.1*	**17,779,500**
Securitized 1,602,953 shares at Rs. 19.75 per share	*34.2*	**12,649,970**
		32,929,470

34.1 These represent shares of K-Electric Limited owned by Chief Executive Officer of the Company.

34.2 Pakistan Stock Exchange vide their circular No. PSX/N - 4700 dated 08 August 2017, allowed the brokerage houses to utilise the shareholding of Pakistan Stock Exchange Limited shares which is laid as freezed with Central Depository System against the deposit requirement of Base Minimum Capital (BMC).

35. 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. 10.736 million which comprise basic salary, medical allowance and other benefits as per the Company's policy.

36. NUMBER OF EMPLOYEES

The total employees at year end excluding the contractual employees were 54 (30 June 2018: 62) and the average number of employees during the year was 56 (30 June 2018: 70).

37. DATE OF AUTHORISATION FOR ISSUE

These financial statements have been authorised for issue on 1st October 2019 by the Board of Directors of the Company.

Chief Executive	Chief Financial Officer	Director

NEXT CAPITAL LIMITED
AS AT JUNE 30, 2019
Information as required under Code of Corporate Governance

Shareholder's category	Number of Sharehoders	Number of shares held
Associated Companies, Undertaking and Related Parties (name wise details)		
TOTAL >>	-	-
Mutual Funds (name wise details)		
CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	1	375,250
CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	1	595,000
TOTAL >>	**2**	**970,250**
Directors and their spouse		
MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN	1	2,250
MRS. HANNA KHAN	1	562
MR. MUHAMMAD ZUBAIR ELLAHI	1	562
MR. HASAN SHAHNAWAZ	1	2,250
MUHAMMAD NAJAM ALI	1	12,368,250
HANNA KHAN	1	1,100,250
TARIQ WASEEM GHAZI	1	24,125
TOTAL >>	**7**	**13,498,249**
Executives		
TOTAL >>	-	-
Public Sector Companies and Corporations		
TOTAL >>	-	-
Banks, Development Finance Institutions, Non-Banking Finance Institutions, Insurance Companies, Takaful, Modaraba and Pension Funds		
TOTAL >>	**1**	**4,360,500**
Shareholder Holding five percent or more voting Rights in the Listed Company (name wise details)		
MUHAMMAD NAJAM ALI	1	12,368,250
ADNAN AFRIDI	1	4,936,000
MCB BANK LIMITED - TREASURY	1	4,360,500
SROSH TAHIR	1	4,325,000
MAPLE LEAF CEMENT FACTORY LTD	1	3,375,000
ARIF HABIB	1	2,895,000
TOTAL >>	**6**	**32,259,750**

NEXT CAPITAL LIMITED
INCORPORATION NUMBER 71068
PATTERN OF SHAREHOLDING
AS AT JUNE 30, 2019

	NO. OF SHARESHOLDINGS		
NO OF SHAREHOLDERS	FROM	TO	Total Shares
120	1	100	757
210	101	500	103,072
57	501	1,000	53,540
123	1,001	5,000	305,286
40	5,001	10,000	322,375
14	10,001	15,000	194,000
9	15,001	20,000	160,000
4	20,001	25,000	88,625
4	25,001	30,000	110,500
2	30,001	35,000	68,500
2	35,001	40,000	77,500
4	45,000	50,000	195,000
4	50,001	55,000	212,995
7	55,001	60,000	417,000
1	65,001	70,000	69,500
2	75,000	80,000	151,500
3	80,001	85,000	248,500
4	95,000	100,000	395,000
1	100,001	105,000	101,250
1	125,001	130,000	126,000
1	155,001	160,000	156,000
1	175,001	180,000	176,000
1	185,001	190,000	187,000
1	190,001	195,000	192,000
1	200,000	205,000	200,000
2	235,001	240,000	477,000
1	245,000	250,000	245,000
1	275,000	280,000	275,000
1	295,001	300,000	295,500
1	305,001	310,000	307,600
1	320,001	325,000	322,750
1	335,001	340,000	335,500
1	345,001	350,000	345,500
1	375,001	380,000	375,250
1	415,001	420,000	419,500
1	435,001	440,000	436,000
1	500,000	505,000	500,000
1	595,000	600,000	595,000
1	1,000,000	1,005,000	1,000,000
1	1,100,001	1,105,000	1,100,250
1	1,830,001	1,835,000	1,834,500
1	2,895,000	2,900,000	2,895,000
1	3,375,000	3,380,000	3,375,000
1	4,325,000	4,330,000	4,325,000
1	4,360,001	4,365,000	4,360,500
1	4,500,000	4,505,000	4,500,000
1	12,365,001	12,370,000	12,368,250
640			**45,000,000**

NEXT CAPITAL LIMITED
Category Details of Shareholding as at June 30, 2019

Directors, Chief Executive Officer, and their spouse and minor children

SNO.	FOLIO	NAME		HOLDING	PERCENT
1	12484-1818	MUHAMMAD NAJAM ALI	Individual	12,368,250	27.49%
2	12484-1826	HANNA KHAN	Individual	1,100,250	2.45%
3	12484-8136	TARIQ WASEEM GHAZI	Individual	24,125	0.05%
4	4	MR. MUHAMMAD ZULQARNAIN MAHMOOD KHAN	Individual	2,250	0.01%
5	476	MR. HASAN SHAHNAWAZ	Individual	2,250	0.01%
6	9	MRS. HANNA KHAN	Individual	562	0.00%
7	10	MR. MUHAMMAD ZUBAIR ELLAHI	Individual	562	0.00%
			TOTAL >>	**13,498,249**	30.00%

Banks, Development Financial Institutions, Non Banking Financial Institutions

SNO.	FOLIO	NAME		HOLDING	PERCENT
1	04127-28	MCB BANK LIMITED - TREASURY	Financial Institution	4,360,500	9.69%
			TOTAL >>	**4,360,500**	9.69%

Modarabas and Mutual Funds

SNO.	FOLIO	NAME		HOLDING	PERCENT
1	12120-28	CDC - TRUSTEE NIT-EQUITY MARKET OPPORTUNITY FUND	Mutual Fund	375,250	0.83%
2	14902-21	CDC - TRUSTEE NATIONAL INVESTMENT (UNIT) TRUST	Mutual Fund	595,000	1.32%
			TOTAL >>	**970,250**	2.16%

Others

SNO.	FOLIO	NAME		HOLDING	PERCENT
1	03525-79794	MAPLE LEAF CEMENT FACTORY LTD	Joint Stock Company	3,375,000	7.50%
2	03525-87235	MAPLE LEAF CAPITAL LIMITED	Joint Stock Company	1	0.00%
3	05264-23080	ABBAS CORPORATION (PVT) LIMITED	Joint Stock Company	500,000	1.11%
4	05736-15	NCC - PRE SETTLEMENT DELIVERY ACCOUNT	Joint Stock Company	500	0.00%
5	11692-21	ABA ALI HABIB SECURITIES (PVT) LIMITED	Joint Stock Company	5,625	0.01%
6	14118-27	ASDA SECURITIES (PVT.) LTD.	Joint Stock Company	37,500	0.08%
7	16642-21	BACKERS & PARTNERS (PRIVATE) LIMITED - MF	Joint Stock Company	40,000	0.09%
8	16857-26	MRA SECURITIES LIMITED - MF	Joint Stock Company	500	0.00%
			TOTAL >>	**3,959,126**	8.80%

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 Friday October 25, 2019 at 10 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 ________________ 2019

Revenue Stamp Rs.5/=

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

پراکسی فارم

میں/ہم۔۔۔۔۔۔۔۔۔۔ساکن۔۔۔۔۔۔۔۔۔۔۔۔حامل کمپیوٹرائزڈ شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

اور بطور رکن Next Capital Limited۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔حامل کمپیوٹرائزڈ شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔کو

مورخہ 25 اکتوبر 2019 کو منعقد ہونے والے اجلاس عام اور اس کے کسی ملتوی شدہ اجلاس کے لیے میر/ ہماری جانب سے ووٹ ڈالنے کے لیے بطور نمائندہ (پراکسی) تقرر کرتا ہوں/کرتے ہیں۔

گواہان کی موجودگی میں میرے/ ہمارے/ ہماری دستخط/ مہر بروز۔۔۔۔۔۔۔۔۔۔ 2019 کو ثبت کیے گئے/ کی گئی۔

گواہان 2019

۱۔ دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

کمپیوٹرائزڈ شناختی کارڈ نمبر۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

۲۔ دستخط۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

نام۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

پتہ۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔۔

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 پراکسی 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 پراکسی فارم کے ہمراہ جمع کی جائے گی۔

(f) فزیکل شیئرز کے بینیفیشل مالکان اور وہ جن کے شیئرز سینٹرل ڈپازٹری کمپنی آف پاکستان لمیٹڈ (سی ڈی سی) میں جمع ہیں اُن سے درخواست ہے کہ وہ اجلاس میں شرکت کے وقت تصدیق کے لئے اپنا اصل کمپیوٹرائزڈ قومی شناختی کارڈ (سی این آئی سی) مع شرکاء کا آئی ڈی نمبر اور سی ڈی سی میں اپنے اکاؤنٹ/سب اکاؤنٹ نمبر ساتھ لائیں۔ پراکسی کی صورت میں پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں، اکاؤنٹ/سب اکاؤنٹ اور شریک کا آئی ڈی نمبر پراکسی فارم کے ساتھ کمپنی کے رجسٹرڈ آفس میں جمع کروانا لازمی ہے اور درج بالا پیراگراف ii کے مطابق دو گواہان کے نام، پتے، اور سی این آئی سی نمبر پراکسی فارم پر واضح طور پر درج ہوں اور بینیفیشل مالک کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں منسلک ہونا چاہیے۔ کارپوریٹ ممبران کے پراکسی ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/پاور آف اٹارنی جس پر نامزد شخص کے نمونہ کے دستخط ہوں، اجلاس کے وقت پیش کئے جائیں (اگر یہ پہلے ہی شیئرز رجسٹرار کے پاس جمع نہ کروادیئے گئے ہوں)۔

iv۔ سینٹرل ڈپازٹری سسٹم کے تحت فزیکل ٹرانسفرز اور ڈپازٹ کی درخواستیں جو 17 اکتوبر 2019 کو کاروباری اوقات کے اختتام تک کمپنی کے رجسٹرار کو موصول ہوں گی، اجلاس میں شرکت کرنے اور ووٹ دینے کی اہلیت کیلئے بروقت تصور ہوں گی۔

v۔ ممبران سے درخواست ہے کہ اپنے CNIC کی کاپیاں جمع کرائیں۔

vi۔ ویڈیو لنک کی سہولت کیلئے رضامندی

ایس ای سی پی کے سرکلر نمبر 10 بتاریخ 21 مئی 2014ء کے مطابق ممبران ویڈیو لنک کے ذریعے بھی اجلاس میں شرکت کرسکتے ہیں۔ اگر کمپنی کو 10 فیصد یا زائد شیئرز کے مالکان یا وہ جو ایک ہی جغرافیائی حدود میں رہائش پذیر ہوں، کی جانب سے اس کی درخواست، اجلاس شروع ہونے سے کم از کم 10 دن پہلے موصول ہوتی ہے تو کمپنی ویڈیو کانفرنس کا اہتمام کرے گی بشرطیکہ اس شہر میں ایسی سہولت موجود ہو۔

اس سلسلے میں جو ممبران ویڈیو لنک کے ذریعے شرکت کرنا چاہتے ہیں اُنہیں درج ذیل مخصوص فارمیٹ کے مطابق دستخط شدہ درخواست کمپنی کے رجسٹرڈ پتہ پر اجلاس عام کے انعقاد سے کم از کم 10 دن پہلے جمع کرانا ہوگی۔

میں/ہم ________ جانب سے ________ بطور ممبران نیکسٹ کیپیٹل لمیٹڈ، شیئر ہولڈرز ________ عمومی شیئرز رجسٹرڈ فولیو کے تحت اکاؤنٹ نمبر ________ درخواست کرتا ہوں کہ ویڈیو لنک سہولت کی اجازت دی جائے۔

vii۔ ممبران سے درخواست ہے کہ وہ پتے/رابطہ نمبر میں تبدیلی کی صورت میں، اگر ہو، فوری طور پر شیئر رجسٹرار کو مندرجہ ذیل پتہ پر اطلاع دیں:

ایم ایس فیمکو ایسوسی ایٹس (پرائیویٹ) لمیٹڈ، F-8، نزد ہوٹل فاران، نرسری، بلاک 6، پی ای سی ایچ ایس، شارع فیصل، کراچی۔ ٹیلیفون نمبر: **3-4621 3438 ,5-0103 3438-21-92+**، فیکس نمبر: **34380106**

اس اعلان کے سلسلے میں کسی استفسار کیلئے رابطہ کریں:

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نوٹس برائے دسواں سالانہ اجلاس عام

بذریعہ ہذا مطلع کیا جاتا ہے کہ نیکسٹ کیپٹل لمیٹڈ (دی کمپنی) کا دسواں (10th) سالانہ اجلاس عام (اے جی ایم) کمپنی کے رجسٹرڈ آفس واقع دوسری منزل، امپیریل کورٹ، ڈاکٹر ضیاء الدین احمد روڈ، کراچی بروز جمعہ 25 اکتوبر 2019 صبح 10:45 ہوگا جس میں درج ذیل امور زیر بحث لائے جائیں گے:

عمومی امور

ا۔ 24 اکتوبر 2018 کو منعقدہ نویں (9th) سالانہ اجلاس عام (اے جی ایم) کی کارروائی کی تصدیق کرنا۔

۲۔ 30 جون، 2019 کو ختم ہونے والے سال کے لئے کمپنی کے آڈٹڈ مالی حسابات بمعہ ڈائریکٹرز اور آڈیٹرز کی رپورٹ وصول کرنا، ان پر غور کرنا اور انہیں اختیار کرنا۔

۳۔ 30 جون 2020 کو ختم ہونے والے سال کے لئے آڈیٹر کے تقرر کی منظوری اور ان کے مشاہرے طے کرنا۔ ریٹائر ہونے والے آڈیٹر میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی، چارٹرڈ اکاؤنٹینٹس نے اہل ہونے کی بناء پر خود کو دوبارہ تقرری کیلئے پیش کیا ہے۔

۴۔ تین سال کی مدت کے لئے کمپنیز ایکٹ 2017 کے سیکشن 159 کے پروویژنز کے مطابق بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ کمپنی کے سات (7) ڈائریکٹرز کا انتخاب۔ دوبارہ انتخاب کے لئے اہل ریٹائر ہونے والے ڈائریکٹرز کے نام درج ذیل ہیں۔

i. لیفٹیننٹ جنرل طارق وسیم غازی (ریٹائرڈ)
ii. محمد نجم علی
iii. حنا خان
iv. محمد ذوالقرنین محمود خان
v. حسن شاہ نواز
vi. زبیر الٰہی
vii. ملک خرم شہزاد

۵۔ چیئر کی اجازت سے اجلاس میں کسی دیگر امور کی انجام دہی۔

بحکم بورڈ
محمد نجم علی
چیف ایگزیکٹو آفیسر

کراچی
مورخہ: 04 اکتوبر 2019ء

نوٹس:

i۔ کمپنی کی شیئر ٹرانسفر بکس مورخہ 18 اکتوبر 2019 تا 25 اکتوبر 2019 (بشمول دونوں دن) بند رہیں گی.

ii۔ کمپنیز ایکٹ، 2017 کے سیکشن (3)159 کے مطابق کوئی ممبر جو ڈائریکٹر کے عہدے کیلئے انتخاب میں حصہ لینے کا خواہشمند ہے چاہے وہ ریٹائرنگ ڈائریکٹر ہو یا نہ ہو، اجلاس کی تاریخ سے زیادہ سے زیادہ 14 دن قبل خود کو ڈائریکٹر کے انتخاب میں پیش کرنے کے لئے کمپنی کے پاس اپنے ارادے کا نوٹس فائل کرے گا۔

iii۔ ممبر جو اس میٹنگ میں شرکت کرنے اور ووٹ دینے کا حقدار ہے، اپنی جگہ کسی دوسرے ممبر کو میٹنگ میں شرکت کرنے اور ووٹ دینے کیلئے پراکسی مقرر کر سکتا ہے۔
اس کا طریقہ کار، بشمول سیکورٹیز اینڈ ایکسچینج کمیشن آف پاکستان کی جانب سے جاری کردہ سرکلر نمبر 1 ریفرنس نمبر 3(5-A)/Misc/ARO/LES/96 بتاریخ 26 جنوری 2000 میں درج ہدایات کے مطابق ہوگا۔

(a) ممبران، پراکسی یا نامزد افراد میٹنگ میں شرکت کے وقت اپنی تصدیق کیلئے اپنا اصل قومی شناختی کارڈ (سی این آئی سی) یا اصل پاسپورٹ اور اپنا فولیو نمبر اپنے ہمراہ لائیں ۔

(b) کارپوریٹ ادارہ ہونے کی صورت میں اجلاس کے وقت بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور نامزدگی کی تصدیق شدہ سی این آئی سی کی کاپیاں یا پاسپورٹ کی کاپی فراہم کریں۔ (اگر پہلے فراہم نہ کی ہوں)۔

(c) پراکسی کے موثر ہونے کیلئے لازمی ہے کہ دستخط شدہ اور اسٹیمپ شدہ پراکسی فارم جس پر دو گواہان کے نام پتے اور شناختی کارڈ نمبر اور دستخط ہوں ہمارے رجسٹرار کے دفتر میں اجلاس کے انعقاد سے کم از کم 48 گھنٹے قبل لازمی طور پر موصول ہو جانا چاہیے۔

(d) انفرادی ہونے کی صورت میں پراکسی فارم کے ساتھ بینیفیشل مالک اور پراکسی کے سی این آئی سی یا پاسپورٹ کی تصدیق شدہ کاپیاں پیش کرنا ہوں گی۔

(e) کارپوریٹ ادارے کے پراکسی ہونے کی صورت میں، بورڈ آف ڈائریکٹرز کی قرارداد/ پاور آف اٹارنی اور پراکسی کے شناختی کارڈ یا پاسپورٹ کی تصدیق شدہ کاپی پراکسی فارم کے ساتھ جمع کروانا لازمی ہے۔

NEXT CAPITAL

بورڈ کی ذیلی کمیٹیاں

بورڈ نے اپنے اراکین پر مشتمل ذیلی کمیٹیاں وضع کی ہیں جن کی تفصیلات مندرجہ ذیل ہیں:

(الف) آڈٹ کمیٹی

جناب حسن شاہنواز	چیئرمین
جناب محمد ذولقرنین محمود خان	ممبر
جناب محمد زبیر الٰہی	ممبر

(ب) ہیومن ریسورس اور معاوضاتی کمیٹی

جناب حسن شاہنواز	چیئرمین
جناب محمد ذولقرنین محمود خان	ممبر
محترمہ حنا خان	ممبر
جناب ملک خرم شہزاد	ممبر

ڈائریکٹرکو معاوضہ:

ڈائریکٹرز کے معاوضے کے لئے بورڈ آف ڈائریکٹرز کے پاس کمپنیز ایکٹ 2017ء اور لسٹڈ کمپنیز (کوڈ آف کارپوریٹ گورننس) ریگولیشن 2017ء کے مطابق باضابطہ پالیسی اور شفاف طریقہ کار موجود ہے۔

کریڈٹ درجہ بندی

کمپنی کے لئے جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے 'A-/A-2' (اے مائنس / اے-ٹو) درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کمپنی کو مستحکم ثابت کرتی ہے۔ جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ درجہ بندی کی تفویض بہتر کریڈٹ کوالٹی اور تحفظ کے فیکٹرز کو تسلی بخش ہونے پر کرتی ہے۔ تاہم رسک فیکٹر معیشت میں استحکام اور پالیسیوں میں تسلسل سے مشروط ہے۔

مینجمنٹ کی درجہ بندی

کمپنی کے لئے جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ کی جانب سے BMR2++ مینجمنٹ درجہ بندی تفویض کی گئی ہے۔ تفویض کردہ درجہ بندی کمپنی کو مستحکم ثابت کرتی ہے۔ جے سی آر-وی آئی ایس کریڈٹ ریٹنگ کمپنی لمیٹڈ مینجمنٹ کی جانب سے درجہ بندی کی تفویض منظم ریگولیٹری کی تعمیل کی سطح، مناسب بیرونی کنٹرول، ایچ آر اور آئی ٹی سروسز، رسک مینجمنٹ، مالیاتی انتظامات اور کلائنٹ کے ساتھ روابط کے لئے مناسب ابتدائی کنٹرول فریم ورک کے نافذالعمل ہونے پر کی جاتی ہے۔

کارپوریٹ سماجی ذمہ داری:

کمپنی بحیثیت ذمہ دار شہری کے مقامی لوگوں کی فلاح و بہبود کے لئے متعدد اقدامات لیتی رہتی ہے تاکہ پوری سوسائٹی میں مثبت تبدیلی آئے۔

بیرونی آڈیٹرز:

میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس اہلیت کی بنیاد پر بعد از ریٹائرمنٹ خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں۔ بورڈ نے آڈٹ کمیٹی سے میسرز کے پی ایم جی تاثیر ہادی اینڈ کمپنی چارٹرڈ اکاؤنٹینٹس کی بطور بیرونی آڈیٹر برائے مالی سال 30 جون 2020ء دوبارہ تقرری کی سفارش کی ہے۔

اعتراف اور کلام تشکر:

نیکسٹ کیپیٹل لمیٹڈ کی انتظامیہ تہہ دل سے کمپنی کے تمام اسٹیک ہولڈرز کا شکریہ ادا کرتی ہے بشمول ہمارے قابل عزت کلائنٹس، محنتی ملازمین، بینکرز، کنسلٹنٹس اور دیگر کاروباری شراکت دار۔ ہم سیکورٹیز اینڈ ایکس چینج کمیشن، اسٹیٹ بینک آف پاکستان، فنانشل مارکیٹ ایسوسی ایشن اور پاکستان اسٹاک ایکسچینج کے بھی شکرگزار ہیں جو انہوں نے تعاون جاری رکھا۔

از طرف بورڈ آف ڈائریکٹرز

مورخہ یکم اکتوبر 2019ء

محمد نجم علی	زبیر الٰہی
چیف ایگزیکٹو آفیسر	ڈائریکٹر

بیان برائے تعمیل:

۱۔ تمام مالیاتی گوشوارے اور دستاویزات جو کمپنی کی مینجمنٹ نے تیار کئے ہیں، واضح اور ایمانداری سے آپریشنز، کیش فلوز اور ایکویٹی میں تبدیلی بیان کرتے ہیں۔

۲۔ کمپنی کے تمام مالیاتی گوشواروں کی کتابیں باقاعدگی سے برقرار رکھی گئی ہیں۔

۳۔ مالیاتی گوشوارے تیار کرتے وقت درست اکاؤنٹنگ پالیسیوں کو لاگو کیا گیا ہے اور اکاؤنٹنگ کے اندازے سمجھداری اور فہم وفراست سے لئے گئے ہیں۔

۴۔ پاکستان میں نافذ العمل بین الاقوامی فنانشل رپورٹنگ معیارات اور کمپنیز ایکٹ 2017ء اور جیسا کہ مالیاتی اسٹیٹمنس نوٹ نمبر 2 میں درج ہے، سب کے سب مالیاتی گوشوارے تیار کرتے وقت لاگو کئے گئے ہیں۔

۵۔ آڈٹ کمیٹی کی جانب سے اندرونی کنٹرول کا سسٹم بہت اور احسن انداز میں لاگو اور مانیٹر کیا گیا ہے۔

۶۔ کمپنی مالی طور پر مستحکم ہے اور مستقبل میں کمپنی کے کاروبار کرنے اور جاری رہنے پر کوئی قابل ذکر خدشات نہیں ہیں۔

۷۔ کارپوریٹ گورننس کی بہترین پریکٹسز جو لسٹنگ ریگولیشن میں درج ہیں اُن میں سے کوئی میٹریل ڈیپارچر نہیں ہوا ہے۔

۸۔ موجودہ سال اور گزشتہ سالوں کا کلیدی آپریٹنگ اور مالی ڈیٹا نوٹس برائے سالانہ میٹنگ کے بعد دیا گیا ہے۔

۹۔ 30 جون 2019ء تک کے مالیاتی کھاتوں میں درج واجب الادا کے علاوہ کمپنی پر ٹیکس، ڈیوٹیز، لیویز اور چارجز نہیں ہیں۔

۱۰۔ ایسی کوئی میٹریل تبدیلی یا کوئی ارادہ جس سے کمپنی کی مالی حیثیت میں کوئی تبدیلی آتی ہو وہ بیلنس شیٹ اور ڈائریکٹرز رپورٹ میں اگر ہوں تو بیان کی گئی ہیں۔

۱۱۔ ڈائریکٹرز ٹریننگ پروگرام کے تحت پانچ ڈائریکٹران تربیت حاصل کر چکے ہیں

۱۲۔ زیر جائزہ سال کے دوران ڈائریکٹران، سی ایف او، سی ای او، کمپنی سیکریٹری، اندرونی آڈٹ کے سربراہ اُن کی ازدواج اور بچوں نے کمپنی کے شیئرز میں لین دین نہیں کیا ہے۔

۱۳۔ شیئر ہولڈنگ کے پیٹرن کی تفصیلات دی گئی ہیں۔

بورڈ آف ڈائریکٹرز کے اجلاس:

سال 2019-2018 کے دوران پانچ اجلاس منعقد کئے گئے جن میں ڈائریکٹران کی حاضری مندرجہ ذیل ہے:

نام	عہدہ	حاضری
جنرل طارق وسیم غازی (ریٹائرڈ)	ڈائریکٹر - چیئرمین	5
جناب محمد نجم علی	ڈائریکٹر - چیف ایگزیکٹو آفیسر	5
محترمہ حنا خان	ڈائریکٹر	5
جناب محمد ذوالقرنین محمود خان	ڈائریکٹر	5
جناب محمد زبیر الہٰی	ڈائریکٹر	5
جناب حسن شاہنواز	ڈائریکٹر	5
جناب عمر حبیب	ڈائریکٹر (مستعفی)	4

مورخہ 24 ستمبر 2018 کو بورڈ کی منعقدہ میٹنگ میں جناب محمد عمیر کا تقرر بطور کمپنی سیکریٹری کیا گیا۔

بورڈ کی ساخت:

۱۔ بورڈ ارکان کی تعداد سات ہے

(الف) مرد چھ

(ب) خواتین ایک

۲۔ بورڈ کی ساخت مندرجہ ذیل ہے:

کیٹگریز	نام
آزاد ڈائریکٹران	لیفٹیننٹ جنرل طارق وسیم غازی (ریٹائرڈ) جناب حسن شاہنواز
دیگر غیر ایگزیکٹو ڈائریکٹران	جناب محمد ذوالقرنین محمود خان محترمہ حنا خان جناب محمد زبیر الہٰی جناب ملک خرم شہزاد
ایگزیکٹو ڈائریکٹران	جناب محمد نجم علی

کیپیٹل مارکیٹ کا جائزہ:

گزرنے والے مالی سال کے دوران بینچ مارک KSE100 انڈیکس ملک کی غیر یقینی معاشی اور سیاسی ماحول کی وجہ سے انتہائی غیر مستحکم رہا اور بالآخر اس سال کو 8,009 پوائنٹس کے نقصان پر منفی نوٹ پر بند کردیا، یہ 19.1 فیصد کی کمی کے ساتھ 33,902 پوائنٹس پر بند ہوا۔ 25 جولائی 2018ء کو ہونے والے عام انتخابات میں پاکستان تحریک انصاف کی فتح کے اعلان کے باعث KSE100 انڈیکس 43,557 کی بلند ترین سطح پر پہنچ گیا۔ تاہم پالیسی سازی میں تاخیر، شرح سود میں اضافے اور متواتر کمی کے باعث غیر ملکی امداد جیسی پیشرفتوں پر بڑھاؤ کے ساتھ انڈیکس کو نیچے کی طرف گامزن کردیا گیا، لیکن وہ بھی قلیل المدت رہا۔ ایک سال کے دوران، حلقہ اکثریت کے اسٹاک معیار کی کمی کے باوجود PSX، MSCI امرجنگ مارکیٹ انڈیکس میں اپنی جگہ برقرار رکھنے میں کامیاب رہا۔ غیر ملکی سرمایہ کار 3515 ملین ڈالر کے نیٹ آؤٹ فلو کے ساتھ خالص فروخت کنندہ رہے۔ غیر ملکیوں کی فروخت بنیادی طور پر انفرادی سرمایہ کاروں کے ذریعہ کی جاتی تھی جس کے بعد انشورنس کمپنیاں ہوتی تھیں۔ ٹیکسٹائل کے علاوہ، تمام بڑے شعبوں نے انڈیکس کی کارکردگی کو ڈریگ کرلیا۔ جہاں تک تجارتی سرگرمی کا تعلق ہے تو جائزے کے دوران پچھلے سال کے 175 ملین کے مقابلے میں اوسطاً یومیہ کاروبار 155 ملین رہ گیا ہے اور 8,141 ملین پاکستانی روپے کے مقابلہ میں اوسط تجارت کی مالیت 21.9 فیصد کم ہوکر مبلغ 6,359 ملین روپے ہوگئی ہے۔

پاکستان کی ایکوئٹی مارکیٹ کی آئندہ سمت کا زیادہ تر انحصار اس ملک کی مجموعی معاشی کارکردگی اور ایف اے ٹی ایف کے فیصلے پر ہے جو پاکستان کو گرے یا بلیک لسٹ میں رکھنے سے متعلق ہے۔ اگرچہ سود کی شرح میں اضافے کی توقع اور بیرونی اکاؤنٹ کی پوزیشن میں نمایاں بہتری کی توقع کے ساتھ سرمایہ کاروں کے جذبات میں کافی حد تک بہتری آئی ہے۔ تاہم آگے بڑھتے ہوئے محصول کو جمع کرنے کے ہدف کو پورا کرنے کے معاملے میں مالی کارکردگی کلیدی عنصر مہنگائی، نمو اور شرح سود ہوگی۔ بورڈ ڈومیسٹک حصے میں طویل مدتی ترقی کی صلاحیت کو دیکھتا ہے کیونکہ معیشت طویل مدتی نموء کی راہ پر گامزن ہے جس میں طے شدہ شدید اصلاحات ہوتی ہیں جس کے نتیجے میں اداروں کو مستحکم کیا جاتا ہے اور معیشت کی دستاویزات میں اضافہ ہوتا ہے۔ تاہم، بورڈ اقتصادی اور سیاسی سمیت مختلف محاذوں پر درمیانی مدت میں ملک کو درپیش چیلنجز کو کم نہیں سمجھتا ہے۔

کارکردگی کا جائزہ

زیر جائزہ مدت میں کمپنی کی کارکردگی کا خلاصہ مندرجہ ذیل ٹیبل میں موجود ہے:

	2018-2019 پاکستانی روپے	2017-2018 پاکستانی روپے
جولائی 1 تک مجموعی خسارہ	(5,284,285)	65,051,403
سال میں ادا کیے جانے والے کیش ڈیویڈنڈ	(11,250,000)	(45,000,000)
بعد از ٹیکس منافع / نقصان برائے اختتام سال	5,306,556	(25,335,688)
مجموعی منافع / نقصان جون 30 تک	(8,188,270)	(5,284,285)
آمدن / خسارہ فی حصص (روپے میں)	0.12	(0.56)

آپ کی کمپنی نے زیر جائزہ مدت کے دوران قبل از ٹیکس 15.7 ملین پاکستانی روپے کا منافع کمایا ہے جس کا موازنہ گذشتہ سال کے قبل از ٹیکس منافع 4.8 ملین روپے سے کیا جاسکتا ہے۔ IFRS 9 کو اپنانے کے نتیجے میں، آپ کی کمپنی نے اگلے تین سالوں میں تجارتی قرضوں کے نقصان کے خلاف 8.6 ملین پاکستانی روپے چارج کئے اور 0.98 ملین پاکستانی روپے سیکیورٹی ڈپازٹ کو غیر منسلک کرنے پر چارج کئے۔ اگر ان پر یہ چارج نہ کیا گیا ہوتا تو زیر جائزہ سال کے لئے قابل از ٹیکس منافع 22.5 ملین پاکستانی روپے ہوتا جو گذشتہ سال کے 4.8 ملین پاکستانی روپے کے مقابلے میں تھا۔ گذشتہ سال کے دوران 241 ملین پاکستانی روپے کے مقابلے میں کمپنی کے آپریٹنگ محصولات مجموعی طور پر 174 ملین رہ گئے جو 27.7 فیصد کم ہیں۔ مقامی سطح پر تجارتی سرگرمیوں میں کمی کی وجہ سے بروکریج کی آمدنی میں 23.9 فیصد تک کمی واقع ہوئی ہے۔ اسی طرح ایڈوائزری اینڈ کنسلٹنسی کی فیسوں میں بھی ملک کی مجموعی سرمایہ کاری کے ماحول میں معاشی سست روی اور غیر یقینی صورتحال کی وجہ سے 38.6 فیصد کمی واقع ہوئی ہے۔ زیادہ شرح سود، نقد مارجن پر منافع اور منافع بخش آمدنی کی وجہ سے 96 فیصد زیادہ دوسری آمدنی ممکن تھی۔ اخراجات کی طرف آپ کی کمپنی آپریٹنگ اور انتظامی اخراجات کو بالترتیب 28.9 فیصد اور 1.6 فیصد تک کم کرنے میں کامیاب رہی۔ جیسا کہ پہلے ذکر کئے گئے چارجز کے باوجود پچھلے سال کے مقابلے میں مالیاتی لاگت بھی 61.7 فیصد کم رہی۔

آپ کی کمپنی کا مقصد ایکوئٹی بروکریج اور ایڈوائزری اور مشاورتی کاروباری خطوط میں کاروباری حکمت عملیوں کی اصلاح کے ذریعے طویل مدتی پائیدار نموء حاصل کرنا ہے جبکہ کاروبار کے لئے شعبوں میں داخلے کے لئے ہمیشہ کھلا رہنا جو تجارتی لحاظ سے ممکن ہے۔ انضباطی محاذ پر سیکشن 233A کو ختم کرنے اور اس کے نتیجے میں انکم ٹیکس آرڈیننس 2001 کے سیکشن 233 میں آنے والی بروکریج کی آمدنی جاری سال کے دوران ٹیکس کی موثر شرح میں اضافہ کرے گی۔ ملک کے معاشی اشارے کے آہستہ آہستہ آگے بڑھنے کی توقع کے ساتھ قلیل مدت میں سست روی اور اتار چڑھاؤ جاری رہ سکتا ہے۔ آپ کی کمپنی ایک مضبوط برانڈ، دونوں بروکریج اور ایڈوائزری اور قابل افراد کے ساتھ حصص یافتگان کیلئے طویل مدتی پائیدار نموء اور قیمت میں اضافے کیلئے اس عمل کو جاری رکھنے کیلئے تیار ہے۔

ڈائریکٹرز رپورٹ:

نیکسٹ کیپیٹل لمیٹڈ (کمپنی) کے ڈائریکٹرز اختتامی سال 30 جون 2019ء کیلئے رپورٹ بمعہ آڈٹ شدہ مالیاتی حسابات پیش کر رہے ہیں۔

اقتصادی جائزہ:

گزشتہ مالی سال کا آغاز انتخابی سال ہونے کے ساتھ ساتھ عدم توازن میں اضافہ کا شکار رہا۔ موجودہ سیاسی سیٹ اپ 25 جولائی 2018ء کو ہونے والے عام انتخابات کے بعد اقتدار میں آیا تھا جبکہ نئی حکومت کے اقدامات ایک اچھے مقصد کی حیثیت سے سامنے آئے ہیں، لیکن پالیسی سازی اور عمل درآمد کے بارے میں بظاہر نقطہ نظر نے تمام فریقین کے لئے ایک تناؤ کا ماحول پیدا کیا۔ بہتری کے آثار ظاہر ہونے سے پہلے معیشت اور معاشی مسائل مزید خراب ہوگئے۔ بیرونی کھاتے میں رکاوٹ نئی حکومت کے سامنے ایک چیلنج تھا جہاں غیر ملکی زرمبادلہ کے ذخائر دسمبر 2018ء تک کم ہوکر 13.8 بلین ڈالر ہو چکے ہیں جس میں اسٹیٹ بینک کے پاس 7.2 بلین امریکی ڈالر ہیں جو ملک کی درآمدات کے صرف 1.5 مہینوں کو پورا کر سکتے ہیں۔ بیرونی دباؤ کا شکار پاکستانی روپے نے دسمبر 2017ء سے امریکی ڈالر کے مقابلے میں اپنی کمی کو برقرار رکھا اور زیر جائزہ مدت میں 31.7 فیصد کی مزید کمی ہوئی۔ ادائیگیوں کے بیلنس اکاؤنٹ میں پچھلے سال کے دوران 19.9 بلین امریکی ڈالر کے خسارے کے مقابلے میں 13.5 بلین امریکی ڈالر کا خسارہ تھا۔ زیر جائزہ مدت کے دوران کرنٹ اکاؤنٹ میں اہم اصلاحات دیکھی گئیں۔

اس حقیقت کے علاوہ کہ حکومت اس سال کے دوران آئی ایم ایف سے بیل آؤٹ پیکیج کو حتمی شکل دینے میں ناکام رہی تھی جو بالآخر جولائی 2019ء میں ہوئی تھی، اس کے نتیجے میں وہ سعودی عرب، متحدہ عرب امارات اور چین کی طرف سے حمایت حاصل کرنے میں کامیاب رہی جس نے ملک کے غیر ملکی زرمبادلہ کے ذخائر کو اکھٹا کرنے میں مدد کی جو کہ سال میں 14.5 بلین امریکی ڈالر پر بند ہوا۔ امریکی ڈالر کی شرائط برآمدات ادائیگیوں کے توازن کو مطلوبہ مدد فراہم کرنے سے قاصر تھیں اور امریکی ڈالر میں 2.2 فیصد کمی واقع ہوئی ہے جبکہ برآمدات کی مقدار کے لحاظ سے، برآمدات کے اہم شعبوں کی مختلف اقسام میں نمایاں بہتری نظر آئی ہے۔ تاہم، پابندی والی پالیسیاں اور کم مشینری اور ٹرانسپورٹ طبقہ کی درآمدات کے ساتھ، مجموعی طور پر درآمدات میں 7.4 فیصد کی کمی واقع ہوئی ہے جس سے ادائیگیوں کے مجموعی توازن میں بہتری آئی ہے۔ ترسیلات زر معمول کی مدد فراہم کرتے ہیں، جو پچھلے سال کے مقابلے میں 9.7 فیصد بڑھ کر 21.8 بلین امریکی ڈالر ہوگئے ہیں۔

مہنگائی کی توقعات کا مقابلہ کرنے کیلئے مانیٹری فرنٹ پر ہاکش مانیٹری پالیسی کے موقف کو جاری رکھتے ہوئے اسٹیٹ بینک نے مالیاتی سال 2019ء کے اختتام تک پالیسی کی شرح 575 bps سے بڑھا کر 12.25 فیصد کردی۔ سود کی شرح کو بعد میں مانیٹری پالیسی کے اعلان میں 100bps اضافے کے ذریعہ سود کی شرح کو مزید تقریباً 3.25 فیصد پر لے لیا گیا تھا۔ جنوری 2018ء کے بعد سے سود کی شرح میں مجموعی طور پر 750bps اضافہ کیا گیا ہے۔

زیر جائزہ مدت کے دوران افراط زر میں اوسطاً سالانہ اضافہ ہوا ہے جو ایک سال قبل 3.9 فیصد کے مقابلے میں سالانہ افراط زر کی شرح میں اوسطاً 7.4 فیصد تک بڑھایا گیا ہے۔ مارچ 2019ء میں ماہانہ افراط زر نے سب سے زیادہ 9.4 فیصد اضافہ کیا جو سال کے آخر میں دو اعداد والے ہندسے میں داخل ہوا۔ اہم امور میں اعلیٰ خوراک، توانائی اور یوٹیلیٹیز کی قیمتیں شامل ہیں جہاں گیس اور بجلی کی قیمتوں میں زبردست اضافہ دیکھا گیا ہے۔

اس طرح کا شدید معاشی ماحول ملک کی مجموعی طلب کو دبانے اور پاکستان کی حقیقی جی ڈی پی نموء پر ایک نظر ڈالنے میں کامیاب رہا جو گذشتہ سال کے جائزے کے دوران 5.5 فیصد کے مقابلے میں 3.3 فیصد رہ گیا تھا۔ معیشت کے تمام بڑے شعبوں میں شرح نمو میں کمی دیکھنے میں آئی جہاں 19-2018 میں زراعت، صنعت اور خدمات کے شعبوں میں بالترتیب 0.8 فیصد، 1.4 فیصد اور 4.7 فیصد جبکہ ان کی نسبت 3.9 فیصد، 4.9 فیصد اور گذشتہ سال کے دوران بالترتیب 6.2 فیصد کی شرح نموء ریکارڈ کی گئی۔ زیادہ شرح سود اور کمزور کرنسی کے ساتھ کاروبار کرنے کی بڑھتی ہوئی لاگت کے ساتھ صارفین کی قیمت خرید بھی ترقی کی سست روی کے پیچھے اہم عوامل ہیں۔

مالیاتی پہلو ملک کے معاشی منتظمین کے لئے سب سے مشکل مرحلہ ہے جہاں موجودہ حکومت نے فنانس ایکٹ 2018ء میں صرف چھ ماہ کی مدت میں دو ترمیمی بل پیش کئے ہیں۔ 19-2018 کے لئے مالی خسارہ مبلغ 2,260 بلین پاکستانی روپے (جی ڈی پی کا 6.5 فیصد) کے مقابلے میں مبلغ 3,445 بلین پاکستانی روپے (جی ڈی پی کا 8.9 فیصد) رہا۔ 19-2018 کے لئے خسارہ جی ڈی پی کے 7.2 فیصد کے حکومتی تخمینے پر نظر ثانی کرتا ہے۔

اس کے بعد پاکستان جولائی 2019ء میں آئی ایم ایف کے ساتھ 6 بلین امریکی ڈالر 36 ماہ کے بیل آؤٹ پیکیج کو حکومتی شکل دینے میں کامیاب ہوگیا تھا، جس کی پہلی قسط بھی موصول ہوئی ہے۔ آئی ایم ایف کے ساتھ معاہدہ غیر ملکی قرضوں اور سرمایہ کاری کے لئے دروازے کھولے گا جس میں دیگر کثیر جہتی ایجنسیوں اور دوست ممالک آگے بڑھیں گے۔ آئی ایم ایف کی کارکردگی کے معیارات زیادہ تر مالی پہلوؤں کے گرد گھومتے ہیں اور طویل مدتی، مستحکم اور تمام جامع ترقی کو حاصل کرنے کیلئے ساختی اصلاحات، وقتاً فوقتاً جائزوں کے ذریعے آئی ایم ایف پروگرام کو برقرار رکھنے اور آسانی سے جہاز رانی کیلئے 5.5 ٹریلین پاکستانی روپے کے بلند نظر ہدف کے حصول کے لئے محصولات کی وصولی میں تیزی سے اضافہ کرنے کی ضرورت ہے اور یہی 20-2019 کے بجٹ کی بنیادی توجہ تھی۔ آگے بڑھتے ہوئے سخت فیصلے جو بیرونی اکاؤنٹ کی حالت میں بہتری، افراط زر کے نقطہ نظر کو کم کرنے، اور شرح سود کی نسبتاً مستحکم کرنسی کی مدد سے مثبت نتائج دکھا رہے ہیں۔ مالی کارکردگی درمیانی مدت سے طویل مدتی نموء کو فروغ دینے میں کلیدی حیثیت رکھتی ہے جبکہ تبادلہ کی شرح میں استحکام اور ادائیگیوں کے توازن میں استحکام کے لئے بین الاقوامی سرمایہ کی منڈیوں اور شراکت دار ممالک کے فلوسمیت غیر ملکی زرمبادلہ مارکیٹوں اور شراکت دار ممالک کے فلوسمیت زرمبادلہ منصوبہ بندی کو کلیدی حیثیت حاصل ہے۔ کلیدی خطرات میں مالی تخفیف کی وجہ سے افراط زر کا دباؤ شامل ہے جس کی وجہ سے ترقیاتی نقطہ نظر کو ٹھیس پہنچانے والی شدید مانیٹری پالیسی کا تسلسل، ایف اے ٹی ایف کے ذریعہ بلیک لسٹ میں تنزلی، سیاسی شور اور جیو سیاسی دباؤ میں اضافہ ہوگا۔

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